MISSISSIPPI LAND BANK, ACA

2026
Quarterly Report
Second Quarter

PART OF THE FARM CREDIT SYSTEM

For the Quarter Ended June 30, 2026

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 quarterly 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 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 report, that it has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate and complete to the best of our knowledge and belief.

/s/ Mac Alan Blaine
Mac Alan Blaine, Chairman, Board of Directors
August 6, 2026

/s/ Rebecca A. Beard
Rebecca A. Beard, Chairman, Audit Committee
August 6, 2026

/s/ Chad E. Crow
Chad E Crow, Chief Executive Officer
August 6, 2026

/s/ Claire B. Pegram
Claire B. Pegram, Chief Financial Officer
August 6, 2026

Second Quarter 2026 Financial Report

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MISSISSIPPI LAND BANK, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the financial performance of the Mississippi Land Bank, ACA, referred to as the Association, for the quarter ended June 30, 2026. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2025 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Significant Events

In March 2026 and February 2025, the Association paid its stockholders a cash patronage of $4,000,000 and $6,000,000, respectively, which were declared by the board of directors in December 2025 and 2024, respectively.

In February 2026, the Association received a refund of $500,544 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 March 2025, the Association received a refund of $169,174 from FCSIC for its share of excess fund balances.

In January 2026, the Farm Credit Bank of Texas (Bank) implemented a new technology service charge based on the average balance of the Association's direct note with the Bank and calculated at an amount equal to 10 basis points, annually. For the period ending June 30, 2026, the fee totals $496,327 and is included in "Purchased services" in the consolidated statements of comprehensive income.

Changes in Senior Officers

In May 2026, J. Matthew Walden resigned his position as chief operating officer, effective June 15, 2026, to accept a position with another Farm Credit institution.

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.

In addition, 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. To mitigate the risk of loan losses, the Association has obtained loan guarantees in the form of standby commitments to purchase qualifying loans from the 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 June 30, 2026, loans totaling $32,692,030 were guaranteed by these commitments. Fees paid for these guarantees totaled $50,036 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 2024, the Association entered into the Agri-Access program offered by Compeer, which required a capital investment in AgriBank. In May 2026, the Association entered into an additional capital investment in AgriBank in the amount of $271,330 for a total investment of $1,622,465, shown on the consolidated balance sheets as "Investment in other Farm Credit Institutions."

Total loans outstanding at June 30, 2026, including nonaccrual loans and sales contracts, were $1,152,063,209 compared to $1,142,586,925 at December 31, 2025, reflecting an increase of 0.8%. Nonaccrual loans as a percentage of total loans outstanding were 0.3% at June 30, 2026, compared to 0.0% at December 31, 2025.

The Association recorded $23,509 in recoveries and $181,636 in charge-offs for the three months ended June 30, 2026, and $0 in recoveries and $113 in charge-offs for the three months ended June 30, 2025. The Association recorded $23,509 in recoveries and $181,636 in charge-offs for the six months ended June 30, 2026, and $1,110 in recoveries and $29,305 in charge-offs for the six months ended June 30, 2025. The Association's allowance for loan losses was 0.2% and 0.2% of total loans outstanding as of June 30, 2026, and December 31, 2025, respectively.

Agribusiness Loan Program

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 borrowers' ABE loans 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 $10,853,549 and $12,048,478 as of June 30, 2026 and December 31, 2025, respectively.

Risk Exposure

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	June 30, 2026		December 31, 2025	
	Amount	**%**	Amount	%
Nonaccrual	**$ 3,764,403**	**97.5%**	$ 552,432	100.0%
90 days past due and still accruing interest	**95,196**	**2.5%**	-	0.0%
Total	**$ 3,859,599**	**100.0%**	$ 552,432	100.0%

Nonaccrual loans have increased by $3,211,971 since December 31, 2025, primarily in the real estate mortgage purpose code.

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. As of June 30, 2026, the Association had $11,267,373 of SBA pool securities compared to $12,096,736 at December 31, 2025.

Results of Operations

The Association had net income of $4,238,638 and $8,203,311 for the three and six months ended June 30, 2026, as compared to net income of $4,396,954 and $8,500,408 for the same periods in 2025, reflecting a decrease of 3.6% and 3.5%. Net interest income was $7,021,255 and $13,948,737 for the three and six months ended June 30, 2026, compared to $6,633,593 and $13,095,099 for the same periods in 2025.

