

# SOLID GROUND

2025 ANNUAL REPORT



# Investing Together

DECADES OF  
PARTNERSHIP



*Jacelyn & Daniel Brooks*  
Beartail Farms



Daniel and Jacelyn Brooks farm the rich bottomland of Tate County, Mississippi, growing grain and cotton where they were both raised. Daniel comes from a small hay and cattle operation shaped by his father's work ethic, while Jacelyn learned farming and business values from her family in Independence. As their operation grew, so did the need for better grain storage—leading them to invest in grain bins that allow them to store harvests, time sales, and access new markets such as poultry feed plants.

That growth has been supported by a long-standing partnership with Mississippi Land Bank. Daniel first visited Mississippi Land Bank in his early 20s, where staff took time to understand his goals and help him get started. Through both strong and challenging years, flexible financing from Mississippi Land Bank has enabled the Brooks family to invest in improvements, strengthen their marketing options, and continue building a farming legacy rooted in hard work, faith, and planning for the next generation.

**A FOUNDATION FOR THE FUTURE**

# HERE'S TO THE NEXT GENERATION



Watson Turnipseed, our 2025 YBS Leadership participant in Washington, D.C., is a fifth-generation farmer from Sumner, Mississippi, proudly continuing his family's agricultural legacy. In 2022, he launched Watson Planting Company, LLC and partnered with Mississippi Land Bank for operating support.

Working with Vice President of Branch Lending William Coleman, Watson is focused on building a sustainable operation for generations to come. Alongside him is his wife, Sydney, Associate Director of the Mississippi Farm to School Network, whose work reflects their shared commitment to Mississippi agriculture.

"Without Mississippi Land Bank, I don't know what I'd be doing. I linked up with them for my operating loans—it's as easy as one, two, three," Watson says.

## YOUNG, BEGINNING & SMALL FARMERS

**Ag Ascent is Mississippi Land Bank's young and beginning farmer program, providing financing and resources for farmers under 40 in North Mississippi.**



**AG ASCENT**   
Young & Beginning Farmers

Ready to help you purchase or refinance  
land and take care of needed improvements.

Scan for info.



## BOARD OF DIRECTORS

Mississippi Land Bank is led by a nine-member board of directors who serve as your voice in the business of our Association. Seven stockholder-elected directors are experienced in production agriculture and understand the financing needs of our customers from personal experience. The other two directors, appointed by their fellow board members, bring business and financial expertise to the board.



**ALAN  
BLAINE**

**Chairman**

Timber, hay & cattle farmer & crop consultant

Starkville, MS



**LARRY  
DAVIS**

**Vice Chairman**

Rice & soybean farmer

Shaw, MS



**BECKY  
BEARD**

**Board-appointed  
Director**

Accounting Firm Partner

Hernando, MS



**WILLIAM  
COLE**

**Director**

Crop insurance agency owner; row crop & cattle farmer

Batesville, MS



**PARKER  
DURHAM**

**Board-appointed  
Director**

CPA, Associate Attorney

Hernando, MS



**JAN  
HILL**

**Director**

Beef cattle, cotton, soybean & corn farmer

Woodland, MS



**JOHN  
MCKEE**

**Director**

Retired farmer; farmland lessor & manager

Friars Point, MS



**KEITH  
MORTON**

**Director**

Corn, soybean & wheat farmer

Falkner, MS



**MATTHEW  
POE**

**Director**

Soybean, corn, cotton, cattle & hay farmer

Pontotoc, MS

**PAYING IT FORWARD BY PAYING IT BACK.  
THAT'S THE CO-OP WAY.**

We're proud to return \$4 million in cash patronage from our 2025 earnings—bringing total returns to **more than \$79 million since 1996.**

# CHAMPIONS FOR AGRICULTURE



Trent Ellis & Matthew Kimbrough



Chad Crow, Claire Pegram, Christy Seyfert & William Cole



Kayleigh Rose Myers  
FFA Scholarship Winner



Tyler Anderson, Aaron Litwiller,  
Dusty Jourdan & Matt Brignac



ICC President Dr. Jay Allen, Samira Gates  
& Will Foley



Kent Moore, Garret Dismukes, Joe Mallard, Matthew Raff, Stephen Bass & David Hall



2025 Dixie National  
Sale of Junior Champions

This past year was a challenging but fulfilling one for Mississippi Land Bank. Our farmers and ranchers continue to answer the call God has led them to pursue. Despite these volatile times in the economy, Mississippi Land Bank and the Farm Credit System continue to walk hand in hand with Rural America, committed to supporting those who feed and clothe the world.

In 2025, we saw loan growth of nearly 6% and, once again, returned a very healthy patronage to our borrowers. Since 1996, over \$79 million has been returned to our customer-owners, and these funds stay right here in our 32-county territory. This is yet another way your local cooperative helps our towns, schools and families continue to prosper.

We want to thank you for making Mississippi Land Bank your lender of choice. We take pride in helping you, our owners, through the good times and the challenging ones, and we ask that you share our message with those who are not yet borrowers. Your voice of recommendation speaks volumes, and we are grateful for your trust and support.

I am nearly two years into my career at this great Association, and I want to thank our board of directors for their continued guidance and our wonderful staff for all they do and for remaining open to new ideas. I also want to thank my wife for her steadfast support and encouragement. Moving to a new community comes with challenges, but it is much easier when you are welcomed by kind people of high character. Mississippians are exactly that. It is a joy to serve, worship and grow alongside you. If I can ever be of service, I'm here.

God Bless,

/s/ Chad E. Crow



**CHAD E. CROW**  
**CHIEF EXECUTIVE OFFICER**

### Key Metrics



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## REPORT OF MANAGEMENT

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

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

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

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

/s/ Mac Alan Blaine

Mac Alan Blaine, Chairman, Board of Directors

March 6, 2026

/s/ Rebecca A. Beard

Rebecca A. Beard, Chairman, Audit Committee

March 6, 2026

/s/ Chad E. Crow

Chad E. Crow, Chief Executive Officer

March 6, 2026

/s/ Claire B. Pegram

Claire B. Pegram, Chief Financial Officer

March 6, 2026

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

/s/ Chad E. Crow

Chad E. Crow, Chief Executive Officer  
March 6, 2026

/s/ Claire B. Pegram

Claire B. Pegram, Chief Financial Officer  
March 6, 2026

## REPORT OF AUDIT COMMITTEE

The Audit Committee (Committee) comprises Rebecca “Becky” Beard, Dr. Alan Blaine, Parker Durham and John B. McKee, III. In 2025, six Committee meetings were held. The Committee oversees the scope of Mississippi Land Bank, ACA’s (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 approved responsibilities are described more fully in the Audit Committee Charter, which is available on request or on the Association’s website. The Committee approved the appointment of PricewaterhouseCoopers LLP (PwC) for 2025.

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

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

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

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

### Audit Committee Members

Rebecca “Becky” Beard  
Dr. Alan Blaine  
Parker Durham  
John B. McKee, III

*March 6, 2026*

**MISSISSIPPI LAND BANK, ACA**

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

	2025	2024	2023	2022	2021
<b><u>Balance Sheet Data</u></b>					
<u>Assets</u>					
Cash	\$ 19	\$ 7	\$ 9	\$ 10	\$ 13
Investments	12,097	4,255	-	-	-
Loans	1,142,587	1,080,450	1,007,539	951,774	926,065
Less: allowance for credit losses on loans	1,875	1,587	1,273	1,122	1,312
Net loans	1,140,712	1,078,863	1,006,266	950,652	924,753
Investment in and receivable from the Farm Credit Bank of Texas	30,950	23,160	20,293	18,770	17,248
Other assets	30,716	26,865	22,893	20,196	17,381
Total assets	<u>\$ 1,214,494</u>	<u>\$ 1,133,150</u>	<u>\$ 1,049,461</u>	<u>\$ 989,628</u>	<u>\$ 959,395</u>
<u>Liabilities</u>					
Obligations with maturities of one year or less	\$ 10,653	\$ 12,231	\$ 13,235	\$ 13,327	\$ 13,102
Obligations with maturities greater than one year	1,015,473	944,584	870,464	817,873	797,242
Total liabilities	<u>1,026,126</u>	<u>956,815</u>	<u>883,699</u>	<u>831,200</u>	<u>810,344</u>
<u>Members' Equity</u>					
Capital stock and participation certificates	4,504	4,379	4,168	3,951	3,820
Unallocated retained earnings	183,574	171,776	161,422	154,256	145,317
Accumulated other comprehensive income (loss)	290	180	172	221	(86)
Total members' equity	<u>188,368</u>	<u>176,335</u>	<u>165,762</u>	<u>158,428</u>	<u>149,051</u>
Total liabilities and members' equity	<u>\$ 1,214,494</u>	<u>\$ 1,133,150</u>	<u>\$ 1,049,461</u>	<u>\$ 989,628</u>	<u>\$ 959,395</u>
<b><u>Statement of Income Data</u></b>					
Net interest income	\$ 26,541	\$ 24,917	\$ 23,193	\$ 22,152	\$ 20,677
(Provision for credit losses) credit loss reversal	(335)	(347)	(146)	104	(153)
Income from the Farm Credit Bank of Texas	1,856	3,252	2,894	5,822	5,254
Other noninterest income	800	844	342	489	640
Noninterest expense	(13,064)	(12,312)	(11,625)	(12,128)	(11,298)
Net income (loss)	<u>\$ 15,798</u>	<u>\$ 16,354</u>	<u>\$ 14,658</u>	<u>\$ 16,439</u>	<u>\$ 15,120</u>
<b><u>Key Financial Ratios for the Year</u></b>					
Return on average assets	1.3%	1.5%	1.5%	1.7%	1.7%
Return on average members' equity	8.6%	9.4%	8.8%	10.5%	10.3%
Net interest income as a percentage of average earning assets	2.4%	2.4%	2.4%	2.4%	2.4%
Net charge-offs (recoveries) as a percentage of average loans	0.0%	0.0%	0.0%	0.0%	0.0%

**MISSISSIPPI LAND BANK, ACA**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Key Financial Ratios at Year End</u></b>					
Members' equity as a percentage of total assets	<b>15.5%</b>	15.6%	15.8%	16.0%	15.5%
Debt as a percentage of members' equity	<b>544.7%</b>	542.6%	533.1%	524.7%	543.7%
Allowance for credit losses on loans as a percentage of loans	<b>0.2%</b>	0.2%	0.1%	0.1%	0.1%
Common equity tier 1 ratio	<b>14.0%</b>	14.6%	14.8%	14.5%	14.4%
Tier 1 capital ratio	<b>14.0%</b>	14.6%	14.8%	14.5%	14.4%
Total capital ratio	<b>14.2%</b>	14.7%	14.9%	14.6%	14.5%
Permanent capital ratio	<b>14.1%</b>	14.6%	14.8%	14.5%	14.4%
Tier 1 leverage ratio	<b>13.7%</b>	14.5%	15.1%	14.7%	14.6%
UREE leverage ratio	<b>13.4%</b>	14.1%	14.7%	14.3%	15.6%
<b><u>Net Income Distribution</u></b>					
Patronage dividends:					
Cash	\$ <b>6,000</b>	\$ 7,500	\$ 7,500	\$ 6,250	\$ 5,400

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

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

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

**Forward-Looking Information:**

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

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

**Significant Events:**

In March 2025, the Association received a refund of \$169,174 from the Farm Credit Services Insurance Corporation (FCSIC or the Insurance Fund) for its share of excess fund balances in the allocated insurance reserve accounts.

In January 2025, the board of the Farm Credit Bank of Texas (Bank) approved a change to its capitalization policy. Through 2024, the Association and other qualifying institutions were required to maintain an investment in the Bank equal to 2% of its average borrowings from the Bank as determined on an annual basis. Beginning in 2025, this investment requirement increased to 2.5% of its average borrowings from the Bank and is determined on a semi-annual basis. The impact to the Association of the change in required investment was an increase in its investment in the Bank of \$5,525,995, effective March 1, 2025.

In April 2024, the Association received a refund of \$269,779 from the FCSIC for its share of excess fund balances in the allocated insurance reserve accounts.

In February 2022, two nonaccrual loans with a total amortized cost of \$458,947 paid off. In December 2022, the Association received a partial payment of \$814,778 on a participation loan that was classified as nonaccrual and, thus, reversed \$104,342 of the specific allowance and charged off \$97,091 of the amortized cost. The remaining balance due of \$337,705 was restructured, and a \$67,316 specific allowance remained on the loan at December 31, 2022. In June 2023, the remaining balance was paid in full, and the corresponding specific allowance was reversed.

During the second quarter of 2021, the Association downgraded one participation loan with an amortized cost of \$1,248,898 to nonaccrual. The most recent net realizable value analysis showed that a specific allowance for loan losses in the amount of \$268,750 was required and thus recorded during the second quarter.

***Changes in Senior Officers***

On January 1, 2025, Bobby Spinks was promoted to chief lending officer, and Chris Griffith was promoted to chief credit officer.

On January 11, 2024, the board of directors announced that Chad E. Crow was named as the Association’s new chief executive officer. CEO Crow came to the Association with over 21 years of farm credit experience and began his tenure on April 8, 2024.

On February 27, 2023, Bartley T. Harris resigned from the office of chief executive officer. Upon his resignation, J. Matthew Walden was appointed interim chief executive officer and assumed all of the duties and responsibilities of this role.

Upon the retirement of the Association’s chief credit officer, Ronnie H. Sellers, in January 2023, Bobby Spinks was promoted to chief credit officer, and Chris Griffith was promoted to chief risk officer.

***Patronage Refunds Received from Farm Credit Bank of Texas:***

In December 2025, the Association recorded a direct loan patronage of \$1,793,992 from the Bank, representing 18.4 basis points on the average daily balance of the Association’s direct loan with the Bank. In 2025 the Bank significantly reduced patronage paid to associations from prior years. As a result, the Association reported reduced net income, capital and other financial ratios, which ultimately impacted patronage returned to borrowers for 2025. Also during 2025, the Association received a patronage of \$62,013 from the Bank, representing 75 basis points on the Association’s average balance of participations sold to the Bank.

In December 2024, the Association recorded a direct loan patronage of \$3,180,851 from the Bank, representing 35.7 basis points on the average daily balance of the Association’s direct loan with the Bank. Also, the Association received a patronage of \$71,268 from the Bank, representing 75 basis points on the Association’s average balance of participations sold to the Bank. Beginning in 2024, the Bank discontinued its patronage payments based on the associations’ stock investment in the Bank.

In December 2023, the Association received a direct loan patronage of \$2,347,973 from the Bank, representing 28.7 basis points on the average daily balance of the Association’s direct loan with the Bank, of which \$1,643,581 was paid in cash and \$704,392 was paid as allocated equity in the Bank. During 2023, the Association received \$460,522 in patronage payments from the Bank, based on the Association’s stock investment in the Bank. Also, the Association received a patronage of \$78,149 from the Bank, representing 75 basis points on the Association’s average balance of participations sold to the Bank.

***Patronage Refunds by Association:***

The following patronage distributions were declared and paid by the board of directors in 2025, 2024 and 2023, respectively:

<b>Date Declared</b>	<b>Date Paid</b>	<b>Patronage</b>
<b>December 2025</b>	<b>March 2026</b>	<b>\$ 4,000,000</b>
December 2024	February 2025	6,000,000
December 2023	February 2024	7,500,000

For more than 35 years, the Association has continued to provide its members with quality financial services. The board of directors and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers.

***Commodity Review and Outlook:***

Approximately 51% of the Association’s portfolio is comprised of row crop commodities, primarily soybeans, cotton, corn and rice. Other leading commodities are timber (23%), cattle and livestock (10%), and poultry (5%). Much of the repayment capacity of loans in these commodities is also heavily dependent on off-farm income sources.

While the elevated interest rate environment, combined with high input costs and low commodity prices, are expected to continue applying pressure to farm profitability in 2026, the general economic conditions both nationally and locally also remain important to support the off-farm sources of repayment. The Association’s branch and marketing teams strive to increase the Association’s presence in its respective local markets and grow its loan portfolio by reaching as many qualifying customers as possible. As of December 31, 2025, the Association is paying particular attention to the combination of low commodity prices and high input costs that continue to affect borrowers in the territory.

***Adoption of New Accounting Standard:***

Effective January 1, 2023, the Association adopted the current expected credit losses (CECL) accounting guidance that replaced the incurred loss guidance. CECL established a single allowance framework for financial assets carried at amortized cost and certain off-balance-sheet credit exposures. CECL requires management to consider in its estimate of allowance for credit losses (ACL) relevant historical events, current conditions and reasonable and supportable forecasts that affect the collectability of the assets. The adoption of this guidance resulted in a cumulative effect transition adjustment at January 1, 2023, reflecting a decrease in the Association’s ACL of \$8,090 on outstanding loans and unfunded commitments and a corresponding increase in retained earnings.

