



# FARM CREDIT ILLINOIS

2025 ANNUAL REPORT

*Rooted In Purpose*  
**GROWING OUR IMPACT**

## 2025 | ROOTED IN PURPOSE, GROWING OUR IMPACT



As we enter 2026, we reflect on 2025 and celebrate the exciting launch of Vision 2035 – a strategic roadmap guiding our Association through the next decade of growth and innovation. This vision invites us to reimagine how Farm Credit Illinois (FCI) serves members and positions our cooperative to thrive in both prosperous and challenging times.

The cooperative's capital is strong at \$1.4 billion at year end. The Board of Directors continues to follow a diligent and responsible capital management plan that supports balanced growth as loan demands increase while remaining adaptable to the ever-changing economic cycles.

*"Rooted in Purpose, Growing Our Impact"* captures both our dependable foundation and commitment to evolve, innovate, and walk alongside producers as they navigate a rapidly changing agricultural landscape. With over a century of dedication to the same mission, FCI's deep roots provide strength, dependability, and resilience. The Association remains focused on expanding support for member owners through specialized expertise, new tools and educational resources, and a consultative approach that empowers producers to make informed decisions.

FCI wrapped up 2025 with more than \$8.6 billion in owned, managed, and collaborated loan volume. The collaborated loan volume consists of diverse business segments, serving agriculture through capital markets and other Farm Credit System collaborations. This collaborated loan volume generates income the Association turns into member value in our service area.

The Board of Directors distributed \$35.0 million of cash patronage in 2025 from the \$105.7 million of 2024 earnings. Over the past five years, cash patronage reduced effective interest rates across the entire member loan portfolio. Patronage distributions may vary annually to maintain adequate capital and regulatory compliance, allowing us to continue providing value to member-owners, even in uncertain economic times.

As we face 2026 together, FCI strives to continually improve member experience with new opportunities that meet evolving needs. We continue to attract and retain talented employees dedicated to agriculture as relationships and agricultural expertise have proved to be valuable to borrowers. FCI is not just a lender, but a consultant and trusted partner supporting the growth of each unique operation.

While uncertainty remains, the Association is committed to fostering stability amid volatility through financial strength, agricultural expertise, and our cooperative structure. We are "Rooted in Purpose and Growing Our Impact" with our member-owners at the center of every decision. The Board's emphasis on maintaining a strong capital position, investing in initiatives that support members and rural communities, and offering competitive interest rates helps ensure the Association will deliver on its core purpose of **Helping Farm Families Succeed**.

Thank you for your continued trust and partnership. We are honored to serve you and grateful for your support in helping our cooperative thrive.

Sincerely,

**Adam Brown**  
Chairperson of the Board

**Kelly D. Hunt**  
President & CEO

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# CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

Farm Credit Illinois, ACA

(dollars in thousands)

As of December 31,	2025	2024	2023	2022	2021
<b>Condensed Consolidated Statement of Condition Data</b>					
Loans	\$ 6,643,252	\$ 6,111,119	\$ 6,039,209	\$ 5,354,154	\$ 4,823,197
Allowance for credit losses on loans	22,442	12,554	10,254	9,040	7,732
Net loans	6,620,810	6,098,565	6,028,955	5,345,114	4,815,465
Investment in AgriBank, FCB	302,308	293,660	209,478	175,723	142,574
Investment securities	384,898	376,992	349,085	114,583	40,547
Other assets	261,704	222,851	197,586	153,561	137,580
Total assets	\$ 7,569,720	\$ 6,992,068	\$ 6,785,104	\$ 5,788,981	\$ 5,136,166
Obligations with maturities of one year or less	\$ 111,636	\$ 114,540	\$ 118,865	\$ 93,427	\$ 73,977
Obligations with maturities greater than one year	6,090,512	5,590,220	5,445,487	4,538,616	3,954,673
Total liabilities	6,202,148	5,704,760	5,564,352	4,632,043	4,028,650
Capital stock and participation certificates	8,605	8,364	8,089	7,927	7,878
Unallocated retained earnings	1,360,173	1,280,245	1,213,812	1,150,555	1,101,372
Accumulated other comprehensive loss	(1,206)	(1,301)	(1,149)	(1,544)	(1,734)
Total members' equity	1,367,572	1,287,308	1,220,752	1,156,938	1,107,516
Total liabilities and members' equity	\$ 7,569,720	\$ 6,992,068	\$ 6,785,104	\$ 5,788,981	\$ 5,136,166
For the year ended December 31,	2025	2024	2023	2022	2021
<b>Condensed Consolidated Statement of Income Data</b>					
Net interest income	\$ 162,116	\$ 161,190	\$ 151,319	\$ 121,402	\$ 105,104
Provision for credit losses	17,253	9,774	11,581	915	1,432
Other expenses, net	30,330	45,706	34,763	28,348	16,146
Net income	\$ 114,533	\$ 105,710	\$ 104,975	\$ 92,139	\$ 87,526
<b>Key Financial Ratios</b>					
<b>For the Year</b>					
Return on average assets	1.6%	1.6%	1.7%	1.8%	1.9%
Return on average members' equity	8.5%	8.3%	8.7%	8.0%	7.9%
Net interest income as a percentage of average earning assets	2.5%	2.5%	2.7%	2.5%	2.4%
Net charge-offs (recoveries) as a percentage of average loans	0.1%	0.1%	0.1%	(0.0%)	(0.0%)
<b>At Year End</b>					
Members' equity as a percentage of total assets	18.1%	18.4%	18.0%	20.0%	21.6%
Allowance for credit losses on loans as a percentage of loans	0.3%	0.2%	0.2%	0.2%	0.2%
Common equity tier 1 ratio	15.4%	15.8%	16.0%	17.5%	19.4%
Tier 1 capital ratio	15.4%	15.8%	16.0%	17.5%	19.4%
Total capital ratio	15.8%	16.1%	16.1%	17.7%	19.5%
Permanent capital ratio	15.5%	15.9%	16.0%	17.5%	19.4%
Tier 1 leverage ratio	15.2%	15.7%	16.6%	19.0%	20.9%
<b>Net Income Distributed</b>					
<b>For the Year</b>					
Paid for prior year's patronage:					
Cash	\$ 39,205	\$ 43,689	\$ 42,970	\$ 42,881	\$ 42,804

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## *Farm Credit Illinois, ACA*

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Illinois, ACA (the Association) and its subsidiaries, Farm Credit Illinois, FLCA and Farm Credit Illinois, PCA, and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2026, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the customers the System serves.

