



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Illinois, ACA and its subsidiaries, Farm Credit Illinois, FLCA and Farm Credit Illinois, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2025 (2025 Annual Report).

Due to the nature of our financial relationship with AgriBank, FCB (AgriBank), the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports or additional copies of our report, contact us at:

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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2025 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

As farmers in Illinois contemplate 2026 planting decisions, the National Oceanic and Atmospheric Administration (NOAA) is indicating patchy dryness across the state with 71.0% of the state abnormally dry or worse. Additionally, the United States (U.S.) Department of Agriculture (USDA) is forecasting fewer acres planted of corn year-over-year and crop input costs to increase slightly from 2025. Considering these conditions, the USDA's Economic Research Service expects national net farm income of \$153.4 billion in 2026, down \$1.2 billion relative to 2025.

Given the moisture needed to grow crops, Illinois is currently experiencing drought conditions. Nearly three-fourths of the state is experiencing abnormally dry conditions as of April 2026. Of greater concern in Illinois is the lack of soil moisture entering the 2026 planting season. The NOAA indicates nearly the entire state is below the historical average with much of southern Illinois falling in the bottom tenth percentile of years measured. The USDA National Agricultural Statistic Service noted topsoil moisture supply was rated 1% very short, 10% short, 69% adequate, and 20% surplus. Subsoil moisture supply was noted as 27% short.

The USDA March 2026 prospective plantings report estimates that producers will plant 95.3 million acres of corn, down 3.5% or 3.5 million acres year-over-year. Conversely, producers in the survey indicated a willingness to increase acres planted of soybeans to 84.7 million acres, up 4.3% from 2025. While these are initial estimates and are likely to change when planting begins, market prices favor the shift from corn to soybean production in 2026. Typically, cropping plans that favor rotating acres from corn to soybeans in alternating years limit large shifts from one crop to another.

As producers consider crop marketing decisions in 2026, industry research suggests producers are optimistic despite increased costs. The Purdue University Farm Barometer indicated in March 2026 that a growing number of producers rank high input costs as their biggest concern. Also of note, only 31% of respondents expect good times for crop producers in the next few years relative to 63% of respondents anticipating good times for livestock producers.

The USDA forecast shows lower input costs for livestock production with feed purchases costing \$65.6 billion nationally for 2026, down nearly \$5.0 billion year-over-year. The decrease in feed cost results in the lowest nominal expenditures on feed since 2021. The USDA has indicated the U.S. cattle herd continues to shrink, down to 86.2 million head, a 1.0% decrease year-over-year. Robust demand for beef and limited supply has resulted in record high prices in early 2026. Feeder cattle, fed calves, and retail prices are all at or near record highs. Pork prices are expected to increase slightly in 2026 by just more than 1.0%. U.S. exports of pork have grown relative to 2025, particularly in exports to Mexico. Milk prices also appear likely to be more volatile in 2026 relative to 2025.

In February 2026, the USDA forecast showed agricultural exports for the 2026 fiscal year would be \$174.0 billion, a decline relative to the 2025 fiscal year. The USDA also lowered its forecast for agricultural imports to \$203.0 billion, leaving the expectation for a narrower agricultural trade deficit of \$29.0 billion in 2026 relative to a \$43.7 billion deficit in fiscal year 2025. Trade in agricultural goods remains uncertain given global conflict in the Middle East and ongoing negotiations regarding broader international trade, tariffs, and trade deficits.

Uncertainty regarding the timeline of the Farm Bill continues. Pressure on passing a new Farm Bill was eased with the passing of the One Big Beautiful Bill Act in July 2025, which included \$65.6 billion investments in agriculture, including enhanced safety nets and revisions to crop insurance programs and target prices. The remaining revisions to policy include addressing conservation, enforcement of the Federal Insecticide, Fungicide, and Rodenticide Act, crop insurance programs, and supplemental nutritional assistance.

The overall demand for food and fuel products is influenced by a broader economy characterized by expectations of moderate gross domestic product (GDP) growth with increases in business investment in artificial intelligence, a contributor to growth, but more downside uncertainty is expected in the second half of 2026. The first quarter of 2026 GDP growth likely rebounded from a weak fourth quarter of 2025. The Federal Reserve has noted a heightened concern regarding a rise in inflation. In the near term, the Federal Open Market Committee has indicated that interest rates could remain steady or rise further if inflation remains stubborn. Looking through year end, however, the Committee continues to project policy rates ending the year below current levels, reflecting uncertainty around the timing, sequencing, and durability of future rate cuts.