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

## Loan Portfolio:

The Association makes and services loans to farmers, ranchers, rural homeowners and certain farm-related businesses. The Association's loan volume consists of long-term farm mortgage loans, production and intermediate-term loans, and farm-related business loans with maturities ranging from one to 30 years. These loan products are available to eligible borrowers with competitive variable and fixed interest rates. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower.

The composition of the Association's loan portfolio, including principal less funds held of \$1,142,586,925, \$1,080,449,943 and \$1,007,539,164 as of December 31, 2025, 2024 and 2023, respectively, is described more fully in detailed tables in Note 4, "Loans and Allowance for Credit Losses," in the accompanying consolidated financial statements.

The Association's concentration of credit risk in various agricultural commodities is shown in the following table. While the amounts represent the Association's maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the Association's lending activities is collateralized, and the Association's exposure to credit loss associated with lending activities is reduced accordingly. An estimate of the Association's credit risk exposure is considered in the determination of the allowance for loan losses, which is discussed further in Note 4, "Loans and Allowance for Credit Losses," in the accompanying consolidated financial statements.

Operation/Commodity	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Soybeans	\$ 313,866,714	27.5%	\$ 312,050,056	28.9%	\$ 274,112,929	27.3%
Timber	263,178,572	23.0%	233,403,805	21.6%	207,078,864	20.6%
Cotton	130,177,189	11.4%	131,822,135	12.2%	136,135,231	13.5%
Livestock, except dairy and poultry	112,926,874	9.9%	108,952,810	10.1%	104,710,599	10.4%
Corn	99,558,973	8.7%	94,669,364	8.8%	92,941,188	9.2%
Poultry and eggs	55,943,026	4.9%	46,332,555	4.3%	43,759,966	4.3%
Recreational property	38,372,007	3.4%	37,094,476	3.4%	31,654,277	3.1%
Other	128,563,570	11.2%	116,124,742	10.7%	117,146,110	11.6%
Total	<u>\$ 1,142,586,925</u>	<u>100.0%</u>	<u>\$ 1,080,449,943</u>	<u>100.0%</u>	<u>\$ 1,007,539,164</u>	<u>100.0%</u>

The following percentages are based on the borrower's physical location, the borrower's headquarter location, or the physical location of the underlying collateral where applicable:

County	2025	2024	2023
Noxubee	10.1%	9.5%	9.9%
Coahoma	8.9%	9.4%	9.5%
Bolivar	5.1%	5.0%	5.0%
Tallahatchie	4.5%	4.8%	4.3%
Sunflower	4.4%	4.7%	4.4%
Panola	4.2%	3.8%	3.8%
DeSoto	4.0%	4.3%	4.9%
Oktibbeha	3.8%	3.6%	3.9%
Tunica	3.3%	3.6%	4.7%
Lowndes	3.2%	2.9%	2.9%
Other Counties	34.8%	33.8%	32.6%
Other States	13.7%	14.6%	14.1%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

## Purchase and Sales of Loans:

During 2025, 2024 and 2023, the Association was participating in loans with other lenders. As of December 31, 2025, 2024 and 2023, these participations totaled \$66,698,866, \$64,540,647 and \$59,599,068, or 5.8%, 6.0% and 5.9% of loans, respectively. Included in these amounts are participations purchased from entities outside the District of \$21,007,674, \$16,355,890 and \$17,395,156, or 1.8%, 1.5% and 1.7% of loans, respectively. The Association also sold participations of \$9,078,488, \$9,703,326 and \$14,822,996 as of December 31, 2025, 2024 and 2023, respectively.

The Association utilizes the Mississippi Development Authority’s Agribusiness Enterprise Loan Program (ABE) to lower the cost of financing for its borrowers. The ABE loan program is designed to provide a percentage of low-cost state financing that is combined with private financial lending institutions’ loan proceeds to encourage loans to the agribusiness industry in the state.

The Association guarantees payment of the borrower’s ABE loan to the Mississippi Development Authority (MDA), and, therefore, the amount of ABE loans outstanding and due to MDA is included in Loans on the consolidated balance sheets with an offsetting liability at “Guaranteed obligations to government entities.” ABE loans totaled \$12,084,478, \$12,814,426 and \$10,596,794 as of December 31, 2025, 2024 and 2023, respectively.

**Investments:**

In 2024, the Association began purchasing Small Business Administration (SBA) pool securities that are 100% guaranteed by the United States Government for which the Association has the intent and ability to hold to maturity and which are consequently classified as held to maturity and reported at amortized cost. Purchased premiums are amortized into interest income over the term of the respective issues. SBA pool securities totaled \$12,096,736 and \$4,255,491 as of December 31, 2025 and 2024, respectively.

**Risk Exposure:**

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

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

	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Nonaccrual loans	\$ 552,432	100.0%	\$ 148,144	100.0%	\$ 424,283	100.0%
Nonperforming assets	\$ 552,432	100.0%	\$ 148,144	100.0%	\$ 424,283	100.0%

At December 31, 2025, 2024 and 2023, nonperforming loans were \$552,432, \$148,144 and \$425,934, representing 0.0% of loan volume for all three years. While the balance of nonaccrual loans did not change materially during 2025, there was activity within this classification. Several loans were downgraded throughout the year resulting in minimal charge-offs totaling \$41,844. Additionally, there were several loans in this classification that paid off during the year ended December 31, 2025.

At December 31, 2025, 2024 and 2023 the Association did not have any other property owned (OPO), nor did it have any accruing loans 90 days or more past due. Additionally, the Association reported no net gain or loss on OPO for the years ending December 31, 2025, 2024 and 2023.

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

To help mitigate and diversify credit risk, the Association has employed practices including securitization of loans, obtaining credit guarantees and engaging in loan participations. To mitigate the risk of loan losses, the Association has obtained loan guarantees in the form of standby commitments to purchase qualifying loans from Federal Agricultural Mortgage Corporation (Farmer Mac). The agreements, which will remain in place until the loans are paid in full, give the Association the right to sell the loans identified in the agreements to Farmer Mac in the event of defaults (typically four months past due), subject to certain conditions. At December 31, 2025, loans totaling \$33,681,299 were guaranteed by these commitments. Fees paid for these guarantees totaled \$132,117 and are included in “Other noninterest expense.” Additionally, the Association also utilizes guarantees from the Farm Service Agency and the Mississippi Development Authority Small Business Loan Guarantee Program on certain loans to help reduce the risk of loss.

In June 2024, the Association entered into the Agri-Access program offered by Compeer, which required a capital investment in AgriBank of \$757,110. In May 2025, the Association purchased an additional capital investment in AgriBank related to Compeer Agri-Access in the amount of \$594,025 for a total capital investment of \$1,351,135, as shown on the consolidated balance sheets.

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

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

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

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

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

Based upon ongoing risk assessment and the procedures outlined above, the allowance for credit losses on loans of \$1,874,870, \$1,587,296 and \$1,272,602 at December 31, 2025, 2024 and 2023, respectively, is considered adequate by management to compensate for losses in the loan portfolio at such dates. The allowance for loan losses is based upon estimates that consider the general financing strength of the agricultural economy, loan portfolio composition, credit administration and the portfolio's prior loan loss experience.

### **Results of Operations:**

The Association's net income for the year ended December 31, 2025, was \$15,798,122 as compared to \$16,354,248 for the year ended December 31, 2024, reflecting a decrease of \$556,126, or 3.4%. The Association's net income for the year ended December 31, 2023, was \$14,658,345. Net income increased \$1,695,903, or 11.6%, in 2024 versus 2023.

Net interest income for 2025, 2024 and 2023 was \$26,541,112, \$24,916,658 and \$23,193,359, respectively, reflecting increases of \$1,624,454, or 6.5%, for 2025 versus 2024 and \$1,723,299, or 7.4%, for 2024 versus 2023. Net interest income is the principal source of earnings for the Association and is impacted by volume, yields on assets and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following tables:

	2025		2024		2023	
	Average Balance	Interest	Average Balance	Interest	Average Balance	Interest
Loans	\$ 1,108,737,661	\$ 62,879,679	\$ 1,031,661,649	\$ 55,649,565	\$ 956,322,495	\$ 46,301,179
Investments	10,144,280	486,529	420,355	23,348	-	-
Total interest-earning assets	1,118,881,941	63,366,208	1,032,082,004	55,672,913	956,322,495	46,301,179
Interest-bearing liabilities	976,118,398	36,825,096	891,221,577	30,756,255	819,537,555	23,107,820
Impact of capital	\$ 142,763,543		\$ 140,860,427		\$ 136,784,940	
Net interest income		\$ 26,541,112		\$ 24,916,658		\$ 23,193,359

	2025	2024	2023
	Average Yield	Average Yield	Average Yield
Yield on loans	5.67%	5.39%	4.84%
Yield on investments	4.80%	5.55%	0.00%
Total yield on interest-earning assets	5.66%	5.39%	4.84%
Cost of interest-bearing liabilities	3.77%	3.45%	2.82%
Interest rate spread	1.89%	1.94%	2.02%

	2025 vs. 2024			2024 vs. 2023		
	Increase (decrease) due to			Increase (decrease) due to		
	Volume	Rate	Total	Volume	Rate	Total
Interest income - loans	\$ 4,157,634	\$ 3,072,480	\$ 7,230,114	\$ 3,647,620	\$ 5,700,766	\$ 9,348,386
Interest income - investments	540,106	(76,925)	463,181	23,348	-	23,348
Total interest income	4,697,740	2,995,555	7,693,295	3,670,968	5,700,766	9,371,734
Interest expense	2,929,789	3,139,052	6,068,841	2,021,203	5,627,232	7,648,435
Net interest income	\$ 1,767,951	\$ (143,497)	\$ 1,624,454	\$ 1,649,765	\$ 73,534	\$ 1,723,299

Interest income for 2025 increased by \$7,693,295, or 13.8%, compared to 2024, primarily due to a substantial increase in average outstanding loan volume coupled with increases in yields on loans. Interest expense for 2025 increased by \$6,068,841, or 19.7%, compared to 2024 due to a significant increase in the average note payable to the Bank coupled with an increase in the cost of interest-bearing liabilities. The interest rate spread decreased by 5 basis points to 1.89% in 2025 from 1.94% in 2024, primarily due to a continued environment of high interest rates. The Association uses a risk-based approach when pricing new loans; however, current market conditions in each of the respective branch territories also impact interest rate spreads. As evidenced in the table above, net interest income for 2025 was positively impacted by the increase in volume outstanding while the continued effects of the interest rate environment caused a decrease in net interest income. While interest rates remained stable to slightly decreasing in 2025, the Association was able to generate a large amount of new business and manage its existing portfolio. The Association anticipates increased profitability on these existing loans as well as new loans in the future. The interest rate spread decreased by 8 basis points to 1.94% in 2024 from 2.02% in 2023, primarily due to a continued environment of significantly higher interest rates that impacted 2024 activity.

Noninterest income for 2025 decreased by \$1,440,560, or 35.2%, compared to 2024, due primarily to a decrease in patronage income received from the Bank of \$1,396,123, a decrease in FCSIC refund of \$100,605, and a reduction in gain on sale of equipment of \$81,051. These decreases are offset by an increase in patronage from other farm credit institutions of \$121,239. Noninterest income for 2024 increased by \$860,330, or 26.6%, compared to 2023, due primarily to a slight increase in patronage income from the Bank of \$358,486, a refund from FCSIC of \$269,779, and patronage income from other farm credit institutions of \$83,599.

On an annual basis, the FCSIC completes an analysis to determine if funds held in the Insurance Fund exceed the secure base amount, as defined in the Farm Credit Act. Any excess funds may be held in the Insurance Fund or returned to the System banks. On February 11, 2026, the FCSIC board approved a return of excess funds to the System banks, and on February 24, 2026, the Association received a return of excess Insurance Funds of \$500,544 which will be reported as noninterest income during the first quarter of 2026.

Provisions for loan losses decreased slightly by \$12,964, or 3.7%, compared to 2024, due primarily to increased loan volume, credit deterioration and pessimistic economic outlook, offset by improvements in loss given default ratings. In 2024, provisions for loan losses increased by \$201,040 or 137.3%, compared to 2023, primarily due to the same factors noted above: increased volume outstanding, credit deterioration and changes in economic outlook throughout the country.

Operating expenses consist primarily of salaries and employee benefits, Insurance Fund premiums, occupancy and equipment and purchased services. Additionally, expenses related to advertising and travel comprise a significant portion of the remaining operating expenses. Purchased services is composed of goods and services that the Association purchases either from the Bank or from a third party who has been engaged to provide a service, such as legal counsel or audit and review, while occupancy and equipment is composed of rent expense, utilities and depreciation. Advertising expenses primarily consist of the cost of advertising in various media outlets. Travel expenses primarily consist of expenses related to commercial travel, such as airfare and hotel, and expenses related to Association automobiles, such as fuel, maintenance and depreciation. Overall operating expenses increased \$781,379, or 6.4%, over 2024. One of the main drivers of the change was an increase in salaries and benefits of \$625,357, which was primarily due to the addition of several new positions that were filled in 2025. Increases for the year were also seen in Farmer Mac fees of \$74,030, as well as an increase in the FCSIC insurance premium of \$69,573. Offsetting these increases was a year-over-year decrease in various operating expense accounts, most notably purchased services of \$168,133. Overall, 2024 operating expenses increased \$712,144 over 2023. Salaries and benefits increased by \$1,378,270 primarily due to the addition of a new CEO in April 2024 and an increase in incentive paid in 2024 of \$954,401 over prior year. Offsetting this increase was a year-over-year decrease in the FCSIC insurance premiums of \$542,378. Additionally, there were savings in various operating expense accounts, most notably director expense of \$95,544, advertising of \$94,169, and purchased services of \$80,368. Decreases in these expenses are due to a reduction in director meetings that took place during 2024, a more strategic focus on advertising efforts and a reduction in expenses related to contract services.

Expenses for purchased services may include administrative services, marketing, information systems and accounting services and allocations of expenses incurred by the Bank and passed through to the associations, such as FCSIC expenses. The Bank charges individual associations directly for these services based on each association's proportionate usage. These expenses totaled \$79,918, \$79,670 and \$107,845 in 2025, 2024 and 2023, respectively. FCSIC expense totaled \$900,898, \$831,325 and \$1,373,703 in 2025, 2024 and 2023, respectively. See Note 13 to the consolidated financial statements, "Related Party Transactions," included in this annual report, for more information about expenses allocated to the Association.

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

In accordance with authoritative accounting guidance, loan origination fees and related origination costs are capitalized in the year they occur while the net fee or cost is amortized over the life of the loans. The net amount is included as an adjustment to yield and is composed of four components:

- The capitalization of current year origination costs, primarily salaries and benefits, which will be fully amortized over the life of the loans;
- The capitalization of current year loan origination fees, which will be fully amortized over the life of the loans;
- Amortization of the active loan portfolio's deferred origination costs and fees; and
- The adjustment to fully recognize the deferred costs and fees of all loans that paid out during the current year.

For the year ended December 31, 2025, the Association's return on average assets was 1.3%, as compared to 1.5% and 1.5% for the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2025, the Association's return on average members' equity was 8.6%, as compared to 9.4% and 8.8% for the years ended December 31, 2024 and 2023, respectively. The main driver of the decline in ratios for 2025 was the reduction in patronage income received from the Bank.

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

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

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

The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of \$1,000,246,712, \$928,973,948 and \$857,631,905 as of December 31, 2025, 2024 and 2023, respectively, is recorded as a liability on the Association's balance sheets. The note carried a weighted average interest rate of 3.82%, 3.62% and 3.23% at December 31, 2025, 2024 and 2023, respectively. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by a general financing agreement. The increase in note payable to the Bank and related accrued interest payable since December 31, 2024, is due to an increase in the Association's outstanding loan volume coupled with increased interest rates. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were \$138,678,431, \$139,532,147 and \$136,186,312 at December 31, 2025, 2024 and 2023, respectively. The maximum amount the Association may borrow from the Bank as of December 31, 2025, was \$1,200,000,000 as defined by the

general financing agreement. The indebtedness continues in effect until the expiration date of the general financing agreement, which is September 30, 2026, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

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

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

### Capital Resources:

The Association's capital position remains strong, with total members' equity of \$188,368,060, \$176,335,312 and \$165,762,339 at December 31, 2025, 2024 and 2023, respectively.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of 7.0% of risk-weighted assets as defined by the FCA. The permanent capital ratio measures available at-risk capital relative to risk-weighted assets and off-balance-sheet contingencies. The ratio is an indicator of the institution's financial capacity to absorb potential losses beyond that provided in the allowance for loss accounts. The Association's permanent capital ratio at December 31, 2025, 2024 and 2023 was 14.1%, 14.6% and 14.8%, respectively.

Under regulations that became effective January 1, 2017, the Association is required to maintain a minimum common equity tier 1 (CET1), tier 1 capital, and total capital ratios of 4.5%, 6.0% and 8.0%, along with a capital conservation buffer of 2.5% applicable to each ratio, respectively. The Association's common equity tier 1 ratio was 14.0%, tier 1 capital ratio was 14.0% and total capital ratio was 14.2% at December 31, 2025. Under the new regulations, the Association is required to maintain a minimum tier 1 leverage ratio of 4.0%, along with a leverage buffer of 1.0%, and a minimum unallocated retained earnings equivalents (UREE) leverage ratio of 1.5%. The Association's tier 1 leverage ratio was 13.7% and UREE leverage ratio was 13.4% at December 31, 2025. For additional information related to Association capital and related requirements and restrictions, refer to Note 10 to the consolidated financial statements, "Members' Equity," included in this annual report.

