

YOSEMITE FARM CREDIT



MARCH
2026

QUARTERLY
REPORT

HELPING OUR MEMBERS PROSPER!

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A MESSAGE TO OUR MEMBERS

Financial Highlights

We are pleased to inform you of the Association's financial progress during the three months ended March 31, 2026. The financial condition of the Association is sound. The Association remains capitalized to withstand adversity, sufficiently liquid to meet obligations as they come due, and able to earn profits to further enhance total shareholders' equity. This quarterly shareholder report was prepared under the oversight of the Audit Committee.

Loans decreased by \$129.6 million in the three months ended March 31, 2026. The decrease is primarily due to pay downs by members, partially offset by new loans and advances on existing loans.

The note payable to CoBank, ACB (CoBank) decreased \$216.6 million from year-end due to paydown on loans as explained above, and by the receipt of 2025 CoBank patronage and Association earnings.

The Association's first quarter 2026 net earnings were \$27.4 million, which is approximately \$2.8 million lower than the same period in the prior year.

Net interest income before the provision for credit losses increased \$1.2 million during the first quarter compared to the same period last year. The increase was primarily due to higher levels of accruing loan volume.

The quarterly review of credit risk resulted in the Association recording a provision for credit losses of \$5.2 million in the first quarter 2026, compared to \$0.1 million in the first quarter 2025.

The Association's total non-interest income increased approximately \$2.3 million during the first quarter compared to the same period prior year. \$1.7 million of the increase was due to a higher Farm Credit

Insurance Fund reimbursement, while the remaining \$0.6 million was primarily due to higher patronage received from Farm Credit Institutions given portfolio growth.

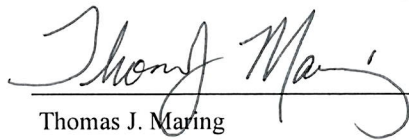
The Association's total non-interest expense increased approximately \$1.3 million during the first quarter compared to the same period prior year. \$0.6 million of the increase was due to increases in salaries and benefits, \$0.6 million was due to increases in other non-interest expenses, and a \$0.1 million increase in Farm Credit Insurance Fund premiums due to portfolio growth.

Credit quality slightly decreased to 93.1% Acceptable/OAEM at March 31, 2026, compared to 93.7% at March 31, 2025. Nonaccrual loan volume is \$109.9 million and represents 2.2% of total loan volume. The volume of delinquent accounts of accrual loans and leases remained flat at 1.2% at March 31, 2026 and 2025. Overall credit quality remains lower than historic norms primarily driven by consecutive years of low commodity prices in our almond and fruit & tree nut commodities.

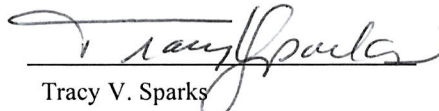
The Association advance conditional payment accounts, offering an interest rate up to 3.05% for the month of March, increased \$33.5 million from \$119.1 million at year-end to \$152.5 million at March 31, 2026.

Thank you

To our Members, we appreciate the confidence you have placed in the Yosemite Farm Credit Team. It is a privilege to serve you. To our prospective Members, we welcome the opportunity to assist with your agricultural financing needs.



Thomas J. Maring
Board Chair



Tracy V. Sparks
President and CEO



Matthew McNelis
Executive VP and CFO

The Shareholders' investment in the Association is materially affected by the financial condition and the results of operations of CoBank. The CoBank, FCB and CoBank District quarterly and annual reports are available free of charge by accessing CoBank's website, www.Cobank.com, or may be obtained at no charge by contacting us at 806 W. Monte Vista Avenue, P.O. Box 3278, Turlock California, 95381-3278 or by calling (209) 667-2366.