In 2025, Illinois corn production set a yield per acre record of 214 bushels per acre. A particularly dry summer resulted in lower yields relative to 2024 but still near the trendline average. Soybean yields also were good but not record setting at 62.5 bushels per acre, down 1.5 bushels per acre than in 2024. University of Illinois crop budgets anticipate largely steady budgets for corn and soybean production in 2026. Price movements have favored profitability of soybean acres relative to corn acres. Government support in the form of Bridge Assistance Payments in the spring and robust crop insurance payouts anticipated in the fall should improve profitability and working capital. Prudent farmers should be well positioned with strong working capital and manageable interest costs, although some deterioration of liquidity and cash flow is expected.

LOAN PORTFOLIO

Loan Portfolio

Total loans were \$6.7 billion at March 31, 2026, an increase of \$46.6 million from December 31, 2025, driven by increases in the real estate mortgage and agribusiness portfolios offset by paydowns in the production and intermediate-term portfolio.

Portfolio Credit Quality

The credit quality of our portfolio declined slightly from December 31, 2025. Adversely classified loans increased to 3.2% of the portfolio at March 31, 2026, from 2.9% of the portfolio at December 31, 2025. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At March 31, 2026, \$558.9 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands)	March 31, 2026	December 31, 2025
As of:		
Nonaccrual loans	\$ 28,555	\$ 25,241
Accruing loans 90 days or more past due	24,668	2,479
Total nonperforming loans	53,223	27,720
Other property owned	226	226
Total nonperforming assets	\$ 53,449	\$ 27,946
Total nonperforming loans as a percentage of total loans	0.8%	0.4%
Nonaccrual loans as a percentage of total loans	0.4%	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	88.2%	94.1%
Total delinquencies as a percentage of total loans ¹	1.3%	0.6%

¹Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Total nonperforming assets have increased from December 31, 2025, but remained at acceptable levels. Despite the increase in nonperforming assets, total nonperforming loans as a percentage of total loans were within our established risk management guidelines.

The increase in nonaccrual loans was primarily due to two capital markets agribusiness loans that transferred to nonaccrual status during 2026. Nonaccrual loans remained at an acceptable level at March 31, 2026, and December 31, 2025.

The increase in accruing loans 90 days or more past due was primarily due to a number of loans with government guarantees becoming more than 90 days past due during the first quarter of 2026. The increase in accruing loans 90 days or more past due is the primary driver in the increase in total delinquencies as a percentage of total loans. Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates expected probabilities of default and loss given default based on historical portfolio performance, forecasted economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions.

Allowance for Credit Losses on Loans and Coverage Ratios			
(dollars in thousands)			
As of:	March 31,	December 31,	
	2026	2025	
Allowance for credit losses on loans	\$ 25,170	\$ 22,442	
Allowance for credit losses on loans as a percentage of:			
Loans	0.4%	0.3%	
Nonaccrual loans	88.1%	88.9%	
Total nonperforming loans	47.3%	81.0%	

The increase in allowance for credit losses on loans from December 31, 2025, was related to specific reserves on capital markets loans that transferred to nonaccrual status during 2026, as well as qualitative reserves added during the quarter due to the uncertainty in the current macroeconomic environment.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)			
For the three months ended March 31,	2026	2025	
Net income	\$ 31,961	\$ 27,325	
Return on average assets	1.7%	1.6%	
Return on average members' equity	9.2%	8.4%	

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands)			
For the three months ended March 31,	2026	2025	Increase (decrease) in net income
Net interest income	\$ 41,252	\$ 39,230	\$ 2,022
Provision for credit losses	2,664	2,326	(338)
Non-interest income	18,366	14,402	3,964
Non-interest expense	24,993	23,981	(1,012)
Net income	\$ 31,961	\$ 27,325	\$ 4,636

Non-Interest Income

The change in non-interest income was primarily due to other non-interest income and patronage income.

