



FRESNO MADERA
FARM CREDIT

AGRICULTURE IS OUR ONLY BUSINESS

2026 QUARTERLY REPORT

JUNE 30, 2026



MANAGEMENT'S DISCUSSION AND ANALYSIS

These consolidated financial statements reflect the status of the Fresno Madera Farm Credit, ACA and its subsidiaries at the end of the Second Quarter of 2026. Results for interim periods are not necessarily indicative of results to be expected for the year. These financial statements were prepared and reviewed under the oversight of the Association's Audit Committee.

The shareholders' investment in the Association is materially affected by the financial condition and the results of the operation of CoBank. The CoBank, ACB and CoBank District quarterly and annual reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 4635 West Spruce, Fresno, California 93722 or by calling (559) 277-7000.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2026 was \$16.4 million, compared to \$15.6 million for the same period in 2025. The 5.40% increase from the prior-year period was primarily driven by higher net interest income and noninterest income, partially offset by increases in the provision for credit losses and noninterest expense.

Net interest income increased \$595 thousand to \$24.5 million for the six months ended June 30, 2026 compared with the same period in 2025. The increase was driven by higher average loan volume, lower funds held expense resulting from the declining rate environment, and higher late fee income. Average loan volume during the first six months of 2026 was \$1.79 billion, an increase of \$127.4 million or 7.65% from \$1.67 billion for the comparative period in 2025.

Noninterest income for the six months ended June 30, 2026 was \$8.6 million, an increase of \$1.3 million or 18.01% from the comparative period in 2025. The largest driver was a higher rebate from the Farm Credit System Insurance Corporation ("FCSIC"), totaling \$885 thousand compared to \$294 thousand in the prior year. The increase also reflects higher CoBank patronage driven by growth in average volume, as well as increased loan fee income, largely attributable to higher unused commitment fees associated with expansion of the capital markets portfolio.

The Association monitors its loan portfolio on a regular basis to determine whether adjustments to the allowance for credit losses are warranted based on estimated credit losses over the remaining expected life of loans. The Association recorded a provision for credit loss for the six months ended June 30, 2026 of \$895 thousand compared to \$318 thousand during the comparative period in 2025. The increase in the provision is the result of loan portfolio growth, modest credit quality migration, and an increase in reserve requirements. The provision was further impacted by loans placed on nonaccrual status and related charge-offs of previously accrued, uncollected prior-year interest income.

Noninterest expenses for the six months ended June 30, 2026 increased \$489 thousand or 3.19%, to \$15.8 million compared to the same period in the prior year. The increase was primarily driven by higher benefits expense, largely attributable to activity in the Association's pension restoration plan, for which there was no comparable activity in 2025. Purchased services also increased due to the timing of audit-related fees.

LOAN PORTFOLIO

Loan volume outstanding at June 30, 2026 was \$1.86 billion, an increase of \$55.9 million from total loan volume of \$1.80 billion at December 31, 2025. The increase reflects volume growth in our real estate mortgage portfolio, most notably in our pistachio and almond segments.

As of June 30, 2026, the Association's allowance for credit losses was \$4.7 million, a decrease of \$582 thousand from December 31, 2025. Allowance as a percentage of loans was 0.25% and 0.29% as of June 30, 2026 and December 31, 2025, respectively. Our allowance for credit losses decreased primarily due to the partial charge-off of one loan complex following a decline in net realizable value. The decrease was partially offset by higher reserves associated with loan growth and modest credit quality migration.

CAPITAL RESOURCES

The Association continues to have a sound capital position and exceed all regulatory and board minimums. Members' equity at June 30, 2026 was \$360.4 million representing an increase of \$16.7 million or 4.85% from December 31, 2025. The increase in Members' equity is attributed to the Association's net operating results.

For additional information, please refer to the "Notes to Consolidated Financial Statements" and the Association's 2025 Annual Report to Shareholders.

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.