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CONDITION
March 31, 2026
(\$ in thousands)

	<u>March 31,</u> 2026	<u>December 31,</u> 2025
	(unaudited)	(audited)
ASSETS		
Loans	\$ 5,031,969	\$ 5,161,522
Less Allowance for Loan Losses	24,071	19,453
Net Loans	<u>5,007,898</u>	<u>5,142,069</u>
Cash	2	24,917
Investment Securities - Held-to-Maturity	709	807
Accrued interest receivable	55,317	90,614
Investment in CoBank, ACB	126,894	125,968
Premises and Equipment, Net	17,629	17,371
Other Assets	13,802	30,898
Total Assets	<u><u>\$ 5,222,251</u></u>	<u><u>\$ 5,432,644</u></u>
LIABILITIES		
Note Payable to CoBank, ACB	\$ 4,142,439	\$ 4,358,995
Advance Conditional Payments	152,528	119,068
Accrued Interest Payable	12,700	13,346
Patronage Distribution Payable	28	50,600
Other Liabilities	9,312	12,762
Total Liabilities	<u>4,317,007</u>	<u>4,554,771</u>
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital Stock and Participation Certificates	1,875	1,880
Unallocated Retained Earnings	903,369	875,993
Total Shareholders' Equity	<u>905,244</u>	<u>877,873</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 5,222,251</u></u>	<u><u>\$ 5,432,644</u></u>

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
March 31, 2026
(\$ in thousands)

	Quarter Ended 3/31/2026	Quarter Ended 3/31/2025 (unaudited)
INTEREST INCOME		
Loans	\$ 74,043	\$ 72,979
Investment Securities	10	19
Total Interest Income	74,053	72,998
INTEREST EXPENSE		
Note Payable to CoBank, ACB	37,504	37,495
Advance conditional payments	1,158	1,279
Total Interest Expense	38,662	38,774
Net Interest Income	35,391	34,224
Provision for Credit Losses	5,197	128
Net Interest Income After Provision for Credit Losses	30,194	34,096
NON-INTEREST INCOME		
Patronage Distribution from Farm Credit Institutions	7,507	6,742
Financially Related Services Income	16	31
Other Noninterest Income	3,241	1,676
Total Noninterest Income	10,764	8,449
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	8,956	8,324
Occupancy and Equipment	511	466
Farm Credit Insurance Fund Premium	1,050	967
Other Noninterest Expense	3,063	2,571
Total Noninterest Expense	13,580	12,328
Income Before Income Taxes	27,378	30,217
Provision for Income Taxes	2	—
Net Income and Total Comprehensive Income	\$ 27,376	\$ 30,217

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
March 31, 2026
(\$ in thousands)

	Capital Stock & Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2024	\$ 1,900	\$ 822,868	\$ —	\$ 824,768
Comprehensive Income		30,217		30,217
Stock and Participation Certificates Issued	19			19
Stock and Participation Certificates Retired	(38)			(38)
Balance at March 31, 2025 (unaudited)	<u>\$ 1,881</u>	<u>\$ 853,085</u>	<u>\$ —</u>	<u>\$ 854,966</u>
Balance at December 31, 2025	\$ 1,880	\$ 875,993	\$ —	\$ 877,873
Comprehensive Income		27,376		27,376
Stock and Participation Certificates Issued	19			19
Stock and Participation Certificates Retired	(24)			(24)
Balance at March 31, 2026 (unaudited)	<u>\$ 1,875</u>	<u>\$ 903,369</u>	<u>\$ —</u>	<u>\$ 905,244</u>

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

YOSEMITE FARM CREDIT, ACA
CONSOLIDATED STATEMENTS OF CASH FLOWS
March 31, 2026
(\$ in thousands)

	Three Months Ended March 31,	
	2026	2025
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 27,376	\$ 30,217
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	5,197	128
Depreciation and Amortization	307	329
Gain on Sale of Premises and Equipment	—	(20)
Stock Patronage Received from CoBank	(228)	(244)
Changes in Operating Assets and Liabilities:		
Decrease in Accrued Interest Receivable	35,297	37,897
Decrease in Other Assets	16,397	18,187
Decrease in Accrued Interest Payable	(646)	(462)
Decrease in Other Liabilities	(4,028)	(3,845)
Net Cash Provided by Operating Activities	79,672	82,187
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Decrease in Loans	129,553	18,908
Payments Received on Investment Securities	98	193
Purchase of Premises and Equipment, Net	(565)	18
Net Cash Provided by Investing Activities	129,086	19,119
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Repayment on Note Payable to CoBank	(216,556)	(124,933)
Increase in Advance Conditional Payments	33,460	38,972
Patronage Distributions	(50,572)	(36,200)
Retirement of Capital Stock and Participation Certificates, Net	(5)	(19)
Net Cash Used in Financing Activities	(233,673)	(122,180)
Net Decrease in Cash	(24,915)	(20,874)
Cash at Beginning of Period	24,917	21,814
Cash at End of Period	\$ 2	\$ 940
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ 39,308	\$ 39,236
Cash Paid for Income Taxes	\$ 2	\$ —
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of Allowance to Reserve for Unfunded Commitments	\$ (579)	\$ (174)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

Note 1 – Organization and Significant Accounting Policies

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

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

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

Recently Issued or Adopted Accounting Pronouncements

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

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.

Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)

In September 2025, the FASB issued ASU 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendment introduces several key changes: (1) eliminates the stage-based rules for capitalization, (2) replaces these rules with a principles-based framework where (a) capitalization occurs when management has authorized and committed to funding, and (b) it is probable that the project will be completed and the software used as intended, (3) clarifies website 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.

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

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient, would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The amendments will be effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual reporting periods under a prospective approach. The adoption this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows.

Improvements Income Tax Disclosures (ASC 740)

In December 2023, the Financial Accounting Standards Board (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.

Note 2 – Loans and Allowance for Loan Losses

A summary of loans by type follows:

	March 31, 2026	December 31, 2025
Real estate mortgage	\$ 3,189,525	\$ 3,251,077
Production & intermediate-term	998,845	1,118,978
Agribusiness	685,478	649,785
Communication	69,911	65,042
Energy	76,825	65,239
Water/Waste Disposal	10,007	10,008
Rural Resident Real Estate	1,378	1,393
Total	<u>\$ 5,031,969</u>	<u>\$ 5,161,522</u>

Accrued interest receivable on loans of \$55.3 million and \$90.6 million at March 31, 2026, and December 31, 2025, have been excluded from the amortized cost of loans and reported separately in the Condensed Combined Statement of Condition. The Association has not written off any accrued interest receivable for the three months ended March 31, 2026.

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration (FCA) regulations.

The following table presents information regarding participation purchased and sold at March 31, 2026:

	Participations with Other		Participations with Non-		Total Participations	
	Farm Credit Institutions		Farm Credit Institutions		Purchased	Sold
	Purchased	Sold	Purchased	Sold		
Real estate mortgage	\$ 224,436	\$ 383,546	\$ —	\$ —	\$ 224,436	\$ 383,546
Production and intermediate-term	216,756	142,807	—	—	216,756	142,807
Agribusiness	589,845	81,796	3,893	—	593,738	81,796
Communication	69,911	—	—	—	69,911	—
Energy	76,825	—	—	—	76,825	—
Water/Waste Disposal	10,007	—	—	—	10,007	—
Total	<u>\$1,187,780</u>	<u>\$ 608,149</u>	<u>\$ 3,893</u>	<u>\$ —</u>	<u>\$1,191,673</u>	<u>\$ 608,149</u>

Credit Quality

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

The entity uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the next twelve months. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs. 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 or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The institution reviews, at least on an annual basis, or when a credit action is taken the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from

acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

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

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Real estate mortgage		
Acceptable	86.3 %	86.3 %
OAEM	6.7	7.5
Substandard	6.3	5.8
Doubtful	0.7	0.4
Total	<u>100.0 %</u>	<u>100.0 %</u>
Production & intermediate-term		
Acceptable	80.5 %	82.8 %
OAEM	9.1	10.8
Substandard	10.3	6.3
Doubtful	0.1	0.1
Total	<u>100.0 %</u>	<u>100.0 %</u>
Agribusiness		
Acceptable	87.2 %	88.9 %
OAEM	10.9	9.5
Substandard	1.9	1.6
Total	<u>100.0 %</u>	<u>100.0 %</u>
Communication		
Acceptable	92.8 %	92.3 %
Substandard	7.2 %	5.0 %
Doubtful	— %	2.7 %
Total	<u>100.0 %</u>	<u>100.0 %</u>
Energy		
Acceptable	100.0 %	100.0 %
Total	<u>100.0 %</u>	<u>100.0 %</u>
Water/Waste Disposal		
Acceptable	100.0 %	100.0 %
Total	<u>100.0 %</u>	<u>100.0 %</u>
Rural residential real estate		
Acceptable	100.0 %	100.0 %
Total	<u>100.0 %</u>	<u>100.0 %</u>
All Loans		
Acceptable	85.6 %	86.2 %
OAEM	7.5	8.2
Substandard	6.4	5.4
Doubtful	0.5	0.2
Total	<u>100.0 %</u>	<u>100.0 %</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>
Nonaccrual loans:		
Real estate mortgage	\$ 86,592	\$ 69,239
Production and intermediate-term	15,771	14,007
Agribusiness	2,461	2,520
Communication	5,054	5,038
Total nonaccrual loans	<u>\$ 109,878</u>	<u>\$ 90,804</u>
Accrual loans 90 days or more past due		
Real estate mortgage	17,814	—
Production and intermediate-term	4,042	—
Agribusiness	—	496
Total accruing loans 90 days or more past due	<u>21,856</u>	<u>496</u>
Total nonperforming loans	131,734	91,300
Other property owned	—	—
Total nonperforming assets	<u>\$ 131,734</u>	<u>\$ 91,300</u>
Nonaccrual loans as a percentage of total loans	2.16 %	1.76 %
Nonperforming assets as a percentage of total loans and other property	2.62 %	1.77 %
Nonperforming assets as a percentage of capital	14.55 %	10.40 %

