



Farm Credit Illinois, ACA

**Quarterly Report
September 30, 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

The August 2025 United States Department of Agriculture (USDA) World Agricultural Supply and Demand Estimates forecasted per acre corn yields to achieve a record of 188.8 bushels per acre. Corn acres planted increased by nearly 6.0 million between 2025 and 2024, driving the record forecast for total corn harvest of 16.7 billion bushels. With use forecasted at 16.0 billion bushels, this crop should continue to replenish corn stocks and prove bearish for prices. The USDA now expects the season average corn price to be \$3.90 per bushel for the 2025/2026 crop year, down \$0.40 from the previous year. For soybeans, average yields are expected to increase relative to 2024 to 53.6 bushels per acre, which would be a record. Planted acres, however, declined relative to 2024 by 6.0 million. If the USDA forecast is realized, the 2025 soybean haul would be 4.3 billion bushels, slightly smaller than last year. Soybean use is expected to exceed production by about 60.0 million bushels, leaving stocks down slightly at 290.0 million bushels. As a result, USDA's projected soybean season average price now stands at \$10.10 per bushel.

Harvest has begun in earnest in the central and southern 60 counties of Illinois. The USDA September 2025 crop report suggests that harvest in Illinois is on pace relative to the most recent five-year averages with 21.0% of corn acres and 19.0% of soybean acres harvested. As harvest has begun, farmers are gaining greater clarity regarding yields. Southern Illinois farms are likely to harvest a smaller crop this year compared to the five-year average. Record yields nationwide will pressure Illinois farmers who did not experience ideal growing conditions. As a result, there will be additional financial pressure on farm incomes exerted by lower commodity grain prices. The Kansas City Federal Reserve reports a deteriorating farm economy in 2025, especially among crop producers.

As 2025 crop outcomes become more certain, farmers can begin planning for the 2026/2027 crop. University of Illinois farm economists released initial budgets for 2025 plantings that includes another year of negative farmer returns to corn and about break even for soybean production across all regions and soil productivity types. The budgets assume non-land production costs to rise including fertilizer and seed costs. Land costs are budgeted at average cash rents and are expected to decline in 2026 relative to the past two years settling at about \$327 per acre for highly productive central Illinois farmland. Producers who use debt to finance land acquisition may realize lower land costs if interest rates continue to decline into 2026.

The continued erosion in margins and relatively higher interest rates have yet to slow a steady increase in nationwide farmland values. Across the United States, average land values increased 2.6% in 2025. However, according to Farm Credit Illinois' annual benchmark study, farmland values in the central and southern 60 counties of Illinois decreased for the first time since 2018. On average, the benchmarks were down 4.4% across the territory. Among benchmark farms, 14 of 22 farms realized a decreased value. Land values may remain in doubt given declining farm incomes and lower forecasted cash rental rates, although a decline in interest rates may provide some offset. Long-term forecasts from the USDA suggest that net farm income is likely to revert to the historical mean from the recent years of robust net farm income. Real net farm income in 2025 is expected to increase by

37.2% from 2024. This increase is largely due to economic assistance payments from the USDA and a robust livestock market. The interest rate environment has become more favorable to asset values, and the Federal Reserve is anticipated to lower interest rates through the remainder of 2025.

The prices received throughout the beef cattle sector remain elevated relative to historical averages. Illinois cow-calf operations can expect to realize feeder cattle prices that are higher than one year ago. Feeder cattle futures have continued to increase and as of October 2025, are hovering near all-time highs of over \$375 per hundredweight. The national beef inventory downward trend may be in early stages of stabilizing. Despite the decline in production, higher retail prices for beef have not dampened demand. Generally, all livestock sectors are enjoying a period of relative profitability. Hog and dairy prices have rebounded from historic lows. Agriculture economists anticipate pork producers earning positive returns to production in 2025. Prices received by milk producers have steadily decreased in 2025, though that is partially offset by lower costs for corn and soybeans. Many dairy producers are taking advantage of an opportunity to sell into the beef market.

