# 2025

## FOCUSED ON SUPPORTING YOUR VISION

Annual Report

FARM CREDIT EAST

# FOCUSED ON SUPPORTING YOUR VISION

2025 marked a year of growth for your cooperative. Loan volume grew to over $14 billion, and financial services revenue exceeded $30.8 million. We welcomed 60 new team members to support both current operations and our evolution for the future. We also made meaningful progress on our transformational journey guided by our strategic pillars:

- Outstanding customer and employee experience
- Operational excellence
- Quality growth
- Stewardship within our communities
- Protecting customer information

The board of directors remains committed to returning to members earnings not needed to operate or capitalize the cooperative. For the full year 2025, customer-owners received $145 million in patronage dividends. This represents 1.25% of average eligible loan volume.

Over the past several years, Farm Credit East has been modernizing our business to best serve customers in the future. We have developed a regional service approach, with dedicated teams to support specialized and consistent delivery of credit and financial services. Strong earnings have allowed us to increase our technology investment to stay competitive, meet regulatory expectations and better serve customer needs. Though much of this foundational work isn't yet visible to customer-owners, we appreciate your patience as we build systems that will deliver more customer value. We are committed to this journey and will continue advancing these priorities in the year ahead.

As we transform our cooperative capabilities, we've also transformed how we engage with you. Regional Advisory Committees now provide structured opportunities to share your perspective and help guide priorities. Our newly launched business meeting series creates ongoing dialogue about where your cooperative is heading and why. Two Young, Beginning, Small, Veteran (YBSV) advisors now bring next-generation insights directly to board discussions. During a period of significant change, your voice matters more than ever. We will continue to build these engagement channels in 2026.

We remain committed to rural communities and the next generation of agriculture leaders that are the foundation of our cooperative. Through scholarships, programs supporting Northeast rural communities, and our employee sponsored Farm Credit East Cares fund, we're investing in the people and organizations that will shape agriculture's future. As a cooperative, we have a responsibility to strengthen the communities our customer-owners call home, so our stewardship efforts are central to who we are. This commitment will continue to grow alongside our cooperative.

In the year ahead, Farm Credit East will continue to evolve our cooperative with purpose, while maintaining the same mission-driven strength that helps both our teammates and customer-owners stay focused on the future. Thank you for your partnership and your trust. We're committed to earning it every day as we build a stronger future together.

/s/
Mike Reynolds, CEO

/s/
John Knopf, Chair



| Loan Volume | Net Income | Members' Equity |
|---|---|---|
| $14.3 billion | $367 million | $2.6 billion |

## Farm Credit East financial results

# REMAIN STRONG

**Patronage • $1.7 billion**
Following the patronage distribution on 2025 earnings, customer-owners of Farm Credit East (and predecessor cooperatives) have received more than $1.7 billion in dividends from ownership of their cooperative. In 2026, the cooperative will pay its 30th consecutive annual patronage payment.

**Financial Services • $30.8 million**
Farm Credit East's financial services, including payroll, tax, business consulting and crop insurance, continue to provide value and expertise to customer businesses.

**Country Living Loans • $1.6 billion**
Farm Credit East's mortgage lending arm provides unique financing for rural homes, farms and land, and serves an important and growing customer segment for Farm Credit East.

**Crop Growers • $629 million**
Crop Growers crop insurance agents help Northeast producers make informed risk management decisions to protect their operation. In 2025, Northeast producers insured 700,000 acres through Crop Growers, with $629 million of protection in force.

**Stewardship • $2.6 million**
Farm Credit East is committed to supporting programs that enrich the agriculture, forest products and commercial fishing industries as well as rural communities; programs that support new entrants and the industry's next generation; and organizations promoting diversity and inclusion.

**FarmStart • $20.2 million**
This unique program for startup entrepreneurs has invested in more than 400 beginning farm and fishing businesses. FarmStart is one of Farm Credit East's many efforts to support young and beginning farmers. Other programs include incentives to assist young, beginning, small and veteran producers, as well as GenerationNext training seminars.

# 2025 BOARD OF DIRECTORS

### Front Row

**Laurie K. Griffen** / Saratoga Sod Farm, Inc., Stillwater, N.Y.
**Jay W. McWatters** / Outside Director, Hamburg, N.Y.
**John P. Knopf**, ***Chair*** / Fa-Ba Farms, LLC, Canandaigua, N.Y.
**LouAnne F. King**, ***Vice Chair*** / Mapleview Dairy, LLC, Madrid, N.Y.
**Peter H. Triandafillou** / Appointed Director, Old Town, Maine

### Middle Row

**Amy L. Walker-Bailey** / Walker Farms, LLC, Fort Ann, N.Y.
**Philip "Jamie" Jones** / Jones Family Farm and Jones Family Farms Winery, LLC, Shelton, Conn.
**James A. Robbins II** / Robbins Lumber, Inc., Searsmont, Maine
**James V. Crane** / Crane Bros. Inc., Exeter, Maine
**Terry R. Zittel** / Amos Zittel & Sons, Inc., Eden, N.Y.

### Back Row

**Kyle Thygesen** / Farmstead at Falls Hill, LLC, Tunbridge, Vt.
**Christopher Cebula** / Outside Director, Honeoye Falls, N.Y.
**Brett D. Kreher** / Kreher Family Farms, Clarence, N.Y.
**Douglas W. Shelmidine** / Sheland Farms, LLC, Adams, N.Y.
**Joel R. Viereck** / Viereck Farms LLC, Woolwich, N.J.
**David F. Folino** / Hillsboro Sugarworks, Starksboro, Vt.

# Evolving with Purpose

## 2026 PRIORITIES

Over the last five years, your cooperative has been on an intentional journey to enhance how we serve our customers. We've committed resources and made significant investments to transform our business strategically and with purpose. Our 2026 priorities focus on engaging customers and rural communities, while innovating our tools and products.

We remain mission driven. Our team and the relationships we have with our customers are at the core of our business. As the agricultural industry faces challenges, Farm Credit East remains strong and committed to being a reliable partner to our customers.

We'll continue to evolve to provide enhanced value to our customer owners. This includes modernizing our credit delivery to create a more consistent lending experience. It also includes a continued focus on protecting customer information. As we evolve our credit and financial services delivery, technology will never outpace trust.

Local communities are at the heart of our organization. Over the past 11 years, our employee-initiated and employee-funded Farm Credit East Cares program has contributed $1.5 million to various organizations. In 2024, we launched a new grant program focused on improving Northeast food security. Last year, we designated funds for Regional Advisory Committee members to distribute to community organizations. These programs, in addition to our annual scholarships and other ongoing stewardship efforts, contributed a collective $2.6 million to Northeast rural communities in 2025. This will continue to be a priority in 2026.

### We're moving your cooperative forward with purpose.

Farm Credit East remains committed to supporting customer goals with consistent and personalized credit and financial services. And while we're evolving how we do business, we remain grounded in what matters most: Our roots in agriculture, our commitment to customer-owners, and our focus on long-term strength.

# 2025

## FOCUSED ON SUPPORTING YOUR VISION

Financial Statements

FARM CREDIT EAST

## FARM CREDIT EAST, ACA
## CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

| (dollars in thousands) | December 31 | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021* |
| **BALANCE SHEET DATA** | | | | | |
| Loans | $ 14,256,227 | $ 12,917,865 | $ 11,503,603 | $ 10,572,766 | $ 9,074,791 |
| Less: Allowance for credit losses on loans | 96,319 | 78,272 | 66,253 | 51,465 | 80,335 |
| Net loans | 14,159,908 | 12,839,593 | 11,437,350 | 10,521,301 | 8,994,456 |
| Cash | 36,000 | 25,252 | 31,259 | 36,778 | 20,345 |
| Investment in CoBank, ACB | 368,228 | 332,231 | 295,590 | 279,196 | 258,584 |
| Other assets | 249,076 | 218,597 | 196,393 | 175,700 | 149,230 |
| **Total assets** | $ 14,813,212 | $ 13,415,673 | $ 11,960,592 | $ 11,012,975 | $ 9,422,615 |
| Obligations with maturities of one year or less | $ 254,930 | $ 266,434 | $ 287,100 | $ 300,544 | $ 203,067 |
| Obligations with maturities greater than one year | 11,928,497 | 10,762,587 | 9,498,822 | 8,704,819 | 7,452,909 |
| **Total liabilities** | 12,183,427 | 11,029,021 | 9,785,922 | 9,005,363 | 7,655,976 |
| Capital stock and participation certificates | 19,893 | 19,481 | 18,956 | 18,374 | 16,688 |
| Additional paid-in capital | 354,163 | 354,163 | 354,163 | 354,163 | 229,198 |
| Unallocated retained earnings | 2,263,907 | 2,042,072 | 1,845,429 | 1,720,025 | 1,565,415 |
| Accumulated other comprehensive loss | (8,178) | (29,064) | (43,878) | (84,950) | (44,662) |
| **Total members' equity** | 2,629,785 | 2,386,652 | 2,174,670 | 2,007,612 | 1,766,639 |
| **Total liabilities and members' equity** | $ 14,813,212 | $ 13,415,673 | $ 11,960,592 | $ 11,012,975 | $ 9,422,615 |

| | For the Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2023 | 2022 | 2021* |
| **STATEMENT OF COMPREHENSIVE INCOME DATA** | | | | | |
| Net interest income | $ 420,703 | $ 378,555 | $ 317,538 | $ 279,661 | $ 236,033 |
| Provision for (reversal of) credit losses | 24,024 | 11,462 | 11,747 | (34,118) | - |
| Noninterest expenses, net | 25,852 | 27,688 | 33,234 | 40,181 | 29,182 |
| Provision for income taxes | 3,992 | 2,762 | 2,509 | 1,988 | 1,454 |
| **Net income** | $ 366,835 | $ 336,643 | $ 270,048 | $ 271,610 | $ 205,397 |
| **Comprehensive income** | $ 387,721 | $ 351,457 | $ 311,120 | $ 231,322 | $ 194,887 |
| **KEY FINANCIAL RATIOS** | | | | | |
| Return on average assets | 2.66% | 2.70% | 2.43% | 2.59% | 2.33% |
| Return on average members' equity | 14.47% | 14.63% | 12.87% | 13.88% | 11.97% |
| Net interest income as a percentage of average earning assets | 3.17% | 3.16% | 2.96% | 2.77% | 2.79% |
| Members' equity as a percentage of total assets | 17.75% | 17.79% | 18.18% | 18.23% | 18.75% |
| Debt to members' equity | 4.6:1 | 4.6:1 | 4.5:1 | 4.5:1 | 4.3:1 |
| Net (charge-offs) recoveries as a percentage of average loans | (0.07%) | (0.04%) | (0.02%) | 0.00% | 0.00% |
| Allowance for credit losses as a percentage of loans and accrued interest receivable | 0.75% | 0.72% | 0.74% | 0.59% | 1.06% |
| Common Equity Tier 1 Capital (CET1) | 15.49% | 15.82% | 16.42% | 16.55% | 16.11% |
| Tier 1 Capital | 15.49% | 15.82% | 16.42% | 16.55% | 16.11% |
| Total Capital | 16.19% | 16.51% | 17.08% | 17.05% | 17.13% |
| Tier 1 Leverage | 16.92% | 17.25% | 18.00% | 17.91% | 17.35% |
| Unallocated Retained Earnings and URE Equivalents (UREE) Leverage | 16.78% | 17.10% | 17.83% | 17.74% | 19.23% |
| Permanent Capital | 15.20% | 15.50% | 16.10% | 16.26% | 16.24% |
| Net income distribution | | | | | |
| Cash patronage declared | $ 145,000 | $ 131,600 | $ 120,000 | $ 117,000 | $ 91,000 |
| Special cash patronage declared | $ - | $ 8,400 | $ 10,000 | $ - | $ - |

*Information presented prior to 2022 does not include Yankee Farm Credit.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion summarizes the financial position and results of operations of Farm Credit East, ACA (Farm Credit East or the Association) as of December 31, 2025, with comparisons to prior years. The commentary includes material known trends, commitments, events or uncertainties that have impacted or are reasonably likely to impact our financial condition and results of operations. The following discussion and analysis should be read in conjunction with the accompanying consolidated financial statements, footnotes and other sections of this Annual Report. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee.

Farm Credit East's Annual and Quarterly reports to stockholders are available on the Association's website, **FarmCreditEast.com**, or can be obtained free of charge by calling the Association's main office at 860-741-4380. Annual reports are available 75 days after year end and quarterly reports are available 40 days after each calendar quarter end.

Dollar amounts are in thousands unless otherwise noted.

## BUSINESS OVERVIEW

Farm Credit East is a direct lending institution of the Farm Credit System (the System). We are one of 55 associations in the System which was created by Congress in 1916 and has served agricultural producers for over 100 years. The System's mission is to provide sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, timber products and farm-related businesses through a member-owned cooperative system. This is done by making loans and providing financial services. The Farm Credit Administration (FCA) is the System's independent safety and soundness federal regulator and was established to supervise, examine and regulate System institutions.

As a cooperative, we are owned by the members we serve. The territory we serve extends across a diverse agricultural region covering the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. The Association makes short and intermediate-term loans for agricultural production and long-term real estate mortgage loans. The Association's business units conduct this lending activity through our retail branch marketplace (traditional farm, forestry and fishing loans), capital markets team (large purchased and sold loans with System partners and commercial banks), and Country Living team (residential loans). Additionally, we provide other related services to our borrowers, such as financial recordkeeping, payroll, tax return preparation, tax planning, farm accounting software, fee appraisals, farm business consulting, leasing, credit life insurance and multi-peril crop insurance, as an agent. Our success begins with our extensive agricultural experience and knowledge of the market.

As part of the System, the Association obtains the funding for its lending and operations from CoBank, ACB (CoBank). CoBank is a cooperative of which Farm Credit East is an owner and member. CoBank is a financial and strategic partner to the Association and provides loan pricing for Association customers and supports the Association's equity positioning strategies. CoBank is also a significant partner with participation loan sharing activity for both purchased and sold loans. The Association, along with other Farm Credit System (FCS) entities, also purchases payroll and other human resource services from CoBank. The Association is materially affected by CoBank's financial condition and results of operations. To obtain a free copy of the CoBank Annual Report to Stockholders, please contact one of our offices or visit CoBank's website at www.cobank.com. We purchase technology services from Farm Credit Financial Partners, Inc. (FPI). We are an owner of FPI, along with other FPI customers.

## YEAR IN REVIEW

Farm Credit East benefits from serving a diverse portfolio of loans from the farm, forest products and fishing industries, each of which has its own unique set of economic drivers. Financial results for producers typically vary substantially by industry and then from one business to the next. In 2025, producers across many sectors faced challenges with rising input costs, as well as increased labor costs and staffing shortfalls. Producers of row crops, such as corn and soybeans, were particularly challenged due to low commodity prices.

As you will see in this report, Farm Credit East experienced another year of strong financial performance in 2025. Net income was $366.8 million with a return on average assets of 2.66%. Loans outstanding increased $1.4 billion to $14.3 billion as of December 31, 2025. From its 2025 earnings, the Association declared patronage dividends totaling $145.0 million, all of which will be distributed in cash in 2026.

Loan credit quality remains strong with 93.3% acceptable at December 31, 2025, essentially unchanged from the prior year. The Association's allowance for credit losses totaled $107.4 million as of December 31, 2025, or 0.75% of total loans.

The Association's financial position remains strong as of December 31, 2025, with $2.6 billion in members equity and capital ratios well above regulatory minimums, despite 23.9% loan growth in the last two years reducing capital ratios.

## THE FARM ECONOMY

The issues most impacting the farm economy in 2025 were labor, inflation, and for many crops, depressed market prices, in part due to trade disputes. Inflation has moderated somewhat but remains above the Federal Reserve's 2% target (2.7% as of December 2025), and farm labor markets continue to be tight, creating staffing challenges and putting upward pressure on wages. The Federal Reserve made three rate cuts in 2025, bringing interest rates closer to historical averages, but still higher than in the recent past.

## AGRICULTURAL OVERVIEW

***Dairy:*** Northeast dairy farms continue to show a range of operating results, but most farms had a reasonably profitable year in 2025. Milk prices decreased by about $1.40-1.80/cwt from 2024's average but remained favorable by historical standards. Milk prices are projected to decline further by more than $2.50/cwt in 2026, which will squeeze producer margins. Beef-on-dairy and cull cow sales have become increasingly important to overall farm profitability. 2025 milk production showed year-over-year increases in New York (+4.5% for the year) and Vermont (+2.5%). Overall U.S. milk production increased by 2.5% in 2025, compared to the prior year.

***Cash Field Crops:*** This category includes corn for grain, soybeans, hay, wheat and some small grains. Growing conditions were generally favorable nationwide, leading to bumper crops. This, combined with trade disputes, led to national surpluses of many row crops, and depressed prices. Prices for grains and oilseeds remained low in 2025 and are below the cost of production for many farmers. Producers' levels of financial stress will depend in large part on their savings from past harvest years, debt load and government payments received.

***Timber and Forest Products:*** The forest products industry encompasses a variety of business types, ranging from timberland ownership to sawmills and loggers.

Overall demand for both hardwood and softwood logs and pulpwood remain soft, and prices have yet to recover from recent declines, tied to slower housing construction, and mixed results from pulp and paper mills.

Overall trends continued in end use paper markets, with free sheet, super calendar and newsprint remaining under pressure and declining, while container board, packaging and tissue have been returning positive margins.

Logging continues to face headwinds, especially for those that rely on selling raw logs versus those that operate under service contracts.

***Livestock:*** In the Northeast, this is a very diverse sector ranging from beef to other protein producers, both full and part-time, as well as equine, which itself can be broken down into racing/breeding, boarding and training enterprises, and recreational activities.

Strong demand continues to support high prices for animal proteins, particularly beef. Robust demand continues for local and value-added meats and poultry, but some producers report limited availability of slaughter and processing capacity.

Beef prices remained exceptionally high in 2025 and are expected to continue to be so through 2026, benefitting producers of beef cattle as well as dairy producers' cull cows and those who breed dairy/beef crosses.

***Fruit:*** This is a diverse category consisting of fresh market and processing apples, grapes for juice, farm wineries, small fruits, cranberries and more.

2025 was a relatively good growing season for Northeast apple growers, although there were some localized issues of hail and frost. Pricing and movement have been good. New York's apple production came in at 1.45 million pounds, about 12% over 2024's harvest. Washington state's production was also substantially higher than in 2024. Despite the large crop, pricing and demand in the Northeast has been solid.

Globally, wineries had a challenging year. While Eastern U.S. wineries have generally outperformed many of their Western peers, they were not immune to major consumer trends away from drinking wine. Higher-quality winemakers and those providing superior customer experiences have done better than average, but visitor traffic and sales were down across most Northeast wineries.

Massachusetts' 2025 cranberry production came to 1.75 million barrels, down from 2.25 million in 2024. Wisconsin's production also decreased from the prior year. However, Canadian production more than made up the shortfall. The larger crop has put downward pressure on pricing.

***Greenhouse and Nursery:*** While there remains considerable variation between firms in this industry, 2025 green industry sales generally met expectations, and were about flat with 2024. Margins seem to be holding, but volumes are off for some producers. Inventories have substantially increased from the previous couple of years, which may weigh on nursery producers in coming seasons.

***Aquatic / Fishing:*** The lobster catch in Maine was smaller in 2025, compared to the prior year, but favorable pricing helped compensate for the lower landing volume. The 2025-26 scallop season has been mixed, with lower total landings, but very favorable pricing. For groundfish, pricing and catch have been stable over the prior year.

***Manufacturing, Marketing & Processing:*** Value-added businesses that process, market and/or otherwise add value to raw agricultural commodities are eligible for financing when they are owned by eligible borrowers, or when organized as a cooperative and financed by CoBank under its lending authorities. In addition to directly financing such eligible borrowers, Farm Credit East purchases loan participations through CoBank, other System entities and commercial banks.

Businesses range in size from small farm-based specialty food processors to large marketing cooperatives. These loans encompass diverse businesses including sawmills, dairy processing, fruit juice, canned and frozen vegetables, preparation of fresh vegetables and fruits, and seafood processing. There is a wide range of economic drivers and financial performance among these companies. These businesses are a critical component of the farm, forest and fishing economy as they create markets for commodities, value-added opportunities for producers, jobs and economic activity in local communities, often in rural areas.

## LOAN PORTFOLIO

Loans outstanding increased to $14.3 billion as of December 31, 2025, compared to $12.9 billion at December 31, 2024, an increase of $1.4 billion, or 10.4%. The year-over-year growth in loan volume was seen in all lending areas led by our capital markets credit team which handles the Association's larger and more complex loan relationships including the purchases of loans made by other affiliated System Banks and Associations and commercial banks. The capital markets portfolio grew $442.0 million or 10.6%. Our branch marketplace-based farm loan portfolio grew $810.9 million, or 11.3%, as strong demand for agricultural products continues to benefit our local producers. The residential Country Living Loans mortgage program grew $85.4 million, or 5.6% as reasonably strong demand in our Local Service Area (LSA) continues. Commodities experiencing the strongest growth were dairy, cash field and timber with increases of $301.5 million, $221.4 million and $197.4 million, respectively over December 31, 2024

Loans by loan type are reflected in the following table.

| December 31 | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| Real estate mortgage | $ 5,127,014 | 36.0% | $ 4,775,932 | 37.0% | $ 4,453,459 | 38.7% |
| Production and intermediate | 4,784,408 | 33.6 | 4,112,724 | 31.8 | 3,728,814 | 32.4 |
| Agribusiness | 3,382,077 | 23.7 | 3,121,886 | 24.2 | 2,563,179 | 22.3 |
| Rural infrastructure | 797,128 | 5.6 | 766,220 | 5.9 | 636,870 | 5.5 |
| Rural residential real estate | 117,076 | 0.8 | 97,984 | 0.8 | 80,044 | 0.7 |
| Other | 48,524 | 0.3 | 43,119 | 0.3 | 41,237 | 0.4 |
| Total Loans | $ 14,256,227 | 100.0% | $ 12,917,865 | 100.0% | $ 11,503,603 | 100.0% |

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

The Association purchases loan participations from other System and non-System entities to generate additional earnings and diversify risk related to existing commodities financed and our geographic area served. In addition, we sell a portion of certain large loans to other System and non-System entities to reduce risk and comply with lending limits we have established. Our volume of participations purchased and sold as of December 31 are reflected in the following table.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Purchased participations | $ 3,984,724 | $ 3,528,382 | $ 2,979,878 |
| Sold participations | $ 1,983,709 | $ 1,998,526 | $ 1,876,899 |

Loans are originated and serviced within the LSA in New York, New Jersey and throughout New England. The geographic distribution of loans follows. As previously mentioned, we purchase loan participations outside our territory — which are included in other states in the following table.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| New York | 40% | 41% | 41% |
| New Jersey | 7 | 8 | 8 |
| Maine | 7 | 8 | 8 |
| Massachusetts | 6 | 6 | 6 |
| Vermont | 4 | 4 | 4 |
| Connecticut | 4 | 4 | 4 |
| New Hampshire and Rhode Island | 3 | 3 | 3 |
| Other states | 29 | 26 | 26 |
| Total | 100% | 100% | 100% |

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

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Dairy | 19.3% | 18.9% | 18.9% |
| Processing and Marketing | 12.4 | 13.4 | 12.5 |
| Timber | 10.3 | 9.8 | 10.3 |
| Livestock | 8.8 | 7.8 | 8.1 |
| Cash Field | 8.6 | 9.0 | 9.4 |
| Fruit | 7.4 | 7.4 | 7.4 |
| Utilities | 5.4 | 5.5 | 5.2 |
| Farm Services | 4.6 | 4.5 | 4.2 |
| Aquatic | 4.4 | 5.1 | 5.2 |
| Potato | 3.2 | 2.9 | 2.9 |
| Vegetables | 2.9 | 3.1 | 3.2 |
| Nursery | 2.3 | 2.3 | 2.3 |
| Greenhouse | 2.1 | 2.4 | 2.3 |
| All Other | 8.3 | 7.9 | 8.1 |
| Total | 100% | 100% | 100% |

## CREDIT COMMITMENTS

Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan agreement contract. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee by the borrower. We may also participate in standby letters of credit to satisfy the financing needs of our borrowers. These standby letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. The following table summarizes the maturity distribution of unfunded credit commitments on loans at December 31, 2025.

| | Less than 1 year | 1 – 3 years | 3 – 5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| Commitments to extend credit | $ 2,566,931 | $ 1,896,174 | $ 656,409 | $ 76,390 | $ 5,195,904 |
| Standby letters of credit | 42,390 | 9,961 | - | - | 52,351 |
| Commercial letters of credit | 5,441 | 31,986 | 26,552 | 3,227 | 67,206 |
| Total commitments | $ 2,614,762 | $ 1,938,121 | $ 682,961 | $ 79,617 | $ 5,315,461 |

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements.