The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. We are an association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

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

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Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

### FORWARD-LOOKING INFORMATION

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", "believe", "estimate", "may", "expect", "intend", "outlook", and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties which may be beyond our control. The information in this report is based on current knowledge and is subject to many risks and uncertainties including, but not limited to:

- Political (including trade policies, environmental policies, and civil unrest), legal, regulatory, financial markets, and economic conditions, or other conditions and developments in the United States (U.S.) and abroad
- Economic fluctuations, including inflationary indicators, in the agricultural, international, rural, and farm-related business sectors
- Weather-related, disease, and other adverse climatic or biological conditions that periodically occur and can impact agricultural productivity and income
- Changes in local and U.S. government support of the agricultural industry (including government support payments and programs) and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises, and other financial institutions
- Actions taken by the Federal Reserve and U.S. Treasury in implementing monetary policy
- Cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers
- Credit, interest rate, and liquidity risks inherent in our lending activities
- Disruptive technologies impacting the banking and financial services industries or implemented by our competitors which negatively impact our ability to compete in the marketplace
- Length and severity of an epidemic or pandemic
- Changes in our assumptions for determining the allowance for credit losses and fair value measurements
- Industry outlooks for agricultural conditions

### AGRICULTURAL AND ECONOMIC CONDITIONS

According to the February 2026 farm sector income forecast released by the United States Department of Agriculture (USDA), net farm income is expected to be \$153.4 billion. Farm income remains under pressure with continued reliance on government support and historically high production costs. The decline in income from 2025 is driven primarily by weaker livestock receipts. Total crop receipts nationwide are forecasted to increase by \$2.8 billion to \$240.8 billion. The production and use of primary crops remain generally in balance, providing little support for an increase in commodity prices

in 2026. Farm economists anticipate the cost to produce corn and soybean crops to increase slightly and offset marginally higher prices, leaving returns to production near breakeven in 2026. Despite these headwinds, government support in the Bridge Assistance Program and strengthened crop insurance programs borne from the One Big Beautiful Bill (OBBB) Act should help offset negative market returns. Many producers are positioned with strong balance sheets including satisfactory liquidity and solvency. Additionally, the USDA is forecasting another year of increased farm equity to \$3.9 trillion in 2026, reflecting a 2.9% increase to 2025.

The U.S. corn crop reached an all-time high in 2025 at a forecasted 17.0 billion bushels. The increase is driven by a large increase in acres harvested (8 million more acres harvested in 2025 than in 2024) and yields per acre surged to a record 186.5 bushels per acre. Despite the record U.S. production, the USDA anticipates the world corn crop production to remain steady from 2024 to 2025 at about 50.5 billion bushels. Production in some parts of our lending service area could be lower due to widespread drought experienced during the growing season. Prices received in 2025 were lower than 2024. The U.S. Congress authorized more robust insurance options as part of the OBBB Act passed in July 2025. As a result, an additional \$65.6 billion is expected to be spent on Farm Programs over the next decade. Because the OBBB provisions do not apply to the 2025 crop, the USDA authorized an additional \$11.0 billion in economic bridge assistance for farmers paid in February 2026.

Because uses of the domestic corn crop are projected to total 16.4 billion bushels, the USDA anticipates ending inventories to be modestly higher relative to 2024, at 2.2 billion bushels. The USDA anticipates the long-run price of corn to be \$4.40 per bushel according to its February 2026 projections report. Total soybean production for 2025 declined to 4.3 billion bushels from 4.4 billion bushels in 2024. An increase in yields to 53.0 bushels per acre from 50.7 bushels per acre in 2024 was not enough to offset a decline of nearly 6.0 million fewer acres harvested. With steady demand for soybeans, the decline in total production eroded ending stocks to use. As a result, market prices for corn relative to soybeans have moved slightly in favor of soybean production in 2026, but not enough to cause a strong movement away from 50/50 rotations. The USDA does forecast a small decrease in U.S. winter wheat planted area to 33.0 million acres. Farmers in southern Illinois may choose to double crop winter wheat and soybeans as a result of the markets being more favorable towards soybeans.

Growth in farmland values appears to have leveled off. Farm Credit Illinois's benchmark analysis of farmland indicates that values decreased 4.4% year-over-year in July 2025. The decline in central and southern Illinois land values is an anomaly as nationwide land values continued a steady increase that began in 2021. In 2025, U.S. farmland averaged \$4,350 per acre reflecting an increase of 4.3% compared to 2024. As a result, farmland owners have realized increases in owners' equity nationally. Market-based balance sheets indicate strong solvency positions. The USDA indicates that the debt-to-asset ratio for the U.S. Farm Balance Sheet is forecast at a conservative 13.8% in 2026.

The outcomes and outlook for livestock sectors is more varied relative to the primary crops grown in southern Illinois. Prices for beef cattle in 2025 exceeded records set in 2024, fueled by strong retail demand and a declining beef cattle herd. The industry now has a beef cow herd at a record low of just 27.6 million head. Livestock economists do not anticipate rapid growth in the herd soon given the historically small percentage of heifers retained for breeding but do expect an increase in the herd in 2026. The USDA forecasts continue to show optimism in beef consumption in the intermediate term. The profitability of the pork sector increased relative to 2024 with farrow-to-finish margins at about \$53.55 in 2025. Despite growth in global pork demand, finishing margins are expected to decline in 2026. Milk prices eroded monthly throughout 2025, finishing December at under \$20 per hundredweight.

The USDA expects the agriculture sector to run a trade deficit in fiscal year 2026. Agriculture exports should total \$173.0 billion in 2026, a decline relative to 2025. Agriculture imports are also set to fall to \$210.0 billion, narrowing the deficit to \$37.0 billion. In addition, some economists expect the U.S. dollar to weaken relative to many global currencies, which would result in more competitive agricultural exports. Continued growth in the corn and soybean crops in Brazil and Argentina will pose strong competition on global markets. Should China continue to realize slower economic growth in 2026, global demand for agricultural trade may slow.

Congress authorized significant support for crop insurance programs as part of the OBBB Act. The Act increased reference prices for all grain commodities. Despite that action, a fully revised Farm Bill still eludes Congressional approval. The 2018 Farm Bill has expired but lives on through extensions. Passing a new Farm Bill in 2026 could come as early as planting time but will require bipartisan support given the nearly evenly split House of Representatives. Priorities in the bill have shifted given the results of the OBBB, including expanding market access and adoption of E15 ethanol year-round.

Economists are optimistic regarding gross domestic product growth in 2026, likely to provide support for overall demand for food and fuel products. A rebound in the job market and further cooling of inflation are anticipated. The Federal Reserve finished 2025 by cutting interest rates for the third consecutive time since July 2025. At the January 2026 meeting, the Federal Reserve voted to hold rates steady, signaling a pause in rate cuts until uncertainty in the economy dissipates.

## LOAN PORTFOLIO

### Loan Portfolio

Total loans were \$6.6 billion at December 31, 2025, an increase of \$532.1 million from December 31, 2024.

#### Components of Loans

(in thousands)

As of December 31,	2025	2024	2023
Accrual loans:			
Real estate mortgage	\$ 3,514,769	\$ 3,260,218	\$ 3,109,613
Production and intermediate-term	1,014,248	876,425	869,098
Agribusiness	1,355,551	1,283,691	1,389,917
Other	733,443	663,257	653,253
Nonaccrual loans	25,241	27,528	17,328
Total loans	\$ 6,643,252	\$ 6,111,119	\$ 6,039,209

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

The increase in total loans from December 31, 2024, was primarily due to steady loan growth in real estate mortgage and production and intermediate-term loans; partially offsetting this increase was asset sales to AgriBank in May 2025 related to asset pool programs.

We may purchase or sell participation interests with other parties to diversify risk, manage principal and accrued interest on loans, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

#### Loan Participations Purchased and Sold

(in thousands)

As of December 31,	2025	2024	2023
Participations purchased	\$ 2,866,734	\$ 2,702,012	\$ 2,400,297
Participations sold	(1,345,920)	(1,233,959)	(474,357)

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interests that are held in lieu of retaining a subordinated participation interest in the loans sold.