LOAN PORTFOLIO

Loan Portfolio

Total loans were \$6.3 billion at September 30, 2025, an increase of \$168.2 million from December 31, 2024. The increase was primarily due to steady loan growth in real estate mortgage and government guaranteed loans; partially offsetting this increase was asset sales to AgriBank in May 2025 related to asset pool programs.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2024. Adversely classified loans increased to 2.9% of the portfolio at September 30, 2025, from 2.7% of the portfolio at December 31, 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 September 30, 2025, \$496.5 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands)	September 30, 2025	December 31, 2024
As of:		
Loans:		
Nonaccrual	\$ 24,215	\$ 27,528
Accruing loans 90 days or more past due	2,831	1,754
Total nonperforming loans	27,046	29,282
Other property owned	938	1,314
Total nonperforming assets	\$ 27,984	\$ 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	94.1%	62.6%
Total delinquencies as a percentage of total loans ¹	0.2%	0.4%

¹Total 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.

The decrease in nonaccrual loans was primarily due to a limited number of capital markets agribusiness loans that were charged off or paid off during 2025. Nonaccrual loans remained at an acceptable level at September 30, 2025, and December 31, 2024.

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, 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)		September 30,	December 31,
As of:		2025	2024
Allowance for credit losses on loans	\$	20,756	\$ 12,554
Allowance for credit losses on loans as a percentage of:			
Loans		0.3%	0.2%
Nonaccrual loans		85.7%	45.6%
Total nonperforming loans		76.7%	42.9%

The increase in allowance for credit losses on loans from December 31, 2024, was primarily related to a limited number of capital markets loans that transferred to nonaccrual status during 2025. These loans were individually evaluated and carry asset specific reserves, substantially comprising the allowance relative to nonaccrual and nonperforming loans. Also contributing to the increase in allowance is increased pessimism incorporated into the macroeconomic forecasts utilized in our estimate. These increases to the allowance are partially offset by several agribusiness loan charge-offs in the capital markets portfolio during the year.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)		2025	2024
For the nine months ended September 30,			
Net income	\$	78,539	\$ 78,128
Return on average assets		1.5%	1.5%
Return on average members' equity		7.9%	8.2%

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)		2025	2024	(Decrease) increase in net income
For the nine months ended September 30,				
Net interest income	\$	120,333	\$ 123,312	\$ (2,979)
Provision for credit losses		13,099	9,355	(3,744)
Non-interest income		41,148	35,768	5,380
Non-interest expense		69,843	71,597	1,754
Net income	\$	78,539	\$ 78,128	\$ 411

Provision for Credit Losses

The "Provision for credit losses" in the Consolidated Statements of Comprehensive Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The current period provision for credit losses is the result of changes in the allowance for credit losses on loans and asset specific reserves on loans in nonaccrual status. The change in allowance for credit losses on accruing loans was primarily due to a more pessimistic forecast for net farm income and the overall economy that is used in the allowance model.

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 nine months ended September 30,	2025	2024
Patronage from AgriBank	\$ 22,532	\$ 18,741
AgDirect partnership distribution	2,218	2,483
Other patronage	117	50
Total patronage income	\$ 24,867	\$ 21,274

Patronage from AgriBank primarily includes wholesale patronage and asset pool program patronage. The increase in patronage income for the nine months ended September 30, 2025, compared to the same period in 2024 was primarily due to higher asset pool program patronage.

Other Non-Interest Income: The increase in other non-interest income was primarily due to income received from Financial Partners, Inc. (FPI) as a result of another Farm Credit owner terminating their relationship with FPI in 2025. The fee was returned to the three remaining FPI owners equally to offset the burden of higher technology costs incurred while FPI amends its cost structure to reflect fewer customers.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable was scheduled to mature on July 31, 2026. However, it was renewed early for \$9.0 billion with an origination date of August 1, 2025, and a maturity date of 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 September 30, 2025, or December 31, 2024.

On May 16, 2025, Moody's Ratings lowered the United States (U.S.) sovereign's long-term issuer rating to Aa1 from Aaa. The outlook on the long-term debt rating of the U.S. was revised to stable from negative. On May 19, 2025, Moody's Ratings lowered the long-term senior unsecured debt rating for the Farm Credit System to Aa1 from Aaa; the Prime-1 short-term rating was affirmed. The outlook on the long-term debt rating was revised to stable from negative. As a government-sponsored entity, the Farm Credit System benefits from the implicit government support and, therefore, the ratings are directly linked to the U.S. sovereign rating.

