QUARTERLY REPORT

June 30, 2026

FARM CREDIT OF WESTERN KANSAS, ACA

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DISCLOSURE OF IMPACT OF BANK OPERATIONS ON SHAREHOLDERS' INVESTMENT IN THE ASSOCIATION

The shareholders' investment in Farm Credit of Western Kansas, ACA is materially affected by the financial condition and results of operations of CoBank, ACB (CoBank). The 2025 CoBank Annual Report to Shareholders and the CoBank Quarterly Shareholders' Reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at:

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

The following discussion summarizes the financial position and results of operations of Farm Credit of Western Kansas, ACA (the Association) for the six months ended June 30, 2026, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2025 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

Economic conditions across northwest Kansas remained mixed through the second quarter of 2026, with continued divergence between the crop and livestock sectors. Grain producers continue to face margin compression driven by low corn and wheat prices alongside persistently elevated input costs. Early indications from the 2026 wheat harvest point to variable yields across the nine-county territory, largely attributable to uneven precipitation and localized impacts from high winds and hail. Conditions across much of the region trended drier, raising concerns for development and overall production potential. In contrast, the livestock sector continued to benefit from strong cattle prices, supported by historically tight domestic supply, which has sustained profitability for producers.

Despite ongoing pressure in portions of the farm economy, the Association's financial condition and earnings performance remain strong, supported by stable loan volume and asset quality. Credit quality remains sound, though continued monitoring is warranted within certain segments of the loan portfolio. While year-over-year average loan growth has placed some downward pressure on capital ratios, capital levels remain well above regulatory minimums.

The U.S. economy showed signs of moderating growth during the second quarter of 2026. Tariffs, a cooling labor market, and geopolitical pressures have contributed to a complicated economic environment. Real GDP is projected to grow at a rate of 2.1% for 2026 supported by continued consumer expenditures, business investments, and modest government spending. The labor market remained relatively steady with unemployment rates at 4.2% and is expected to remain at this level throughout the remainder of the year. The Federal Reserve maintained the federal funds target range at 3.50% - 3.75% in June 2026, and Fed officials no longer anticipate a rate cut this year. In 2026, net farm income is forecasted to decline slightly in comparison to 2025. Direct government relief payments are projected to increase significantly to offset a weak commodity price environment that has carried over from late 2025. Farm production expenses are expected to increase by 1.0% in comparison to 2025. Livestock and poultry purchases, feed, and labor are expected to be the three largest farm production expense categories in 2026. Compared with 2025 expenses, projections show livestock and poultry purchases increasing 9.7% in 2026, labor expenses increasing 2.2%, and feed expenses declining 6.8%.

LOAN PORTFOLIO

Loans outstanding at June 30, 2026, totaled $595.1 million, a decrease of $1.3 million, or 0.23%, from loans of $596.4 million at December 31, 2025. The decrease was primarily due to a decrease of $9.0 million in production and intermediate-term loans, partially offset by increases of $4.0 million in real estate mortgage loans, $2.6 million in agribusiness loans, and $1.2 million in rural infrastructure loans.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2026, was $6.7 million, an increase of $398 thousand, or 6.34%, from the same period ended one year ago. The increase was primarily due to an increase in net interest income and noninterest income partially offset by increases in noninterest expense and provision for credit losses.

For the six months ended June 30, 2026, net interest income was $9.1 million, an increase of $779 thousand compared with the six months ended June 30, 2025. Net interest income increased as a result of an increase in average loan volume.

The provision for credit losses for the six months ended June 30, 2026, was $501 thousand, an increase of $312 thousand, from the provision for credit losses for the same period ended one year ago. The provision for credit losses increased primarily as a result of less favorable loss factors derived from pooled data used to calculate our allowance for credit losses and additional stress within our portfolio.

Noninterest income increased $483 thousand during the first six months of 2026 compared with the first six months of 2025 primarily due to an increase in patronage from Farm Credit institutions and refunds from the Farm Credit System Insurance Corporation (FCSIC). Patronage from Farm Credit institutions increased in the first six months ended June 30, 2026, primarily due to an increase related to our direct note payable with CoBank. We received a refund of $286 thousand during the first six months of 2026 from the FCSIC compared with a refund of $90 thousand received in the same period ended one year ago. These refunds represent our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts.