The CET1 capital ratio is an indicator of the institution's highest quality of capital and consists of unallocated retained earnings, qualifying common cooperative equities (CCEs) that meet the required holding periods, and paid-in capital. The tier 1 capital ratio is a measure of the institution's quality of capital and financial strength. The total capital ratio is supplementary to the tier 1 capital ratio, the components of which include qualifying CCEs subject to certain holding periods, third-party capital subject to certain holding periods and limitations, and allowance and reserve for credit losses subject to certain limitations. The tier 1 leverage ratio is used to measure the amount of leverage an institution has incurred against its capital base, of which at least 1.5% must be unallocated retained earnings (URE) and URE equivalents.

Risk-weighted:	Regulatory	Regulatory	As of December 31,		
	Minimums	Minimums with Buffer	2025	2024	2023
Common equity tier 1 ratio	4.5%	7.0%	<b>14.0%</b>	14.6%	14.8%
Tier 1 capital ratio	6.0%	8.5%	<b>14.0%</b>	14.6%	14.8%
Total capital ratio	8.0%	10.5%	<b>14.2%</b>	14.7%	14.9%
Permanent capital ratio	7.0%	7.0%	<b>14.1%</b>	14.6%	14.8%
<b>Non-risk-weighted:</b>					
Tier 1 leverage ratio	4.0%	5.0%	<b>13.7%</b>	14.5%	15.1%
UREE leverage ratio	1.5%	1.5%	<b>13.4%</b>	14.1%	14.7%

In 2025, 2024 and 2023, the Association paid patronage distributions of \$6,000,357, \$7,499,819 and \$7,499,837, respectively. In December 2025, the board of directors declared a \$4,000,000 patronage distribution to be paid in March 2026. See Note 10 to the consolidated financial statements, "Members' Equity," included in this annual report, for further information.

### Regulatory Matters:

At December 31, 2025, the Association was not under written agreements with the Farm Credit Administration (FCA). At December 31, 2023, the Association was under Special Supervision with the FCA; however, all requirements of FCA were satisfied, and the Association was released from the written agreement in June 2024.

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

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

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

### **Relationship with the Bank:**

The Association’s statutory obligation to borrow only from the Bank is discussed in Note 9, “Note Payable to the Bank,” in the accompanying consolidated financial statements.

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

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

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

### **Summary:**

Over the past 35 years, regardless of the state of the agricultural economy, your Association’s board of directors and management, as well as the board of directors and management of the Bank, have been committed to offering their borrowers a ready source of financing at a competitive price. Your continued support will be critical to the success of this Association.



## **Report of Independent Auditors**

To the Board of Directors of Mississippi Land Bank, ACA

### ***Opinion***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Other Information***

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

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

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, slightly slanted style.

Austin, Texas  
March 6, 2026

**MISSISSIPPI LAND BANK, ACA**

**CONSOLIDATED BALANCE SHEETS**

	December 31,		
	2025	2024	2023
<b><u>Assets</u></b>			
Cash	\$ 18,909	\$ 6,639	\$ 8,752
Investments	12,096,736	4,255,491	-
Loans	1,142,586,925	1,080,449,943	1,007,539,164
Less: allowance for credit losses on loans	1,874,870	1,587,296	1,272,602
Net loans	1,140,712,055	1,078,862,647	1,006,266,562
Accrued interest receivable	24,389,224	21,292,403	18,191,757
Investment in and receivable from the Farm Credit Bank of Texas:			
Capital stock	25,299,867	18,392,507	17,031,912
Other	5,650,547	4,767,513	3,260,832
Investment in other Farm Credit Institution	1,351,135	757,110	-
Premises and equipment	4,080,300	4,313,234	4,283,668
Other assets	895,358	502,223	417,195
Total assets	\$ 1,214,494,131	\$ 1,133,149,767	\$ 1,049,460,678
<b><u>Liabilities</u></b>			
Note payable to the Farm Credit Bank of Texas	\$ 1,000,246,712	\$ 928,973,948	\$ 857,631,905
Guaranteed obligations to government entities	12,048,478	12,814,426	10,596,794
Accrued interest payable	3,177,522	2,795,728	2,235,271
Drafts outstanding	790,947	909,853	717,084
Patronage distributions payable	4,000,230	6,000,587	7,500,406
Other liabilities	5,862,182	5,319,913	5,016,879
Total liabilities	1,026,126,071	956,814,455	883,698,339
<b><u>Members' Equity</u></b>			
Capital stock and participation certificates	4,503,755	4,379,405	4,168,360
Unallocated retained earnings	183,574,442	171,776,320	161,422,072
Accumulated other comprehensive income	289,863	179,587	171,907
Total members' equity	188,368,060	176,335,312	165,762,339
Total liabilities and members' equity	\$ 1,214,494,131	\$ 1,133,149,767	\$ 1,049,460,678

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

**MISSISSIPPI LAND BANK, ACA**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2025	2024	2023
<b><u>Interest Income</u></b>			
Loans	\$ 62,879,679	\$ 55,649,565	\$ 46,301,179
Investments	486,529	23,348	-
Total interest income	<u>63,366,208</u>	<u>55,672,913</u>	<u>46,301,179</u>
<b><u>Interest Expense</u></b>			
Note payable to the Farm Credit Bank of Texas	36,825,096	30,756,202	23,107,231
Advance conditional payments	-	53	589
Total interest expense	<u>36,825,096</u>	<u>30,756,255</u>	<u>23,107,820</u>
Net interest income	<u>26,541,112</u>	<u>24,916,658</u>	<u>23,193,359</u>
Provision for credit losses	<u>334,501</u>	<u>347,465</u>	<u>146,425</u>
Net interest income after provision for credit losses	<u>26,206,611</u>	<u>24,569,193</u>	<u>23,046,934</u>
<b><u>Noninterest Income</u></b>			
Income from the Farm Credit Bank of Texas:			
Patronage income	1,856,002	3,252,125	2,893,639
Loan fees	392,424	363,607	275,451
Refunds from Farm Credit System Insurance Corporation	169,174	269,779	-
Gain on sale of premises and equipment, net	-	81,051	58,286
Other noninterest income	238,164	129,777	8,633
Total noninterest income	<u>2,655,764</u>	<u>4,096,339</u>	<u>3,236,009</u>
<b><u>Noninterest Expenses</u></b>			
Salaries and employee benefits	8,315,348	7,689,991	6,311,721
Insurance Fund premiums	900,898	831,325	1,373,703
Occupancy and equipment	718,383	653,633	604,000
Purchased services	506,474	674,607	754,975
Travel	489,844	486,236	510,133
Supervisory and exam expense	387,455	390,243	355,517
Advertising	367,738	327,835	422,004
Public and member relations	281,471	298,375	284,514
Directors' expense	276,426	286,888	382,432
Communications	120,903	141,273	136,703
Other components of net periodic postretirement benefit cost	69,480	69,306	42,179
Other noninterest expense	650,606	453,935	413,622
Total noninterest expenses	<u>13,085,026</u>	<u>12,303,647</u>	<u>11,591,503</u>
Income before income taxes	<u>15,777,349</u>	<u>16,361,885</u>	<u>14,691,440</u>
Provision for (benefit from) income taxes	<u>(20,773)</u>	<u>7,637</u>	<u>33,095</u>
<b>NET INCOME</b>	<u>15,798,122</u>	<u>16,354,248</u>	<u>14,658,345</u>
Other comprehensive income:			
Change in postretirement benefit plans	110,276	7,680	(49,519)
<b>COMPREHENSIVE INCOME</b>	<u>\$ 15,908,398</u>	<u>\$ 16,361,928</u>	<u>\$ 14,608,826</u>

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	<b>Capital Stock/ Participation Certificates</b>	<b>Retained Earnings Unallocated</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Members' Equity</b>
Balance at December 31, 2022	\$ 3,950,590	\$ 154,255,637	\$ 221,426	\$ 158,427,653
Cumulative effect of a change in accounting principle	-	8,090	-	-
Balance at January 1, 2023	3,950,590	154,263,727	221,426	158,427,653
Comprehensive income	-	14,658,345	(49,519)	14,608,826
Capital stock/participation certificates issued	631,475	-	-	631,475
Capital stock/participation certificates retired	(413,705)	-	-	(413,705)
Patronage dividends:				
Cash	-	(7,500,000)	-	(7,500,000)
Balance at December 31, 2023	4,168,360	161,422,072	171,907	165,762,339
Comprehensive income	-	16,354,248	7,680	16,361,928
Capital stock/participation certificates issued	688,260	-	-	688,260
Capital stock/participation certificates retired	(477,215)	-	-	(477,215)
Patronage dividends:				
Cash	-	(6,000,000)	-	(6,000,000)
Balance at December 31, 2024	4,379,405	171,776,320	179,587	176,335,312
Comprehensive income	-	15,798,122	110,276	15,908,398
Capital stock/participation certificates issued	771,885	-	-	771,885
Capital stock/participation certificates retired	(647,535)	-	-	(647,535)
Patronage dividends:				
Cash	-	(4,000,000)	-	(4,000,000)
<b>Balance at December 31, 2025</b>	<b>\$ 4,503,755</b>	<b>\$ 183,574,442</b>	<b>\$ 289,863</b>	<b>\$ 188,368,060</b>

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

**MISSISSIPPI LAND BANK, ACA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>			
Net income	\$ 15,798,122	\$ 16,354,248	\$ 14,658,345
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	334,501	347,465	146,425
Depreciation	1,028,127	850,285	755,358
Allocated equity patronage from FCBT	-	-	(704,392)
Amortization (accretion) of net (premiums) discounts in investments	159,654	5,060	-
Gain on sale of premises and equipment, net	-	(81,051)	(58,286)
Increase in accrued interest receivable	(3,096,821)	(3,100,646)	(2,760,041)
Increase in other receivables from the Farm Credit Bank of Texas	(883,034)	(1,506,681)	(515,131)
(Increase) decrease in other assets	(406,335)	(71,829)	209,163
Increase in accrued interest payable	381,794	560,457	554,266
Increase (decrease) in other liabilities	646,352	308,603	(667,834)
Net cash provided by operating activities	<u>13,962,360</u>	<u>13,665,911</u>	<u>11,617,873</u>
<b>Cash flows from investing activities:</b>			
Increase in loans, net	(62,771,632)	(73,377,600)	(56,131,392)
Cash recoveries of loans previously charged off	1,110	-	3,711
Proceeds from purchase of investment in the Farm Credit Bank of Texas	(6,907,360)	(1,360,595)	(303,230)
Investment securities held-to-maturity	(7,987,699)	(4,273,750)	-
Investment in other Farm Credit Institutions	(594,025)	(757,110)	-
Purchases of premises and equipment	(202,387)	(716,192)	(785,238)
Proceeds from sales of premises and equipment	-	353,553	307,845
Net cash used in investing activities	<u>(78,461,993)</u>	<u>(80,131,694)</u>	<u>(56,908,304)</u>
<b>Cash flows from financing activities:</b>			
Net draws on note payable to the Farm Credit Bank of Texas	71,272,764	71,342,043	50,341,255
(Decrease) increase in guaranteed obligations to government entities	(765,948)	2,217,632	1,695,337
(Decrease) increase in drafts outstanding	(118,906)	192,769	534,646
Issuance of capital stock and participation certificates	771,885	688,260	631,475
Retirement of capital stock and participation certificates	(647,535)	(477,215)	(413,705)
Patronage distributions paid	(6,000,357)	(7,499,819)	(7,499,837)
Net cash provided by financing activities	<u>64,511,903</u>	<u>66,463,670</u>	<u>45,289,171</u>
Net increase (decrease) in cash	12,270	(2,113)	(1,260)
Cash at the beginning of the year	<u>6,639</u>	<u>8,752</u>	<u>10,012</u>
Cash at the end of the year	<u>\$ 18,909</u>	<u>\$ 6,639</u>	<u>\$ 8,752</u>

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2025	2024	2023
<b>Supplemental schedule of noncash investing and financing activities:</b>			
Loans charged off	\$ 41,844	\$ 30,660	\$ -
Patronage distributions declared	4,000,000	6,000,000	7,500,000
Transfer of allowance for credit losses on loans from (into) reserve for credit losses on unfunded commitments	(6,193)	(2,111)	8,976
<b>Supplemental cash flow information:</b>			
Cash paid during the year for:			
Interest	\$ 36,443,300	\$ 30,194,564	\$ 22,553,608

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

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

**NOTE 1 — ORGANIZATION AND OPERATIONS:**

- A. Organization: Mississippi Land Bank, ACA, including its wholly owned subsidiaries, Mississippi, PCA and Mississippi Land Bank, FLCA (collectively called the Association), is a member-owned cooperative that provides credit and credit-related services to, or for the benefit of, eligible borrowers/stockholders for qualified agricultural purposes in the counties of Alcorn, Attala, Benton, Bolivar, Calhoun, Chickasaw, Choctaw, Clay, Coahoma, DeSoto, Itawamba, Lafayette, Lee, Lowndes, Marshall, Monroe, Noxubee, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Webster, Winston, and Yalobusha in the state of Mississippi.

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

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

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

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

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

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

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

## NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### *Basis of Presentation and Consolidation*

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

### *Use of Estimates*

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

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

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

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

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

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

In December 2023, the FASB issued an update titled “Income Taxes: Improvements to Income Tax Disclosures.” The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this update require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a

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

- B. Cash: Cash, as included in the financial statements, represents cash on hand and deposits at banks.
- C. Investments: In accordance with the Farm Credit Administration regulations, the Association, with the approval of the Bank, may purchase and hold investments to manage risks. The Association must identify and evaluate how the investments that it purchases contribute to management of its risks. Only securities that are issued by or are unconditionally guaranteed or insured as to the timely payment of principal and interest by the United States Government or its agencies are investments that the Association may acquire. The total amount of investments allowed must not exceed 10% of the Association's total outstanding loans.

The Association's investments include Small Business Administration (SBA) pools that are 100% guaranteed by the United States Government for which the Association has the intent and ability to hold to maturity and which are consequently classified as held to maturity and reported at amortized cost. Purchased premiums are amortized into interest income over the term of the respective issues.

With respect to certain classes of debt securities, primarily U.S. Treasuries and government guaranteed agency securities, management considers the history of credit losses, current conditions and reasonable and supportable forecasts, that may indicate that the expectation that nonpayment of the amortized cost basis is or continues to be zero, even if the U.S. government were to technically default. Therefore, for those securities, system institutions do not record expected credit losses.

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

#### *Nonaccrual Loans*

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 is generally considered substandard or doubtful, which is in accordance with the loan rating model, as described below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain contractually past due until it is modified or until the entire amount past due, including principal, accrued interest and penalty interest incurred, as a result of past-due status, is collected or otherwise discharged in full.

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

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

#### *Accrued Interest Receivable*

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

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

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

### *Collateral Dependent Loans*

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

### *Allowance for Credit Losses*

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

- the allowance for credit losses on loans (ACLL), which covers the loan portfolio and is presented separately on the balance sheet,
- the allowance for credit losses on unfunded commitments, which is presented on the balance sheet in other liabilities, and
- the allowance for credit losses on investment securities, which covers held-to-maturity and available-for-sale securities and is recognized within each investment securities classification on the balance sheet, unless specifically excluded due to zero expected loss, such as investments that are 100% backed by the United States Government.

### *Allowance for Credit Losses on Loans*

The ACLL represents management's estimate of credit losses over the remaining expected life of loans. Loans are evaluated on the amortized cost basis, including premiums and discounts. The expected life of a loan is determined based on the contractual term of the loan, anticipated prepayment rates, cancellation features and certain extension and call options. The ACLL is estimated using a probability of default (PD) and loss given default (LGD) model wherein impairment is calculated by multiplying the PD (probability the loan will default in a given timeframe) by the LGD (percentage of the loan expected to be collected at default).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- F. **Other Property Owned, Net:** Other property owned, net, consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure, and is recorded at fair value less estimated selling costs upon acquisition and is included in other assets in the consolidated balance sheets. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses. On at least an annual basis, revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains (losses) on other property owned in the statements of comprehensive income.
- G. **Premises and Equipment:** Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method using estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are charged to operating expense, and improvements are capitalized. The Association purchases certain software to enhance or perform internal business functions. Software costs are charged to noninterest expense, while costs associated with implementing software systems are capitalized and amortized using the straight-line method over the life of the service contract. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.
- H. **Guaranteed Obligations to Government Entities:** Guaranteed obligations to government entities represents amounts owed to a state economic and community development agency by Associations borrowers and guaranteed by the Association.
- I. **Advance Conditional Payments:** The Association is authorized under the Act to accept advance payments from borrowers. To the extent that the borrower's access to such funds is restricted, the advance conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying consolidated balance sheets. Advance conditional payments are not insured. Interest is generally paid by the Association on such accounts at rates established by the board of directors.
- J. **Employee Benefit Plans:** Substantially all employees of the Association may be eligible to participate in either the District defined benefit retirement plan (DB Plan) or the defined contribution plan (DC Plan). All eligible employees may participate in the Farm Credit Benefits Alliance 401(k) Plan. Also, the Association sponsors a nonqualified defined contribution 401(k) plan. The DB Plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB Plan is noncontributory and provides benefits based on salary and years of service. The "projected unit credit" actuarial method is used for financial reporting and funding purposes for the DB Plan.