## NONPERFORMING ASSETS

Nonperforming assets are comprised of nonaccrual loans, loans 90 days past due still accruing interest, and other property owned. Nonaccrual loans represent all loans where there is a reasonable doubt as to collection of principal and/or interest. The following table summarizes nonperforming assets and delinquency information.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Nonaccrual loans | $ 113,670 | $ 68,389 | $ 23,401 |
| Accruing loans 90 days or more past due | 126 | - | 288 |
| Other property owned (OPO) | 94 | - | - |
| Total nonperforming assets | $ 113,890 | $ 68,389 | $ 23,689 |
| Nonaccrual loans to total loans | 0.80% | 0.53% | 0.20% |
| Nonperforming assets to total loans and OPO | 0.80% | 0.53% | 0.21% |
| 30+ day delinquencies as a % of total performing loans | 0.18% | 0.17% | 0.35% |

The $45.5 million increase in nonperforming assets at December 31, 2025, was primarily due to a number of production agriculture customers that transferred to nonaccrual during 2025. In general, the Association is adequately secured on much of the $113.7 million in nonaccrual loan volume at December 31, 2025. However, the Association has established specific loan loss allowances of $22.9 million on its nonaccrual loans compared to $13.0 million at December 31, 2024.

Other property owned is comprised of real or personal property that has been acquired through foreclosure or deed in lieu of foreclosure. At December 31, 2025, other property owned was $94 thousand. At December 31, 2024, and 2023, there was no other property owned by the Association.

For additional loan type information, see Note 3 to the consolidated financial statements, “Loans and Allowance for Credit Losses.”

## CREDIT QUALITY CONDITIONS AND MEASUREMENTS IN THE LOAN PORTFOLIO

We review the credit quality of the loan portfolio on an on-going basis as part of our risk management practices. Each loan is classified according to the Uniform Classification System (UCS) which is used by all System institutions. The following table presents statistics based on UCS classified as a percentage of total loans.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Acceptable | 93.28% | 93.25% | 94.26% |
| Special mention | 3.83 | 4.61 | 3.63 |
| Substandard/doubtful | 2.89 | 2.14 | 2.11 |
| Total | 100.00% | 100.00% | 100.00% |

Loan credit quality was essentially unchanged from the prior year with acceptable credit quality at 93.3% at December 31, 2025. Special mention loans improved to 3.8% of total loans at December 31, 2025, compared to 4.6% the prior year while substandard/doubtful loans increased to 2.9%. While overall loan quality measures remain strong at December 31, 2025, the potential for some deterioration during 2026 exists as there is still uncertainty related to inflation and interest rates.

## CREDIT RISK MANAGEMENT

Credit risk arises from the inability of an obligor to meet its repayment obligation and exists in our outstanding loans, unfunded loan commitments and letters of credit. We manage credit risk associated with our lending activities through an assessment of the credit risk profile of each individual borrower based on an analysis of the borrower's credit history, repayment capacity, financial position and collateral. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income. The Association also manages credit risk by establishing limits for single borrower hold positions and industry concentrations based on underlying risks. The geographic and commodity diversity in the loan portfolio, coupled with disciplined underwriting, reduces the potential for significant credit losses.

To further manage portfolio risk, the Association is a Preferred Lender under the USDA's Farm Service Agency guarantee program and as of December 31, 2025, has guarantees totaling $340.0 million. In addition, the Association has loan guarantees with state agencies totaling $34.0 million.

## PROVISION FOR CREDIT LOSSES AND ALLOWANCE FOR CREDIT LOSSES

The provision for credit losses reflects the year-to-date change in the Association's estimate of current expected credit losses in the loan portfolio, including unfunded commitments. The allowance for loan losses covers the funded portion of loans outstanding, while the reserve for unfunded commitments covers losses on unfunded lending commitments. The sum of the allowance for loan losses and the reserve for unfunded commitments is referred to as the allowance for credit losses (ACL) on loans.

At December 31, 2025, the allowance for credit losses was $107.4 million, an increase of $14.4 million from the prior year. The Association recorded a $24.0 million provision for credit losses for the year ended December 31, 2025, compared to $11.5 million in 2024. The 2025 provision for credit losses primarily relates to portfolio loan growth and credit quality deterioration within certain sectors of the portfolio totaling $36.5 million. These increases were offset by model assumption updates specific to the large loan component of the model, resulting in a credit loss reversal of $12.5 million.

During 2025, nonaccrual loans increased by $45.3 million to $113.7 million increasing specific allowances by $9.9 million to $22.9 million at December 31, 2025. During the year, the Association charged off $10.3 million in loans and recovered $0.7 million. Net charge-offs as a percentage of average loans were 0.07% for the year ended December 31, 2025, compared to 0.04% at December 31, 2024. Charge-offs have historically resulted from a relatively small number of customers and may fluctuate significantly period to period.

The following table presents the comparative allowance for credit loss coverage, as a percentage of key loan categories.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Components: | | | |
| Allowance for loan losses | $ 96,319 | $ 78,272 | $ 66,253 |
| Reserve for unfunded commitments | 11,130 | 14,699 | 19,767 |
| Allowance for credit losses (ACL) | $ 107,449 | $ 92,971 | $ 86,020 |
| ACL as a percentage of: | | | |
| Total loans | 0.75% | 0.72% | 0.75% |
| Nonaccrual loans | 94.5% | 135.9% | 367.6% |
| Nonperforming assets | 94.3% | 135.9% | 363.1% |

For further discussion regarding the allowance for credit losses, see Note 3 to the consolidated financial statements, "Loans and Allowance for Credit Losses."

## RESULTS OF OPERATIONS

Net income was $366.8 million for the 12 months ended December 31, 2025, an increase of $30.2 million as compared with the same period in 2024. Net income was $270.0 million for the 12 months ended December 31, 2023. The 2025 earnings reflect the favorable impact of increased loan volume with net interest income increasing $42.1 million along with continued stable operating expenses. The Association recorded a $24.0 million provision for credit losses for the year ended December 31, 2025, which is a $12.5 million increase compared to a year ago.

The following table reflects key performance results *($ in millions).*

| For the Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Net income | $ 366.8 | $ 336.6 | $ 270.0 |
| Net interest income | $ 420.7 | $ 378.6 | $ 317.5 |
| Net interest margin | 3.17% | 3.16% | 2.96% |
| Return on average assets | 2.66% | 2.70% | 2.43% |
| Return on average members' equity | 14.47% | 14.63% | 12.87% |

Changes in the significant components impacting the results of operations are summarized in the following table *($ in millions).*

| Increase (decrease) due to: | 2025 versus 2024 | 2024 versus 2023 |
|---|---|---|
| Net interest income | $ 42.1 | $ 61.1 |
| Provision for/reversal of credit losses | (12.5) | 0.3 |
| Noninterest income | 11.9 | 13.1 |
| Noninterest expenses | (10.1) | (7.6) |
| Provision for income taxes | (1.2) | (0.3) |
| Total | $ 30.2 | $ 66.6 |

## NET INTEREST INCOME

Net interest income increased $42.1 million to $420.7 million in 2025, compared to $378.6 million in 2024. Net interest income was $317.5 million for the 12 months ended December 31, 2023. The following table quantifies the changes in net interest income *($ in millions).*

| Changes in net interest income due to: | 2025 versus 2024 | 2024 versus 2023 |
|---|---|---|
| Loan volume and average loan rate | $ 15.2 | $ 131.6 |
| Nonaccrual volume and other income | 1.7 | (3.7) |
| Borrowing levels and average cost of debt | 0.1 | (81.1) |
| Hedging activity | 25.1 | 14.3 |
| Total | $ 42.1 | $ 61.1 |

The Association's average loan rate was 6.61% in 2025, down from 7.18% in 2024, while the Association's average cost of debt funding decreased by similar amounts to 4.12% in 2025, compared to 4.58% in 2024. Like 2024, interest rates on variable rate loans and the Association's cost of debt both decreased towards the end of the year due to monetary actions taken by the Federal Reserve to decrease interest rates as part of an easing monetary policy to counter slowing economic activity, aiming to increase employment while managing inflation expectations. The Association's hedging strategy includes fixed-receive and floating-pay interest rate swaps. Throughout 2025, the Association's swap portfolio saw a decrease in floating-pay rates while the fixed-receive rates remained slightly higher, benefiting the Association. For further discussion regarding the hedging strategy, see Note 16 to the consolidated financial statements, "Derivative Instruments and Hedging Activities."

Information regarding the average daily balances and average rates earned and paid on our portfolio are presented in the following table.

| For the Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Net interest income | $ 420,703 | $ 378,555 | $ 317,538 |
| Average balances: | | | |
| Average interest earning loans | $ 13,258,844 | $ 11,997,682 | $ 10,717,673 |
| Average interest-bearing liabilities | $ 11,087,970 | $ 9,960,630 | $ 8,823,366 |
| Average rates: | | | |
| Interest earning loans | 6.61% | 7.18% | 6.82% |
| Interest bearing liabilities | 4.12% | 4.58% | 4.26% |
| Interest rate spread | 2.49% | 2.60% | 2.56% |
| Net interest margin (interest income as a percentage of average interest earning loans) | 3.17% | 3.16% | 2.96% |

## NONINTEREST INCOME

Noninterest income increased $11.9 million to $129.4 million for the 12 months ended December 31, 2025, as compared to $117.5 million in 2024. Noninterest income is primarily composed of patronage income, financially related services income, loan fees and compensation on participation loans. Noninterest income totaled $104.4 million for the 12 months ended December 31, 2023.

Patronage income from CoBank is a significant part of the Association's noninterest income. Patronage income is based on the average balance of the Association's note payable to CoBank. For the year ended December 31, 2025, CoBank patronage income totaled $54.9 million, an increase of $3.0 million from $51.9 million in 2024. Patronage income from CoBank was $45.9 million for the 12 months ended December 31, 2023. The 2025 CoBank patronage included a special patronage distribution of $4.9 million, compared to a special patronage distribution of $7.0 million in 2024, and $6.2 million in 2023. The patronage rates paid by CoBank on the Association's note payable were 45 basis points in each of 2025, 2024 and 2023.

Farm Credit East also receives patronage income from CoBank and other Farm Credit entities that purchased interests in loans originated by the Association. For the 12 months ended December 31, 2025, this revenue totaled $18.5 million compared to $17.5 million in 2024, and $15.9 million in 2023.

Noninterest income also includes fees for financially related services, compensation on participation loans, and loan fees and other noninterest income. These noninterest income sources totaled $56.0 million for the 12 months ended December 31, 2025, an increase of $7.9 million from 2024. Financially related services fee income totaled $30.9 million in revenue for the year ended December 31, 2025, an increase of $2.4 million from 2024. Loan fees and other noninterest income increased $5.6 million to $18.5 million at December 31, 2025, primarily due to fee income associated with a contract termination received from an Association exiting the FPI ownership group.

## NONINTEREST EXPENSE

Noninterest expense was $155.2 million for the 12 months ended December 31, 2025. Noninterest expense totaled $145.2 million and $137.6 million for the 12 months ended December 31, 2024, and 2023, respectively.

Salaries and employee benefits is the primary component of noninterest expense and totaled $86.2 million for the 12 months ended December 31, 2025, an increase of $4.8 million from $81.4 million for the 12 months ended December 31, 2024. This increase is primarily due to normal annual salary adjustments along with slightly higher staffing levels. Salary and employee benefits were $75.3 million for the 12 months ended December 31, 2023.

Insurance fund premiums were $10.5 million in 2025, an increase of $1.1 million from December 31, 2024. Insurance fund premium rates are set by the Farm Credit System Insurance Corporation and were 10 basis points of adjusted insured debt obligations for both 2025 and 2024. Insurance fund premiums were $14.8 million in 2023, and the rate was 18 basis points.

Noninterest expenses also include occupancy and equipment expense and other operating expenses, which includes technology costs and other property owned expenses. These other operating expenses were $58.5 million in 2025, an increase of $4.1 million compared to 2024. The increase was primarily due to higher technology expenses associated with new digital initiatives.

## PROVISION FOR INCOME TAXES

The provision for income taxes was $4.0 million for the 12 months ended December 31, 2025, compared to $2.8 million at December 31, 2024. The effective tax rate was 1.1% for the year ended December 31, 2025, and 0.8% for 2024. The Association's effective tax rate is significantly less than the applicable federal and state statutory income tax rates due to tax deductible patronage distributions and our tax-exempt business activities. For the 12 months ended December 31, 2023, the provision for income taxes was $2.5 million.

For additional information, see Note 10 to the consolidated financial statements, "Income Taxes."

## PATRONAGE DISTRIBUTIONS

The Association has a patronage program that allows it to distribute its eligible net earnings to its stockholders. The patronage program consists of a qualified cash distribution and a non-qualified distribution. This program provides for the application of net earnings in the manner described in our bylaws. When determining the amount and method of patronage to be distributed, the board considers the setting aside of funds to increase retained earnings to meet capital adequacy standards established by Farm Credit regulations, to meet our internal capital adequacy standards to support competitive pricing at targeted earnings levels, and for reasonable reserves. Patronage is distributed in accordance with cooperative principles, as determined by the board of directors and in accordance with Association bylaws. The distributions are sent to eligible customers shortly after the end of the year.

For the year ended December 31, 2025, the Association declared qualified patronage dividends totaling $145.0 million which will be distributed in cash in 2026. For the year ended December 31, 2024, the Association declared two separate qualified patronage dividends totaling $140.0 million which was distributed in cash in 2025. For the year ended December 31, 2023, the Association also declared two separate qualified patronage dividends totaling $130.0 million which was distributed in cash in 2024.

## LIQUIDITY AND FUNDING SOURCES

The Association's primary source of funding is CoBank. Funds are obtained through borrowing on a revolving line of credit governed by a General Financing Agreement. At December 31, 2025, the Association's notes payable to CoBank totaled $11.9 billion, which is a $1.1 billion increase from $10.8 billion at December 31, 2024. The Association's note payable was $9.5 billion at December 31, 2023.

The line of credit available to the Association is formula-driven based on Association loan volume and credit quality. Because of the funding relationship with CoBank, the Association does not maintain large balances in cash or other liquid investments. Substantially all the Association's assets are pledged as security to CoBank. The Association is in full compliance with its financing agreement with CoBank and has capacity under the agreement to borrow funds needed to meet anticipated loan demand.

The Association minimizes its interest rate risk by funding loans with debt from CoBank that has similar pricing characteristics as the assets being funded. As a result, the Association is not subject to substantial interest rate risk. The Association's loan portfolio consisted of the following breakdown by pricing type.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Pricing Type: | | | |
| Variable rate loans | 40.8% | 40.0% | 39.8% |
| Indexed loans (Prime, SOFR, LIBOR) | 33.3% | 31.5% | 28.6% |
| Fixed rate loans | 25.9% | 28.5% | 31.6% |

The interest rates charged to the Association on debt, by and large, have the same pricing characteristics as the loans funded. For example, fixed rate loans are funded with fixed rate debt with the same term. The Association's goal is to fund fixed and indexed rate loans with 100% matching debt to the extent possible.

The Association's equity is invested in variable rate loans. The yield on equity funded loans is the average variable portfolio rate. As rates rise or fall, earnings on equity funded loans go up and down. The Association also uses "receive fixed/pay variable" interest rate contracts (swaps) with CoBank to better manage its equity investment in variable rate loans. When rates are low, the Association earns more on its interest rate contracts, offsetting lower earnings on its equity position and serving to stabilize net interest income; conversely, when rates rise, the Association will earn less on its contracts and more on its equity position. The average length of the Association's contracts is 18 months. The effect of this hedging strategy diminishes if rates stay stable for two or more years.

The swaps also extend the duration of the Association's equity position resulting in increased earnings from the normal yield curve and some change in the value of equity due to changes in interest rates. The Association's interest rate hedging program is summarized in the following table *($ in millions)*.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Swap notional amount | $ 2,000 | $ 1,815 | $ 1,620 |
| Derivative assets (liabilities), net | $ 9.7 | $ (4.3) | $ (14.3) |
| **For the Year Ended December 31** | | | |
| Cash (payments) receipts | $ (8.6) | $ (34.0) | $ (48.5) |

For additional information, see Note 15 to the consolidated financial statements, "Fair Value Measurements."

## MEMBERS' EQUITY

Members' equity totaled $2.6 billion at December 31, 2025. Members' equity at December 31, 2025, was comprised of unallocated retained earnings of $2.3 billion, additional paid-in capital of $354.2 million, customer capital stock and participation certificates of $19.9 million, and accumulated other comprehensive loss of $8.2 million.

## CAPITAL PLAN AND REGULATORY REQUIREMENTS

The board of directors establishes a formal capital adequacy plan that addresses capital goals in relation to risks. The capital adequacy plan assesses the capital level necessary for financial viability and to provide for growth. Our plan is updated annually and approved as part of the Association's annual business plan.

The FCA Regulations requires the Association to maintain minimums for common equity tier 1 (CET 1), tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for non-risk adjusted ratios of tier 1 leverage and unallocated retained earnings (URE).

As shown in the following table, at December 31, 2025, 2024 and 2023, our capital and leverage ratios exceeded regulatory minimums. If these capital standards are not met, the FCA can impose restrictions, including limiting our ability to pay patronage distributions and retire equities.

| | 2025 | 2024 | 2023 | FCA Minimum with Buffer |
|---|---|---|---|---|
| Common Equity Tier 1 Capital Ratio (CET1) | 15.49% | 15.82% | 16.42% | 7.00% |
| Tier 1 Capital Ratio | 15.49% | 15.82% | 16.42% | 8.50% |
| Total Capital Ratio | 16.19% | 16.51% | 17.08% | 10.50% |
| Permanent Capital Ratio | 15.20% | 15.50% | 16.10% | 7.00% |
| Tier 1 Leverage Ratio | 16.92% | 17.25% | 18.00% | 5.00% |
| UREE Leverage Ratio | 16.78% | 17.10% | 17.83% | 1.50% |

For additional information, see Note 8 to the consolidated financial statements, "Members' Equity."

## CAPITAL ADEQUACY AND BUSINESS PLANNING

In conjunction with the annual business plan and financial planning process, the board of directors reviews and approves a capital adequacy plan which includes target levels for capital and capital ratio minimum baselines. The capital adequacy plan assesses the capital level necessary for financial viability and to provide growth. Effective January 1, 2026, the board established capital ratio baselines as follows.

| | 2026 Target Range | Policy Minimum | FCA Minimum with Buffer |
|---|---|---|---|
| Common Equity Tier 1 Capital Ratio (CET1) | 15% - 16% | 11.50% | 7.00% |
| Tier 1 Capital Ratio | 15% - 16% | 13.00% | 8.50% |
| Total Capital Ratio | 15.5% - 16.5% | 14.50% | 10.50% |
| Permanent Capital Ratio | 14.8% - 15.8% | 12.00% | 7.00% |
| Tier 1 Leverage Ratio | 16.4% - 17.4% | 6.00% | 5.00% |
| UREE Leverage Ratio | 16% - 17% | 2.00% | 1.50% |

## REGULATORY MATTERS

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

## CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis of the financial condition and results of operations are based on the Association's consolidated financial statements, which we prepare in accordance with accounting principles generally accepted in the United States of America. In preparing these financial statements, we make estimates and assumptions. Our financial position and results of operations are affected by these estimates and assumptions, which are integral to understanding reported results.

Note 2 to the accompanying consolidated financial statements contains a summary of our significant accounting policies. Of these policies, we consider certain ones critical to the presentation of our financial condition, as they require us to make complex or subjective judgments that affect the value of certain assets and liabilities. Some of these estimates relate to matters that are inherently uncertain. Most accounting policies are not, however, considered critical. Our critical accounting policies relate to determining the level of our allowance for credit losses and the valuation of our derivative instruments with no ready markets.

## BUSINESS OUTLOOK

The U.S. economy posted GDP growth of <0.6%>, 3.8%, and 4.4% for the first three quarters of 2025, respectively. Analysts estimate that GDP grew by 2.0% for the year, beating expectations from earlier in 2025. Looking ahead, forecasts range from 1.9% to 2.8% for 2026 GDP growth, building on 2025 results.

Inflation has declined significantly from its peak in 2022, but remains stubbornly above the Federal Reserve's 2% target, complicating its interest rate decisions. The U.S. labor market has softened but remains relatively strong, with headline unemployment at 4.4% in December 2025. Front-line and lower-wage positions remain difficult to fill due to tightness in that portion of the job market.

There are significant risks to this forecast, including possible trade wars with increased tariffs being enacted on both imports and exports, sharp cuts in government spending, major increases in immigration enforcement, geopolitical unrest and other uncertainty, all of which could dampen economic growth.

## FORWARD-LOOKING STATEMENTS

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

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

## FARM CREDIT EAST, ACA

# REPORT OF MANAGEMENT

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

To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded, and transactions are properly authorized and recorded. The systems have been designed to recognize that the cost must be related to the benefits derived. To monitor compliance, the Association's internal auditors and risk management staff perform audits of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate. The consolidated financial statements are audited by PricewaterhouseCoopers LLP, our independent auditors, who consider internal controls in accordance with auditing standards generally accepted in the United States of America. The Association is also examined by the Farm Credit Administration.

The chief executive officer, as delegated by the Board of Directors, has overall responsibility for the Association's system of internal controls and financial reporting, subject to the review of the Audit Committee of the Board of Directors. The Audit Committee consults regularly with management and meets periodically with the independent auditors and internal auditors to review the scope and results of their examinations. The Audit Committee reports regularly to the Board of Directors. Both the independent auditors and the internal auditors have direct access to the Audit Committee.

The undersigned certify the 2025 Annual Report to Stockholders has been reviewed and prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate and complete to the best of our knowledge and belief.

/s/
Michael J. Reynolds
Chief Executive Officer

/s/
John P. Knopf
Chair of the Board

/s/
Andrew N. Grant
Chief Financial Officer

March 13, 2026

## FARM CREDIT EAST, ACA

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

/s/
Michael J. Reynolds
Chief Executive Officer

/s/
Andrew N. Grant
Chief Financial Officer

March 13, 2026

## FARM CREDIT EAST, ACA

# REPORT OF AUDIT COMMITTEE

The consolidated financial statements were prepared under the oversight of the Audit Committee (Committee). The Committee is composed of four members from the Farm Credit East, ACA (Association) Board of Directors. In 2025, the Committee met six times. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's responsibilities are described more fully in the Association's Internal Control Policy and the Audit Committee Charter. The Committee approved the appointment of PricewaterhouseCoopers LLP (PwC) as our independent auditors for 2025.

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

In this context, the Committee reviewed and discussed the Association's audited consolidated financial statements for the year ended December 31, 2025, with management. The Committee also reviews with PwC the matters required to be discussed by Statements on Auditing Standards. Both PwC and the Association's internal auditors directly provide reports on significant matters to the Committee.

The Committee approves all non-audit services provided by PwC. In 2025, PwC was engaged for tax and audit related services and the Committee concluded these services were not incompatible with maintaining the auditors' independence.

Based on the foregoing review and discussions, and relying thereon, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Association's Annual Report to Stockholders for the year ended December 31, 2025, and for filing with the FCA.

/s/
Joseph W. McWatters
Audit Committee Chair

Other Committee Members:
David F. Folino
Philip J. Jones
James A. Robbins II

March 13, 2026

## Report of Independent Auditors

To the Board of Directors of Farm Credit East, ACA

### *Opinion*

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

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

### *Basis for Opinion*

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

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

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

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

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

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

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

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

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

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

***Other Information***

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

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

PricewaterhouseCoopers LLP

Hartford, Connecticut
March 13, 2026

## FARM CREDIT EAST, ACA
## CONSOLIDATED BALANCE SHEETS

| December 31 (dollars in thousands) | 2025 | 2024 | 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Loans | $ 14,256,227 | $ 12,917,865 | $ 11,503,603 |
| Less: Allowance for credit losses on loans | 96,319 | 78,272 | 66,253 |
| Net loans | 14,159,908 | 12,839,593 | 11,437,350 |
| Cash | 36,000 | 25,252 | 31,259 |
| Accrued interest receivable | 69,834 | 66,672 | 64,958 |
| Investment in CoBank, ACB | 368,228 | 332,231 | 295,590 |
| Premises and equipment, net | 26,495 | 26,958 | 27,940 |
| Other assets | 152,747 | 124,967 | 103,495 |
| **Total Assets** | $ 14,813,212 | $ 13,415,673 | $ 11,960,592 |
| **LIABILITIES** | | | |
| Notes payable to CoBank, ACB | $ 11,928,497 | $ 10,762,587 | $ 9,498,822 |
| Patronage distributions payable | 145,000 | 140,000 | 130,000 |
| Accrued interest payable | 38,419 | 38,169 | 38,342 |
| Reserve for unfunded commitments | 11,130 | 14,699 | 19,767 |
| Other liabilities | 60,381 | 73,566 | 98,991 |
| **Total Liabilities** | $ 12,183,427 | $ 11,029,021 | $ 9,785,922 |
| **MEMBERS' EQUITY** | | | |
| Capital stock and participation certificates | $ 19,893 | $ 19,481 | $ 18,956 |
| Additional paid-in capital | 354,163 | 354,163 | 354,163 |
| Unallocated retained earnings | 2,263,907 | 2,042,072 | 1,845,429 |
| Accumulated other comprehensive loss | (8,178) | (29,064) | (43,878) |
| **Total Members' Equity** | $ 2,629,785 | $ 2,386,652 | $ 2,174,670 |
| **Total Liabilities and Members' Equity** | $ 14,813,212 | $ 13,415,673 | $ 11,960,592 |

The accompanying notes are an integral part of these statements.

