

COLUSA - GLENN



FARM CREDIT

2025 ANNUAL REPORT

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TO OUR STOCKHOLDERS

As we present our 2025 Annual Report, we sincerely thank you for your continued trust and support. At Colusa-Glenn, we understand the challenges you face. For 92 years, we've proudly supported the farmers, ranchers, and businesses of Colusa and Glenn counties with reliable credit and financial services.

Despite high interest rates and market volatility, we've stayed focused on strong portfolio management, sound rate strategies, and proactive risk management. This disciplined approach allows us to invest in our staff, youth programs, and patronage. We're proud to declare \$6.5 million in patronage this year, made possible by your partnership. Cumulatively, the Association has declared \$28.7 million in patronage over the past 5 years. When combined with our proactive interest rate strategies, we hope that our efforts demonstrate to you our commitment to supporting you through these difficult times.

Encouragingly, we're beginning to see signs that market conditions are stabilizing and improving, giving us cautious optimism for the months ahead. Regardless, we remain committed to standing with you, celebrating successes and facing challenges together. Thank you for the opportunity to serve you.

TIM ELROD
President and Chief Executive Officer

SUSAN LAGRANDE
Chairperson of the Board

BOARD OF DIRECTORS



SUSAN LAGRANDE
*Chairperson of the Board & Vice
Chairperson of the Governance, Risk,
& Compliance Committee*



HERB HOLZAPFEL
Vice Chairperson of the Board



CHRIS BONACORSI
*Chairperson of the
Audit Committee*



FRANCIS HICKEL
*Chairperson of the Governance,
Risk, & Compliance Committee*



MATT SOUTHAM
*Vice Chairperson of the Audit
Committee*



CRAIG FELIX
Director



GREGG MCCORKLE
Director



JUDY PARKER
Director



CLINT JEWETT
Director



DANNY MERKLEY
Appointed Director



DAN CLAWSON
Appointed Director

EXECUTIVE TEAM



TIM ELROD
*President & Chief Executive
Officer*



REBECCA MYERS
*Chief Administrative Officer &
Executive Vice President*



LUKE REIMERS
Chief Credit Officer



AMY CEBALLOS
Chief Financial Officer



AJ GONZALES
Chief Technology Officer

REPORT OF MANAGEMENT

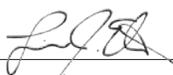
MARCH 5, 2026

The consolidated financial statements of Farm Credit Services of Colusa-Glenn, ACA (Association) are prepared by management, who is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and in the opinion of management, fairly present the financial condition of the Association. Other financial information included in the 2025 annual report is consistent with that in the financial statements.

To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. To monitor compliance, management engaged Deloitte Risk and Financial Advisory to perform audits of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate. The Association is also examined by the Farm Credit Administration.

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

The undersigned certify the Farm Credit Services of Colusa-Glenn, ACA Annual Report has been reviewed and prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.



TIM ELROD
President & Chief Executive Officer



AMY CEBALLOS
Chief Financial Officer



SUSAN LAGRANDE
Chairperson of the Board

AUDIT COMMITTEE REPORT

MARCH 5, 2026

The Audit Committee (Committee) includes six members from the Board of Directors of Farm Credit Services of Colusa-Glenn, ACA (Association). In 2025, five Committee meetings were held. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter. The Committee approved the appointment of PricewaterhouseCoopers, LLP (PwC) as the Association's independent auditors for 2025.

The fees for professional services rendered for the Association by its independent auditor, PwC, during 2025 were \$111,940 for audit services, \$12,500 for tax services.

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

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

In this context, the Committee reviewed and discussed the Association's Quarterly Reports and the Association's audited financial statements for the year ended December 31, 2025 (the "Financial Statements") with management. The Committee also reviews with PwC the matters required to be discussed by Statements on Auditing Standards. Both PwC and the Association's internal auditors directly provide reports on significant matters to the Committee. Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board of Directors include the Financial Statements in the Association's Annual Report to Shareholders for the year ended December 31, 2025, and for filing with the Farm Credit Administration.



CHRIS BONACORSI
Chairperson of the Audit Committee

AUDIT COMMITTEE MEMBERS

DAN CLAWSON CRAIG FELIX
CLINT JEWETT JUDY PARKER
MATT SOUTHAM

Five-Year Summary of Selected Consolidated Financial Data (Unaudited)

(Dollars in Thousands)

	December 31				
	2025	2024	2023	2022	2021
Statement of Condition Data					
Loans	\$ 763,548	\$ 755,896	\$ 765,902	\$ 675,007	\$ 593,832
Less allowance for loan losses	2,553	3,934	1,808	2,075	1,857
Net loans	760,995	751,962	764,094	672,932	591,975
Investment in CoBank, ACB	18,317	18,257	16,523	13,975	14,853
Accrued interest receivable	13,089	15,503	14,126	9,754	5,363
Other assets	16,108	16,683	17,393	15,009	13,412
Total assets	\$ 808,509	\$ 802,405	\$ 812,136	\$ 711,670	\$ 625,603
Obligations (short term and long term)	\$ 633,959	\$ 640,010	\$ 660,363	\$ 574,230	\$ 495,837
Reserve for unfunded commitments	637	467	453	407	304
Total liabilities	634,596	640,477	660,816	574,637	496,141
Capital stock	550	545	542	544	538
Unallocated retained earnings	173,363	161,383	150,778	136,489	128,924
Total shareholders' equity	173,913	161,928	151,320	137,033	129,462
Total liabilities and shareholders' equity	\$ 808,509	\$ 802,405	\$ 812,136	\$ 711,670	\$ 625,603

	For the Year Ended December 31				
	2025	2024	2023	2022	2021
Statement of Income/(Expense) Data					
Net interest income	\$ 22,417	\$ 23,764	\$ 22,324	\$ 17,487	\$ 15,524
Patronage distribution from Farm Credit institutions	3,405	3,558	3,447	2,920	2,510
Credit loss reversal/(Provision for credit losses)	1,204	(2,266)	(1,106)	(134)	371
Noninterest expense, net	(8,589)	(7,910)	(4,853)	(7,542)	(6,403)
Benefit from/(Provision for) income taxes	43	(41)	(26)	(166)	19
Net income/Comprehensive Income	\$ 18,480	\$ 17,105	\$ 19,786	\$ 12,565	\$ 12,021

Key Financial Ratios

For the Year

Return on average assets	2.40%	2.18%	2.71%	1.94%	2.13%
Return on average shareholders' equity	10.89%	10.89%	13.75%	9.44%	9.55%
Net interest income as a percentage of average earning assets	3.08%	3.20%	3.22%	2.82%	2.90%
Net charge-offs/(recoveries) as a percentage of average net loans	<0.01%	0.02%	0.10%	(0.03%)	(0.05%)

At Year End

Shareholders' equity as a percentage of total assets	21.51%	20.18%	18.63%	19.26%	20.69%
Debt as a ratio to shareholders' equity	3.65:1	3.96:1	4.37:1	4.19:1	3.83:1
Allowance for loan losses as a percentage of loans	0.33%	0.52%	0.24%	0.31%	0.31%
Common equity tier 1 (CET1) capital ratio	17.51%	15.94%	15.42%	15.73%	16.69%
Tier 1 capital ratio	17.51%	15.94%	15.42%	15.73%	16.69%
Total regulatory capital ratio	17.82%	16.48%	15.73%	16.07%	17.03%
Tier 1 leverage ratio	20.25%	18.37%	17.92%	18.65%	19.61%
Unallocated retained earnings and URE equivalents (UREE) leverage ratio	20.18%	18.30%	17.85%	18.57%	20.74%
Permanent capital ratio	17.56%	16.02%	15.46%	15.78%	16.74%

Net Income Distribution

Cash patronage distributions paid	\$ 6,500	\$ 6,000	\$ 5,000	\$ 4,700	\$ 4,250
Cash patronage declared	\$ 6,500	\$ 6,500	\$ 6,000	\$ 5,000	\$ 4,700

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INTRODUCTION

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

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

Our quarterly reports to shareholders are available within 40 days after the calendar quarter end and annual reports are available within 75 days after the calendar year end. The reports may be obtained free of charge on our website, www.fcscolusaglenn.com, or upon request. We are located at 2970 Davison Court, Colusa, California 95932 or may be contacted by calling (530) 458-4978.

BUSINESS OVERVIEW

Farm Credit System Structure and Mission

As of December 31, 2025, we are one of 55 associations in the Farm Credit System (System), which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System mission is to provide sound and dependable credit to American farmers, ranchers, and producers of aquatic products and farm-related businesses through a member-owned cooperative system. This is done by making loans and providing financial services. Through its commitment and dedication to agriculture, the System continues to have the largest portfolio of agricultural loans of any lender in the United States. The Farm Credit Administration (FCA) is the System's independent safety and soundness federal regulator and was established to supervise, examine, and regulate System institutions.

Our Structure and Focus

As a cooperative, we are owned by the members we serve. Our territory served extends across a diverse agricultural region in the California counties of Colusa and Glenn. We make long-term real estate mortgage loans to farmers, ranchers, rural residents, and agribusinesses, and production and intermediate-term loans for agricultural production or operating purposes. Additionally, we provide other related services to our borrowers, such as credit life insurance and advance conditional payment accounts. Our success begins with our extensive agricultural experience and knowledge of the market and is dependent on the level of satisfaction we provide to our borrowers.

Relationships with Farm Credit Institutions

As part of the System, we obtain the funding for our lending and operations from a Farm Credit Bank. Our funding bank, CoBank, ACB (CoBank), is a cooperative of which we are a member. CoBank, its related associations, and AgVantis, Inc. (AgVantis) are referred to as the District.

We, along with the borrower's investment in our Association, are materially affected by CoBank's financial condition and results of operations. The CoBank quarterly and annual reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 2970 Davison Court, Colusa, California

95932 or by calling (530) 458-4978. Annual reports are available within 75 days after year end and quarterly reports are available within 40 days after the calendar quarter end.

We purchase technology and other operational services from AgVantis, which is a technology service corporation. We are a shareholder in AgVantis, along with other AgVantis customers. Farm Credit Foundations, a human resource shared service provider for several Farm Credit institutions, provides administration for our payroll and benefits and may provide related human resource offerings.

ECONOMIC OVERVIEW

We have continued to strengthen and diversify our loan portfolio, effectively manage operating costs, and remain well capitalized through the year ended December 31, 2025. Our success is due, in part, to our conservative lending approach, the financial stability and support of our member-base, proactive portfolio risk management, and our commitment to providing excellent customer service.

The Association and its members continue to face economic challenges primarily related to commodity price volatility and a continued high-interest rate environment. Market prices for the primary commodities we finance have been and continue to be sensitive to national and global economic market conditions and supply volatility. Various factors continue to influence the U.S. economy including, but not limited to: supply chain disruptions, labor issues, fuel prices, inflation, high interest rates, weather related events, global conflicts, and recession pressures. These factors have impacted and, to the extent that they occur, will continue to impact our members' working capital, overall financial position, and the collateral values supporting our loans. We continue to monitor changes in market conditions that impact the agricultural products we finance to ensure that we continue to provide the best customer service to our members while operating in a safe and sound manner.

Our Association continues to analyze the material effects of transition risks related to climate change that may affect our business, financial condition, and results of operations. These risks include policy and regulatory changes that could impose operational and compliance burdens, market trends that may alter business opportunities, credit risks, litigation risks, and technological changes. Agricultural producers continue to adjust to changing climate conditions and have implemented additional practices of no-till planting, minimal till practices, cover crops, and other water conservation techniques to manage reduced amounts of rainfall and to keep their farmland in a state of sustainable production. Currently, we are not aware of any specific material impacts on our business, results of operations, or financial conditions from the effects of climate change transition risks.

The U.S. economy concluded 2025 in a resilient position despite concerns surrounding high interest rates, tariffs, and a soft labor market. Inflation ended the year at 2.7% and the Federal Reserve responded by lowering interest rates to a range of 3.50% - 3.75%, with an additional rate cut expected in 2026. Real GDP increased at an annual rate of 2.2%, reflecting an increase in consumer spending and investment. Labor market conditions continued to trend downwards throughout the year as hiring slowed and the unemployment rate rose to 4.4%, reaching its highest level in four years. The farm economy rebounded sharply in 2025 despite being hindered by rising production expenses, with net cash farm income projected to increase by 28.5% in 2025 according to the USDA. This increase is largely due to higher animal/animal product receipts and direct government relief payments through the American Relief Act of 2025. Global conflicts continue to put additional pressures on commodity prices and have contributed to volatility and uncertainty in the markets.

The Agricultural Improvement Act of 2018 (Farm Bill), originally set to expire in 2023, has been extended each year, with the latest extension in November 2025 to allow the programs to continue through September 30, 2026. The Farm Bill ensures continuity of core programs such as crop insurance, commodity price support, and conservation initiatives. Earlier in July 2025, the One Big Beautiful Bill Act (OBBBA) authorized approximately \$65.66 billion in new agricultural investments over ten years, enhancing safety-net programs, disaster assistance, and risk management tools for producers. These measures aim to mitigate pressures from high interest rates, declining commodity prices, and rising production costs. Additionally, the Farm Bill reaffirmed the Farm Credit System Insurance Corporation's (FCSIC) authority to act as conservator or receiver for troubled institutions. The Farm bill also provides a range of statutory options to FCSIC including, but not limited to, marshalling and liquidating assets, satisfying claims of creditors, and using interim devices such as bridge banks. Collectively, these legislative actions strengthen the agricultural credit environment and support the stability of Farm Credit System institutions amid ongoing economic volatility.

LOAN PORTFOLIO

Total loans outstanding were \$763.5 million at December 31, 2025, an increase of \$7.7 million, or 1.0%, from loans at December 31, 2024. The increase in loans was due to originations, primarily in our production and intermediate-term

portfolio, outpacing payoffs and annual mortgage payments. The types of loans outstanding at December 31 are reflected in the following table.

<i>(dollars in thousands)</i>	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Real Estate Mortgage	\$ 339,448	44.46%	\$ 346,281	45.81%	\$ 366,139	47.80%
Production and Intermediate-Term	190,310	24.92%	164,954	21.82%	165,538	21.61%
Agribusiness	158,367	20.74%	170,544	22.57%	164,067	21.42%
Rural Infrastructure	65,426	8.57%	68,726	9.09%	64,769	8.46%
Agricultural Export Finance	9,997	1.31%	5,391	0.71%	5,389	0.71%
Total	\$ 763,548	100.00%	\$ 755,896	100.00%	\$ 765,902	100.00%

Real estate mortgage loans outstanding decreased from year-end 2024 to year-end 2025 primarily due to payoffs and net paydowns outpacing originations. Long-term mortgage loans are primarily used to purchase, refinance, or improve real estate. These loans have maturities ranging from 5 to 40 years. Real estate mortgage loans are also made to rural homeowners. By federal regulation, a real estate mortgage loan must be secured by a first lien and may only be made in an amount up to 85% of the original appraised value of the property, or up to 97% of the appraised value, if the loan is guaranteed by certain state, federal, or other governmental agencies. Under our current underwriting standards, we lend less than the regulatory limit of 85% of the appraised value of the property.

Production and intermediate-term loans increased from year-end 2024 to year-end 2025 due to increased participations purchased and organic growth, primarily driven by higher input costs and new lending relationships. Production loans are used to finance the ongoing operating needs of agricultural producers and generally match the borrower's normal production and marketing cycle, which is typically 12 months. Intermediate-term loans are generally used to finance depreciable capital assets of a farm or ranch. Intermediate-term loans are written for a specific term, 1 to 15 years, with most loans being less than 10 years. Our production and intermediate-term loan portfolio shows some seasonality. Borrowings increase throughout the planting and growing seasons to meet farmers' operating and capital needs. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs.

A decrease was also noted in agribusiness loan volume, where the majority of loan volume was due to loan participations. At December 31, 2025, 100% of rural infrastructure and agricultural export finance volume were a result of loan participations purchased.