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

The structure of the District's DB Plan is characterized as multi-employer, since neither the assets, liabilities nor costs of the plan are segregated or separately accounted for by the associations. No portion of any surplus assets is available to the associations, nor are the associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC Plan of \$379,894, \$316,228 and \$307,788 for the years ended December 31, 2025, 2024 and 2023, respectively. For the DB Plan, the Association recognized pension costs of \$178,689, \$135,502 and \$229,645 for the years ended December 31, 2025, 2024 and 2023, respectively.

The Association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the associations to match 100% of employee contributions up to 3.0% of eligible earnings and to match 50% of employee contributions for the next 2.0% of employee contributions, up to a maximum employer contribution of 4.0% of eligible earnings. Association 401(k) plan costs are expensed as incurred. The Association's contributions to the 401(k) plan were \$258,528, \$209,361 and \$207,387 for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition to the DB Plan, the DC Plan and the Farm Credit Benefits Alliance 401(k) plans above, the Association sponsors a defined contribution supplemental retirement plan. This plan is a nonqualified 401(k) plan; therefore, the associated liabilities are included in the Association's consolidated balance sheets in other liabilities. The expenses of the nonqualified plan included in the Association's employee benefit costs were \$21,337, \$1,956 and \$455 for the years ended December 31, 2025, 2024 and 2023, respectively.

In addition to pension benefits, the Association provides certain health care and life insurance benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer and, consequently, the liability for these benefits is included in other liabilities on the consolidated balance sheets. Employees hired prior to January 1, 2004, and who are at least 55 years of age (or at least age 50 with 30 years of service) may retire and have their medical premium paid on a percentage of cost sharing basis predicated on length of employment service. Employees hired before this date who have reached the age requirement and have 25 years of service will receive 100% of their medical premium paid. Employees hired after January 1, 2004, will be eligible for access only to retiree medical benefits for themselves but will be responsible for 100% of the premium.

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

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

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

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

The fair value disclosures are presented in Note 14, "Fair Value Measurements."

N. 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 — INVESTMENTS:**

*Held-to-Maturity Investments:*

During 2024, the Association purchased investments in certain SBA investment pools. The following is a summary of mission-related and other investments that are held to maturity as of December 31, 2025 and 2024. There were no investment securities held by the Association during the year ending December 31, 2023.

		December 31, 2025				
		Gross	Gross			
		Unrealized	Unrealized	Fair Value	Weighted Average	
		Gains	Losses			Yield
		Amortized Cost				
SBA investments	\$	12,096,736	\$ 27,090	\$ (18,694)	\$ 12,105,132	5.4 %
December 31, 2024						
		Gross	Gross			
		Unrealized	Unrealized	Fair Value	Weighted Average	
		Gains	Losses			Yield
		Amortized Cost				
SBA investments	\$	4,255,491	\$ 2,237	\$ (28,397)	4,229,331	5.9 %

The following table is a summary of the contractual maturity, fair value, amortized cost and weighted average yield of mission-related and other investments held to maturity at December 31, 2025 and 2024:

		December 31, 2025				
		SBA investments				
		Due in 1 year	Due after 1 year	Due after 5 years	Due after 10 years	Total
		or less	through 5 years	through 10 years		
		Amount	Amount	Amount	Amount	Amount
Fair value	\$	-	-	3,722,704	8,382,428	12,105,132
Amortized cost	-	-	-	3,703,729	8,393,007	12,096,736
Weighted average yield	-	-	0.0%	5.2%	5.5%	5.4%
December 31, 2024						
		SBA investments				
		Due in 1 year	Due after 1 year	Due after 5 years	Due after 10 years	Total
		or less	through 5 years	through 10 years		
		Amount	Amount	Amount	Amount	Amount
Fair value	\$	-	-	-	4,229,331	4,229,331
Amortized cost	-	-	-	-	4,255,491	4,255,491
Weighted average yield	-	-	-	-	5.9%	5.9%

With the implementation of the CECL standard on January 1, 2023, associations are required to evaluate investment securities with unrealized losses for impairment on a quarterly basis. As part of its quarterly assessment, the Association determined that it does not intend to sell these securities nor is it more likely than not that the Association would be required to sell the securities prior to recovery of the amortized cost basis. The investments held by the Association are 100% guaranteed by the United States Government under the Small Business Administration and are anticipated to be held to maturity. Accounting guidance does not require an entity to measure expected credit losses on a financial asset or group of financial assets if historical information, adjusted for current conditions and reasonable and supportable forecasts, results in an expectation that nonpayment of the amortized cost basis is zero. With the SBA pools having a 100% government-backed guarantee, the Association considers these investments to have zero expected loss.

## NOTE 4 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS:

A summary of loans as of December 31 follows:

Loan Type	2025		2024		2023	
	Amount	%	Amount	%	Amount	%
Real estate mortgage	\$ 922,811,869	80.8%	\$ 858,994,486	79.6%	\$ 805,054,121	80.0%
Production and intermediate-term	145,813,310	12.8%	151,050,578	14.0%	135,561,230	13.5%
Agribusiness:						
Processing and marketing	36,985,142	3.2%	37,663,769	3.5%	29,377,711	2.9%
Farm-related business	2,678,142	0.2%	3,650,006	0.3%	6,279,928	0.6%
Loans to cooperatives	-	0.0%	104,598	0.0%	1,202,598	0.1%
Rural residential real estate	22,856,708	2.0%	15,335,000	1.4%	14,456,857	1.4%
Agricultural export finance	3,500,000	0.3%	2,500,000	0.2%	2,500,000	0.2%
Communication	3,312,238	0.3%	4,494,876	0.4%	5,233,754	0.5%
Energy	2,998,144	0.3%	2,997,244	0.3%	2,996,342	0.3%
Water and waste-water	1,631,372	0.1%	3,659,386	0.3%	4,876,623	0.5%
Total	\$ 1,142,586,925	100.0%	\$ 1,080,449,943	100.0%	\$ 1,007,539,164	100.0%

The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding participations purchased and sold as of December 31, 2025:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
	Agribusiness	\$ 28,962,491	\$ 2,531,338	\$ -	\$ -	\$ 28,962,491
Real estate mortgage	-	3,956,963	21,007,674	-	21,007,674	3,956,963
Production and intermediate-term	5,286,947	2,590,187	-	-	5,286,947	2,590,187
Agricultural export finance	3,500,000	-	-	-	3,500,000	-
Communication	3,312,238	-	-	-	3,312,238	-
Energy	2,998,144	-	-	-	2,998,144	-
Water and waste-water	1,631,372	-	-	-	1,631,372	-
Total	\$ 45,691,192	\$ 9,078,488	\$ 21,007,674	\$ -	\$ 66,698,866	\$ 9,078,488

### Credit Quality

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

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

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

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

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

	2025	2024	2023
Real estate mortgage			
Acceptable	98.3 %	99.1 %	99.8 %
OAEM	1.4	0.7	0.1
Substandard/doubtful	0.3	0.1	0.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Production and intermediate term			
Acceptable	95.2	96.4	99.2
OAEM	4.4	3.6	0.6
Substandard/doubtful	0.4	-	0.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Loans to cooperatives			
Acceptable	-	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>-</u>	<u>100.0</u>	<u>100.0</u>
Processing and marketing			
Acceptable	74.3	73.3	100.0
OAEM	-	26.7	-
Substandard/doubtful	25.7	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Farm-related business			
Acceptable	100.0	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Communication			
Acceptable	100.0	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Energy			
Acceptable	100.0	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Water and waste-water			
Acceptable	100.0	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Rural residential real estate			
Acceptable	99.5	99.9	99.8
OAEM	-	-	-
Substandard/doubtful	0.5	0.1	0.2
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Agricultural export finance			
Acceptable	100.0	100.0	100.0
OAEM	-	-	-
Substandard/doubtful	-	-	-
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Total Loans			
Acceptable	97.1	97.9	99.8
OAEM	1.7	2.0	0.1
Substandard/doubtful	1.2	0.1	0.1
	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Accrued interest receivable on loans of \$24,326,139, \$21,292,403 and \$18,191,757 at December 31, 2025, 2024 and 2023, respectively, has been excluded from the amortized cost of loans and is reported separately in the balance sheets. During 2025, the Association reversed \$32,585 in accrued interest receivable against interest income. The Association did not reverse any accrued interest receivable from interest income during the years ending December 31, 2024 and 2023.

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

Approximately 51% of the Association’s portfolio is comprised of row crop commodities, primarily soybeans, cotton, corn and rice, which is currently under significant pressure from continued high input costs, low commodity prices, and pressures from recent tariffs and international trade agreements. While collectively this is a large portion of the portfolio, the risk is mitigated by diversification among a variety of row crops and low loan-to-appraised values and stable collateral values in these markets. Other leading commodities are timber (23%), cattle and livestock (10%) and poultry (5%). Much of the repayment capacity of loans in these commodities is also heavily dependent on off-farm sources of income.

To mitigate the risk of loan losses, the Association has obtained loan guarantees in the form of standby commitments to purchase qualifying loans from Farmer Mac through an arrangement with the Bank. The agreements, which will remain in place until the loans are paid in full, give the Association the right to sell the loans identified in the agreements to Farmer Mac in the event of defaults (typically four months past due), subject to certain conditions. At December 31, 2025 and 2024, loans totaling \$33,681,299 and \$39,804,255, respectively, were guaranteed by these commitments. Fees paid for these guarantees totaled \$132,117 and \$58,087 in 2025 and 2024, respectively, and are included in other noninterest expense. The Association did not have any Farmer Mac loan guarantees during the year ending December 31, 2023, nor did it incur any fees related to Farmer Mac guarantees.

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

	<b>December 31, 2025</b>	December 31, 2024	December 31, 2023
<b>Nonaccrual loans:</b>			
Real estate mortgage	\$ 428,026	\$ 148,144	\$ 207,650
Production and intermediate-term	-	-	216,633
Rural residential real estate	<b>124,406</b>	-	-
Total nonaccrual loans	<b>552,432</b>	148,144	424,283
<b>Total nonperforming assets</b>	<b>\$ 552,432</b>	<b>\$ 148,144</b>	<b>\$ 424,283</b>
Nonaccrual loans as a percentage of total loans	<b>0.05%</b>	0.01%	0.04%
Nonperforming assets as a percentage of total loans and other property owned	<b>0.05%</b>	0.01%	0.04%
Nonperforming assets as a percentage of capital	<b>0.29%</b>	0.08%	0.26%

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for credit losses, as well as interest income recognized on nonaccrual during the periods ending December 31, 2025, 2024 and 2023:

	December 31, 2025			Interest Income Recognized For the Year Ended December 31, 2025
	Amortized Cost			
	Amortized Cost with Allowance	without Allowance	Total	
<b>Nonaccrual loans:</b>				
Real estate mortgage	\$ -	\$ 428,026	\$ 428,026	\$ 5,307
Rural residential real estate	-	124,406	124,406	27,274
<b>Total nonaccrual loans</b>	<b>\$ -</b>	<b>\$ 552,432</b>	<b>\$ 552,432</b>	<b>\$ 32,581</b>

	December 31, 2024			Interest Income Recognized For the Year Ended December 31, 2024
	Amortized Cost			
	Amortized Cost with Allowance	without Allowance	Total	
Nonaccrual loans:				
Real estate mortgage	\$ -	\$ 148,440	\$ 148,440	\$ 5,517
<b>Total nonaccrual loans</b>	<b>\$ -</b>	<b>\$ 148,440</b>	<b>\$ 148,440</b>	<b>\$ 5,517</b>

	December 31, 2023			Interest Income Recognized For the Year Ended December 31, 2023
	Amortized Cost			
	Amortized Cost with Allowance	without Allowance	Total	
Nonaccrual loans:				
Real estate mortgage	\$ -	\$ 207,650	\$ 207,650	\$ 9,542
Production and intermediate-term	216,633	-	216,633	-
<b>Total nonaccrual loans</b>	<b>\$ 216,633</b>	<b>\$ 207,650</b>	<b>\$ 424,283</b>	<b>\$ 9,542</b>

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

December 31, 2025:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Amortized Cost >90 Days and Accruing
Real estate mortgage	\$ 724,063	\$ -	\$ 724,063	\$ 922,087,806	\$ 922,811,869	\$ -
Production and intermediate-term	20,576	-	20,576	145,792,734	145,813,310	-
Processing and marketing	-	-	-	36,985,142	36,985,142	-
Rural residential real estate	125,683	-	125,683	22,731,025	22,856,708	-
Agricultural export finance	-	-	-	3,500,000	3,500,000	-
Communication	-	-	-	3,312,238	3,312,238	-
Energy	-	-	-	2,998,144	2,998,144	-
Farm-related business	-	-	-	2,678,142	2,678,142	-
Water and waste-water	-	-	-	1,631,372	1,631,372	-
<b>Total</b>	<b>\$ 870,322</b>	<b>\$ -</b>	<b>\$ 870,322</b>	<b>\$ 1,141,716,603</b>	<b>\$ 1,142,586,925</b>	<b>\$ -</b>

December 31, 2024:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Amortized Cost >90 Days and Accruing
Real estate mortgage	\$ 1,340,926	\$ -	\$ 1,340,926	\$ 857,653,560	\$ 858,994,486	\$ -
Production and intermediate-term	205,322	-	205,322	150,845,256	151,050,578	-
Processing and marketing	-	-	-	37,663,769	37,663,769	-
Rural residential real estate	-	-	-	15,335,000	15,335,000	-
Communication	-	-	-	4,494,876	4,494,876	-
Water and waste-water	-	-	-	3,659,386	3,659,386	-
Farm-related business	-	-	-	3,650,006	3,650,006	-
Energy	-	-	-	2,997,244	2,997,244	-
Agricultural export finance	-	-	-	2,500,000	2,500,000	-
Loans to cooperatives	-	-	-	104,598	104,598	-
Total	\$ 1,546,248	\$ -	\$ 1,546,248	\$ 1,078,903,695	\$ 1,080,449,943	\$ -

December 31, 2023:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Amortized Cost >90 Days and Accruing
Real estate mortgage	\$ 563,333	\$ -	\$ 563,333	\$ 804,490,788	\$ 805,054,121	\$ -
Production and intermediate-term	116,038	-	116,038	135,445,192	135,561,230	-
Processing and marketing	-	-	-	29,377,711	29,377,711	-
Rural residential real estate	142,260	-	142,260	14,314,597	14,456,857	-
Farm-related business	-	-	-	6,279,928	6,279,928	-
Communication	-	-	-	5,233,754	5,233,754	-
Water and waste-water	-	-	-	4,876,623	4,876,623	-
Energy	-	-	-	2,996,342	2,996,342	-
Agricultural export finance	-	-	-	2,500,000	2,500,000	-
Loans to cooperatives	-	-	-	1,202,598	1,202,598	-
Total	\$ 821,631	\$ -	\$ 821,631	\$ 1,006,717,533	\$ 1,007,539,164	\$ -

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral-dependent loans are primarily agribusiness and energy loans.

### Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon the adoption of CECL accounting guidance, creditors are required to disclose specific modifications with borrowers who are experiencing financial difficulty. At December, 31, 2025, 2024 and 2023, the Association did not have any loans that had been modified with borrowers who were experiencing financial difficulty.

### Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base, but the Association's board of directors has generally established more restrictive lending limits.