Other Non-Interest Income: The increase in other non-interest income was primarily due to our share of the Allocated Insurance Reserve Accounts (AIRA) distribution received from the Farm Credit System Insurance Corporation (FCSIC) of \$2.7 million in 2026, compared to \$1.0 million in 2025. The AIRA was established by FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required 2% of Systemwide insured debt. Refer to the 2025 Annual Report for additional information about the FCSIC.

Patronage Income: We may receive patronage from AgriBank and other Farm Credit institutions. Patronage distributions from AgriBank and other Farm Credit institutions are declared solely at the discretion of each institution's Board of Directors. AgriBank may distribute patronage in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash.

Patronage Income

(in thousands)

For the three months ended March 31,	2026	2025
Patronage from AgriBank	\$ 9,391	\$ 8,405
AgDirect partnership distribution	744	790
Other patronage	--	116
Total patronage income	<u>\$ 10,135</u>	<u>\$ 9,311</u>

Patronage from AgriBank primarily includes wholesale patronage and asset pool program patronage.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on July 31, 2028. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. We also fund our portfolio from equity.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at March 31, 2026, or December 31, 2025.

Total members' equity increased \$32.1 million from December 31, 2025, primarily due to net income for the period.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 7 in our 2025 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	March 31, 2026	December 31, 2025	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	15.1%	15.4%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.1%	15.4%	6.0%	2.5%	8.5%
Total capital ratio	15.4%	15.8%	8.0%	2.5%	10.5%
Permanent capital ratio	15.1%	15.5%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	14.9%	15.2%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	14.8%	15.1%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 11 in our 2025 Annual Report.

CERTIFICATION

The undersigned have reviewed the March 31, 2026, Quarterly Report of Farm Credit Illinois, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Adam Brown
Chairperson of the Board
Farm Credit Illinois, ACA



Kelly D. Hunt
President and Chief Executive Officer
Farm Credit Illinois, ACA



Abby Wegner
Senior Vice President and Chief Financial Officer
Farm Credit Illinois, ACA

May 6, 2026

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA
(in thousands)

As of:	March 31, 2026	December 31, 2025
	<i>(Unaudited)</i>	
ASSETS		
Loans	\$ 6,689,855	\$ 6,643,252
Allowance for credit losses on loans	25,170	22,442
Net loans	6,664,685	6,620,810
Investment in AgriBank, FCB	304,956	302,308
Investment securities	395,916	384,898
Accrued interest receivable	97,205	114,315
Other assets	130,854	147,389
Total assets	\$ 7,593,616	\$ 7,569,720
LIABILITIES		
Note payable to AgriBank, FCB	\$ 6,093,816	\$ 6,090,512
Accrued interest payable	54,749	56,085
Patronage distribution payable	31,012	34,675
Other liabilities	14,415	20,876
Total liabilities	6,193,992	6,202,148
Contingencies and commitments (Note 4)		
MEMBERS' EQUITY		
Capital stock and participation certificates	8,649	8,605
Unallocated retained earnings	1,392,134	1,360,173
Accumulated other comprehensive loss	(1,159)	(1,206)
Total members' equity	1,399,624	1,367,572
Total liabilities and members' equity	\$ 7,593,616	\$ 7,569,720

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Illinois, ACA

(in thousands)

(Unaudited)

<i>For the periods ended March 31,</i>	<i>Three Months Ended</i>	
	2026	2025
Interest income	\$ 96,001	\$ 91,509
Interest expense	54,749	52,279
Net interest income	41,252	39,230
Provision for credit losses	2,664	2,326
Net interest income after provision for credit losses	38,588	36,904
Non-interest income		
Patronage income	10,135	9,311
Financially related services income	2,984	2,168
Fee income	2,151	1,721
Other non-interest income	3,096	1,202
Total non-interest income	18,366	14,402
Non-interest expense		
Salaries and employee benefits	12,982	12,509
Other operating expense	12,005	11,472
Other non-interest expense	6	--
Total non-interest expense	24,993	23,981
Income before income taxes	31,961	27,325
Provision for (benefit from) income taxes	--	--
Net income	\$ 31,961	\$ 27,325
Other comprehensive income		
Employee benefit plans activity	\$ 47	\$ 48
Total other comprehensive income	47	48
Comprehensive income	\$ 32,008	\$ 27,373