Portfolio Diversification

While we make loans and provide financially related services to qualified borrowers in agricultural and rural sectors and to certain related entities, our loan portfolio is diversified by loan participations purchased and sold, geographic locations served, commodities financed, and loan size as illustrated in the following four tables.

We purchase loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk related to existing commodities financed and our geographic area served. In addition, we sell a portion of certain large loans to other System entities to reduce risk and comply with lending limits we have established.

Our volume of participations purchased and sold as of December 31 follows.

<i>(dollars in thousands)</i>	2025	2024	2023
Participations purchased	\$ 291,035	\$ 286,654	\$ 289,813
Participations sold	\$ 80,609	\$ 90,488	\$ 78,470

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interests that are held in lieu of retaining a subordinated participation interest in the loans sold.

The geographic distribution of loans by county at December 31 follows. As previously mentioned, we purchase loan participations outside our territory, which are included in Other in the following table.

	2025	2024	2023
Colusa County	41.08%	42.24%	42.20%
Glenn County	12.80%	13.50%	13.61%
Other	46.12%	44.26%	44.19%
Total	100.00%	100.00%	100.00%

The following table shows the primary agricultural commodities produced by our borrowers based on the Standard Industrial Classification System (SIC) published by the federal government. This system is used to assign commodity or industry categories based on the primary business of the customer. A primary business category is assigned when the commodity or industry accounts for 50% or more of the total value of sales for a business; however, a large percentage of agricultural operations typically includes more than one commodity.

SIC Category	December 31					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Orchard Crops	\$ 248,352	32.53%	\$ 260,211	34.43%	\$ 287,026	37.48%
Rice	164,614	21.56%	154,666	20.46%	147,918	19.31%
Row Crops	37,276	4.88%	32,918	4.35%	19,473	2.54%
Landlords	30,968	4.06%	33,801	4.47%	36,998	4.83%
Other	282,338	36.97%	274,300	36.29%	274,487	35.84%
Total	\$ 763,548	100.00%	\$ 755,896	100.00%	\$ 765,902	100.00%

Our loan portfolio contains a concentration of orchard crops and rice producers due to the geographic restrictions in our territory. Loan volume and concentration related to orchard crops decreased year over year due to lower utilization driven by improved commodity prices. In contrast, rice loan volume and concentration increased from 2024, driven by greater utilization resulting from higher input costs, lower commodity prices, and new lending relationships. Repayment ability of our borrowers is closely related to the production and profitability of the commodities they raise. If a loan fails to perform, restructuring and/or other servicing alternatives are influenced by the underlying value of the collateral, which is impacted by industry economics. Our future performance would be negatively impacted by adverse agricultural conditions. The degree of the adverse impact would be correlated to the commodities negatively affected and the magnitude and duration of the adverse agricultural conditions to our borrowers.

In addition to commodity diversification noted in the previous table, further diversification is also achieved from loans to rural residents and part-time farmers, which typically derive most of their earnings from non-agricultural sources. These borrowers are less subject to agricultural cycles and would likely be more affected by weaknesses in the general economy.

The loans outstanding at December 31, 2025 for loans \$250 thousand or less accounted for 5.6% of loan volume and 51.0% of the number of loans. Credit risk on small loans, in many instances, may be reduced by non-farm income sources. The following table details loans outstanding by dollar size at December 31 for the last three years.

(dollars in thousands)	2025		2024		2023	
	Amount outstanding	Number of loans	Amount outstanding	Number of loans	Amount outstanding	Number of loans
\$1 - \$250	\$ 42,976	631	\$ 43,724	618	\$ 43,389	647
\$251 - \$500	71,899	201	67,774	191	64,544	177
\$501 - \$1,000	126,734	175	115,235	159	120,431	165
\$1,001 - \$5,000	456,791	221	453,695	223	455,679	214
\$5,001 - \$25,000	65,148	10	75,468	12	81,859	12
Total	\$ 763,548	1,238	\$ 755,896	1,203	\$ 765,902	1,215

As of December 31, 2025, approximately 14.5% of our loans outstanding is attributable to ten borrowers. Due to their size, the loss of any of these loans or the failure of any of these loans to perform would adversely affect the portfolio and our future operating results.

Credit guarantees with government agencies of \$835 thousand at year-end 2025, \$1.2 million at year-end 2024, and \$1.3 million at year-end 2023 were outstanding.

Credit Commitments

We may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of our borrowers. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower if there is not a violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. We may also participate in standby letters of credit to satisfy the financing needs of our borrowers. These standby letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. The following table summarizes the maturity distribution of unfunded credit commitments on loans at December 31, 2025.

<i>(dollars in thousands)</i>	Due 1 year or less	Due after 1 year through 3 years	Due after 3 years through 5 years	Due after 5 years	Total
Commitments to extend credit	\$ 119,753	\$ 92,418	\$ 30,020	\$ 27,055	\$ 269,246
Standby letters of credit	719	188	33	–	940
Total commitments	\$ 120,472	\$ 92,606	\$ 30,053	\$ 27,055	\$ 270,186

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 Statement of Condition 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 we apply the same credit policies to these commitments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the borrower. We consider potential losses related to unfunded commitments, and a reserve for unfunded commitments is included in the liabilities section of the Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income.

Nonperforming Assets

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. Accrued interest on all accruing loans at December 31, 2025 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. Comparative information regarding nonperforming assets in the portfolio is as follows:

<i>(dollars in thousands)</i>	2025	2024	2023
Nonaccrual loans	\$ 8,584	\$ 4,865	\$ 4,864
Accruing loans 90 days past due	–	496	–
Total nonperforming assets	\$ 8,584	\$ 5,361	\$ 4,864

We had no other property owned for the years presented.

Total nonperforming assets increased 60.1% at December 31, 2025 compared with December 31, 2024. Contributing to the increase in our nonperforming assets were loans to borrowers adversely impacted by commodity price volatility and higher farm input costs in the current agricultural environment and borrowers who were adversely impacted due to stress in the general economy.

Nonaccrual loans represent all loans where there is a reasonable doubt as to collection of all principal and/or interest. Nonaccrual volume increased from December 31, 2024 due to new loans that transferred to nonaccrual status, partially offset by repayments. Five borrowers, consisting of seven direct loans and two purchased loans, comprise the total nonaccrual balance at December 31, 2025. The direct loans account for approximately 42.7% of the total nonaccrual volume, while the purchased loans account for the remaining 57.3%.

We had one purchased loan that was 90 days past due and still accruing interest at December 31, 2024. There were no loans that were 90 days past due and still accruing interest at year-end 2025 or 2023.

Nonperforming asset volume is anticipated to decrease in the future with payoffs and payments expected on all of the nonaccrual loans.

Credit Quality

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

- Acceptable – Assets are expected to be fully collectible and represent the highest quality.
- Other Assets Especially Mentioned (OAEM) – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing facts that make collection in full highly questionable.
- Loss – Assets are not considered collectible.

	2025	2024	2023
Acceptable	90.59%	93.13%	91.12%
OAEM	4.75%	1.10%	3.14%
Substandard	4.66%	5.77%	5.74%
Total	100.00%	100.00%	100.00%

Despite credit quality remaining pressured by adverse economic conditions, including commodity price volatility and high interest rates, overall credit quality improved during 2025, driven by a reduction in substandard loan volume. The financial position of most agricultural producers strengthened during the past decade, and most of our borrowers have maintained generally strong financial positions. As such, our credit quality is anticipated to remain sound in the near term. However, agriculture remains a cyclical business that is heavily influenced by production, operating costs, and commodity prices. Each of these can be significantly impacted by uncontrollable events. If less favorable economic conditions continue, it will likely lead to weakening in the loan portfolio.

Allowance for Credit Losses

Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (CECL). This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures, and replaced the incurred loss guidance. This framework requires that management’s estimate reflects credit losses over the asset’s remaining expected life and considers expected future changes in macroeconomic conditions. The allowance for credit losses comprises the allowance for loan losses and the allowance for unfunded commitments.

After adoption of this guidance, the allowance for credit losses takes into consideration relevant information about past events, current conditions, and macroeconomic forecasts of future conditions. An economic scenario is considered over a reasonable and supportable forecast period, after which, the framework incorporates historical loss experience. Final loss estimates also consider factors affecting credit losses not reflected in the scenario, due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to, lending policies, portfolio concentrations, regulatory guidance, and/or lags in economic forecast information.

The following table provides relevant information regarding the allowance for loan losses as of December 31 for the last three fiscal years.

<i>(dollars in thousands)</i>	2025	2024	2023
Balance at beginning of year	\$ 3,934	\$ 1,808	\$ 2,075
Cumulative effect of CECL adoption			(830)
Balance at January 1			\$ 1,245
Charge-offs:			
Production and Intermediate-Term	(1)	(1)	(1)
Agribusiness	(69)	(125)	(731)
Total charge-offs	(70)	(126)	(732)
Recoveries:			
Production and Intermediate-Term	–	–	14
Agribusiness	63	–	–
Total recoveries	63	–	14
Net charge-offs	(7)	(126)	(718)
(Loan Loss Reversal)/Provision for loan losses	(1,374)	2,252	1,281
Balance at December 31	\$ 2,553	\$ 3,934	\$ 1,808
Net charge-offs to average net loans	<0.01%	0.02%	0.10%

The following table presents the allowance for loan losses by loan type as of December 31 for the last three fiscal years.

<i>(dollars in thousands)</i>	2025	2024	2023
Real Estate Mortgage	\$ 720	\$ 788	\$ 583
Production and Intermediate-Term	827	566	550
Agribusiness	690	2,442	357
Rural Infrastructure	316	138	318
Total	\$ 2,553	\$ 3,934	\$ 1,808

The allowance for loan losses decreased from December 31, 2024 to December 31, 2025 primarily due to the loan loss reversal totaling \$1.4 million that was recorded as a result of decreased specific reserves. Net charge-offs of \$7 thousand were recorded during 2025 related to charge-offs of one purchased credit in our agribusiness portfolio and two youth loans in our production and intermediate-term portfolio, partially offset by a recovery of one purchased credit in our agribusiness portfolio. Overall, charge-off activity remains low relative to the size of our loan portfolio. The allowance for loan losses increased from December 31, 2023 to December 31, 2024 primarily due to the provision for loan losses totaling \$2.3 million that was recorded as a result of increased specific reserves and general reserves related to deteriorated credit quality, increased historical loss rates within many of our loan pools, and additional qualitative reserves for increased risk of deteriorated real estate values. Comparative allowance for loan losses coverage as a percentage of loans and certain other credit quality indicators as of December 31 are presented in the following table.

	2025	2024	2023
Allowance for loan losses as a percentage of:			
Loans	0.33%	0.52%	0.24%
Nonperforming loans	29.74%	73.38%	37.17%
Nonaccrual loans	29.74%	80.86%	37.17%

We maintain a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitment follows.

<i>(dollars in thousands)</i>	2025	2024	2023
Balance at beginning of year	\$ 467	\$ 453	\$ 407
Cumulative effect of CECL adoption			221
Balance at January 1			628
Provision for/(Reversal of) reserve for unfunded commitments	170	14	(175)
Total	\$ 637	\$ 467	\$ 453

The increase in provision for reserve for unfunded commitments in 2025 is due to deteriorated credit quality, increased historical loss rates and increased unfunded commitments.

Young, Beginning, and Small Farmers and Ranchers Program

As part of the Farm Credit System, we are committed to providing sound and dependable credit and related services to young, beginning, and small (YBS) farmers and ranchers. Our mission with respect to our YBS Program is to be the leading lender in our territory, now and in the future. We will make available financing and related financing programs to all eligible young, beginning, and small farmer/operators in our chartered territory. We will continue to support outreach efforts, including those targeted towards YBS farmers and ranchers, to ensure consistent exposure to the diverse communities we serve and that we are responsive to the needs of current and future members. Outreach may include, but is not limited to, any direct financial support, non-financial support, and staff engagement in YBS activities. The FCA regulatory definitions for YBS farmers and ranchers are shown below.

- Young Farmer: A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made.
- Beginning Farmer: A farmer, rancher, or producer or harvester of aquatic products who had 10 years or less farming or ranching experience as of the date the loan was originally made.
- Small Farmer: A farmer, rancher, or producer or harvester of aquatic products who normally generated less than \$350 thousand in annual gross cash farm income.

In October 2023, FCA issued a final rule to revise the YBS regulations. The rule was enacted to expand the YBS activities of Associations to a diverse population of borrowers, reinforce the supervisory responsibilities of the banks that fund the Associations by requiring them to annually review and approve their YBS programs, and require each Association to enhance the strategic plan for its YBS program. The rule also changed the definition of a Small Farmer from one generating less than \$250 thousand in annual gross sales to generating less than \$350 thousand in annual gross cash farm income. The final rule became effective on January 1, 2024.

The following table outlines our percentage of YBS loans as a percentage of the number of loans in our loan portfolio while the USDA column represents the percent of farmers and ranchers classified as YBS within our territory per the 2022 USDA Agricultural Census, which was the most current data available at December 31, 2025. While this definition difference does exist, the information is the best comparative information available.

Due to FCA regulatory definitions, a farmer/rancher may be included in multiple categories as they would be included in each category in which the definition was met.

	USDA	December 31		
		2025	2024	2023
Young	12.01%	12.90%	12.14%	15.15%
Beginning	29.24%	14.54%	15.53%	16.65%
Small	66.93%	19.47%	19.44%	19.48%

The YBS loan counts presented include total outstanding loans at year-end and loans paid off during the current year. Only loans originated by the Association or sourced from outside the System are counted. YBS Loan volume presented is defined as current commitment, which is the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. For participated or pooled loans, the balances presented include only the volume held by the Association.

The following table provides the number of new loans and volume of new loans to YBS and non-YBS farmers made by the Association during the year.

<i>(dollars in thousands)</i>	New loan activity during 2025			
	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	5	\$ 1,514	1.5%	0.5%
Young & beginning	12	6,614	3.5%	2.3%
Young & small	68	275	19.9%	0.1%
Beginning only	15	9,866	4.4%	3.4%
Beginning & small	5	708	1.5%	0.2%
Small only	36	6,426	10.6%	2.2%
Young, beginning & small (YBS)*	26	1,908	7.6%	0.7%
YBS Total	167	\$ 27,311	49.0%	9.4%
Non-YBS	174	263,369	51.0%	90.6%
Total	341	\$ 290,680	100.0%	100.0%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

The following table provides the number of loans and volume of loans to YBS and non-YBS farmers held by the Association as of year-end.

<i>(dollars in thousands)</i>	Loans outstanding as of December 31, 2025			
	Loan Counts	Volume	Percent of Total Loan Counts	Percent of Total Volume
Category				
Young only	27	\$ 15,023	2.6%	1.8%
Young & beginning	55	31,757	5.3%	3.8%
Young & small	88	1,426	8.5%	0.2%
Beginning only	41	31,314	3.9%	3.8%
Beginning & small	43	10,132	4.1%	1.2%
Small only	132	37,200	12.7%	4.5%
Young, beginning & small (YBS)*	58	6,190	5.6%	0.8%
YBS Total	444	\$ 133,042	42.7%	16.1%
Non-YBS	596	693,134	57.3%	83.9%
Total	1,040	\$ 826,176	100.0%	100.0%

* The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

We establish annual marketing goals to increase market share of loans to YBS farmers and ranchers. Our goals are as follows:

- Offer credit and related services either directly or in coordination with others that are responsive to the needs of YBS farmers and ranchers in our territory. Examples include customized loan underwriting standards, loan guarantee programs, fee waivers, or other credit enhancements commensurate with the credit risk approved by the board of directors;
- Take full advantage of opportunities for coordinating credit and services offered with other System institutions in the territory and other governmental and private sources of credit who offer credit and services to YBS farmers and ranchers in our territory; and
- Implement effective outreach programs to attract YBS farmers and ranchers, which may include the use of advertising campaigns, educational programs, and advisory committees comprised of YBS farmers and ranchers and/or a YBS mentoring program to better serve and understand the needs of this lending segment.