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as, interest income recognized on nonaccrual during the period ending March 31, 2026 and December 31, 2025.

<u>March 31, 2026</u>	<u>Amortized Cost with Allowance</u>	<u>Amortized Cost without Allowance</u>	<u>Interest Income Recognized/ (Reversed)</u>
Nonaccrual loans:			
Real estate mortgage	\$ 29,469	\$ 57,123	\$ (190)
Production and intermediate-term	2,568	13,203	(90)
Agribusiness	—	2,461	—
Communication	5,054	—	—
Water/Waste Disposal	—	—	—
Total nonaccrual loans	<u>\$ 37,091</u>	<u>\$ 72,787</u>	<u>\$ (280)</u>

December 31, 2025	Amortized Cost with Allowance	Amortized Cost without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	\$ 25,610	\$ 43,629	\$ 698
Production and intermediate-term	1,429	12,578	6
Agribusiness	—	2,520	55
Communication	5,038	—	—
Total nonaccrual loans	<u>\$ 32,077</u>	<u>\$ 58,727</u>	<u>\$ 759</u>

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

March 31, 2026	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	\$ 12,868	\$ 88,246	\$ 101,114	\$3,088,411	\$3,189,525	\$ 17,814
Production and intermediate-term	25,982	14,053	40,035	958,810	998,845	4,042
Agribusiness	2,600	—	2,600	682,878	685,478	—
Communication	—	—	—	69,911	69,911	—
Energy	—	—	—	76,825	76,825	—
Water/Waste Disposal	—	—	—	10,007	10,007	—
Rural residential real estate	—	—	—	1,378	1,378	—
Total	<u>\$ 41,450</u>	<u>\$ 102,299</u>	<u>\$ 143,749</u>	<u>\$4,888,220</u>	<u>\$5,031,969</u>	<u>\$ 21,856</u>

December 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	\$ 10,192	\$ 18,775	\$ 28,967	\$3,222,110	\$3,251,077	\$ —
Production and intermediate-term	4,958	5,691	10,649	1,108,329	1,118,978	—
Agribusiness	2,525	496	3,021	646,764	649,785	496
Communication	—	—	—	65,042	65,042	—
Energy	—	—	—	65,239	65,239	—
Water/Waste Disposal	—	—	—	10,008	10,008	—
Rural residential real estate	—	—	—	1,393	1,393	—
Total	<u>\$ 17,675</u>	<u>\$ 24,962</u>	<u>\$ 42,637</u>	<u>\$5,118,885</u>	<u>\$5,161,522</u>	<u>\$ 496</u>

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

Loan Modifications to Borrowers Expecting Financial Difficulties

Upon the adoption of the guidance, Financial Instruments - Credit Losses, Troubled Debt Restructurings and Vintage Disclosure, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. Loan modifications are negotiated and administered under the Farm Credit Administration's Borrower Rights regulations and Yosemite Farm Credit, ACA Borrower Rights policy to support members who are experiencing financial difficulty. Our loan modifications are handled on a case-by-case basis 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, disaggregated by loan type and type of modification granted.