August 7, 2026

Denise Waite

Denise Waite

Audit Committee Chair
Fresno Madera Farm Credit, ACA

Keith Hesterberg

Keith Hesterberg

President and Chief Executive Officer
Fresno Madera Farm Credit, ACA

Juan Garcia

Juan Garcia

Chief Financial and Assurance Officer
Fresno Madera Farm Credit, ACA

CONSOLIDATED STATEMENTS OF CONDITION

Dollars in thousands

	June 30, 2026 Unaudited	December 31, 2025 Audited
ASSETS		
Loans	\$ 1,856,106	\$ 1,800,159
Less: allowance for credit losses	4,697	5,279
Net loans	1,851,409	1,794,880
Cash	19	4,876
Accrued interest receivable	29,931	37,393
Investment in CoBank, ACB	47,851	47,317
Premises and equipment, net	8,692	8,986
Other assets	16,688	21,318
Total assets	\$ 1,954,590	\$ 1,914,770
LIABILITIES		
Note payable to CoBank, ACB	\$ 1,514,000	\$ 1,485,084
Funds held	68,566	60,150
Accrued interest payable	4,612	4,947
Patronage distributions payable	13	15,101
Reserve for unfunded commitments	264	266
Other liabilities	6,713	5,467
Total liabilities	1,594,168	1,571,015
MEMBERS' EQUITY		
Capital stock and participation certificates	699	708
Unallocated retained earnings	360,050	343,642
Accumulated other comprehensive loss	(327)	(595)
Total members' equity	360,422	343,755
Total liabilities and members' equity	\$ 1,954,590	\$ 1,914,770

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

CONSOLIDATED STATEMENTS OF INCOME

Dollars in thousands

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
	Unaudited	Unaudited	Unaudited	Unaudited
INTEREST INCOME				
Loans	\$ 27,632	\$ 28,291	\$ 54,897	\$ 56,148
INTEREST EXPENSE				
Note payable to CoBank, ACB	15,022	15,933	29,471	30,824
Funds held	357	497	896	1,389
Total interest expense	15,379	16,430	30,367	32,213
Net interest income	12,253	11,861	24,530	23,935
Provision for credit losses	167	367	895	318
Net interest income after provision for credit losses	12,086	11,494	23,635	23,617
NONINTEREST INCOME				
Patronage distribution from Farm Credit institutions	2,342	2,062	6,750	6,289
Farm Credit Insurance Fund rebate	-	-	885	294
Loan fees	363	300	702	517
Financially related services income	60	46	121	94
Other noninterest income	62	35	131	84
Total noninterest income	2,827	2,443	8,589	7,278
NONINTEREST EXPENSE				
Salaries and employee benefits	4,466	4,186	9,288	9,027
Information technology	1,629	1,652	3,292	3,244
Farm Credit Insurance Fund premium	361	323	710	639
Occupancy and equipment	185	190	458	435
Supervisory and examination costs	163	152	325	303
Other noninterest expense	763	741	1,741	1,677
Total noninterest expense	7,567	7,244	15,814	15,325
Income before income taxes	7,346	6,693	16,410	15,570
Provision for income taxes	-	2	2	2
Net income	7,346	6,691	16,408	15,568
OTHER COMPREHENSIVE INCOME				
Amortization of retirement costs	134	-	268	-
Total comprehensive income	\$ 7,480	\$ 6,691	\$ 16,676	\$ 15,568