Moody's Ratings also affirmed AgriBank's long-term issuer rating of Aa3, and affirmed the stable long-term issuer rating outlook.

The reduction in the credit rating by Moody's Ratings for the Farm Credit System, including AgriBank, could result in higher funding costs which could impact our costs and, ultimately, retail rates. However, to date we have noticed no significant impact as a result of this rating change.

Total members' equity increased \$78.9 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:	September 30, 2025	December 31, 2024	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	15.5%	15.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.5%	15.8%	6.0%	2.5%	8.5%
Total capital ratio	15.8%	16.1%	8.0%	2.5%	10.5%
Permanent capital ratio	15.6%	15.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	15.4%	15.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.3%	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 September 30, 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

November 7, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA

(in thousands)

As of:	September 30, 2025	December 31, 2024
	<i>(Unaudited)</i>	
ASSETS		
Loans	\$ 6,279,347	\$ 6,111,119
Allowance for credit losses on loans	20,756	12,554
Net loans	6,258,591	6,098,565
Investment in AgriBank, FCB	300,240	293,660
Investment securities	373,592	376,992
Accrued interest receivable	113,614	96,147
Other assets	141,454	126,704
Total assets	\$ 7,187,491	\$ 6,992,068
LIABILITIES		
Note payable to AgriBank, FCB	\$ 5,747,516	\$ 5,590,220
Accrued interest payable	55,682	53,309
Patronage distribution payable	--	39,275
Other liabilities	18,071	21,956
Total liabilities	5,821,269	5,704,760
Contingencies and commitments (Note 4)		
MEMBERS' EQUITY		
Capital stock and participation certificates	8,516	8,364
Unallocated retained earnings	1,358,855	1,280,245
Accumulated other comprehensive loss	(1,149)	(1,301)
Total members' equity	1,366,222	1,287,308
Total liabilities and members' equity	\$ 7,187,491	\$ 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)

<i>For the period ended September 30,</i>	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	2025	2024	2025	2024
Interest income	\$ 96,952	\$ 93,968	\$ 281,795	\$ 288,648
Interest expense	55,682	55,072	161,462	165,336
Net interest income	41,270	38,896	120,333	123,312
Provision for credit losses	3,312	3,399	13,099	9,355
Net interest income after provision for credit losses	37,958	35,497	107,234	113,957
Non-interest income				
Patronage income	9,498	8,555	24,867	21,274
Financially related services income	2,166	2,571	6,486	7,374
Fee income	2,162	1,771	5,714	4,914
Other non-interest income	2,475	210	4,081	2,206
Total non-interest income	16,301	13,107	41,148	35,768
Non-interest expense				
Salaries and employee benefits	11,903	12,337	36,675	35,956
Other operating expense	11,684	11,081	32,982	32,761
Other non-interest expense	--	2,848	186	2,880
Total non-interest expense	23,587	26,266	69,843	71,597
Income before income taxes	30,672	22,338	78,539	78,128
Provision for (benefit from) income taxes	--	--	--	--
Net income	\$ 30,672	\$ 22,338	\$ 78,539	\$ 78,128
Other comprehensive income				
Employee benefit plans activity	\$ 52	\$ 46	\$ 152	\$ 67
Total other comprehensive income	52	46	152	67
Comprehensive income	\$ 30,724	\$ 22,384	\$ 78,691	\$ 78,195

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		--		78,128		--		78,128
Other comprehensive income		--		--		67		67
Unallocated retained earnings designated for patronage distributions		--		(2)		--		(2)
Capital stock and participation certificates issued		467		--		--		467
Capital stock and participation certificates retired		(297)		--		--		(297)
Balance at September 30, 2024	\$	8,259	\$	1,291,938	\$	(1,082)	\$	1,299,115
Balance at December 31, 2024	\$	8,364	\$	1,280,245	\$	(1,301)	\$	1,287,308
Net income		--		78,539		--		78,539
Other comprehensive income		--		--		152		152
Unallocated retained earnings designated for patronage distributions		--		71		--		71
Capital stock and participation certificates issued		509		--		--		509
Capital stock and participation certificates retired		(357)		--		--		(357)
Balance at September 30, 2025	\$	8,516	\$	1,358,855	\$	(1,149)	\$	1,366,222