	Six Months Ended			
	June 30, 2026		June 30, 2025	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 1,128,779,616**	**$ 32,585,915**	$ 1,084,164,418	$ 30,456,904
Investments	**11,586,715**	**222,889**	7,907,038	194,794
Total interest-earning assets	**1,140,366,331**	**32,808,804**	1,092,071,456	30,651,698
Interest-bearing liabilities	**991,612,736**	**18,860,067**	948,753,403	17,556,599
Impact of capital	**$ 148,753,595**		$ 143,318,053	
Net interest income		**$ 13,948,737**		$ 13,095,099

	2026	2025
	Average Yield	Average Yield
Yield on loans	**5.82%**	5.67%
Yield on investments	**3.88%**	4.97%
Total yield on interest-earning assets	**5.80%**	5.66%
Cost of interest-bearing liabilities	**3.84%**	3.73%
Interest rate spread	**1.96%**	1.93%
Net interest income as a percentage of average earning assets	**2.47%**	2.42%

	Months Ended June 30, 2026 vs. June 30, 2025		
	Increase (decrease) due to		
	Volume	Rate	Total
Interest income - loans	$ 1,253,361	$ 875,650	$ 2,129,011
Interest income - investments	90,650	(62,555)	28,095
Total interest income	1,344,011	813,095	2,157,106
Interest expense	793,118	510,350	1,303,468
Net interest income	$ 550,893	$ 302,745	$ 853,638

Interest income for the three and six months ended June 30, 2026, increased by $828,875 and $2,157,106, or 5.3% and 7.0%, from the same periods of 2025, primarily due to increases in yields on earning assets and an increase in average loan volume. Interest expense for the three and six months ended June 30, 2026, increased by $441,213 and $1,303,468, or 4.9% and 7.4%, from the same periods of 2025 due to an increase in cost of interest-bearing liabilities coupled with an increase in average debt volume. Average loan volume for the second quarter of 2026 was $1,133,895,326 compared to $1,097,139,863 in the second quarter of 2025. The average net interest rate spread on the loan portfolio for the second quarter of 2026 was 1.95%, compared to 1.91% in the second quarter of 2025.

Provision for loan losses decreased $2,673, or 0.8%, compared with the second quarter of 2025 primarily due to slower loan growth compared to the same period in 2025 despite some deterioration in the portfolio.

Noninterest income for the six months ended June 30, 2026, decreased by $122,125, or 5.7%, compared with 2025, due primarily to a decrease in patronage income from the Bank of $567,525, offset by an increase in the refund from the FCSIC of $331,370, increased fee income of $23,782, and an increase in other noninterest income of $72,501.

Noninterest expenses for the six months ended June 30, 2026, increased by $1,019,011, or 16.0%, compared with 2025. The primary drivers of the change were an increase in purchased services of $519,481, primarily due to a new technology service charge from the Bank, increased salaries and benefits expense of $301,355 and an increase in other insurance expense of $40,427. These increases are offset by a slight decrease in advertising expense of $25,146.

The Association's return on average assets for the six months ended June 30, 2026, was 1.37% compared to 1.49% for the same period in 2025. The Association's return on average equity for the six months ended June 30, 2026, was 8.61%, compared to 9.49% for the same period in 2025.

Liquidity and Funding Sources

The Association secures the majority of its lendable funds from the Bank, which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	June 30, 2026	December 31, 2025
Note payable to the Bank	$ 996,970,177	$ 1,000,246,712
Accrued interest on note payable	3,189,231	3,177,522
Total	$ 1,000,159,408	$ 1,003,424,234

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2026. The Association and the Bank are engaged in discussions regarding renewal of the GFA. Any renewal remains subject to the approval of the parties and applicable requirements. Management does not believe the scheduled expiration of the current GFA will have a material adverse effect on the Association's operations or access to funding through the term of the existing agreement. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $996,970,177 as of June 30, 2026, is recorded as a liability on the Association's consolidated balance sheets. The note carried a weighted average interest rate of 3.90% at June 30, 2026. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the GFA. The decrease in note payable to the Bank and related accrued interest payable since December 31, 2025, is primarily due to the Association's decrease in receivable from the Bank related to patronage income received in late January, as well as a decrease in investment volume, offset by a slight increase in loan volume. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $151,364,832 at June 30, 2026. The maximum amount the Association may borrow from the Bank as of June 30, 2026, was $1,164,597,383 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2026, unless sooner terminated by the 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 Association is required to maintain an investment in the Bank in the form of Class A voting capital stock and allocated retained earnings. Beginning in 2025, the investment requirement of the Association increased from 2.00% to 2.50% of the average borrowings from the Bank, determined semi-annually, whereas previously this equalization was performed on an annual basis. The first semi-annual equalization for 2026 took place in June 2026.

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 increased by $8,197,242 at June 30, 2026, compared to December 31, 2025. The Association's debt as a ratio of members' equity was 5.17:1 as of June 30, 2026, compared to 5.45:1 as of December 31, 2025.