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Dollars in thousands

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Members' Equity
Balance at December 31, 2024	\$ 703	\$ 330,584	\$ -	\$ 331,287
Net income		15,568		15,568
Capital stock and participation certificates issued	26			26
Capital stock and participation certificates retired	(25)			(25)
Balance at June 30, 2025	<u>\$ 704</u>	<u>\$ 346,152</u>	<u>\$ -</u>	<u>\$ 346,856</u>
Balance at December 31, 2025	\$ 708	\$ 343,642	\$ (595)	\$ 343,755
Comprehensive income:				
Net income		16,408		16,408
Change in retirement obligation			268	268
Capital stock and participation certificates issued	25			25
Capital stock and participation certificates retired	(34)			(34)
Balance at June 30, 2026	<u>\$ 699</u>	<u>\$ 360,050</u>	<u>\$ (327)</u>	<u>\$ 360,422</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (Unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Fresno Madera Farm Credit, ACA (ACA) and subsidiaries, Fresno Madera Federal Land Bank Association, FLCA (FLCA) and Fresno Madera Production Credit Association, (PCA) (collectively, 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 consolidated financial statements should be read in conjunction with the 2025 Annual Report to Shareholders.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (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, 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 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.

Recently Adopted or Issued Accounting Pronouncements

In December 2025, the 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 (ASC 270) 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 ASC 270, 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. The standard 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 the Association's 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. The amendment simplifies accounting for purchased loans by expanding the "gross-up" method to "purchased seasoned loans" (PSLs). This eliminates the Day 1 credit loss expense for most acquired loans, improves comparability, and reduces earnings volatility by creating a more consistent accounting approach similar to that used for previously purchased credit-deteriorated (PCD) loans. The standard is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The Association is currently evaluating the potential impact of adoption on the Association's 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. The amendment 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 development costs and (4) modifies the disclosure requirements for capitalized software costs. The standard is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The Association is currently evaluating the potential impact of adoption on the Association's 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 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 amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The adoption had no impact on the Association's financial condition, results of operations, or cash flows.

In November 2024, the FASB issued ASU 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities, and require disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (DD&A) (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e).
- Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Association is currently evaluating the potential impact of adoption on the Association's financial condition, results of operations, and cash flows.

2. LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans by type follows:

	June 30, 2026	December 31, 2025
Real estate mortgage	\$ 1,095,203	\$ 1,042,216
Agribusiness	368,905	367,828
Production and intermediate-term	289,300	289,247
Energy	44,968	44,932
Communications	44,334	41,516
Lease receivables	13,396	14,420
Total	\$ 1,856,106	\$ 1,800,159

The Association purchases and 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 participations purchased and sold as of June 30, 2026:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ 234,830	\$ 237,244	\$ -	\$ -	\$ 234,830	\$ 237,244
Agribusiness	326,634	74,871	11,001	-	337,635	74,871
Production and intermediate-term	4,579	309,251	-	-	4,579	309,251
Energy	44,968	-	-	-	44,968	-
Communications	44,334	-	-	-	44,334	-
Lease receivables	13,396	-	-	-	13,396	-
Total	\$ 668,741	\$ 621,366	\$ 11,001	\$ -	\$ 679,742	\$ 621,366

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, each association that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% 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, and
- Loss – assets are considered uncollectible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (unaudited)

The following table presents credit quality indicators by loan type and the related principal balance as of June 30, 2026:

