

American State Bank & Trust

Trust Department Quarterly Update

April 2026



Stock Markets

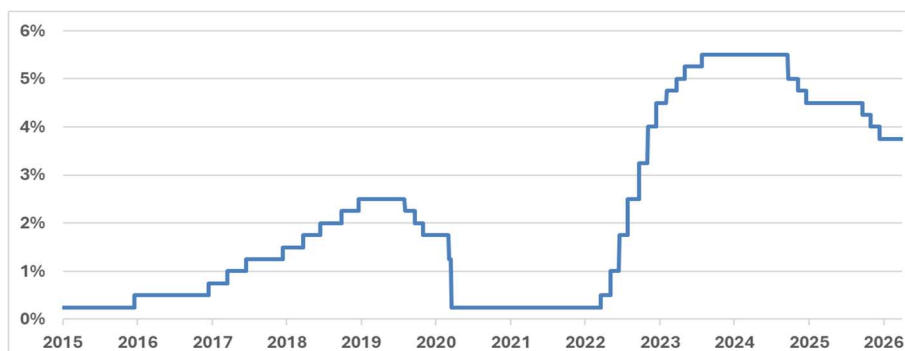
After a strong 2025 continued into the first two months of 2026, U.S. stock markets were down in the month of March due to the conflict in Iran. As things improve in the Middle East, we should see a turnaround in the stock markets. Oil prices rapidly increased in March with Western Texas Intermediate (WTI) going from approximately \$60 to \$100 due to a decrease in global oil supply. This increase in price led to higher costs for businesses to transport their products, which could affect future earnings for these companies, which causes a decrease in the market value of stocks. As oil prices come back down, whether they eventually come back down to around the \$60 that it was at prior to the conflict, or if it settles somewhere between there and where it is now, we will see stock markets positively react.

The S&P 500's total return was -4.3% for the first quarter of 2026, its largest decline in a calendar quarter since 2022. International stocks' total return was -0.7% during that same timespan, continuing its stretch of outperforming U.S. stocks as they also did in 2025. It had long been forecasted that international stock markets may have a period where they outperform U.S. stock markets due to stock valuations, largely due to U.S. stocks outperforming international stocks for the previous 15 years. It is recommended for investors to have a portion of their portfolio invested in international stocks to improve diversification and long-term performance. Information regarding our investment portfolios is provided on the next page, which have a portion invested in international stocks.

Bond Markets and Interest Rates

Bonds were a stabilizer in the first quarter, providing steady performance while stocks were down. Bonds had a great 2025, which is common in a decreasing interest rate environment. Bonds may continue that trend to some extent in 2026 and 2027 if we continue to see rates decrease. Even if we are no longer in a decreasing interest rate environment, bonds are a relatively safe investment providing steady income with low volatility, other than in times of rapid and large interest rate increases, which is not expected in the foreseeable future. Due to its steadiness, it is important to have a portion of a diversified investment portfolio to be invested in bonds. Our investment portfolios described on the next page have their fixed portion invested in bonds.

The Federal Reserve lowered the Fed Funds Target Range from 3.75-4.00% to 3.50-3.75% at its December meeting. Market predictions currently point to rates not fluctuating much and that it may not be until 2027 before we see another rate change, which currently is projected to be a rate decrease. If the conflict in Iran continues to affect oil supply, it will cause oil prices to remain elevated and that would cause inflation concerns to persist which could potentially lead to the next interest rate change being an increase instead of a decrease. Whether the next move is an increase or a decrease, it will likely only be a slight one. Below is a chart showing the upper limit of the Fed Funds Target Range since 2015.



Online Account Access and E-Statements

Did you know online access is available to you for your accounts in the Trust Department? The information is updated daily so there is no need to wait for your next statement to find out how your account is doing. We also recommend that you elect to receive e-statements in your online account. You will receive them much quicker compared to the mail and online access is very secure, much more so than a paper envelope. To get set up for online access, please see the brochure sent to you in July and in January. If you don't have that information, contact us and we will gladly provide you with it.

Investment Portfolios

Did you know that we provide you with the ability to invest in diversified investment portfolios that we monitor and manage based on your risk tolerance? Not only does it take the picking and choosing off your shoulders, but it is also professionally managed and designed to outperform benchmarks over the long term. Below is how our investment models have performed as of the end of March compared to the corresponding benchmark provided by Morningstar, which is a highly regarded third party company that provides investment research. Contact your account officer to begin utilizing our investment portfolios if you are not currently.

American State Bank & Trust Model Portfolios	3 Yr	5 Yr	10 Yr
Very Conservative Model (20% Equity/80% Fixed)	6.57%	2.50%	4.05%
Conservative Model (40% Equity/60% Fixed)	8.87%	4.17%	6.01%
Moderate Model (60% Equity/40% Fixed)	11.10%	5.70%	8.18%
Aggressive Model (80% Equity/20% Fixed)	13.66%	7.38%	10.22%
Very Aggressive Model (95% Equity/5% Fixed)	15.39%	8.61%	11.59%

Morningstar Target Risk Indexes	3 Yr	5 Yr	10 Yr
Morningstar Conservative Target Risk (20% Equity/80% Fixed)	5.97%	2.07%	3.65%
Morningstar Moderately Conservative Target Risk (40% Equity/60% Fixed)	8.36%	3.85%	5.76%
Morningstar Moderate Target Risk (60% Equity/40% Fixed)	10.48%	5.28%	7.49%
Morningstar Moderately Aggressive Target Risk (80% Equity/20% Fixed)	12.72%	6.82%	9.29%
Morningstar Aggressive Target Risk (95% Equity/5% Fixed)	14.41%	8.07%	10.57%

The American State Bank & Trust Investment Portfolios based on risk tolerance were established in 2014. These returns take the portfolio inception and subsequent allocation changes into consideration.