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 nine months ended September 30, 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 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 December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance is effective for annual periods beginning after December 15, 2025. Early adoption is permitted.	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 are early adopting this standard for the year ended December 31, 2025. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.
In July 2025, the FASB issued ASU 2025-05 "Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets." This guidance is effective for all entities for annual and interim periods beginning after December 15, 2025. Early adoption is permitted.	The standard provides all entities with a practical expedient and entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and contract assets arising from transactions accounted for under Topic 606. The practical expedient allows entities to assume that current conditions as of the date of the statement of condition do not change for the remaining life of the asset. The accounting policy election allows entities to consider collection activity after the date of the statement of condition when estimating expected credit losses.	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 or disclosures.
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." This guidance is effective for all entities for annual periods beginning after December 15, 2027. Early adoption is permitted.	The standard requires several key changes: (1) eliminates the stage-based rules for capitalization, (2) replaces these rules with a principles-based framework where capitalization occurs when management has authorized and committed to funding, and it is probable that the project will be completed and the software used as intended, (3) clarifies website developments costs, and (4) modifies the disclosure requirements for capitalized software costs.	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.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of:	September 30, 2025		December 31, 2024	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	\$ 3,365,042	53.6%	\$ 3,265,174	53.4%
Production and intermediate-term	894,475	14.2%	877,791	14.4%
Agribusiness	1,328,242	21.2%	1,303,551	21.3%
Other	691,588	11.0%	664,603	10.9%
Total	\$ 6,279,347	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.

Throughout Note 2 accrued interest receivable on loans of \$111.4 million at September 30, 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.

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands)	30-89 Days Past Due		90 Days or More Past Due		Total or Less Than 30 Days Past Due		Accruing Loans 90 Days or More Past Due	
	Past Due	Past Due	Past Due	Past Due	Past Due	Past Due	Total	More Past Due
As of September 30, 2025								
Real estate mortgage	\$ 2,265	\$ 807	\$ 3,072	\$ 3,361,970	\$ 3,365,042	\$ 334		
Production and intermediate-term	1,858	558	2,416	892,059	894,475	--		
Agribusiness	--	41	41	1,328,201	1,328,242	--		
Other	7,176	2,497	9,673	681,915	691,588	2,497		
Total	\$ 11,299	\$ 3,903	\$ 15,202	\$ 6,264,145	\$ 6,279,347	\$ 2,831		
As of December 31, 2024								
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

(in thousands)	As of September 30, 2025	
	Amortized Cost	Without Allowance
Nonaccrual loans:		
Real estate mortgage	\$ 5,368	\$ 5,368
Production and intermediate-term	2,758	1,243
Agribusiness	12,770	3,992
Other	3,319	179
Total	\$ 24,215	\$ 10,782

	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	<u>\$ 27,528</u>	<u>\$ 14,804</u>

Interest income recognized (reversed) on nonaccrual loans were not material for the nine months ended September 30, 2025, or 2024. At the time the loans were transferred to nonaccrual status, accrued interest receivable was written off through a reversal of interest income. Interest income reversals were not material for the nine months ended September 30, 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 modification disclosures.

Loan Modifications at Amortized Cost

(dollars in thousands)	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
For the nine months ended September 30, 2025						
Real estate mortgage	\$ 4,212	\$ --	\$ --	\$ --	\$ 4,212	0.1%
Production and intermediate-term	357	--	--	11,901	12,258	0.2%
Agribusiness	--	--	--	14,851	14,851	0.2%
Total	<u>\$ 4,569</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,752</u>	<u>\$ 31,321</u>	<u>0.5%</u>