	Term Loans						Revolving Loans Amortized Cost Basis	Total
	Amortized Cost by Origination Year							
	2026	2025	2024	2023	2022	Prior		
Real estate mortgage								
Acceptable	\$ 73,172	\$ 80,599	\$ 76,381	\$ 57,516	\$ 84,622	\$ 410,529	\$ 211,142	\$ 993,961
OAEM	1,278	5,476	-	6,668	8,633	10,782	1,381	34,218
Substandard	51	1,481	3,240	3,380	13,806	39,449	5,617	67,024
Total	74,501	87,556	79,621	67,564	107,061	460,760	218,140	1,095,203
Gross charge-offs	-	-	-	-	120	446	-	566
Agribusiness								
Acceptable	3,676	64,900	30,586	33,126	35,069	70,893	96,970	335,220
OAEM	-	-	422	-	2,445	11,407	9,217	23,491
Substandard	-	246	1,764	920	-	-	7,264	10,194
Total	3,676	65,146	32,772	34,046	37,514	82,300	113,451	368,905
Gross charge-offs	-	4	-	-	-	-	-	4
Production and intermediate-term								
Acceptable	5,863	18,877	2,495	2,321	3,253	4,737	176,344	213,890
OAEM	13,571	-	-	-	-	-	12,581	26,152
Substandard	1,711	34,997	4,400	-	525	13	7,612	49,258
Total	21,145	53,874	6,895	2,321	3,778	4,750	196,537	289,300
Gross charge-offs	-	44	-	-	-	-	-	44
Energy								
Acceptable	-	13,943	-	6,759	10,801	-	7,226	38,729
OAEM	-	-	-	6,239	-	-	-	6,239
Total	-	13,943	-	12,998	10,801	-	7,226	44,968
Communications								
Acceptable	2,183	17,913	14,417	4,931	-	-	768	40,212
Substandard	-	-	-	4,122	-	-	-	4,122
Total	2,183	17,913	14,417	9,053	-	-	768	44,334
Gross charge-offs	-	-	-	891	-	-	-	891
Lease receivables								
Acceptable	705	2,084	266	777	4,014	2,672	-	10,518
OAEM	-	-	2,493	-	-	20	-	2,513
Substandard	-	-	-	-	365	-	-	365
Total	705	2,084	2,759	777	4,379	2,692	-	13,396
Gross charge-offs	-	-	-	-	41	-	-	41
Total loans	\$ 102,210	\$ 240,516	\$ 136,464	\$ 126,759	\$ 163,533	\$ 550,502	\$ 536,122	\$ 1,856,106
Total gross charge-offs	\$ -	\$ 48	\$ -	\$ 891	\$ 161	\$ 446	\$ -	\$ 1,546

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (unaudited)

The following table presents credit quality indicators by loan type and the related principal balance as of December 31, 2025:

	Term Loans							Revolving Loans Amortized Cost Basis	Total
	Amortized Cost by Origination Year								
	2025	2024	2023	2022	2021	Prior			
Real estate mortgage									
Acceptable	\$ 62,996	\$ 76,958	\$ 53,775	\$ 93,500	\$ 136,648	\$ 294,942	\$ 222,212	\$ 941,031	
OAEM	7,883	-	7,930	11,155	3,286	13,294	1,406	44,954	
Substandard	36	3,353	2,144	10,093	2,809	35,315	2,481	56,231	
Total	70,915	80,311	63,849	114,748	142,743	343,551	226,099	1,042,216	
Gross charge-offs	-	-	-	62	-	106	-	168	
Agribusiness									
Acceptable	74,713	28,179	33,318	31,804	21,395	52,224	96,999	338,632	
OAEM	-	5,819	-	2,631	657	5,535	7,307	21,949	
Substandard	245	-	919	-	2,532	-	3,551	7,247	
Total	74,958	33,998	34,237	34,435	24,584	57,759	107,857	367,828	
Production and intermediate-term									
Acceptable	22,144	7,499	2,572	3,408	2,275	4,934	177,714	220,546	
OAEM	14,519	263	-	621	218	1,080	16,395	33,096	
Substandard	24,265	5,608	188	-	-	50	5,494	35,605	
Total	60,928	13,370	2,760	4,029	2,493	6,064	199,603	289,247	
Gross charge-offs	-	167	-	-	-	-	-	167	
Energy									
Acceptable	11,859	-	13,181	10,886	-	-	9,006	44,932	
Total	11,859	-	13,181	10,886	-	-	9,006	44,932	
Communications									
Acceptable	14,844	17,747	3,922	-	-	-	6	36,519	
Substandard	-	-	4,997	-	-	-	-	4,997	
Total	14,844	17,747	8,919	-	-	-	6	41,516	
Lease receivables									
Acceptable	2,228	280	804	4,644	374	3,369	-	11,699	
OAEM	-	2,697	-	-	-	24	-	2,721	
Total	2,228	2,977	804	4,644	374	3,393	-	14,420	
Total loans	\$ 235,732	\$ 148,403	\$ 123,750	\$ 168,742	\$ 170,194	\$ 410,767	\$ 542,571	\$ 1,800,159	
Total gross charge-offs	\$ -	\$ 167	\$ -	\$ 62	\$ -	\$ 106	\$ -	\$ 335	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (unaudited)