Farm Credit Administration regulations require the Association to maintain minimums for various regulatory capital ratios. New regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. As of June 30, 2026, the Association exceeded all regulatory capital requirements.

Significant Recent Accounting Pronouncements

Refer to Note 1 – "Organization and Significant Accounting Policies" in this quarterly report for disclosures of recent accounting pronouncements which may impact the Association's consolidated financial position and results of operations and for critical accounting policies.

Relationship With the Farm Credit Bank of Texas

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2025 Annual Report of Association more fully describe the Association's relationship with the Bank.

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 by calling (512) 483-9204. The annual and quarterly stockholder reports of the Bank are also available on its website at *www.farmcreditbank.com.*

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Mississippi Land Bank, ACA, P.O. Box 667, Senatobia, Mississippi 38668-0667, or calling (662) 562-9671. The annual and quarterly stockholder reports for the Association are also available on its website at *www.mslandbank.com.*

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED BALANCE SHEETS

	June 30, 2026 (unaudited)	December 31, 2025
ASSETS		
Cash	**$ 17,961**	$ 18,909
Investments	**11,267,373**	12,096,736
Loans	**1,152,063,209**	1,142,586,925
Less: allowance for credit losses on loans	**2,060,718**	1,874,870
Net loans	**1,150,002,491**	1,140,712,055
Accrued interest receivable	**17,919,894**	24,389,224
Investment in and receivable from the Farm Credit Bank of Texas:		
Capital stock	**25,524,252**	25,299,867
Other	**151,381**	5,650,547
Investment in other Farm Credit Institution	**1,622,465**	1,351,135
Premises and equipment, net	**4,110,303**	4,080,300
Other assets	**2,047,342**	895,358
Total assets	**$ 1,212,663,462**	$ 1,214,494,131
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	**$ 996,970,177**	$ 1,000,246,712
Guaranteed obligations to government entities	**10,853,549**	12,048,478
Accrued interest payable	**3,189,232**	3,177,522
Drafts outstanding	**830,283**	790,947
Patronage distributions payable	**340**	4,000,230
Other liabilities	**4,254,579**	5,862,182
Total liabilities	**1,016,098,160**	1,026,126,071
MEMBERS' EQUITY		
Capital stock and participation certificates	**4,511,640**	4,503,755
Unallocated retained earnings	**191,777,753**	183,574,442
Accumulated other comprehensive income	**275,909**	289,863
Total members' equity	**196,565,302**	188,368,060
Total liabilities and members' equity	**$ 1,212,663,462**	$ 1,214,494,131

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended June 30,		Months Ended June 30,	
	2026	2025	**2026**	2025
INTEREST INCOME				
Loans	**$ 16,435,712**	$ 15,593,779	**$ 32,585,915**	$ 30,456,904
Investments	**111,337**	124,395	**222,889**	194,794
Total interest income	**16,547,049**	15,718,174	**32,808,804**	30,651,698
INTEREST EXPENSE				
Note payable to the Farm Credit Bank of Texas	**9,525,794**	9,084,581	**18,860,067**	17,556,599
Total interest expense	**9,525,794**	9,084,581	**18,860,067**	17,556,599
Net interest income	**7,021,255**	6,633,593	**13,948,737**	13,095,099
PROVISION FOR LOAN LOSSES	**15,535**	195,545	**336,290**	338,963
Net interest income after provision for credit losses on loans	**7,005,720**	6,438,048	**13,612,447**	12,756,136
NONINTEREST INCOME				
Income from the Farm Credit Bank of Texas:				
Patronage income	**560,332**	844,149	**1,120,771**	1,688,296
Refunds from Farm Credit System Insurance Corporation	**-**	-	**500,544**	169,174
Loan fees	**121,848**	113,986	**215,300**	191,518
Gain on sale of premises and equipment, net	**11,508**	-	**17,747**	-
Other noninterest income	**78,088**	39,920	**169,216**	96,715
Total noninterest income	**771,776**	998,055	**2,023,578**	2,145,703
NONINTEREST EXPENSES				
Salaries and employee benefits	**2,046,731**	1,938,195	**4,388,071**	4,086,716
Purchased services	**335,408**	77,426	**666,665**	147,184
Insurance Fund premiums	**226,254**	224,203	**453,773**	438,611
Occupancy and equipment	**154,004**	165,264	**385,311**	398,061
Travel	**126,124**	131,121	**225,449**	218,581
Supervisory and exam expense	**107,008**	101,398	**214,016**	202,796
Public and member relations	**77,029**	48,446	**195,240**	156,820
Other insurance expense	**-**	-	**181,137**	140,710
Directors' expense	**77,293**	62,677	**163,677**	133,487
Advertising	**109,139**	113,595	**148,434**	173,580
Communications	**31,616**	27,027	**73,225**	65,137
Other components of net periodic postretirement benefit cost	**12,003**	17,370	**24,005**	34,740
Training	**8,579**	16,825	**20,262**	18,783
Other noninterest expense	**207,019**	100,814	**257,862**	162,910
Total noninterest expenses	**3,518,207**	3,024,361	**7,397,127**	6,378,116
Income before income taxes	**4,259,289**	4,411,742	**8,238,898**	8,523,723
Provision for income taxes	**20,651**	14,788	**35,587**	23,315
NET INCOME	**4,238,638**	4,396,954	**8,203,311**	8,500,408
Other comprehensive income:				
Change in postretirement benefit plans	**(6,977)**	(1,897)	**(13,954)**	(3,793)
COMPREHENSIVE INCOME	**$ 4,231,661**	$ 4,395,057	**$ 8,189,357**	$ 8,496,615