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

	Real Estate Mortgage	Production and Intermediate- Term	Agri-business	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	Agricultural Export Finance	Total
<b>Allowance for Credit Losses on Loans:</b>									
Balance at December 31, 2024	\$ 1,394,696	\$ 118,734	\$ 31,102	\$ 7,880	\$ 1,068	\$ 2,539	\$ 30,464	\$ 813	\$ 1,587,296
Charge-offs	(9,479)	(32,365)	-	-	-	-	-	-	(41,844)
Recoveries	1,110	-	-	-	-	-	-	-	1,110
Provision for credit losses (credit loss reversal)	273,551	52,344	6,283	(829)	(234)	(1,370)	(1,535)	98	328,308
Balance at December 31, 2025	<b>\$ 1,659,878</b>	<b>\$ 138,713</b>	<b>\$ 37,385</b>	<b>\$ 7,051</b>	<b>\$ 834</b>	<b>\$ 1,169</b>	<b>\$ 28,929</b>	<b>\$ 911</b>	<b>\$ 1,874,870</b>

<b>Allowance for Credit Losses on Unfunded Commitments:</b>									
Balance at December 31, 2024	\$ 24	\$ 9,973	\$ 9,183	\$ 470	\$ -	\$ 755	\$ 83	\$ 423	\$ 20,911
Provision for credit losses (credit loss reversal)	84	5,663	1,794	(412)	-	(585)	72	(423)	6,193
Balance at December 31, 2025	<b>\$ 108</b>	<b>\$ 15,636</b>	<b>\$ 10,977</b>	<b>\$ 58</b>	<b>\$ -</b>	<b>\$ 170</b>	<b>\$ 155</b>	<b>\$ -</b>	<b>\$ 27,104</b>

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	Agricultural Export Finance	Total
<b>Allowance for Credit Losses on Loans:</b>									
Balance at December 31, 2023	\$ 990,240	\$ 204,890	\$ 30,769	\$ 10,803	\$ 1,219	\$ 3,820	\$ 29,938	\$ 923	\$ 1,272,602
Charge-offs	-	(30,660)	-	-	-	-	-	-	(30,660)
Provision for credit losses (credit loss reversal)	404,456	(55,496)	333	(2,923)	(151)	(1,281)	526	(110)	345,354
Balance at December 31, 2024	<b>\$ 1,394,696</b>	<b>\$ 118,734</b>	<b>\$ 31,102</b>	<b>\$ 7,880</b>	<b>\$ 1,068</b>	<b>\$ 2,539</b>	<b>\$ 30,464</b>	<b>\$ 813</b>	<b>\$ 1,587,296</b>

<b>Allowance for Credit Losses on Unfunded Commitments:</b>									
Balance at December 31, 2023	\$ 45	\$ 6,944	\$ 10,445	\$ 177	\$ -	\$ 637	\$ 32	\$ 520	\$ 18,800
Provision for credit losses (credit loss reversal)	(21)	3,029	(1,262)	293	-	118	51	(97)	2,111
Balance at December 31, 2024	<b>\$ 24</b>	<b>\$ 9,973</b>	<b>\$ 9,183</b>	<b>\$ 470</b>	<b>\$ -</b>	<b>\$ 755</b>	<b>\$ 83</b>	<b>\$ 423</b>	<b>\$ 20,911</b>

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi- cations	Energy	Water and Wastewater	Rural Residential Real Estate	Agricultural Export Finance	Total
<b>Allowance for Credit Losses on Loans:</b>									
Balance at December 31, 2022	\$ 929,504	\$ 57,108	\$ 34,165	\$ 1,838	\$ 67,316	\$ 1,373	\$ 30,275	\$ -	\$ 1,121,579
Cumulative effect of a change in accounting principle	(15,922)	20,502	(2,559)	1,294	-	511	(448)	-	3,378
Balance at January 1, 2023	913,582	77,610	31,606	3,132	67,316	1,884	29,827	-	1,124,957
Recoveries	-	-	-	-	3,711	-	-	-	3,711
Provision for credit losses (credit loss reversal)	76,574	129,780	(436)	7,409	(69,808)	2,377	72	457	146,425
Other	84	(2,500)	(401)	262	-	(441)	39	466	(2,491)
Balance at December 31, 2023	<b>\$ 990,240</b>	<b>\$ 204,890</b>	<b>\$ 30,769</b>	<b>\$ 10,803</b>	<b>\$ 1,219</b>	<b>\$ 3,820</b>	<b>\$ 29,938</b>	<b>\$ 923</b>	<b>\$ 1,272,602</b>
<b>Allowance for Credit Losses on Unfunded Commitments:</b>									
Balance at December 31, 2022	\$ 501	\$ 12,895	\$ 11,773	\$ 328	\$ -	\$ 1,115	\$ 379	\$ 786	\$ 27,777
Cumulative effect of a change in accounting principle	(372)	(8,451)	(1,729)	111	-	(919)	(308)	200	(11,468)
Balance at January 1, 2023	129	4,444	10,044	439	-	196	71	986	16,309
Provision for credit losses (credit loss reversal)	(84)	2,500	401	(262)	-	441	(39)	(466)	2,491
Balance at December 31, 2023	<b>\$ 45</b>	<b>\$ 6,944</b>	<b>\$ 10,445</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 637</b>	<b>\$ 32</b>	<b>\$ 520</b>	<b>\$ 18,800</b>

The allowance for credit losses on loans as of December 31, 2025 was \$1,874,870, reflecting an increase of \$287,574 from December 31, 2024. The increase was driven by increased loan volume, credit deterioration, and changes in economic outlook throughout the country.

The Association's macroeconomic forecast includes a weighted average selection of a third-party vendor's economic scenarios over a reasonable and supportable forecast period of two years. The economic scenarios utilized in the December 31, 2025, estimate for the allowance for credit losses were based on the following: a baseline scenario which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

## NOTE 5 — INVESTMENT IN THE FARM CREDIT BANK OF TEXAS

The investment in the Farm Credit Bank of Texas is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying consolidated balance sheets. Estimating the fair value of the Association's investment in the Farm Credit Bank of Texas is not practicable because the stock is not traded. The Association owned 3.49%, 3.38% and 3.29% of the issued stock of the Bank as of December 31, 2025, 2024 and 2023. As of those dates, the Bank's assets totaled \$42.15 billion, \$39.50 billion and \$37.28 billion and members' equity totaled \$2.10 billion, \$1.78 billion and \$1.69 billion, respectively. The Bank's earnings were \$212.3 million, \$222.0 million and \$199.9 million during 2025, 2024 and 2023, respectively.

**NOTE 6 — PREMISES AND EQUIPMENT:**

Premises and equipment consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 3,955,245	\$ 3,934,108	\$ 3,901,938
Automobiles	1,247,904	1,115,068	1,110,296
Land and improvements	1,003,200	1,003,200	1,003,200
Furniture and equipment	490,601	499,150	487,511
Computer equipment and software	344,649	326,631	317,654
	<u>7,041,599</u>	<u>6,878,157</u>	<u>6,820,599</u>
Accumulated depreciation	(2,961,299)	(2,564,923)	(2,536,931)
Total	<u>\$ 4,080,300</u>	<u>\$ 4,313,234</u>	<u>\$ 4,283,668</u>

During the years 2025, 2024 and 2023, the Association leased office space in Clarksdale, Cleveland, Kosciusko and Tunica. Lease expense was \$68,100, \$62,400 and \$57,600 for 2025, 2024 and 2023, respectively. For 2026 and thereafter, the Association no longer leases office space in Kosciusko, and lease agreements are in place for two of the leased locations, while the third is on a month-to-month agreement. Minimum annual lease payments for the next five years are as follows:

	<u>Operating Leases</u>	
2026	\$	66,300
2027		56,700
2028		43,100
2029		36,300
2030		15,125
Thereafter		-
Total	<u>\$</u>	<u>217,525</u>

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

The Association held no other property owned at December 31, 2025, 2024 or 2023.

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

Other assets comprised the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 384,752	\$ 56,191	\$ 85,465
Captive insurance receivable	327,663	301,093	298,464
Right-of-use asset	152,872	116,979	-
Other	30,071	27,960	33,266
Total	<u>\$ 895,358</u>	<u>\$ 502,223</u>	<u>\$ 417,195</u>

Other liabilities comprised the following at December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Payroll and benefits payable	\$ 2,339,214	\$ 2,209,364	\$ 1,198,903
Accumulated postretirement benefit obligation	1,383,252	1,468,894	1,452,091
Insurance Fund premiums payable	900,898	828,910	1,373,703
Outstanding accounts payable	631,009	390,954	557,551
Lease liability	152,872	56,191	85,465
Other	454,937	365,600	349,166
Total	<u>\$ 5,862,182</u>	<u>\$ 5,319,913</u>	<u>\$ 5,016,879</u>

## **NOTE 9 — NOTE PAYABLE TO THE BANK:**

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

The total amount and the weighted average interest rate of the Association's direct loan from the Bank at December 31, 2025, 2024 and 2023, was \$1,000,246,712 at 3.82%, \$928,973,948 at 3.62% and \$857,631,905 at 3.23%, respectively.

Under the Act, the Association is obligated to borrow only from the Bank unless the Bank approves borrowing from other funding sources. The Bank and FCA regulations have established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, 2024 and 2023, the Association's note payable was within the specified limitations. The maximum amount the Association may borrow from the Bank as of December 31, 2025, was \$1,200,000,000, as defined by the general financing agreement.

In addition to borrowing limits, the financing agreement establishes certain covenants including limits on leases, investments, other debt, and dividend and patronage distributions; minimum standards for return on assets and for liquidity; and provisions for conducting business, maintaining records, reporting financial information, and establishing policies and procedures. Remedies specified in the general financing agreement associated with the covenants include additional reporting requirements, development of action plans, increases in interest rates on indebtedness, reduction of lending limits or repayment of indebtedness. As of and for the years ended December 31, 2025, 2024 and 2023, the Association was not subject to remedies associated with the covenants in the general financing agreement. Other than our funding relationship with the Bank, we have no other uninsured or insured debt.

## **NOTE 10 — MEMBERS' EQUITY:**

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

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

In accordance with the Act and the Association's capitalization bylaws, each borrower is required to invest in the Association as a condition of borrowing. The investment in Class A capital stock (for farm loans) or participation certificates (for rural home or farm-related business loans) is equal to 2% of the loan amount, up to a maximum amount of \$1,000 per loan. Prior to January 1, 2020, loans made under the PCA were subject to a stock requirement of 2% of the loan amount, up to a maximum of \$1,000 per customer. Effective January 1, 2020, all new loans made by the Association, regardless of whether they were made under the FLCA or PCA, are all subject to a stock requirement of 2% of the loan amount, up to a maximum of \$1,000. If needed to meet regulatory capital adequacy requirements, the board of directors of the Association may increase the percentage of stock requirement for each borrower up to a maximum of 10% of the loan amount.

The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, usually by adding the aggregate par value of the capital stock or participation certificates to the principal amount of the related loan obligation. The capital stock or participation certificates are subject to a first lien by the Association. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding capital stock or participation certificates. Our bylaws generally permit stock and participation certificates to be retired at the discretion of our board of directors and in accordance 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.

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

Within two years of repayment of a loan, the Association capital bylaws require the conversion of any borrower’s outstanding Class A stock to Class C stock. Class C stock has no voting rights except in a case where a new issuance of preferred stock has been submitted to stockholders affected by the preference. Owners of Class C stock shall not share in any patronage distributions, and redemption of Class C shares is made solely at the discretion of the Association’s board of directors. At December 31, 2025, 2024 and 2023, the Association had no shares of Class C stock outstanding.

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Class A stock	\$ 876,250	\$ 855,814	\$ 812,966
Participation certificates	24,501	20,067	20,706
Total	<u>\$ 900,751</u>	<u>\$ 875,881</u>	<u>\$ 833,672</u>

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

<u>Date Declared</u>	<u>Date Paid</u>	<u>Patronage</u>
<b>December 2025</b>	<b>March 2026</b>	<b>\$4,000,000</b>
December 2024	February 2025	6,000,000
December 2023	February 2024	7,500,000

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations. As of December 31, 2025, the Association is not prohibited from retiring stock or distributing earnings; furthermore, neither the board nor senior management knows of any such prohibitions that may apply during the subsequent year.

The following sets forth the regulatory capital ratio requirements and ratios:

Risk-weighted:	Regulatory	Regulatory	As of December 31,		
	Minimums	Minimums with Buffer	2025	2024	2023
Common equity tier 1 ratio	4.5%	7.0%	<b>14.0%</b>	14.6%	14.8%
Tier 1 capital ratio	6.0%	8.5%	<b>14.0%</b>	14.6%	14.8%
Total capital ratio	8.0%	10.5%	<b>14.2%</b>	14.7%	14.9%
Permanent capital ratio	7.0%	7.0%	<b>14.1%</b>	14.6%	14.8%
Non-risk-weighted:					
Tier 1 leverage ratio	4.0%	5.0%	<b>13.7%</b>	14.5%	15.1%
UREE leverage ratio	1.5%	1.5%	<b>13.4%</b>	14.1%	14.7%

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

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

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

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

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to revolving, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-weighted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-weighted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance and reserve for credit losses under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-weighted assets.
- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by PCR risk-weighted assets.
- Tier 1 leverage ratio is tier 1 capital (at least 1.5% must be URE and URE equivalents), including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in capital, allocated surplus not subject to revolving less certain regulatory required deductions including the amount of allocated investments in other System institutions, divided by average assets less regulatory deductions subject to tier 1 capital.

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

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

	at December 31, 2025			
	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	\$ 184,398,041	\$ 184,398,041	\$ 184,398,041	\$ 184,398,041
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	4,499,235	4,499,235	4,499,235	4,499,235
Allowance for loan losses and reserve for credit losses subject to certain limitations*	-	-	1,833,062	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(25,284,985)	(25,284,985)	(25,284,985)	(25,284,985)
	<u>\$ 163,612,291</u>	<u>\$ 163,612,291</u>	<u>\$ 165,445,353</u>	<u>\$ 163,612,291</u>
Denominator:				
Risk-adjusted assets excluding allowance	\$ 1,191,229,940	\$ 1,191,229,940	\$ 1,191,229,940	\$ 1,191,229,940
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(25,284,985)	(25,284,985)	(25,284,985)	(25,284,985)
Allowance for loan losses	-	-	-	(1,800,391)
	<u>\$ 1,165,944,955</u>	<u>\$ 1,165,944,955</u>	<u>\$ 1,165,944,955</u>	<u>\$ 1,164,144,564</u>

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

	at December 31, 2024			
	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
<b>Numerator:</b>				
Unallocated retained earnings	\$ 173,849,863	\$ 173,849,863	\$ 173,849,863	\$ 173,849,863
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	4,372,963	4,372,963	4,372,963	4,372,963
Allowance for loan losses and reserve for credit losses subject to certain limitations*	-	-	1,383,919	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(17,819,257)	(17,819,257)	(17,819,257)	(17,819,257)
	<u>\$ 160,403,569</u>	<u>\$ 160,403,569</u>	<u>\$ 161,787,488</u>	<u>\$ 160,403,569</u>
<b>Denominator:</b>				
Risk-adjusted assets excluding allowance	\$ 1,120,457,459	\$ 1,120,457,459	\$ 1,120,457,459	\$ 1,120,457,459
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(17,819,257)	(17,819,257)	(17,819,257)	(17,819,257)
Allowance for loan losses	-	-	-	(1,363,517)
	<u>\$ 1,102,638,202</u>	<u>\$ 1,102,638,202</u>	<u>\$ 1,102,638,202</u>	<u>\$ 1,101,274,685</u>

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

	at December 31, 2023			
	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
<b>Numerator:</b>				
Unallocated retained earnings	\$ 165,401,315	\$ 165,401,315	\$ 165,401,315	\$ 165,401,315
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	4,149,145	4,149,145	4,149,145	4,149,145
Allowance for loan losses and reserve for credit losses subject to certain limitations*	-	-	1,081,198	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(16,042,224)	(16,042,224)	(16,042,224)	(16,042,224)
	<u>\$ 153,508,236</u>	<u>\$ 153,508,236</u>	<u>\$ 154,589,434</u>	<u>\$ 153,508,236</u>
<b>Denominator:</b>				
Risk-adjusted assets excluding allowance	\$ 1,055,157,292	\$ 1,055,157,292	\$ 1,055,157,292	\$ 1,055,157,292
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(16,042,224)	(16,042,224)	(16,042,224)	(16,042,224)
Allowance for loan losses	-	-	-	(1,064,806)
	<u>\$ 1,039,115,068</u>	<u>\$ 1,039,115,068</u>	<u>\$ 1,039,115,068</u>	<u>\$ 1,038,050,262</u>

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

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

	at December 31, 2025	
	Tier 1 leverage ratio	UREE leverage ratio
<b>Numerator:</b>		
Unallocated retained earnings	\$ 184,398,041	\$ 184,398,041
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	4,499,235	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other		
System institutions	(25,284,985)	(25,284,985)
	<u>\$ 163,612,291</u>	<u>\$ 159,113,056</u>
<b>Denominator:</b>		
Total Assets	\$ 1,218,777,938	\$ 1,218,777,938
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(27,256,307)	(27,256,307)
	<u>\$ 1,191,521,631</u>	<u>\$ 1,191,521,631</u>
	at December 31, 2024	
	Tier 1 leverage ratio	UREE leverage ratio
<b>Numerator:</b>		
Unallocated retained earnings	\$ 173,849,863	\$ 173,849,863
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	4,372,963	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other		
System institutions	(17,819,257)	(17,819,257)
	<u>\$ 160,403,569</u>	<u>\$ 156,030,606</u>
<b>Denominator:</b>		
Total Assets	\$ 1,130,441,590	\$ 1,130,441,590
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(20,486,931)	(20,486,931)
	<u>\$ 1,109,954,659</u>	<u>\$ 1,109,954,659</u>
	at December 31, 2023	
	Tier 1 leverage ratio	UREE leverage ratio
<b>Numerator:</b>		
Unallocated retained earnings	\$ 165,401,315	\$ 165,401,315
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	4,149,145	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other		
System institutions	(16,042,224)	(16,042,224)
	<u>\$ 153,508,236</u>	<u>\$ 149,359,091</u>
<b>Denominator:</b>		
Total Assets	\$ 1,034,751,441	\$ 1,034,751,441
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(18,218,274)	(18,218,274)
	<u>\$ 1,016,533,167</u>	<u>\$ 1,016,533,167</u>

The board of directors of the Association has promulgated a detailed and specific Capital Adequacy Plan (Plan) to address current and future needs of its borrowers. The framework of the Plan is based on the specific circumstances of the Association and its borrowers, as well as regulatory requirements of the FCA. The Plan defines and measures the Association's goals and performance in large part based on the District's financial performance standards for associations. At least quarterly, management and the board of directors review the Association's financial performance, key capital ratios, asset quality, the adequacy of the allowance for loan losses, the sufficiency of liquid funds and internal controls. The objectives of the board of directors, as outlined in the Plan, include, but are not limited to, sustained profitability and reasonable protection against risks inherent in the Association's operations, exceeding all minimum regulatory requirements and maximizing return on capital. A strong capital base, as outlined in the Plan, will afford the Association an opportunity to position itself to address the changing lending environment and provide the highest-quality service to its shareholders.