The following table shows loans under the Farm Credit Administration Uniform Classification System as a percentage of total loans by loan type as of June 30, 2026, and December 31, 2025:

June 30, 2026	Acceptable	OAEM	Substandard	Total
Real estate mortgage	90.76%	3.12%	6.12%	100.00%
Agribusiness	90.87%	6.37%	2.76%	100.00%
Production and intermediate-term	73.93%	9.04%	17.03%	100.00%
Energy	86.13%	13.87%	0.00%	100.00%
Communications	90.70%	0.00%	9.30%	100.00%
Lease receivables	78.52%	18.75%	2.73%	100.00%
Total loans	87.95%	4.99%	7.06%	100.00%

December 31, 2025	Acceptable	OAEM	Substandard	Total
Real estate mortgage	90.29%	4.31%	5.40%	100.00%
Agribusiness	92.06%	5.97%	1.97%	100.00%
Production and intermediate-term	76.25%	11.44%	12.31%	100.00%
Energy	100.00%	0.00%	0.00%	100.00%
Communications	87.96%	0.00%	12.04%	100.00%
Lease receivables	81.13%	18.87%	0.00%	100.00%
Total loans	88.51%	5.71%	5.78%	100.00%

Accrued interest receivable on loans of \$29.9 million and \$37.4 million at June 30, 2026 and December 31, 2025, respectively, have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The entity wrote off accrued interest receivable of \$203 and \$427 for the six months ended June 30, 2026, and 2025, 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	\$ 20,367	\$ 15,906
Agribusiness	1,769	1,523
Production and intermediate-term	2,147	411
Communications	4,124	5,000
Lease receivables	364	-
Total nonaccrual loans	28,771	22,840
Accruing loans 90 days or more past due	2,424	-
Total nonperforming loans	31,195	22,840
Other property owned	-	-
Total nonperforming assets	\$ 31,195	\$ 22,840
Nonaccrual loans as a percentage of total loans	1.55%	1.27%
Nonperforming assets as a percentage of total loans	1.68%	1.27%
Nonperforming assets as a percentage of total members' equity	8.66%	6.64%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (unaudited)

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

	June 30, 2026			Interest Income Recognized	
	Amortized Cost with Related Allowance	Amortized Cost without Related Allowance	Total	For the Three Months Ended June 30, 2026	For the Six Months Ended June 30, 2026
Nonaccrual loans:					
Real estate mortgage	\$ 2,140	\$ 18,227	\$ 20,367	\$ 2	\$ 21
Agribusiness	-	1,769	1,769	-	-
Production and intermediate-term	-	2,147	2,147	8	86
Communications	4,124	-	4,124	-	-
Lease receivables	364	-	364	-	-
Total nonaccrual loans	\$ 6,628	\$ 22,143	\$ 28,771	\$ 10	\$ 107
	December 31, 2025			Interest Income Recognized	
	Amortized Cost with Related Allowance	Amortized Cost without Related Allowance	Total	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Nonaccrual loans:					
Real estate mortgage	\$ 2,106	\$ 13,800	\$ 15,906	\$ -	\$ 120
Agribusiness	-	1,523	1,523	8	16
Production and intermediate-term	-	411	411	3	7
Communications	5,000	-	5,000	-	-
Lease receivables	-	-	-	1	32
Total nonaccrual loans	\$ 7,106	\$ 15,734	\$ 22,840	\$ 12	\$ 175