A major component of supporting our rural community is advancing YBS farmers and ensuring that there are opportunities for young people to get involved in agriculture early in life. In addition to our donations to the Colusa County Fair and Glenn County Fair, we support various agriculture education programs for our local youths, namely Future Farmers of America (FFA) and 4-H. FFA makes a positive difference in the lives of students by developing their potential for premier leadership, personal growth, and career success through agricultural education. Similar to FFA, 4-H is the nation's largest positive youth development and youth mentoring organization, empowering nearly six million

young people throughout the U.S. 4-H provides life-changing programs that are research backed and available through 4-H clubs, camps, afterschool, and school enrichment programs. Our close contact with agricultural departments at local schools enables us to support and participate in these programs. In addition to program support, we provide direct interest-free financing to local youths participating in local livestock projects.

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

- Loan volume and loan number goals for YBS farmers and ranchers in our territory; and,
- Percentage goals for loans made to new borrowers qualifying as YBS farmers and ranchers in our territory.

Due to FCA regulatory definitions, a farmer/rancher may be included in multiple categories as they would be included in each category in which the definition was met.

	2026		2027		2028		2029	
	Number	Volume	Number	Volume	Number	Volume	Number	Volume
Young	9.5%	6.5%	9.5%	6.5%	9.5%	6.5%	9.5%	6.5%
Beginning	9.5%	6.5%	9.5%	6.5%	9.5%	6.5%	9.5%	6.5%
Small	9.5%	3.5%	9.5%	3.5%	9.5%	3.5%	9.5%	3.5%

	2025 Goal		2025 Actual		2025 Results	
	Number	Volume	Number	Volume	Number	Volume
Young	9.5%	6.5%	12.9%	5.6%	Yes	No
Beginning	9.5%	6.5%	14.5%	8.1%	Yes	Yes
Small	9.5%	3.5%	19.5%	5.6%	Yes	Yes

In 2025, we did not meet our loan volume goal for young farmers and ranchers in our territory due to the current economic environment and slowed loan demand. To ensure that credit and services offered to our YBS farmers and ranchers are provided in a safe and sound manner and within our risk-bearing capacity, we utilize customized loan underwriting standards and loan guarantee programs. Additionally, we are actively involved in developing and sponsoring educational opportunities, leadership training, and business financial training for YBS farmers and ranchers.

CREDIT RISK MANAGEMENT

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

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

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

Processes for information gathering, balance sheet and income statement verification, loan analysis, credit approvals, disbursements of proceeds, and subsequent loan servicing actions are established and followed. Underwriting standards vary by industry and are updated periodically to reflect market and industry conditions.

By regulation, we cannot have loan commitments to one borrower for more than 15% of our lending and lease limit base. Our Association's lending and lease limit base is established by our total regulatory capital. Additionally, we set our own lending limits to manage loan concentration risk. Lending limits have been established for individual loan size, commodity type, special lending programs, and geographic concentrations. We have adopted an individual lending limit maximum of 12% of lending and lease limit base, which resets on the first day of each quarter.

We have established a Staff Loan Committee to control the loan approval process. Our most experienced and knowledgeable credit staff serve as members.

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

We use a two-dimensional loan risk rating model (Model) based on the Farm Credit System's Combined System Risk Rating Guidance. The Model estimates each loan's probability of default (PD) and loss given default (LGD). PD is management's assumption of the probability that a borrower will experience a default within twelve months from the date of determination of the risk rating. LGD is management's estimation of the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. The Model uses objective and subjective criteria to identify inherent strengths, weaknesses, and risks in each loan. PDs and LGDs are utilized in loan and portfolio management processes and for allowance for credit losses estimation and calculation of the reserve for unfunded commitments.

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

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

RESULTS OF OPERATIONS

Earnings Summary

In 2025, we recorded net income of \$18.5 million, compared with \$17.1 million in 2024 and \$19.8 million in 2023. The increase in 2025 was primarily due to credit loss reversals, offset by reduced net interest income, noninterest income and higher noninterest expense. The decrease in 2024 was primarily due to increased net interest income, offset by reduced noninterest income and higher provision for credit losses. The following table presents the changes in the significant components of net income from the previous year.

<i>(dollars in thousands)</i>	2025 vs. 2024	2024 vs. 2023
Net income, prior year	\$ 17,105	\$ 19,786
Increase/(Decrease) from changes in:		
Interest income	(6,535)	5,153
Interest expense	5,188	(3,713)
Net interest income	(1,347)	1,440
Provision for credit losses	3,470	(1,160)
Noninterest income	(70)	(3,017)
Noninterest expense	(762)	71
Provision for income taxes	84	(15)
Total increase/(decrease) in net income	1,375	(2,681)
Net income, current year	\$ 18,480	\$ 17,105

Return on average assets increased to 2.40% from 2.18% in 2024, primarily as a result of increased net earnings and decreased average assets. Return on average shareholders' equity remained the same at 10.89% in 2025 as reported in 2024.

Net Interest Income

Net interest income is our principal source of earnings and is impacted by interest earning asset volume, yields on assets, and cost of debt. The decrease in net interest income from year-end 2024 was largely due to lower interest

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

<i>(dollars in thousands)</i>	2025 vs. 2024	2024 vs. 2023
Net interest income, prior year	\$ 23,764	\$ 22,324
Increase/(Decrease) in net interest income from changes in:		
Interest rates earned and paid	(1,617)	(264)
Volume of interest-bearing assets and liabilities	145	1,704
Interest income on nonaccrual loans	125	–
(Decrease)/Increase in net interest income	(1,347)	1,440
Net interest income, current year	\$ 22,417	\$ 23,764

The following table illustrates net interest margin and the average interest rates on loans and debt cost and interest rate spread.

	For the Year Ended December 31		
	2025	2024	2023
Net interest margin	3.08%	3.20%	3.22%
Interest rate on:			
Average loan volume	6.49%	7.24%	7.02%
Average debt	4.20%	4.86%	4.55%
Interest rate spread	2.29%	2.38%	2.47%

The decrease in interest rate spread resulted from a 75 basis point decrease in interest rates on average loan volume and a 66 basis point decrease in interest rates on average debt. The decrease in net interest margin in addition to the change in spread was due to lower earnings on our own capital.

Provision for Credit Losses

We monitor our loan portfolio and unfunded commitments on a regular basis to determine if any increase through provision for credit losses or decrease through a credit loss reversal in our allowance for loan losses or reserve for unfunded commitments is warranted based on our assessment of the relevant historical events, current conditions, and macroeconomic conditions. We recorded a net credit loss reversal of \$1.2 million in 2025, compared with the provision for credit losses of \$2.3 million in 2024 and \$1.1 million in 2023. The loan loss reversal of \$1.4 million recorded during 2025 was primarily due to decreased specific reserves, partially offset by an increase in collective reserves for continued credit deterioration, and increased expected and historical losses. The provision for reserve for unfunded commitments of \$170 thousand was recorded during 2025 due to deteriorated credit quality and increased historical loss rates and unfunded commitments.

The provision for loan losses of \$2.3 million recorded during 2024 was primarily due to increased specific and general reserves related to deteriorated credit quality, higher historical loss rates within many of our loan pools, and additional qualitative reserves for the increased risk of declining real estate values. The provision for reserve for unfunded commitments of \$14 thousand was recorded during 2024 due to deteriorated credit quality and increased historical loss rates, partially offset by decreased unfunded commitments.

The provision for loan losses of \$1.3 million recorded during 2023 was primarily due to deteriorated credit quality and increased loan volume. The reversal of reserve for unfunded commitments of \$175 thousand recorded during 2023 was due to decreases in loss rates and unfunded commitments.

Noninterest Income

We recorded noninterest income of \$3.9 million in 2025 and 2024 compared to \$6.9 million in 2023. Patronage distributions from CoBank are our primary source of noninterest income. Patronage is accrued in the year earned and then received from CoBank in the following year. CoBank patronage is distributed in cash and stock. The total patronage from CoBank is comprised of two sources: patronage based on our borrowing balance (direct note patronage) and patronage based on loans we originate and then sell a portion to them as a participant (sold volume patronage). We received 100 basis points on participation loans and 45 basis points on our direct note with CoBank for all other loans. Patronage earned from CoBank was \$3.2 million in 2025, \$3.4 million in 2024, and \$3.1 million in 2023. Patronage income from CoBank includes special cash patronage distributions of \$292 thousand for 2025, \$452 thousand for 2024, and \$412 thousand for 2023 due to CoBank's strong capital levels and financial results.

We received a patronage distribution from AgVantis in 2023 based on our services purchased from AgVantis during the year. There were no such distributions in 2024 or 2025. Our total notice of allocation in 2023 was \$165 thousand, which included cash patronage of \$83 thousand with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition.

We recorded a cash patronage of \$6 thousand in 2025 from Farm Credit Foundations, the organization that provides our payroll and human resource services, which will be paid in the following year. This compares with \$11 thousand recorded in 2024 and \$9 thousand recorded in 2023. Patronage from Farm Credit Foundations, AgVantis, and CoBank is included in patronage distribution from Farm Credit institutions on the Consolidated Statement of Comprehensive Income.

We received a refund of \$139 thousand during 2025 and \$189 thousand during 2024 from Farm Credit System Insurance Corporation (FCSIC). These refunds represent our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. No refund was received in 2023.

We received a one-time equity positioning income from CoBank of \$3.2 million in 2023, due to the transition to a pro-rata equity positioning strategy with CoBank. No such fees were received in 2025 or 2024.

In 2025, we recorded other noninterest income of \$315 thousand, an increase of \$133 thousand from 2024, primarily due to increased loan fees. Net loan fees in 2025 were \$248 thousand, an increase of \$127 thousand from 2024, driven by higher participation fees and lower loan fee expenses. In 2024, we recorded other noninterest income of \$182 thousand, a decrease of \$156 thousand from 2023, primarily due to reduced loan fees.

Noninterest Expense

Noninterest expense for 2025 increased \$762 thousand, or 9.2%, to \$9.0 million compared with 2024 and increased \$691 thousand, or 8.3% compared with 2023. Noninterest expense for each of the three years ended December 31 is summarized as follows:

<i>(dollars in thousands)</i>	Percent of Change				
	2025	2024	2023	2025/2024	2024/2023
Salaries & employee benefits	\$ 4,859	\$ 4,456	\$ 4,242	9.04%	5.04%
Occupancy & equipment	686	613	579	11.91%	5.87%
Purchased services	705	736	751	(4.21%)	(2.00%)
Supervisory & examination costs	331	326	277	1.53%	17.69%
Data processing services	1,813	1,419	1,438	27.77%	(1.32%)
Other noninterest expense	98	147	125	(33.33%)	17.60%
Total operating expense	8,492	7,697	7,412	10.33%	3.84%
Farm Credit Insurance Fund premium	551	584	940	(5.65%)	(37.87%)
Total noninterest expense	\$ 9,043	\$ 8,281	\$ 8,352	9.20%	(0.85%)

For the year ended December 31, 2025, total operating expense increased \$795 thousand, or 10.3%, compared with the year ended December 31, 2024. This increase was mainly attributable to a rise in salaries and employee benefits of \$403 thousand for cost of living and merit adjustments combined with a \$394 thousand increase in data processing services. The increase in data processing services relates to several business transformation initiatives from our service provider, AgVantis. We also saw a \$73 thousand increase in occupancy and equipment due to rising software costs, partially offset by decreased other noninterest expense of \$49 thousand due to increased deferred standard loan origination costs.

For the year ended December 31, 2024, total operating expense increased \$285 thousand, or 3.8%, compared with the year ended December 31, 2023. This increase was mainly attributable to a rise in salaries and employee benefits of \$214 thousand for cost of living and merit adjustments, higher supervisory and examination costs of \$49 thousand due to increased FCA assessments, and other noninterest expense of \$22 thousand due to decreased standard loan origination costs.

Benefit from/Provision for income taxes

We recorded \$43 thousand in benefit from income taxes during 2025, compared with provision for income taxes of \$41 thousand in 2024 and \$26 thousand in 2023. The decrease in provision in 2025 was primarily due to an increase in deferred tax assets that exceeded an increase in deferred tax liabilities. Tax expense was also impacted by our patronage refund program. We operate as a Subchapter T cooperative for tax purposes and thus may deduct from taxable income certain amounts that are distributed from net earnings to borrowers. See Note 2 for additional details.

LIQUIDITY

Liquidity is necessary to meet our financial obligations. Liquidity is needed to pay our note with CoBank, fund loans and other commitments, and fund business operations in a cost-effective manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reduction and liquidate nonearning assets. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our on-going operations and other commitments.

Funding Sources

Our primary source of liquidity is the ability to obtain funds for our operations through a borrowing relationship with CoBank. Our note payable to CoBank is collateralized by a pledge to CoBank of substantially all of our assets. Substantially all cash received is applied to the note payable and all cash disbursements are drawn on the note payable. Our promissory note for the note payable with CoBank renews annually and matures on May 31, 2026. The indebtedness is governed by a General Financing Agreement (GFA) with CoBank, which matures on May 31, 2028. The annual average principal balance of the note payable to CoBank was \$568.8 million in 2025, \$595.8 million in 2024, and \$540.5 million in 2023.

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

Interest Rate Risk

The interest rate risk inherent in our loan portfolio is substantially mitigated through our funding relationship with CoBank, which allows for loans to be match-funded. Borrowings from CoBank match the pricing, maturity, and option characteristics of our loans to borrowers. CoBank manages interest rate risk through the direct loan pricing and its asset/liability management processes. Although CoBank incurs and manages the primary sources of interest rate risk, we may still be exposed to interest rate risk through the impact of interest rate changes on earnings generated from our loanable funds. To stabilize earnings from loanable funds, we have committed excess loanable funds with CoBank at a fixed rate for a specified term as a part of CoBank's Association Equity Positioning Program (AEPP). We also commit excess loanable funds with CoBank pro-rata with our loan portfolio. This program utilizes a percentage of our equity to fund each loan throughout the life of the loan. This enables us to reduce our overall cost of funds with CoBank without significantly increasing our overall interest rate risk position.

Funds Management

We offer variable, fixed, adjustable prime-based, and Secured Overnight Financing Rate (SOFR) rate loans to borrowers. Our Board of Directors determines the interest rate charged based on the following factors: 1) the interest rate charged by CoBank; 2) our existing rates and spreads; 3) the competitive rate environment; and 4) our profitability objectives.

CAPITAL RESOURCES

Capital supports asset growth and provides protection for unexpected credit and operating losses. Capital is also needed for investments in new products and services. We believe a sound capital position is critical to our long-term financial success due to the volatility and cycles in agriculture. Over the past several years, we have been able to build capital primarily through net income retained after patronage. Shareholders' equity at December 31, 2025 totaled \$173.9 million, compared with \$161.9 million at December 31, 2024 and \$151.3 million at December 31, 2023. The increase of \$12.0 million in shareholders' equity reflects net income and net stock issuances, partially offset by patronage distributions. Our capital position is reflected in the following ratio comparisons.

	2025	2024	2023
Debt to shareholders' equity	3.65:1	3.96:1	4.37:1
Shareholders' equity as a percent of net loans	22.85%	21.53%	19.80%
Shareholders' equity as a percent of total assets	21.51%	20.18%	18.63%

Debt to shareholders' equity decreased and shareholders' equity as a percent of net loans and of total assets increased from 2024 primarily due to capital growth outpacing loan volume.

Retained Earnings

Our retained earnings increased \$12.0 million to \$173.4 million at December 31, 2025 from \$161.4 million at December 31, 2024 and increased \$22.6 million from \$150.8 million at December 31, 2023. The increase in 2025 was a result of net income of \$18.5 million, partially offset by \$6.5 million of patronage distributions declared.

Patronage Program

We have a Patronage Program that allows us to distribute our available net earnings to our shareholders. This program provides for the application of net earnings in the manner described in our Bylaws. In addition to determining the amount and method of patronage to be distributed, the Bylaws address increasing surplus to meet capital adequacy standards established by Regulations; increasing surplus to a level necessary to support competitive pricing at targeted earnings levels; and increasing surplus for reasonable reserves. Patronage distributions are based on business done with us during the year. We paid cash patronage of \$6.5 million in 2025, \$6.0 million in 2024, and \$5.0 million in 2023. During 2025, we declared patronage distributions of \$6.5 million to be paid in March 2026.