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	Capital Stock/ Participation Certificates	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2024	$ 4,379,405	$ 171,776,320	$ 179,587	$ 176,335,312
Comprehensive income	-	8,500,408	(3,793)	8,496,615
Capital stock/participation certificates issued	402,725	-	-	402,725
Capital stock/participation certificates retired	(337,125)	-	-	(337,125)
Balance at June 30, 2025	$ 4,445,005	$ 180,276,728	$ 175,794	$ 184,897,527
Balance at December 31, 2025	$ 4,503,755	$ 183,574,442	$ 289,863	$ 188,368,060
Comprehensive income	-	8,203,311	(13,954)	8,189,357
Capital stock/participation certificates issued	380,935	-	-	380,935
Capital stock/participation certificates retired	(373,050)	-	-	(373,050)
Balance at June 30, 2026	**$ 4,511,640**	**$ 191,777,753**	**$ 275,909**	**$ 196,565,302**

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Mississippi Land Bank, ACA (Agricultural Credit Association), referred to as 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. The Association serves 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), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with U.S generally accepted accounting principles (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2025, as contained in the 2025 Annual Report to Stockholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2026. Descriptions of the significant accounting policies are included in the 2025 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted or Issued Accounting Pronouncements

In December 2025, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-11 Interim Reporting (Topic 270): 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 that have a material impact on the entity since the end of the last annual reporting period. This 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 evaluating the potential impact of adoption on its financial condition, results of operations and cash flows.

In November 2025, the FASB issued ASU 2025-08 Financial Instruments - Credit Losses (Topic 326) - Purchased Loans. This update 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. This update is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The Association is currently evaluating the potential impact of adoption on its financial condition, results of operations and cash flows.

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

In July 2025, the FASB issued ASU 2025-05 – Financial Instruments - Credit Losses - Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient which would allow all entities when developing reasonable and supportable forecasts as part of estimating credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The update also provides entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under revenue recognition guidance. The Association adopted this guidance effective January 1, 2026, and elected to apply the practical expedient, as applicable. The adoption of this update did not have a material impact on the Associations financial condition, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this 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. Effective January 1, 2025, the Association adopted this guidance. 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.

NOTE 2 — INVESTMENTS:

Held-to-Maturity

A summary of the amortized cost and fair value of mission-related and other investment securities held-to-maturity by type is as follows:

June 30, 2026	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
SBA investments	**$ 11,267,373**	**$ 69,279**	**$ -**	**$ 11,336,652**	**5.0%**

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
SBA investments	$ 12,096,736	$ 27,090	$ (18,694)	$ 12,105,132	5.4%

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 securities by type at June 30, 2026:

	SBA Investments				
	Due in 1 Year or Less Amount	**Due After 1 Year Through 5 Years Amount**	**Due After 5 Years Through 10 Years Amount**	**Due After 10 Years Amount**	**Total Amount**
Total fair value	$ -	$ -	$ 3,150,754	$ 8,185,898	$ 11,336,652
Total amortized cost	-	-	3,130,318	8,137,055	11,267,373
Weighted Average Yield	- %	- %	4.8 %	5.1 %	5.0 %

Accrued interest of $54,527 and $63,085 as of June 30, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost basis of the total investment securities.

Associations are required to evaluate investment securities with unrealized losses for impairment on a quarterly 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 any 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. As part of its second quarter 2026 assessment, it was determined that the Association does not intend to sell the securities, nor is it more likely than not that the Association would be required to sell the security, prior to recovery of the amortized cost basis.