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Illinois, ACA

(in thousands)

(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2024	\$ 8,364	\$ 1,280,245	\$ (1,301)	\$ 1,287,308
Net income	--	27,325	--	27,325
Other comprehensive income	--	--	48	48
Capital stock and participation certificates issued	195	--	--	195
Capital stock and participation certificates retired	(141)	--	--	(141)
Balance at March 31, 2025	\$ 8,418	\$ 1,307,570	\$ (1,253)	\$ 1,314,735
Balance at December 31, 2025	\$ 8,605	\$ 1,360,173	\$ (1,206)	\$ 1,367,572
Net income	--	31,961	--	31,961
Other comprehensive income	--	--	47	47
Capital stock and participation certificates issued	236	--	--	236
Capital stock and participation certificates retired	(192)	--	--	(192)
Balance at March 31, 2026	\$ 8,649	\$ 1,392,134	\$ (1,159)	\$ 1,399,624

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2026, are not necessarily indicative of the results to be expected for the year ending December 31, 2026. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2025 (2025 Annual Report).

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Illinois, ACA and its subsidiaries Farm Credit Illinois, FLCA and Farm Credit Illinois, PCA. All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System (System). Therefore, we typically adopt accounting pronouncements in alignment with other System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In September 2025, the FASB issued Accounting Standards Update (ASU) 2025-06 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software." This guidance is effective for all entities for annual and interim periods beginning after December 15, 2027. Early adoption is permitted.	The standard includes 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 development costs, and (4) modifies the disclosure requirements for capitalized software costs.	We expect to adopt the standard as of January 1, 2028. The adoption of this guidance is not expected to have a material impact on our financial statements or disclosures.
In November 2025, the FASB issued ASU 2025-08, "Financial Instruments – Credit Losses (Topic 326) – Purchased Loans". This guidance is effective for annual and interim periods beginning after December 15, 2026. Early adoption is permitted.	The standard simplifies accounting for purchased loans by expanding the "gross-up" method to "purchased seasoned loans". This eliminates Day 1 credit loss expense for most acquired loans, improves comparability, and reduces earnings volatility.	We expect to adopt the standard as of January 1, 2027. We are currently assessing the impact of this standard on our financial statements and disclosures.
In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements". This guidance is effective for annual and interim periods beginning after December 15, 2028. Early adoption is permitted.	The standard provides narrow-scope improvements to interim reporting guidance (Topic 270) to enhance clarity, navigability, and completeness of interim financial statements and disclosures, without fundamentally changing reporting requirements.	We expect to adopt the standard as of January 1, 2029. We are currently assessing the impact of this standard on our financial statements and disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:	March 31, 2026		December 31, 2025	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	\$ 3,592,112	53.7%	\$ 3,516,846	52.9%
Production and intermediate-term	930,796	13.9%	1,015,910	15.3%
Agribusiness	1,414,091	21.1%	1,374,256	20.7%
Other	752,856	11.3%	736,240	11.1%
Total	\$ 6,689,855	100.0%	\$ 6,643,252	100.0%

The other category is composed of rural infrastructure and agricultural export finance related loans and certain assets characterized as mission related investments.

Accrued interest receivable on loans is excluded from the amortized cost of loans. At March 31, 2026, and December 31, 2025, accrued interest receivable on loans totaled \$95.2 million and \$112.2 million, respectively, and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
As of March 31, 2026						
Real estate mortgage	\$ 16,954	\$ 6,952	\$ 23,906	\$ 3,568,206	\$ 3,592,112	\$ 6,459
Production and intermediate-term	20,915	5,923	26,838	903,958	930,796	5,236
Agribusiness	2,958	1,544	4,502	1,409,589	1,414,091	--
Other	16,466	12,973	29,439	723,417	752,856	12,973
Total	\$ 57,293	\$ 27,392	\$ 84,685	\$ 6,605,170	\$ 6,689,855	\$ 24,668
As of December 31, 2025						
Real estate mortgage	\$ 12,812	\$ --	\$ 12,812	\$ 3,504,034	\$ 3,516,846	\$ --
Production and intermediate-term	8,159	383	8,542	1,007,368	1,015,910	--
Agribusiness	100	7	107	1,374,149	1,374,256	--
Other	14,725	2,479	17,204	719,036	736,240	2,479
Total	\$ 35,796	\$ 2,869	\$ 38,665	\$ 6,604,587	\$ 6,643,252	\$ 2,479