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

June 30, 2026	Current Loans		30-89 Days Past Due	90 Days or More Past Due	Total Loans Outstanding	Accrual Loans 90 Days or More Past Due
Real estate mortgage	\$ 1,063,257	\$ 12,688	\$ 19,258	\$ 1,095,203	\$ 1,349	
Agribusiness	367,986	-	919	368,905	-	
Production and intermediate-term	280,999	5,715	2,586	289,300	1,075	
Energy	44,968	-	-	44,968	-	
Communications	42,707	-	1,627	44,334	-	
Lease receivables	9,743	3,288	365	13,396	-	
Total	\$ 1,809,660	\$ 21,691	\$ 24,755	\$ 1,856,106	\$ 2,424	
December 31, 2025	Current Loans		30-89 Days Past Due	90 Days or More Past Due	Total Loans Outstanding	Accrual Loans 90 Days or More Past Due
Real estate mortgage	\$ 1,017,851	\$ 8,640	\$ 15,725	\$ 1,042,216	\$ -	
Agribusiness	365,438	2,391	-	367,829	-	
Production and intermediate-term	276,168	12,668	411	289,247	-	
Energy	44,932	-	-	44,932	-	
Communications	39,006	-	2,510	41,516	-	
Lease receivables	14,419	-	-	14,419	-	
Total	\$ 1,757,814	\$ 23,699	\$ 18,646	\$ 1,800,159	\$ -	

Loan Modifications to Borrowers Experiencing Financial Difficulties

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

	For the Three Months Ended June 30, 2026				For the Three Months Ended June 30, 2025			
	Payment Extension	Term Extension	Total	Modification as a Percentage of Loan Type	Payment Extension	Term Extension	Total	Modification as a Percentage of Loan Type
Production and intermediate-term	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 4,616	\$ 4,616	1.67%
Total	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 4,616	\$ 4,616	0.27%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended June 30, 2026, and 2025 were \$0 and \$10, respectively.

	For the Six Months Ended June 30, 2026				For the Six Months Ended June 30, 2025			
	Payment Extension	Term Extension	Total	Modification as a Percentage of Loan Type	Payment Extension	Term Extension	Total	Modification as a Percentage of Loan Type
Real estate mortgage	\$ 2,137	\$ -	\$ 2,137	0.20%	\$ 151	\$ -	\$ 151	0.01%
Production and intermediate-term	-	318	318	0.11%	-	4,616	4,616	1.67%
Total	\$ 2,137	\$ 318	\$ 2,455	0.13%	\$ 151	\$ 4,616	\$ 4,767	0.28%

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the six months ended June 30, 2026 and 2025 were \$229 and \$13, respectively.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2026, and 2025:

	For the Three Months Ended June 30, 2026		For the Three Months Ended June 30, 2025	
	Weighted Average Term Extension (days)	Weighted Average Payment Extension (days)	Weighted Average Term Extension (days)	Weighted Average Payment Extension (days)
Production and intermediate-term	-	-	213	-

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2026, and 2025:

	For the Six Months Ended June 30, 2026		For the Six Months Ended June 30, 2025	
	Weighted Average Term Extension (days)	Weighted Average Payment Extension (days)	Weighted Average Term Extension (days)	Weighted Average Payment Extension (days)
Real estate mortgage	-	184	-	365
Production and intermediate-term	242	-	213	-

There were no loans modified for borrowers experiencing financial difficulty that subsequently defaulted during the three months ended June 30, 2026 or June 30, 2025.

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the six months ended June 30, 2026, and received a modification in the twelve months before default. There were no such defaults during the six months ended June 30, 2025:

	Modified Loans that Subsequently Defaulted During the Six Months Ended June 30, 2026	
	Payment Extension	Term Extension
Real estate mortgage	\$ 2,802	\$ -
Production and intermediate-term	-	472
Total	\$ 2,802	\$ 472

The following table sets forth an aging analysis 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	\$ 2,137	\$ -	\$ 2,802
Production and intermediate-term	7,990	-	472
Total	\$ 10,127	\$ -	\$ 3,274

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2025:

	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	\$ 151	\$ -	\$ -
Production and intermediate-term	4,616	-	-
Total	\$ 4,767	\$ -	\$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2026 were \$0 and during the year ended December 31, 2025 were \$348.