The Association participates in asset pool programs to effectively leverage District capital and other cooperative benefits, as well as manage concentration risk and portfolio growth. Annually we have the option to sell additional loan participations into the asset pool program. During 2025, we sold AgriBank participations of \$160.2 million, representing a participation interest across the majority of our loan portfolio. The total outstanding participation interests in loans sold to AgriBank as part of asset pool programs were \$1.3 billion, \$1.2 billion, and \$472.7 million at December 31, 2025, 2024, and 2023, respectively.

Typically, our production and intermediate-term loan portfolio exhibits some seasonality relating to patterns of operating loans made to crop producers. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. Additionally, borrower tax planning strategies resulted in an increase of production and intermediate-term loans at the end of the year, which are typically followed by sharp pay-downs the following quarter. The magnitude of this seasonality is impacted by economic factors affecting our producer's working capital needs.

We offer variable, fixed, indexed, and adjustable interest rate loan programs to our borrowers. We determine interest margins charged on each lending program based on cost of funds, credit risk, market conditions, and the need to generate sufficient earnings.

## Portfolio Distribution

We are chartered to serve certain counties in Illinois. At December 31, 2025, 92.6% of our total loan portfolio was in Illinois. The remainder of our portfolio was purchased outside of the state to support rural America and to diversify our portfolio risk. At December 31, 2025, approximately 10.1% of our total loan portfolio was in Champaign county. No other counties comprised more than 5.0% of our total loan portfolio at December 31, 2025.

### Agricultural Industry Concentrations

As of December 31,	2025	2024	2023
Corn and soybeans	51.5%	51.4%	50.3%
Production and services	11.9%	11.7%	13.4%
Livestock	7.7%	6.7%	6.3%
Landlord	7.6%	8.2%	8.1%
Ancillary agriculture products	6.6%	7.5%	7.2%
Other	14.7%	14.5%	14.7%
Total	100.0%	100.0%	100.0%

Industry categories are based on the borrower's primary intended industry at the time of loan origination and may change over time due to borrower business decisions as a result of changes in weather, prices, input costs, and other circumstances.

## 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 December 31, 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. Additional credit quality information is included in Note 3 to the accompanying Consolidated Financial Statements.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At December 31, 2025, \$538.8 million of our loans were substantially guaranteed under these government programs compared to \$413.1 million, and \$260.0 million at December 31, 2024, and 2023, respectively.

## Nonperforming Assets

### Components of Nonperforming Assets

(dollars in thousands)

As of December 31,	2025	2024	2023
Loans:			
Nonaccrual	\$ 25,241	\$ 27,528	\$ 17,328
Accruing loans 90 days or more past due	2,479	1,754	321
Total nonperforming loans	27,720	29,282	17,649
Other property owned	226	1,314	58
Total nonperforming assets	\$ 27,946	\$ 30,596	\$ 17,707
Total nonperforming loans as a percentage of total loans	0.4%	0.5%	0.3%
Nonaccrual loans as a percentage of total loans	0.4%	0.5%	0.3%
Current nonaccrual loans as a percentage of total nonaccrual loans	94.1%	62.6%	36.9%
Total delinquencies as a percentage of total loans <sup>1</sup>	0.6%	0.4%	0.3%

<sup>1</sup>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.

The increase in accruing loans 90 days or more past due was due to one government-guaranteed loan and timing of payment receipt. 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)

As of December 31,	2025	2024	2023
Allowance for credit losses on loans	\$ 22,442	\$ 12,554	\$ 10,254
Allowance for credit losses on loans as a percentage of:			
Loans	0.3%	0.2%	0.2%
Nonaccrual loans	88.9%	45.6%	59.2%
Total nonperforming loans	81.0%	42.9%	58.1%
Net charge-offs as a percentage of average loans	0.1%	0.1%	0.1%
Adverse assets to capital and allowance for credit losses on loans	14.1%	12.7%	9.1%

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. These increases to the allowance are partially offset by several agribusiness loan charge-offs in the capital markets portfolio during the year.

Additional loan information is included in Notes 3, 10, 11, and 12 to the accompanying Consolidated Financial Statements.

## INVESTMENT SECURITIES

In addition to loans, we hold investment securities. We had held-to-maturity investment securities of \$384.9 million, \$377.0 million, and \$349.1 million at December 31, 2025, 2024, and 2023, respectively. Our investment securities consisted of asset-backed securities issued and guaranteed by the Small Business Administration (SBA) and mortgage-backed securities (MBS) issued and guaranteed by the Federal Agricultural Mortgage Corporation (Farmer Mac).

Quarterly, we evaluate our held-to-maturity investment portfolio to determine whether an allowance for credit losses on investment securities should be recorded. There was no allowance for credit losses on investment securities at December 31, 2025, 2024, or 2023, as all of our investment portfolio carried a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from Farmer Mac and have an immaterial risk of credit loss.

Additional investment securities information is included in Note 5 to the accompanying Consolidated Financial Statements.

## RESULTS OF OPERATIONS

### Profitability Information

(dollars in thousands)

For the year ended December 31,	2025	2024	2023
Net income	\$ 114,533	\$ 105,710	\$ 104,975
Return on average assets	1.6%	1.6%	1.7%
Return on average members' equity	8.5%	8.3%	8.7%

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 and Investment Securities sections
- Changes in capital discussed in the Capital Adequacy section

### Changes in Significant Components of Net Income

(in thousands)	For the year ended December 31,			Increase (decrease) in net income	
	2025	2024	2023	2025 vs 2024	2024 vs 2023
Net interest income	\$ 162,116	\$ 161,190	\$ 151,319	\$ 926	\$ 9,871
Provision for credit losses	17,253	9,774	11,581	(7,479)	1,807
Non-interest income	62,756	49,469	53,413	13,287	(3,944)
Non-interest expense	93,086	95,175	88,176	2,089	(6,999)
Net income	\$ 114,533	\$ 105,710	\$ 104,975	\$ 8,823	\$ 735

## Net Interest Income

### Changes in Net Interest Income

(in thousands)

For the year ended December 31,	2025 vs 2024	2024 vs 2023
Changes in volume	\$ 3,223	\$ 15,154
Changes in interest rates	(4,279)	(4,852)
Changes in nonaccrual interest income and other	1,982	(431)
Net change	\$ 926	\$ 9,871

Net interest margin (net interest income as a percentage of average earning assets) was 2.5%, 2.5%, and 2.7% in 2025, 2024, and 2023, respectively. Our net interest margin is sensitive to interest rate changes and competition.

## 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 increase in the provision for credit losses is primarily the result of the asset specific reserves on loans in nonaccrual status. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

## Non-Interest Income

The increase in non-interest income was primarily due to patronage income, financially related services income, fee 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 year ended December 31,	2025	2024	2023
Patronage from AgriBank	\$ 32,654	\$ 27,900	\$ 34,316
AgDirect partnership distribution	3,029	3,296	2,897
Other patronage	137	89	28
Total patronage income	\$ 35,820	\$ 31,285	\$ 37,241
Form of patronage distributions:			
Cash	\$ 35,820	\$ 23,749	\$ 29,712
Stock	--	7,536	7,529
Total patronage income	\$ 35,820	\$ 31,285	\$ 37,241

Patronage from AgriBank primarily includes wholesale patronage and asset pool program patronage. The increase in patronage income was primarily due to higher asset pool program patronage. See the Relationship with AgriBank section for further discussion on patronage income. In addition, see the Unincorporated Business Entities subsection (within the Other Relationships and Programs section) for further discussion on AgDirect, LLP and the partnership distribution.