## FARM CREDIT EAST, ACA
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| Year Ended December 31 (dollars in thousands) | 2025 | 2024 | 2023 |
|---|---|---|---|
| **INTEREST INCOME** | | | |
| Loans | $ 878,856 | $ 864,434 | $ 739,382 |
| Other | 6,291 | 3,808 | 1,121 |
| Total interest income | 885,147 | 868,242 | 740,503 |
| **INTEREST EXPENSE** | | | |
| Notes payable to CoBank, ACB | 464,407 | 489,650 | 422,932 |
| Other | 37 | 37 | 33 |
| Total interest expense | 464,444 | 489,687 | 422,965 |
| Net interest income | 420,703 | 378,555 | 317,538 |
| Provision for credit losses | 24,024 | 11,462 | 11,747 |
| Net interest income after provision for credit losses | 396,679 | 367,093 | 305,791 |
| **NONINTEREST INCOME** | | | |
| Patronage | 73,414 | 69,447 | 61,793 |
| Financially related services | 30,884 | 28,452 | 34,635 |
| Compensation on participation loans, net | 6,602 | 6,680 | 4,673 |
| Loan fees and other noninterest income | 18,489 | 12,926 | 3,270 |
| Total noninterest income | 129,389 | 117,505 | 104,371 |
| **NONINTEREST EXPENSE** | | | |
| Salaries and employee benefits | 86,168 | 81,390 | 75,312 |
| Insurance Fund premiums | 10,494 | 9,415 | 14,769 |
| Occupancy and equipment | 4,660 | 5,034 | 4,825 |
| Other noninterest expenses | 53,919 | 49,354 | 42,699 |
| Total noninterest expenses | 155,241 | 145,193 | 137,605 |
| Income before income taxes | 370,827 | 339,405 | 272,557 |
| Provision for income taxes | 3,992 | 2,762 | 2,509 |
| **Net Income** | $ 366,835 | $ 336,643 | $ 270,048 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Net change in retirement plan liabilities | 6,838 | 4,772 | 925 |
| Net change in cash flow hedges | 14,048 | 10,042 | 40,147 |
| Other Comprehensive Income | 20,886 | 14,814 | 41,072 |
| **Comprehensive Income** | $ 387,721 | $ 351,457 | $ 311,120 |

The accompanying notes are an integral part of these statements.

## FARM CREDIT EAST, ACA
## CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

| (dollars in thousands) | Capital Stock and Participation Certificates | Additional Paid-in Capital | Unallocated Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Total Members' Equity |
|---|---|---|---|---|---|
| Balance at December 31, 2022 | $ 18,374 | $ 354,163 | $ 1,720,025 | $ (84,950) | $ 2,007,612 |
| Adjustment to beginning balance due to change in accounting for credit losses, net of tax | - | - | (14,644) | - | (14,644) |
| Balance at January 1, 2023, as adjusted | $ 18,374 | $ 354,163 | $ 1,705,381 | $ (84,950) | $ 1,992,968 |
| Comprehensive Income | - | - | 270,048 | 41,072 | 311,120 |
| Capital stock and participation certificates issued | 1,664 | - | - | - | 1,664 |
| Capital stock and participation certificates retired | (1,082) | - | - | - | (1,082) |
| Patronage Distribution | - | - | (130,000) | - | (130,000) |
| Balance at December 31, 2023 | $ 18,956 | $ 354,163 | $ 1,845,429 | $ (43,878) | $ 2,174,670 |
| Comprehensive Income | - | - | 336,643 | 14,814 | 351,457 |
| Capital stock and participation certificates issued | 1,754 | - | - | - | 1,754 |
| Capital stock and participation certificates retired | (1,229) | - | - | - | (1,229) |
| Patronage Distribution | - | - | (140,000) | - | (140,000) |
| Balance at December 31, 2024 | $ 19,481 | $ 354,163 | $ 2,042,072 | $ (29,064) | $ 2,386,652 |
| Comprehensive Income | - | - | 366,835 | 20,886 | 387,721 |
| Capital stock and participation certificates issued | 1,494 | - | - | - | 1,494 |
| Capital stock and participation certificates retired | (1,082) | - | - | - | (1,082) |
| Patronage Distribution | - | - | (145,000) | - | (145,000) |
| Balance at December 31, 2025 | $ 19,893 | $ 354,163 | $ 2,263,907 | $ (8,178) | $ 2,629,785 |

The accompanying notes are an integral part of these statements.

## FARM CREDIT EAST, ACA
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| Year Ended December 31 (dollars in thousands) | 2025 | 2024 | 2023 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | | |
| Net income | $ 366,835 | $ 336,643 | $ 270,048 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 2,815 | 3,145 | 2,888 |
| Provision for credit losses | 24,024 | 11,462 | 11,747 |
| Increase in accrued interest receivable | (6,926) | (4,610) | (19,187) |
| Increase (decrease) in accrued interest payable | 250 | (173) | 10,941 |
| Increase (decrease) in other liabilities | 4,132 | (15,679) | 3,687 |
| Increase in other assets | (24,095) | (14,540) | (8,289) |
| Gain from sales of premises and equipment | (1,667) | (772) | (552) |
| Total adjustments | (1,467) | (21,167) | 1,235 |
| Net cash provided by operating activities | 365,368 | 315,476 | 271,283 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Increase in loans, net | (1,340,669) | (1,410,809) | (940,139) |
| Increase in investment in CoBank | (33,638) | (34,382) | (8,380) |
| Increase in investments | (5,950) | (9,191) | (3,579) |
| Expenditures for premises and equipment | (2,448) | (2,457) | (3,979) |
| Proceeds from sales of other property owned | - | - | 1,078 |
| Proceeds from sales of premises and equipment | 1,763 | 1,066 | 612 |
| Net cash used in investing activities | (1,380,942) | (1,455,773) | (954,387) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Increase in notes payable to CoBank, net | 1,165,910 | 1,263,765 | 794,003 |
| Capital stock and participation certificates issued | 1,494 | 1,754 | 1,664 |
| Capital stock and participation certificates retired | (1,082) | (1,229) | (1,082) |
| Patronage distributions paid | (140,000) | (130,000) | (117,000) |
| Net cash provided by financing activities | 1,026,322 | 1,134,290 | 677,585 |
| Net increase (decrease) in cash | 10,748 | (6,007) | (5,519) |
| Cash at beginning of year | 25,252 | 31,259 | 36,778 |
| Cash at end of year | $ 36,000 | $ 25,252 | $ 31,259 |
| **SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:** | | | |
| Income taxes paid, net of refunds | $ 3,015 | $ 2,878 | $ 1,840 |
| Accrued interest transferred to loans | 3,764 | 2,896 | 2,301 |
| Loans transferred to other property owned | 94 | - | - |
| Patronage distribution payable | 145,000 | 140,000 | 130,000 |

The accompanying notes are an integral part of these statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(dollars in thousands except as noted)*

## NOTE 1 – ORGANIZATION, BUSINESS COMBINATION AND OPERATIONS

### Organization

Farm Credit East, ACA, an Agricultural Credit Association (ACA) and its subsidiaries, Farm Credit East FLCA, a Federal Land Credit Association (FLCA), and Farm Credit East PCA, a Production Credit Association (PCA), (collectively called "the Association"), is a member-owned cooperative which provides credit and financial related services to or for the benefit of eligible customers for qualified agricultural purposes in the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont.

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

CoBank, ACB (funding bank or the "Bank"), its related associations and AgVantis, Inc. (AgVantis) are collectively referred to as the "District." CoBank provides the funding to associations within the District and is responsible for supervising certain activities of the District Associations. The CoBank District consists of CoBank, 16 Agricultural Credit Associations, which each have two wholly owned subsidiaries (a FLCA and a PCA), and AgVantis.

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

Farm Credit East, ACA, along with two other System Institutions, owns Farm Credit Financial Partners, Inc. (FPI), which primarily provides technology services to its owners.

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

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

### Operations

The Farm Credit Act sets forth the types of authorized lending activity, persons eligible to borrow, and financial services which can be offered by the Association. The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic or forest products, their cooperatives, rural residents and farm-related businesses.

The Association provides additional services to borrowers such as financial recordkeeping, payroll, tax return preparation, tax planning, farm accounting software, fee appraisals, farm business consulting and leasing. The Association also offers credit life insurance and multi-peril crop insurance to its borrowers, as an agent.

The Association's financial condition may be impacted by factors which affect CoBank. The CoBank Annual Report is available free of charge on CoBank's website, www.cobank.com, or may be obtained at no charge by contacting the Association. Upon request, stockholders of the Association will be provided with a copy of the CoBank Annual Report. CoBank's Annual Report to Stockholders discusses the material aspects of its financial condition, changes in financial condition and results of operations.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation, Consolidation and Use of Estimates

The consolidated financial statements (the "financial statements") of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. In consolidation, all significant intercompany accounts and transactions are eliminated. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements. Material estimates that are particularly susceptible to significant change in

the near term relate to the determination of the allowance for credit losses and the valuation of deferred tax assets. Actual results could differ from those estimates. Significant estimates are discussed in these footnotes to consolidated financial statements, as applicable. Certain amounts in prior year's financial statements have been reclassified to conform to current financial statement presentation.

**Recently Issued or Adopted 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 since the end of the last annual reporting period that have a material impact on the entity. 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 2025-09 Derivatives and Hedging (Topic 815): Hedge Accounting Improvements. The amendment simplifies hedge accounting by allowing broader grouping of forecasted transactions with "similar risk exposure" (not identical), provides a new model for hedging "choose-your-rate" debt, expanding nonfinancial component hedging, and clarifying the use of net written options as instruments, aiming to reduce complexity and better align accounting with actual risk management. The standard is effective for public business entities for annual periods (including interim periods within those annual periods) starting after December 15, 2026, and for other entities a year later (after December 15, 2027), 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 2025-07 Derivatives and Hedging and Revenue from Contracts with Customers. The amendment: (1) updates the accounting rules for businesses by providing a scope exception for certain derivative contracts that are based on operations or activities specific to one of the parties, and (2) clarifies that the revenue guidance in ASC 606 applies to share-based noncash consideration received from customers. The standard is effective for annual periods starting after December 15, 2026, 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 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 evaluating the potential impact of adoption on the Association's financial condition, results of operations and 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 standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows, but will impact the income tax disclosures.

Below is a summary of the Association's significant accounting policies.

**Loans and Allowance for Credit Losses**

Long-term real estate mortgage loans generally have maturities ranging from 5 to 40 years. Substantially, all short-term and intermediate-term loans for agricultural production or operating purposes have maturities of 10 years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and deferred loan fees or costs. Loan origination fees and direct loan origination costs are capitalized, and the net fee or cost is amortized over the life of the related loan as an adjustment to yield. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding.

*Nonaccrual Loans*

A loan is considered a nonaccrual loan if there is a known risk to the collection of principal and interest according to the original contractual terms and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described below. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall

remain contractually past due until it is modified or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

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

When loans are in nonaccrual status, the Association's general practice is to apply and record on its financial records any payments received on nonaccrual loans in the following sequence: (1) to existing principal which includes outstanding principal and accrued interest receivable as of the date of transfer into nonaccrual status plus any additional advances made since the loan was placed in nonaccrual status; (2) to recover any charged-off amount; and (3) to interest income. Nonaccrual loans may, at times, be maintained on a cash basis. Generally, cash basis refers to the recognition of interest income from cash payments received on certain nonaccrual loans for which the collectability of the recorded investment in the loan is no longer in doubt and the loan does not have a remaining unrecovered prior charge-off associated with it. Nonaccrual loans are returned to accrual status when principal and interest are current, and reinstatement is supported by a period of sustained performance in accordance with the contractual terms of the note and/or loan agreement and the loan is not classified "doubtful" or "loss."

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

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

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

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

- the allowance for credit losses on loans (ACLL), which covers the loan portfolio and is presented separately on the balance sheet,
- the reserve for credit losses on unfunded commitments, which is presented separately on the balance sheet.

*ACLL*
Determining the appropriateness of the ACLL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the loan portfolio may result in significant changes in the ACL in those future periods. Loans are evaluated on the amortized cost basis, including premiums and discounts.

The Association's approach to estimating the ACLL utilizes multiple economic scenarios over a reasonable and supportable forecast period. The vendor provided forecasts are produced by an economic model that is based on information from past business cycles and current conditions and converge to a long-run equilibrium trend. Mean reversion in the forecasts is specific to each economic indicator, with forecasts being considered reasonable and supportable over a period of one to three years, followed by a reversion to long-term equilibrium trends within two to three years from the forecast start date. As mean reversion occurs within the economic forecasts (i.e., input reversion), the Association uses the forecast values over the entire life of loan to determine estimated credit losses. The economic forecasts are updated on a quarterly basis. These factors include, but are not limited to, macroeconomic variables such as unemployment rates, adjusted for government subsidies, agricultural commodity prices and price indices, and utilities sales and price indices. Also considered are loan and borrower characteristics, such as internal risk ratings, loan type, collateral position, and the remaining term of the loan, adjusted for expected prepayments. In addition to the quantitative calculation, the Association considers the imprecision inherent in the process and methodology, emerging risk assessments, and other subjective factors, which may lead to a management adjustment to the modeled ACLL results.

The Association employs a disciplined process and methodology to establish its ACLL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics. Asset-specific loans are generally collateral dependent loans and nonaccrual loans. For these loans, the credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with the Association's appraisal policy, the fair value of collateral-dependent loans is based upon independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the ACLL that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, commodity, probability of default (PD) rating, business segment, or a combination of these classes. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by PD rating using historical life-of-loan analysis periods, and the severity of loss, based on Farm Credit System guidance on expected loss rates for each loss given default (LGD) category.

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

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

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

Also adopted, effective January 1, 2023, was ASU 2022-02 - Financial Instruments: Credit Losses - Troubled Debt Restructurings and Vintage Disclosure. This guidance requires the creditor to determine whether a modification results in a new loan or a continuation of an existing loan, among other disclosures specific to modifications with borrowers that are experiencing financial difficulties. The update eliminated the accounting guidance for troubled debt restructurings by creditors. The update also requires disclosure of current period gross write-offs by year of origination for financing receivables and net investments in leases on a prospective basis.

**Cash**
Cash, as included in the consolidated financial statements, represents cash on hand and on deposit at financial institutions. The nature of the Association's business requires that it maintain amounts due from banks which, at times, may exceed federally insured limits. The Association has not experienced any losses on such amounts, and all amounts are maintained with well-capitalized institutions.

**Investment in CoBank, ACB**
The Association's investment in CoBank is in the form of Class A stock. The minimum required investment is 3.0% of the prior one-year average direct loan volume. The investment in CoBank is comprised of patronage-based stock and purchased stock. The requirement for capitalizing patronage-based participation loans sold to CoBank is 7.0% of the prior ten-year average of such participations sold to CoBank. Accounting for this investment is on the cost plus allocated equities basis.

**Other Property Owned**
Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses. On at least an annual basis, revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in other operating expenses in the consolidated statements of comprehensive income.

**Premises and Equipment**
Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operating results. Maintenance and repairs are expensed, and improvements above

certain thresholds are capitalized. Long-lived assets are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset group may not be recoverable.

**Other Assets and Other Liabilities**
Other assets are comprised primarily of patronage receivable from CoBank, accounts receivable, investments other than CoBank, derivative assets and linked deposit program assets. Significant components of other liabilities primarily include pension and other post-retirement benefits, accrued salaries and employee benefits, accounts payable and derivative liabilities.

**Employee Benefit Plans**
Substantially all employees of the Association may be eligible to participate in various retirement plans. Association employees (except the former Maine and Yankee employees who are participants in the noncontributory defined contribution plan) hired prior to January 1, 2007, participate in a qualified defined benefit pension plan, which is noncontributory and covered substantially all employees. The net expense for this plan is recorded as employee benefit expense. The "Projected Unit Credit" actuarial method is used for financial reporting and funding purposes.

Effective January 1, 2007, the Association closed the existing defined benefit pension plan to new participants. All employees hired on or after January 1, 2007, are participants in a noncontributory defined contribution plan. Participants in this plan receive a fixed percentage of their eligible wages, based on years of service, to an investment account maintained for the employee. Costs for this plan are expensed as funded and recorded as employee benefit expense.

Association employees are also eligible to participate in an employee savings plan (Thrift Plan). The Association matches a certain percentage of employee contributions with costs being expensed as funded. These costs are recorded as employee benefit expense.

The Association provides certain health care and life insurance benefits to eligible retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Association. The anticipated costs of these benefits are accrued during the period of the employee's active service and are classified as employee benefit expense. However, substantially all participants pay the full premiums associated with these benefits.

The Association recognizes in its consolidated balance sheet an asset for a retirement plan's overfunded status or a liability for a retirement plan's underfunded status. The Association also measures the Plan's assets and obligations that determine its funded status as of the end of the fiscal year and recognizes those changes in other comprehensive income, net of tax.

**Income Taxes**
As previously described, Farm Credit East, ACA operates two wholly owned subsidiaries. Farm Credit East, FLCA is exempt from federal and other income taxes as provided in the Farm Credit Act. Farm Credit East, ACA, and its subsidiary Farm Credit East, PCA are subject to Federal and State income tax. All entities are eligible to operate as cooperatives that qualify for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. The Association distributes patronage on the basis of book income. Operating expenses are allocated to each subsidiary based on estimated relative service.

Deferred taxes are recorded on the tax effect of all temporary differences. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50% probability), based on management's estimate, that they will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of our expected patronage program, which reduces taxable earnings.

**Patronage distributions from CoBank, ACB**
The Association records patronage distributions from CoBank on the accrual basis. Under the current CoBank capital plan, CoBank distributes patronage from the Association's direct lending business in cash. For patronage applicable to participations sold to CoBank, patronage is distributed in 75% cash and 25% CoBank Class A stock. Accrued patronage receivable is included in other assets in the consolidated financial statements.

**Derivative Instruments and Hedging Activity**
The Association is party to derivative financial instruments, primarily interest rate swaps, which are principally used to manage interest rate risk on assets, liabilities and anticipated transactions. Derivatives are recorded on the balance sheet as other assets and other liabilities at fair value.

Changes in the fair value of a derivative are recorded in current period earnings or accumulated other comprehensive income (loss) depending on the use of the derivative and whether it qualifies for hedge accounting. For fair-value hedge transactions, which hedge changes in the fair value of assets, liabilities or firm commitments, changes in the fair value of the derivative are recorded in earnings and will generally be offset by changes in the hedged item's fair value. For cash-flow hedge transactions, which hedge the variability of future cash flows related to a variable-rate asset, liability or a forecasted transaction, changes in the fair value of the derivative will generally be deferred and reported in accumulated other comprehensive income (loss). The gains and losses on the derivative that are deferred and reported in accumulated other comprehensive income (loss) will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. For derivatives not designated as a hedging instrument, the related change in fair value is recorded in current period earnings.

The Association formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to (1) specific assets or liabilities on the balance sheet or (2) firm commitments or forecasted transactions.

The Association also formally assesses (both at the hedge's inception and on an ongoing basis) whether the derivatives that are used in hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods. The Association may use regression analysis (or statistical analysis) to assess the effectiveness of its hedges. The Association discontinues hedge accounting prospectively when the Association determines that (1) a derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item; (2) the derivative expires or is sold, terminated or exercised; (3) it is no longer probable that the forecasted transaction will occur; (4) a hedged firm commitment no longer meets the definition of a firm commitment; or (5) management determines that designating the derivative as a hedging instrument is no longer appropriate. For cash flow hedges, when the Association discontinues hedge accounting, any remaining accumulated other comprehensive income (loss) would be amortized into earnings over the remaining life of the original hedged item. For fair value hedges, when the Association discontinues hedge accounting, changes in the fair value of the derivative will be recorded in current period earnings. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Association will carry the derivative at its fair value on the balance sheet, recognizing changes in fair value in current period earnings.

**Other Comprehensive Income (Loss)**

Other comprehensive income (loss) refers to revenue, expenses, gains and losses that under GAAP are recorded as an element of members' equity and comprehensive income but are excluded from net income. Accumulated other comprehensive income (loss) refers to the balance of these transactions. Farm Credit East records other comprehensive income adjustments associated with the Pension Plan (see Note 11) and adjustments related to derivative contracts used to manage interest rate risk on loans (see Note 16).

**Fair Value Measurement**

The Accounting guidance defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value.

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

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (3) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and (4) inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate debt securities, and derivative contracts. Pension plan assets that are derived from observable inputs, including corporate bonds and mortgage-backed securities are reported in Level 2.

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

The fair value disclosures are presented in Note 15 of these consolidated financial statements.

**Off-Balance Sheet Credit Exposures**

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

## NOTE 3 – LOANS AND ALLOWANCE FOR CREDIT LOSSES

### Loans Outstanding

Loans outstanding by loan type are shown below.

| December 31 | 2025 | | 2024 | | 2023 | |
|---|---|---|---|---|---|---|
| Real estate mortgage | $ 5,127,014 | 36.0% | $ 4,775,932 | 37.0% | $ 4,453,459 | 38.7% |
| Production and intermediate | 4,784,408 | 33.6 | 4,112,724 | 31.8 | 3,728,814 | 32.4 |
| Agribusiness | 3,382,077 | 23.7 | 3,121,886 | 24.2 | 2,563,179 | 22.3 |
| Rural infrastructure | 797,128 | 5.6 | 766,220 | 5.9 | 636,870 | 5.5 |
| Rural residential real estate | 117,076 | 0.8 | 97,984 | 0.8 | 80,044 | 0.7 |
| Other | 48,524 | 0.3 | 43,119 | 0.3 | 41,237 | 0.4 |
| Total Loans | $ 14,256,227 | 100.0% | $ 12,917,865 | 100.0% | $ 11,503,603 | 100.0% |

The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with FCA regulations. The following table presents information regarding participations purchased and sold as of December 31, 2025, which are also included in the table above.

| | CoBank, ACB Participations | | Other Farm Credit Institutions Participations | | Non-Farm Credit Institutions Participations | | Total Participations | |
|---|---|---|---|---|---|---|---|---|
| | Purchased | Sold | Purchased | Sold | Purchased | Sold | Purchased | Sold |
| Real estate mortgage | $ 2,989 | $ 245,866 | $ 436,378 | $ 46,908 | $ 486 | $ - | $ 439,853 | $ 292,774 |
| Production and intermediate | 156,065 | 278,368 | 940,470 | 83,353 | 12,751 | - | 1,109,286 | 361,721 |
| Agribusiness | 858,799 | 614,376 | 719,973 | 684,756 | 3,719 | 25,131 | 1,582,491 | 1,324,263 |
| Rural infrastructure | 795,077 | - | 9,974 | - | - | - | 805,051 | - |
| Other | 48,043 | 4,951 | - | - | - | - | 48,043 | 4,951 |
| Total Loans | $1,860,973 | $1,143,561 | $ 2,106,795 | $ 815,017 | $ 16,956 | $ 25,131 | $ 3,984,724 | $ 1,983,709 |

### 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. The 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 FCA regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedure. Long-term real estate loans are not to exceed 85% of the appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a 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.

To mitigate the risk of loan losses, the Association may enter into long-term standby commitments to purchase agreements with the Federal Agricultural Mortgage Corporation (Farmer Mac). The agreements, which are effectively credit guarantees that 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 default (typically four months past due), subject to certain conditions. The balance of loans under long-term standby commitments was $0.8 million, $0.9 million and $2.4 million at December 31, 2025, 2024 and 2023, respectively. In addition to Farmer Mac, the Association has credit enhancements with federal and state government agencies totaling $374.0 million, $348.1 million and $345.5 million at December 31, 2025, 2024 and 2023, respectively.

The Association uses a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point risk-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 assumptions 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 the probability of default category when a credit action is taken.

Each of the probability of default categories carries a distinct percentage of default probability. The 14-point risk rating scale provides for granularity of the probability of default, especially in the acceptable ratings. There are nine acceptable categories that range from a borrower of the highest quality to a borrower of minimally acceptable quality. The probability of default between one and nine is very narrow and would reflect almost no default to a minimal default percentage. The probability of default grows more rapidly as a loan moves from a "nine" 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.