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. By regulation, loan commitments to one borrower cannot be more than 15% of our regulatory capital. To further mitigate loan concentration risks, we have established internal lending limits that are below the regulatory requirements that are based on the risk associated with individual borrowers.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real Estate Mortgage	Agribusiness	Production & Intermediate- Term	Energy	Communications	Lease Receivables	Total
Allowance for credit losses:							
Balance at March 31, 2026	\$ 1,146	\$ 1,698	\$ 529	\$ 110	\$ 1,849	\$ 134	\$ 5,466
Charge-offs	(1)	(4)	1	-	(891)	(41)	(936)
Provision for credit losses (credit loss reversal)	(63)	(42)	(34)	242	(4)	68	167
Balance at June 30, 2026	<u>\$ 1,082</u>	<u>\$ 1,652</u>	<u>\$ 496</u>	<u>\$ 352</u>	<u>\$ 954</u>	<u>\$ 161</u>	<u>\$ 4,697</u>
Reserve for unfunded commitments:							
Balance at March 31, 2026	\$ 18	\$ 146	\$ 156	\$ 6	\$ 26	\$ 3	\$ 355
(Credit loss reversal) provision for credit losses	(2)	2	(82)	(1)	(8)	-	(91)
Balance at June 30, 2026	<u>\$ 16</u>	<u>\$ 148</u>	<u>\$ 74</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 3</u>	<u>\$ 264</u>
Total allowance for credit losses	<u>\$ 1,098</u>	<u>\$ 1,800</u>	<u>\$ 570</u>	<u>\$ 357</u>	<u>\$ 972</u>	<u>\$ 164</u>	<u>\$ 4,961</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Dollars in thousands, except as noted (unaudited)

Allowance for credit losses:

Balance at December 31, 2025	\$ 822	\$ 1,970	\$ 377	\$ 124	\$ 1,850	\$ 136	\$ 5,279
Charge-offs	(566)	(4)	(44)	-	(891)	(41)	(1,546)
Recoveries	-	-	69	-	-	-	69
Provision for credit losses (credit loss reversal)	826	(314)	94	228	(5)	66	895
Balance at June 30, 2026	\$ 1,082	\$ 1,652	\$ 496	\$ 352	\$ 954	\$ 161	\$ 4,697

Reserve for unfunded commitments:

Balance at December 31, 2025	\$ 14	\$ 185	\$ 35	\$ 12	\$ 17	\$ 3	\$ 266
(Credit loss reversal) provision for credit losses	2	(37)	39	(7)	1	-	(2)
Balance at June 30, 2026	\$ 16	\$ 148	\$ 74	\$ 5	\$ 18	\$ 3	\$ 264
Total allowance for credit losses	\$ 1,098	\$ 1,800	\$ 570	\$ 357	\$ 972	\$ 164	\$ 4,961

	Real Estate Mortgage	Agribusiness	Production & Intermediate- Term	Energy	Communications	Lease Receivables	Total
Allowance for credit losses:							
Balance at March 31, 2025	\$ 713	\$ 1,382	\$ 754	\$ 138	\$ 55	\$ 254	\$ 3,296
Charge-offs	(106)	-	(167)	-	-	-	(273)
Recoveries	-	-	2	-	-	-	2
Provision for credit losses (credit loss reversal)	184	(68)	(3)	8	246	-	367
Balance at June 30, 2025	\$ 791	\$ 1,314	\$ 586	\$ 146	\$ 301	\$ 254	\$ 3,392
Reserve for unfunded commitments:							
Balance at March 31, 2025	\$ 13	\$ 127	\$ 95	\$ 8	\$ 10	\$ -	\$ 253
(Credit loss reversal) provision for credit losses	2	10	(34)	-	3	4	(15)
Balance at June 30, 2025	\$ 15	\$ 137	\$ 61	\$ 8	\$ 13	\$ 4	\$ 238
Total allowance for credit losses	\$ 806	\$ 1,451	\$ 647	\$ 154	\$ 314	\$ 258	\$ 3,630