**Financially Related Services Income and Fee Income:** The increase in financially related services income was primarily due to an increase in our multi-peril crop insurance. The increase in fee income was primarily due to higher asset pool program servicing fees.

**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 its relationship with FPI in 2025. The one-time 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. Offsetting the increase, other non-interest income changed due to our share of the Allocated Insurance Reserve Accounts (AIRA) distribution received from FCSIC of \$995 thousand and \$1.5 million in 2025 and 2024, respectively. There was no AIRA distribution in 2023. The AIRA was established by FCSIC when premiums collected increased the level of the Insurance Fund beyond the required 2.0% of insured debt. In February 2026, FCSIC announced AIRA distributions to the Farm Credit Banks. The distribution will be allocated among AgriBank and District associations, with our share expected to be approximately \$2.7 million, recognized in 2026. We recognize AIRA distributions as Other non-interest income.

## Non-Interest Expense

### Components of Non-Interest Expense

(dollars in thousands)

For the year ended December 31,	2025	2024	2023
Salaries and employee benefits	\$ 49,027	\$ 48,324	\$ 45,252
Other operating expense:			
Purchased and vendor services	14,968	13,133	11,884
Communications	962	841	960
Occupancy and equipment	9,797	8,120	6,264
Advertising and promotion	2,044	2,074	2,100
Examination	1,755	1,696	1,446
Farm Credit System insurance	4,888	4,883	7,895
Other	9,058	12,347	12,354
Other non-interest expense	587	3,757	21
Total non-interest expense	\$ 93,086	\$ 95,175	\$ 88,176
Operating rate <sup>1</sup>	1.4%	1.4%	1.6%

<sup>1</sup>Salaries and employee benefits and other operating expense divided by average earning assets.

**Purchased and Vendor Services and Occupancy and Equipment:** The increase in purchased services was primarily due to higher core service fees from our technology provider and consulting costs associated with various strategic initiatives underway to modernize business systems and processes. These investments also increased the cost of occupancy and equipment associated with software and licensing. Strategic changes to our approach to retire legacy technology may create volatility in this expense over the next three years.

**Other Operating Expense:** The decrease is primarily due to lower loan servicing expense related to our capital markets portfolio.

**Other Non-Interest Expense:** The decrease is primarily due to a larger credit adjustment to fair value on the 2024 asset pool sale of participation interests and unfunded commitments to AgriBank, compared to the 2025 asset pool replenishment.

## FUNDING AND LIQUIDITY

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 6 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2025, we had \$2.9 billion available under our line of credit. We generally apply excess cash to this line of credit. 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.

### Note Payable Information

(dollars in thousands)

For the year ended December 31,	2025	2024	2023
Average balance	\$ 5,644,479	\$ 5,430,954	\$ 4,716,479
Average interest rate	3.9%	4.0%	3.6%

Our average cost of funds is variable and may fluctuate based on the current interest rate environment.

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.

On May 16, 2025, Moody's Ratings lowered the 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 affirmed AgriBank's long-term issuer rating of Aa3, and affirmed the stable long-term issuer rating outlook.

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

## CAPITAL ADEQUACY

Total members' equity was \$1.4 billion, \$1.3 billion, and \$1.2 billion at December 31, 2025, 2024, and 2023, respectively. Total members' equity increased \$80.3 million from December 31, 2024, primarily due to net income for the year, partially offset by \$34.7 million of patronage distribution accruals.

The 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.

### Regulatory Capital Requirements and Ratios

As of December 31,	2025	2024	2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	15.4%	15.8%	16.0%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.4%	15.8%	16.0%	6.0%	2.5%	8.5%
Total capital ratio	15.8%	16.1%	16.1%	8.0%	2.5%	10.5%
Permanent capital ratio	15.5%	15.9%	16.0%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	15.2%	15.7%	16.6%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.1%	15.6%	16.5%	1.5%	N/A	1.5%

Our capital plan is designed to maintain an adequate amount of retained earnings and allowance for credit losses which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. Refer to the Loan Portfolio and the Investment Securities sections for further discussion of the changes in assets. Additional information on regulatory ratios and members' equity information is included in Note 7 to the accompanying Consolidated Financial Statements and information on off-balance sheet commitments is included in Note 11 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total capital target. This target allows us to maintain a capital base adequate for future growth and investment in new products and services. While considered a long-term target, the target may be subject to revision to align with the Association's strategic capital plan. Our optimum total capital target is 16.0%, as defined in our 2026 capital plan.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. We do not foresee any events that would result in this prohibition in 2026.

## RELATIONSHIP WITH AGRIBANK

### Borrowing

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A GFA, as described in Note 6 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA include:

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

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk with approval by AgriBank's Asset/Liability Committee.

## Investment

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We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank retained earnings. As of December 31, 2025, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. The required investment will remain unchanged for 2026 at 3.1%. In addition to the required investment based on the note payable, we are also required to hold additional investment in AgriBank for asset pool programs we participate in, which are typically capitalized at a higher rate that is mutually agreed upon in the asset pool program agreements.

As an AgDirect, LLP partnering association, we are required to purchase stock in AgDirect, which purchases an equivalent amount of stock in AgriBank.

## Patronage

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AgriBank's capital plan is intended to provide for adequate capital at AgriBank under capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank; distributing available AgriBank earnings in the form of patronage, either cash or AgriBank stock, which is at the sole discretion of the AgriBank Board of Directors. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

## Purchased Services

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We purchase certain business services, primarily financial reporting, from AgriBank. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements.

## Impact on Members' Investment

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Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

## OTHER RELATIONSHIPS AND PROGRAMS

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### Relationships with Other Farm Credit Institutions

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**Capital Markets Group:** We participate in the Capital Markets Group (CMG) with two other AgriBank District associations, which involves purchasing participation interests in loans to eligible borrowers. The CMG focuses on generating revenue and portfolio growth for the financial benefit of all three participating associations. Management for each association has direct decision-making authority over the loans purchased and serviced for their respective association. The business arrangement provides additional means for diversifying each participating association's portfolio, helps reduce concentration risk, and positions the associations for continued growth. We had \$2.0 billion, \$1.9 billion, and \$2.1 billion of CMG volume outstanding at December 31, 2025, 2024, and 2023, respectively.

**ProPartners Financial:** We participate in ProPartners Financial (ProPartners) with certain Farm Credit institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating associations through their representation on the ProPartners Board of Directors. We sell to AgriBank our entire interest in the loans associated with ProPartners. As part of this program, we receive patronage income at the sole discretion of the AgriBank Board of Directors.

