Farm Credit Illinois, ACA

Quarterly Report
March 31, 2025

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, 2024 (2024 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 2024 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 2025 planting decisions, and the possibility of patchy drought across the territory, the U.S. Department of Agriculture (USDA) is forecasting more acres of planted corn year-over-year, and crop input costs continue to decline slightly from 2024. Considering these conditions, the USDA's Economic Research Service expects national net farm income of $180.1 billion in 2025, up $40.1 billion relative to 2024.

Generally, much of Illinois soil enters the planting season in a favorable position with USDA National Agricultural Statistic Service indicating topsoil moisture supply was rated 1% very short, 11% short, 54% adequate, and 34% surplus.

The USDA March prospective plantings report estimates that producers will plant 95.3 million acres of corn, up 5%, or 4.73 million acres year-over-year. Conversely, producers in the survey indicated a willingness to decrease acres planted to soybeans to 83.5 million acres, down 4% from last year. While these are initial estimates and are likely to change when planting begins, market prices favor the shift to corn from soybean production in 2025. Typically, cropping plans that favor rotating acres from corn to soybeans in alternating years limits larger shifts from one crop to another.

As producers consider crop marketing decisions in 2025, some have concerns about the effect of tariffs on the farm economy though remain optimistic that government assistance would provide some relief. The Purdue University Farm Barometer indicated in March that the share of producers who expect farm exports to decline over the next five years is similar to the share of producers who expect exports to grow. Regardless, more than 60% of respondents to the same survey expected that farmers will receive compensation similar to 2019's Market Facilitation Program in the event a trade war results in lower prices. Prudent farmers should be well positioned with strong working capital and manageable interest costs, although some deterioration of liquidity and cash flow is expected.

In 2024, Illinois corn production set a yield per acre record of 217 bushels per acre. A particularly dry June 2024 raised concerns for lower yields, yet timely rains in July 2024 resulted in an abundant crop. Soybean yields also were at record levels, tying the 64 bushels per acre average achieved in 2021. University of Illinois crop budgets anticipate largely steady budgets for corn and soybean production in 2025. Price movements have favored profitability of corn acres relative to soybean acres.

The outcomes and outlook for livestock sectors remain more varied relative to the primary crops grown in southern Illinois. The USDA forecasts lower input costs for livestock production with feed purchases costing $69.4 billion nationally for 2025. The decrease in feed cost results in the lowest real expenditures on feed since 2007. The USDA has indicated the United States cattle herd continues to shrink to 86.7 million head, down 1% year-over-year. Robust demand for beef and limited supply has resulted in record prices all along the beef supply chain. Feeder cattle, fed calves, and retail prices are all at or near record highs. Pork prices are more likely to decline slightly or hold steady than increase. Global pork demand will be more uncertain relative to the recent past due to economic and political concerns in 2025. Milk prices are also likely to decline slightly in 2025 relative to 2024.

In February 2025, the USDA forecasted that agricultural exports for the 2025 fiscal year would be $170.5 billion. That represents a decline relative to the 2024 fiscal year and would contribute to a widening trade deficit in agricultural goods. It raised the forecast for agricultural imports to $219.5 billion leaving the expectation for the largest agricultural trade deficit ever of $49 billion. Trade in agricultural goods remains particularly uncertain given the ongoing negotiations regarding broader international trade, tariffs, and trade deficits.

Uncertainty regarding the timeline of the Farm Bill continues. A full legislative agenda focused on the debt ceiling and making tax cuts permanent could push the Farm Bill to a historic fourth extension in September. Given Republican control of both the House and Senate, there could be more overlap in priorities of the respective agricultural committees. Agricultural committee leaders indicate that nutrition titles and crop insurance programs continue to garner the strongest bipartisan support.