Allowance for credit losses:

Balance at December 31, 2024	\$ 682	\$ 1,582	\$ 588	\$ 46	\$ 49	\$ 454	\$ 3,401
Charge-offs	(168)	-	(167)	-	-	-	(335)
Recoveries	-	-	2	-	-	5	7
Provision for credit losses (credit loss reversal)	277	(268)	163	100	252	(205)	319
Balance at June 30, 2025	\$ 791	\$ 1,314	\$ 586	\$ 146	\$ 301	\$ 254	\$ 3,392

Reserve for unfunded commitments:

Balance at December 31, 2024	\$ 23	\$ 84	\$ 41	\$ -	\$ 11	\$ -	\$ 159
Provision for credit losses (credit loss reversal)	(8)	53	20	8	2	4	79
Balance at June 30, 2025	\$ 15	\$ 137	\$ 61	\$ 8	\$ 13	\$ 4	\$ 238
Total allowance for credit losses	\$ 806	\$ 1,451	\$ 647	\$ 154	\$ 314	\$ 258	\$ 3,630

3. CAPITAL

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

	June 30, 2026	December 31, 2025	Regulatory Minimums	Capital Conservation Buffer	Total
Risk adjusted:					
Common equity tier 1 (CET1) capital ratio	14.58%	14.64%	4.50%	2.50%	7.00%
Tier 1 capital ratio	14.58%	14.64%	6.00%	2.50%	8.50%
Total capital ratio	14.85%	14.88%	8.00%	2.50%	10.50%
Permanent capital ratio	14.62%	14.67%	7.00%	-	7.00%
Non-risk-adjusted:					
Tier 1 leverage ratio	16.71%	16.70%	4.00%	1.00%	5.00%
Unallocated retained earnings (URE) and URE equivalents (UREE) leverage ratio	16.67%	16.66%	1.50%	-	1.50%

The Association reports accumulated other comprehensive loss as a component of total members' equity. The following table presents the activity in the accumulated other comprehensive loss by component as of June 30, 2026:

	Accumulated Other Comprehensive (Loss) Income
Pension and other benefit plans:	
Balance at March 31, 2026	\$ (461)
Amounts reclassified from accumulated other comprehensive income	134
Balance at June 30, 2026	\$ (327)
	Accumulated Other Comprehensive (Loss) Income
Pension and other benefit plans:	
Balance at December 31, 2025	\$ (595)
Amounts reclassified from accumulated other comprehensive income	268
Balance at June 30, 2026	\$ (327)

The Association had no activity to report in accumulated other comprehensive loss as of June 30, 2025.

4. 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. Refer to Note 2 in the 2025 Annual Report to Shareholders for a more complete description. The Association had no assets or liabilities measured at fair value on a recurring basis at June 30, 2026 or December 31, 2025.

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

	Total Fair Value - Level 3	
	June 30, 2026	December 31, 2025
Assets:		
Impaired loans	\$ 5,138	\$ -

With regard to nonrecurring measurements for impaired loans, it is not practicable to provide specific information on inputs as each collateral property is unique. The Association utilizes appraisals to value these loans 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 of the 2025 Annual Report to Shareholders, the FASB 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 by the Association for assets and liabilities measured at fair value. For a more complete description, see Notes to the 2025 Annual Report to Shareholders.

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.

5. SUBSEQUENT EVENTS

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



FRESNO MADERA
FARM CREDIT