**Rural 1st®:** We are a participant in the Rural 1st® referral program to provide rural home lending to members. The program is facilitated by another association in the AgriBank District where the loans are serviced. We receive origination fees from the facilitating association on loans they originate in our territory. We received \$560 thousand, \$546 thousand, and \$507 thousand in origination fees for the years ended December 31, 2025, 2024, and 2023, respectively.

**Agri-Access:** We participate in the Agri-Access asset pool program which focuses on providing financing for agricultural real estate loans and leases through a network of non-Farm Credit lenders across the U.S. The program is facilitated by another AgriBank District association where all loans and leases in the program are originated and serviced. We pay the facilitating association fees to originate and service the loans. We paid \$521 thousand, \$457 thousand, and \$414 thousand in fees for the years ended December 31, 2025, 2024, and 2023, respectively. We sell to AgriBank our entire interest in the loans associated with Agri-Access. As part of this program, we receive patronage income at the sole discretion of the AgriBank Board of Directors.

**Federal Agricultural Mortgage Corporation:** As of December 31, 2025, we held MBS investment securities from Farmer Mac with volume outstanding of \$29.5 million. Refer to the Investment Securities section for further discussion.

**Farm Credit Leasing Services Corporation:** We have an agreement with Farm Credit Leasing Services Corporation (FCL), a System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

**CoBank, ACB:** We have a relationship with CoBank, ACB (CoBank), a System bank, which involves purchasing and selling participation interests in loans. As part of this relationship, our equity investment in CoBank was \$1 thousand, \$44 thousand, and \$69 thousand at December 31, 2025, 2024, and 2023, respectively.

**SunStream Business Services:** We have a relationship with SunStream Business Services (SunStream), a System service corporation, which involves purchasing tax reporting, insurance, and various ancillary business and technology services. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements.

**Farm Credit Foundations:** We have a relationship with Farm Credit Foundations (Foundations), a System service corporation, which involves purchasing human resource, benefit, payroll, and workforce management services. As of December 31, 2025, 2024, and 2023, our investment in Foundations was \$29 thousand. Additional related party information is included in Note 10 to the accompanying Consolidated Financial Statements.

**Farm Credit Financial Partners, Inc.:** Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems are provided by FPI, a System service corporation, which provides technology and other operational services to its owners. We had an investment in FPI of \$10.2 million, \$9.8 million, and \$10.4 million as of December 31, 2025, 2024, and 2023, respectively.

**Rural Business Investment Companies:** We and other Farm Credit institutions are among the limited partners for several Rural Business Investment Companies (RBICs). Our investment in RBICs, was \$17.6 million, \$14.7 million, and \$10.6 million at December 31, 2025, 2024, and 2023, respectively. Refer to Note 11 to the accompanying Consolidated Financial Statements for further disclosure.

**RuralInvest:** We participate in RuralInvest with another AgriBank District association, which was formed in August 2024. As the facilitating association, we leverage existing broker relationships and pricing tools to offer primary market access and expertise in the guaranteed loan and investment securities markets.

### **Unincorporated Business Entities (UBEs)**

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In certain circumstances we may establish separate entities to acquire and manage complex collateral, primarily for legal liability purposes.

**AgDirect, LLP:** We participate in the AgDirect trade credit financing program, which includes origination and refinancing of agriculture equipment loans through independent equipment dealers. The program is facilitated by another AgriBank District association through a limited liability partnership in which we are a partial owner. Our investment in AgDirect, LLP, was \$20.9 million, \$21.2 million, and \$20.9 million at December 31, 2025, 2024, and 2023, respectively. We also receive a partnership distribution resulting from our participation in the program, which is included in "Patronage income" in the Consolidated Statements of Comprehensive Income.

**PW PropCo Holdings, LLC:** As of December 31, 2025, we held a minority non-controlling interest in a limited liability company established for the purpose of acquiring and selling collateral acquired through the loan collection process, primarily for legal liability purposes. The name of this LLC is PW PropCo Holdings, LLC.

### **Programs**

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We are involved in the following programs designed to improve our credit delivery, related services, and marketplace presence.

**AgDirect:** We participate in the AgDirect trade credit financing program. Refer to the UBEs section for further discussion on this program.

**Farm Cash Management:** We offer Farm Cash Management to our members. Farm Cash Management links members' revolving lines of credit with an AgriBank investment bond to optimize members' use of funds.

# REPORT OF MANAGEMENT

Farm Credit Illinois, ACA



We prepare the Consolidated Financial Statements of Farm Credit Illinois, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared 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

March 4, 2026

# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Farm Credit Illinois, ACA



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The Farm Credit Illinois, ACA (the Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025. In making the assessment, management used the 2013 framework in *Internal Control — Integrated Framework*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2025, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2025.



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

March 4, 2026

# REPORT OF AUDIT COMMITTEE

Farm Credit Illinois, ACA



The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of Farm Credit Illinois, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2025, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both PwC and the internal auditor directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended the audited Consolidated Financial Statements be included in the Annual Report for the year ended December 31, 2025.



Scott Bidner  
Chairperson of the Audit Committee  
Farm Credit Illinois, ACA

**Audit Committee Members:**

Leni Lambdin  
Anne Larocca  
Michael Donohoe  
Wesley Durbin

March 4, 2026



## Report of Independent Auditors

To the Board of Directors of Farm Credit Illinois, ACA:

### **Opinion**

We have audited the accompanying consolidated financial statements of Farm Credit Illinois, ACA, and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2025, 2024, and 2023, and the related consolidated statements of comprehensive income, of changes in members' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2025, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2025 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota  
March 4, 2026

# CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA

(in thousands)

As of December 31,	2025	2024	2023
<b>ASSETS</b>			
Loans	\$ 6,643,252	\$ 6,111,119	\$ 6,039,209
Allowance for credit losses on loans	22,442	12,554	10,254
Net loans	6,620,810	6,098,565	6,028,955
Investment in AgriBank, FCB	302,308	293,660	209,478
Investment securities	384,898	376,992	349,085
Accrued interest receivable	114,315	96,147	87,213
Other assets	147,389	126,704	110,373
Total assets	\$ 7,569,720	\$ 6,992,068	\$ 6,785,104
<b>LIABILITIES</b>			
Note payable to AgriBank, FCB	\$ 6,090,512	\$ 5,590,220	\$ 5,445,487
Accrued interest payable	56,085	53,309	50,162
Patronage distribution payable	34,675	39,275	43,687
Other liabilities	20,876	21,956	25,016
Total liabilities	6,202,148	5,704,760	5,564,352
Contingencies and commitments (Note 11)			
<b>MEMBERS' EQUITY</b>			
Capital stock and participation certificates	8,605	8,364	8,089
Unallocated retained earnings	1,360,173	1,280,245	1,213,812
Accumulated other comprehensive loss	(1,206)	(1,301)	(1,149)
Total members' equity	1,367,572	1,287,308	1,220,752
Total liabilities and members' equity	\$ 7,569,720	\$ 6,992,068	\$ 6,785,104

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Illinois, ACA

(in thousands)