Mineral income of $135 thousand was recognized during the first six months of 2026, which is distributed quarterly from CoBank. The increase for the six months ended June 30, 2026, compared with the same period ended one year ago, is primarily due to higher oil and gas commodity prices paid on new production wells.

During the first six months of 2026, noninterest expense increased $552 thousand to $4.1 million, primarily due to increases of $296 thousand in salaries and employee benefits and $193 thousand in purchased services. For the six months ended June 30, 2025, $852 thousand was reclassified from purchased services to data processing services to conform to the current period's presentation as a result of changes in our service provider's pricing model.

CAPITAL RESOURCES

Our shareholders' equity at June 30, 2026, was $131.8 million, an increase from $125.2 million at December 31, 2025. This increase is primarily due to net income.

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

Mark A. Wood
Audit Committee Chairman
August 7, 2026

Jessica A. Vaughn
President/CEO
August 7, 2026

Christopher R. Halbleib
Chief Financial Officer
August 7, 2026

Consolidated Statements of Condition

(Dollars in Thousands)

	June 30 2026	December 31 2025
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 595,089**	$ 596,431
Less allowance for loan losses	**1,857**	1,449
Net loans	**593,232**	594,982
Cash	**303**	5,286
Accrued interest receivable	**11,582**	12,455
Investment in CoBank, ACB	**13,853**	13,840
Premises and equipment, net	**2,755**	2,770
Prepaid benefit expense	**3,069**	3,072
Other assets	**2,828**	3,665
Total assets	**$ 627,622**	$ 636,070
LIABILITIES		
Note payable to CoBank, ACB	**$ 474,985**	$ 493,800
Advance conditional payments	**16,491**	8,186
Accrued interest payable	**1,036**	1,129
Patronage distributions payable	**174**	6,011
Reserve for unfunded commitments	**398**	305
Other liabilities	**2,710**	1,486
Total liabilities	**495,794**	510,917
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**719**	720
Unallocated retained earnings	**131,109**	124,433
Total shareholders' equity	**131,828**	125,153
Total liabilities and shareholders' equity	**$ 627,622**	$ 636,070

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

Consolidated Statements of Comprehensive Income

(Dollars in Thousands)

	For the three months ended June 30		For the six months ended June 30	
UNAUDITED	**2026**	2025	**2026**	2025
INTEREST INCOME				
Loans	**$ 8,844**	$ 8,428	**$ 17,792**	$ 16,385
Total interest income	**8,844**	8,428	**17,792**	16,385
INTEREST EXPENSE				
Note payable to CoBank, ACB	**4,235**	4,116	**8,558**	7,923
Other	**49**	50	**91**	98
Total interest expense	**4,284**	4,166	**8,649**	8,021
Net interest income	**4,560**	4,262	**9,143**	8,364
(Credit loss reversal)/Provision for credit losses	**(47)**	117	**501**	189
Net interest income after credit loss reversal/ provision for credit losses	**4,607**	4,145	**8,642**	8,175
NONINTEREST INCOME				
Financially related services income	**91**	96	**286**	255
Loan fees	**62**	55	**128**	108
Patronage distribution from Farm Credit institutions	**599**	516	**1,202**	999
Farm Credit Insurance Fund distribution	**-**	-	**286**	90
Mineral income	**66**	73	**135**	127
Other noninterest income	**37**	22	**61**	36
Total noninterest income	**855**	762	**2,098**	1,615
NONINTEREST EXPENSE				
Salaries and employee benefits	**1,021**	827	**1,829**	1,533
Purchased Services	**204**	99	**406**	213
Occupancy and equipment	**64**	63	**125**	121
Data Processing Services	**425**	434	**966**	958
Farm Credit Insurance Fund premium	**112**	105	**230**	206
Supervisory and examination costs	**62**	55	**124**	110
Other noninterest expense	**169**	155	**384**	371
Total noninterest expense	**2,057**	1,738	**4,064**	3,512
Net income/Comprehensive income	**$ 3,405**	$ 3,169	**$ 6,676**	$ 6,278