Stock

Our total stock and participation certificates increased \$5 thousand to \$550 thousand at December 31, 2025, from \$545 thousand at December 31, 2024 and increased from \$542 thousand at December 31, 2023. The increase during 2025 was due to \$36 thousand of stock issuances, partially offset by \$31 thousand of stock retirements. We require a stock investment for each borrower. We have a Borrower Level Stock Program which allows stock to be assigned to each borrower instead of each loan. This reduces the stock requirements for borrowers with multiple loans. The current stock requirement for each borrower is the lesser of one thousand dollars or 2.00% of the collective total balance of each borrower's loan(s). Prior to 2014, the stock investment was the lesser of one thousand dollars or 2.00% of the amount of each loan. Loan level stock was retired in the amounts of \$1 thousand in 2023 as a result of implementation of this program. We had no loan level stock as of December 31, 2025 or 2024.

Capital Plan and Regulatory Requirements

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

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

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

	2025	2024	2023	Minimum Requirement with Buffer
Common Equity Tier 1 Capital ratio	17.51%	15.94%	15.42%	7.00%
Tier 1 Capital ratio	17.51%	15.94%	15.42%	8.50%
Total Capital ratio	17.82%	16.48%	15.73%	10.50%
Tier 1 Leverage ratio	20.25%	18.37%	17.92%	5.00%
Unallocated Retained Earnings and URE Equivalents (UREE) Leverage	20.18%	18.30%	17.85%	1.50%
Permanent capital ratio	17.56%	16.02%	15.46%	7.00%

The minimum ratios established were not meant to be adopted as the optimum capital level, so we have established goals in excess of the regulatory minimum. As of December 31, 2025, we have exceeded our goals, with the exception of our UREE Leverage ratio. Our capital goals will continue to exceed regulatory requirements due to our approach to maintaining adequate capital in case of future, unplanned, and adverse changes in the Association.

Refer to Note 7, Shareholders' Equity, in this report for additional information on our capital and related requirements and restrictions.

FCA issued a final rule, effective January 1, 2023, to address changes to its capital regulations and certain other regulations in response to the CECL accounting standard. The regulation identifies which credit loss allowances under CECL are eligible for inclusion in a System institution's regulatory capital. Credit loss allowances related to loans, lessor's net investments in leases, and held-to-maturity debt securities would be included in a System institution's tier 2 capital up to 1.25 percent of the System institution's total risk-weighted assets. Credit loss allowances for available-for-sale debt securities and purchased credit impaired assets would not be eligible for inclusion in a System institution's tier 2 capital. In addition, the regulation does not include a transition phase-in period for the CECL day 1 cumulative effect adjustment to retained earnings on a System institution's regulatory capital ratios. The regulation did not have a material impact on our regulatory capital.

HUMAN CAPITAL

As of December 31, 2025, we had 27 employees at our headquarters in Colusa, California and at our other branch location. Our employees have an established foundation and working knowledge of agriculture and the Farm Credit System. Our workforce is approximately 22.2% male and 77.8% female, with minorities representing approximately 18.5% of our associates.

REGULATORY MATTERS

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

GOVERNANCE

Board of Directors

We are governed by an eleven-member board that provides direction and oversees our management. Of these directors, eight are elected by the shareholders and three are appointed by the elected directors. Our Board of Directors represents the interests of our shareholders. The Board of Directors meets regularly to perform the following functions, among others:

- selects, evaluates, and compensates the chief executive officer;
- approves the strategic plan, capital plan, financial plan, and the annual operating budget;
- oversees the lending operations;
- directs management on significant issues; and,
- oversees the financial reporting process, communications with shareholders, and our legal and regulatory compliance.

Director Independence

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

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

Audit Committee

The Audit Committee reports to the Board of Directors. The Audit Committee is composed of six members of the Board of Directors. During 2025, five meetings were held. The Audit Committee responsibilities generally include, but are not limited to:

- oversight of the financial reporting risk and the accuracy of the quarterly and annual shareholder reports;
- the oversight of the system of internal controls related to the preparation of quarterly and annual shareholder reports;
- the review and assessment of the impact of accounting and auditing developments on the consolidated financial statements;

- the establishment and maintenance of procedures for the receipt, retention, and treatment of confidential and anonymous submission of concerns regarding accounting, internal accounting controls, or auditing matters; and,
- oversight of the Association’s internal audit program, the independence of the outside auditors, the adequacy of the Association’s system of internal controls and procedures, and the adequacy of management’s action with respect to recommendations arising from those auditing activities.

Compensation Committee

The Compensation Committee is responsible for the oversight of employee and director compensation. The Compensation Committee is composed of five members of the Board of Directors. The Committee annually reviews, evaluates, and approves the compensation policies, programs, and plans for senior officers and employees including benefits programs.

Governance, Risk, and Compliance Committee

The Governance, Risk, and Compliance Committee reports to the Board of Directors and is composed of five members of the Board of Directors. The Governance, Risk, and Compliance Committee responsibilities generally include, but are not limited to:

- Governance
 - devise and make recommendations for policies that reflect best practices for overall good governance;
 - advise the Board about operational strategies including relevant amendments to the organization’s bylaws to strengthen the organization and empower the Board in meeting its obligations related to good governance principles and abide by the Association’s mission;
 - advise the Board about strategies that strive to increase individual Board Director effectiveness and their abilities to work collaboratively with their peers;
 - devise and make recommendations for policies on issues related to Board Director service;
 - lead and facilitate periodic board self-assessments to ensure superior board performance and overall trust in effectiveness;
 - evaluate the Board’s current composition and identify the current and future needs of the organization to ensure that the Board has the necessary diversity, perspectives, experience, skills, maturity, and judgment to effectively pursue their duties in planning and oversight;
 - develop and conduct an orientation process for newly appointed Board Directors and provide ongoing board training and development;
 - work with Nominating Committee as needed and within the parameters of our Bylaws and policies related to Director independence from the Director election process; and,
 - any other Board or general Association governance issues.
- Risk Management
 - oversee and ensure the effectiveness of the Association’s Enterprise Risk Management Program (ERM Program);
 - divide specific responsibilities within the ERM Program among other committees of the Board;
 - oversee the work of the Staff Enterprise Risk Committee;
 - ensure that the ERM Program includes processes and reporting that will prepare the Association to reasonably anticipate and effectively respond to material adverse events – both short-term and long-term;
 - ensure that the ERM Program is utilized to effectively manage risk and plan strategically to enhance the Association’s long-term sustainability;
 - in conjunction with the full Board, approve the Association’s ERM Program;
 - Risk Culture – establish and maintain the Association’s risk culture:
 - help to set the tone and develop a culture that promotes open discussion regarding risk and integrates risk management into the Association’s goals and strategic direction;
 - create a corporate culture such that Management and staff at all levels manage risks, rather than reflexively avoid or heedlessly take them; and,
 - provide input to Management regarding the Association’s risk appetite and tolerance and, ultimately approve risk appetite statements that are recommended to the full Board and communicated throughout the Association.
 - Risk Identification & Monitoring - ensure that Association management has effective processes in place to identify and assess material risks that the Association faces and has established a risk

management infrastructure capable of monitoring and addressing those risks commensurate with the size and complexity of the Association:

- direct Management to conduct an Annual Assessment of Risks to 1) evaluate the emergence of new risks, or 2) determine changes in materiality of risks that have already been documented;
- ensure that adequate reporting is in place to effectively monitor the Association's risk profile (ongoing or potential exposure to risks of various types). This function also recognizes reports provided to other committees of the Board in connection with their specific assignments regarding the ERM Program; and,
- ensure that adequate risk review is completed regarding material new initiatives (e.g., products and services) prior to their approval and implementation.
- Other Responsibilities –
 - ensure that the Association maintains an effective Stress Testing Program to evaluate risk exposures associated with major business segments and operational activities. Review and assess the effectiveness of the Association's Stress Testing Program, recommending improvements where appropriate;
 - in coordination with the Audit Committee, ensure that the Association's Internal Audit Plan is aligned with the risks that have been identified; and,
 - perform an annual formal or informal self-evaluation of the Committee's performance and training needs through the Board self-evaluation process.
- Compliance
 - review periodically the structure, operation, and effectiveness of the Association's compliance program and risk assessment process, ensuring that the Association identifies, prioritizes, and effectively mitigates key risks;
 - oversee the administration of the Association's Code of Ethics, Standards of Conduct, and Standards of Conduct Officer, making recommendations to the Board regarding revisions thereto;
 - monitor and address matters related to compliance with FCA regulation and other regulation, laws, and authoritative guidance, including financial reporting and disclosure requirements; and,
 - monitor and address significant compliance risk exposures or violations and the steps that have been taken to monitor, correct, and/or mitigate such violations or risks.

Other Governance

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

- a system for the receipt and treatment of whistleblower complaints;
- a code of ethics for our Chief Executive Officer, Chief Administrative Officer, Chief Financial Officer, Chief Credit Officer, and Chief Technology Officer;
- open lines of communication between the independent auditors, management, and the Audit Committee;
- "plain English" disclosures;
- officer certification of accuracy and completeness of the consolidated financial statements; and,
- information disclosure through our website.

Code of Ethics

Our directors and employees are responsible for maintaining the highest of standards in conducting our business. In that regard, we established a Code of Ethics for the Board of Directors and a Code of Ethics for the Chief Executive Officer, Chief Administrative Officer, Chief Financial Officer, Chief Credit Officer, Chief Technology Officer, and other senior financial professionals who are involved, directly or indirectly, with the preparation of our financial statements and the maintenance of financial records supporting the financial statements. These Codes of Ethics supplement our Standards of Conduct Policy. Annually, each employee and director files a written and signed disclosure statement as required under the Standards of Conduct Policy. Likewise, all employees certify compliance with our Code of Ethics on an annual basis.

Whistleblower Program

We maintain a program for employee complaints related to accounting, financial reporting, internal accounting controls, or auditing matters. This program allows employees to submit confidential, anonymous concerns regarding accounting, financial reporting, internal accounting controls, fraud, or auditing matters without the fear of reprisal, retaliation, or

adverse action being taken against any employee who, in good faith, reports or assists in the investigation of a violation or suspected violation, or who makes an inquiry about the appropriateness of an anticipated or actual course of action.

FORWARD-LOOKING INFORMATION

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

- political, legal, regulatory, and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international, and farm-related business sectors;
- weather, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in United States government support of the agricultural industry and/or the Farm Credit System; and,
- actions taken by the Federal Reserve System in implementing monetary policy.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are based on accounting principles generally accepted in the United States of America. Our significant accounting policies are critical to the understanding of our results of operations and financial position because some accounting policies require us to make complex or subjective judgments and estimates that may affect the value of certain assets or liabilities. We consider these policies critical because we have to make judgments about matters that are inherently uncertain. For a complete discussion of significant accounting policies, see Note 2 of the accompanying consolidated financial statements. The development and selection of critical accounting policies, and the related disclosures, have been reviewed by our Audit Committee. A summary of critical policies relating to the determination of the allowance for loan losses follows.

Allowance for Loan Losses/Reserve for Unfunded Commitments

The allowance for loan losses is our best estimate of credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures as of the balance sheet date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan loss reversals and loan charge-offs. Additionally, we provide line of credit financing to our customers. We have established a reserve for unfunded commitment to cover expected losses. This reserve is reported as a liability in our consolidated balance sheet. The reserve for unfunded commitment is increased through provision for the reserve for unfunded commitments and is decreased through reversals of the reserve for unfunded commitments. Provision for loan losses and provision for reserve for unfunded commitments are referred to as a provision for credit losses on the Consolidated Statement of Comprehensive Income. We determine the allowance for loan losses and the reserve for unfunded commitment based on relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. Loans are evaluated based on the borrower’s overall financial condition, resources, and payment record; the prospects for support from any financially responsible guarantor; and, if appropriate, the estimated net realizable value of any collateral.

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

CUSTOMER PRIVACY

FCA regulations require that borrower information be held in confidence by Farm Credit institutions, their directors, officers, and employees. FCA regulations and our Standards of Conduct Policy specifically restrict Farm Credit institution directors and employees from disclosing information not normally contained in published reports or press releases about the institution or its borrowers or members. These regulations also provide Farm Credit institutions clear guidelines for protecting their borrowers’ nonpublic information.



Report of Independent Auditors

To the Board of Directors of Farm Credit Services of Colusa-Glenn, ACA

Opinion

We have audited the accompanying consolidated financial statements of Farm Credit Services of Colusa-Glenn, ACA and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2025, 2024, and 2023 and the related consolidated statements of comprehensive income, of changes in shareholders' 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 of 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

March 5, 2026

Consolidated Statement of Condition

(Dollars in Thousands)

	December 31		
	2025	2024	2023
ASSETS			
Loans	\$ 763,548	\$ 755,896	\$ 765,902
Less allowance for loan losses	2,553	3,934	1,808
Net loans	760,995	751,962	764,094
Cash	3,204	2,938	4,501
Accrued interest receivable	13,089	15,503	14,126
Investment in CoBank, ACB	18,317	18,257	16,523
Premises and equipment, net	6,086	6,522	6,669
Other assets	6,818	7,223	6,223
Total assets	\$ 808,509	\$ 802,405	\$ 812,136
LIABILITIES			
Note payable to CoBank, ACB	\$ 604,599	\$ 617,995	\$ 631,654
Advance conditional payments	13,533	8,348	14,081
Accrued interest payable	1,998	2,186	2,570
Patronage distributions payable	6,500	6,500	6,000
Deferred tax liability	432	481	450
Unfunded disbursements	4,719	2,368	1,246
Reserve for unfunded commitments	637	467	453
Other liabilities	2,178	2,132	4,362
Total liabilities	634,596	640,477	660,816
Commitments and Contingencies (See Note 13)			
SHAREHOLDERS' EQUITY			
Capital stock and participation certificates	550	545	542
Unallocated retained earnings	173,363	161,383	150,778
Total shareholders' equity	173,913	161,928	151,320
Total liabilities and shareholders' equity	\$ 808,509	\$ 802,405	\$ 812,136

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the Year Ended December 31		
	2025	2024	2023
INTEREST INCOME			
Loans	\$ 47,287	\$ 53,822	\$ 48,669
Total interest income	47,287	53,822	48,669
INTEREST EXPENSE			
Note payable to CoBank, ACB	24,062	29,189	25,093
Other	808	869	1,252
Total interest expense	24,870	30,058	26,345
Net interest income	22,417	23,764	22,324
(Credit loss reversal)/Provision for credit losses	(1,204)	2,266	1,106
Net interest income after credit loss reversals/provision for credit losses	23,621	21,498	21,218
NONINTEREST INCOME			
Patronage distribution from Farm Credit institutions	3,405	3,558	3,447
Farm Credit Insurance Fund distribution	139	189	-
Equity Positioning income from CoBank	-	-	3,161
Other noninterest income	315	182	338
Total noninterest income	3,859	3,929	6,946
NONINTEREST EXPENSE			
Salaries and employee benefits	4,859	4,456	4,242
Occupancy and equipment	686	613	579
Purchased services	705	736	751
Farm Credit Insurance Fund premium	551	584	940
Supervisory and examination costs	331	326	277
Data processing services	1,813	1,419	1,438
Other noninterest expense	98	147	125
Total noninterest expense	9,043	8,281	8,352
Income before income taxes	18,437	17,146	19,812
(Benefit from)/Provision for income taxes	(43)	41	26
Net income/Comprehensive Income	\$ 18,480	\$ 17,105	\$ 19,786