The following tables show loans classified under the FCA Uniform Loan Classification System as a percentage of total loans by loan type as of December 31, 2025, 2024 and 2023.

| December 31, 2025 | Acceptable | OAEM | Substandard /Doubtful | Total |
|---|---|---|---|---|
| Real estate mortgage | 34.1% | 0.8% | 1.1% | 36.0% |
| Production and intermediate term | 31.2 | 1.3 | 1.0 | 33.5 |
| Agribusiness | 21.7 | 1.4 | 0.7 | 23.8 |
| Rural infrastructure | 5.2 | 0.3 | 0.1 | 5.6 |
| Rural residential real estate | 0.8 | - | - | 0.8 |
| Other | 0.3 | - | - | 0.3 |
| Total | 93.3% | 3.8% | 2.9% | 100.0% |

| December 31, 2024 | Acceptable | OAEM | Substandard /Doubtful | Total |
|---|---|---|---|---|
| Real estate mortgage | 34.4% | 1.6% | 1.0% | 37.0% |
| Production and intermediate term | 29.6 | 1.7 | 0.5 | 31.8 |
| Agribusiness | 22.5 | 1.1 | 0.6 | 24.2 |
| Rural infrastructure | 5.7 | 0.2 | - | 5.9 |
| Rural residential real estate | 0.8 | - | - | 0.8 |
| Other | 0.3 | - | - | 0.3 |
| Total | 93.3% | 4.6% | 2.1% | 100.0% |

| December 31, 2023 | Acceptable | OAEM | Substandard /Doubtful | Total |
|---|---|---|---|---|
| Real estate mortgage | 35.9% | 1.9% | 0.9% | 38.7% |
| Production and intermediate term | 30.8 | 0.9 | 0.7 | 32.4 |
| Agribusiness | 21.3 | 0.5 | 0.5 | 22.3 |
| Rural infrastructure | 5.2 | 0.3 | - | 5.5 |
| Rural residential real estate | 0.7 | - | - | 0.7 |
| Other | 0.4 | - | - | 0.4 |
| Total | 94.3% | 3.6% | 2.1% | 100.0% |

### Nonperforming Assets

Nonperforming assets (which consists of nonaccrual loans, accruing loans 90 days or more past due and other property owned) and related quality statistics are as follows.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Nonaccrual loans: | | | |
| Real estate mortgage | $ 39,245 | $ 18,301 | $ 7,510 |
| Production and intermediate term | 31,836 | 7,177 | 5,323 |
| Agribusiness | 27,856 | 40,629 | 7,792 |
| Rural infrastructure | 14,415 | 1,860 | 2,223 |
| Rural residential real estate | 318 | 422 | 553 |
| Total nonaccrual loans | $ 113,670 | $ 68,389 | $ 23,401 |
| Accruing loans 90 days or more past due: | | | |
| Real estate mortgage | $ - | $ - | $ 126 |
| Production and intermediate term | 126 | - | 162 |
| Total accruing loans 90 days or more past due | $ 126 | $ - | $ 288 |
| Total nonperforming loans | $ 113,796 | $ 68,389 | $ 23,689 |
| Other property owned (OPO) | $ 94 | $ - | $ - |
| Total nonperforming assets | $ 113,890 | $ 68,389 | $ 23,689 |

The following table reflects certain related credit quality statistics.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Nonaccrual loans to total loans | 0.80% | 0.53% | 0.20% |
| Nonperforming assets to total loans and OPO | 0.80% | 0.53% | 0.21% |
| Nonperforming assets to capital | 4.33% | 2.87% | 1.09% |

The following tables provide the amortized cost for nonaccrual loans with and without a related specific allowance for credit losses, as well as interest income recognized on nonaccrual loans during the period ended December 31, 2025, 2024 and 2023. Interest income is recognized, and payments are applied on nonaccrual loans as described in Note 2.

| | December 31, 2025 | | | For the Twelve Months Ended December 31, 2025 |
|---|---|---|---|---|
| | Amortized Cost with Allowance | Amortized Cost without Allowance | Total | Interest Income Recognized |
| Nonaccrual Loans: | | | | |
| Real estate mortgage | $ 9,955 | $ 29,290 | $ 39,245 | $ 1,843 |
| Production and intermediate | 15,048 | 16,788 | 31,836 | (357) |
| Agribusiness | 25,891 | 1,965 | 27,856 | 780 |
| Rural infrastructure | 13,295 | 1,120 | 14,415 | (973) |
| Rural residential real estate | - | 318 | 318 | 22 |
| Total | $ 64,189 | $ 49,481 | $ 113,670 | $ 1,315 |

| | December 31, 2024 | | | For the Twelve Months Ended December 31, 2024 |
|---|---|---|---|---|
| | Amortized Cost with Allowance | Amortized Cost without Allowance | Total | Interest Income Recognized |
| Nonaccrual Loans: | | | | |
| Real estate mortgage | $ 6,578 | $ 11,723 | $ 18,301 | $ 1,136 |
| Production and intermediate | 6,037 | 1,140 | 7,177 | 1,057 |
| Agribusiness | 20,353 | 20,276 | 40,629 | (1,459) |
| Rural infrastructure | 441 | 1,419 | 1,860 | - |
| Rural residential real estate | - | 422 | 422 | 39 |
| Total | $ 33,409 | $ 34,980 | $ 68,389 | $ 773 |

| | December 31, 2023 | | | For the Twelve Months Ended December 31, 2023 |
|---|---|---|---|---|
| | Amortized Cost with Allowance | Amortized Cost without Allowance | Total | Interest Income Recognized |
| Nonaccrual Loans: | | | | |
| Real estate mortgage | $ 1,968 | $ 5,542 | $ 7,510 | $ 2,006 |
| Production and intermediate | 2,747 | 2,576 | 5,323 | 2,489 |
| Agribusiness | 5,082 | 2,710 | 7,792 | (72) |
| Rural infrastructure | 2,223 | - | 2,223 | 65 |
| Rural residential real estate | 144 | 409 | 553 | 2 |
| Total | $ 12,164 | $ 11,237 | $ 23,401 | $ 4,490 |

Accrued interest receivable on loans of $69.8 million, $66.7 million and $65.0 million at December 31, 2025, 2024 and 2023, has been excluded from the amortized cost of loans and reported separately in the consolidated balance sheets. The Association wrote off accrued interest receivable of $4.8 million, $2.8 million and $0.5 million during 2025, 2024 and 2023.

### Loan Delinquencies

The following tables provide an aging analysis of past due loans at amortized cost by loan type as of December 31, 2025, 2024 and 2023.

| December 31, 2025 | 30-89 Days Past Due | 90 Days or More Past Due | Total Past Due | Current | Total Loans | Accruing Loans 90 days or More Past Due |
|---|---|---|---|---|---|---|
| Real estate mortgage | $ 12,135 | $ 17,461 | $ 29,596 | $ 5,097,418 | $ 5,127,014 | $ - |
| Production and intermediate term | 11,473 | 18,869 | 30,342 | 4,754,066 | 4,784,408 | 126 |
| Agribusiness | 2,605 | 5,757 | 8,362 | 3,373,715 | 3,382,077 | - |
| Rural infrastructure | 4,373 | 4,478 | 8,851 | 788,277 | 797,128 | - |
| Rural residential real estate | 204 | - | 204 | 116,872 | 117,076 | - |
| Other | - | - | - | 48,524 | 48,524 | - |
| Total Loans | $ 30,790 | $ 46,565 | $ 77,355 | $ 14,178,872 | $ 14,256,227 | $ 126 |

| December 31, 2024 | 30-89 Days Past Due | 90 Days or More Past Due | Total Past Due | Current | Total Loans | Accruing Loans 90 days or More Past Due |
|---|---|---|---|---|---|---|
| Real estate mortgage | $ 9,376 | $ 14,615 | $ 23,991 | $ 4,751,941 | $ 4,775,932 | $ - |
| Production and intermediate term | 10,126 | 5,905 | 16,031 | 4,096,693 | 4,112,724 | - |
| Agribusiness | 4,292 | 7,268 | 11,560 | 3,110,326 | 3,121,886 | - |
| Rural infrastructure | - | - | - | 766,220 | 766,220 | - |
| Rural residential real estate | 337 | 130 | 467 | 97,517 | 97,984 | - |
| Other | - | - | - | 43,119 | 43,119 | - |
| Total Loans | $ 24,131 | $ 27,918 | $ 52,049 | $ 12,865,816 | $ 12,917,865 | $ - |

| December 31, 2023 | 30-89 Days Past Due | 90 Days or More Past Due | Total Past Due | Current | Total Loans | Accruing Loans 90 days or More Past Due |
|---|---|---|---|---|---|---|
| Real estate mortgage | $ 21,004 | $ 3,345 | $ 24,349 | $ 4,429,110 | $ 4,453,459 | $ 126 |
| Production and intermediate term | 12,315 | 4,379 | 16,694 | 3,712,120 | 3,728,814 | 162 |
| Agribusiness | 8,919 | 1,559 | 10,478 | 2,552,701 | 2,563,179 | - |
| Rural infrastructure | - | - | - | 636,870 | 636,870 | - |
| Rural residential real estate | - | 143 | 143 | 79,901 | 80,044 | - |
| Other | - | - | - | 41,237 | 41,237 | - |
| Total Loans | $ 42,238 | $ 9,426 | $ 51,664 | $ 11,451,939 | $ 11,503,603 | $ 288 |

### Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon adoption of ASU 2022-02, "Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosure," creditors are required to disclose specific modifications with borrowers who are experiencing financial difficulty. The loan modifications are handled on a case-by-case basis and are negotiated to achieve mutually agreeable terms that maximize loan collectability and meet the borrower's financial needs. Modifications can be in the form of one or a combination of principal forgiveness, interest rate reduction, other than insignificant payment delay, or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during 2025, 2024 and 2023, disaggregated by loan type and type of modification granted.

| Year ended December 31, 2025 | Interest Rate Reduction | Term Extension | Payment Extension | Combination – Interest Rate Reduction & Term Extension | Combination – Interest Rate Reduction & Payment Extension | Combination – Term Extension & Payment Extension | Percent of Total by Loan Type |
|---|---|---|---|---|---|---|---|
| Real estate mortgage | $ - | $ 1,059 | $ 709 | $ - | $ 783 | $ 114 | 0.02% |
| Production and intermediate | - | 24,661 | 92 | 15 | - | 767 | 0.18% |
| Agribusiness | 2,898 | 1,061 | 198 | - | - | 219 | 0.03% |
| Rural residential real estate | - | - | - | - | - | - | 0.00% |
| Total | $ 2,898 | $ 26,781 | $ 999 | $ 15 | $ 783 | $ 1,100 | 0.23% |

| Year ended December 31, 2024 | Interest Rate Reduction | Term Extension | Payment Extension | Combination – Interest Rate Reduction & Term Extension | Combination – Interest Rate Reduction & Payment Extension | Combination – Term Extension & Payment Extension | Percent of Total by Loan Type |
|---|---|---|---|---|---|---|---|
| Real estate mortgage | $ 300 | $ 3,177 | $ 705 | $ 4 | $ 868 | $ 15 | 0.04% |
| Production and intermediate | 173 | 11,524 | 600 | 117 | 68 | 135 | 0.10% |
| Agribusiness | - | 941 | - | 275 | - | 222 | 0.01% |
| Rural residential real estate | - | - | - | - | - | - | 0.00% |
| Total | $ 473 | $ 15,642 | $ 1,305 | $ 396 | $ 936 | $ 372 | 0.15% |

| Year ended December 31, 2023 | Interest Rate Reduction | Term Extension | Payment Extension | Combination – Interest Rate Reduction & Term Extension | Combination – Interest Rate Reduction & Payment Extension | Combination – Term Extension & Payment Extension | Percent of Total by Loan Type |
|---|---|---|---|---|---|---|---|
| Real estate mortgage | $ 6,223 | $ 5,465 | $ 593 | $ - | $ - | $ 102 | 0.11% |
| Production and intermediate | 14,960 | 9,351 | 751 | 91 | 190 | 325 | 0.22% |
| Agribusiness | 10,216 | 4,766 | - | - | - | 135 | 0.13% |
| Rural residential real estate | - | 28 | - | - | - | - | 0.00% |
| Total | $ 31,399 | $ 19,610 | $ 1,344 | $ 91 | $ 190 | $ 562 | 0.46% |

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $0.1 million, $0.1 million and $0.3 million at December 31, 2025, 2024 and 2023, respectively.

The following tables present the financial effect of the modifications made to borrowers experiencing financial difficulty during 2025, 2024 and 2023.

| December 31, 2025 | **Financial Effect of Modifications Granted** |
|---|---|
| **Real Estate Mortgage** | |
| Term Extension | Extended weighted average maturity by 431 days |
| Payment Extension | Extended weighted average payment terms by 408 days |
| Interest Rate & Payment Extension | Reduced weighted average interest rate by 50 basis points (bps) and Extended weighted average payment terms by 365 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 251 days and Extended weighted average payment terms by 251 days |
| **Production and intermediate** | |
| Term Extension | Extended weighted average maturity by 254 days |
| Payment Extension | Extended weighted average payment terms by 536 days |
| Interest Rate & Term Extension | Reduced weighted average interest rate by 325 bps and Extended weighted average maturity by 2,101 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 553 days and Extended weighted average payment terms by 553 days |
| **Agribusiness** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 33 bps |
| Term Extension | Extended weighted average maturity by 619 days |
| Payment Extension | Extended weighted average payment terms by 424 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 441 days and Extended weighted average payment terms by 441 days |

| December 31, 2024 | **Financial Effect of Modifications Granted** |
|---|---|
| **Real Estate Mortgage** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 75 bps |
| Term Extension | Extended weighted average maturity by 3,320 days |
| Payment Extension | Extended weighted average payment terms by 366 days |
| Interest Rate & Term Extension | Reduced weighted average interest rate by 75 bps and Extended weighted average maturity by 639 days |
| Interest Rate & Payment Extension | Reduced weighted average interest rate by 75 bps and Extended weighted average payment terms by 125 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 290 days and Extended weighted average payment terms by 290 days |
| **Production and intermediate** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 75 bps |
| Term Extension | Extended weighted average maturity by 380 days |
| Payment Extension | Extended weighted average payment terms by 359 days |
| Interest Rate & Term Extension | Reduced weighted average interest rate by 75 bps and Extended weighted average maturity by 212 days |
| Interest Rate & Payment Extension | Reduced weighted average interest rate by 75 bps and Extended weighted average payment terms by 304 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 714 days and Extended weighted average payment terms by 714 days |
| **Agribusiness** | |
| Term Extension | Extended weighted average maturity by 316 days |
| Interest Rate & Term Extension | Reduced weighted average interest rate by 325 bps and Extended weighted average maturity by 871 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 259 days and Extended weighted average payment terms by 259 days |

| December 31, 2023 | **Financial Effect of Modifications Granted** |
|---|---|
| **Real Estate Mortgage** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 83 bps |
| Term Extension | Extended weighted average maturity by 1,525 days |
| Payment Extension | Extended weighted average payment terms by 385 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 1,173 days and Extended weighted average payment terms by 1,173 days |
| **Production and intermediate** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 28 bps |
| Term Extension | Extended weighted average maturity by 647 days |
| Payment Extension | Extended weighted average payment terms by 383 days |
| Interest Rate & Term Extension | Reduced weighted average interest rate by 100 bps and Extended weighted average maturity by 384 days |
| Interest Rate & Payment Extension | Reduced weighted average interest rate by 26 bps and Extended weighted average payment terms by 217 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 172 days and Extended weighted average payment terms by 172 days |
| **Agribusiness** | |
| Interest Rate Reduction | Reduced weighted average interest rate by 76 bps |
| Term Extension | Extended weighted average maturity by 394 days |
| Term Extension & Payment Extension | Extended weighted average maturity by 579 days and Extended weighted average payment terms by 579 days |
| **Rural Residential Real Estate** | |
| Term Extension | Extended weighted average maturity by 569 days |

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that received a modification during 2025 and that defaulted in the period presented:

| | Modified Loans that Subsequently Defaulted during the Twelve Months Ended December 31, 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Interest Rate Reduction | Payment Extension | Combination – Interest Rate Reduction & Payment Extension | Combination – Term Extension & Payment Extension | Total | Percent of Total by Loan Type |
| Real estate mortgage | $ - | $ 301 | $ - | $ - | $ 301 | 0.00% |
| Production and intermediate | - | - | - | 15,239 | 15,239 | 0.11% |
| Agribusiness | 2,898 | - | - | 46 | 2,944 | 0.02% |
| Total | $ 2,898 | $ 301 | $ - | $ 15,285 | $ 18,484 | 0.13% |

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that received a modification during 2024 and that defaulted in the period presented:

| | Modified Loans that Subsequently Defaulted during the Twelve Months Ended December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Interest Rate Reduction | Payment Extension | Combination – Interest Rate Reduction & Payment Extension | Combination – Term Extension & Payment Extension | Total | Percent of Total by Loan Type |
| Real estate mortgage | $ - | $ 413 | $ - | $ - | $ 413 | 0.00% |
| Production and intermediate | - | 77 | - | 582 | 659 | 0.01% |
| Agribusiness | - | - | - | 899 | 899 | 0.01% |
| Total | $ - | $ 490 | $ - | $ 1,481 | $ 1,971 | 0.02% |

There were no loans to borrowers experiencing financial difficulty that received a modification on or after January 1, 2023, through December 31, 2023, and that subsequently defaulted.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2025, through December 31, 2025:

| | Payment Status[1] of Loans Modified in the Past 12 Months | | |
|---|---|---|---|
| | Current | 30-89 Days Past Due | 90 Days or More Past Due |
| Real estate mortgage | $ 2,302 | $ 363 | $ - |
| Production and intermediate | 10,282 | 14 | 15,239 |
| Agribusiness | 4,111 | 219 | 46 |
| Total | $ 16,695 | $ 596 | $ 15,285 |

[1] Excludes loans that were modified during the period, but were paid off or sold prior to period end.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were $11 thousand at December 31, 2025.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2024, through December 31, 2024:

| | Payment Status[1] of Loans Modified in the Past 12 Months | | |
|---|---|---|---|
| | Current | 30-89 Days Past Due | 90 Days or More Past Due |
| Real estate mortgage | $ 3,458 | $ 583 | $ 1,028 |
| Production and intermediate | 12,460 | 80 | 77 |
| Agribusiness | 1,430 | 8 | - |
| Total | $ 17,348 | $ 671 | $ 1,105 |

[1] Excludes loans that were modified during the period, but were paid off or sold prior to period end.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were $156 thousand at December 31, 2024.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified on or after January 1, 2023, through December 31, 2023:

| | Payment Status[1] of Loans Modified in the Past 12 Months | | |
|---|---|---|---|
| | Current | 30-89 Days Past Due | 90 Days or More Past Due |
| Real estate mortgage | $ 10,398 | $ 832 | $ 1,153 |
| Production and intermediate | 24,950 | - | 718 |
| Agribusiness | 14,973 | 82 | 61 |
| Rural residential real estate | - | - | 29 |
| Total | $ 50,321 | $ 914 | $ 1,961 |

[1] Excludes loans that were modified during the period, but were paid off or sold prior to period end.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified were $19.3 million at December 31, 2023.

### 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 guidelines and internal lending limits. In addition, customer and commodity concentration lending limits have been established by the Association to manage credit exposure.

A summary of changes in the allowance for credit losses by loan type follows.

| December 31, 2025 | Real Estate Mortgage | Production and Intermediate | Agribusiness | Rural infrastructure | Rural Residential Real Estate | Other | Total |
|---|---|---|---|---|---|---|---|
| **Allowance for Credit Losses on Loans** | | | | | | | |
| Beginning balance | $ 20,981 | $ 25,633 | $ 27,945 | $ 2,898 | $ 775 | $ 40 | $ 78,272 |
| Charge-offs | (487) | (8,542) | (1,251) | - | - | - | (10,280) |
| Recoveries | 2 | 539 | 192 | - | 1 | - | 734 |
| Provision for credit losses | 2,919 | 19,745 | 458 | 4,306 | 195 | (30) | 27,593 |
| Ending balance | $ 23,415 | $ 37,375 | $ 27,344 | $ 7,204 | $ 971 | $ 10 | $ 96,319 |
| **Reserve for Unfunded Commitments** | | | | | | | |
| Beginning balance | $ 771 | $ 4,772 | $ 8,407 | $ 494 | $ 39 | $ 216 | $ 14,699 |
| Provision for credit losses | 119 | (1,258) | (2,603) | 331 | 23 | (181) | (3,569) |
| Ending balance | $ 890 | $ 3,514 | $ 5,804 | $ 825 | $ 62 | $ 35 | $ 11,130 |
| **Total Allowance for Credit Losses** | $ 24,305 | $ 40,889 | $ 33,148 | $ 8,029 | $ 1,033 | $ 45 | $ 107,449 |

| December 31, 2024 | Real Estate Mortgage | Production and Intermediate | Agribusiness | Rural infrastructure | Rural Residential Real Estate | Other | Total |
|---|---|---|---|---|---|---|---|
| **Allowance for Credit Losses on Loans** | | | | | | | |
| Beginning balance | $ 20,396 | $ 18,292 | $ 23,190 | $ 3,692 | $ 673 | $ 10 | $ 66,253 |
| Charge-offs | - | (2,073) | (3,559) | - | - | - | (5,632) |
| Recoveries | 11 | 1,078 | 31 | - | 2 | - | 1,122 |
| Provision for credit losses | 574 | 8,336 | 8,283 | (794) | 100 | 30 | 16,529 |
| Ending balance | $ 20,981 | $ 25,633 | $ 27,945 | $ 2,898 | $ 775 | $ 40 | $ 78,272 |
| **Reserve for Unfunded Commitments** | | | | | | | |
| Beginning balance | $ 1,375 | $ 6,342 | $ 11,266 | $ 433 | $ 49 | $ 302 | $ 19,767 |
| Provision for credit losses | (604) | (1,570) | (2,859) | 61 | (10) | (86) | (5,068) |
| Ending balance | $ 771 | $ 4,772 | $ 8,407 | $ 494 | $ 39 | $ 216 | $ 14,699 |
| **Total Allowance for Credit Losses** | $ 21,752 | $ 30,405 | $ 36,352 | $ 3,392 | $ 814 | $ 256 | $ 92,971 |

| December 31, 2023 | Real Estate Mortgage | Production and Intermediate | Agribusiness | Rural infrastructure | Rural Residential Real Estate | Other | Total |
|---|---|---|---|---|---|---|---|
| **Allowance for Credit Losses on Loans** | | | | | | | |
| Beginning balance | $ 9,728 | $ 25,326 | $ 14,160 | $ 2,004 | $ 181 | $ 66 | $ 51,465 |
| Adjustment due to change in accounting | 10,190 | (4,583) | 2,416 | 609 | 312 | (53) | 8,891 |
| Charge-offs | (78) | (855) | (2,010) | (710) | (7) | - | (3,660) |
| Recoveries | 67 | 232 | 674 | 1 | 99 | - | 1,073 |
| Provision for credit losses | 489 | (1,828) | 7,950 | 1,788 | 88 | (3) | 8,484 |
| Ending balance | $ 20,396 | $ 18,292 | $ 23,190 | $ 3,692 | $ 673 | $ 10 | $ 66,253 |
| **Reserve for Unfunded Commitments** | | | | | | | |
| Beginning balance | $ 2,284 | $ 4,346 | $ 3,555 | $ 504 | $ 45 | $ 17 | $ 10,751 |
| Adjustment due to change in accounting | (1,413) | 844 | 5,866 | 167 | 4 | 285 | 5,753 |
| Provision for credit losses | 504 | 1,152 | 1,845 | (238) | - | - | 3,263 |
| Ending balance | $ 1,375 | $ 6,342 | $ 11,266 | $ 433 | $ 49 | $ 302 | $ 19,767 |
| **Total Allowance for Credit Losses** | $ 21,771 | $ 24,634 | $ 34,456 | $ 4,125 | $ 722 | $ 312 | $ 86,020 |

### Discussion of Changes in Allowance for Credit Losses

The ACL increased $14.4 million to $107.4 million at December 31, 2025, as compared to $93.0 million at December 31, 2024. The increase in allowance primarily relates to portfolio loan growth and credit quality deterioration within certain sectors of the portfolio which were partially offset by model assumption updates specific to the large loan component of the model resulting in lower modeled loan losses.

## NOTE 4 – INVESTMENT IN COBANK, ACB

At December 31, 2025, the Association's investment in CoBank is in the form of Class A stock with a par value of $100 per share. The Association is required to own stock in CoBank to capitalize its direct loan balance and participation loans sold to CoBank. The current requirement for capitalizing its direct loan from CoBank is 3.0% of the Association's prior one-year average direct loan balance. The current requirement for capitalizing patronage-based participation loans sold to CoBank is 7.0% of the Association's prior ten-year average balance of such participations sold to CoBank. Under the current CoBank capital plan applicable to such participations sold, patronage from CoBank related to these participations sold is paid 75% cash and 25% Class A stock. The capital plan is evaluated annually by CoBank's board and management and is subject to change.

CoBank may require the holders of its equities to subscribe for such additional capital as may be needed to meet its capital requirements or its joint and several liability under the Act and regulations.

The Association owns 8.06% of the issued stock of the ACB as of December 31, 2025. As of that date, the ACB's assets totaled $223.5 billion, and members' equity totaled $14.0 billion. The ACB earned net income of $1.7 billion during 2025.