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

Consolidated Statements of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2024	$ 719	$ 117,312	$ 118,031
Comprehensive income		6,278	6,278
Stock issued	17		17
Stock retired	(18)		(18)
Balance at June 30, 2025	$ 718	$ 123,590	$ 124,308
Balance at December 31, 2025	$ 720	$ 124,433	$ 125,153
Comprehensive income		6,676	6,676
Stock issued	21		21
Stock retired	(22)		(22)
Balance at June 30, 2026	**$ 719**	**$ 131,109**	**$ 131,828**

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Western Kansas, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2025, are contained in the 2025 Annual Report to Shareholders. These unaudited second quarter 2026 financial statements should be read in conjunction with the 2025 Annual Report to Shareholders.

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 U.S. 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 Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. 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 Shareholders. 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.

Certain amounts in the prior period's financial statements have been reclassified from purchased services to data processing services to conform to the current period's financial statement presentation as a result of changes in the service provider's pricing model.

Recently Issued or Adopted Accounting Pronouncements

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

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

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

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

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

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide (1) all entities with a practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The practical expedient allows 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 were effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The adoption of this guidance did not have a material impact on the Association's financial condition, results of operations, or cash flows.

NOTE 2 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans by type follows:

(dollars in thousands)	**June 30, 2026**	December 31, 2025
Real Estate Mortgage	**$ 380,092**	$ 376,138
Production and Intermediate-Term	**143,395**	152,407
Agribusiness	**45,037**	42,482
Rural Infrastructure	**22,434**	21,272
Agricultural Export Finance	**4,131**	4,132
Total loans	**$ 595,089**	$ 596,431

The Association purchases and sells participation interests with other parties 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	
(dollars in thousands)	Purchased	Sold
Real Estate Mortgage	$ 36,879	$ 32,823
Production and Intermediate-Term	45,167	24,791
Agribusiness	44,466	572
Rural Infrastructure	22,434	-
Agricultural Export Finance	4,131	-
Total	$ 153,077	$ 58,186

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 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 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, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of:

	June 30, 2026	December 31, 2025
Real Estate Mortgage		
Acceptable	**98.73%**	98.74%
OAEM	**1.27%**	1.26%
Total	**100.00%**	100.00%
Production and Intermediate-Term		
Acceptable	**97.83%**	99.98%
OAEM	**2.17%**	0.02%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**88.42%**	92.48%
OAEM	**6.25%**	4.10%
Substandard	**5.33%**	3.42%
Total	**100.00%**	100.00%
Rural Infrastructure		
Acceptable	**82.68%**	91.94%
OAEM	**17.32%**	8.06%
Total	**100.00%**	100.00%
Agricultural Export Finance		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**97.14%**	98.38%
OAEM	**2.46%**	1.38%
Substandard	**0.40%**	0.24%
Total	**100.00%**	100.00%

Accrued interest receivable of $11.6 million on loans at June 30, 2026, and $12.5 million at December 31, 2025, has been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The Association did not write off any accrued interest during the first six months of 2026 or 2025.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. The Association had no loans classified as nonaccrual at June 30, 2026 and $2 thousand at December 31, 2025. The Association had no loans classified as accruing loans 90 days or more past due or other property owned at

June 30, 2026 or at December 31, 2025. The nonaccrual loans at December 31, 2025 did not have any related allowance for loan losses recorded and no interest recognized.