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

A summary of loans by type follows:

Loan Type	June 30, 2026 Amount	December 31, 2025 Amount
Real estate mortgage	**$ 921,103,584**	$ 922,811,869
Production and intermediate-term	**159,701,867**	145,813,310
Agribusiness:		
Processing and marketing	**31,069,671**	36,985,142
Farm-related business	**2,964,713**	2,678,142
Rural residential real estate	**26,211,263**	22,856,708
Agricultural export finance	**3,500,000**	3,500,000
Communication	**3,295,276**	3,312,238
Energy	**2,998,590**	2,998,144
Water and waste-water	**1,218,245**	1,631,372
Total	**$ 1,152,063,209**	$ 1,142,586,925

The Association purchases or sells 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 the balances of participations purchased and sold at June 30, 2026:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Agribusiness	$ 23,934,789	$ 2,418,456	$ -	$ -	$ 23,934,789	$ 2,418,456
Real estate mortgage	515,908	3,772,550	21,608,705	-	22,124,613	3,772,550
Production and intermediate-term	7,997,259	988,227	-	-	7,997,259	988,227
Agricultural export finance	3,500,000	-	-	-	3,500,000	-
Communication	3,295,276	-	-	-	3,295,276	-
Energy	2,998,590	-	-	-	2,998,590	-
Water and waste-water	1,218,245	-	-	-	1,218,245	-
Total	$ 43,460,067	$ 7,179,233	$ 21,608,705	$ -	$ 65,068,772	$ 7,179,233

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. Balances of ACPs were $18,701,696 and $15,780,496 at June 30, 2026 and December 31, 2025, respectively.

Credit Quality

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

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (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 the amortized cost of loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Real estate mortgage		
Acceptable	**98.2** %	98.3 %
OAEM	**0.8**	1.4
Substandard/doubtful	**1.0**	0.3
	100.0	100.0
Production and intermediate-term		
Acceptable	**96.3**	95.2
OAEM	**2.5**	4.4
Substandard/doubtful	**1.2**	0.4
	100.0	100.0
Agribusiness		
Acceptable	**73.3**	76.0
OAEM	**-**	-
Substandard/doubtful	**26.7**	24.0
	100.0	100.0
Energy and water/waste-water		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Communication		
Acceptable	**-**	100.0
OAEM	**100.0**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Rural residential real estate		
Acceptable	**99.7**	99.5
OAEM	**0.3**	-
Substandard/doubtful	**-**	0.5
	100.0	100.0
Agricultural export finance		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Total loans		
Acceptable	**96.9**	97.1
OAEM	**1.3**	1.7
Substandard/doubtful	**1.8**	1.2
	100.0 %	100.0 %

Accrued interest receivable on loans of $17,865,367 and $24,326,139 at June 30, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and reported separately in the consolidated balance sheets. During the three and six months ended June 30, 2026 and 2025, the Association wrote off accrued interest receivable of an immaterial amount, respectively.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned and related credit quality statistics:

	June 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	**$ 2,941,569**	$ 428,026
Production and intermediate-term	**822,834**	-
Rural residential real estate	**-**	124,406
Total nonaccrual loans	**$ 3,764,403**	$ 552,432
Accruing loans 90 days or more past due:		
Real estate mortgage	**$ 95,196**	$ -
Total accruing loans 90 days or more past due	**95,196**	-
Total nonperforming assets	**$ 3,859,599**	$ 552,432
Nonaccrual loans as a percentage of total loans	**0.33%**	0.05%
Nonperforming assets as a percentage of total loans and other property owned	**0.34%**	0.05%
Nonperforming assets as a percentage of capital	**1.96%**	0.29%

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

	June 30, 2026			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2026	For the Six Months Ended June 30, 2026
Nonaccrual loans:					
Real estate mortgage	$ 2,457,726	$ 483,843	$ 2,941,569	$ 95	$ 28,377
Production and intermediate-term	670,538	152,296	822,834	11,618	11,618
Rural residential real estate	-	-	-	-	3,790
Total nonaccrual loans	$ 3,128,264	$ 636,139	$ 3,764,403	$ 11,713	$ 43,785

	December 31, 2025			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Nonaccrual loans:					
Real estate mortgage	$ -	$ 428,026	$ 428,026	$ -	$ 1,595
Rural residential real estate	-	124,406	124,406	-	-
Total nonaccrual loans	$ -	$ 552,432	$ 552,432	$ -	$ 1,595

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

June 30, 2026	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 Past Due and Accruing
Real estate mortgage	$ 1,550,047	$ 2,552,922	$ 4,102,969	$ 917,000,615	$ 921,103,584	$ 95,196
Production and intermediate term	473,451	590,448	1,063,899	158,637,968	159,701,867	-
Processing and marketing	-	-	-	31,069,671	31,069,671	-
Rural residential real estate	-	-	-	26,211,263	26,211,263	-
Agricultural export finance	-	-	-	3,500,000	3,500,000	-
Communication	-	-	-	3,295,276	3,295,276	-
Energy	-	-	-	2,998,590	2,998,590	-
Farm-related business	-	-	-	2,964,713	2,964,713	-
Water and waste-water	-	-	-	1,218,245	1,218,245	-
Total	$ 2,023,498	$ 3,143,370	$ 5,166,868	$ 1,146,896,341	$ 1,152,063,209	$ 95,196