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

An additional component of the Association's equity is accumulated other comprehensive income (loss), which relates entirely to its nonpension other postretirement benefits. The following table summarizes the changes in accumulated other comprehensive income and the location on the income statement for the year ended December 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accumulated other comprehensive income (loss) at January 1	\$ 179,587	\$ 171,907	\$ 221,426
Actuarial gains (losses)	117,862	16,635	(20,585)
Amortization of prior service (credit) costs included in salaries and employee benefits	<u>(7,586)</u>	<u>(8,955)</u>	<u>(28,934)</u>
Other comprehensive income (loss), net of tax	<u>110,276</u>	<u>7,680</u>	<u>(49,519)</u>
Accumulated other comprehensive income at December 31	<u>\$ 289,863</u>	<u>\$ 179,587</u>	<u>\$ 171,907</u>

#### NOTE 11 — INCOME TAXES:

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Deferred:			
Federal	(17,952)	6,600	28,601
State	(2,821)	1,037	4,494
Total deferred	<u>(20,773)</u>	<u>7,637</u>	<u>33,095</u>
Total provision for (benefit from) income taxes	<u>\$ (20,773)</u>	<u>\$ 7,637</u>	<u>\$ 33,095</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Federal tax at statutory rate	\$ 3,313,243	\$ 3,435,996	\$ 3,085,202
State tax, net	(2,821)	1,037	4,494
Effect of nontaxable FLCA subsidiary	(3,259,354)	(3,282,128)	(3,192,343)
Patronage distributions	(87,904)	(150,034)	-
Changes in valuation allowance	4,774	(20,377)	157,072
Other	11,289	23,143	(21,330)
Provision for (benefit from) income taxes	<u>\$ (20,773)</u>	<u>\$ 7,637</u>	<u>\$ 33,095</u>

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

	2025	2024	2023
<u>Deferred Tax Assets</u>			
Allowance for loan losses	\$ 33,804	\$ 29,030	\$ 49,406
Loss carryforwards	225,059	225,059	225,059
Gross deferred tax assets	258,863	254,089	274,465
Less: Valuation allowance	(258,863)	(254,089)	(274,465)
Deferred tax asset, net of valuation allowance	-	-	-
<u>Deferred Tax Liabilities</u>			
Other	(115,121)	(135,893)	(128,256)
Gross deferred tax liabilities	(115,121)	(135,893)	(128,256)
Net deferred tax asset (liability)	\$ (115,121)	\$ (135,893)	\$ (128,256)

At December 31, 2025, the Association had a net operating loss (NOL) carryover of \$926,167 available to offset against future taxable income of which \$91,956 will expire in 2034, \$230,527 will expire in 2037, and the remaining \$603,684 has an indefinite carryforward period and is limited to 80% of taxable income. The provision for income taxes recorded is primarily driven by the year-over-year change in deferred net loan income. For 2025, the year-over-year change decreased from 2024, resulting in a negative provision expense.

The calculation of tax assets and liabilities involves various management estimates and assumptions as to the future taxable earnings. The Association recorded valuation allowances of \$258,863, \$254,089 and \$274,465 during 2025, 2024 and 2023, respectively. The Association will continue to evaluate the realizability of the deferred tax asset and adjust the valuation allowance accordingly.

Upon adoption of FASB guidelines for "Accounting for Uncertainty in Income Taxes" on January 1, 2007, the Association did not need to recognize a tax liability for any uncertain tax positions, and at December 31, 2025, 2024 and 2023 did not recognize a tax liability for any uncertain tax positions.

#### **NOTE 12 — EMPLOYEE BENEFIT PLANS:**

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

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

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

The Association elected to participate in the nonqualified defined contribution 401(k) plan. Contributions of \$21,337, \$1,956 and \$455 were made to this plan for the years ended December 31, 2025, 2024 and 2023. There were no payments made from the Supplemental 401(k) Plan to active employees during 2025, 2024 and 2023.

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

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

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Funded status of DB Plan	78.1 %	75.7 %	73.3 %
Association's contribution	\$ 178,689	\$ 135,502	\$ 229,645
Percentage of Association's contribution to total contributions	4.5 %	3.7 %	3.5 %

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

**Other Postretirement Benefits:** In addition to pension benefits, the Association provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer and, consequently, the liability for these benefits is included in other liabilities. Employees hired prior to January 1, 2004, and who are at least 55 years of age (or at least age 50 with 30 years of service) may retire and have their medical premium paid on a percentage of cost sharing basis predicated on length of employment service. Employees hired before this date, who have reached the age requirement and have 25 years of service will receive 100% of their medical premium paid. Employees hired after January 1, 2004, will be eligible for access only to retiree medical benefits for themselves but will be responsible for 100% of the premium.

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

**Retiree Welfare Benefit Plans**

<b>Disclosure Information Related to Retirement Benefits</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Change in Accumulated Postretirement Benefit Obligation</b>			
Accumulated postretirement benefit obligation, beginning of year	\$ 1,468,894	\$ 1,452,091	\$ 1,393,715
Service cost	6,245	6,684	14,153
Interest cost	77,066	78,261	71,113
Plan participants' contributions	4,666	5,325	5,031
Actuarial loss (gain)	(117,862)	(16,635)	20,585
Benefits paid	(55,757)	(56,832)	(52,506)
Accumulated postretirement benefit obligation, end of year	\$ 1,383,252	\$ 1,468,894	\$ 1,452,091
<b>Change in Plan Assets</b>			
Company contributions	\$ 51,091	\$ 51,507	\$ 47,475
Plan participants' contributions	4,666	5,325	5,031
Benefits paid	(55,757)	(56,832)	(52,506)
Plan assets at fair value, end of year	\$ -	\$ -	\$ -
Funded status of the plan	\$ (1,383,252)	\$ (1,468,894)	\$ (1,452,091)
<b>Amounts Recognized on the Balance Sheets</b>			
Other liabilities	\$ (1,383,252)	\$ (1,468,894)	\$ (1,452,091)
<b>Amounts Recognized in Accumulated Other Comprehensive Income</b>			
Net actuarial loss (gain)	\$ (289,863)	\$ (179,587)	\$ (168,713)
Prior service cost (credit)	-	-	(3,194)
Total	\$ (289,863)	\$ (179,587)	\$ (171,907)
<b>Weighted-Average Assumptions Used to Determine Obligations at Year End</b>			
Measurement date	12/31/2025	12/31/2024	12/31/2023
Discount rate	5.60%	5.35%	5.50%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	8.40%/10.10%	9.20%/10.80%	7.50%/8.40%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2035/2035	2034/2034	2034/2034

<b>Total Cost</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Service cost	\$ 6,245	\$ 6,684	\$ 14,153
Interest cost	77,066	78,261	71,113
Amortization of:			
Unrecognized prior service cost	-	(3,194)	(12,292)
Unrecognized net loss (gain)	(7,586)	(5,761)	(16,642)
Net postretirement benefit cost	\$ 75,725	\$ 75,990	\$ 56,332
Accounting for settlements/curtailments/special termination benefits	\$ -	\$ -	\$ -
<b>Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Income</b>			
Net actuarial loss (gain)	\$ (117,862)	\$ (16,635)	\$ 20,585
Amortization of net actuarial gain (loss)	7,586	5,761	16,642
Amortization of prior service cost	-	3,194	12,292
Total recognized in other comprehensive income	\$ (110,276)	\$ (7,680)	\$ 49,519
<b>AOCI Amounts Expected to be Amortized Into Expense in 2026</b>			
Unrecognized prior service cost	\$ -	\$ -	\$ (3,194)
Unrecognized net loss (gain)	(27,908)	(7,586)	(5,761)
Total	\$ (27,908)	\$ (7,586)	\$ (8,955)
<b>Weighted-Average Assumptions Used to Determine Benefit Cost</b>			
Measurement date	12/31/2024	12/30/2023	12/31/2022
Discount rate	5.35%	5.50%	5.20%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	9.20%/10.80%	7.50%/8.40%	7.20%/7.70%
Ultimate health care cost trend rate	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2034/2034	2033/2033	2031/2031

#### Expected Future Cash Flows

##### Expected Benefit Payments (net of employee contributions)

Fiscal 2026	\$ 55,896
Fiscal 2027	65,589
Fiscal 2028	67,384
Fiscal 2029	75,706
Fiscal 2030	84,441
Fiscal 2031–2035	511,743

##### Expected Contributions

Fiscal 2026	\$ 55,896
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#### NOTE 13 — RELATED PARTY TRANSACTIONS:

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

Total loans to such persons at December 31, 2025, 2024 and 2023 for the Association amounted to \$21,769,667, \$19,365,747 and \$14,585,640, respectively. During 2025, 2024 and 2023, \$5,540,314, \$10,777,480 and \$4,298,498 of new loans were made, and repayments totaled \$3,136,394, \$5,997,374 and \$2,642,514, respectively. In the opinion of management, no such loans outstanding at December 31, 2025, 2024 and 2023 involved more than a normal risk of collectability.

Expenses included in purchased services may include purchased services such as administrative services, marketing, information systems and accounting services and allocations of expenses incurred by the Bank and passed through to the District associations, such as FCSIC expenses. The Bank charges the individual District associations directly for these services based on each

association's proportionate usage. Expenses related to operational support provided by FCBT totaled \$79,918, \$79,670 and \$107,845 in 2025, 2024 and 2023, respectively. FCSIC expense totaled \$900,898, \$831,325 and \$1,373,703 in 2025, 2024 and 2023, respectively.

The Association received patronage payments from the Bank totaling \$1,856,002, \$3,252,125 and \$2,893,639 during 2025, 2024 and 2023, respectively.

**NOTE 14 — FAIR VALUE MEASUREMENTS:**

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

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

<b>December 31, 2025</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Assets held in nonqualified benefit trusts	\$ 7,551	\$ -	\$ -	\$ 7,551
Total assets	\$ 7,551	\$ -	\$ -	\$ 7,551
<b>December 31, 2024</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Assets held in nonqualified benefit trusts	\$ 5,388	\$ -	\$ -	\$ 5,388
Total assets	\$ 5,388	\$ -	\$ -	\$ 5,388
<b>December 31, 2023</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Assets held in nonqualified benefit trusts	\$ 4,801	\$ -	\$ -	\$ 4,801
Total assets	\$ 4,801	\$ -	\$ -	\$ 4,801

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

<b>December 31, 2025</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Loans	\$ -	\$ -	\$ -	\$ -
<b>December 31, 2024</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Loans	\$ -	\$ -	\$ -	\$ -
<b>December 31, 2023</b>	<b>Fair Value Measurement Using</b>			<b>Total Fair Value</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Assets:				
Loans	\$ -	\$ -	\$ 99,438	\$ 99,438

About nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and consider unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

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

**December 31, 2025**  
**Fair Value Measurement Using**

	<u>Total Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
<b>Assets:</b>					
Cash	\$ 18,909	\$ 18,909	\$ -	\$ -	\$ 18,909
SBA investments held to maturity	12,096,736	-	12,105,132	-	12,105,132
Net loans	1,140,712,055	-	-	1,083,571,287	1,083,571,287
Total Assets	<u>\$ 1,152,827,700</u>	<u>\$ 18,909</u>	<u>\$ 12,105,132</u>	<u>\$ 1,083,571,287</u>	<u>\$ 1,095,695,328</u>
<b>Liabilities:</b>					
Note payable to Farm Credit Bank of Texas	\$ 1,000,246,712	\$ -	\$ -	\$ 950,224,378	\$ 950,224,378
Guaranteed obligations to government entities	12,048,478	-	-	11,445,934	11,445,934
Total Liabilities	<u>\$ 1,012,295,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 961,670,312</u>	<u>\$ 961,670,312</u>

**December 31, 2024**  
**Fair Value Measurement Using**

	<u>Total Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
<b>Assets:</b>					
Cash	\$ 6,639	\$ 6,639	\$ -	\$ -	\$ 6,639
SBA investments held to maturity	4,255,491	-	4,229,331	-	4,229,331
Net loans	1,078,862,647	-	-	989,360,061	989,360,061
Total Assets	<u>\$ 1,083,124,777</u>	<u>\$ 6,639</u>	<u>\$ 4,229,331</u>	<u>\$ 989,360,061</u>	<u>\$ 993,596,031</u>
<b>Liabilities:</b>					
Note payable to Farm Credit Bank of Texas	\$ 928,973,948	\$ -	\$ -	\$ 852,019,368	\$ 852,019,368
Guaranteed obligations to government entities	12,814,426	-	-	11,752,902	11,752,902
Total Liabilities	<u>\$ 941,788,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,772,270</u>	<u>\$ 863,772,270</u>

**December 31, 2023**  
**Fair Value Measurement Using**

	<u>Total Carrying Amount</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
<b>Assets:</b>					
Cash	\$ 8,752	\$ 8,752	\$ -	\$ -	\$ 8,752
Net loans	1,006,167,124	-	-	912,235,791	912,235,791
Total Assets	<u>\$ 1,006,175,876</u>	<u>\$ 8,752</u>	<u>\$ -</u>	<u>\$ 912,235,791</u>	<u>\$ 912,244,543</u>
<b>Liabilities:</b>					
Note payable to Farm Credit Bank of Texas	\$ 857,631,905	\$ -	\$ -	\$ 777,659,001	\$ 777,659,001
Guaranteed obligations to government entities	10,596,794	-	-	9,608,659	9,608,659
Total Liabilities	<u>\$ 868,228,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,267,660</u>	<u>\$ 787,267,660</u>

## Valuation Techniques

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

### *Assets Held in Nonqualified Benefits Trusts*

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

### *Cash*

For cash, the carrying amount is a reasonable estimate of fair value.

### *Investments*

Where quoted prices are available in an active market, available-for-sale securities would be classified as Level 1. If quoted prices are not available in an active market, the fair value of securities is estimated using pricing models that utilize observable inputs, quoted prices for similar securities received from pricing services or discounted cash flows. Generally, these securities would be classified as Level 2. This would include certain mortgage-backed and asset-backed securities. Where there is limited activity or less transparency around inputs to the valuation, the securities are classified as Level 3. Securities classified within Level 3 include a small portion of asset-backed securities and certain mortgage-backed securities, including private label FHA/VA securities and those issued by Farmer Mac.

SBA investments held to maturity are pool securities and valued using a third-party pricing vendor who utilizes major pricing services, including Reuters and Interactive Data. The market values are based on inputs other than quoted prices, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in markets that are not active
- Inputs other than quoted prices, such as interest rates and yield curves, prepayment speeds, credit risks and default rates.
- Inputs derived principally from observable market data.

### *Guaranteed Obligations to Government Entities*

Guaranteed obligations to government entities represent amounts owed to a state economic and commodity development agency by Association borrowers and guaranteed by the Association. As a result, quoted market prices are not available. Fair value of this instrument is discounted based on the Association’s and Bank’s loan rates as well as on management estimates. Management has no basis to determine whether the fair values would be indicative of the value negotiated in an actual sale.

### *Loans Evaluated for Impairment*

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

### *Note Payable to the Farm Credit Bank of Texas*

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

### Other Property Owned

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

### NOTE 15 — COMMITMENTS AND CONTINGENCIES

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

The Association may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of its borrowers in the form of commitments to extend credit and commercial letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2025, \$100,177,809 of commitments, \$177,902 of standby letters of credit and \$199,374 of commercial letters of credit were outstanding.