For the Three Months Ended March 31, 2026					
	Term or Payment Extension	Payment Deferral	Combination – Term or Payment Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Production & intermediate-term	\$ 18,909	\$ —	\$ 3,000	\$ 21,909	2.19 %
Total	\$ 18,909	\$ —	\$ 3,000	\$ 21,909	0.44 %

For the Three Months Ended March 31, 2025					
	Term or Payment Extension	Payment Deferral	Combination – Term or Payment Extension & Payment Deferral	Total	Percentage of Total by Loan Type
Real estate mortgage	\$ —	\$ 8,513	\$ 1,294	\$ 9,807	0.31 %
Production & intermediate-term	3,065	4,609	118	7,792	0.93 %
Agribusiness	832	999	—	1,831	0.30 %
Total	\$ 3,897	\$ 14,121	\$ 1,412	\$ 19,430	0.41 %

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended March 31, 2026 and 2025 were \$0.1 million, and \$1.2 million.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended March 31, 2026 and March 31, 2025:

Term or Payment Extension Financial Effect		
For the Three Months Ended		
	March 31, 2026	March 31, 2025
Production & intermediate-term	Increased weighted-average maturities on loans by 298 days	Increased weighted-average maturities on loans by 617 days
Agribusiness	N/A	Increased weighted-average maturities on loans by 456 days

Payment Deferral Financial Effect		
For the Three Months Ended		
	March 31, 2026	March 31, 2025
Real estate mortgage	N/A	Provided a weighted-average 395 days payment deferral
Production & intermediate-term	N/A	Provided a weighted-average 507 days payment deferral
Agribusiness	N/A	Provided a weighted-average 485 days payment deferral

Combination - Term or Payment Extension and Payment Deferral Financial Effect		
For the Three Months Ended		
	March 31, 2026	March 31, 2025
Real estate mortgage	N/A	Increased weighted-average maturities on loans by 4,125 days
Real estate mortgage	N/A	Provided a weighted-average 730 days payment deferral
Production & intermediate-term	Increased weighted-average maturities on loans by 246 days	Increased weighted-average maturities on loans by 1,072 days
Production & intermediate-term	Provided a weighted-average 31 days payment deferral	Provided a weighted-average 730 days payment deferral

The following table sets forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2026, and received a modification in the twelve months before defaulted (\$ thousands):

Modified Loans that Subsequently Defaulted During the Three Months Ended March 31, 2026	
	Term or Payment Extension
Production & intermediate-term	\$ 67
Total	\$ 67

There were no loans that were reported as loan modifications granted to borrowers experiencing financial difficulty that were modified in the 12 months prior to March 31, 2025, that had a payment default in the three months ended March 31, 2025.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2026 (\$ thousands):

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 34,681	\$ —	\$ 3,374
Production & intermediate-term	15,212	16,465	5,066
Total	\$ 49,893	\$ 16,465	\$ 8,440

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to March 31, 2025 (\$ thousands):

	Payment Status of Loans Modified in the Past 12 Months		
	Current	30-89 Days Past Due	90 Days or More Past Due
Real estate mortgage	\$ 27,291	\$ —	\$ 15,114
Production & intermediate-term	11,231	960	13,477
Agribusiness	1,665	—	7,939
Total	\$ 40,187	\$ 960	\$ 36,530

No additional commitments were lent to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2026. Additional commitments to lend to borrowers experiencing financial difficulty and whose loans have been modified during the year ended December 31, 2025 were \$1.9 million.

Allowance for Credit Losses

The credit risk rating methodology is a key component of the institution's allowance for credit losses evaluation, and is generally incorporated into the institution's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the institution to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the institution's lending and leasing limit base but the institutions' boards of directors have generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities, and to the Banks' (other than CoBank) loan participations.

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

	Balance at December 31, 2025	Charge-offs and Recoveries Net	Transfers (to) from Reserve for Unfunded Commitments	Provision for loan losses (loan loss reversals)	Balance at March 31, 2026
Allowance for Loan Losses					
Real estate mortgage	\$ 12,106	\$ —	\$ 42	\$ 2,615	\$ 14,763
Production and intermediate-term	3,417	—	(723)	2,510	5,204
Agribusiness	1,439	—	(14)	353	1,778
Communication	2,276	—	96	(270)	2,102
Energy	120	—	20	(2)	138
Water/Waste Disposal	94	—	—	(9)	85
Rural residential real estate	1	—	—	—	1
Total	\$ 19,453	\$ —	\$ (579)	\$ 5,197	\$ 24,071