The overall demand for food and fuel products is influenced by a broader economy characterized by heightened policy and trade uncertainty, expectations of slower GDP growth, and an increased risk of recession. The first quarter of 2025 recorded a slow down in GDP growth but a resilient job market. The Federal Reserve has noted a heightened concern regarding a rise in inflation and a simultaneous decline in GDP growth. At its March 2025 meeting, the Federal Reserve indicated that interest rates are likely to decline in 2025 and that the potential for stagflation will pose difficult tradeoffs. The Federal Open Market Committee collectively anticipates 50 basis points of interest rate cuts in 2025.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $6.1 billion at March 31, 2025, an increase of $10.5 million from December 31, 2024.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024. Adversely classified loans increased to 3.1% of the portfolio at March 31, 2025, from 2.7% of the portfolio at December 31, 2024. The slight decline in credit quality was due to reductions in member working capital and tighter income margins in 2024. 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, 2025, $440.9 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	**March 31, 2025**	December 31, 2024
Loans:		
Nonaccrual	**$ 25,050**	$ 27,528
Accruing loans 90 days or more past due	**2,451**	1,754
Total nonperforming loans	**27,501**	29,282
Other property owned	**938**	1,314
Total nonperforming assets	**$ 28,439**	$ 30,596
Total nonperforming loans as a percentage of total loans	**0.4%**	0.5%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.5%
Current nonaccrual loans as a percentage of total nonaccrual loans	**60.0%**	62.6%
Total delinquencies as a percentage of total loans[1]	**0.7%**	0.4%

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

Our nonperforming assets have decreased from December 31, 2024, and remained at acceptable levels. Total nonperforming loans as a percentage of total loans were well within our established risk management guidelines.

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, forecasts of future 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, 2025**	December 31, 2024
Allowance for credit losses on loans	**$ 13,411**	$ 12,554
Allowance for credit losses on loans as a percentage of:		
Loans	**0.2%**	0.2%
Nonaccrual loans	**53.5%**	45.6%
Total nonperforming loans	**48.8%**	42.9%

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	**2025**	2024
Net income	**$ 27,325**	$ 27,200
Return on average assets	**1.6%**	1.6%
Return on average members' equity	**8.4%**	8.8%

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,	**2025**	2024	**Increase (decrease) in net income**
Net interest income	**$ 39,230**	$ 41,779	**$ (2,549)**
Provision for credit losses	**2,326**	2,304	**(22)**
Non-interest income	**14,402**	10,561	**3,841**
Non-interest expense	**23,981**	22,836	**(1,145)**
Net income	**$ 27,325**	$ 27,200	**$ 125**

Non-Interest Income

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

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,	**2025**	2024
Patronage from AgriBank	**$ 8,405**	$ 5,714
AgDirect partnership distribution	**790**	745
Other patronage	**116**	50
Total patronage income	**$ 9,311**	$ 6,509

The increase in patronage from AgriBank was primarily due to asset pool program patronage and earnings.

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 $1.0 million during the three months ended March 31, 2025, and no distribution during the same period of 2024. The AIRA was established by FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required secured base amount of 2% of insured debt. Refer to the 2024 Annual Report for additional information about the FCSIC.

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, 2026. 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. At March 31, 2025, gross loans are funded 91% by the direct note and 9% by unallocated retained earnings.

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, 2025, or December 31, 2024.

Total members' equity increased $27.4 million from December 31, 2024, 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 2024 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**March 31, 2025**	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**15.2%**	15.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.2%**	15.8%	6.0%	2.5%	8.5%
Total capital ratio	**15.4%**	16.1%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.2%**	15.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**15.1%**	15.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.0%**	15.6%	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 2024 Annual Report.

CERTIFICATION

The undersigned have reviewed the March 31, 2025, 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.

Steve Hettinger
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 7, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA

(in thousands)

As of:		March 31, 2025		December 31, 2024
		(Unaudited)		
ASSETS				
Loans	**$**	**6,121,609**	$	6,111,119
Allowance for credit losses on loans		**13,411**		12,554
Net loans		**6,108,198**		6,098,565
Investment in AgriBank, FCB		**293,660**		293,660
Investment securities		**374,541**		376,992
Accrued interest receivable		**80,746**		96,147
Other assets		**127,118**		126,704
Total assets	**$**	**6,984,263**	$	6,992,068
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**5,568,825**	$	5,590,220
Accrued interest payable		**52,279**		53,309
Patronage distribution payable		**36,125**		39,275
Other liabilities		**12,299**		21,956
Total liabilities		**5,669,528**		5,704,760
Contingencies and commitments (Note 4)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**8,418**		8,364
Unallocated retained earnings		**1,307,570**		1,280,245
Accumulated other comprehensive loss		**(1,253)**		(1,301)
Total members' equity		**1,314,735**		1,287,308
Total liabilities and members' equity	**$**	**6,984,263**	$	6,992,068