Past performance does not guarantee future results.

Returns for periods greater than one year are annualized, which means on average the portfolio had a return of the figure presented each year over that span of time.

Want To Visit?

Let us know if there is anything we can do to help you with retirement planning, contributions to retirement accounts, or estate planning. If you have any questions or would like to discuss anything regarding your account, please do not hesitate to reach out. Your account Officer's contact information is listed on your statement. We can meet with you in person, by phone or email, or we can set up virtual meetings with you.

Muni Bonds

The interest that CDs and money market products pay is great, but the income is taxable and when you file your tax return you may be surprised at how much you need to pay in. Are you interested in reducing the amount of federal income taxes that you have to pay? We are continuously looking for innovative ways to help our clients, and for many of our clients we utilize a blend of municipal bond funds, also known as munis, which provide you with a safer alternative to traditional stock and bond investments. The best part is that the income it generates is exempt from federal income tax. Muni bonds are basically loans to states, cities, counties, and other governmental entities to fund day-to-day obligations and to finance projects such as building schools, highways, or sewer systems. It involves slightly more risk than CDs with fluctuations in market value and therefore provides you with more income.

As of 3/31/2026, the 1 year CD rate is 4.00%. Below is what your net return after taxes would be for that CD. Our muni bond fund portfolio has a yield of 3.56% as of 3/31/2026. Because muni bonds are exempt from federal taxes, you would have a higher net yield with muni bonds than you would with CDs or money market.

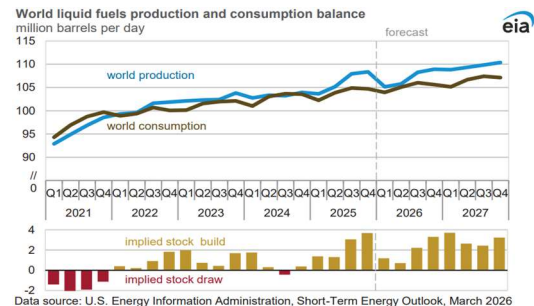
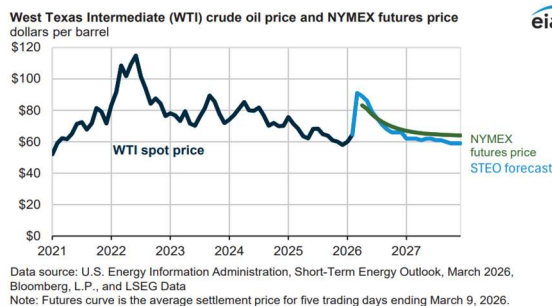
Net Return For 1 Year CD If 37% Income Tax Bracket:	2.52%
Net Return For 1 Year CD If 35% Income Tax Bracket:	2.60%
Net Return For 1 Year CD If 32% Income Tax Bracket:	2.72%
Net Return For 1 Year CD If 24% Income Tax Bracket:	3.04%
Net Return For 1 Year CD If 22% Income Tax Bracket:	3.12%

Oil Update

West Texas Intermediate (WTI) is at approximately \$100 per barrel as of the end of March. So far in 2026 it has had a range of \$57-103 and has averaged \$72.71. In 2025 it averaged \$65.48, 2024 it was \$76.60, 2023 it was \$77.50, and in 2022 it was \$94.90. The U.S. Energy Information Administration (EIA), which is the statistical agency of the Department of Energy, forecasts WTI to be around \$74 in 2026 and \$60 in 2027. The North Dakota legislative budget projects oil at \$62 in FY 2026 and \$60 in FY 2027. These projections are largely due to predictions that supply will be higher than demand. These forecasts are good to be aware of, but they are speculative and can change on a dime. Oil prices at these levels should continue to foster oil activity in the area.

There are 24 drilling rigs in North Dakota as of the end of March, compared to an average of 30 drilling rigs in 2025, 38 in 2024, 40 in 2023, 40 in 2022, and 22 in 2021.

Leasing and drilling activity has been expanding into northern Williams County, Divide County, and into Montana. In addition, well operators may drill additional wells within spacing units that already have a well. The future remains very bright for mineral interests in the area.



U.S. Energy Information Administration | Short-Term Energy Outlook - March 2026

	2025				2026				2027				Year		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2025	2026	2027
Crude Oil (dollars per barrel)															
West Texas Intermediate Spot Average	71.85	64.63	65.78	59.64	72.60	84.56	71.45	66.00	62.00	61.66	60.68	59.00	65.40	73.61	60.81

Trust Department Services

Trusts

- Living Trusts
- Testamentary Trusts (Through Last Will & Testament)
- Mineral Trusts
- Farm Trusts
- Life Insurance Trusts
- Foundations
- Charitable Trusts
- Special Needs Trusts

Investment Accounts

- Managed Investment Account
- Custody Investment Account
- Mineral Management
- Farm Management
- Real Estate Management
- Cash Management

Estate Settlement and Administration

Individual Retirement Accounts (IRA)

- Traditional IRA
- Roth IRA
- Rollover IRA
- Inherited IRA

Retirement Plans

- 401(k) Plan
- Profit Sharing Plan
- Solo 401(k) Plan
- Simple IRA Plan
- Simplified Employee Pension Plan (SEP)

Conservatorships

College Education Savings

- Coverdell Education Savings Account (ESA)
- Education Trust



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