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

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

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

	2025				
	First	Second	Third	Fourth	Total
Net interest income	\$ 6,462	\$ 6,634	\$ 6,788	\$ 6,657	\$ 26,541
(Provision for) reversal of loan losses	(143)	(196)	74	(70)	(335)
Noninterest income (expense), net	(2,216)	(2,041)	(2,430)	(3,721)	(10,408)
Net income	\$ 4,103	\$ 4,397	\$ 4,432	\$ 2,866	\$ 15,798

  

	2024				
	First	Second	Third	Fourth	Total
Net interest income	\$ 6,061	\$ 6,145	\$ 6,364	\$ 6,347	\$ 24,917
(Provision for) reversal of loan losses	(97)	(95)	72	(227)	(347)
Noninterest income (expense), net	(2,051)	(1,723)	(1,702)	(2,740)	(8,216)
Net income	\$ 3,913	\$ 4,327	\$ 4,734	\$ 3,380	\$ 16,354

  

	2023				
	First	Second	Third	Fourth	Total
Net interest income	\$ 5,609	\$ 5,708	\$ 5,872	\$ 6,004	\$ 23,193
(Provision for) reversal of loan losses	-	67	4	(217)	(146)
Noninterest income (expense), net	(1,606)	(988)	(2,935)	(2,860)	(8,389)
Net income	\$ 4,003	\$ 4,787	\$ 2,941	\$ 2,927	\$ 14,658

### NOTE 17 — SUBSEQUENT EVENTS:

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

## **DISCLOSURE INFORMATION AND INDEX**

(Unaudited)

*Disclosures Required by Farm Credit Administration Regulations*

### **DESCRIPTION OF BUSINESS**

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

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

### **DESCRIPTION OF PROPERTY**

The Mississippi Land Bank, ACA (Association) serves its 32-county territory through its main administrative office at 5509 Highway 51 North, Senatobia, Mississippi 38668, (662) 562-9671. Additionally, there are currently six branch lending offices and one part-time branch located throughout the territory. The Association owns the office buildings in Senatobia, Starkville, Tupelo and Corinth, free of debt. The Association leases the office buildings in Clarksdale, Cleveland and Tunica. In December 2021, the Association purchased a new building in Senatobia, Mississippi, and the Senatobia branch office moved into this location in December 2022. In August 2024, the Association opened a new part-time branch location in Tunica, Mississippi, that is serviced by the Clarksdale branch. Effective January 2026, the Association no longer leases office space in Kosciusko, Mississippi, which was serviced by the Starkville branch.

### **LEGAL PROCEEDINGS**

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

### **DESCRIPTION OF CAPITAL STRUCTURE**

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

### **DESCRIPTION OF LIABILITIES**

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

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

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

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

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

The Association’s quarterly stockholder reports are also available free of charge, upon request. These reports will be available approximately 40 days after quarter end and can be obtained by writing to Mississippi Land Bank, ACA, 5509 Highway 51 North, Senatobia, Mississippi 38668 or calling (662) 562-9671. Copies of the Association’s quarterly stockholder reports are also available

on its website at [www.mslandbank.com](http://www.mslandbank.com). The Association’s annual stockholder report is available on its website at [www.mslanbank.com](http://www.mslanbank.com) 75 days after the fiscal year end. Copies of the Association’s annual stockholder report can also be requested 90 days after the fiscal year end.

### SELECTED FINANCIAL DATA

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

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

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

### DIRECTORS AND SENIOR OFFICERS

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

<u>NAME</u>	<u>POSITION</u>	<u>DATE ELECTED/ EMPLOYED</u>	<u>TERM EXPIRES</u>
Dr. Alan Blaine	Chairman	2024	2027
Larry C. Davis	Vice Chairman	2024	2027
William Cole	Director	2025	2028
Jan D. Hill	Director	2023	2026
John B. McKee, III	Director	2024	2026
Keith Morton	Director	2023	2026
Larry Matthew Poe	Director	2025	2028
Rebecca “Becky” Beard	Director-Elected Director	2023	2026
Parker Durham	Director-Elected Director	2025	2028
W. Morgan Gullede, Jr.*	Director-Elected Director	2022	2025
Greg Robbins**	Director	2022	2025
Chad E. Crow	Chief Executive Officer	2024	
Chris Griffith	Chief Credit Officer	2025	
W. Tyler Mullins	Chief Appraisal Officer	2021	
Claire B. Pegram	Chief Financial Officer	2015	
Bobby Spinks	Chief Lending Officer	2025	
J. Matthew Walden	Chief Operating Officer	2015	

\*The term for W. Morgan Gullede, Jr. expired in April 2025, and Mr. Gullede did not seek reappointment. The board of directors elected Parker Durham to fill this position, with his term beginning in April 2025.

\*\*The term for Greg Robbins expired in 2025, and he did not seek re-election. Mr. Robbins served until the stockholder meeting in July 2025, when Larry Matthew Poe was elected by the stockholders to represent the territory.

The Association’s board of directors has three committees that allow it to operate in an effective and efficient manner. A summary of the duties and responsibilities of each committee is as follows:

- Audit Committee – The primary function is to assist the board in fulfilling its oversight responsibilities relating to the quality of financial reporting, the system of internal controls, the audit process and the Association’s process for monitoring compliance with laws and regulations and the code of conduct.
- Compensation Committee – The primary function is to assist the board in fulfilling its responsibilities with respect to matters involving the compensation of the board and the chief executive officer, to review the compensation policies and plans for senior officers and employees, and to approve the overall compensation program for senior officers. The full board comprises this committee.
- Governance Committee – The primary function is to assist the board in fulfilling its responsibilities with respect to board organization, membership and function, the nomination and election processes, subcommittee structure, annual self-evaluations and board training.

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

**Dr. Alan Blaine**, age 66. Dr. Blaine has a Ph.D. in agronomy from Mississippi State University. Dr. Blaine owns and operates a timber, hay and cattle farm in central Mississippi. He is a partner/owner in Southern Ag Consulting, Inc., a crop consulting firm. Additionally, he is an owner of BR Homes and ORB Development, both of which are construction businesses. Dr. Blaine is a licensed crop consultant. He is a member of Mississippi Farm Bureau, Oktibbeha County Forestry Association and a life member of the American Soybean Association, the Mississippi Soybean Association, the Mississippi Cattlemen's Association and the National Rifle Association. Dr. Blaine serves as chair of the Association's board of directors and serves as a member of the Association's Audit Committee. Dr. Blaine currently serves as a member of the Stockholder Advisory Committee (SAC) and represents the Association on the Tenth District Farm Credit Council. He and his wife, Emily, are members of Friendship Baptist Church and reside in Starkville, Mississippi. They are the parents of four children and have eight grandchildren.

**Larry C. Davis**, age 74. Mr. Davis began farming in Bolivar County in 1980 and owns and operates Larry Davis Farms Partnership and farms with his two sons. The partnership operates in Bolivar and Washington counties, where they grow rice and soybeans as their primary crops. Mr. Davis also has timber farms in Tishomingo and Prentiss counties. He is a member of Delta Council and is also on the Mississippi Farm Bureau Soybean Policy Committee. Mr. Davis serves on the Mississippi Rice Council Board. He also serves as a drainage commissioner for Central Drainage District in Bolivar County. Mr. Davis serves as vice-chair of the Association's board of directors and as the Association's alternate representative on the Stockholder Advisory Committee (SAC) and the Tenth District Farm Credit Council. Mr. Davis is also a member of the Association's Audit and Governance Committees. Mr. Davis is a member of the Bolivar Church of Christ, where he serves as an elder. His hobbies include gardening, hunting, church activities and spending time with his grandchildren. He and his wife, Candy, have four children and reside in Shaw, Mississippi.

**William Cole**, age 55. Mr. Cole has owned a crop insurance agency for more than 25 years. He is a farmer and landowner of approximately 2,800 acres in Panola and Quitman counties where he farms rice and soybeans. He also has 50 head of cows. Mr. Cole is the past president of the Panola Partnership and North Delta School. He is currently president of Crop Insurance Professionals Association and is a director of the National Cutting Horse Association. He serves as president of the board of Indian Creek Drainage District and is a board member of the Macedonia Water Association. Mr. Cole also serves on the Association's Governance Committee. Mr. Cole received his BBA from the University of Mississippi. He is an elder of Batesville Presbyterian Church. He and his wife, Karen, live in Batesville, Mississippi.

**Jan D. Hill**, age 75. Mr. Hill has been a full-time farmer since 1970. He farms approximately 1,800 acres of the 4,000 he owns, raising beef cattle, cotton, soybeans and corn. Mr. Hill has served on the Chickasaw County FSA Committee, the Mississippi Farm Bureau State Board and presently serves on the Farm Bureau County Board. He is a member of the Corn Promotion Board and Pleasant Grove Baptist Church, where he serves as a deacon. Mr. Hill also serves on the Association's Governance Committee. Mr. Hill resides in Woodland, Mississippi.

**John B. McKee, III**, age 65. Mr. McKee is a fifth-generation farmer from north Mississippi. For 37 years he farmed 3,500 acres of corn, cotton, soybeans and wheat before retiring from full-time row-crop production in 2023. He holds engineering degrees from Washington and Lee University and Mississippi State University and now manages his family's farm in Coahoma County. Mr. McKee was a founding director of Covenant Bank in Clarksdale and currently serves as county commissioner and past board chairman of the Yazoo Mississippi Delta Joint Water Management District. He also serves on the boards of Coahoma Electric Power Association, the Mississippi Farm Bureau Federation, and is vice president of Farrell Gin Company. He is a member of the Association's Audit Committee and serves as the board of directors' representative on the Association's IT Steering Committee. He and his wife, Nancy, reside in Clarksdale, Mississippi.

**Keith Morton**, age 54. Mr. Morton began farming in 1987. He and his wife, Beth, own and operate Morton Farms, Inc., which is composed of approximately 1,000 acres of cropland where they raise corn, soybeans and wheat. Mr. Morton has served on the Mississippi Farm Bureau Federation board of directors and as president of the Mississippi Soybean Association, where he is currently on the board of directors. He has served as chairman of the Mississippi Soybean Promotion Board and continues to serve as a board member. He has also served as the Mississippi Farm Bureau Soybean Commodity chairman and as Tippah County Farm Bureau president. Mr. Morton serves as chairman of the Association's Governance Committee. Mr. Morton and his wife reside in Falkner, Mississippi.

**Larry Matthew Poe**, age 40. Mr. Poe is the owner of Poe Farms, LLC and Poe Planting Company, LLC, operating 2,000 acres of soybeans, corn, cotton, cattle and hay in Pontotoc, Chickasaw and Lee counties. Mr. Poe manages the family dirt and gravel hauling and construction company. He is also the operator of the Troy Water Association. Mr. Poe is a member of Farm Bureau and serves as the Pontotoc County president, is the FSA chairman for Pontotoc County and is currently a member of the board of the Pontotoc Chamber of Commerce. He is a National Corn Growers Association Action Team member, a County NRCS commissioner in Pontotoc, a member of the Soybean Association, Cattlemen's Association and Troy Volunteer Fire Department and EMR. Mr. Poe

received a bachelor's degree in agricultural engineering technology and business from Mississippi State University. He and his wife, Kayla, have two children and reside in Pontotoc, Mississippi. Mr. Poe was elected by the stockholders in July 2025 to serve on the board.

**Rebecca “Becky” Beard**, age 59. Ms. Beard was born and raised in Sardis, Mississippi, and graduated from the University of Mississippi. She resides in Hernando and has been a partner with Williams, Pitts, and Beard, PLLC since 2001. Ms. Beard served on the Mississippi Arts Commission Board for seven years and is currently a member of the American Institute of Certified Public Accountants and the Mississippi Society of CPAs. She serves as finance committee chair of Northwest Mississippi Community Foundation. Growing up, her family had a beef cattle operation, and her family currently farms soybeans in Sardis. Ms. Beard is a member of the Association's Audit Committee, where she currently serves as chairman. She also serves as chairman of the Compensation Committee.

**Parker Durham**, age 30. Mr. Durham was raised in Southaven, Mississippi. He attended the University of Mississippi where he received his Bachelor of Accountancy, Bachelor of Business Administration in banking and finance, and a Master of Accountancy. Mr. Durham is a Certified Public Accountant and received his Juris Doctor with a concentration in Business Law from the University of Mississippi and a Master of Law in Taxation from the University of Florida Levin College of Law. Mr. Durham is an associate attorney and practices estate, business and tax planning. He is a member of the Young Professionals of Southaven and Oxford and is a member of the Mississippi Bar Young Lawyers Division. Mr. Durham is a member of the Association's Audit Committee. Mr. Durham is an avid outdoorsman with a deep love for rural Mississippi with family ties in both Quitman and DeSoto counties. Mr. Durham resides in Hernando, Mississippi, and attends Colonial Hills Church. Mr. Durham joined the board in April 2025 upon the retirement of Mr. Gullede.

**W. Morgan Gullede, Jr.**, age 70. Mr. Gullede was born and raised in Leland, Mississippi, and graduated from Mississippi State University. He has also attended the Graduate School of Banking at Louisiana State University and the University of Georgia School of Executive Development. Mr. Gullede has held numerous advisory and board positions in community and charity organizations and is an active member of the First Presbyterian Church of Greenwood. He is the owner and manager of Gullede Capital, LLC, which manages investments in stocks, bonds, options and futures. He is also owner and manager of Portadown Land Company, LLC, which owns farm and timberland. Mr. Gullede was a member of the Association's Audit Committee, where he served as vice chairman. Mr. Gullede's term expired in April 2025.

**Greg Robbins**, age 61. Mr. Robbins owns and operates a 4,500-acre row crop and timber farm in Benton County, where he raises 1,700 acres of soybeans and corn. He earned a BBA from the University of Mississippi in 1986. He formerly owned and operated Chilli Creek Plantation and RFI Tree Nursery. He is a past member of the New Albany Zoning Board, the New Albany Endowment for Education Board and the Mississippi State Extension Advisory Committee. He is a member of the American Soybean Association and the National Corn Growers Association. Mr. Robbins is a lifelong member of First Methodist Church in New Albany, where he serves on the board of trustees. Mr. Robbins did not seek re-election in 2025, and his term expired in July.

**Chad E. Crow**, age 48. Mr. Crow joined Mississippi Land Bank, ACA in April 2024 as president and chief executive officer, coming to the Association with over 21 years of Farm Credit experience at an association in another district. Mr. Crow graduated from Southeast Missouri State University with a Bachelor of Science in business administration and began his lending career at a national bank. His career in Farm Credit began in 2003 as a lender, and in 2006 he was promoted to branch manager. In 2015 he went on to become chief operating officer, and in 2017 he transitioned to senior vice president/senior relationship officer. He was later promoted to executive vice president/chief business officer in 2020 before being named executive vice president/chief credit officer in 2022.

**Chris Griffith**, age 39. Mr. Griffith joined the Farm Credit System in February 2017 as a credit analyst and was promoted to chief risk officer in January 2023. In January 2025, Mr. Griffith's title was changed to chief credit officer to better align with his duties and responsibilities. He previously worked in the assurance department of Ernst & Young, LLP before also working in the audit department of Williams, Pitts & Beard, PLLC. He earned a Bachelor of Accountancy and Master of Professional Accountancy from Mississippi State University and holds a license as a Certified Public Accountant in the states of Mississippi and Tennessee. Mr. Griffith is a graduate of the Graduate School of Banking at Louisiana State University. Mr. Griffith serves as a director on the board of the Belmont Water Association.

**W. Tyler Mullins**, age 42. Mr. Mullins graduated from Mississippi State University in 2006 with a Bachelor of Science degree in agricultural economics. Upon graduation, he joined the Association, serving in various capacities during his tenure. Mr. Mullins is currently the chief appraisal officer and has been a licensed appraiser since 2009. In 2018, Mr. Mullins received the ARA designation from the American Society of Farm Managers and Rural Appraisers. He served as the chapter president for the Mid-South Chapter of ASFMRA from 2019 to 2020. Mr. Mullins currently serves as the appraisal representative for the Farm Credit Bank of Texas District on the RAAW Workgroup for the Risk360 conference and the Partner Representative to the Appraisal

Foundation for the Farm Credit Council. Most recently, Mr. Mullins has been appointed to serve as a member of the Appraisal Foundation's IMPACT Special Committee.

**Claire B. Pegram**, age 43. Mrs. Pegram joined the Farm Credit System in December 2008 as assistant controller for the Association and was promoted to chief financial officer in January 2015. She previously worked in the assurance department of Ernst & Young LLP. She earned a Bachelor of Accountancy and Master of Accountancy from the University of Mississippi and holds a license as a Certified Public Accountant in the states of Mississippi and Tennessee. Mrs. Pegram serves as an officer in various family farming operations.

**Bobby Spinks**, age 44. Mr. Spinks is a 2004 graduate of Mississippi State University, earning a bachelor's degree in agricultural economics. He joined the Farm Credit System in May 2004, serving as a loan officer until he was promoted to vice president and branch manager of the Clarksdale branch in May 2012. Mr. Spinks was promoted to regional vice president in September 2019 and served in that capacity until January 2023, when he was named chief credit officer. In January 2025, Mr. Spinks' title was changed to chief lending officer to better align with his duties and responsibilities. Mr. Spinks is a graduate of the Graduate School of Banking at Louisiana State University, as well as the Southeastern School of Commercial Lending.