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Illinois, ACA

(in thousands)

(Unaudited)

	Three Months Ended	
For the period ended March 31,	**2025**	2024
Interest income	**$ 91,509**	$ 95,316
Interest expense	**52,279**	53,537
Net interest income	**39,230**	41,779
Provision for credit losses	**2,326**	2,304
Net interest income after provision for credit losses	**36,904**	39,475
Non-interest income		
Patronage income	**9,311**	6,509
Financially related services income	**2,168**	2,405
Fee income	**1,721**	1,486
Other non-interest income	**1,202**	161
Total non-interest income	**14,402**	10,561
Non-interest expense		
Salaries and employee benefits	**12,509**	11,875
Other operating expense	**11,472**	10,929
Other non-interest expense	**--**	32
Total non-interest expense	**23,981**	22,836
Income before income taxes	**27,325**	27,200
Provision for (benefit from) income taxes	**--**	--
Net income	**$ 27,325**	$ 27,200
Other comprehensive income (loss)		
Employee benefit plans activity	**$ 48**	$ (26)
Total other comprehensive income (loss)	**48**	(26)
Comprehensive income	**$ 27,373**	$ 27,174

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, 2023	$ 8,089	$ 1,213,812	$ (1,149)	$ 1,220,752
Net income	--	27,200	--	27,200
Other comprehensive loss	--	--	(26)	(26)
Unallocated retained earnings designated for patronage distributions	--	(28)	--	(28)
Capital stock and participation certificates issued	188	--	--	188
Capital stock and participation certificates retired	(119)	--	--	(119)
Balance at March 31, 2024	$ 8,158	$ 1,240,984	$ (1,175)	$ 1,247,967
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**

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, 2025, are not necessarily indicative of the results to be expected for the year ending December 31, 2025. 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, 2024 (2024 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 standard 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. Therefore, we typically adopt accounting pronouncements in alignment with other System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Throughout Note 2 accrued interest receivable on loans of $78.4 million at March 31, 2025, and $93.5 million at December 31, 2024, has been excluded from the amortized cost of loans and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

Loans by Type

(dollars in thousands)

As of:	**March 31, 2025**		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 3,264,519**	**53.3%**	$ 3,265,174	53.4%
Production and intermediate-term	**776,752**	**12.7%**	877,791	14.4%
Agribusiness	**1,382,657**	**22.6%**	1,303,551	21.3%
Other	**697,681**	**11.4%**	664,603	10.9%
Total	**$ 6,121,609**	**100.0%**	$ 6,111,119	100.0%

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

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands) **As of March 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 5,285**	**$ 7,345**	**$ 12,630**	**$ 3,251,889**	**$ 3,264,519**	**$ 2,202**
Production and intermediate-term	**14,859**	**1,377**	**16,236**	**760,516**	**776,752**	**249**
Agribusiness	**3,343**	**255**	**3,598**	**1,379,059**	**1,382,657**	**--**
Other	**8,637**	**--**	**8,637**	**689,044**	**697,681**	**--**
Total	**$ 32,124**	**$ 8,977**	**$ 41,101**	**$ 6,080,508**	**$ 6,121,609**	**$ 2,451**

As of December 31, 2024	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
Real estate mortgage	$ 6,962	$ 4,902	$ 11,864	$ 3,253,310	$ 3,265,174	$ 427
Production and intermediate-term	2,468	966	3,434	874,357	877,791	--
Agribusiness	294	4,562	4,856	1,298,695	1,303,551	--
Other	1,764	1,328	3,092	661,511	664,603	1,327
Total	$ 11,488	$ 11,758	$ 23,246	$ 6,087,873	$ 6,111,119	$ 1,754

Nonaccrual Loans

Nonaccrual Loans Information

	As of March 31, 2025	
(in thousands)	Amortized Cost	Amortized Cost Without Allowance
Nonaccrual loans:		
Real estate mortgage	**$ 5,406**	**$ 5,406**
Production and intermediate-term	**1,683**	**1,431**
Agribusiness	**16,594**	**7,211**
Other	**1,367**	**164**
Total	**$ 25,050**	**$ 14,212**

	As of December 31, 2024	
	Amortized Cost	Amortized Cost Without Allowance
Nonaccrual loans:		
Real estate mortgage	$ 4,956	$ 4,313
Production and intermediate-term	1,366	1,269
Agribusiness	19,860	9,043
Other	1,346	179
Total	$ 27,528	$ 14,804

Interest income recognized (reversed) on nonaccrual loans were not material for the three months ended March 31, 2025, or 2024. Reversals of interest income on loans that transferred to nonaccrual status were not material for the three months ended March 31, 2025, or 2024**.**

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 disclosures below.