Nonaccrual Loans

Nonaccrual Loans Information

(in thousands)	As of March 31, 2026	
	Amortized Cost	Without Allowance
Nonaccrual loans:		
Real estate mortgage	\$ 2,354	\$ 1,019
Production and intermediate-term	1,451	743
Agribusiness	22,135	2,262
Other	2,615	173
Total	\$ 28,555	\$ 4,197
	As of December 31, 2025	
	Amortized Cost	Without Allowance
Nonaccrual loans:		
Real estate mortgage	\$ 2,077	\$ 742
Production and intermediate-term	1,662	462
Agribusiness	18,705	2,308
Other	2,797	376
Total	\$ 25,241	\$ 3,888

Interest income recognized (reversed) on nonaccrual loans were not material for the three months ended March 31, 2026, or 2025. At the time the loans were transferred to nonaccrual status, write-offs of accrued interest receivable, as a reversal of interest income were not material for the three months ended March 31, 2026, or 2025.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications; some of which are granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant term extension, or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months. Loans that both modify and are paid off or charged-off during the period, resulting in an amortized cost balance of zero at the end of the period, are not included in the modification disclosures.

Loan Modifications at Amortized Cost

(dollars in thousands)	Interest		Term	Payment	Combination -		Percentage
	Rate	Reduction			Interest Rate	Term Extension	
For the three months ended March 31, 2026					Reduction and	Deferral	Loans
					Term Extension	Total	
Real estate mortgage	\$ 216	\$ --	\$ --	\$ --	\$ --	\$ 216	0.00%
Production and intermediate-term	256	--	--	--	--	5,986	0.09%
Agribusiness	--	7	1,750	873	--	2,630	0.05%
Total	\$ 472	\$ 7	\$ 1,750	\$ 873	\$ 5,986	\$ 9,088	0.14%

Loan modifications granted as a percentage of total loans

0.01% 0.00% 0.03% 0.01% 0.09% 0.14%

For the three months ended March 31, 2025	Interest		Term	Payment	Combination -		Percentage
	Rate	Reduction			Interest Rate	Term Extension	
					Reduction and	Total	Loans
					Term Extension		
Real estate mortgage	\$ 1,260	\$ --	\$ --	\$ --	\$ --	\$ 1,260	0.02%
Production and intermediate-term	10	--	--	--	--	7,860	0.13%
Agribusiness	--	255	--	--	--	255	0.00%
Total	\$ 1,270	\$ 255	\$ --	\$ --	\$ 7,860	\$ 9,385	0.15%

Loan modifications granted as a percentage of total loans

0.02% 0.00% -- -- 0.13% 0.15%

Financial Effect of Loan Modifications

For the three months ended March 31, 2026	Weighted	Weighted	Weighted	Principal
	Average Interest	Average Term	Average Payment	Forgiveness
	Rate Reduction (%)	Extension (months)	Deferral (months)	(\$ in thousands)
Real estate mortgage				
Interest rate reduction	0.3%			
Production and intermediate-term				
Interest rate reduction	0.9%			
Combination - term extension and payment deferral		14	14	
Agribusiness				
Term extension		14		
Payment deferral			12	
Combination - interest rate reduction and term extension	3.3%	51		

For the three months ended March 31, 2025	Weighted	Weighted	Weighted	Principal
	Average Interest	Average Term	Average Payment	Forgiveness
	Rate Reduction (%)	Extension (months)	Deferral (months)	(\$ in thousands)
Real estate mortgage				
Interest rate reduction	0.3%			
Production and intermediate-term				
Interest rate reduction	0.6%			
Combination - term extension and payment deferral		13	13	
Agribusiness				
Term extension		9		

We had loans to borrowers experiencing financial difficulty with combination term extension and payment deferral in the production and intermediate-term loan category of \$194 thousand that defaulted during the three months ended March 31, 2026, in which the modifications were within twelve months preceding the default. There were no loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2025, in which the modifications were within twelve months preceding the default.

The following table presents the payment status at amortized cost of loans that have been modified for borrowers experiencing financial difficulty within twelve months of the respective reporting period.