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 Past Due 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	-
Total	$ 870,322	$ -	$ 870,322	$ 1,141,716,603	$ 1,142,586,925	$ -

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

Loan Modifications to Borrowers Experiencing Financial Difficulties

For loan modifications granted to borrowers during the three and six month ended June 30, 2026, the following table shows the amortized cost basis of the outstanding balances reflected in our consolidated balance sheets as of June 30, 2026, disaggregated by loan type and type of modification granted.

	For the Three and Six Months Ended June 30, 2026(1)		
	Payment Deferral	**Total**	**Percentage of Total by Loan Type**
Real estate mortgage	**$ 2,705,817**	**$ 2,705,817**	**0.29%**
Production and Intermediate-Term	**590,448**	**590,448**	**0.37%**
Total	**$ 3,296,265**	**$ 3,296,265**	**0.29%**

(1) Excludes loans that were modified during the period but were paid off, sold or charged-off prior to period end.

The Association did not grant any loan modifications to borrowers experiencing financial difficulty during the three or six months ended June 30, 2025.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three and six months ended June 30, 2026 and 2025 was $215,970 and $0, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026:

	Financial Effect
	For the Three and Six Months Ended June 30, 2026
	Payment Deferral
Real estate mortgage	**Term extended for 271 days**
Production and intermediate-term	**Term extended for 245 days**

The Association did not grant any loan modifications to borrowers experiencing financial difficulty during the three or six months ended June 30, 2025.

The Association had no loans to borrowers experiencing financial difficulties that defaulted during the three and six months ended June 30, 2026 and 2025 that received a modification in the twelve months before default.

The following table sets forth an aging analysis at June 30, 2026 of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2026:

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	$ -	$ 89,425	$ 2,616,392
Production and intermediate-term	-	-	590,448
Total	**$ -**	**$ 89,425**	**$ 3,206,840**

There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2026 and at December 31, 2025.

The Association had no loans held for sale at June 30, 2026 and December 31, 2025, respectively.

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 boards of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2026, are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at March 31, 2026	$ 2,019,684	$ 117,278	$ 27,395	$ 8,717	$ 1,341	$ 28,954	$ 750	$ 2,204,119
Charge-offs	(139,954)	(41,682)	-	-	-	-	-	(181,636)
Recoveries	-	23,509	-	-	-	-	-	23,509
Provision for credit losses (credit loss reversal)	(46,414)	59,408	(838)	(213)	184	2,674	(74)	14,726
Balance at June 30, 2026	$ 1,833,316	$ 158,512	$ 26,557	$ 8,504	$ 1,525	$ 31,628	$ 676	$ 2,060,718
Allowance for credit losses on unfunded commitments:								
Balance at March 31, 2026	$ 38	$ 11,527	$ 6,796	$ -	$ 104	$ 144	$ -	$ 18,609
Provision for unfunded commitments	86	802	(86)	-	(2)	10	-	810
Balance at June 30, 2026	$ 124	$ 12,329	$ 6,710	$ -	$ 102	$ 154	$ -	$ 19,419

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Total
Allowance for credit losses on loans:								
Balance at December 31, 2025	$ 1,659,878	$ 138,713	$ 37,385	$ 7,051	$ 2,003	$ 28,929	$ 911	$ 1,874,870
Charge-offs	(139,954)	(41,682)	-	-	-	-	-	(181,636)
Recoveries	-	23,509	-	-	-	-	-	23,509
Provision for credit losses/(credit loss reversal)	313,392	37,973	(10,828)	1,453	(478)	2,699	(235)	343,975
Balance at June 30, 2026	$ 1,833,316	$ 158,512	$ 26,557	$ 8,504	$ 1,525	$ 31,628	$ 676	$ 2,060,718
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2025	$ 108	$ 15,636	$ 10,977	$ 58	$ 170	$ 155	$ -	$ 27,104
Provision for unfunded commitments	16	(3,307)	(4,267)	(58)	(68)	(1)	-	(7,685)
Balance at June 30, 2026	$ 124	$ 12,329	$ 6,710	$ -	$ 102	$ 154	$ -	$ 19,419