**J. Matthew Walden**, age 53. Mr. Walden joined the Farm Credit System in December 2003 as controller and has served as chief financial officer, interim chief executive officer and currently as chief operating officer. He formerly served in tax accounting and financial reporting with International Paper Company. He earned a Bachelor of Accountancy from Mississippi State University and holds a license as a Certified Public Accountant in the states of Mississippi and Tennessee. He is a graduate of the Graduate School of Banking at Louisiana State University, as well as the Southeastern School of Commercial Lending.

### COMPENSATION OF DIRECTORS

Directors were compensated for their service to the Association during 2025 through monthly retainers and per-day meeting fees. Each director received a retainer of \$1,000 per month. Furthermore, the board chair received an additional \$600 per month, the Audit Committee chair received an additional \$400 per month, and the Compensation and Governance Committee chairs each received an additional \$150 per month. For in-person board or committee meetings and other trainings or events lasting five hours or more, directors were compensated at a rate of \$900 per day. For half-day meetings or virtual meetings or events lasting more than three hours, directors were compensated at a rate of \$400 per day. All other services, including routine communications, were covered by the monthly retainer. The Association attempts to maximize the use of each director's time and holds board and committee meetings on the same day when possible. Directors were reimbursed for certain expenses incurred while representing the Association in an official capacity. Mileage for attending official meetings during 2025 was paid at the IRS-approved rate of 70.0 cents per mile. A copy of the travel policy is available to stockholders of the Association upon request.

Name	Number of Days Served			Compensation for Committee Service	Total Compensation in 2025
	Board Meetings	Committee Meetings	Other Official Activities		
Dr. Alan Blaine	7	9	11	\$ 2,600	\$ 38,000
Larry C. Davis	7	9	3	1,700	22,200
William Cole	7	5	6	800	24,000
Jan D. Hill	7	9	1	1,700	20,900
John B. McKee, III	7	8	7	2,600	26,700
Keith Morton	6	6	2	400	21,400
Larry Matthew Poe	4	3	1	400	10,642
Rebecca "Becky" Beard	7	9	2	2,600	29,300
Parker Durham	6	6	3	1,700	17,533
W. Morgan Gullede, Jr.	2	3	0	900	6,500
Greg Robbins	2	1	0	-	8,058
				<u>\$ 15,400</u>	<u>\$ 225,233</u>

The aggregate compensation paid to directors in 2025, 2024 and 2023 was \$225,233, \$206,050 and \$262,350, respectively. Additional detail regarding director compensation paid for committee service (which is included in the table above) is as follows for 2025:

Name	Committee Days Served		
	Audit	Compensation	Governance
Dr. Alan Blaine	6	3	0
Larry C. Davis	4	3	2
William Cole	3	2	0
Jan D. Hill	4	3	2
John B. McKee, III	5	3	0
Keith Morton	2	2	2
Larry Matthew Poe	2	1	0
Rebecca "Becky" Beard	6	3	0
Parker Durham	5	1	0
W. Morgan Gullede, Jr.	1	2	0
Greg Robbins	0	1	0

The aggregate amount of reimbursement for travel, subsistence and other related expenses paid to directors and on their behalf was \$19,269, \$39,064 and \$44,207 in 2025, 2024 and 2023, respectively.

## COMPENSATION OF SENIOR OFFICERS

### Compensation Discussion and Analysis – Senior Officers

It is the goal of the Association to attract and retain the most talented individuals in its territory. Therefore, the Association has in place a robust compensation plan that is both fair and equitable and provides its employees with market-based salaries; comprehensive medical, dental, vision, life insurance options and annual leave benefits; competitive retirement plans and the opportunity to earn an annual incentive. The Association’s compensation program is overseen by the Compensation Committee (Committee), a sub-committee of the board of directors on which all directors serve as members. It is the responsibility of the Committee to establish the overall compensation structure, philosophy and principles of the Association by annually reviewing the compensation policies and plans, including incentive plans and benefit plans, for senior officers and employees. Specifically, regarding the chief executive officer, the Committee reviews and approves the corporate goals and objectives of the CEO; evaluates his performance; sets his base salary, incentive and other compensation; and makes any necessary recommendations to the board.

The Committee also oversees the Association’s incentive program and ensures that the program:

- relates to the long-term financial performance of the Association,
- encourages sound operations and prudent risk-taking,
- discourages unreasonable risk-taking,
- is reasonable and proportionate to service performed, and
- is structured so that the payout schedule considers potential for future losses or undue risks.

Along with the benefits mentioned above, Association employees, including senior officers, can earn compensation above base salary through an annual success-sharing incentive plan. The term of the plan is each calendar year beginning January 1 through December 31. The plan is based upon the achievement of predetermined Association performance goals. Various financial metrics, such as average loan growth, net income and credit quality, among others, are included, as well as non-financial measures, such as results of reviews and audits. The plan places more emphasis on earnings than any other factor in the plan and is approved by the Committee annually. All full-time employees who have been employed at least three months are eligible to earn an individual incentive based upon their respective established performance objectives. The following criteria is also used for determining eligibility for the incentive pay: (1) the Association must not be in default of the general financing agreement with the Farm Credit Bank of Texas; (2) the Association cannot receive an overall rating of “unsatisfactory” on credit administration by the Internal Credit Review and/or FCA examinations; (3) the employee’s branch office cannot receive an overall rating of “unsatisfactory” on credit administration; (4) there must be material income from operations beyond what is needed to fund the incentive plan; and (5) eligible employees must receive a minimally acceptable performance review in their annual evaluation.

## Summary Compensation Table

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

Name of Individual or number in group	Year	Salary	Bonus	Deferred/ Perquisite	Other	Total
Chad E. Crow President/Chief Executive Officer	2025	\$ 412,000	\$ 164,233	\$ 51,251	\$ 1,390	\$ 628,874
	2024	292,424	102,000	29,104	28,288	451,816
J. Matthew Walden Interim Chief Executive Officer	2024	\$ 95,000	\$ 23,906	\$ 16,944	\$ 364	\$ 136,214
	2023	286,398	59,568	42,264	1,167	389,397
Bartley T. Harris President/Chief Executive Officer	2023	\$ 53,712	\$ -	\$ 11,064	\$ 62,702	\$ 127,478
Aggregate Number of Senior Officers ( & other highly compensated employees, if applicable)						
(6)	2025	\$ 1,344,853	\$ 435,844	\$ 209,766	\$ 5,350	\$ 1,995,813
(6)	2024	1,248,228	422,622	183,143	4,918	1,858,911
(6)	2023	1,108,666	238,734	156,652	2,580	1,506,632

Following is a brief description of the items included in the above table:

- Salary – Gross salary, including retention plan compensation for certain senior officers.
- Bonus – Incentive compensation earned in current year but paid to employees in the following year.
- Deferred/Perquisite – Includes contributions to 401(k) and defined contribution plans, supplemental 401(k) discretionary contributions, premiums paid for life insurance, and benefit derived from personal use of Association-owned vehicles.
- Other – Includes the value of group term life insurance provided by the Association on behalf of its employees, membership fees paid on behalf of the employee, moving/transition expenses, amounts paid pursuant to resignation and retirement gifts.

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

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

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

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

## Pension Benefits

Past chief executive officers and other senior offices of the Association participated in the Farm Credit Bank of Texas Pension Plan (Pension Plan), which is a qualified defined benefit retirement plan. Compensation, as defined in the Pension Plan, includes wages, incentive compensation, and deferrals to the 401(k) and flexible spending account plans but excludes annual leave or sick leave that may be paid in cash at the time of termination, retirement or transfer of employment, severance payments, retention bonuses, taxable fringe benefits and any other payments. Pension Plan benefits are based on the average of monthly eligible compensation over the 60 consecutive months that produce the highest average after 1996 (FAC60). The Pension Plan’s benefit formula for a Normal Retirement Pension is the sum of (a) 1.65% of FAC60 times “Years of Benefit Service” and (b) 0.50% of (i) FAC60 in excess of Social Security covered compensation items and (ii) “Years of Benefit Service” (not to exceed 35). The present value of the senior officers’ accumulated Pension Plan was calculated assuming retirement had occurred at the measurement date used for financial reporting purposes, with the retirement at age 65. The Pension Plan’s benefit formula for the Normal Retirement Pension

assumes that the senior officer is married on the date the annuity begins, that the spouse is exactly two years younger than the senior officer and that the benefit is payable in the form of a 50% joint and survivor annuity. If any of those assumptions are incorrect, the benefit is recalculated to be the actuarial equivalent benefit. At December 31, 2025, the Association had no active employees who were participants in the Pension Plan. However, the Association is still responsible for annual contributions to the Pension Plan to ensure adequate funding status.

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

All employees of the Association are eligible to participate in the District defined contribution plan (DC Plan). Participants in the DC Plan direct the placement of their employers' contributions, 5.0% of eligible pay for the year ended December 31, 2025, made on their behalf into various investment alternatives.

The Association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the associations to match 100% of employee contributions up to 3.0% of eligible earnings and to match 50% of employee contributions for the next 2.0% of employee contributions, up to a maximum employer contribution of 4.0% of eligible earnings.

The Association sponsors a defined contribution supplemental retirement plan. This plan is a nonqualified 401(k) plan; therefore, the associated liabilities are included in the Association's consolidated balance sheets in other liabilities. The Association currently has no active employees participating in this plan.

In addition to pension benefits, the Association provides certain health care and life insurance benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer and, consequently, the liability for these benefits is included in other liabilities on the consolidated balance sheets. Employees hired prior to January 1, 2004, and who are at least 55 years of age (or at least age 50 with 30 years of service) may retire and have their medical premium paid on a percentage of cost sharing basis predicated on length of employment service. Employees hired before this date, who have reached the age requirement and have 25 years of service, will receive 100% of their medical premium paid. Employees hired after January 1, 2004, will be eligible for access only to retiree medical benefits for themselves but will be responsible for 100% of the premium.

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

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

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

The Association has no directors, director nominees or senior officers involved in legal proceedings described in FCA Regulation §620.6(f) within the previous five years. Legal proceedings include, but are not limited to, bankruptcy, conviction or naming in a criminal proceeding and judgment or finding limiting a right to engage in a business.

#### **RELATIONSHIP WITH INDEPENDENT AUDITOR**

The Association's Audit Committee engaged the independent accounting firm PricewaterhouseCoopers LLP (PwC) to perform the annual audit of the Association's consolidated financial statements included in this annual report. During 2025, the Association incurred audit fees totaling \$111,075 to PwC. The Association also incurred \$2,000 in non-audit service fees related to the use of automated disclosure checklist software, which was specifically pre-approved by the Association's Audit Committee. There were no disagreements with the independent auditor during the reporting period and no change in qualified public accountant.

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

The Association currently has no relationships with any unincorporated business entities.

#### **FINANCIAL STATEMENTS**

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

#### **MEMBER/SHAREHOLDER PRIVACY**

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

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

The Association considers our young, beginning and small (YBS) farmers to be the future of agriculture and is committed to assisting emerging YBS farmers. The Association understands the difficulties and challenges faced by YBS farmers who are wanting to enter the agriculture industry, more specifically for our territory, row crop and ranching production. These challenges include but are not limited to access to capital and credit, competition from larger or more established farms, lack of production history, low capital position and limited credit history. The Association continues to develop programs to assist these customers with the goal of building and expanding their operations while developing long-term relationships with Mississippi Land Bank.

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

- Young: Age 35 or younger as of the loan date
- Beginning: 10 years or less of farming, ranching or aquatic experience as of the loan date
- Small: Less than \$350,000 in annual gross sales of agricultural products

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

At December 31, 2025				
	Loan Counts	Loan Volume	Percentage of Total Loan Counts	Percentage of Total Loan Volume
Young only	102	31,190,066	1.9%	2.7%
Young & beginning	215	65,774,889	4.1%	5.6%
Young & small	52	3,709,606	1.0%	0.3%
Beginning only	135	42,488,565	2.6%	3.6%
Beginning & small	1,697	206,454,375	32.1%	17.6%
Small only	1,015	161,572,883	19.2%	13.8%
Young, beginning & small (YBS)	806	84,237,475	15.3%	7.2%
Non-YBS	1,262	578,682,873	23.9%	49.3%
Total	<b>5,284</b>	<b>\$ 1,174,110,732</b>	<b>100.0%</b>	<b>100.0%</b>

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

At December 31, 2025				
	Loan Counts	Loan Volume	Percentage of Total Loan Counts	Percentage of Total Loan Volume
Young only	8	3,856,464	0.2%	0.3%
Young & beginning	44	19,091,416	0.8%	1.6%
Young & small	9	884,215	0.2%	0.1%
Beginning only	20	6,115,517	0.4%	0.5%
Beginning & small	258	43,523,097	4.9%	3.7%
Small only	165	35,743,542	3.1%	3.0%
Young, beginning & small (YBS)	134	18,802,520	2.5%	1.6%
Non-YBS	214	138,695,171	4.0%	11.8%
Total	<b>852</b>	<b>\$ 266,711,942</b>	<b>16.1%</b>	<b>22.7%</b>

The Association will continue to make a diligent effort to increase its penetration into the demographics within the Association territory. According to the Young, Beginning and Small Farmer Demographic and Penetration Report as of June 30, 2025, which is based on USDA-NASS 2022 Census of Agriculture data, of the 20,015 farm operators in the Association territory, 7.1% are classified young, 32.6% are classified beginning, and 88.4% are classified small. The data is based on the number of farms, while the Association data is based on the number of loans.

The table below shows 2025 ending actuals compared to goals:

	2025 Actuals		2025 Actuals		2025 Goals	
	#	Vol. *	% #	% Vol.	% #	% Vol.
<b>Young</b>	1,084	\$ 193,766	21.5%	15.6%	1,110	\$ 200,149
<b>Beginning</b>	2,532	410,534	50.1%	33.1%	2,593	400,298
<b>Small</b>	3,158	465,459	62.6%	37.6%	3,126	459,165

\* - In thousands

The Association met or exceeded all YBS volume goals in 2025 except for in the “young” category, which was within 3% of the goal. Reasons for this are:

- Many farmers continue to postpone passing on family farms to their children, or by the time the children take over, they are older than 35 years.
- The younger generation is more likely to leave Rural America for more opportunities in urban areas. This reality affected young and beginning categories and will be an ongoing issue until Rural America can provide more opportunities to young Americans.

Annually, the Association receives YBS demographic and market penetration data based on latest Census of Agriculture data from the NASS and data from the Association’s underlying portfolio data from its loan system. The Census of Agriculture is conducted every five years, and the latest census was completed in 2022. The latest analysis indicates that the Association’s market penetration of young, beginning, and small farmers is 42.9%, 23.5% and 18.2%, respectively, indicating an increase to the Association’s penetration of its market as was set out in the previous year’s goals. The Association uses this data, and data from its loan accounting system, to determine goals and objectives. To increase market penetration from the June 2025 analysis, the Association has set goals to increase loan numbers and loan volume from 2025 results.

Goals for young, beginning and small farmers in both loan numbers and volume for 2026, 2027 and 2028 are shown below. These year-end goals represent net growth over 2025 and contribute to the overall goal of increasing market penetration.

	2026 Goals		2027 Goals		2028 Goals	
	#	Vol. *	#	Vol. *	#	Vol. *
<b>Young</b>	1,117	\$ 201,517	1,144	\$ 206,555	1,173	\$ 211,718
<b>Beginning</b>	2,608	426,955	2,673	437,629	2,740	448,570
<b>Small</b>	3,253	484,077	3,334	496,179	3,417	508,584

\* - In thousands

To increase the Association’s market penetration, the new Young and Beginning Ambassador Program, named Ag Ascent, was implemented in late 2025. This program officially begins in 2026 and will engage current and prospective borrowers so growth through farmer networks can be realized without pulling needed capacity from our lenders, other than for periodic meetings and visits.

#### **Young, Beginning and Small Farmer Program:**

The Association has begun a new young and beginning farmer initiative called Ag Ascent. This program will be implemented and monitored by the Association’s chief lending officer and/or designated team members over the next three years.

The Association has authorized implementation of the Ag Ascent program to:

- Maximize the flexibility of loan programs to provide the greatest advantage to young and beginning farmers.
- Commit staff resources and expertise to effectively originate and service loans while delivering credit-related support to this group of farmers.
- Allocate financial resources and apply a risk-management philosophy to ensure the program’s objectives are achieved.
- Establish and cultivate the Ag Ascent YBS Program, making a deliberate effort to emphasize the importance of YBS lending and foster a strong sense of community among YBS customers across the territory.
- Provide participants with opportunities to connect with fellow YBS customers, build a supportive network, develop leadership skills, and attend conferences and training at the national, state, and local levels.

# TELLING OUR STORY

## A GRAIN BIN THAT STANDS OUT!

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A Voice for Agriculture.

*Bringing Lender Visions to Life.*



## REFERRAL PROGRAM

We offer a **\$500** referral fee on qualifying new loans.



At Mississippi Land Bank we value our stockholders, and our *referral program* is one way of saying “thank you” to our Land Bank Family. Call for details.

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