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2022	\$ 544	\$ 136,489	\$ 137,033
Net Income/Comprehensive income		19,786	19,786
Capital stock and participation certificates issued	36		36
Capital stock and participation certificates retired	(38)		(38)
Patronage distributions: Cash		(6,000)	(6,000)
Cumulative effect of CECL adoption		503	503
Balance at December 31, 2023	542	150,778	151,320
Net Income/Comprehensive income		17,105	17,105
Capital stock and participation certificates issued	34		34
Capital stock and participation certificates retired	(31)		(31)
Patronage distributions: Cash		(6,500)	(6,500)
Balance at December 31, 2024	545	161,383	161,928
Net Income/Comprehensive income		18,480	18,480
Capital stock and participation certificates issued	36		36
Capital stock and participation certificates retired	(31)		(31)
Patronage distributions: Cash		(6,500)	(6,500)
Balance at December 31, 2025	\$ 550	\$ 173,363	\$ 173,913

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

Consolidated Statement of Cash Flows

(Dollars in Thousands)

	For the Year Ended December 31		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 18,480	\$ 17,105	\$ 19,786
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			
Depreciation	336	340	330
(Credit loss reversal)/Provision for credit losses	(1,204)	2,266	1,106
Patronage stock from CoBank, ACB	(89)	(59)	(53)
Allocated patronage from AgVantis	-	-	(83)
Losses/(Gains) on sales of premises and equipment	-	10	(12)
Change in assets and liabilities:			
Decrease/(Increase) in accrued interest receivable	2,414	(1,377)	(4,372)
Decrease/(Increase) in other assets	574	(994)	(1,173)
Increase/(Decrease) in unfunded disbursements	2,351	1,122	(378)
(Increase)/Decrease in accrued interest payable	(188)	(384)	1,147
(Increase)/Decrease in deferred tax liability	(49)	31	11
Increase/(Decrease) in other liabilities	46	(2,230)	763
Total adjustments	4,191	(1,275)	(2,714)
Net cash provided by operating activities	22,671	15,830	17,072
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase)/Decrease in loans, net	(7,659)	9,880	(91,613)
Increase in investment in CoBank, ACB	-	(1,681)	(2,497)
Expenditures for premises and equipment	(40)	(207)	(393)
Proceeds from sales of premises and equipment	-	4	14
Net cash (used in)/provided by investing activities	(7,699)	7,996	(94,489)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Net payment)/Net draw on note payable to CoBank, ACB	(13,396)	(13,659)	111,954
Increase/(Decrease) in advance conditional payments	5,185	(5,733)	(28,470)
Capital stock and participation certificates retired	(31)	(31)	(38)
Capital stock and participation certificates issued	36	34	36
Cash patronage distributions paid	(6,500)	(6,000)	(5,000)
Net cash (used in)/provided by financing activities	(14,706)	(25,389)	78,482
Net increase/(decrease) in cash	266	(1,563)	1,065
Cash at beginning of year	2,938	4,501	3,436
Cash at end of year	\$ 3,204	\$ 2,938	\$ 4,501
SUPPLEMENTAL CASH INFORMATION:			
Cash paid during the year for:			
Interest	\$ 25,058	\$ 30,442	\$ 25,198
Income taxes	\$ 2	\$ 2	\$ 2
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Patronage stock from CoBank, ACB	\$ 89	\$ 59	\$ 53
Allocated patronage from AgVantis	\$ -	\$ -	\$ 83
Net charge-offs	\$ 7	\$ 126	\$ 718
Patronage distributions payable	\$ 6,500	\$ 6,500	\$ 6,000

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

- A. Organization: Farm Credit Services of Colusa-Glenn, ACA and its subsidiaries, Farm Credit Services of Colusa-Glenn, FLCA, (Federal Land Credit Association (FLCA)) and Farm Credit Services of Colusa-Glenn, PCA, (Production Credit Association (PCA)) (collectively called “the Association”) are member-owned cooperatives which provide credit and credit-related services to or for the benefit of eligible borrowers/shareholders for qualified agricultural purposes in the counties of Colusa and Glenn in the state of California.

The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations, which was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (the Farm Credit Act). At December 31, 2025, the System was comprised of three Farm Credit Banks, one Agricultural Credit Bank (System Banks), and 55 associations.

CoBank, ACB (funding bank or the “Bank”), its 16 related Agricultural Credit Associations (ACA), which each have two wholly owned subsidiaries (a FLCA and a PCA), and AgVantis, Inc. (AgVantis) are collectively referred to as the CoBank District (District). CoBank provides the funding to associations within the District and is responsible for supervising certain activities of the District Associations. AgVantis, which is owned by the entities it serves, provides technology and other operational services to certain associations and to CoBank.

ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. Generally, the FLCA makes secured long-term agricultural real estate loans and the PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

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

The Farm Credit Act established the Farm Credit System Insurance Corporation (Insurance Corporation) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations (Insured Debt), (2) to ensure the retirement of protected stock at par or stated value, and (3) for other specified purposes. The Insurance Fund is also available for discretionary use by the Insurance Corporation to provide assistance to certain troubled System institutions and to cover the operating expenses of the Insurance Corporation. Each System Bank has been required to pay premiums, which may be passed on to the 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% of the aggregate Insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of the aggregate obligations as the Insurance Corporation, at its sole discretion, determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums, as necessary to maintain the Insurance Fund at the 2.0% level. As required by the Farm Credit Act, as amended, the Insurance Corporation may return excess funds above the secure base amount to System institutions.

- B. Operations: The Farm Credit Act sets forth the types of authorized lending activity, persons eligible to borrow, and financial services which 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, their cooperatives, rural residents, and farm-related businesses.

The Association also serves as an intermediary in offering credit life insurance and advance conditional payment accounts.

The Association’s financial condition may be impacted by factors affecting CoBank. The CoBank Annual Report is available free of charge on CoBank’s website, www.cobank.com; or may be obtained at no charge by contacting the Association at 2970 Davison Court, Colusa, California 95932 or by calling (530) 458-4978. Upon request, Association shareholders will be provided with a copy of the CoBank Annual Report. The CoBank Annual Report discusses the material aspects of CoBank’s and the District’s financial condition, changes in financial condition, and results of operations. In addition, the CoBank Annual Report identifies favorable and unfavorable trends, significant events, uncertainties, and the impact of activities of the Insurance Corporation.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements (the “financial statements”) of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of Farm Credit Services of Colusa-Glenn, PCA and Farm Credit Services of Colusa-Glenn, FLCA and reflect the investments in and allocated earnings of the service organizations in which the Association has partial ownership interests. Inter-company transactions have been eliminated in consolidation. The accounting and reporting policies of the Association conform to GAAP and prevailing practices within the banking industry.

Reclassifications

Certain amounts in prior year’s financial statements have been reclassified to conform to current financial statement presentation.

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.

Recently Issued or Adopted Accounting Pronouncements

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

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

Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06. 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 development costs and (4) modifies the disclosure requirements for capitalized software costs. The standard is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The Association is currently evaluating the potential impact of this amendment on the Association’s financial condition, results of operations, and cash flows.

Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05. The amendments in this update provide (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The practical expedient 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 adoption of these amendments are not expected to have a material impact on the Association’s financial condition, results of operations, or cash flows.

Improvements to Income Tax Disclosures (ASC 740)

In December 2023, FASB issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments 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. Income taxes paid will require disaggregated disclosure by federal, state, and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2024. The adoption of this guidance did not have an impact on the Association's financial condition, results of operations, or cash flows, but did impact the income tax disclosures.

Summary of the Association's Significant Accounting Policies

- A. Loans: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans made for agricultural production or operating purposes have maturities of ten years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and 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.

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 in Note 3. A loan is considered contractually past due when any principal repayment or interest payment required by the loan contract is not received on or before the due date. A loan shall remain contractually past due until the terms of the loan are modified or until the entire amount past due, including principal, accrued interest, and penalty interest incurred is collected or otherwise discharged in full.

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 that is considered uncollectible is reversed (if accrued in the current year) and/or included in the recorded nonaccrual balance (if accrued in prior years). Loans are charged-off at the time they are determined to be uncollectible.

When loans are in nonaccrual status, interest payments received in cash are generally recognized as interest income if the collectability of the loan principal is fully expected and certain other criteria are met. Otherwise, payments received on nonaccrual loans are applied against the amortized cost in the loan asset. Nonaccrual loans are returned to accrual status if all contractual principal and interest is current, the borrower 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. 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.

The Association elected to continue classifying accrued interest on loans in accrued interest receivable and not as part of loans on the Consolidated Statement of Condition. 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.

Upon the adoption of ASU 2022-02 "Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosure", creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. With the adoption of the guidance, the Association no longer classifies loan modifications to a borrower experiencing financial difficulty as a troubled debt restructure. 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 term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

Collateral-dependent loans are loans secured by collateral, including but not limited to agricultural real estate, crop inventory, equipment, and livestock. The Current Expected Credit Losses (CECL) guidance requires an entity to measure the expected credit losses of a collateral dependent loan based on fair value of the collateral at 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.

The Association purchases loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk. Additionally, the Association sells a portion of certain large loans to other System entities to reduce risk and comply with established lending limits. Loans are sold and the sale terms comply with requirements under Accounting Standards Codification (ASC) 860 "Transfers and Servicing."

- B. Allowance for Credit Losses (ACL): Effective January 1, 2023, the Association adopted ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" and other subsequently issued ASU's related to credit losses. This ASU replaced the incurred loss impairment methodology with a single allowance framework that estimates the current expected credit losses over the remaining contractual life for all 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. The ACL comprises:

- the allowance for loan losses, which covers the loan portfolio and is presented separately on the Consolidated Statement of Condition and
- the reserve for unfunded commitments, which is presented separately on the Consolidated Statement of Condition.

Determining the appropriateness of the allowance 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 allowance for loan losses in those future periods.

The allowance for loan losses represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums and discounts.

The Association employs a disciplined process and methodology to establish its allowance for loan losses 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 pooled component of the allowance for loan losses for loan pools that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, credit quality rating, delinquency category, or business segment or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default and the severity of loss given default. Loss given default is determined for each pool based on the aggregate net lifetime losses incurred within that pool. 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 loan is 90 days or more past due. Due to limited loss history across the portfolio, the Association used peer data within their quantitative adjustment component for loan pools that have experienced minimal loss history.

The pooled component of the allowance for loan losses 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 estimated credit losses in the existing portfolio.

The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables, including agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, government spending to GDP, real consumer spending, United States exports, inflation, and Fed Funds rates. Also considered are portfolio trends, competition and legal factors, collateral values, nature and volume of loan concentrations, and loan underwriting and collection reviews.

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 allowance for loan loss 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.

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 several 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.

The Association evaluates the need for a reserve for unfunded commitments under CECL and, if required, an amount is recognized and reported separately on the Consolidated Statement of Condition. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures and applying the loss factors used in the ACL methodology to the results of the usage calculation.

- C. Cash: Cash, as included in the consolidated financial statements, represents cash on hand and on deposit at financial institutions. At times, cash deposits may be in excess of federally insured limits.
- D. Investment in CoBank: The Association's required investment in CoBank is in the form of Class A Stock. The minimum required investment is 3.00 percent of the prior one-year average direct loan volume. The investment in CoBank is comprised of patronage-based stock and purchased stock. The requirement for capitalizing patronage-based participation loans sold to CoBank is 7.00 percent of the prior ten-year average of such participations sold to CoBank.
- E. Premises and Equipment: Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operating results. Maintenance and repairs are expensed, and improvements above certain thresholds are capitalized.

- F. **Other Assets and Other Liabilities:** Other assets are comprised primarily of accounts receivable, pension plan asset, investment in Farm Credit institutions other than CoBank, and prepaid expenses. Significant components of other liabilities primarily include accounts payable and accrued salaries and employee benefits.

The Association purchases, as well as internally develops and customizes certain software to enhance or perform internal business functions. Software development costs, as well as costs for software that is part of a cloud computing arrangement incurred in the preliminary and post-implementation project stages are charged to noninterest expense. Costs associated with designing software configuration, installation, coding programs, and testing systems are held in prepaid expenses and amortized over seven years.

- G. **Advance Conditional Payments:** The Association is authorized under the Farm Credit Act to accept advance payments from borrowers. To the extent the borrower's access to such advance payments is restricted, the advance conditional payments are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in liabilities. Restricted advance conditional payments are primarily associated with mortgage loans, while unrestricted are primarily related to production and intermediate-term loans and insurance proceeds on mortgage loans. Advance conditional payments are not insured. Interest is paid by the Association on advance conditional payments.
- H. **Employee Benefit Plans:** Substantially all employees of the Association participate in the Farm Credit Foundations Defined Contribution/401(k) Plan (401(k)). Certain former employees have participated in the Eleventh District Defined Benefit Retirement Plan (Pension). The Defined Benefit Plan is a noncontributory plan. Benefits are based on compensation and years of service. The Association recognizes its proportional share of expense and contributes its proportional share of funding. The Defined Benefit Plan was closed to employees hired after December 31, 1997.

The 401(k) Plan has two components. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Defined Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. Employees hired on or after January 1, 1998 are eligible to participate only in the Defined Contribution Plan and Salary Deferral Plan. All defined contribution costs are expensed in the same period that participants earn employer contributions.

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

Certain eligible employees may also participate in a nonqualified deferred compensation plan where they are able to defer a portion of their compensation. The Association matches a certain percentage of employee contributions to the plan.

- I. **Patronage Distribution from CoBank:** Patronage distributions from CoBank are accrued by the Association in the year earned and are included in Other Assets on the Consolidated Statement of Condition.
- J. **Income Taxes:** As previously described, the Association conducts its business activities through two wholly owned subsidiaries. Long-term mortgage lending activities are operated through a wholly owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through a wholly owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on 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 taxes. The Association accounts for income taxes under the liability method. Accordingly, deferred taxes are recognized for estimated taxes ultimately payable or recoverable based on federal, state, or local laws.

The Association elected 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 distributions. Deferred taxes are recorded on the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the Association and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50

percent probability), based on management's estimate, the deferred tax assets will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.

Deferred income taxes have not been recorded by the Association on stock patronage distributions received from the Bank prior to January 1, 1993, the adoption date of accounting guidance on income taxes. Association management's intent is to permanently invest these and other undistributed earnings in CoBank, or if converted to cash, to pass through any such earnings to Association borrowers through qualified patronage allocations.

The Association has provided deferred income taxes on amounts allocated to the Association which relate to the Bank's post-1992 earnings.

For California tax purposes, the Association can exclude from taxable income all patronage sourced income. Therefore, the provision for state income taxes is made only on non-patronage sourced earnings.

- K. Fair Value Measurement: Accounting 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 include assets held in trust funds which relate to the Association's deferred compensation plan and supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

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

Level 3 — Unobservable inputs are those that are supported by little or no market activity and that are significant to the determination of the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about factors that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. Level 3 assets include loans acquired in an acquisition or merger and other property owned.

The fair value disclosures are presented in Note 14.

- 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

A summary of loans follows.