A summary of changes in the allowance for credit losses by portfolio segment for the three and six months ended June 30, 2025, are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	International	Total
Allowance for credit losses on loans:								
Balance at March 31, 2025	$ 1,490,345	$ 127,818	$ 39,621	$ 8,453	$ 3,449	$ 31,509	$ 754	$ 1,701,949
Charge-offs	-	(113)	-	-	-	-	-	(113)
Provision for loan losses (credit loss reversal)	165,740	22,763	(2,738)	(729)	258	3,969	(82)	189,181
Balance at June 30, 2025	$ 1,656,085	$ 150,468	$ 36,883	$ 7,724	$ 3,707	$ 35,478	$ 672	$ 1,891,017
Allowance for credit losses on unfunded commitments:								
Balance at March 31, 2025	$ 91	$ 11,208	$ 8,916	$ 277	$ 573	$ 148	$ 382	$ 21,595
Provision for unfunded commitments	122	4,381	2,116	(133)	(273)	198	(47)	6,364
Balance at June 30, 2025	$ 213	$ 15,589	$ 11,032	$ 144	$ 300	$ 346	$ 335	$ 27,959

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	International	Total
Allowance for credit losses on loans:								
Balance at December 31, 2024	$ 1,394,696	$ 118,734	$ 31,102	$ 7,880	$ 3,607	$ 30,464	$ 813	$ 1,587,296
Charge-offs	(1,110)	(28,195)	-	-	-	-	-	(29,305)
Recoveries	1,110	-	-	-	-	-	-	1,110
Provision for loan losses (credit loss reversal)	261,389	59,929	5,781	(156)	100	5,014	(141)	331,916
Balance at June 30, 2025	$ 1,656,085	$ 150,468	$ 36,883	$ 7,724	$ 3,707	$ 35,478	$ 672	$ 1,891,017
Allowance for credit losses on unfunded commitments:								
Balance at December 31, 2024	$ 24	$ 9,973	$ 9,183	$ 470	$ 755	$ 83	$ 423	$ 20,911
Provision for unfunded commitments	189	5,616	1,849	(326)	(455)	263	(88)	$ 7,048
Balance at June 30, 2025	$ 213	$ 15,589	$ 11,032	$ 144	$ 300	$ 346	$ 335	$ 27,959

Discussion of Changes in Allowance for Credit Losses

The ACL increased $185,848 to $2,060,718 at June 30, 2026, as compared to $1,874,870 at December 31, 2025. This is largely due to some credit deterioration in the portfolio, changes in economic outlook throughout the first half of the year and specific allowance requirements.

The Association's macroeconomic forecasts include 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 June 30, 2026, 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 scenario. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index and U.S. corporate bond spreads.

NOTE 4 — CAPITAL:

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an Association's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

The following table presents the components of capital:

		June 30, 2026		December 31, 2025
Capital stock and participation certificates	$	**4,511,640**	$	4,503,755
Accumulated other comprehensive loss		**275,909**		289,863
Retained earnings		**191,777,753**		183,574,442
Total Capital	$	**196,565,302**	$	188,368,060

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Minimums wih Buffer	As of June 30, 2026	As of December 31, 2025
Common equity tier 1 ratio	7.00%	**14.4%**	14.0%
Tier 1 capital ratio	8.50%	**14.4%**	14.0%
Total capital ratio	10.50%	**14.6%**	14.2%
Permanent capital ratio	7.00%	**14.5%**	14.1%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.00%	**14.1%**	13.7%
UREE leverage ratio	1.50%	**13.8%**	13.4%

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

	at June 30, 2026							
		Common equity tier 1 ratio		Tier 1 capital ratio		Total capital ratio		Permanent capital ratio
Numerator:								
Unallocated retained earnings	$	188,681,728	$	188,681,728	$	188,681,728	$	188,681,728
Common Cooperative Equities:								
Statutory minimum purchased borrower stock		4,498,081		4,498,081		4,498,081		4,498,081
Allowance for loan losses and reserve for credit losses subject to certain limitations		-		-		2,208,236		-
Regulatory Adjustments and Deductions:								
Amount of allocated investments in other System institutions		(26,827,831)		(26,827,831)		(26,827,831)		(26,827,831)
	$	166,351,978	$	166,351,978	$	168,560,214	$	166,351,978
Denominator:								
Risk-adjusted assets excluding allowance	$	1,179,524,690	$	1,179,524,690	$	1,179,524,690	$	1,179,524,690
Regulatory Adjustments and Deductions:								
Regulatory deductions included in total capital		(26,827,831)		(26,827,831)		(26,827,831)		(26,827,831)
Allowance for loan losses		-		-		-		(2,189,555)
	$	1,152,696,859	$	1,152,696,859	$	1,152,696,859	$	1,150,507,304

	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)
	$ 163,612,291	$ 163,612,291	$ 165,445,353	$ 163,612,291
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)
	$ 1,165,944,955	$ 1,165,944,955	$ 1,165,944,955	$ 1,164,144,564