For the year ended December 31,	2025	2024	2023
<b>Interest income</b>	\$ 379,663	\$ 379,835	\$ 319,096
<b>Interest expense</b>	217,547	218,645	167,777
Net interest income	162,116	161,190	151,319
Provision for credit losses	17,253	9,774	11,581
Net interest income after provision for credit losses	144,863	151,416	139,738
<b>Non-interest income</b>			
Patronage income	35,820	31,285	37,241
Financially related services income	10,643	8,713	9,518
Fee income	8,505	6,923	5,462
Other non-interest income	7,788	2,548	1,192
Total non-interest income	62,756	49,469	53,413
<b>Non-interest expense</b>			
Salaries and employee benefits	49,027	48,324	45,252
Other operating expense	43,472	43,094	42,903
Other non-interest expense	587	3,757	21
Total non-interest expense	93,086	95,175	88,176
Income before income taxes	114,533	105,710	104,975
Provision for (benefit from) income taxes	--	--	--
Net income	\$ 114,533	\$ 105,710	\$ 104,975
<b>Other comprehensive income (loss)</b>			
Employee benefit plans activity	\$ 95	\$ (152)	\$ 395
Total other comprehensive income (loss)	95	(152)	395
Comprehensive income	\$ 114,628	\$ 105,558	\$ 105,370

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)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance as of December 31, 2022	\$ 7,927	\$ 1,150,555	\$ (1,544)	\$ 1,156,938
Cumulative effect of change in accounting principle	--	1,889	--	1,889
Net income	--	104,975	--	104,975
Other comprehensive income	--	--	395	395
Unallocated retained earnings designated for patronage distributions	--	(43,607)	--	(43,607)
Capital stock and participation certificates issued	582	--	--	582
Capital stock and participation certificates retired	(420)	--	--	(420)
Balance as of December 31, 2023	8,089	1,213,812	(1,149)	1,220,752
Net income	--	105,710	--	105,710
Other comprehensive loss	--	--	(152)	(152)
Unallocated retained earnings designated for patronage distributions	--	(39,277)	--	(39,277)
Capital stock and participation certificates issued	665	--	--	665
Capital stock and participation certificates retired	(390)	--	--	(390)
Balance as of December 31, 2024	8,364	1,280,245	(1,301)	1,287,308
Net income	--	114,533	--	114,533
Other comprehensive income	--	--	95	95
Unallocated retained earnings designated for patronage distributions	--	(34,605)	--	(34,605)
Capital stock and participation certificates issued	694	--	--	694
Capital stock and participation certificates retired	(453)	--	--	(453)
<b>Balance as of December 31, 2025</b>	<b>\$ 8,605</b>	<b>\$ 1,360,173</b>	<b>\$ (1,206)</b>	<b>\$ 1,367,572</b>

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

Farm Credit Illinois, ACA

(in thousands)

For the year ended December 31,	2025	2024	2023
<b>Cash flows from operating activities</b>			
Net income	\$ 114,533	\$ 105,710	\$ 104,975
Depreciation on premises and equipment	2,076	1,809	1,568
Gain on sale of premises and equipment, net	(171)	(73)	(244)
Net amortization of premiums on loans and investment securities	13,039	11,318	6,731
Provision for credit losses	17,253	9,774	11,581
Stock patronage received from AgriBank, FCB	--	(7,536)	(7,563)
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	(19,802)	(10,058)	(21,860)
Increase in other assets	(19,913)	(10,612)	(17,296)
Increase in accrued interest payable	2,776	3,147	20,422
(Decrease) increase in other liabilities	(1,384)	(3,212)	3,306
Net cash provided by operating activities	108,407	100,267	101,620
<b>Cash flows from investing activities</b>			
Increase in loans, net	(543,367)	(88,134)	(693,949)
Purchases of investment in AgriBank, FCB, net	(8,648)	(76,646)	(26,192)
Redemptions (purchases) of investment in other Farm Credit institutions, net	78	344	(2,500)
Purchases of investment securities	(103,791)	(104,384)	(273,734)
Proceeds from investment securities	89,105	70,446	35,260
Proceeds from sales of other property owned	1,088	3,605	8
Purchases of premises and equipment, net	(4,200)	(6,817)	(4,576)
Net cash used in investing activities	(569,735)	(201,586)	(965,683)
<b>Cash flows from financing activities</b>			
Increase in note payable to AgriBank, FCB, net	500,292	144,733	906,871
Patronage distributions paid	(39,205)	(43,689)	(42,970)
Capital stock and participation certificates issued, net	241	275	162
Net cash provided by financing activities	461,328	101,319	864,063
Net change in cash	--	--	--
Cash at beginning of year	--	--	--
Cash at end of year	\$ --	\$ --	\$ --
<b>Supplemental information</b>			
Interest paid	\$ 214,771	\$ 215,498	\$ 147,355
Taxes paid (refunded), net	--	--	--

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Farm Credit Illinois, ACA*

## NOTE 1: ORGANIZATION AND OPERATIONS

### Farm Credit System and District

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2026, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 55 borrower-owned cooperative lending institutions (associations). The AgriBank Farm Credit District (AgriBank District or the District) is primarily comprised of AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations. The AgriBank District associations consist of Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. The Association is examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund reach the "secure base amount", which is defined in the Farm Credit Act as 2.0% of the aggregate outstanding insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the FCSIC is required to reduce premiums and, under certain circumstances, is required to transfer excess funds to establish Allocated Insurance Reserves Accounts (AIRAs). The FCSIC may also distribute all or a portion of the AIRAs to the System banks, which AgriBank passes on as income to the associations. The basis for assessing premiums is insured debt. Nonaccrual loans and impaired investment securities are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors. The premium rate, which is primarily impacted by System growth, was 10 basis points for 2025 and 2024. The FCSIC has announced premiums will be 10 basis points for 2026. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

### Association

Farm Credit Illinois, ACA (the Association) and its subsidiaries, Farm Credit Illinois, FLCA and Farm Credit Illinois, PCA (subsidiaries) are lending institutions of the System. We are a borrower-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Alexander, Bond, Calhoun, Cass, Champaign, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, DeWitt, Douglas, Edgar, Edwards, Effingham, Fayette, Ford, Franklin, Gallatin, Greene, Hamilton, Hardin, Iroquois, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Logan, Macon, Macoupin, Madison, Marion, Massac, Menard, Monroe, Montgomery, Morgan, Moultrie, Perry, Piatt, Pope, Pulaski, Randolph, Richland, Saline, Sangamon, Scott, Shelby, St. Clair, Union, Vermillion, Wabash, Washington, Wayne, White, and Williamson in the state of Illinois.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries and holds certain types of investments.

We offer credit life, term life, credit disability, crop hail, and multi-peril crop insurance to borrowers and those eligible to borrow. We also offer fee appraisals and producer education services to our members.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Accounting Principles and Reporting Policies

Our accounting and reporting policies conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

### Principles of Consolidation

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

### Significant Accounting Policies

**Loans:** Loans are carried at their principal amount outstanding, net of any unearned income, cumulative net charge-offs, unamortized deferred fees and costs on originated loans, and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Origination fees, net of related costs, are deferred and recognized over the life of the loan as an adjustment to net interest income. The net amount of loan fees and related origination costs are not material to the Consolidated Financial Statements taken as a whole.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until certain modifications are completed or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

Generally, loans are placed in nonaccrual status when principal or interest is delinquent for 90 days or more (unless adequately secured and in the process of collection) or circumstances indicate that full collection is not expected. When a loan is placed in nonaccrual status, and the interest is determined to be both uncollectible and the loss is known, we immediately reverse current year accrued interest to the extent principal plus accrued interest exceeds the net realizable value of the collateral prior to reclassification. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for credit losses on loans. Subsequent recoveries, if any, are added to the allowance for credit losses on loans. Any cash received on nonaccrual loans is applied to reduce the carrying amount of the loan, except in those cases where the collection of the carrying amount is fully expected and certain other criteria are met. In these circumstances, interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments (typically based on payment frequency).