<i>(dollars in thousands)</i>	December 31		
	2025	2024	2023
Real Estate Mortgage	\$ 339,448	\$ 346,281	\$ 366,139
Production and Intermediate-Term	190,310	164,954	165,538
Agribusiness	158,367	170,544	164,067
Rural Infrastructure	65,426	68,726	64,769
Agricultural Export Finance	9,997	5,391	5,389
Total loans	\$ 763,548	\$ 755,896	\$ 765,902

The Association purchases or sells loan participations with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations. The following tables present information regarding participations purchased and sold:

<i>(dollars in thousands)</i>	December 31, 2025					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real Estate Mortgage	\$ 69,408	\$ 58,208	\$ –	\$ –	\$ 69,408	\$ 58,208
Production and Intermediate-Term	39,225	15,198	–	–	39,225	15,198
Agribusiness	99,894	7,203	7,085	–	106,979	7,203
Rural Infrastructure	65,426	–	–	–	65,426	–
Agricultural Export Finance	9,997	–	–	–	9,997	–
Total	\$ 283,950	\$ 80,609	\$ 7,085	\$ –	\$ 291,035	\$ 80,609

<i>(dollars in thousands)</i>	December 31, 2024					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real Estate Mortgage	\$ 67,656	\$ 61,597	\$ –	\$ –	\$ 67,656	\$ 61,597
Production and Intermediate-Term	29,601	16,582	–	–	29,601	16,582
Agribusiness	108,030	12,309	7,250	–	115,280	12,309
Rural Infrastructure	68,726	–	–	–	68,726	–
Agricultural Export Finance	5,391	–	–	–	5,391	–
Total	\$ 279,404	\$ 90,488	\$ 7,250	\$ –	\$ 286,654	\$ 90,488

<i>(dollars in thousands)</i>	December 31, 2023					
	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real Estate Mortgage	\$ 77,249	\$ 61,627	\$ –	\$ –	\$ 77,249	\$ 61,627
Production and Intermediate-Term	32,724	8,997	–	–	32,724	8,997
Agribusiness	101,794	7,846	7,888	–	109,682	7,846
Rural Infrastructure	64,769	–	–	–	64,769	–
Agricultural Export Finance	5,389	–	–	–	5,389	–
Total	\$ 281,925	\$ 78,470	\$ 7,888	\$ –	\$ 289,813	\$ 78,470

A substantial portion of the Association's loans are collateralized. 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 first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (97 percent if guaranteed or enhanced by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other actions necessary to protect the financial interest of the Association in the collateral, may result in loan to value ratios in excess of the regulatory maximum.

Credit enhancements with federal government agencies of \$835 thousand at year-end 2025, \$1.2 million at year-end 2024, and \$1.3 million at year-end 2023 were outstanding. Farm Service Agency (FSA) guarantees up to 95 percent of potential losses on guaranteed loans.

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. These categories are defined as follows:

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

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

	2025	2024	2023
Real Estate Mortgage			
Acceptable	88.86%	90.65%	89.33%
OAEM	4.13%	0.51%	3.75%
Substandard	7.01%	8.84%	6.92%
Total	100.00%	100.00%	100.00%
Production and Intermediate-Term			
Acceptable	89.33%	91.82%	87.53%
OAEM	6.60%	3.28%	5.06%
Substandard	4.07%	4.90%	7.41%
Total	100.00%	100.00%	100.00%
Agribusiness			
Acceptable	91.57%	96.64%	95.57%
OAEM	5.89%	0.50%	0.56%
Substandard	2.54%	2.86%	3.87%
Total	100.00%	100.00%	100.00%
Rural Infrastructure			
Acceptable	99.52%	99.52%	98.37%
OAEM	0.48%	0.48%	1.63%
Total	100.00%	100.00%	100.00%
Agricultural Export Finance			
Acceptable	100.00%	100.00%	100.00%
Total	100.00%	100.00%	100.00%
Total Loans			
Acceptable	90.59%	93.13%	91.12%
OAEM	4.75%	1.10%	3.14%
Substandard	4.66%	5.77%	5.74%
Total	100.00%	100.00%	100.00%

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. These nonperforming assets are as follows:

<i>(dollars in thousands)</i>	2025	2024	2023
Nonaccrual loans:			
Real Estate Mortgage	\$ 7,479	\$ 2,856	\$ 3,635
Production and Intermediate-Term	849	–	–
Agribusiness	256	2,009	1,229
Total nonaccrual loans	\$ 8,584	\$ 4,865	\$ 4,864
Accruing loans 90 days past due:			
Production and Intermediate-Term	\$ –	\$ 496	\$ –
Total accruing loans 90 days past due	\$ –	\$ 496	\$ –
Total nonperforming assets	\$ 8,584	\$ 5,361	\$ 4,864
Nonaccrual loans to total loans	1.12%	0.64%	0.64%
Nonperforming assets to total loans	1.12%	0.71%	0.64%
Nonperforming assets to total shareholders' equity	4.94%	3.31%	3.21%

The Association had no other property owned for the years presented.

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

December 31, 2025

<i>(dollars in thousands)</i>	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real Estate Mortgage	\$ –	\$ 7,479	\$ 7,479	\$ –
Production and Intermediate-Term	523	326	849	–
Agribusiness	–	256	256	125
Total	\$ 523	\$ 8,061	\$ 8,584	\$ 125

December 31, 2024

<i>(dollars in thousands)</i>	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real Estate Mortgage	\$ –	\$ 2,856	\$ 2,856	\$ –
Agribusiness	–	2,009	2,009	–
Total	\$ –	\$ 4,865	\$ 4,865	\$ –

December 31, 2023

<i>(dollars in thousands)</i>	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized
Real Estate Mortgage	\$ –	\$ 3,635	\$ 3,635	\$ –
Agribusiness	–	1,229	1,229	–
Total	\$ –	\$ 4,864	\$ 4,864	\$ –

Accrued interest receivable of \$13.1 million on loans at December 31, 2025, \$15.5 million at December 31, 2024, and \$14.1 million at December 31, 2023, is excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. The Association wrote off accrued interest of \$233 thousand during 2025, \$34 thousand during 2024, and \$238 thousand during 2023.

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

December 31, 2025						
<i>(dollars in thousands)</i>	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real Estate Mortgage	\$ —	\$ 7,347	\$ 7,347	\$ 332,101	\$ 339,448	\$ —
Production and Intermediate-Term Agribusiness	—	523	523	189,787	190,310	—
Rural Infrastructure	—	—	—	158,367	158,367	—
Agricultural Export Finance	—	—	—	65,426	65,426	—
	—	—	—	9,997	9,997	—
Total	\$ —	\$ 7,870	\$ 7,870	\$ 755,678	\$ 763,548	\$ —

December 31, 2024						
<i>(dollars in thousands)</i>	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real Estate Mortgage	\$ —	\$ —	\$ —	\$ 346,281	\$ 346,281	\$ —
Production and Intermediate-Term Agribusiness	152	496	648	164,306	164,954	496
Rural Infrastructure	—	1,749	1,749	168,795	170,544	—
Agricultural Export Finance	—	—	—	68,726	68,726	—
	—	—	—	5,391	5,391	—
Total	\$ 152	\$ 2,245	\$ 2,397	\$ 753,499	\$ 755,896	\$ 496

December 31, 2023						
<i>(dollars in thousands)</i>	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment > 90 Days and Accruing
Real Estate Mortgage	\$ —	\$ 2,793	\$ 2,793	\$ 363,346	\$ 366,139	\$ —
Production and Intermediate-Term Agribusiness	—	—	—	165,538	165,538	—
Rural Infrastructure	—	1,229	1,229	162,838	164,067	—
Agricultural Export Finance	—	—	—	64,769	64,769	—
	—	—	—	5,389	5,389	—
Total	\$ —	\$ 4,022	\$ 4,022	\$ 761,880	\$ 765,902	\$ —

Loan Modifications to Borrowers Experiencing Financial Difficulties

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

Term Extension						
For the Year Ended December 31						
<i>(dollars in thousands)</i>	2025	% of Portfolio Segment	2024	% of Portfolio Segment	2023	% of Portfolio Segment
Production and Intermediate-Term Agribusiness	\$ 4,690	2.46%	\$ 5,227	3.17%	\$ 8,943	5.40%
	—	—	856	0.50%	989	0.60%
Total	\$ 4,690		\$ 6,083		\$ 9,932	

Payment Deferral						
For the Year Ended December 31						
<i>(dollars in thousands)</i>	2025	% of Portfolio Segment	2024	% of Portfolio Segment	2023	% of Portfolio Segment
Real Estate Mortgage	\$ –	–	\$ 3,754	1.08%	\$ 3,995	1.09%
Total	\$ –		\$ 3,754		\$ 3,995	

Combination – Interest Rate Reduction and Term Extension						
For the Year Ended December 31						
<i>(dollars in thousands)</i>	2025	% of Portfolio Segment	2024	% of Portfolio Segment	2023	% of Portfolio Segment
Production and Intermediate-Term	\$ –	–	\$ 337	0.20%	\$ –	–
Total	\$ –		\$ 337		\$ –	

Combination – Term Extension and Payment Deferral						
For the Year Ended December 31						
<i>(dollars in thousands)</i>	2025	% of Portfolio Segment	2024	% of Portfolio Segment	2023	% of Portfolio Segment
Production and Intermediate-Term	\$ 4,983	2.62%	\$ –	–	\$ –	–
Agribusiness	256	0.16%	251	0.15%	–	–
Total	\$ 5,239		\$ 251		\$ –	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was \$257 thousand as of December 31, 2025, \$169 thousand as of December 31, 2024, and \$361 thousand as of December 31, 2023.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the years presented:

Weighted-Average Term Extension (in Months)			
	2025	2024	2023
Production and Intermediate-Term	12.0	12.2	10.9
Agribusiness	–	13.2	4.1

Weighted-Average Payment Deferral (in Months)			
	2025	2024	2023
Real Estate Mortgage	–	12.0	12.0

Combination – Term Extension and Payment Deferral	
Financial Effect of Modifications Made During 2025	
Production and Intermediate-Term	Added a weighted average of 35.9 months to the life of loan(s) and deferred payments by a weighted average of 35.9 months
Agribusiness	Added a weighted average of 47.0 months to the life of loan(s) and deferred payments by a weighted average of 47.0 months

Combination – Interest Rate Reduction and Term Extension	
Financial Effect of Modifications Made During 2024	
Production and Intermediate-Term	Weighted-average interest rate reduced from 9.75% to 9.25% and added a weighted average of 14.0 months to the life of loan(s)

	Combination – Term Extension and Payment Deferral
	Financial Effect of Modifications Made During 2024
Agribusiness	Added a weighted average of 6.0 months to the life of loan(s) and deferred payments by a weighted average of 6.0 months

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

	Modified Loans that Subsequently Defaulted
	For the Year Ended December 31, 2025
<i>(dollars in thousands)</i>	Combination – Term Extension & Payment Deferral
Production and Intermediate-Term	\$ 523

	Modified Loans that Subsequently Defaulted
	For the Year Ended December 31, 2024
<i>(dollars in thousands)</i>	Term Extension
Production and Intermediate-Term	\$ 496

None of the loans to borrowers experiencing financial difficulty that received a payment modification during the year ended December 31, 2023 experienced a subsequent default.

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

	December 31, 2025		
	Payment Status of Loans Modified in the Past Twelve Months		
<i>(dollars in thousands)</i>	Current	30-89 Days Past Due	90 Days or More Past Due
Production and Intermediate-Term	\$ 9,150	\$ –	\$ 523
Agribusiness	256	–	–
Total	\$ 9,406	\$ –	\$ 523

	December 31, 2024		
	Payment Status of Loans Modified in the Past Twelve Months		
<i>(dollars in thousands)</i>	Current	30-89 Days Past Due	90 Days or More Past Due
Real Estate Mortgage	\$ 3,754	\$ –	\$ –
Production and Intermediate-Term	4,916	152	496
Agribusiness	1,107	–	–
Total	\$ 9,777	\$ 152	\$ 496

	December 31, 2023		
	Payment Status of Loans Modified in the Past Twelve Months		
<i>(dollars in thousands)</i>	Current	30-89 Days Past Due	90 Days or More Past Due
Real Estate Mortgage	\$ 3,995	\$ –	\$ –
Production and Intermediate-Term	8,943	–	–
Agribusiness	989	–	–
Total	\$ 13,927	\$ –	\$ –

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were \$2.6 million at December 31, 2025, \$1.5 million at December 31, 2024, and \$1.7 million at December 31, 2023.

Allowance for Credit Losses

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

<i>(dollars in thousands)</i>	Balance at December 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2025
Real Estate Mortgage	\$ 788	\$ –	\$ –	\$ (68)	\$ 720
Production and Intermediate-Term	566	1	–	262	827
Agribusiness	2,442	69	63	(1,746)	690
Rural Infrastructure	138	–	–	178	316
Total	\$ 3,934	\$ 70	\$ 63	\$ (1,374)	\$ 2,553

<i>(dollars in thousands)</i>	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at December 31, 2024
Real Estate Mortgage	\$ 583	\$ –	\$ –	\$ 205	\$ 788
Production and Intermediate-Term	550	1	–	17	566
Agribusiness	357	125	–	2,210	2,442
Rural Infrastructure	318	–	–	(180)	138
Total	\$ 1,808	\$ 126	\$ –	\$ 2,252	\$ 3,934

Effective January 1, 2023, the Association adopted the CECL accounting guidance as described in Note 2.

<i>(dollars in thousands)</i>	Balance at December 31, 2022	Cumulative Effect of CECL Adoption	Balance at January 1, 2023	Charge-offs	Recoveries	Provision for Loan Losses	Balance at December 31, 2023
Real Estate Mortgage	\$ 689	\$ (167)	\$ 522	\$ –	\$ –	\$ 61	\$ 583
Production and Intermediate-Term	843	(517)	326	1	14	211	550
Agribusiness	481	(178)	303	731	–	785	357
Rural Infrastructure	56	38	94	–	–	224	318
Agricultural Export Finance	6	(6)	–	–	–	–	–
Total	\$ 2,075	\$ (830)	\$ 1,245	\$ 732	\$ 14	\$ 1,281	\$ 1,808

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on our Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

<i>(dollars in thousands)</i>	For the Year Ended December 31		
	2025	2024	2023
Balance at beginning of period	\$ 467	\$ 453	\$ 407
Cumulative effect of CECL adoption			221
Balance at January 1			628
Provision for/(Reversal of) reserve for unfunded commitments	170	14	(175)
Total	\$ 637	\$ 467	\$ 453

NOTE 4 – INVESTMENT IN COBANK

At December 31, 2025, the Association's investment in CoBank is in the form of Class A stock with a par value of \$100.00 per share. The Association is required to own stock in CoBank to capitalize its direct loan balance and participation loans sold to CoBank. The current requirement for capitalizing the Association's direct loan from CoBank is 3.00 percent of the prior one-year average direct loan volume. The current requirement for capitalizing patronage-

based participation loans sold to CoBank is 7.00 percent of the Association's prior ten-year average balance of such participations sold to CoBank. Under the current CoBank capital plan, patronage from CoBank related to these participations sold is paid 75 percent cash and 25 percent Class A stock. The capital plan is evaluated annually by CoBank's board of directors and management and is subject to change.

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

The Association owned approximately 0.40 percent of the outstanding common stock of CoBank at December 31, 2025, compared with 0.42 percent in 2024 and 0.41 percent in 2023.

NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following.

<i>(dollars in thousands)</i>	December 31		
	2025	2024	2023
Land	\$ 560	\$ 560	\$ 560
Building(s) and leasehold improvements	6,615	6,585	6,554
Furniture, equipment, and automobiles	796	787	795
Construction in progress	–	–	4
Software development in progress	–	140	–
	7,971	8,072	7,913
Less: accumulated depreciation	1,885	1,550	1,244
Total	\$ 6,086	\$ 6,522	\$ 6,669

NOTE 6 – NOTE PAYABLE TO COBANK

The Association's indebtedness to CoBank represents borrowings by the Association to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a General Financing Agreement (GFA). According to the agreement, the aggregate outstanding amount of principal and accrued interest shall not at any time exceed the line of credit. The GFA and promissory note are subject to periodic renewals in the normal course of business. The GFA will mature on May 31, 2028. The Association's promissory note for the note payable with CoBank renews annually and matures on May 31, 2026. The Association was in compliance with the terms and conditions of the GFA as of December 31, 2025. Substantially all borrower loans are match-funded with CoBank. Payments and disbursements are made on the note payable to CoBank on the same basis the Association collects payments from and disburses on borrower loans. The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing.

<i>(dollars in thousands)</i>	December 31		
	2025	2024	2023
Line of credit	\$ 750,000	\$ 750,000	\$ 700,000
Outstanding principal and accrued interest balance	\$ 606,534	\$ 620,139	\$ 634,142
Average outstanding principal balance under the line of credit	\$ 568,778	\$ 595,777	\$ 540,499
Weighted average interest rate	4.23%	4.90%	4.64%

Under the Farm Credit Act, the Association is obligated to borrow only from CoBank, unless CoBank gives approval to borrow elsewhere. Other than the funding relationship with the Bank and our advanced conditional payments, the Association has no other uninsured or insured debt. See Note 2 for additional information. CoBank, consistent with FCA regulations, has established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, the Association's note payable was within the specified limitations.