Loan Modifications at Amortized Cost

(dollars in thousands) **For the three months ended March 31, 2025**	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	**$ 1,260**	**$ --**	**$ --**	**$ --**	**$ 1,260**	**0.021%**
Production and intermediate-term	**10**	**--**	**--**	**7,860**	**7,870**	**0.128%**
Agribusiness	**--**	**255**	**--**	**--**	**255**	**0.004%**
Total	**$ 1,270**	**$ 255**	**$ --**	**$ 7,860**	**$ 9,385**	**0.153%**
Loan modifications granted as a percentage of total loans	**0.021%**	**0.004%**	**--**	**0.128%**	**0.153%**	

For the three months ended March 31, 2024	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Production and intermediate-term	$ --	$ --	$ 456	$ 464	$ 920	0.015%
Total	$ --	$ --	$ 456	$ 464	$ 920	0.015%
Loan modifications granted as a percentage of total loans	--	--	0.007%	0.008%	0.015%	

Financial Effect of Loan Modifications

For the three months ended March 31, 2025	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ 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**		

For the three months ended March 31, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Production and intermediate-term				
Combination - interest rate reduction and term extension	2.5%	73		
Combination - term extension and payment deferral		12	12	
Agribusiness				
Principal forgiveness				5,172

There were no loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2025, or 2024, 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) **As of March 31, 2025**	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	**$ 1,260**	**$ --**	**$ --**	**$ 1,260**
Production and intermediate-term	**14,227**	**--**	**97**	**14,324**
Agribusiness	**9,273**	**--**	**255**	**9,528**
Total	**$ 24,760**	**$ --**	**$ 352**	**$ 25,112**

As of March 31, 2024	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 1,557	$ --	$ 3,733	$ 5,290
Production and intermediate-term	20,217	55	--	20,272
Total	$ 21,774	$ 55	$ 3,733	$ 25,562

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at March 31, 2025, or 2024.

There were no material commitments at March 31, 2025, to lend to borrowers experiencing financial difficulty whose loans were modified during the three months ended March 31, 2025. Additional commitments were $5.9 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the year ended December 31, 2024.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type which are the segments 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) Three months ended March 31,	**2025**	2024
Allowance for Credit Losses on Loans		
Balance at beginning of period	**$ 12,554**	$ 10,254
Provision for credit losses on loans	**1,838**	2,130
Loan recoveries	**127**	3
Loan charge-offs	**(1,108)**	(7)
Balance at end of period	**$ 13,411**	$ 12,380
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	**$ 1,983**	$ 2,127
Provision for credit losses on unfunded commitments	**488**	174
Balance at end of period	**$ 2,471**	$ 2,301
Total allowance for credit losses	**$ 15,882**	$ 14,681

The allowance for credit losses on loans did not change significantly from December 31, 2024.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $374.5 million at March 31, 2025, and $377.0 million at December 31, 2024. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at March 31, 2025, and December 31, 2024. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity. There was no allowance for credit losses on investment securities at March 31, 2025, or December 31, 2024.

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $2.3 million at March 31, 2025, and $2.6 million at December 31, 2024.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $4.9 million and $5.9 million for the three months ended March 31, 2025, and 2024, respectively.

Contractual Maturities of Investment Securities

(in thousands)

As of March 31, 2025		Amortized Cost
One to five years	$	**10,140**
Five to ten years		**176,184**
More than ten years		**188,217**
Total	**$**	**374,541**

Actual maturity of the held-to-maturity 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 2024 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 2024 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, 2025, or December 31, 2024.

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, 2025	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	**$ --**	**$ --**	**$ 7,065**	**$ 7,065**
Other property owned	**--**	**--**	**976**	**976**

As of December 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 7,309	$ 7,309
Other property owned	--	--	1,367	1,367

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 7, 2025, 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.