## NOTE 5 – PREMISES AND EQUIPMENT

Premises and equipment consists of the following:

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Land | $ 2,114 | $ 2,127 | $ 2,127 |
| Buildings and improvements | 40,611 | 40,480 | 39,946 |
| Furniture and equipment | 6,042 | 6,404 | 6,157 |
| Autos | 6,918 | 6,777 | 7,109 |
| Construction in progress | - | 489 | 603 |
| Premises and equipment at cost | $ 55,685 | $ 56,277 | $ 55,942 |
| Less: accumulated depreciation | 29,190 | 29,319 | 28,002 |
| Total premises and equipment, net | $ 26,495 | $ 26,958 | $ 27,940 |

## NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES

A summary of other assets and other liabilities follows.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Other Assets: | | | |
| Patronage receivable from CoBank | $ 65,731 | $ 62,744 | $ 56,359 |
| Investments | 41,509 | 34,941 | 25,673 |
| Accounts receivable | 4,092 | 3,519 | 3,623 |
| Derivative assets | 10,677 | 2,888 | 5,712 |
| Linked deposit program, net | 18,057 | 9,535 | 2,035 |
| Other | 12,681 | 11,340 | 10,093 |
| Total | $ 152,747 | $ 124,967 | $ 103,495 |

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Other Liabilities: | | | |
| Pension and other postretirement liabilities | $ 5,430 | $ 15,451 | $ 26,031 |
| Accrued salaries and employee benefits | 21,647 | 20,955 | 17,686 |
| Accounts payable | 19,069 | 15,613 | 22,233 |
| Derivative liabilities | 931 | 7,189 | 20,055 |
| Other | 13,304 | 14,358 | 12,986 |
| Total | $ 60,381 | $ 73,566 | $ 98,991 |

### Linked Deposit Program

Farm Credit East participates in state-sponsored Linked Deposit Programs (LDPs) administered by the State of New York and the State of Maine. Under these programs, the Association purchases U.S. Treasury securities and simultaneously enters into master repurchase agreements (MRAs) with the respective state agencies. The MRAs require the Association to repurchase the securities at stated dates. In accordance with ASC 860, *Transfers and Servicing*, these arrangements are accounted for as secured borrowings, and the associated securities continue to be reported as assets of the Association. The contractual maturity date of the MRAs vary by transaction and does not exceed a 4-year term.

At December 31, 2025, the gross amount of U.S. Treasury securities pledged under the LDP was approximately $254.2 million, and the related gross repurchase obligations totaled approximately $212.6 million. The carrying value of the U.S. Treasury securities approximates fair value as of December 31, 2025. The U.S. Treasury securities are classified within level 1 as their fair value is readily observable in the marketplace. Because the MRAs provide a legally enforceable right of setoff, and the Association has the intent to either settle the related amounts on a net basis or to settle them simultaneously, the related assets and liabilities are presented on a net basis within Other Assets in the Consolidated Statements of Condition in accordance with ASC 210-20, *Balance Sheet — Offsetting*.

The securities pledged under the program consist solely of U.S. Treasury securities that fully collateralize the repurchase obligations. The MRAs include close-out netting provisions under which all transactions with each counterparty are treated as a single arrangement in the event of default, thereby allowing the Association to settle the amounts due on a net basis. No collateral is received from counterparties. After giving effect to the master netting arrangements, the Association's exposure is limited to the net amount recorded on the Consolidated Statements of Condition.

The following table provides a summary of the linked deposit program offsetting as of December 31, 2025, 2024 and 2023.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Linked Deposit Program: | | | |
| Gross collateral | $ 254,246 | $ 215,058 | $ 64,851 |
| Gross repurchase agreements | (212,598) | (179,835) | (54,588) |
| Amount subject to netting | 41,648 | 35,223 | 10,263 |
| Less: discount | (23,591) | (25,688) | (8,228) |
| Linked deposit program, net | $ 18,057 | $ 9,535 | $ 2,035 |

## NOTE 7 – NOTES PAYABLE TO COBANK, ACB

The Association's indebtedness to CoBank represents borrowings by the Association to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and is governed by a General Financing Agreement (GFA). The GFA and promissory note are subject to periodic renewals in the normal course of business. The GFA matures on May 31, 2026. Management expects renewal of the GFA at that time. The Association was in compliance with the terms and conditions of the GFA as of December 31, 2025. Substantially all borrower loans are match-funded with CoBank. Payments and disbursements are made on the note payable to CoBank on the same basis the Association collects payments from and disburses on borrower loans. The interest rate may periodically be adjusted by CoBank based on the terms and conditions of the borrowing. The weighted average interest rate was 4.12% for the 12 months ended December 31, 2025. The weighted average interest rate was 4.58% for the year ended December 31, 2024, and 4.26% for the year ended December 31, 2023.

CoBank, consistent with FCA regulations, has established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2025, the Association's notes payable are within the specified limitations.

## NOTE 8 – MEMBERS' EQUITY

A description of the Association's capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below. Members' equity is described and governed by the Association's capitalization policies. Farm Credit East's capitalization policies are specified in the bylaws and in the Capitalization Plan approved by the board of directors. Copies of the Association's bylaws and Capitalization Plan are available to members at any time.

### Capital Stock and Participation Certificates

In accordance with the Farm Credit Act and the Association's capitalization bylaws and Capitalization Plan, each Association borrower, as a condition of borrowing, is required at the time the loan is made to invest in Class B Stock for agricultural loans or Class B Participation Certificates for country home and farm-related business loans. Association bylaws require that borrowers acquire capital stock or participation certificates, as a condition of borrowing, at least the lesser of $1,000 or 2% of the amount of the loan, and not more than 10% of the amount of the loan.

Pursuant to the Association Capitalization Plan, the Association board has determined that Class B stock and Class B participation certificates shall be issued as follows:

For all loans (except where indicated below) Class B stock and Class B participation certificates shall be issued equal to one thousand dollars per customer as a condition of borrowing from this Association. For purposes of borrower stock, a customer is defined as the primary borrower on a loan. The intent of this policy is for each primary customer to have one thousand dollars of stock, regardless of the number of loans or balance on those loans to that customer. Stock shall be purchased at the beginning of a customer's relationship and will not be retired until all loans to that customer are paid in full and there are no funds available for advances.

Exceptions to this policy are:

- At the time of the Farm Credit East mergers (in 2010, 2014 and 2022), certain customers with less than one thousand dollars of stock were "grandfathered" at the stock level at conversion. Grandfathered customer stock will be frozen at converted levels until all loans are repaid, at which time the stock will be retired, or increased to one thousand dollars at the time of a future advance or credit action
- Certain small borrowers (customers with total commitment less than ten thousand dollars initially) will be issued at 10% of the initial commitment, consistent with bylaw limitations

- Certain interests in loans sold to other financial institutions
- Loans to be sold into the secondary market

The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, but usually does not make a cash investment. The aggregate par value is added to the principal amount of the related loan obligation. The Association retains a first lien on the stock or participation certificates owned by borrowers. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding stock or participation certificates. All stock and participation certificates are retired at the discretion of the Association's board of directors after considering the capitalization plan, as well as regulatory and other requirements.

### Regulatory Capitalization Requirements and Restrictions

The following sets forth the regulatory capital ratio requirements and ratios at December 31.

| Ratio | Primary Components of Numerator | Denominator | Ratios as of 2025 | Ratios as of 2024 | Ratios as of 2023 | Minimum with Buffer | Minimum Requirement |
|---|---|---|---|---|---|---|---|
| Common Equity Tier 1 (CET1) Capital | Unallocated retained earnings (URE), and common cooperative equities (qualifying capital stock and allocated equity)[1] | Risk-weighted Assets | 15.49% | 15.82% | 16.42% | 7.0% | 4.5% |
| Tier 1 Capital | CET1 Capital, and non-cumulative perpetual preferred stock | Risk-weighted assets | 15.49% | 15.82% | 16.42% | 8.5% | 6.0% |
| Total Capital | Tier 1 Capital, allowance for loan losses[2], other common cooperative equities[3], and term preferred stock and subordinated debt[4] | Risk-weighted assets | 16.19% | 16.51% | 17.08% | 10.5% | 8.0% |
| Tier 1 Leverage | Tier 1 Capital | Total assets | 16.92% | 17.25% | 18.00% | 5.0% | 4.0% |
| Unallocated Retained Earnings and URE Equivalents (UREE) Leverage | URE and UREE Equivalents | Total assets | 16.78% | 17.10% | 17.83% | 1.5% | 1.5% |
| Permanent Capital | Retained earnings, common stock, non-cumulative perpetual preferred stock, and subordinated debt, subject to certain limits | Risk-weighted assets | 15.20% | 15.50% | 16.10% | 7.0% | 7.0% |

1 Equities outstanding 7 or more years
2 Capped at 1.25% of risk-adjusted assets
3 Outstanding 5 or more years, but less than 7 years
4 Outstanding 5 or more years

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

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

### Description of Equities

Each owner or joint owners of Class B stock are entitled to a single vote, while Class B participation certificates provide no voting rights to their owners. Voting stock may not be transferred to another person unless such person is eligible to hold voting stock. At December 31, 2025, the Association had 3,612,854 shares of Class B stock outstanding at a par value of $5 per share and 365,740 shares of Class B participation certificates outstanding at a par value of $5 per share. Ownership of stock, participation certificates or allocated surplus is sometimes subject to certain risks that could result in a partial or complete loss. These risks include excessive levels of loan losses experienced by the Association, losses resulting from contractual and statutory obligations, impairment of ACB stock owned by the Association, losses resulting from adverse judicial decisions or other losses that may arise in the course of business. In the event of such impairment, borrowers would remain liable for the full amount of their loans.

Any losses which result in impairment of capital stock and participation certificates would be allocated to such purchased capital on a pro rata basis impairing Class B stock and participation certificates. In the case of liquidation or dissolution of the Association, capital stock, participation certificates and allocated surplus would be utilized as necessary to satisfy any remaining obligations in excess of the amounts realized on the sale or liquidation of assets.

**Patronage Distributions**

At the end of each year, the Association's board of directors evaluates whether to retain the Association's net income to strengthen its capital position or to distribute a portion of the net income to customers by declaring a qualified/cash patronage distribution. Patronage dividends are based on one year's operating results. The portion of patronage-sourced net income not distributed is also allocated to patrons in the form of nonqualified written notices of allocation. These nonqualified written notices of allocation are included in unallocated retained earnings. The board of directors considers these unallocated earnings to be permanently invested in the Association.

The following table summarizes the qualified/cash patronage distributions for the years ending December 31. The cash patronage dividends are distributed in February of the subsequent year.

| Earnings Year | Cash Distribution |
|---|---|
| 2025 | $145,000 |
| 2024 | $140,000 |
| 2023 | $130,000 |

**Accumulated Other Comprehensive Income (Loss)**

Farm Credit East, ACA reports accumulated other comprehensive income (loss) in its consolidated statements of changes in members' equity. As described in Note 2, other comprehensive income (loss) results from the recognition of the Pension Plan's net unamortized gains and losses and prior service costs or credits and the unrealized holding gain or loss on cash flow derivatives. There were no other items affecting comprehensive income or loss.

The following tables present the activity in the accumulated other comprehensive income (loss) by component.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Cash flow hedges, net | $ 9,747 | $ (4,301) | $ (14,343) |
| Pension and other benefit plans | (17,925) | (24,763) | (29,535) |
| Total | $ (8,178) | $ (29,064) | $ (43,878) |

| | Cash flow hedges, net | Pension and other benefit plans |
|---|---|---|
| **Balance at December 31, 2024** | $ (4,301) | $ (24,763) |
| Net current period other comprehensive income | 14,048 | 6,838 |
| **Balance at December 31, 2025** | $ 9,747 | $ (17,925) |

| | Cash flow hedges, net | Pension and other benefit plans |
|---|---|---|
| **Balance at December 31, 2023** | $ (14,343) | $ (29,535) |
| Net current period other comprehensive income | 10,042 | 4,772 |
| **Balance at December 31, 2024** | $ (4,301) | $ (24,763) |

| | Cash flow hedges, net | Pension and other benefit plans |
|---|---|---|
| **Balance at December 31, 2022** | $ (54,490) | $ (30,460) |
| Net current period other comprehensive income | 40,147 | 925 |
| **Balance at December 31, 2023** | $ (14,343) | $ (29,535) |

## NOTE 9 – PATRONAGE DISTRIBUTIONS FROM FARM CREDIT INSTITUTIONS

Patronage income recognized from Farm Credit Institutions are as follows.

| Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| CoBank | $ 65,693 | $ 62,729 | $ 56,322 |
| Other | 7,721 | 6,718 | 5,471 |
| Total | $ 73,414 | $ 69,447 | $ 61,793 |

Patronage distributions from CoBank relating to the Association's average direct note borrowings are distributed in cash. For CoBank patronage relating to participated loan volume, a portion is distributed in cash and the remainder in the form of stock. The $65.7 million accrued is expected to be paid by CoBank in March 2026. The amount declared in December 2024 and December 2023 were paid in March of the subsequent year.

## NOTE 10 – INCOME TAXES

The provision for income taxes consists of the following:

| Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Current: | | | |
| Federal | $ 2,830 | $ 2,017 | $ 1,920 |
| State | 1,162 | 745 | 589 |
| Total current provision for income taxes | $ 3,992 | $ 2,762 | $ 2,509 |
| Deferred: | | | |
| Federal | 468 | 1,075 | (775) |
| State | 159 | 436 | (258) |
| Total deferred provision (benefit) from income taxes | 627 | 1,511 | (1,033) |
| (Decrease) increase in deferred tax asset valuation allowance | (627) | (1,511) | 1,033 |
| Provision for income taxes | $ 3,992 | $ 2,762 | $ 2,509 |

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

| Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Federal | $ 2,227 | $ 2,177 | $ 1,351 |
| States | 788 | 700 | 489 |
| Total income taxes paid, net of refunds received | $ 3,015 | $ 2,877 | $ 1,840 |

The provision for income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal tax rate to pretax income as follows.

| Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Federal tax at statutory rate | $ 77,874 | $ 71,275 | $ 57,237 |
| State tax, net | 917 | 587 | 465 |
| Effect of nontaxable activities | (60,440) | (56,338) | (45,182) |
| Patronage distribution | (13,989) | (12,608) | (10,841) |
| Change in valuation allowance | (627) | (1,511) | 1,033 |
| Other | 257 | 1,357 | (203) |
| Provision for income taxes | $ 3,992 | $ 2,762 | $ 2,509 |

Deferred tax assets and liabilities are comprised of the following:

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Deferred income tax assets: | | | |
| Allowance for credit losses | $ 12,535 | $ 11,087 | $ 9,478 |
| Nonaccrual loan interest | 1,715 | 1,516 | 2,325 |
| Annual leave | 252 | 735 | 715 |
| Health reserve | 603 | 578 | 565 |
| Long term incentive | 1,694 | 1,535 | 1,371 |
| Deferred compensation | 619 | 700 | 112 |
| Retirement plans | 1,286 | 3,915 | 6,364 |
| Postretirement benefits other than pensions | 103 | 133 | 121 |
| Other | 641 | 650 | 774 |
| Gross deferred tax assets | 19,448 | 20,849 | 21,825 |
| Less: valuation allowance | (9,254) | (11,605) | (13,347) |
| Deferred tax assets, net | 10,194 | 9,244 | 8,478 |
| Deferred income tax liabilities: | | | |
| Bank patronage after December 31, 1992 | (501) | (501) | (504) |
| CoBank patronage | (8,494) | (7,837) | (7,019) |
| Depreciation | (132) | (152) | (222) |
| Deferred gain | (1,067) | (754) | (733) |
| Gross deferred tax liability | (10,194) | (9,244) | (8,478) |
| Net deferred tax asset | $ - | $ - | $ - |

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions as to future taxable earnings, including the amount of non-patronage income and patronage income retained. Based on the Association's strategic financial plan, primarily expected future patronage programs and the tax benefits of the FLCA subsidiary, management believes that as of the end of 2025, none of the Association's net deferred tax assets will be realizable in future periods. Accordingly, a valuation allowance is provided against the net deferred tax assets since it has been determined that it is more likely than not (over 50% probability), based on management's estimate, that they will not be realized.

The Association has no unrecognized tax benefits for which liabilities have been established for the years ended December 31, 2025, 2024 and 2023. The Association recognizes interest and penalties related to unrecognized tax benefits as an adjustment to income tax expense. The amount of interest recognized was $0 and the amount of penalties recognized was $0 for 2025. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is $0. The Association did not have any positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The tax years that remain open for federal and state income tax jurisdictions are 2022 and forward.

## NOTE 11 – EMPLOYEE BENEFIT PLANS

The Association has employer-funded, qualified defined benefit pension plans, which are noncontributory and cover employees hired prior to January 1, 2007 (except the former Maine and Yankee employees who are participants in the noncontributory defined contribution plan). Depending on the date of hire, benefits are determined by a formula based on years of service and final average pay. Effective January 1, 2007, the Association closed the remaining qualified defined benefit pension plan to new participants.

The Association also has a noncontributory, unfunded nonqualified supplemental executive retirement plan (SERP) covering the CEO as of December 31, 2025. The Association holds assets in a trust fund related to the SERP; however, such funds remain Association assets and are not included as plan assets in the accompanying disclosures. The defined benefit pension plans and SERP are collectively referred to as Retirement Plans.

The Association has a 401(k) savings plan pursuant to which the Association matches 100% of employees' elective contributions up to a maximum employee contribution of 6% of compensation. In addition, under this plan, employees hired on or after January 1, 2007, receive additional non-elective employer defined contributions. The Association contributions to the 401(k) savings plan and the employer defined contribution plan, which are recorded as employee compensation expense, was $4.8 million, $4.7 million and $4.3 million at December 31, 2025, 2024 and 2023, respectively. For eligible senior managers, including senior officers, there also is a nonqualified deferred compensation plan, which includes benefits not provided under the employee savings plan due to certain Internal Revenue Code limitations.

Eligible retirees also have other postretirement benefits (OPEB), which primarily include access to health care benefits. Most participants pay the full premiums associated with these other postretirement health care benefits. Premiums are adjusted annually.

The following table provides a summary of the changes in the Retirement Plans' projected benefit obligations and fair values of assets over the three-year period ended December 31, 2025, as well as a statement of funded status as of December 31 of each year.

| Year ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Change in projected benefit obligation:** | | | |
| Projected benefit obligation at beginning of year | $ 139,928 | $ 151,928 | $ 144,855 |
| Service cost | 2,059 | 2,331 | 2,319 |
| Interest cost | 7,710 | 7,366 | 7,304 |
| Actuarial (gain) loss | 2,761 | (8,907) | 7,626 |
| Transfers | - | - | (214) |
| Benefits paid | (14,082) | (12,790) | (9,962) |
| Projected benefit obligation at end of year | $ 138,376 | $ 139,928 | $ 151,928 |
| **Change in plan assets:** | | | |
| Fair value of plan assets at beginning of year | $ 125,093 | $ 127,969 | $ 119,822 |
| Actual return on plan assets | 17,197 | 3,734 | 16,317 |
| Employer Contributions | 5,298 | 6,180 | 2,006 |
| Transfers | - | - | (214) |
| Benefits paid | (14,082) | (12,790) | (9,962) |
| Fair value of plan assets at end of year | $ 133,506 | $ 125,093 | $ 127,969 |
| **Funded status of the plan:** | | | |
| Net asset (liability) recognized in the balance sheet | $ (4,870) | $ (14,835) | $ (23,959) |
| **Amounts recognized in accumulated other comprehensive income:** | | | |
| Unrecognized prior service cost | $ 1,153 | $ 1,690 | $ 2,445 |
| Unrecognized net actuarial loss | 15,737 | 21,598 | 25,739 |
| Total Loss | $ 16,890 | $ 23,288 | $ 28,184 |

The projected benefit obligation and the accumulated benefit obligation for the Retirement Plans as of year-end are as follows.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Projected Benefit Obligation:** | | | |
| Funded Qualified Plans | $ 133,743 | $ 135,653 | $ 147,856 |
| SERP | 4,633 | 4,275 | 4,072 |
| Total | $ 138,376 | $ 139,928 | $ 151,928 |
| **Accumulated Benefit Obligation:** | | | |
| Funded Qualified Plans | $ 122,330 | $ 122,922 | $ 134,370 |
| SERP | 3,852 | 3,145 | 2,367 |
| Total | $ 126,182 | $ 126,067 | $ 136,737 |

The $133.5 million in fair value of plan assets shown in a previous table relates only to the qualified retirement plans. As depicted in the preceding table, such plans had a projected benefit obligation and an accumulated benefit obligation of $133.7 million and $122.3 million, respectively, as of December 31, 2025.

The Association holds assets in trust accounts related to its SERP plan. Such assets had a fair value of $4.1 million as of December 31, 2025, which is included in "Other Assets" in the accompanying consolidated balance sheet. Unlike the assets related to the qualified plans, those funds remain Association assets and would be subject to general creditors in a bankruptcy or liquidation. Accordingly, they are not included as part of the assets shown in the previous table. As depicted in the preceding table, the SERP plan has a projected benefit obligation and an accumulated benefit obligation of $4.6 million and $3.9 million, respectively, as of December 31, 2025.

The following table represents the components of net periodic benefit cost and other amounts recognized in other comprehensive income as of December 31.

| Year Ended December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| **Net periodic benefit cost** | | | |
| Service cost | $ 2,059 | $ 2,331 | $ 2,319 |
| Interest cost | 7,710 | 7,366 | 7,304 |
| Expected return on plan assets | (8,574) | (8,500) | (8,559) |
| Amortization of unrecognized: | | | |
| Prior service cost | 537 | 755 | 755 |
| Actuarial loss | - | - | (12) |
| Total net periodic benefit cost | $ 1,732 | $ 1,952 | $ 1,807 |
| **Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income** | | | |
| Net actuarial (gain) loss | $ (5,861) | $ (4,141) | $ (132) |
| Amortization of: | | | |
| Prior service credit | (537) | (755) | (755) |
| Net actuarial gain | - | - | 12 |
| Total recognized in other comprehensive income | $ (6,398) | $ (4,896) | $ (875) |

The Association anticipates that its total pension expense for all retirement plans will be approximately $2.2 million in 2026 compared to $1.7 million in 2025.

### Assumptions

The Association measures plan obligations and annual expense using assumptions designed to reflect future economic conditions. As the bulk of pension benefits will not be paid for many years, the computations of pension expenses and benefits are based on assumptions about discount rates, estimates of annual increases in compensation levels, and expected rates of return on plan assets.

The weighted-average rate assumptions used in the measurement of the Association's benefit obligations are as follows.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Discount rate | 5.45% | 5.70% | 5.00% |
| Rate of compensation increase (qualified plans only) | 3.50% | 3.50% | 3.50% |

The weighted-average rate assumptions used in the measurement of our net periodic benefit cost are as follows.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Discount rate | 5.70% | 5.00% | 5.20% |
| Expected rate of return on plan assets (qualified plans only) | 6.00% | 6.00% | 6.00% |
| Rate of compensation increase (qualified plans only) | 3.50% | 3.50% | 3.40% |

The discount rates are calculated using a spot yield curve method developed by an independent actuary. The approach maps a high-quality bond yield curve to the duration of the plans' liabilities, thus approximating each cash flow of the liability stream to be discounted at an interest rate specifically applicable to its respective period in time.

The expected rate of return on plan assets is established based on current target asset allocations and the anticipated future returns on those asset classes. The expected rate of return on plan assets assumption is also consistent with the pension plans' long-term interest rate assumption used for funding purposes.

### Plan Assets

The asset allocation target ranges for the qualified defined benefit pension plans follow the investment policy adopted by the Retirement Trust Committee. This policy provides for a certain level of committee flexibility in selecting target allocation percentages. The actual asset allocations at December 31, 2025, 2024 and 2023, are shown in the following table, along with the adopted range for target allocation percentages by asset class as of December 31, 2025. The actual allocation percentages reflect the market values at year-end and may vary during the course of the year. Plan assets are generally rebalanced to a level within the target range each year at the direction of the Committee.

| | Target Allocation Range[1] | Percentage of Plan Assets at December 31 | | |
|---|---|---|---|---|
| | | 2025 | 2024 | 2023 |
| **Asset Category** | | | | |
| Domestic Equity | 23-27% | 25% | 29% | 32% |
| Domestic Fixed Income | 58-62 | 60 | 54 | 45 |
| International Equity, Emerging Markets Equity and Fixed Income | 13-17 | 15 | 17 | 23 |
| Total | 100% | 100% | 100% | 100% |

[1]Future asset allocation changes for the Farm Credit East, ACA Retirement Plan are expected to occur in accordance with the liability-driven investment strategy adopted by the Retirement Trust Committee as the Plan's funded status improves.

The assets of the qualified defined benefit pension plans consist primarily of investments in various domestic equity, international equity and bond funds. These funds do not contain any significant investments in a single entity, industry, country or commodity, thereby mitigating concentration risk.