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

	June 30, 2026					
(dollars in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real Estate Mortgage	$ -	$ -	$ -	$ 380,092	$ 380,092	$ -
Production and Intermediate-Term	-	-	-	143,395	143,395	-
Agribusiness	-	-	-	45,037	45,037	-
Rural Infrastructure	-	-	-	22,434	22,434	-
Agricultural Export Finance	-	-	-	4,131	4,131	-
Total	$ -	$ -	$ -	$ 595,089	$ 595,089	$ -

	December 31, 2025					
(dollars in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
Real Estate Mortgage	$ -	$ -	$ -	$ 376,138	$ 376,138	$ -
Production and Intermediate-Term	11	-	11	152,396	152,407	-
Agribusiness	-	-	-	42,482	42,482	-
Rural Infrastructure	-	-	-	21,272	21,272	-
Agricultural Export Finance	-	-	-	4,132	4,132	-
Total	$ 11	$ -	$ 11	$ 596,420	$ 596,431	$ -

Loan Modifications to Borrowers Experiencing Financial Difficulty

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the periods presented. The balances represent the amortized cost basis at the end of the respective reporting periods for these loans. The Association did not have any loan modifications to borrowers experiencing financial difficulty during the six months ended June 30, 2026 or June 30, 2025.

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2026		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Agribusiness	$ 2,399	$ -	$ -
Total	$ 2,399	$ -	$ -

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended June 30, 2025		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Agribusiness	$ 405	$ -	$ -
Total	$ 405	$ -	$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the year ended December 31, 2025 were $2.1 million.

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

Allowance for Credit Losses

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications. The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. After the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables such as agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, real consumer spending, agricultural exports, inflation, and Fed Funds rates.

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. This limit applies to Associations with long-term and short- and intermediate-term lending authorities.

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

(dollars in thousands)	Balance at March 31, 2026	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2026
Real Estate Mortgage	$ 1,225	$ -	$ -	$ 2	$ 1,227
Production and Intermediate-Term	440	-	-	(43)	397
Agribusiness	168	-	-	(15)	153
Rural Infrastructure	82	-	-	(5)	77
Agricultural Export Finance	3	-	-	-	3
Total	$ 1,918	$ -	$ -	$ (61)	$ 1,857

(dollars in thousands)	Balance at December 31, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2026
Real Estate Mortgage	$ 932	$ -	$ -	$ 295	$ 1,227
Production and Intermediate-Term	330	-	-	67	397
Agribusiness	63	-	-	90	153
Rural Infrastructure	122	-	-	(45)	77
Agricultural Export Finance	2	-	-	1	3
Total	$ 1,449	$ -	$ -	$ 408	$ 1,857

(dollars in thousands)	Balance at March 31, 2025	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real Estate Mortgage	$ 816	$ -	$ -	$ 82	$ 898
Production and Intermediate-Term	320	-	-	8	328
Agribusiness	62	-	-	(13)	49
Rural Infrastructure	80	-	-	16	96
Agricultural Export Finance	1	-	-	1	2
Total	$ 1,279	$ -	$ -	$ 94	$ 1,373

(dollars in thousands)	Balance at December 31, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2025
Real Estate Mortgage	$ 820	$ -	$ -	$ 78	$ 898
Production and Intermediate-Term	293	-	-	35	328
Agribusiness	12	-	-	37	49
Rural Infrastructure	99	-	-	(3)	96
Agricultural Export Finance	1	-	-	1	2
Total	$ 1,225	$ -	$ -	$ 148	$ 1,373

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statements of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statements of Comprehensive Income, along with the provision for loan losses. A summary of changes in the reserve for unfunded commitments follows:

(dollars in thousands)	**For the Three Months Ended June 30, 2026**	**For the Six Months Ended June 30, 2026**
Balance at beginning of period	$ 384	$ 305
Provision for reserve for unfunded commitments	14	93
Total	$ 398	$ 398

(dollars in thousands)	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Balance at beginning of period	$ 275	$ 257
Provision for reserve for unfunded commitments	23	41
Total	$ 298	$ 298

NOTE 3 – CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows.

	As of June 30, 2026	As of December 31, 2025	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**17.96%**	17.96%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**17.96%**	17.96%	6.0%	2.5%	8.5%
Total capital ratio	**18.32%**	18.23%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.01%**	18.00%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**18.66%**	18.69%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**18.54%**	18.58%	1.5%	-	1.5%

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

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 7, 2026, which is the date the financial statements were issued, and no material subsequent events were identified.