	Balance at December 31, 2025	Transfers from (to) Allowance for Loan Losses	Balance at March 31, 2026	Total Allowance for Credit Losses at March 31, 2026
Allowance for Unfunded Commitment				
Real estate mortgage	\$ 969	\$ (42)	\$ 927	\$ 15,690
Production & intermediate-term	911	723	1,634	6,838
Agribusiness	663	14	677	2,455
Communication	230	(96)	134	2,236
Energy	80	(20)	60	198
Water/Waste Disposal	—	—	—	85
Rural residential real estate	—	—	—	1
Total	\$ 2,853	\$ 579	\$ 3,432	\$ 27,503

Total allowance for credit losses includes the provision for credit losses/(credit loss reversals) of \$24,071 thousand plus the allowance for unfunded commitment of \$3,432 thousand.

	Balance at December 31, 2024	Charge-offs and Recoveries Net	Transfers (to) from Reserve for Unfunded Commitments	Provision for loan losses (loan loss reversals)	Balance at March 31, 2025
Allowance for Loan Losses					
Real estate mortgage	\$ 2,272	\$ —	\$ 14	\$ (58)	\$ 2,228
Production and intermediate-term	2,418	—	(126)	388	2,680
Agribusiness	7,769	—	(91)	(181)	7,497
Communication	201	—	29	(33)	197
Energy	41	—	-	12	53
Water/Waste Disposal	388	—	—	—	388
Rural residential real estate	1	—	—	—	1
Total	\$ 13,090	\$ —	\$ (174)	\$ 128	\$ 13,044

	Balance at December 31, 2024	Transfers from (to) Allowance for Loan Losses	Balance at March 31, 2025	Total allowance for credit losses
Allowance for Unfunded Commitment				
Real estate mortgage	\$ 285	\$ (14)	\$ 271	\$ 2,499
Production & intermediate-term	1,107	126	1,233	3,913
Agribusiness	136	91	227	7,724
Communication	121	(29)	92	289
Energy	43	—	43	96
Water/Waste Disposal	—	—	—	388
Rural residential real estate	—	—	—	1
Total	\$ 1,692	\$ 174	\$ 1,866	\$ 14,910

Total allowance for credit losses includes the provision for credit losses/(credit loss reversals) of \$13,044 thousand plus the allowance for unfunded commitment of \$1,866 thousand.

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable. The ACL comprises the allowance for credit losses on loans (ACLL) and the allowance for unfunded commitments, which is presented on the balance sheet in other liabilities. The association uses a single economic scenario over reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the institution explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the expected life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables, including unemployment rates, real gross domestic product levels, inflation rates, federal funds rate, export levels and government and consumer spending, as well as agricultural commodity and input prices.

Note 3 – Capital

The following sets forth the regulatory capital ratio requirements and ratios at March 31, 2026:

Ratios	Ratios as of March 31, 2026	Minimum with Buffer*	Minimum Requirement
Common Equity Tier 1 Capital	13.62%	7.0%	4.5%
Tier 1 Capital	13.62%	8.5%	6.0%
Total Capital	14.01%	10.5%	8.0%
Tier 1 Leverage**	14.84%	5.0%	4.0%
Unallocated Retained Earnings (URE) and URE Equivalents			
Leverage	14.80%	1.5%	1.5%
Permanent Capital	13.66%	7.0%	7.0%

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

Note 4 – Fair Value Measurements

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. The fair value measurement is not an indication of liquidity. See Note 16 to the 2025 Annual Report to Shareholders for a more complete description. There are no assets or liabilities measured at fair value on a recurring basis at March 31, 2026.

Assets and liabilities measured at fair value on a non-recurring basis are summarized below (\$ thousands).

March 31, 2026	Total Fair Value Level 3	Total Gains (Losses)
Assets:		
Impaired loans	\$29,622	\$(7,469)
December 31, 2025	Total Fair Value Level 3	Total Gains (Losses)
Assets:		
Impaired loans	\$28,602	\$(3,475)

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

Valuation Techniques

As more fully discussed in Note 16 of the 2025 Annual Report to Shareholders, the FASB guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used by the System institution for assets and liabilities measured at fair value. For a more complete description, see Notes to the 2025 Annual Report to Shareholders.

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

Note 5 – Subsequent Events

The Association has evaluated subsequent events through May 1, 2026, which is the date the financial statements were issued, and no material subsequent events were identified.