The following table presents the major categories of plan assets that are measured at fair value at December 31, 2025, for each of the fair value hierarchy levels as defined in Note 2.

| December 31, 2025 | Level 1 | Level 2 | Level 3 | NAV[1] | Total |
|---|---|---|---|---|---|
| **Asset category** | | | | | |
| Cash | $ 669 | $ - | $ - | $ - | $ 669 |
| Domestic Equity: | | | | | |
| Large-cap growth funds[2] | 15,432 | - | - | 15,090 | 30,522 |
| Small-cap growth funds[2] | - | - | - | 4,026 | 4,026 |
| International Equity, Emerging Markets Equity and Fixed Income[3] | 13,925 | - | - | 6,936 | 20,861 |
| Domestic Fixed Income Bond Funds[4] | - | - | - | 77,428 | 77,428 |
| Total | $ 30,026 | $ - | $ - | $ 103,480 | $ 133,506 |

[1]Certain investments that are measured at fair value using the net asset value (NAV) per share as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the net assets in the pension plans.
[2]Funds invest primarily in diversified portfolios of common stocks of U.S. companies.
[3]Funds invest primarily in a diversified portfolio of equities of non-U.S. companies.
[4]Funds invest primarily in U.S. Treasury debt securities and corporate bonds of U.S. companies.

Level 1 plan assets are funds with quoted daily net asset values that are directly observable by market participants. The fair value of these funds is the net asset value at close of business on the reporting date. Level 2 plan assets are funds with quoted net asset values that are not directly observable by market participants. A significant portion of the underlying investments in these funds have individually observable market prices, which are utilized by the plan's trustee to determine a net asset value at close of business on the reporting date. Level 3 plan assets are funds with unobservable net asset values and supported by limited or no market activity. There were no purchases or sales of Level 3 plan assets in the current year and no transfers into or out of the Level 3 assets occurred in the current year.

Investment strategy and objectives are described in the pension plans' formal investment policy document. The basic strategy and objectives are to manage portfolio assets with a long-term horizon appropriate for the participant demographics and cash flow requirements; to optimize long-term funding requirements by generating rates of return sufficient to fund liabilities and exceed the long-term rate of inflation; and to provide competitive investment returns as measured against appropriate benchmarks.

### Expected Contributions

In 2026, the Association expects to contribute $0 to its defined benefit retirement plans and $0.4 million to its trust fund related to the SERP.

### Estimated Future Benefit Payments

The Association expects to make the following benefit payments for its retirement plans, which reflect expected future service, as appropriate.

| | Estimated Benefit Payouts |
|---|---|
| 2026 Payouts | $ 8,780 |
| 2027 Payouts | 10,344 |
| 2028 Payouts | 9,158 |
| 2029 Payouts | 11,642 |
| 2030 Payouts | 9,601 |
| 2031 Payouts to 2035 Payouts | 51,341 |

### Other Postretirement Benefits

Postretirement benefits other than pensions (primarily health care benefits) are also provided to retirees of the Association. The following table sets forth the funding status and weighted average assumptions used to determine post-retirement health care benefit obligations.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Net asset (liability) recognized on balance sheet | $ (103) | $ (70) | $ (205) |
| Accumulated postretirement benefit obligation | $ (392) | $ (503) | $ (456) |
| Accumulated other comprehensive loss | $ 289 | $ 433 | $ 251 |
| Net periodic expense | $ 77 | $ 52 | $ 55 |
| Discount rate | 5.70% | 5.00% | 5.20% |
| Ultimate health care trend rate | 4.50% | 4.50% | 4.50% |

Substantially all postretirement health care plans have no plan assets and are funded on a current basis by employer contributions and retiree premium payments.

The Association anticipates its postretirement benefits expense will be approximately $53 thousand in 2026 which is a $24 thousand decrease from 2025.

## NOTE 12 – RELATED PARTY TRANSACTIONS

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

Loan information to related parties is shown below.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| New loans/advances | $ 86,015 | $ 170,130 | $ 143,072 |
| Repayments | 93,800 | 168,692 | 114,777 |
| Other | (4,603) | (62,208) | 36,606 |
| Ending balance | $ 109,744 | $ 122,132 | $ 182,902 |

Other changes to the related party loan balance represent changes in the composition of Association and CoBank directors and/or senior officers during 2025. In the opinion of management, none of these loans outstanding at December 31, 2025, involved more than a normal risk of collectability and none of these loans are in nonaccrual status.

As of December 31, 2025, the Association's investment in Financial Partners, Inc. (FPI) was $9.1 million which is included in other assets. Accounting for this investment is on the equity method. FPI provides accounting, information technology and other services to the Association on a fee basis. Fees paid to FPI for the years ended December 31, 2025, 2024 and 2023, were $14.9 million, $12.9 million and $11.8 million, respectively.

As of December 31, 2025, the Association's investment in FarmStart, LLP was $1.5 million which is included in other assets. Accounting for this investment is on the equity method. FarmStart recorded income of $88 thousand, income of $23 thousand and a loss of $110 thousand for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, the Association's investment in AgDirect, LLP is $20.3 million which is included in other assets. Accounting for this investment is on a cost basis. Income recorded related to AgDirect, LLP was $2.1 million, $2.0 million and $1.6 million for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, Farm Credit East had equity ownership interests in the following Unincorporated Business Entities (UBE) which were all formed for the purpose of acquiring and holding other property owned. During 2025, there was no activity in these UBEs.

| Name | Ownership % |
|---|---|
| RHBarnes RD, LLC | 100% |
| Farm Credit East Rochester/Plymouth REO, LLC | 100% |
| Eastern Greenhouses, LLC | 100% |

## NOTE 13 – REGULATORY ENFORCEMENT MATTERS

There are no regulatory enforcement actions in effect for the Association.

## NOTE 14 – COMMITMENTS AND CONTINGENCIES

The Association has various commitments outstanding and contingent liabilities. With regard to contingent liabilities, there are no actions pending against the Association in which claims for monetary damages are asserted. The Association may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of its borrowers and to manage their exposure to interest rate risk. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Standby letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2025, $5.2 billion of commitments to extend credit, $67.2 million of commercial letters of credit, and $52.4 million of standby letters of credit were outstanding.

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

## NOTE 15 – FAIR VALUE MEASUREMENTS

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

### Sensitivity to Changes in Significant Unobservable Inputs

Quoted market prices may not be available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

### Quantitative Information about Recurring and Nonrecurring Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis at December 31 for each of the fair value hierarchy values are summarized below.

| | Fair Value Measurement Using | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets:** | | | | |
| **2025** | | | | |
| Derivative assets | $ - | $ 10,677 | $ - | $ 10,677 |
| Assets held in trust | $ 10,324 | $ - | $ - | $ 10,324 |
| RBICs | $ - | $ - | $ 7,367 | $ 7,367 |
| **2024** | | | | |
| Derivative assets | $ - | $ 2,888 | $ - | $ 2,888 |
| Assets held in trust | $ 8,585 | $ - | $ - | $ 8,585 |
| RBICs | $ - | $ - | $ 4,569 | $ 4,569 |
| **2023** | | | | |
| Derivative assets | $ - | $ 5,712 | $ - | $ 5,712 |
| Assets held in trust | $ 7,421 | $ - | $ - | $ 7,421 |
| RBICs | $ - | $ - | $ 3,504 | $ 3,504 |
| **Liabilities:** | | | | |
| **2025** | | | | |
| Derivative liabilities | $ - | $ 931 | $ - | $ 931 |
| **2024** | | | | |
| Derivative liabilities | $ - | $ 7,189 | $ - | $ 7,189 |
| **2023** | | | | |
| Derivative liabilities | $ - | $ 20,055 | $ - | $ 20,055 |

Assets measured at fair value on a non-recurring basis at December 31 for each of the fair value hierarchy values are summarized below.

| | Fair Value Measurement Using | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets:** | | | | |
| **2025** | | | | |
| Nonaccrual Loans | $ - | $ - | $ 90,756 | $ 90,756 |
| Other Property Owned | $ - | $ - | $ 110 | $ 110 |
| **2024** | | | | |
| Nonaccrual Loans | $ - | $ - | $ 55,381 | $ 55,381 |
| **2023** | | | | |
| Nonaccrual Loans | $ - | $ - | $ 17,884 | $ 17,884 |

As of December 31, 2024, and 2023, there were no other property owned balances.

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the balance sheet for each of the fair value hierarchy values are summarized below.

| December 31 | 2025 | | | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Fair Value Hierarchy | Carrying Amount | Fair Value | Fair Value Hierarchy | Carrying Amount | Fair Value | Fair Value Hierarchy |
| **Financial assets:** | | | | | | | | | |
| Loans, net | $14,159,908 | $13,998,441 | Level 3 | $12,839,593 | $12,655,969 | Level 3 | $11,437,350 | $11,115,878 | Level 3 |
| Cash | $ 36,000 | $ 36,000 | Level 1 | $ 25,252 | $ 25,252 | Level 1 | $ 31,259 | $ 31,259 | Level 1 |
| **Financial liabilities:** | | | | | | | | | |
| Notes payable to ACB | $11,928,497 | $11,740,135 | Level 3 | $10,762,587 | $10,463,204 | Level 3 | $ 9,498,822 | $ 9,160,511 | Level 3 |

### Valuation Techniques

As more fully discussed in Note 2 – Summary of Significant Accounting Policies, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used for the Association's assets and liabilities subject to fair value measurement.

### Cash

The carrying value of cash is a reasonable estimate of fair value.

### Assets Held in Non-Qualified Benefits Trusts

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

### Loans

Fair value is estimated by discounting the expected future cash flows using CoBank's and/or the Association's current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the District's current loan origination rates as well as management estimates of credit risk. Management has no basis to determine whether the estimated fair values presented would be indicative of the assumptions and adjustments that a purchaser of the Association's loans would seek in an actual sale, which could be less.

### Other Property Owned

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

### RBICs

The RBICs facilitate equity and debt investments in agricultural-related businesses that create growth and job opportunities in rural America. These investments are not publicly traded, and book value approximates their fair value. As a result, RBICs are classified within Level 3 of the hierarchy and are included in other assets on the consolidated balance sheets.

### Nonaccrual Loans

For certain loans individually evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral as the loans are considered to be collateral-dependent. 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, these fair value measurements fall within Level 3 of the 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.

### Notes Payable to CoBank, ACB

The notes payable is segregated into pricing pools according to the types and terms of the loans (or other assets) which they fund. Fair value of the note payable is estimated by discounting the anticipated cash flows of each pricing pool using the current rate that would be charged for additional borrowings. For purposes of this estimate, it is assumed the cash flow on the notes is equal to the principal payments on the Association's loan receivables plus accrued interest on the notes payable. This assumption implies that earnings on the Association's interest margin are used to fund operating expenses and capital expenditures.

### Derivatives

Exchange-traded derivatives valued using quoted prices are classified within Level 1 of the valuation hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the Association's derivative positions are valued using internally developed models that use as their basis readily observable market parameters and are classified within Level 2 of the valuation hierarchy. Such derivatives include basic interest rate swaps. Derivatives that are valued based upon models with significant unobservable market parameters and that are normally traded less actively, or have trade activity that is one way, are classified within Level 3 of the valuation hierarchy. The Association does not have any derivatives classified within Level 3.

The models used to determine the fair value of derivative assets and liabilities use an income approach based on observable market inputs, primarily the LIBOR swap curve and volatility assumptions about future interest rate movements.

## NOTE 16 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

### Risk Management Objectives

The Association maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Association's goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets or liabilities so that the net interest margin is not adversely affected by movements in interest rates. As a result of interest rate fluctuations, the Association's interest income and interest expense of hedged variable-rate assets will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by the Association's gains and losses on the derivative instruments that are linked to these hedged assets. The Association considers its strategic use of derivatives to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

By using derivative instruments, the Association exposes itself to credit and market risk. Generally, when the fair value of a derivative contract is positive, this indicates that the counterparty owes the Association, thus creating a repayment risk for the Association. When the fair value of the derivative contract is negative, the Association owes the counterparty and, therefore, assumes no repayment risk. The Association's derivative activities are monitored by its asset/liability committee (ALCO) as part of its oversight of asset/liability and treasury functions.

### Uses of Derivatives

The Association enters into interest rate swaps to stabilize net interest income on variable priced loan assets, to the extent they are funded with equity. Under interest rate swap arrangements, the Association agrees with other parties (CoBank) to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index. The Association's interest-earning assets, to the degree they are funded with debt, are matched with similarly priced and termed liabilities. Volatility in net interest income comes from equity funded variable priced assets. To the degree that variable priced assets are funded with equity, interest rate swaps in which the Association pays the floating rate and receives the fixed rate (receive fixed swaps) are used to reduce the impact of market fluctuations on the Association's net interest income.

The notional amounts of derivatives are shown in the following table.

| December 31 | 2025 | 2024 | 2023 |
|---|---|---|---|
| Interest Rate Contracts | $ 2,000,000 | $ 1,815,000 | $ 1,620,000 |

### Accounting for Derivative Instruments and Hedging Activities

The Association records derivatives as assets and liabilities at their fair value in the consolidated balance sheets and records changes in the fair value of a derivative in accumulated other comprehensive income (loss). The Association only enters into cash flow hedge transactions.

### Cash Flow Hedges

The Association uses "receive fixed/pay variable" interest rate swaps to hedge the risk of overall changes in the cash flows of an asset. The asset is defined as a pool of long-term variable rate loans equal to the notional amount of the swaps, and not exceeding the Association's equity position. These swaps, which qualify for hedge accounting, have up to a three-year term, with pay rates indexed to the Secured Overnight Financing Rate (SOFR).

### Summary of Derivative Instruments and Hedging Activities

A summary of the impact of derivative financial instruments in the consolidated balance sheets is shown in the following table.

| | Derivative Assets[1] | Derivative Liabilities[2] |
|---|---|---|
| **2025** | | |
| Interest Rate Contracts | $ 10,677 | $ 931 |
| **2024** | | |
| Interest Rate Contracts | $ 2,888 | $ 7,189 |
| **2023** | | |
| Interest Rate Contracts | $ 5,712 | $ 20,055 |

[1]Derivative assets are included in other assets in the consolidated balance sheets.
[2]Derivative liabilities are included in other liabilities in the consolidated balance sheets.

A summary of the impact of derivative financial instruments in the consolidated statements of comprehensive income is shown in the following tables.

| | Net Amount of Gain (Loss) Recognized in Income on Derivatives[1] | | |
|---|---|---|---|
| December 31 | 2025 | 2024 | 2023 |
| Interest Rate Contracts | $ (8,623) | $ (33,979) | $ (48,540) |

[1]Located in interest expense in the consolidated statements of income for each of the respective periods presented.

| | Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives | | |
|---|---|---|---|
| December 31 | 2025 | 2024 | 2023 |
| Interest Rate Contracts | $ 14,048 | $ 10,042 | $ 40,147 |

### Counterparty Credit Risk

The Association is exposed to credit loss in the event of nonperformance by other parties to the interest rate swap agreement. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Association's credit risk will equal the fair value gain in a derivative. The Association minimizes the credit (or repayment) risk by only entering into transactions with CoBank, its funding bank, and are collateralized through loan agreements. Notwithstanding collateral and netting provisions, our derivative assets and liabilities are not offset in the accompanying consolidated balance sheets.

## NOTE 17 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 13, 2026, which is the date the financial statements were issued or available to be issued. There have been no material subsequent events that would require recognition in the 2025 consolidated financial statements.

# BOARD OF DIRECTOR DISCLOSURES

## BOARD STRUCTURE

As of December 31, 2025, the board consisted of sixteen directors: thirteen elected directors, one appointed customer director and two appointed outside directors. In the 2026 election cycle there are three open director seats to be elected for four-year terms. Additionally, during the 2026 election:

- The director seat currently held by David Folino will be eliminated.
- The Eastern Region director seat currently held by Kyle Thygesen is up for election and must be filled by someone from the portion of the Eastern Nominating Region that comprises the chartered territory that had been serviced by Yankee Farm Credit.

These are the final board structure changes that will complete the multi-year downsizing of the board following the merger with Yankee Farm Credit. At the completion of the 2026 director election cycle, the board will reach its final structure of 12 stockholder-elected directors and at least two appointed directors.

Farm Credit East has three Nominating Regions as shown on the map on the inside back cover of this Annual Report. Farm Credit East's bylaws specify four-year terms with a limit of four consecutive terms and that there will be one seat from each region open for election each year after the final board structure is reached in 2026. Association bylaws also specify that director candidates be nominated by region and be elected by the entire membership. The board may appoint up to four directors, two of which must be outside directors, i.e., not having a borrowing relationship with Farm Credit East.

The board is independent of management. The CEO reports to the board and no management or employees may serve as directors within one year of employment. The board generally has seven regularly scheduled meetings each year and has established a number of committees to provide concentrated focus and expertise in particular areas and to enhance the overall efficiency of scheduled board meetings. Each committee created by the board prepares a charter outlining the committee's purpose, its duties, responsibilities, and authorities. All committees report on their meetings at the regular meeting of the full board. Minutes of each committee meeting are documented and approved at the following meeting. The full text of each committee charter is available on our website under "Board Committees" at **FarmCreditEast.com**.

Association bylaws established an Executive Committee. The board has also established the following standing committees: Compensation Committee, Audit Committee, Business Risk Committee, Governance/Stewardship Committee and a Technology Committee. The primary responsibilities of each board committee are described as follows:

## EXECUTIVE COMMITTEE

The Executive Committee members consist of the board chair, vice chair and three other directors designated by the board, each representing a nominating region other than those represented by the chair or vice chair. The Board Chair has the authority to appoint one other member. The committee is primarily responsible for providing input and direction to management on the development and implementation of the Association's strategic plan, policies and other significant matters requiring attention between board meetings. The committee also acts as liaison with the Association's regulator, the FCA.

## COMPENSATION COMMITTEE

The Compensation Committee consists of the Executive Committee. The committee is responsible for reviewing compensation policies and plans for senior officers and employees including the performance and compensation for the Chief Executive Officer.

## AUDIT COMMITTEE

The Audit Committee members are appointed by the board chair in consultation with the board officers. All members of the Audit Committee are independent of Farm Credit East management and any other System entity. Each committee member shall be knowledgeable in at least one of the following areas: public and corporate finance, accounting procedures, and/or financial reporting and disclosure. Joseph W. McWatters was appointed to the board of directors in 2021 and his current term expires in 2029. The board has determined that Mr. McWatters has the qualifications and experience necessary to serve as the Audit Committee "financial expert," as defined by FCA regulations, and has been designated as such.

The primary purpose of the Audit Committee is to assist the board in fulfilling its oversight responsibilities for internal controls over financial reporting (ICFR), the integrity of the Association's financial statements, the Association's compliance with legal and regulatory requirements, the external auditor's qualifications and independence, and the performance of the Association's internal audit function, quality assurance function and external auditors. The Audit Committee has unrestricted access to representatives of the internal audit and risk management departments, financial management and our independent auditors.

The Audit Committee pre-approves all audit and audit-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Association by its independent auditors, as negotiated by management. Aggregate fees incurred by the Association for services rendered by its independent auditors, PricewaterhouseCoopers, LLP, for the years ended December 31, 2025, and 2024 follow:

| For the year ended December 31 | 2025 | 2024 |
|---|---|---|
| Audit | $ 386,000 | $ 376,000 |
| Audit-related | 120,000 | 25,000 |
| Tax | 74,130 | 91,262 |
| Total | $ 580,130 | $ 492,262 |

### BUSINESS RISK COMMITTEE

The Business Risk Committee members are appointed by the board chair in consultation with the board officers. The committee is primarily responsible for assisting the board in fulfilling its oversight responsibilities related to business and enterprise-wide risk. The committee oversees that management effectively addresses risks including but not limited to the following areas: strategic, credit, operational, regulatory, reputation and financial.

### GOVERNANCE/STEWARDSHIP COMMITTEE

The Governance/Stewardship Committee members are appointed by the board chair in consultation with the board officers. The committee is primarily responsible for the training and education of board members, regulatory compliance, board governance, the outside director election process, director compensation, ethics and conflict of interest matters. In addition, the committee provides oversight and direction of the Association's stewardship initiatives and Knowledge Exchange program, inclusive of marketing and communications activity. The committee represents Farm Credit East on the governing council of FarmStart, LLP.

### TECHNOLOGY COMMITTEE

The Technology Committee members are appointed by the board chair in consultation with the board officers. The committee is primarily responsible for assisting the board in fulfilling its oversight responsibilities related to the organization's technology strategy, initiatives, and risk management. These committee members will be vested with responsibility for the Association's Cyber Risk Management, use of artificial intelligence and technology innovation.

## Other Committees

### NOMINATING COMMITTEE

The Nominating Committee is comprised of at least one member and an alternative member from each office location, who are elected each year by the membership at the annual stockholder meeting. This committee, which consists of customers who are not seated on the board of directors, proactively identifies qualified candidates for board membership and reviews director nominations, helping to ensure that the Association continues to attract a highly qualified and diverse board. The Nominating Committee makes an effort to recommend at least two candidates for each open board position. Stockholders and interested candidates may gather signatures for petitions to run for the board following the conclusion of the Nominating Committee's work.

## FARM CREDIT EAST DIRECTORS

Information regarding directors who served as of December 31, 2025, including business experience in the last five years and any other business interest where a director serves on the board of directors or as a senior officer follows:

**JOHN P. KNOPF,** Canandaigua, NY, has served as director since 2013. His current term expires in 2029. He currently serves as ***Board Chair*** and is a member of the Compensation Committee and serves as chair of the Executive Committee. John and his partner Robert DiCarlo are owners of Fa-Ba Farms, LLC, a dairy business milking 580 cows and caring for 400 replacement animals. Production land includes 800 acres devoted to forage production. John also owns a controlling interest in Knopf Real Estate Partners. He is a member of the CoBank Nominating Committee.

**LOUANNE F. KING,** Madrid, NY, was elected director in 2017. Her current term expires in 2029. She currently serves as ***Vice Chair***, is a member of the Executive Committee and serves as chair of the Compensation Committee. LouAnne is an owner of Mapleview Dairy LLC with her brother, David Fisher, and extended family. The family operates businesses which include a 3,000-cow dairy, a 2,800-replacement heifer facility, and approximately 5,800 acres for forage and grain. LouAnne is also an owner of Midas Touch Genetics. LouAnne is a past member of the NEDPA board, the NYS Dairy Promotion Advisory Board, Pro-Dairy Advisory Board, National Holstein Legislative and Regulatory Affairs Committee and the St. Lawrence County Dairy Promotion Committee. She currently vice-chairs the St. Lawrence County Workforce Development Board. She serves on the Madrid Cemetery Board and is the Treasurer of the Scotch Presbyterian Church Session.

**CHRISTOPHER CEBULA,** CPA, Honeoye Falls, NY, was appointed as an outside director in 2025. His current term expires in 2029. He serves on the Business Risk Committee. Chris is the president of Armbruster Capital Management, Inc., a registered investment advisory firm in Pittsford, N.Y., where he works with clients on wealth management and financial planning. Previously, he was manager of assurance and business advisory services at EFP Rotenberg, LLP. Chris has served in multiple board roles, including as chair and audit committee chair for Epilepsy PRALID, Inc. (EPI, Inc.). He is also a board member of Financial Executives International - FEI Rochester and has held board positions with Causewave Community Partners and BOA Editions, Ltd. Additionally, Chris is a member of the American Institute of Certified Public Accountants.

**JAMES V. CRANE,** Exeter, Maine, was elected to the board in 2025. His current term expires in 2028. He serves on the Business Risk Committee. Jim is co-owner and manager of Crane Bros. Inc., growing 2,200 acres of grain corn and 1,750 acres of chipping potatoes throughout six Maine counties for Frito Lay Inc. Jim has served as town selectman for 24 years and assisted on the town budget committee. Additionally, he served as vice president of Maine Farm Bureau and on the board of the former Farm Family Insurance Co.

**DAVID F. FOLINO,** Bristol, Vt., has served as a Farm Credit East director since 2022. His current term expires in 2026. He was formerly a director of Yankee Farm Credit, serving since 2018. He serves on the Audit and Governance/Stewardship committees. Dave founded Hillsboro Sugarworks in 1979, as a small hobby, which steadily grew. During 20 years in the publishing business, working primarily in marketing and management, Dave dreamed about becoming a full-time farmer. In 2002, Dave and his wife, Sue, pursued their goal and began to grow their large hobby into a good, tight business. Together, they expanded production and marketing, becoming one of the largest direct marketers of Maple syrup in central Vermont.

**LAURIE KEENE GRIFFEN,** Schuylerville, NY, has served as director since 2011. Her current term expires in 2028. She has served as board chair, vice chair and Governance Committee Chair. She currently serves as chair of the Technology Committee and serves on the Executive/Compensation Committee. Laurie is co-owner/operator of Saratoga Sod Farm, Inc., a 600-acre turfgrass farm in Stillwater, New York, with her husband Steve. In addition to producing and selling high quality turfgrass products, Saratoga Sod also provides sod installation services, sales of seed and fertilizer products, and the Big Yellow Bag garden soil product to assist its customers across the Northeast. Saratoga Sod also grows roughly 500 acres of soybeans and corn as part of their crop rotation program.