Payment Status of Loan Modifications

(in thousands)	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
As of March 31, 2026			
Real estate mortgage	\$ 3,336	\$ --	\$ 3,336
Production and intermediate-term	10,581	--	10,581
Agribusiness	19,718	--	19,718
Other	2,952	--	2,952
Total	<u>\$ 36,587</u>	<u>\$ --</u>	<u>\$ 36,587</u>
As of March 31, 2025			
Real estate mortgage	\$ 1,260	\$ --	\$ 1,260
Production and intermediate-term	14,227	97	14,324
Agribusiness	9,273	255	9,528
Total	<u>\$ 24,760</u>	<u>\$ 352</u>	<u>\$ 25,112</u>

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at March 31, 2026, or 2025.

Additional commitments were \$3.1 million at March 31, 2026, and \$7.6 million at December 31, 2025, to lend to borrowers experiencing financial difficulty whose loans were modified during the three months ended March 31, 2026, and during the year ended December 31, 2025, respectively.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type, which is used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of United States (U.S.) net farm income, U.S. real gross domestic product, and the U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands)	2026	2025
Three months ended March 31,		
Allowance for Credit Losses on Loans		
Balance at beginning of period	\$ 22,442	\$ 12,554
Provision for credit losses on loans	2,530	1,838
Loan recoveries	205	127
Loan charge-offs	(7)	(1,108)
Balance at end of period	<u>\$ 25,170</u>	<u>\$ 13,411</u>
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	\$ 2,382	\$ 1,983
Provision for credit losses on unfunded commitments	134	488
Balance at end of period	<u>\$ 2,516</u>	<u>\$ 2,471</u>
Total allowance for credit losses	<u>\$ 27,686</u>	<u>\$ 15,882</u>

The change in the allowance for credit losses on loans from December 31, 2025, was primarily driven by specific reserves on capital markets loans that transferred to nonaccrual status during 2026, as well as qualitative reserves added during the quarter due to the uncertainty in the current macroeconomic environment.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of \$395.9 million at March 31, 2026, and \$384.9 million at December 31, 2025. Our investment securities consisted of:

- Mortgage-backed securities (MBS) issued by the Federal Agricultural Mortgage Corporation (Farmer Mac)
- Asset-backed securities (ABS) guaranteed by the Small Business Administration (SBA)

All of our investment securities were fully guaranteed by Farmer Mac or the SBA at March 31, 2026, and December 31, 2025. Premiums paid to purchase investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity and are evaluated for an allowance for credit losses. For securities that are guaranteed by the U.S. government or other governmental agencies, we have not recognized an allowance for credit losses on investment securities at March 31, 2026, or December 31, 2025, as our expectation of nonpayment of the amortized cost basis, based on historical losses, is zero.

Additional Investment Securities Information at Amortized Cost

(in thousands)	March 31,	December 31,
As of:	2026	2025
MBS	\$ 37,410	\$ 29,261
ABS	358,506	355,637
Total	<u>\$ 395,916</u>	<u>\$ 384,898</u>

Accrued interest receivable on investment securities is presented in "Accrued interest receivable" in the Consolidated Statements of Condition and was \$2.0 million at March 31, 2026, and \$2.1 million at December 31, 2025.

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled \$4.2 million and \$4.9 million for the three months ended March 31, 2026, and 2025, respectively.

Contractual Maturities of Investment Securities

(in thousands)	As of March 31, 2026	Amortized Cost
One to five years	\$ 9,575	
Five to ten years		160,829
More than ten years		225,512
Total	<u>\$ 9,575</u>	<u>395,916</u>

Actual maturity of the investment securities may be less than contractual maturity due to prepayments.

NOTE 4: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

Refer to Note 11 in our 2025 Annual Report for additional detail regarding contingencies and commitments.

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2025 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2026, or December 31, 2025.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of March 31, 2026	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 9,671	\$ 9,671
Other property owned	--	--	235	235

As of December 31, 2025	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 8,571	\$ 8,571
Other property owned	--	--	235	235

Valuation Techniques

Loans: Represents the carrying amount of loans evaluated individually for credit losses and deemed to be collateral dependent. The carrying value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

Other Property Owned: Represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 6, 2026, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.