Loan modifications granted as a percentage of total loans

0.1% -- 0.4% 0.5%

	Interest Rate Reduction	Term Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
For the nine months ended September 30, 2024						
Production and intermediate-term	\$ 3,055	\$ --	\$ 558	\$ 3,563	\$ 7,176	0.1%
Agribusiness	--	9,470	--	--	9,470	0.2%
Total	<u>\$ 3,055</u>	<u>\$ 9,470</u>	<u>\$ 558</u>	<u>\$ 3,563</u>	<u>\$ 16,646</u>	<u>0.3%</u>

Loan modifications granted as a percentage of total loans

0.0% 0.2% 0.0% 0.1% 0.3%

Financial Effect of Loan Modifications

	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness (\$ in thousands)
For the nine months ended September 30, 2025				
Real estate mortgage				
Interest rate reduction	0.5%			
Production and intermediate-term				
Interest rate reduction	0.4%			
Combination - term extension and payment deferral		11	11	
Agribusiness				
Combination - term extension and payment deferral		12	12	

For the nine months ended September 30, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness (\$ in thousands)
Production and intermediate-term				
Interest rate reduction	0.3%			
Combination - interest rate reduction and term extension	1.6%	47		
Combination - term extension and payment deferral		10	10	
Agribusiness				
Term extension		40		
Principal forgiveness				7,132

There were no loans to borrowers experiencing financial difficulty that defaulted during the nine months ended September 30, 2025, in which the modifications were within twelve months preceding the default. We had loans to borrowers experiencing financial difficulty with payment deferral in the real estate mortgage loan category of \$825 thousand that defaulted during the nine months ended September 30, 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)	Not Past Due or Less Than 30 Days Past Due	90 Days or More Past Due	Total
As of September 30, 2025			
Real estate mortgage	\$ 4,212	\$ --	\$ 4,212
Production and intermediate-term	12,258	--	12,258
Agribusiness	14,851	--	14,851
Total	\$ 31,321	\$ --	\$ 31,321
As of September 30, 2024			
Real estate mortgage	\$ --	\$ 4,476	\$ 4,476
Production and intermediate-term	11,786	97	11,883
Agribusiness	9,470	--	9,470
Total	\$ 21,256	\$ 4,573	\$ 25,829

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at September 30, 2025, or 2024.

Additional commitments were \$9.1 million at September 30, 2025, and \$5.9 million at December 31, 2024, to lend to borrowers experiencing financial difficulty whose loans were modified during the nine months ended September 30, 2025, and during the year ended December 31, 2024, respectively.

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)

Nine months ended September 30,	2025	2024
Allowance for Credit Losses on Loans		
Balance at beginning of period	\$ 12,554	\$ 10,254
Provision for credit losses on loans	11,934	9,221
Loan recoveries	268	3
Loan charge-offs	(4,000)	(3,857)
Balance at end of period	\$ 20,756	\$ 15,621
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	\$ 1,983	\$ 2,127
Provision for credit losses on unfunded commitments	1,165	134
Balance at end of period	\$ 3,148	\$ 2,261
Total allowance for credit losses	\$ 23,904	\$ 17,882

The change in the allowance for credit losses on loans from December 31, 2024, was primarily driven by a limited number of capital markets loans that transferred to nonaccrual status during 2025. These loans were individually evaluated and carry asset specific reserves. Also contributing to the increase in allowance is increased pessimism incorporated into the macroeconomic forecasts utilized in our estimate. These increases to the allowance are partially offset by several agribusiness loan charge-offs in the capital markets portfolio during the year.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of \$373.6 million at September 30, 2025, and \$377.0 million at December 31, 2024. Our investment securities consisted of pools of loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at September 30, 2025, and December 31, 2024. 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. There was no allowance for credit losses on investment securities at September 30, 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 \$2.2 million at September 30, 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 \$14.4 million and \$18.1 million for the nine months ended September 30, 2025, and 2024, respectively.

Contractual Maturities of Investment Securities

(in thousands)

As of September 30, 2025	Amortized Cost
One to five years	\$ 9,734
Five to ten years	171,831
More than ten years	192,027
Total	\$ 373,592

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 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 September 30, 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 September 30, 2025	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 4,579	\$ 4,579
Other property owned	--	--	976	976

As of December 31, 2024	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
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 November 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.