**PHILIP J. "JAMIE" JONES,** Shelton, Conn., has served as director since 2018. His current term expires in 2026. He serves on the Audit and Governance/Stewardship committees. Jamie is owner and founder of Jones Family Farms Winery, LLC, which he established in 2004. He is the sixth generation to work the land of the Jones Family Farms. He manages the business with his wife, Christiana, and his parents, Terry and Jean Jones. Jamie oversees a diverse agricultural and farm hospitality operation focused on harvest your own berries, vineyards, pumpkins and Christmas trees, along with a greenhouse operation. Jamie is also a member of the Farm Credit Council board of directors and the CoBank nominating committee. Outside of Farm Credit, he has served as Vice President of CT Farm Bureau, President of the CT Vineyard and Winery Association, and in numerous other ag organizations. He also serves on the Shelton Zoning Board of Appeals.

**BRETT D. KREHER,** Clarence, NY, was elected director in 2023. His current term expires in 2027. He serves on the Business Risk and Technology committees. Brett is an owner of Kreher Family Farms (including related entities Wayne County Eggs, LLC and Newstead Ranch, Inc.), an egg production business raising approximately 2.5 million hens that produce conventional, cage-free, organic and pastured organic eggs. The business also has conventional and organic grain operations and produces and sells organic fertilizer. Brett is President of the Board of Directors of Cornell Cooperative Extension of Erie County, Chairman of the Erie County Agriculture and Farmland Protection Board, and serves on the Board of Erie County Farm Bureau and Town of Clarence Municipal Agriculture and Farmland Protection Plan Committee.

**JOSEPH "JAY" W. MCWATTERS,** Hamburg, NY, was first appointed as an outside director in 2021. His current term expires in 2029. He is chair of the Audit Committee. Most recently, Jay was the executive accountant in-residence for the Wehle School of Business at Canisius College in Buffalo, NY, where he taught auditing

and accounting. Previously, he was an audit partner at Dopkins & Company, LLP and KPMG LLP for more than 35 years where he served multiple cooperative clients. Jay holds an MBA degree and is a certified public accountant.

**JAMES A. ROBBINS II,** Searsmont, Maine, was elected director in 2019. His current term expires in 2027. He serves on the Audit and Executive/Compensation committees. James is president of Robbins Lumber, Inc. With his brother and sister, they operate a fully integrated log yard, sawmill, dry kilns and planer mill that produces Eastern White Pine and was established in 1881. Robbins Lumber owns and manages 27,000 acres of timberland and a distribution yard in Halifax N.S. Additionally, he is the manager of Georges River Energy, LLC, a biomass power plant that burns wood waste in order to produce 8.5 MW of electrical power and steam to dry lumber.

**DOUGLAS W. SHELMIDINE,** Adams, NY, has served as director since 2012. His current term expires in 2028. He serves as chair of the Governance/Stewardship Committee. Doug owns Sheland Farms, LLC, which is a multi-generational family farm business run in partnership with his brother, Todd, and sons, Devon and Erik. The family farms 3,000 acres and milks 920 cows. They also operate Sheland Farms Services, doing field work for other farms. Doug is also a member of Shel Land Properties, LLC and Shel Land Properties 2 LLC. Doug is the Town of Ellisburg Supervisor since 2020.

**KYLE THYGESEN,** Tunbridge, Vt., has served as a Farm Credit East director since 2022. His current term expires in 2026. He was formerly a director of Yankee Farm Credit, serving since 2017. He serves as chair of the Business Risk Committee and serves on the Executive/Compensation Committee. Kyle is a managing member of the Farmstead at Falls Hill, LLC, which is home to a diversified hay and purebred dairy cattle marketing business, as well as ag entertainment. Kyle additionally provides fractional leadership in a consulting capacity in the consumer packaged goods space. He has worked with international companies, cooperatives and a publicly traded company, converting milk into value-added products.

**PETER H. TRIANDAFILLOU,** Old Town, Maine, was appointed as the customer appointed forestry expert in 2016. His current term expires in 2030. He serves on the Technology Committee. Peter retired as Vice President of woodlands for Huber Resources Corp., a timber management firm managing 980,000 acres in six states. Peter is also past president and current treasurer of the Maine Forest Products Council, member of the Empire State Forest Products Council and past president and past board member of the North Maine Woods Corporation. Previously, he served on the Farm Credit Council Board.

**JOEL VIERECK,** Woolwich, NJ, was elected to the board in 2025. His current term expires in 2029. He serves on the Governance/Stewardship Committee. Joel is the farm operations manager of Viereck Farms LLC, a fourth generation, diversified agricultural operation encompassing 800 acres, specializing in high-tunnel vine-ripe tomato production, alongside a broad mix of vegetables, fruits and grains. Along with his wife, Joel has developed a farm business focused on retail sales and value-added agriculture. Joel is a former president of the New Jersey Vegetable Growers Association and continues to serve as a director. He has served as vice president and still serves on the Gloucester County Board of Agriculture. He also served as Gloucester County's director for the New Jersey Farm Bureau and currently sits on the New Jersey State Board of Agriculture and the Gloucester County Agriculture Development Board.

**AMY L. WALKER-BAILEY,** Fort Ann, NY, was elected to the board in 2023. Her current term expires in 2027. She serves on the Business Risk Committee. Amy is chief financial officer of her family's three businesses: Walker Farms, LLC, a 1,600-cow family dairy operation with 2,700 crop acres of hay and corn; MGK Enterprises, LLC, a contract hauling trucking company; and Walker's Farm, Home & Tack, a retail farm store.

**TERRY R. ZITTEL,** Eden, NY, was first elected to the board in 2018. Her current term expires in 2026. She serves on the Governance/Stewardship and Technology committees. Terry is corporate secretary and business manager of Amos Zittel & Sons, Inc., a wholesale vegetable and flower business. Zittel's grows 400 acres of hand harvested fresh market vegetables. Indoor production includes rooted liners/young plants shipped nationally and a finished spring flower crop sold in New York and Pennsylvania. Terry is business manager of Croop's Mill Properties, LLC and BD & K Landholdings, LLC, in addition to being on the board of directors of Eden Community Foundation and Harvest Malawi, an irrigation/education project in Africa.

## DIRECTOR COMPENSATION

For the 2025-2026 director cycle, all board members receive an annual base retainer of $58,000 paid in equal quarterly installments. The chairs of the Business Risk and the Governance/Stewardship committees are paid $65,000, the Audit Committee Chair is paid $70,000, the Board Vice Chair is paid $67,000 and the Board Chair is paid $75,000, reflecting the unique responsibilities and significant additional time demands of these positions. In the event that a director agrees to serve on more than one committee, the Board Chair, in his/her sole discretion, may direct an additional retainer of no more than $4,000 be paid to such director.

Directors are expected to prepare for and attend six regularly scheduled board meetings and all regularly scheduled board committee meetings of their assigned committee. Prior approval from the Board Chair is required for a director to be excused from attending these meetings. The annual retainer will be reduced by $5,000 for each unexcused absence. The retainer includes time spent for preparation and attendance at board and board committee meetings, attending the director's local Spring Business Meeting, the director's local Regional Advisory Committee (RAC) meeting(s), local customer appreciation meeting, the Association's annual meeting, participation in up to two Premier Governance Series training sessions per year, attendance at the Farm Credit Council annual meeting (rotating schedule, every other year) and travel time to and from said meetings. Directors who are asked to serve on other boards to represent the Association or asked to participate in a special assignment may be paid an additional per diem of $500 a day but only with prior approval of the Board Chair. Total compensation paid to the directors as a group during 2025 was $1,002,500. Directors may elect to defer payment of all or part of their director compensation through a nonqualified deferred compensation plan.

The following table presents the number of days served at board meetings and other official Farm Credit East activities, and compensation paid to each director for the year ended December 31, 2025.

| | | Number of Days Served[1] | | |
|---|---|---|---|---|
| **Name of Director** | **2025 Board Committee** | **Board Meetings** | **Other Official Duties** | **Total Compensation[2]** |
| Michael N. Brooks[3] | Governance/Stewardship | 2 | 5 | $ 15,000 |
| Christopher Cebula[4] | Business Risk | 9 | 11 | 44,750 |
| James V. Crane[4] | Business Risk | 11 | 12 | 44,750 |
| David Folino | Audit, Governance/Stewardship | 13 | 29 | 62,750 |
| Laurie K. Griffen | Executive/Compensation, Technology | 13 | 17 | 64,000 |
| Philip J. Jones | Audit, Governance/Stewardship | 13 | 19 | 61,750 |
| LouAnne F. King | Executive/Compensation, Technology | 13 | 34 | 66,250 |
| John P. Knopf | Executive/Compensation | 13 | 59 | 78,750 |
| Brett Kreher | Business Risk, Technology | 13 | 37 | 62,750 |
| Jay McWatters | Audit | 13 | 30 | 72,500 |
| James A. Robbins II | Audit, Executive/Compensation | 13 | 24 | 58,750 |
| Lisa P. Sellew[3] | Business Risk | 2 | 6 | 14,000 |
| Douglas W. Shelmidine | Governance/Stewardship | 13 | 29 | 66,000 |
| Kyle Thygesen | Business Risk, Executive/Compensation | 13 | 23 | 64,500 |
| Peter H. Triandafillou[5] | Technology | 13 | 41 | 58,750 |
| Joel Viereck[4] | Governance/Stewardship | 11 | 25 | 44,750 |
| Amy Walker-Bailey | Business Risk | 13 | 24 | 59,750 |
| Terry R. Zittel | Governance/Stewardship, Technology | 13 | 28 | 62,750 |
| | | | | $ 1,002,500 |

1 The number of days served include travel time to and from meetings.
2 All directors serve on board committees. The committee compensation paid was based on an annual base retainer paid in equal quarterly installments.
3 Term ended during year.
4 Term began during year.
5 This director represented Farm Credit East's interest by serving on boards of other organizations important to the Association. Days of service related to these activities are included but compensation received from that organization (if any) is not included in this report.

Farm Credit East policy regarding reimbursements for travel, subsistence and other related expenses provides for reimbursement of actual reasonable out of pocket expenses incurred while traveling on official Association business. Directors who use their own automobiles for Association business purposes will be reimbursed at a rate that has been established in accordance with IRS guidelines. The aggregate amount of reimbursement for travel, subsistence and other related expenses for all directors as a group was $440,479 for 2025, $338,776 and $312,869 for 2024 and 2023, respectively. A copy of the Association travel policy is available to stockholders upon request.

## TRANSACTIONS WITH DIRECTORS

At December 31, 2025, the Association had loans outstanding with directors individually and to the business organizations of directors. All loans were in the ordinary course of business and remain on the same terms, including interest rates, amortization schedules and collateral as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk collectability. Information regarding related party transactions is incorporated herein by reference from Note 12 of the consolidated financial statements included in this annual report to stockholders.

## FARM CREDIT EAST, ACA

# SENIOR OFFICER DISCLOSURES

Listed below are the CEO and senior officers of Farm Credit East, ACA. Information is provided on their experience, as well as on any business for which they serve on the board of directors or act as a senior officer and the primary business that the organization is engaged in.

**MICHAEL J. REYNOLDS** has served as President and Chief Executive Officer since 1/1/2020. Prior to becoming CEO, he served as chief business officer where he provided executive leadership for credit and financial services operations. Mike joined Farm Credit in 1990. He serves as the chair of the board of Farm Credit Financial Partners (FPI), a service company owned by Farm Credit East and other ACAs. He is also active in other workgroups within the Farm Credit System, including the Farm Credit System's Presidents Planning Committee, a national leadership group. Mike is a graduate of Hartwick College with a degree in management and accounting.

**DARIO G. AREZZO** serves as Executive Vice President and Chief Financial Services Officer. He oversees Farm Credit East's tax and accounting programs, business consulting, payroll and crop insurance business unit. Dario joined Farm Credit in 2012 and was a senior tax consultant before becoming retail financial services leader in 2023. He assumed his current role in 2024. Dario is also a significant contributor to Farm Credit's Knowledge Exchange department on matters of policy as they relate to federal and state taxation. Dario holds a BS from Cornell University, J.D. from Albany Law School and a LLM from New York University.

**BRIANA S. BEEBE** serves as Executive Vice President and Chief Operating Officer. She leads all of Farm Credit East's operations and human resource functions, including benefits, recruiting, employee engagement, training, compensation and many other special projects. Briana joined Farm Credit in 2003 and served as loan officer in the Middleboro office before transitioning into human resources in 2010 and most recently to operations in 2023. She serves on the CoBank, ACB Retirement Trust Committee. She serves as director of the board of Farm Credit Financial Partners (FPI), a service company owned by Farm Credit East and other ACAs. She is a graduate of Cornell University with a degree in animal science/ag business. She is also a graduate of LEAD New York and Farm Credit's Leadership Development Program.

**JANICE P. BITTER** serves as Executive Vice President and Chief Communications Officer. She oversees the ACA's communications, marketing, Knowledge Exchange, change enablement, learning and development, and public relations efforts. Jan began her Farm Credit career as a loan officer in 1982, later serving as branch manager and then regional manager. She assumed her current role in 2024. Jan is past president of the Farm Financial Standards Council, which promotes uniform financial reporting in agriculture. She served as treasurer of the New York Agricultural Land Trust and volunteers at the Northeast Dairy Challenge and other ag and community groups. Jan holds a BS in agricultural economics from Cornell University and an MBA from Syracuse University.

**ALENA C. GFELLER** serves as Executive Vice President, General Counsel and Corporate Secretary. She leads the legal and compliance departments and serves as the standards of conduct officer. As head of the legal/compliance departments, she is charged with strategic executive leadership, ensuring legal and regulatory compliance, acting as liaison to the board of directors, supervision of outside counsel, providing support on complex and innovative loan issues and assisting with all facets of the Association's legal and governance needs. She joined Farm Credit East in September 2016, having previously been a partner and member of the executive committee at Murtha Cullina, LLP. She is a graduate of Arizona State University and received her law degree from Widener University School of Law.

**ANDREW N. GRANT** serves as Executive Vice President and Chief Financial Officer. He leads the financial, treasury, accounting, internal controls, and asset-liability management operations of the Association. He has been in his current role since 2006 and prior to this held various other positions since joining Farm Credit in 1995. Andrew serves on the CoBank, ACB Retirement Trust Committee, which oversees the defined benefit and defined contribution retirement plans for the Association and several other Farm Credit employers. He is a graduate of Husson University and holds both a BS in management accounting and a MS in business.

**RYAN S. HROBUCHAK** serves as Executive Vice President and Chief Risk Officer. He is responsible for measuring and monitoring organizational risk and reports operational performance against the association's risk appetite to management and the board. He also coordinates matters with the federal examiner, the Farm Credit Administration. Ryan joined Farm Credit in 2008, initially as a loan officer, and has served in several roles throughout his career. Ryan earned a bachelor's degree in agricultural business from Morrisville State College and is a LEAD New York graduate. Ryan also maintains a certified fraud examiner designation.

**WILLIAM P. KOHLER** serves as Executive Vice President and Chief Information Officer. He leads the technology team, which aims to build and maintain a strong IT organization that is structured to best support the business and drive customer satisfaction. Additional focus areas include AI and innovation, security, platform enhancements and new product development that will help the cooperative better serve employees and customers. He joined Farm Credit East in 2024 with more than 25 years of experience in technology leadership. Bill holds a BS from The King's College.

**DANIEL A. NICHOLSON** serves as Senior Vice President and Chief Audit Executive. He leads Farm Credit East's quality assurance team which is inclusive of the internal audit and internal review teams. These teams are responsible for reviewing business processes and providing the Board's Audit Committee and management with findings and recommendations to improve business operations. Prior to his current position, he was a senior airman in the United States Air Force Massachusetts Air National Guard and worked for PwC, most recently as an audit manager before transitioning to Farm Credit

East in 2019. He is a graduate of the University of Massachusetts and holds a BS in business administration in accounting. He is a licensed certified public accountant in the state of Connecticut and is also a licensed certified fraud examiner.

**DAVID H. PUGH** serves as Executive Vice President and Chief Lending Officer. He provides strategic oversight and leadership to all lending and appraisal functions and their teams. Dave also coordinates relationships with strategic partners, including Farm Credit Leasing and AgDirect. Dave started with Farm Credit in 1986 as a loan officer and has served in several varied credit delivery and leadership roles. Most recently, he served as chief experience officer where he led Farm Credit East's digital transformation. Dave holds an AAS in animal science from SUNY Morrisville and a BS in agricultural economics from Cornell University. He is also a graduate of LEAD New York, Class VIII.

# SENIOR OFFICERS COMPENSATION DISCUSSION AND ANALYSIS

## OVERVIEW

This section describes the compensation programs for Farm Credit East's Chief Executive Officer (CEO) and other senior officers, as defined by FCA regulations (collectively, senior officers), as well as those programs for any highly compensated employees as defined by FCA regulations. This section also presents the compensation earned by the CEO, as well as aggregate compensation earned by our other senior officers and any highly compensated employees, for the years ended December 31, 2025, 2024, and 2023.

The board of directors, through its Compensation Committee, has reviewed and discussed the Senior Officers Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended that the board of directors include the Senior Officers Compensation Discussion and Analysis in the Annual Report for the year ended December 31, 2025.

## COMPENSATION PHILOSOPHY AND OBJECTIVES

Farm Credit East's (the Association) compensation strategy is to attract and retain highly talented employees to fulfill our mission as the premier credit and financial services provider in the Northeast. The compensation philosophy seeks to achieve the appropriate balance among market-based salaries, benefits and variable incentive compensation designed to incent and reward both the current and long-term achievement of our business objectives and business financial plans. We believe this philosophy fosters a performance-oriented, results-based culture wherein compensation varies based on results achieved.

## COMPONENTS OF COMPENSATION PROGRAM

Given the cooperative ownership structure of Farm Credit East, no equity or stock-based plans are used to compensate any employee, including senior officers. Senior officers' compensation consists of four components – salary, short-term incentive plans, long-term incentive plan and retirement benefits – as described below. All employees participate in salary, the short-term incentive plan and retirement benefits, while senior officers and specified other key employees are also eligible to participate in the long-term incentive plan and bonus plan. In addition, the CEO is eligible for supplemental retirement benefits (SERP).

## SALARY

Salaries are market based, as determined in consultation with an independent executive compensation consultant. The determination of market salaries consists of a comparison of salary levels to positions of similar scope at select peer group financial institutions, coupled with an evaluation of individual performance, competencies, and responsibilities. Salaries represent a foundational component of the Association's total compensation program as the amounts of other components of compensation are determined in relation to base salary.

## SHORT-TERM INCENTIVES

Short-term incentive payments are based on a combination of annual Association and individual performance. The plan focuses on achieving near-term, annual results. Under the terms of the plan, the key performance result areas are loan growth, financially related services income growth, customer experience and other strategic priorities. Substantially all employees in the Association are eligible to participate in this plan at various levels. Criteria used to determine amounts payable were established by the board of directors and include the achievement of certain Association financial targets and strategic business objectives. Payments are typically made in February following the end of the year to which the award is applicable.

## LONG-TERM INCENTIVES AND BONUS PLANS

The Association has a long-term incentive plan for the CEO, senior officers and other specified key employees that provides the opportunity for financial rewards tied to Farm Credit East's sustained success. Eligibility for participation is limited to those individuals who clearly have the ability to drive the success of strategies critical to long term value creation for stockholders. The plan payouts are based on Association performance in the achievement of key financial metrics over a three-year performance period. Under the terms of the plan, the key financial metrics are return on assets, operating efficiency and focus on various strategic priorities and human resource initiatives. The cash awards are to be paid subsequent to completion of the three-year performance period cycle, subject to approval by the board of directors. Participants in the long-term incentive plan can elect to defer plan payments if the election is made before the start of the plan year. Participants forfeit those amounts if they resign prior to being paid.

As part of the Association's overall bonus and incentive plans, certain key employees may be selected by the CEO to receive additional bonuses tied to the execution of Farm Credit East's strategic business initiatives. Awards under this plan will generally consist of an executive management measure. The cash awards are typically made in February following the end of the year to which the award is applicable.

## RETIREMENT BENEFITS

The Association has employer-funded qualified defined benefit pension plans which are noncontributory and cover employees hired prior to January 1, 2007 (except the former Farm Credit of Maine & Yankee Farm Credit employees who all are participants in the noncontributory defined contribution plan). Benefits are determined by a formula based on years of service and eligible compensation. The Association also has a noncontributory, unfunded, nonqualified supplemental executive retirement plan (SERP) covering only the CEO. All employees are also eligible to participate in a 401(k) retirement savings plan, which includes a matching contribution by the Association. Employees hired on or after January 1, 2007, receive additional, non-elective employer contributions to the 401(k)

retirement savings plan. All retirement-eligible employees hired before January 1, 2013, including senior officers, are also currently eligible for other postretirement benefits, which primarily include access to health care benefits. Substantially all participants pay the full premiums associated with these other health care benefits.

The Association also has a nonqualified deferred compensation plan that allows the CEO, senior officers, and other specified key employees to defer all or a portion of their long-term incentive compensation. In addition, certain senior officers are able to participate in a nonqualified supplemental savings plan enabling them to receive the full benefit, irrespective of IRS limitations, of the Association's noncontributory defined contribution plan. The compensation that is deferred is invested in any number of investment alternatives selected by the participants. These alternatives are either identical or substantially similar to those available to all participants in the Association's 401(k) plan. The participant is subject to all risks and returns of amounts invested. The election to defer is irrevocable and the deferred amounts cannot be paid except in accordance with specified elections as permitted by law. At that time, the participant will receive payment of the amounts credited to his or her account under the plan in a manner that has been specified by the participant. If a participant dies before the entire amount has been distributed, the undistributed portion will be paid to the participant's beneficiary.

## CEO COMPENSATION

The CEO's compensation is benchmarked to a select peer group of financial institutions. The board hires an independent executive compensation consultant to help benchmark total compensation. This evaluation helps ensure that such compensation is competitive with positions of similar scope at similar financial institutions. The board's Executive Compensation Committee reviews the performance of the CEO annually and reviews it with the board. The board of directors annually approves the CEO compensation level.

In addition to the base salary, the CEO can earn both short-term or bonus incentives and a long-term incentive each year based on pre-established performance goals. The short-term incentive potential for 2025 ranged from 0% to 50% of base salary and are paid in February following the end of the year to which the award is applicable. The board may award the CEO additional bonuses tied to the execution of Farm Credit East's strategic business initiatives at any point within the year. The long-term incentive plan provides the opportunity for financial rewards tied to Farm Credit East's sustained success over a three-year performance period. The three-year performance metrics are established at the beginning of each three-year period by the board of directors in connection with the annual business and financial plan. The long-term incentives shown in the chart below are not funded nor held in trust but contractually obligates the Association to make future payments in specified amounts. The cash awards are to be paid subsequent to completion of the three-year performance period cycle. The 2025 long-term opportunity is up to 70% of base salary. Long term incentive plan payments can be deferred if the election is made before the start of the plan year. The CEO's compensation in excess of the Internal Revenue Code is made up for via participation in a nonqualified deferred compensation plan. Contributions are made at the same percentages as available under the 401K plan. The nonqualified deferred compensation plan payment is shown in the Summary Compensation Table below.

As of December 31, 2025, the CEO is employed pursuant to an employment contract. The employment agreement provides specified compensation and related benefits in the event employment is terminated, except for termination with cause. The significant provisions of the agreement are that the CEO would be entitled to severance benefits of one year's base salary plus any incentives earned in the year of termination.

## SENIOR OFFICER COMPENSATION

The CEO is responsible for setting the compensation levels of the senior officers, who, in turn are responsible for the compensation of all other employees. Annually, the board's Executive Compensation Committee reviews senior officer compensation policies, plans and overall compensation programs.

The Association's short-term incentive compensation plan features annual payments based on calendar year performance periods. The annual short-term incentive targets are set for all employees at the beginning of the year. For the 2025 performance period, the short-term incentive plan levels for senior officers ranged from 10% to 50% of base salary. Individual performance is also considered in the determination of the amount payable. The short-term incentives shown in the Summary Compensation Table below are paid in February following the end of the year to which the award is applicable. In addition, senior officers can be awarded bonuses for performance related to special projects and execution of strategic initiatives.

The Association's long-term incentive plan provides senior officers and other specified key employees the opportunity for financial rewards tied to Farm Credit East's sustained success over a three-year performance period. The three-year performance metrics are established at the beginning of each three-year period by the board of directors in connection with the annual business and financial plan. For the 2025 plan performance period, the long-term plan incentive reward was up to 40% of base salary. The long-term incentives shown in the chart below are not funded nor held in trust but contractually obligates the Association to make future payments in specified amounts. The cash awards are to be paid subsequent to completion of the three-year performance period cycle. Participants in the long-term incentive plan can elect to defer plan payments if the election is made before the start of the plan year.