The Association has the opportunity to commit loanable funds with CoBank under a variety of programs at either fixed or variable rates for specified timeframes. Participants in the program receive a credit on the committed loanable funds

balance classified as a reduction of interest expense. These committed funds are netted against the note payable to the Bank. The average committed funds as of December 31 are as follows:

<i>(dollars in thousands)</i>	2025	2024	2023
Average committed funds	\$ 160,977	\$ 148,285	\$ 152,554
Average rates	4.01%	4.72%	4.64%

NOTE 7 – SHAREHOLDERS’ EQUITY

Descriptions of the Association’s capitalization, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below.

A. Capital Stock and Participation Certificates

In accordance with the Farm Credit Act, each borrower is required to invest in the Association as a condition of borrowing. The borrower normally acquires ownership of the stock or participation certificates at the time the loan is made, but may not make a cash investment. The aggregate par value of the stock can be added to the principal amount of the related loan obligation. The Association has a first lien on the stock or participation certificates owned by its borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock or participation certificates. Our bylaws generally permit stock and participation certificates to be retired at the discretion of the Board of Directors and in compliance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2025, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock or participation certificates.

Capitalization bylaws allow stock requirements to range from the lesser of one thousand dollars or 2.00 percent to 7.00 percent of the borrower’s combined loan volume. The Board of Directors has the authority to change the minimum required stock level of a shareholder as long as the change is within this range. Currently, the Association has a stock requirement of the lesser of one thousand dollars or 2.00 percent of the amount of the borrower’s combined loan volume.

B. Regulatory Capitalization Requirements and Restrictions

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.

Ratio	Primary Components of Numerator	Denominator	2025	2024	2023	Minimum with Buffer	Minimum Requirement
Common Equity Tier 1 (CET1) Capital	Unallocated retained earnings (URE) and common cooperative equities (qualifying capital stock and allocated equity) ¹	Risk-weighted assets	17.51%	15.94%	15.42%	7.0%	4.5%
Tier 1 Capital	CET1 Capital and non-cumulative perpetual preferred stock	Risk-weighted assets	17.51%	15.94%	15.42%	8.5%	6.0%
Total Capital	Tier 1 Capital, allowance for loan losses ² , other common cooperative equities ³ , and term preferred stock and subordinated debt ⁴	Risk-weighted assets	17.82%	16.48%	15.73%	10.5%	8.0%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents)	Total assets	20.25%	18.37%	17.92%	5.0%	4.0%
URE and URE Equivalents Leverage	URE and URE Equivalents	Total assets	20.18%	18.30%	17.85%	–	1.5%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	17.56%	16.02%	15.46%	–	7.0%

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

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

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

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

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

The Board of Directors has established, adopted, and will maintain a formal written Capital Adequacy Plan to ensure the Association maintains compliance with capital adequacy regulations. The objectives in the plan are:

- Maintain Association capital at a level sufficient to meet all regulatory and System requirements;
- Provide protection against risk inherent in the Association's operation;
- Provide protection against unknown or unexpected risk;
- Provide sufficient capital for future asset growth;
- Allow the Association to operate profitably over the long-term;
- Maintain a competitive market position; and,
- Increase Association surplus, thereby reducing reliance on borrower stock for capitalization needs.

Additionally, the Capital Adequacy Plan includes the capital targets necessary to achieve the Association's capital adequacy goals, as well as the minimum regulatory capital requirements.

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

C. Description of Equities

Each owner of class C capital stock is entitled to a single vote. Other classes of borrower equities do not provide voting rights to their owners. Voting stock may not be transferred to another person unless such person is eligible to hold voting stock. Transfers of stock are only allowed as long as the Association meets the regulatory minimum capital requirements. Refer to the Management's Discussion and Analysis (MDA) Capital Resources discussion for further information.

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

Class	Number of Shares	Voting	Protected
C-common stock	102,453	Yes	No
F-Participation certificates	7,438	No	No

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

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

The changes in the number of shares of capital stock outstanding during 2025 are summarized in the following table.

<i>Shares in whole numbers</i>	Capital
Shares outstanding at December 31, 2024	108,884
Issuances	7,154
Retirements	(6,147)
Shares outstanding at December 31, 2025	109,891

D. Patronage

The Association has a Patronage Program that allows us to distribute our available net earnings to our shareholders. This program provides for the application of net earnings in the manner described in our Bylaws. In addition to determining the amount and method of patronage to be distributed, the Bylaws address increasing surplus to meet capital adequacy standards established by Regulations; increasing surplus to a level necessary to

support competitive pricing at targeted earnings levels; and increasing surplus for reasonable reserves. Patronage distributions are based on business done with us during the year. The Association made a cash patronage distribution of \$6.5 million in 2025, \$6.0 million in 2024, and \$5.0 million in 2023. In 2025, the Association declared a cash patronage distribution of \$6.5 million to be paid in 2026.

At each year end, the Board of Directors evaluates whether to retain the Association's net income to strengthen its capital position or to distribute a portion of the net income to customers by declaring a qualified/cash patronage refund. For 2025, the Association allocated 35.30 percent of its patronage-sourced net income to its patrons.

NOTE 8 – PATRONAGE DISTRIBUTION FROM FARM CREDIT INSTITUTIONS

Patronage income recognized from Farm Credit institutions to the Association follows.

<i>(dollars in thousands)</i>	2025	2024	2023
CoBank	\$ 3,212	\$ 3,368	\$ 3,055
AgVantis	–	–	165
Farm Credit Foundations	6	11	9
Other	187	179	218
Total	\$ 3,405	\$ 3,558	\$ 3,447

Patronage distributed from CoBank was in cash and stock. The amount earned in 2025 was accrued and will be paid by CoBank in March 2026. The Association received additional patronage distributions from CoBank of \$292 thousand in 2025, \$452 thousand in 2024, and \$412 thousand in 2023 due to CoBank's strong capital levels and financial results. The amount earned and accrued in 2024 and 2023 was paid by CoBank in March of the following year.

In 2023, patronage distribution from AgVantis was in the form of a notice of allocation. In 2023, 50 percent was distributed in cash with the remainder recorded as an investment in AgVantis and included in other assets on the Consolidated Statement of Condition. There was no patronage distribution in 2025 or 2024.

Patronage distributed by Farm Credit Foundations was accrued at the end of the year and will be paid in March 2026. Farm Credit Foundations, a human resource service provider for several Farm Credit institutions, provides our payroll and human resource services.

Patronage distributions were received from other Farm Credit entities that the Association has sold participation loans to.

NOTE 9 – INCOME TAXES

The (benefit from)/provision for income taxes follows.

<i>(dollars in thousands)</i>	Year Ended December 31		
	2025	2024	2023
Current:			
Federal	\$ 4	\$ 8	\$ 13
State	2	2	2
Deferred:			
Federal	(49)	31	11
(Benefit from)/Provision for income taxes	\$ (43)	\$ 41	\$ 26

The amount of income taxes paid (net of refunds received) are as follows:

<i>(dollars in thousands)</i>	Year Ended December 31		
	2025	2024	2023
Federal	\$ –	\$ –	\$ –
State: California	2	2	2
Total income taxes paid, net of refunds received	\$ 2	\$ 2	\$ 2

The (benefit from)/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.

<i>(dollars in thousands)</i>	Year Ended December 31		
	2025	2024	2023
Federal tax at statutory rate	\$ 3,872	\$ 3,601	\$ 4,161
State tax, net	1	1	1
Effect of non-taxable FLCA subsidiary	(3,560)	(3,063)	(3,703)
Patronage refunds to borrowers	(356)	(498)	(433)
(Benefit from)/Provision for income taxes	\$ (43)	\$ 41	\$ 26

The Association had a negative effective tax rate of 0.2% for 2025, compared to the U.S. federal statutory rate of 21.0%. The difference was primarily due to income earned through the Association's non-taxable FLCA subsidiary and qualified patronage refunds to borrowers.

Deferred tax assets and liabilities are comprised of the following.

<i>(dollars in thousands)</i>	December 31		
	2025	2024	2023
Deferred income tax assets:			
Allowance for credit losses	\$ 238	\$ 175	\$ 168
Interest on nonaccrual loans	13	5	–
Loss carryforwards	85	85	85
Gross deferred tax assets	\$ 336	\$ 265	\$ 253
Deferred income tax liabilities:			
FCB stock patronage	\$ (618)	\$ (618)	\$ (618)
Bank patronage allocations	(150)	(128)	(85)
Gross deferred tax liability	\$ (768)	\$ (746)	\$ (703)
Net deferred tax liability	\$ (432)	\$ (481)	\$ (450)

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions as to future taxable earnings, including the amount of non-patronage income and patronage income retained. The expected future tax rates are based upon enacted tax laws.

The Association had federal and state net operating losses of \$407 thousand that have an indefinite carryforward period.

The Association has no uncertain tax positions as of December 31, 2025, 2024, or 2023. The Association recognizes interest and penalties related to unrecognized tax positions as an adjustment to income tax expense. The tax years that remain open for federal and major state income tax jurisdictions are 2022 and forward.

NOTE 10 – EMPLOYEE BENEFIT PLANS

Certain former employees have participated in the Eleventh Retirement Plan, a multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers eligible employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if the Association chooses to stop participating in the plan, the Association may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multi-employer nature of the plan, an individual employer is not able to unilaterally change the provisions of the plan. If an employee moves to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

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

The projected benefit obligation and fair value of plan assets at December 31 are as follows:

<i>(dollars in thousands)</i>	2025	2024	2023
Projected benefit obligation	\$ 209,792	\$ 212,447	\$ 243,714
Fair value of plan assets	\$ 226,034	\$ 221,398	\$ 243,333

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

Costs are determined for each individual employer based on costs directly related to its current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. The Association recognizes its proportional share of expense and contributes a proportional share of funding.

Costs and contributions for the plan at December 31 are as follows:

<i>(dollars in thousands)</i>	2025	2024	2023
Plan expenses:			
All participating employers	\$ 2,530	\$ 3,797	\$ 4,701
Association's allocated share (included in salaries and benefits)	\$ 19	\$ 43	\$ 56
Plan contributions:			
All participating employers	\$ 299	\$ 1,100	\$ 1,500
Association's allocated share	\$ -	\$ 8	\$ 13

While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. There are no employer contributions expected to be paid into the pension plans during 2026. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than anticipated.

Postretirement benefits other than pensions are also provided through the Farm Credit Foundations Retiree Medical Plan to eligible current and retired employees of the Association. Benefits provided are determined on a graduated scale, based on years of service. The anticipated costs of these benefits are accrued during the period of the employee's active service. Postretirement benefits (primarily health care benefits) included in salaries and employee benefits resulted in an expense of \$1 thousand in 2025, compared with income of \$1 thousand in 2024 and 2023. The Association made cash contributions of \$3 thousand in 2025, 2024 and 2023.

The Association also participates in the Farm Credit Foundations Defined Contribution/401(k) Plan. The Contribution Plan has two components. Employees who do not participate in the Pension Plan may receive benefits through the Employer Contribution portion of the Contribution Plan. In this plan, the Association provides a monthly contribution based on a defined percentage of the employee's salary. Employees may also participate in a Salary Deferral Plan governed by Section 401(k) of the Internal Revenue Code. The Association matches a certain percentage of employee contributions. Employer contributions to the Contribution Plan were \$319 thousand in 2025, \$298 thousand in 2024, and \$255 thousand in 2023.

NOTE 11 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Association enters into loan transactions with officers and directors of the Association, their immediate families, and other organizations with which such persons may be associated. Such loans are subject to special approval requirements contained in the FCA regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

The Association has a policy that loans to directors and senior officers must be maintained at an Acceptable or OAEM credit classification. If the loan(s) falls below the OAEM credit classification, corrective action must be taken via the

submission of a corrective action plan acceptable to the Association within 90 days after notification of the loan classification change. The loan(s) must be brought back to either Acceptable or OAEM within 15 months following the Association's acceptance of the corrective action plan. If the director or senior officer fails to provide or comply with an acceptable corrective action plan or fails to return the loan(s) back to Acceptable or OAEM credit classification within 15 months, the director or senior officer must resign from the Board of Directors or employment.

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

<i>(dollars in thousands)</i>	2025	2024	2023
Beginning balance	\$ 92,198	\$ 123,475	\$ 111,528
New loans	100,483	110,267	83,146
Repayments	(97,163)	(104,186)	(71,199)
Reclassifications ¹	(251)	(37,358)	–
Ending balance	\$ 95,267	\$ 92,198	\$ 123,475

¹ Represents loans that were once considered related party, but are no longer considered related party, or loans that were not related party that subsequently became related party loans.

In the opinion of management, none of the loans outstanding to officers and directors at December 31, 2025 involved more than a normal risk of collectability.

The Association also has business relationships with certain other System entities. The Association paid \$1.8 million in 2025 and \$1.4 million in both 2024 and 2023 to AgVantis for technology services. Our Chief Executive Officer serves as an AgVantis director. The Association paid \$127 thousand in 2025, \$114 thousand in 2024, and \$124 thousand in 2023 to Foundations for human resource services, and \$16 thousand in 2023 to CoBank for operational services. No fees were paid to CoBank for operational services in 2025 or 2024.

The Association received one-time equity positioning income from CoBank of \$3.2 million in 2023, due to the transition to a pro-rata equity positioning strategy with CoBank. No such fees were received in 2025 or 2024.

NOTE 12 – REGULATORY ENFORCEMENT MATTERS

As of December 31, 2025, there were no enforcement actions in effect for the Association and FCA took no enforcement on the Association during the year.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The Association has various commitments outstanding and contingent liabilities. With regard to contingent liabilities, there are no actions pending against the Association in which claims for monetary damages are asserted.

The Association may participate in financial instruments with off-balance sheet risk to satisfy the financing needs of its borrowers and to manage their exposure to interest-rate risk. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. At December 31, 2025, \$269.2 million of commitments to extend 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 Statement of Condition 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 these commitments, 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.

The Association also participates in standby letters of credit to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2025, \$940 thousand of standby letters of credit were outstanding with a nominal fair value. Outstanding standby letters of credit have expiration dates ranging from 2026 to 2030. The maximum potential amount of future payments the Association is required to make under the guarantees is \$940 thousand. Payment/performance risk of the standby

letters of credit guarantee is assessed using the same internal customer credit ratings that we use to manage credit risk in our loan portfolio.

NOTE 14 – FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. See Note 2 for additional information.

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

<i>(dollars in thousands)</i>	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
2025	\$ 15	\$ –	\$ –	\$ 15
2024	\$ 10	\$ –	\$ –	\$ 10
2023	\$ 7	\$ –	\$ –	\$ 7

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

The Association has loans measured at fair value on a non-recurring basis that are determined to be Level 3 of \$8.2 million at December 31, 2025, compared with \$5.9 million at December 31, 2024 and \$4.9 million at December 31, 2023.

The Association has no liabilities measured at fair value on a non-recurring basis for any of the periods presented. During the three years presented, the Association recorded no transfers in or out of Level 3 and no purchases or issuances.

Valuation Techniques

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

Assets Held in Non-Qualified Benefits Trusts

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

Loans

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral, and other matters. These loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

NOTE 15 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 5, 2026, which is the date the financial statements were available to be issued, and no material subsequent events were identified.

DISCLOSURE INFORMATION REQUIRED BY FARM CREDIT ADMINISTRATION REGULATIONS (UNAUDITED)

(Amounts in Whole Dollars)

DESCRIPTION OF BUSINESS

The description of the territory served, persons eligible to borrow, types of lending activities engaged in and 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 financial statements, "Organization and Operations", included in this annual report to shareholders.