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

	at June 30, 2026	
	Tier 1 leverage ratio	**UREE leverage ratio**
Numerator:		
Unallocated retained earnings	**$ 188,681,728**	**$ 188,681,728**
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	**4,498,081**	**-**
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	**(26,827,831)**	**(26,827,831)**
	$ 166,351,978	**$ 161,853,897**
Denominator:		
Total Assets	**$ 1,205,085,045**	**$ 1,205,085,045**
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	**(27,807,429)**	**(27,807,429)**
	$ 1,177,277,616	**$ 1,177,277,616**

	at December 31, 2026	
	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
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)
	$ 163,612,291	$ 159,113,056
Denominator:		
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)
	$ 1,191,521,631	$ 1,191,521,631

The Association's accumulated other comprehensive income (loss) relates entirely to its non-pension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the consolidated statements of comprehensive income. The following table summarizes the change in accumulated other comprehensive income (loss) for the six months ended June 30:

	2026	2025
Accumulated other comprehensive income (loss) at January 1	**$ 289,863**	$ 179,587
Amortization of actuarial (gain) loss included in salaries and employee benefits	**(13,954)**	(3,793)
Other comprehensive income (loss), net of tax	**(13,954)**	(3,793)
Accumulated other comprehensive income (loss) at June 30	**$ 275,909**	$ 175,794

NOTE 5 — INCOME TAXES:

Mississippi Land Bank, ACA and its subsidiary, Mississippi, PCA, are subject to federal and certain other income taxes. The Association operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code which, under specified conditions, allows the Association to exclude from taxable income amounts distributed as qualified patronage dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends.

Deferred taxes are recorded at 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 (more than 50% probability), based on management's estimate, that they will not be realized. For the six months ended June 30, 2026 and 2025, the Association carried a deferred tax asset of $262,648 and $262,681, respectively, with a full valuation allowance recorded against the net asset.

NOTE 6 — 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 the principal or most advantageous market for the asset or liability. See Note 14 in the 2025 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis summarized below:

June 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in non-qualified benefits trusts	**$ 31,624**	**-**	**-**	**$ 31,624**
Total assets	**$ 31,624**	**$ -**	**$ -**	**$ 31,624**

December 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in non-qualified benefits trusts	$ 7,551	$ -	$ -	$ 7,551
Total assets	$ 7,551	$ -	$ -	$ 7,551

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

June 30, 2026	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$2,809,914**	**$ 2,809,914**

December 31, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ -	$ -

The Association also participates in letters of credit to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financing obligations. At June 30, 2026, the Association had $192,269 in outstanding standby letters of credit and $2,691 in outstanding commercial letters of credit, all issued primarily in conjunction with participation loans.

Uncertainty of Fair Value Measurements

With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs, as each collateral property is unique. The Associations utilize appraisals to value these loans and other property owned and take into account unobservable inputs, such as income and expense, comparable sales, replacement cost and comparability adjustments.

Valuation Techniques

As more fully discussed in Note 2 to the 2025 Annual Report to Stockholders, authoritative 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. The following represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see the 2025 Annual Report to Stockholders.

Assets Held in Nonqualified Benefits Trusts

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

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB 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 7 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for other postretirement benefit costs for the six months ended June 30:

	Other Benefits	
	2026	2025
Service cost	**$ 5,358**	$ 3,123
Interest cost	**37,960**	38,533
Amortization of net actuarial (gain) loss	**(13,954)**	(3,793)
Net periodic benefit cost	**$ 29,364**	$ 37,863

The Association's liability for the unfunded accumulated obligation for these benefits at June 30, 2026, was $1,397,839 and is included in "Other liabilities" on the consolidated balance sheets.

The components of net periodic benefit cost other than the service cost component are included in the line item "Other components of net periodic postretirement benefit cost" in the consolidated statements of comprehensive income.

The structure of the District's defined benefit pension plan (DB Plan) is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and associations). The Association recognizes its amortized annual contributions to the plan as an expense. The annual contribution is paid in January with the expense amortized monthly to the "Salaries and employee benefits" line item on the consolidated statements of comprehensive income. The remaining unamortized amount is included in "Other assets" on the consolidated balance sheets.

The following table represents DB Plan contributions made, amounts amortized into expense and the remaining unamortized contribution amounts as of June 30:

	2026	2025
DB Plan contribution	**$ 337,311**	$ 178,689
Year-to-date amortization	**(168,656)**	(89,345)
Remaining contribution	**$ 168,655**	$ 89,344

NOTE 8 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal 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.

NOTE 9 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through August 6, 2026, which is the date the financial statements were issued. On July 29, 2026, the Association sold a participation interest to another Farm Credit institution with an amortized cost totaling $40,407,508. There are no other significant events requiring disclosure as of August 6, 2026.