## SUMMARY COMPENSATION TABLE

Compensation earned by the CEO and aggregate compensation of the senior officers for the years ended December 31, 2025, 2024 and 2023, respectively is disclosed in the accompanying table. The senior officers and highly compensated employees included below are those officers defined by FCA regulations section 619.9310 and Section 620.6. Current board policy regarding reimbursements for travel, subsistence and other related expenses provides that all employees, including senior officers, shall be reimbursed for actual reasonable travel and related expenses incurred while traveling on official Association business. Employees who use their own automobiles for Association business purposes will be reimbursed at a rate that has been established in accordance with IRS guidelines. The Association provides automobiles to exempt employees with credit or Association-wide management responsibilities. Association employees are allowed to use assigned cars for personal use. All miles, other than those driven

for business purposes, as defined by the IRS, are considered personal miles, and are accounted for as a taxable benefit to the employee. A copy of the Association travel policy is available to stockholders upon request.

| Summary Compensation Table | 2025 | 2024 | 2023 |
|---|---|---|---|
| Michael J. Reynolds, CEO | | | |
| Salary | $ 739,538 | $ 728,000 | $ 700,000 |
| Short-term Incentive | 730,000 | 664,000 | 550,000 |
| Long-term Incentive[2] | 510,534 | 433,200 | 355,000 |
| Change in Pension Value[3] | 1,160,457 | 1,244,879 | 1,597,536 |
| Deferred/Perquisites[4/5] | 137,900 | 79,625 | 80,056 |
| Total | $ 3,278,429 | $ 3,149,704 | $ 3,282,592 |
| Senior Officers (excluding CEO)[1] | | | |
| Salary | $ 2,400,084 | $ 2,408,450 | $ 2,238,253 |
| Short-term Incentive | 1,004,646 | 1,057,830 | 790,242 |
| Long-term Incentive[2] | 664,443 | 641,304 | 539,316 |
| Change in Pension Value[3] | 599,057 | 898,707 | 901,881 |
| Deferred/Perquisites[4/5] | 504,729 | 455,617 | 305,789 |
| Total | $ 5,172,959 | $ 5,461,908 | $ 4,775,481 |

1 The number of senior officers reflected in this chart in 2025 was ten, including one who retired in 2025; twelve in 2024; and was nine in 2023

2 The long-term incentive reflects the amount awarded to these senior officers/highly compensated employees. The amounts are held as a general obligation of the Association and are subject to forfeiture.

3 Change in pension value represents the change in the vested portion of the present value of the accumulated benefit obligation from the prior fiscal year to the current fiscal year. The change in pension value is generally due to annual changes in compensation, years of service, age, and actuarial assumptions such as the discount rate

4 Represents company contributions to a 401(k)retirement savings plan and nonqualified deferred compensation plan, as well as payment of relocation expenses and associated tax impact; the taxable benefit of a company automobile for personal use, as determined by IRS regulations, annual leave, wellness benefits and company paid life insurance benefits.

5 In 2025, annual leave carryover was limited up to 40 hours with the balance paid out per policy.

Disclosure of information on the total compensation during the last fiscal year to any senior officer or any other employee included in the aggregate is available and will be disclosed to stockholders upon request in writing.

## PENSION BENEFITS

The table below shows the present value of accumulated benefits payable as of December 31, 2025, to the CEO and aggregate for the senior officers by plan, including the number of years of credited service. The change in composition of the aggregate senior officers can have a significant impact on the calculation of the accumulated pension benefits.

| Pension Benefits Table - 2025 | Number of Years of Credited Service[2] | Present Value of Accumulated Benefits | Payments During Last Fiscal Year |
|---|---|---|---|
| **Michael J. Reynolds, CEO** | | | |
| CoBank, ACB Retirement Plan | 36.33 | $ 2,742,011 | $ - |
| Supplemental Executive Retirement Plan | 36.33 | 5,277,720 | - |
| Total | | $ 8,019,731 | $ - |
| **Senior Officers (excluding CEO)[1]** | | | |
| CoBank, ACB Retirement Plan | 35.70 | $ 5,558,311 | $ 2,986,147 |
| Total | | $ 13,578,042 | $ 2,986,147 |

1 The number of senior officers/highly compensated employees on December 31, 2025, and reflected in this chart was three

2 Represents an average for the aggregate senior officer/highly compensated employee group reflected in this chart

The CEO and senior officers hired prior to January 1, 2007, participate in the CoBank, ACB Retirement Plans (except the former Maine and Yankee employees and senior officers hired after January 1, 2007, who are participants in the noncontributory defined contribution plan only). One plan provides a monthly retirement benefit at Normal Retirement Age equal to 1.65% of the 4-year highest average pay multiplied by benefit service up to 35 years plus 1.00% of 4-year highest average pay multiplied by benefit service in excess of 35 years. Average annual pay includes pay that is subject to withholding of Federal taxes plus any amounts contributed under Section 401 (k). Another plan provides a monthly retirement at Normal Retirement Age equal to 1.5% of 60-month highest average pay, plus 0.25% of 60-month highest average pay in excess of Social Security Compensation multiplied by benefit service. Average annual pay includes base salary and non-deferred, short-term incentive annual bonus. The CEO also participates in the CoBank, ACB Farm Credit East Supplemental Executive Retirement Plan to provide benefits to a participant whose benefits in the Retirement Plan are subject to limitations under the Internal Revenue Code.

Each plan provides for early retirement as early as age 55 and 5 years of service but with reductions in the Normal Retirement Benefit. One plan reductions are equal to 3% per year between age 60 and the senior officer's Normal Retirement Age (NRA) and 5% per year between age 55 and age 60. Another plan's reductions are equal to 3% per year between the age at retirement and the senior officer's NRA. Each plan pays benefits in the form of a 5-year certain and life annuity. Optional forms of annuity payment are available on an actuarially equivalent basis. The calculations assume that a lump sum is elected by each participant for each plan.

The present value of the accumulated benefits is based on assumptions and valuation dates that are the same as those used for the valuation of pension liabilities in the 2025 Annual Report. The present value of the accumulated benefits is calculated assuming retirement age to be the earlier of age at 95 points or NRA for Schedule 2 participants and NRA for Schedule 3 participants. The discount rate used is 5.45% as of December 31, 2025. The lump sum basis used for the valuation is 6.00% with the 2026 417(e) mortality table. The potential impact of 415 limits is reflected.

## TRANSACTIONS WITH SENIOR OFFICERS

At December 31, 2025, there were no loans outstanding to a senior officer and there were loans outstanding to an immediate family member of two senior officers. All of the loans approved were in the ordinary course of business and remain on the same terms, including interest rates, amortization schedules and collateral as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility. Information regarding related party transactions is incorporated herein by reference from Note 12 of the consolidated financial statements included in this annual report to stockholders.

## CODE OF ETHICS

The Association sets high standards for honesty, ethics, integrity, impartiality and conduct. Each year, every employee certifies compliance with the Association's Employee Standard of Conduct Policy which establishes the ethical standards of the Association. Additionally, all employees certify compliance with the Code of Ethics. The Code of Ethics supplements the Employee Standard of Conduct Policy and establishes additional responsibilities related to the preparation and distribution of the Association's financial statements and related disclosures. For details about the Association's Code of Ethics, visit **FarmCreditEast.com/CodeofEthics**. A copy of the Association's Code of Ethics is available to stockholders upon request.

## FARM CREDIT EAST, ACA

# DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

In accordance with Farm Credit Administration regulations, Farm Credit East, ACA (the Association) has prepared this Annual Report to Stockholders for the year ended December 31, 2025, in accordance with all applicable statutory or regulatory requirements.

**Description of Business**
General information regarding the business is incorporated herein by reference to Note 1 of the financial statements included in this annual report to stockholders.

The description of significant developments, if any, required to be disclosed in this section is incorporated herein by reference to "Management's Discussion and Analysis of Financial Position and Results of Operations" included in this annual report to stockholders.

**Description of Property**
Farm Credit East, ACA is headquartered in Enfield, CT. A listing of Association offices is on the inside back cover of this annual report. All office locations listed are owned by Farm Credit East.

**Legal Proceedings and Enforcement Actions**
Information regarding legal proceedings is incorporated herein by reference to Note 13 of the consolidated financial statements included in this annual report to stockholders. The Association was not subject to any enforcement actions at December 31, 2025.

**Description of Capital Structure**
Information required to be disclosed in this section is incorporated herein by reference to Note 8 of the consolidated financial statements included in this annual report to stockholders.

**Description of Liabilities**
Information required to be disclosed in this section is incorporated herein by reference to Notes 7, 10, 11, 14, 15 and 16 of the consolidated financial statements included in this annual report to stockholders.

**Selected Financial Data**
"Five Year Summary of Selected Financial Data" included in this annual report to stockholders is incorporated herein by reference.

**Management's Discussion and Analysis**
"Management's Discussion and Analysis" included in this annual report to stockholders is incorporated herein by reference.

**Financial Statements**
The "Report of Management," "Report of Audit Committee," "Management's Report on Internal Control over Financial Reporting," "Report of Independent Auditors," "Consolidated Financial Statements," and "Notes to Consolidated Financial Statements," included in this annual report to stockholders, is incorporated herein by reference.

**Directors and Senior Officers**
"Director Disclosures" and "Senior Officer Disclosures" included in this annual report to stockholders is incorporated herein by reference.

**Relationship with Independent Auditors**
There were no changes in independent auditors since the prior annual report to stockholders and there has been no material disagreement with our independent auditors on any matter of accounting principles or financial statement disclosure during this period.

**Credit and Services to Young, Beginning, Small and Veteran Farmers and Ranchers**
"Young, Beginning, Small and Veteran (YBSV) Farmers and Ranchers Program" included in this annual report to stockholders is incorporated herein by reference.

**Involvement in Certain Legal Proceedings**
There were no matters that came to the attention of the Board of Directors or management regarding involvement of current directors or senior officers in specified legal proceedings that require to be disclosed.

**Unincorporated Business Entities**
Information required to be disclosed in this section is incorporated herein by reference to Note 12 of the consolidated financial statements included in this annual report to stockholders.

**CoBank, ACB Annual Report and Quarterly Reports**
As an Association Stockholder, your equity investment in the Association is materially affected by the financial condition and results of operations of the CoBank, ACB (CoBank).

Regulations require that CoBank's Annual and Quarterly Reports be made available to you upon request at no charge. Accordingly, you may pick up a copy of CoBank's Annual and Quarterly Reports at one of our offices or you may call the office to have a copy sent to you. A listing of the Association offices and telephone numbers are listed on the inside back cover of this annual report.

**Customer Privacy**
Customer financial privacy and the security of your other non-public information are important to us. Farm Credit East holds your financial and other non-public information in strictest confidence. Federal regulations allow disclosure of such information by us only in certain situations. Examples of these situations include law enforcement or legal proceedings or when such information is requested by a Farm Credit System institution with which you do business. In addition, as required by Federal laws targeting terrorism funding and money laundering activities, we collect information and take actions necessary to verify your identity.

## FARM CREDIT EAST, ACA

# YOUNG, BEGINNING, SMALL AND VETERAN (YBSV) FARMERS AND RANCHERS PROGRAM

### OVERVIEW

Farm Credit East, ACA (the Association) takes great pride that its founding Board of Directors made young, beginning and small farmers a special focus of the Association since its founding in 1994. The board maintains a standing committee of directors to oversee young, beginning, small, and Gulf War-era II veteran farmer programs and initiatives, as well as planning how to further serve these groups.

### MISSION

The Association's board recognizes that the long-range strength and soundness of Farm Credit East and of the agricultural community depends on individuals entering the industry. It further recognizes that demands for capital and farm and financial management skills can make it difficult to become established in the business. Therefore, we believe that it is in the Association's best interest to assist young, beginning, small and veteran farmers by providing loans and credit-related services, and help to provide and encourage their participation in activities that improve farm and financial management skills.

### PROGRAM DEFINITIONS

The definitions of young, beginning, small and veteran farmers and ranchers is as follow:

- Young - A farmer, rancher, producer or harvester of aquatic products who is 35 years or younger as of the loan transaction date.
- Beginning - A farmer, rancher, producer or harvester of aquatic products who has 10 years or less farming experience as of the loan transaction date.
- Small - A farmer, rancher, producer or harvester of aquatic products who normally generates less than $350,000 in annual gross sales of agricultural or aquatic products.
- Veteran - Gulf War-era II veterans having served in U.S. Forces anywhere in the world at any time since September 2001.

### OBJECTIVES

Young, beginning, small and veteran farmers are a vital part of agriculture and Farm Credit East is proud to provide innovative products and services that contribute to their success. In 1995, the board created a committee to develop and oversee a program to assist young, beginning and small farmers, regarding this as one of the core values of the Association. The board was proud to expand their outreach to Gulf War-era II veterans in 2013 and the National FFA Organization in 2015.

### SERVICES PROVIDED

There are several credit and other related services offered through the board approved YBSV Program that allows the Association to effectively serve the needs within the young, beginning, small and veteran customer segments:

- Special incentives that may be offered at a discount for a period of up to five years include:
  - Farm accounting and management software fees
  - Tax preparation fees
  - Consulting fees
  - Appraisal fees
  - FSA guaranteed loan fees
  - Interest rate assistance

Farm Credit East's special incentives were $485,574, $418,797 and $434,865 for the years ended December 31, 2025, 2024 and 2023, respectively.

- Since 2006, resources have been offered to organizations, schools and universities for special training and educational programs utilizing the Farm Credit East developed *Harvesting a Profit* guide.
- Farm Credit East provides support, funding and staff involvement in programs such as FFA, the North American Intercollegiate Dairy Challenge and other programs at educational institutions.
- Representation by YBS farmers on Farm Credit East's Regional Advisory Committees. These committees provide customer feedback to the board and function as a liaison to association management.
- A portion of the young, beginning and small loan portfolio is supported by government guarantees, including guarantees by the USDA's Farm Services Agency (FSA) guaranteed loan program. Provided below are statistics related to government guarantees usage within the YBS portfolio.

| | Government Guaranteed Young, Beginning and Small Farmer Loans | | New Government Guaranteed YBS Loans (Originated in 2025) | |
|---|---|---|---|---|
| | Number | Volume * | Number | Volume * |
| Young | 294 | $ 102,223 | 29 | $ 14,951 |
| Beginning | 306 | $ 96,576 | 36 | $ 17,210 |
| Small | 299 | $ 60,526 | 22 | $ 9,917 |

** in thousands*

- Farm Credit East works closely with the New York State Linked Deposit Program which reduces the effective interest rate paid on loans for qualifying projects.
- In 2025, Farm Credit East's scholarship program awarded scholarships to 40 students pursuing courses of study related to agriculture, forest products or fishing.
- Farm Credit East provides a series of annual seminars that focus on developing skill sets of YBS farmers, including the GenerationNext seminar series which had 94 participants in both in-person and virtual formats in the winter of 2025-26. The program had 97 participants in 2024-25.

- Receiving regulatory authority in late 2005, Farm Credit East secured a partner (CoBank, ACB) and chartered FarmStart, LLP (FarmStart). At December 31, 2025, Farm Credit East has an equity investment in FarmStart of $1.5 million. FarmStart assists beginning farmers and new cooperatives by providing investments of working capital up to $75,000. At December 31, 2025, FarmStart has 67 investments with an outstanding balance of $2.6 million.Since inception, FarmStart has made 415 investments totaling $20.4 million.

## DEMOGRAPHICS

The local service area of the Association includes the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. Demographic data for young, beginning and small farmers was taken from the USDA's 2022 Census of Agriculture, released in 2024. The census is conducted every five years. It showed the following:

**Percentage Levels in Farm Credit East Lending Territory Expressed as a % of Total Farms**

| Young | Beginning | Small (under $250k) |
|---|---|---|
| 13.5% | 35.1% | 90.6% |

Farm Credit East periodically has undertaken a study of the young, beginning, small farmer segment. This study makes a determination of Association penetration of young, beginning and small farmers utilizing information reported in the 2022 Census of Agriculture to better ascertain Farm Credit East's penetration of these market segments. The following table shows Farm Credit East's percentage in each market segment compared to the overall portfolio:

**Penetration Levels in Farm Credit East Loan Portfolio December 31, 2025**

| Young | Beginning | Small |
|---|---|---|
| 26% | 40% | 49% |

Farm Credit East penetration is determined based on the number of loans to a specified group as a percentage of total loans.

## YOUNG, BEGINNING AND SMALL FARMER VOLUME IN FARM CREDIT EAST'S LOAN PORTFOLIO

The following table outlines the percentage of young and beginning farmer and rancher loans in the loan portfolio (by number and volume) as of December 31, 2025, compared to total number of loans in the portfolio:

| Category | Number of Loans | % of Total Loans | Volume Outstanding * | % of Total Volume |
|---|---|---|---|---|
| Total loans and commitments | 24,473 | 100% | $ 16,490 | 100% |
| Young Farmers and Ranchers | 6,405 | 26% | $ 2,226 | 13% |
| Beginning Farmers and Ranchers | 9,858 | 40% | $ 2,964 | 18% |

** in thousands*

The following table provides a breakdown of small farmer and rancher loans by size as of year-end 2025:

| Number / Volume Outstanding | $0 - $50,000 | $50,000 - $100,000 | $100,000 - $250,000 | >$250,000 |
|---|---|---|---|---|
| Total # of loans and commitments | 4,757 | 4,653 | 6,845 | 8,218 |
| Total # of loans to Small Farmers / Ranchers | 2,922 | 2,837 | 3,840 | 2,489 |
| # of Small loans as a % of total # of loans | 61% | 61% | 56% | 30% |
| Total loans and commitments outstanding* | $ 145,166 | $ 371,562 | $ 1,170,462 | $ 14,802,988 |
| Total volume and commitments to Small Farmers / Ranchers * | $ 90,943 | $ 223,645 | $ 637,790 | $ 1,265,032 |
| Loan volume to Small Farmers / Ranchers as a % of total loan volume | 63% | 60% | 54% | 9% |

** in thousands*

## GOALS AND RESULTS

As part of Farm Credit East's planning process, annual quantitative and qualitative goals are established. The numbers below represent the loans to customers who qualify as young, beginning or small, or more than one of those criteria.

| Young, Beginning or Small Customers | Number of Loans |
|---|---|
| 12/31/2025 Goal | 14,000 |
| 12/31/2025 Actual | 14,049 |
| 12/31/2026 Goal | 14,400 |
| 12/31/2027 Goal | 14,850 |
| 12/31/2028 Goal | 15,300 |

The numbers listed above do not include any investments made under FarmStart, LLP.

Farm Credit East YBSV 2026 qualitative goals address credit, collaboration, financial services and educational assistance, to include:

- Continue incentive programs including interest rate reductions, payment of FSA guarantee fees and fee reductions on financial services in order to facilitate the entry of new farmers while deepening their financial management skills and to make Farm Credit their service provider of choice.
- Provide scholarships for students pursuing a career in agriculture and FFA Supervised Agricultural Experience (SAE) projects and continue the *Farm Credit East Agricultural Leadership and Excellence Program* supporting leadership and development opportunities for customers.
- Provide scholarships and program support for secondary agricultural education teachers through Farm Credit East's partnership with the Curriculum for Agricultural Science Education (CASE) and continue to partner with CASE on a refresh of the agricultural business foundations course which Farm Credit East funded.
- Support funding, staff involvement and direct training resources for programs hosted by universities and other organizations.
- Allow for "licensing arrangements" with organizations such as Cornell's Small Farms Program and also its Beginning Farmer Program for use of Farm Credit East's *Harvesting a Profit* program focused on developing beginning farmers' skills.
- Actively support federal and state programs and related efforts when their objectives and execution are aligned with the Farm Credit mission, such as programs that provide financial incentives to YBSV borrowers or offer grant funding.
- Local grassroots involvement by local staff in organizations such as FFA, 4-H, young farmers associations, state Agri-Women chapters, etc. Seek additional representation by YBSV farmers on Association Regional Advisory Committees.
- Work closely with veterans' groups within the LSA such as the New York chapter of the Farmer Veteran Coalition.
- Both print and digital advertisements targeted toward YBSV farmers. We also utilize the Association's *Today's Harvest* blog to disseminate information on topics such as financial management and grant programs that might be of interest to YBSV producers.
- Farm Credit East will continue to administer the Farm Credit Northeast AgEnhancement Program, which considers applications for funding for projects that support both agricultural groups and educating the non-farm public on Northeast agriculture. Funding is also available for young, beginning and small farm programming, such as regional conferences and beginning farmer education that can enhance the viability of Northeast agriculture or provide new opportunities for startup agricultural businesses.
- Through AgEnhancement and other types of financial support and outreach efforts, use YBSV programs as part of Farm Credit East's efforts to promote diversity and inclusion in agriculture.

## FARM CREDIT EAST, ACA

# REGIONAL ADVISORY COMMITTEE MEMBERS

In 2025, the Farm Credit East Board of Directors combined the former Customer Service Councils (CSCs) to establish seven Regional Advisory Committees (RAC) to provide continued invaluable feedback. The RACs are comprised of a cross section of stockholders who meet two times annually with local Farm Credit East leadership. This is in keeping with Farm Credit East's strategic vision of retaining a strong grassroots network and maintaining a strong local presence throughout its territory. The board and management sincerely appreciate the contribution of the RAC members listed below and look forward to their continued feedback and input.

### CENTRAL REGION

Mark Akins, Lisbon, NY
Ryan Akins, Lisbon, NY
Eric Behling, Mexico, NY
Jonathan Beller, Carthage, NY
Deborah Biondolillo, Calcium, NY
Andrew Brice, Dekalb Junction, NY
Daniel Chambers, Heuvelton, NY
David Curtin, Cassville, NY
David Fralick, Cape Vincent, NY
Christopher Fredericks, Little Falls, NY
Blake Gendebien, Ogdensburg, NY
Lukas George, Whitesboro, NY
Patricia Gilbert, Potsdam, NY
Christopher Hoefele, Fonda, NY
Ryan Kelly, Fultonville, NY
Darren Laurie, Nicholville, NY
Shari Lighthall, Croghan, NY
Natalie McKnight, Chase Mills, NY
H. William Michaels, Fly Creek, NY
Michael Murphy, Malone, NY
Lynn Murray, Copenhagen, NY
Ronald Robbins, Sackets Harbor, NY
David Rudd, Lacona, NY
Lisa Rutte, Morris, NY
Colm Ryan, Hobart, NY
Patrick Smith, Canton, NY

### COASTAL REGION

Dawn Allen, Rochester, MA
Karl Auwaerter, Blue Point, NY
John Bartlett, Nantucket, MA
Stephen Basile, Granby, CT
Marjorie Beaton-Kane, Lakeville, MA
Louis Caracciolo, Laurel, NY
John Casertano, Cheshire, CT
Eddy Creces, Sands Point, NY
John Eidson, Wakefield, RI
Bowman Geer, Griswold, CT
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Logan McLaughlin, Mars Hill, ME
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Gregory White, Clymer, NY
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90

## SENIOR OFFICERS

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|---|---|
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| Dario G. Arezzo | Executive Vice President and Chief Financial Services Officer |
| Briana S. Beebe | Executive Vice President and Chief Operating Officer |
| Janice P. Bitter | Executive Vice President and Chief Communications Officer |
| Alena C. Gfeller | Executive Vice President, General Counsel and Corporate Secretary |
| Andrew N. Grant | Executive Vice President and Chief Financial Officer |
| Ryan S. Hrobuchak | Executive Vice President and Chief Risk Officer |
| William P. Kohler | Executive Vice President and Chief Information Officer |
| Daniel A. Nicholson | Senior Vice President and Chief Audit Executive |
| David H. Pugh | Executive Vice President and Chief Lending Officer |

## BOARD OF DIRECTORS

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|---|---|---|---|
| John P. Knopf, Chair | Elected | Dairy | Canandaigua, NY |
| LouAnne F. King, Vice Chair | Elected | Dairy | Madrid, NY |
| Christopher Cebula | Appointed | At Large | Honeoye Falls, NY |
| James V. Crane | Elected | Potato | Exeter, ME |
| David F. Folino | Elected | Maple Syrup | Starksboro, VT |
| Laurie K. Griffen | Elected | Sod | Stillwater, NY |
| Philip J. Jones | Elected | Ag Retail | Shelton, CT |
| Brett D. Kreher | Elected | Poultry & Eggs | Clarence, NY |
| Joseph W. McWatters | Appointed | At Large | Hamburg, NY |
| James A. Robbins II | Elected | Forestry | Searsmont, ME |
| Douglas W. Shelmidine | Elected | Dairy | Adams, NY |
| Kyle Thygesen | Elected | Dairy | Tunbridge, VT |
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| Joel R. Viereck | Elected | Vegetable | Woolwich, NJ |
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| Terry R. Zittel | Elected | Vegetables | Eden, NY |

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Auburn, ME 04210-4052
800.831.4230 / 207.784.0193
Credit: Shannon Webber
Financial Services: Josh Volta

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Financial Services: Tim Slavin

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Hudson, NY 12534-3819
800.362.4404 / 518.851.3313
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Financial Services: Tim Slavin

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Cooperstown, NY 13326-3307
800.762.3276 / 607.282.3002
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800.392.3276 / 607.749.7177
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### Country Living
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### Crop Growers
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800.234.7012
Leader: Triva Haycook

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Middleboro, MA 02346
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Middlebury, VT 05753
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Potsdam, NY 13676-3273
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St. Albans, VT 05478
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