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

DESCRIPTION OF PROPERTY

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

Location	Description
2970 Davison Court Colusa, California	Owned Office Building
450/460 West Sycamore Street & 108/116 South Lassen Street Willows, California	Owned Office Building

LEGAL PROCEEDINGS AND ENFORCEMENT ACTIONS

Information required to be disclosed in this section is incorporated herein by reference from Note 12 to the financial statements, "Regulatory Enforcement Matters," and Note 13 to the financial statements, "Commitments and Contingencies," included in this annual report to shareholders.

DESCRIPTION OF CAPITAL STRUCTURE

Information required to be disclosed in this section is incorporated herein by reference from Note 7 to the financial statements, "Shareholders' Equity," included in this annual report to shareholders.

DESCRIPTION OF LIABILITIES

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 6 to the financial statements, "Note Payable to CoBank," included in this annual report to shareholders.

The description of contingent liabilities and obligations required to be disclosed in this section is incorporated herein by reference from Note 13 to the financial statements, "Commitments and Contingencies," included in this annual report to shareholders.

SELECTED FINANCIAL DATA

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

"Management's Discussion and Analysis," which appears within this annual report to shareholders and is required to be disclosed in this section, is incorporated herein by reference.

DIRECTORS AND SENIOR OFFICERS

Farm Credit Administration (FCA) regulations require the disclosure of directors' business experience for the last five years, other entities on whose board the director serves, compensation received as an Association director, and certain other information.

The following represents these disclosures for the directors of Farm Credit Services of Colusa-Glenn, ACA:

DIRECTORS

Susan LaGrande, Chairperson

Term of Office: 2024 - 2027

Committees: Governance, Risk, and Compliance (Vice Chairperson); Compensation (Chairperson)

Board or Officer Experience: CoBank Nominating Committee (Former Member); Farm Credit Council (Director and Member of the Executive Committee)

Ms. LaGrande has been involved in farming for the past five years, served as the Deputy Director for Legislation at the California Department of Fish and Wildlife for ten years, and served as Senior Policy Advisor for Smith Policy Groups. Ms. LaGrande was appointed as the Chairperson of the Board in January 2025.

Herbert Holzapfel, Vice Chairperson

Term of Office: 2025 - 2028

Committees: Governance, Risk, and Compliance; Compensation (Vice Chairperson)

Board or Officer Experience: Farm Credit Council (Former Director and Former Chairman of the PAC Committee)

Mr. Holzapfel has been involved in farming and ranching for the past five years.

Chris Bonacorsi, CPA, Outside Appointed Director

Term of Office: 2024 - 2027

Committees: Audit (Chairperson); Compensation

Board or Officer Experience: Serves on no other Boards of Directors

Mr. Bonacorsi has been employed as a Certified Public Accountant for Pinion (K-Coe Isom, LLP) for the past five years.

Dan Clawson, Outside Appointed Director

Term of Office: 2025 – 2028

Committees: Audit

Board or Officer Experience: Serves on no other Boards of Directors

Mr. Clawson has served as Chief Lending Officer - South at AgWest Farm Credit, ACA, from January 1, 2023, through his retirement on August 31, 2024. Prior to that, Mr. Clawson served as Executive Vice President (and Senior Vice President) - Chief Credit Officer of Farm Credit West from January 2014 through December 2022.

Craig Felix, Director

Term of Office: 2023 - 2026

Committees: Audit

Board or Officer Experience: USDA Farm Service Agency Colusa County (Vice Chairman and Director)

Mr. Felix has been involved in farming for the past five years.

Francis Hickel, Director

Term of Office: 2023 - 2026

Committees: Governance, Risk, and Compliance (Chairperson); Compensation

Board or Officer Experience: Colusa Rice Company (Owner & Board Member); Colusa Drain Mutual Water Company (Director); Zumwalt Mutual Water District (Director); Colusa Rotary Committee (Member); Robert's Ditch (Director)

Mr. Hickel has been involved in farming, custom farming services, and property management for the past five years.

Clint Jewett, Director

Term of Office: 2025 - 2028

Committees: Audit

Board or Officer Experience: Colusa Rotary Club (Member); Parish Council for Our Lady of Lourdes Church (Member); Knights of Columbus for Our Lady of Lourdes Church (Member)

Mr. Jewett is a lessor of walnut acreage located in Colusa County for the past five years and is a Co-Owner of Peter F. Brennan, Inc. (dba Brennan, Jewett, and Hackett), specializing in farm real estate appraisal, brokerage, and management.

Gregg McCorkle, Director

Term of Office: 2025 - 2028

Committees: Governance, Risk, and Compliance

Board or Officer Experience: 4M2G, Inc. (CFO); Black Rock Cattle (Managing Member); McCorkle Land Company (Managing Member); MAG Farms, Inc. (Director); Kirkwood Irrigation District (Director); McCorkle Farms, Inc. (Vice President)

Mr. McCorkle has been involved in farming, ranching, and trucking for the past five years.

Danny Merkley, Outside Appointed Director

Term of Office: 2025 - 2028

Committees: Governance, Risk, and Compliance

Board or Officer Experience: Yolo County Farm Bureau (Member); Institute of Governmental Advocates (Member); California Crop Improvement Association (Member); California Irrigation Institute (Member); Dixon Rotary Club (Member); Dixon Fertilizer Cooperative (Member)

Mr. Merkley has been involved in farming for the past five years, served as the Director of Water Resources for California Farm Bureau for fifteen years, is the owner of KnoWater Consulting, and is a Senior Advisor for the Gualco Group, Inc.

Judy Parker, Director

Term of Office: 2025 - 2028

Committees: Audit

Board or Officer Experience: Serves on no other Boards of Directors

Mrs. Parker has been involved in farming and ranching for the past five years.

Matt Southam, Director

Term of Office: 2024 - 2027

Committees: Audit (Vice Chairperson); Compensation

Board or Officer Experience: Omega Walnut, Inc. (Director); Central Valley Rice Cooperative (Vice Chairman and Director); Maxwell Irrigation District (Director)

Mr. Southam has been involved in farming for the past five years.

SENIOR OFFICERS

FCA regulations also require the following disclosure of the business experience for the last five years for each senior officer:

Tim Elrod

Mr. Elrod has served as President and Chief Executive Officer since March 2019. Mr. Elrod served as Chief Operating Officer from November 2014 through April 2019. Mr. Elrod served as Chief Financial Officer from May 2016 through September 2017. Mr. Elrod began his employment with the Association in May 2014. Mr. Elrod is a graduate of St. Mary's College of California.

Rebecca Myers

Mrs. Myers has served as Executive Vice President since August 2014 and Chief Administrative Officer since March 2019. Mrs. Myers began her employment with the Association in November 2000. Mrs. Myers is a graduate of California Polytechnic State University, San Luis Obispo.

Luke Reimers

Mr. Reimers joined the Association as Chief Credit Officer in January 2017. Mr. Reimers has extensive experience in commercial banking, as well as in the Farm Credit System. Mr. Reimers was formerly with Wells Fargo Bank Middle

Market Banking. Mr. Reimers obtained his undergraduate degree from St. Mary's College of California and his master's degree from California State University, Chico.

Amy Ceballos, CPA

Mrs. Ceballos has served as Chief Financial Officer for the Association since October 2017 and began her employment with the Association in September 2016. Mrs. Ceballos is a CPA and spent seven years with a regional accounting firm prior to joining the Association. Mrs. Ceballos is a graduate of California State University, Chico.

AJ Gonzales

Mr. Gonzales has served as Chief Technology Officer since January 2024. Mr. Gonzales served as Information Security Officer from the beginning of his employment, November 2020 through December 2023. Prior to his employment with the Association, Mr. Gonzales worked for Precision Business Associates, Inc. Mr. Gonzales is a graduate of California State University, Chico.

COMPENSATION OF DIRECTORS AND SENIOR OFFICERS

Per the Association's Director Honoraria policy, during 2025, directors were compensated for their services based on the following honoraria:

	Rate
Monthly Director Compensation	
Board Chair	\$ 1,200
Vice Board Chair, Audit Chair and Governance, Risk, and Compliance (GRC) Chair	\$ 1,160
Regular Member	\$ 833
Travel Per Diem	
Board Chair	\$ 800
Vice Board Chair, Audit Chair, GRC Chair, and Regular Member	\$ 600

The base monthly compensation includes payment for attendance at board meetings, committee meetings, conference calls, ad hoc meetings, and up to four travel days for out-of-town meetings or conferences. Directors are paid a travel per diem for any travel days in excess of the four required days. Directors are also reimbursed for mileage, as well as documented business expenses while serving in an official capacity. The total compensation paid to directors for 2025, as outlined above was \$125,940.

Additional information for each director is provided below:

Name	Number of Days Served at		Total Compensation Paid During 2025
	Board Meetings	Other Official Activities	
Susan LaGrande	9.0	12.0	\$ 15,200
Herbert Holzapfel	8.0	4.0	14,000
Chris Bonacorsi	8.0	6.0	15,120
Dan Clawson	3.0	3.0	3,333
Craig Felix	7.0	5.0	10,000
Francis Hickel	9.0	8.0	15,120
Clint Jewett	6.0	4.0	6,667
Gregg McCorkle	9.0	11.0	13,600
Danny Merkley	6.0	6.0	9,067
Judy Parker	9.0	8.0	11,800
Matt Southam	9.0	8.0	11,200
Lewis Bair	1.0	-	833
Total Compensation			\$ 125,940

The Association has adopted a policy concerning travel, subsistence, and other related expenses as they apply to directors and senior officers. A copy of this policy is available to shareholders upon request. Reimbursement for travel, subsistence, and related expenses for all directors as a group amounted to \$21,789 in 2025, \$29,440 in 2024, and \$44,524 in 2023. The total compensation and reimbursement for travel paid to directors for 2025, as described above, amounted to \$147,729.

Required senior officer compensation information is included in the Association's Annual Meeting Information Statement (AMIS) mailed to all shareholders. The AMIS is available for public inspection at the Association office. Disclosure of information on the total compensation paid during the last fiscal year to any senior officer, or to any other officer included, is available and will be disclosed to shareholders upon request.

TRANSACTIONS WITH SENIOR OFFICERS AND DIRECTORS

The Association's policies on loans to and transactions with its senior officers and directors, required to be disclosed in this section, are incorporated herein by reference from Note 11 to the financial statements, "Related Party Transactions," included in this annual report to shareholders.

No loans to directors or senior officers, their immediate families, and affiliated organizations involved more than a normal risk of collectability at December 31, 2025.

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

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

RELATIONSHIP WITH INDEPENDENT AUDITORS

There were no changes in independent auditors since the prior annual report to shareholders and there were no material disagreements with our independent auditors on any matter of accounting principles or financial statement disclosure during this period.

BORROWER PRIVACY

Your privacy is important to us. We want you to know that we hold your financial and other personal information in strict confidence. Since 1972, Farm Credit Administration regulations have forbidden the directors and employees of Farm Credit institutions from disclosing personal borrower information to others without your consent. We do not sell or trade our customers' personal information to marketing companies or information brokers.

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

- We may give it to another Farm Credit institution that you do business with.
- We can be a credit reference for you with other lenders and provide information to a credit bureau or other consumer reporting agency.
- We can provide information in certain types of legal or law enforcement proceedings.
- We may provide information to auditors for the purpose of confirming loan balances and terms.
- FCA and other third-party examiners may review loan files during regular examinations of our association.
- If one of our employees applies to become a licensed real estate appraiser, we may give copies of real estate appraisal reports to the State agency that licenses appraisers when required. We will first remove as much personal information from the appraisal report as possible.

As a member/owner of this institution, the privacy and security of your personal information is vital to our continued ability to serve your ongoing credit needs.

FINANCIAL STATEMENTS

The financial statements, together with the report thereon of PricewaterhouseCoopers LLP dated March 5, 2026 and "Management's Discussion and Analysis," appearing as part of this annual report to shareholders, are incorporated herein by reference.

RELATIONSHIP WITH COBANK, ACB (CoBANK)

The Association's statutory obligation to borrow from CoBank is discussed in Note 6. CoBank's ability to access the capital of the Association is discussed in Note 7. CoBank's role in mitigating the Association's exposure to interest rate risk is described in the Liquidity and Funding Sources section of "Management's Discussion and Analysis."

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

The Association's information required to be disclosed in this section is incorporated herein by reference from the "Young, Beginning, and Small Farmers and Ranchers Program" section of the Management's Discussion and Analysis included in this annual report to shareholders.

COBANK ANNUAL AND QUARTERLY REPORTS TO SHAREHOLDERS

The stockholder's investment in the Association is materially affected by the financial condition and the results of operation of CoBank. Upon request, Association shareholders will be provided with a copy of the CoBank Annual and Quarterly Reports, which includes the combined financial statements of CoBank and its related Associations, and AgVantis. The CoBank Annual Report discusses the material aspects of CoBank's financial condition, changes in financial condition, and results of operations. In addition, the CoBank Annual Report identifies favorable and unfavorable trends, significant events, uncertainties, and the impact of activities of the Insurance Corporation.

CoBank District reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 2970 Davison Court, Colusa, CA 95932 or calling (530) 458-4978. Annual reports are available within 75 days after year end and quarterly reports are available within 40 days after the calendar quarter end.

MEET THE COLUSA - GLENN TEAM

BOARD OF DIRECTORS

CHRIS BONACORSI
*Chairperson of the Audit Committee
& Appointed Director*

DAN CLAWSON
Appointed Director

CRAIG FELIX
Maxwell-Delevan-Princeton

FRANCIS HICKEL
*Chairperson of the Governance,
Risk, & Compliance Committee
Colusa*

HERB HOLZAPFEL
*Vice Chairperson of the Board
Willows-Bayliss-Artois*

CLINT JEWETT
Willams-Arbuckle-Grimes

SUSAN LAGRANDE
*Chairperson of the Board,
Vice Chairperson of the Governance,
Risk, & Compliance Committee
Colusa*

GREGG MCCORKLE
Willows-Bayliss-Artois

DANNY MERKLEY
Appointed Director

JUDY PARKER
Willams-Arbuckle-Grimes

MATT SOUTHAM
*Vice Chairperson of the Audit Committee
Maxwell-Delevan-Princeton*

ADMINISTRATIVE STAFF

KAREN CABRAL
Executive Operations Manager

AMY CEBALLOS
Chief Financial Officer

TIM ELROD
President & Chief Executive Officer

AJ GONZALES
Chief Technology Officer

RAMAN KAUR
Risk Manager

REBECCA MYERS
*Executive Vice President &
Chief Administrative Officer*

LUKE REIMERS
Chief Credit Officer

NOMINATING COMMITTEE

REGULAR MEMBERS

CHELSEA DIRKS
Maxwell-Delevan-Princeton

JARED GROSS
Colusa

LEVI KALFSBEEK
Willams-Arbuckle-Grimes

MATHEW MARTIN
Willows-Bayliss-Artois

ALTERNATE MEMBERS

ROBERT ANTHONY ARNOLD
Willows-Bayliss-Artois

NICK CHARTER
Williams-Arbuckle-Grimes

DANIEL VIERRA
Maxwell-Delevan-Princeton

MITCHELL YERXA
Colusa

COLUSA STAFF

AMY ANDRESEN
Administrative Assistant

JENNIFER BOWEN
Vice President of Capital Markets

JES CONTRERAS
Capital Markets Portfolio Manager

KATRINA HARTMAN
Capital Markets Operations Specialist

NITA LANG
Senior Loan Documentation Specialist

KRYSTLE LOLMAUGH
Accounting Manager

CARLI MARENGO
Loan Officer

TARA ORTIZ
Administrative Specialist

MATTHEW PATRICH
Loan Officer

SAVANNAH PERRY
Credit Support Specialist

GRACE VAUGHN
Capital Markets Accounting Specialist

SUSAN WELLS
Accounting Specialist

VICKY WOMACK
Accounting Specialist

VINCENT WURM
Vice President of Lending

WILLOWS STAFF

BROOKE LOONEY
Loan Officer

SANDRA MARTIN
Operations Specialist

ANTHONY MIRANDA
Association Appraiser

STACY PEARSON
Vice President of Credit

SARA RENO
Credit Analyst



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WILLOWS BRANCH

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