Loan modifications may be 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. In situations when more than two types of modifications are granted on the same loan we only report the two most material modification types.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets, or participating interests have been surrendered and that all the conditions have been met to be accounted for as a sale.

**Allowance for Credit Losses:** Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The allowance for credit losses (ACL) utilizes a framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Loss (CECL) model. The ACL comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

#### *Allowance for Credit Losses on Loans*

The allowance for credit losses on loans (ACL) represents the estimated current expected credit losses on the loan portfolio over the remaining contractual life of the loan portfolio adjusted for expected prepayments. The ACL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are not unconditionally cancellable.

The ACL is increased through provisions for credit losses on loans and loan recoveries and is decreased through reversals of provision for credit losses on loans and loan charge-offs. The provision activity is included as part of the "Provision for credit losses" in the Consolidated Statements of Comprehensive Income.

Determining the appropriateness of the ACL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Loans are evaluated on the amortized cost basis, which includes unamortized premiums and discounts.

We employ a disciplined process and methodology to establish the ACL that has two basic components: first, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and

second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics. When a loan does not share risk characteristics with other loans, expected credit loss is measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged-off against the ACLL. For more information see the Collateral Dependent Loans policy in the significant accounting policies section of this report.

In estimating the pooled component of the ACLL that share common risk characteristics, loans are pooled and segregated into loan classes based on loan type, commodity, and internal risk rating. For reporting purposes, the portfolio is classified by loan type. We utilize a model to calculate an expected life-of-loan loss percentage for each loan pool by considering the probability of default, based on the migration of loans from performing to loss by internal risk rating, and the loss given default, based on historical experience. Loan borrower characteristics are also utilized and include internal risk ratings, delinquency status, and the remaining term of the loan, adjusted for expected prepayments.

In order to calculate this estimated migration of loans from performing to loss, we utilize a single economic scenario over a reasonable and supportable forecast period of three years. The economic forecasts are updated on a quarterly basis and include macroeconomic variables such as net farm income, unemployment rates, real gross domestic product levels, housing price index, and agricultural land values. Subsequent to the forecast period, our model applies a smoothed reversion to historical loss experience to estimate losses for the remaining estimated contractual life of the portfolio.

The final credit loss estimate also considers factors not reflected in the economic forecast and historical loss experience due to the unique aspects of current conditions and expectations. These factors may include, but are not limited to: lending policies and procedures, experience and depth of lending staff, credit quality and delinquency trends, individual borrower and industry concentrations, national, regional, and local economic business conditions and developments, collateral value trends, and expected performance of specific industry sectors not reflected in the economic forecast. Consideration of these factors, as well as the imprecision inherent in the process and methodology may lead to a management adjustment to the modeled ACLL results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged-off or expected recoveries on collateral dependent loans where recovery is expected through sale of the collateral.

#### *Allowance for Credit Losses on Unfunded Commitments*

Under CECL, we evaluate the need for an allowance for credit losses on unfunded commitments, which is included in "Other liabilities" in the Consolidated Statements of Condition. The related provision is included as part of the "Provision for credit losses" in the Consolidated Statements of Comprehensive Income. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures that are not unconditionally cancellable by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation. No allowance for credit losses is recorded for commitments that are unconditionally cancellable.

#### *Allowance for Credit Losses on Investment Securities*

Quarterly, we evaluate the held-to-maturity investment portfolio for credit losses. When the present value of cash flows expected to be collected from the security is less than the amortized cost basis of the security, an allowance for credit losses on investment securities is recognized and is limited to the amortized cost less the fair value. For securities that are guaranteed by the United States (U.S.) government or other governmental agencies, we have not recognized an allowance for credit losses on investment securities as our expectation of nonpayment of the amortized cost basis, based on historical losses, is zero.

**Collateral Dependent Loans:** Collateral dependent loans are loans secured by collateral, including but not limited to real estate, equipment, inventory, livestock, and income-producing property. We measure the expected credit losses based on the fair value of collateral at the reporting date when we determine that foreclosure is probable. Under the fair value practical expedient measurement approach, the expected credit losses are based on the difference between the fair value of the collateral less estimated costs to sell and the amortized cost basis of the loan.

The fair value of the collateral is adjusted for the estimated costs to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with our appraisal policy, the fair value of collateral-dependent loans is based upon in-house or independent third-party appraisals or on in-house collateral valuations. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment.

Additionally, when a borrower is experiencing financial difficulty, we apply the fair value practical expedient measurement approach for loans when the repayment is expected to be provided substantially through the operation or sale of the collateral.

**Accrued Interest Receivable:** Accrued interest receivable is presented separately in the Consolidated Statements of Condition and includes accrued interest on loans and investment securities.

**Investment in AgriBank:** Our stock investment in AgriBank is on a cost plus allocated equities basis.

**Investment Securities:** We are authorized by the FCA to purchase and hold certain types of investments. As we have the positive intent and ability to hold these investments to maturity, they have been classified as held-to-maturity and are carried at amortized cost, net of allowance for credit losses on investment securities. Purchased premiums and discounts are amortized or accreted using the interest method over the terms of the respective securities.

We consider an investment security contractually past due when any payment of principal or interest required by the investment security is not received on or before the due date. The accrual of interest income is suspended for investments that are in default or for which the collectability of principal or interest is doubtful. When an investment security is in default and the interest is determined to be uncollectible, we immediately reverse any accrued interest.

**Other Property Owned:** Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at the fair value less estimated selling costs upon acquisition and is included in "Other assets" in the Consolidated Statements of Condition.

Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses on loans. Revised estimates to the fair value less costs to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations and carrying value adjustments are included in "Other non-interest expense" in the Consolidated Statements of Comprehensive Income.

**Other Investments:** The carrying amount of the investments in the Rural Business Investment Companies, in which we are a limited partner and hold non-controlling interests, are at cost and are included in "Other assets" in the Consolidated Statements of Condition. The investments are assessed for impairment. If impairment exists, losses are included in Net income in the Consolidated Statements of Comprehensive Income in the year of impairment. Income on the investments are limited to distributions received. In circumstances when distributions exceed our share of earnings after the date of the investment, these distributions are applied to reduce the carrying value of the investment and are not recognized as income.

**Post-Employment Benefit Plans:** The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans, except for the AgriBank District Pension Restoration Plan, are included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

We participate in the AgriBank District Retirement Plan (qualified plan). The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefit eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

We participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. The pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive loss are included in the Consolidated Statements of Condition. The components of the net periodic cost other than the service cost component, are included in "Other operating expense" in the Consolidated Statements of Comprehensive Income. Service costs are included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees' active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee's contributions. In addition to the employer match, we provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution. Employer contributions are expensed when incurred.

We participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

**Income Taxes:** The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Net deferred tax assets are included in "Other assets" in the Consolidated Statements of Condition and net deferred tax liabilities are included in "Other liabilities" in the Consolidated Statements of Condition. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax benefits and consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

**Patronage Program:** We accrue patronage distributions in the amount declared by the Board of Directors in accordance with our capital plan.

**Off-Balance Sheet Credit Exposures:** Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. The commitments to extend credit generally have fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. We evaluate the need for an allowance for credit losses on unfunded commitments, which is included in "Other liabilities" in the Consolidated Statements of Condition. For more information see the allowance for credit losses on unfunded commitments policy in the significant accounting policies section of this report.

**Cash:** For purposes of reporting cash flows, cash includes cash on hand.

**Fair Value Measurement:** The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly
- Inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates
- Inputs derived principally from or corroborated by observable market data by correlation or other means

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

### 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. 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.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association include enhancements to the rate reconciliation disclosure and adding an income taxes paid (refunded) disclosure.	We early adopted this standard for the year ended December 31, 2025. The adoption of this guidance did not have a material impact on our financial statements, but modified certain disclosures beginning in our 2025 Annual Report on a prospective basis.
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.	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 adopted this standard as of January 1, 2026. The adoption of this guidance will not 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 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 (PSLs)". 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 3: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

#### Loans by Type

(dollars in thousands)

As of December 31,	2025		2024		2023	
	Amortized Cost	%	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	\$ 3,516,846	52.9%	\$ 3,265,174	53.4%	\$ 3,120,621	51.7%
Production and intermediate-term	1,015,910	15.3%	877,791	14.4%	871,733	14.4%
Agribusiness	1,374,256	20.7%	1,303,551	21.3%	1,392,493	23.1%
Other	736,240	11.1%	664,603	10.9%	654,362	10.8%
Total	\$ 6,643,252	100.0%	\$ 6,111,119	100.0%	\$ 6,039,209	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 3 accrued interest receivable on loans of \$112.2 million, \$93.5 million, and \$84.6 million at December 31, 2025, 2024, and 2023, respectively, has been excluded from the amortized cost of loans and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

#### Portfolio Concentrations

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close geographic proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2025, amortized cost on loans plus commitments, reduced by government guaranteed portions of loans, to our ten largest borrowers was less than 10.0% of total loans and commitments.

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. However, substantial portions of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is generally less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include real estate, equipment, inventory, livestock, and income-producing property.

#### Participations

We may purchase or sell participation interests with other parties to diversify risk, manage portfolio size, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

#### Participations Purchased and Sold

(in thousands)	AgriBank		Other Farm		Non-Farm		Total	
	Participations		Credit Institutions		Credit Institutions		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
<b>As of December 31, 2025</b>								
Real estate mortgage	\$ --	\$ (618,793)	\$ 217,501	\$ (54,135)	\$ 170,338	\$ --	\$ 387,839	\$ (672,928)
Production and intermediate-term	--	(281,237)	328,550	--	51	--	328,601	(281,237)
Agribusiness	--	(282,140)	1,487,741	(1,750)	46,858	--	1,534,599	(283,890)
Other	--	(107,865)	615,695	--	--	--	615,695	(107,865)
Total	\$ --	\$ (1,290,035)	\$ 2,649,487	\$ (55,885)	\$ 217,247	\$ --	\$ 2,866,734	\$ (1,345,920)
<b>As of December 31, 2024</b>								
Real estate mortgage	\$ --	\$ (572,311)	\$ 198,349	\$ (15,000)	\$ 133,266	\$ --	\$ 331,615	\$ (587,311)
Production and intermediate-term	--	(269,441)	284,464	--	99	--	284,563	(269,441)
Agribusiness	--	(268,397)	1,429,172	(1,837)	39,433	--	1,468,605	(270,234)
Other	--	(106,973)	617,229	--	--	--	617,229	(106,973)
Total	\$ --	\$ (1,217,122)	\$ 2,529,214	\$ (16,837)	\$ 172,798	\$ --	\$ 2,702,012	\$ (1,233,959)

As of December 31, 2023	AgriBank		Other Farm		Non-Farm		Total	
	Participations		Credit Institutions		Credit Institutions		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	\$ --	\$ (301,373)	\$ 169,327	\$ (113)	\$ 75,093	\$ --	\$ 244,420	\$ (301,486)
Production and intermediate-term	--	(170,824)	305,880	--	--	--	305,880	(170,824)
Agribusiness	--	(459)	1,289,407	(1,588)	350	--	1,289,757	(2,047)
Other	--	--	560,240	--	--	--	560,240	--
<b>Total</b>	<b>\$ --</b>	<b>\$ (472,656)</b>	<b>\$ 2,324,854</b>	<b>\$ (1,701)</b>	<b>\$ 75,443</b>	<b>\$ --</b>	<b>\$ 2,400,297</b>	<b>\$ (474,357)</b>

## Credit Quality and Delinquency

Credit risk arises from the potential inability of a borrower to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit risk profile of an individual borrower based on management established underwriting standards and board approved lending policies. The evaluation of the borrower's credit risk profile may include analysis of several factors including, but not limited to, credit history, repayment capacity, financial position, and collateral. Real estate mortgage loans must be secured by first liens on the real estate. As required by the FCA regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

We use a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing loss given default. Probability of default is our assumption of the probability that a borrower will experience a default during the next twelve months. Borrowers within each probability of default rating category are expected to experience similar rates of default occurrences across geographic areas and industries. Each of the 14 probability of default rating categories carries a distinct percentage of default probability and is associated with a FCA Uniform Classification System credit quality category. The loss given default is our assumption as to the anticipated principal loss on a specific loan assuming default occurs. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified as nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. We review the probability of default category periodically in accordance with our policy, or when a credit action is taken.

We utilize the FCA Uniform Classification System, which categorizes loans into five credit quality categories:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (special mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at December 31, 2025, 2024, or 2023.

The probability of default rate of the acceptable category reflects almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to special mention and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. As of December 31, 2025, 85.2% of our substandard and doubtful loans are considered viable.

### Credit Quality of Loans at Amortized Cost

(dollars in thousands)	Acceptable		Special Mention		Substandard/ Doubtful		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>As of December 31, 2025</b>								
Real estate mortgage	\$ 3,386,253	96.3%	\$ 74,709	2.1%	\$ 55,884	1.6%	\$ 3,516,846	100.0%
Production and intermediate-term	899,351	88.5%	68,816	6.8%	47,743	4.7%	1,015,910	100.0%
Agribusiness	1,235,003	89.8%	60,211	4.4%	79,042	5.8%	1,374,256	100.0%
Other	720,867	97.9%	5,574	0.8%	9,799	1.3%	736,240	100.0%
<b>Total</b>	<b>\$ 6,241,474</b>	<b>93.9%</b>	<b>\$ 209,310</b>	<b>3.2%</b>	<b>\$ 192,468</b>	<b>2.9%</b>	<b>\$ 6,643,252</b>	<b>100.0%</b>

As of December 31, 2024	Acceptable		Special Mention		Substandard/ Doubtful		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	\$ 3,175,151	97.3%	\$ 37,270	1.1%	\$ 52,753	1.6%	\$ 3,265,174	100.0%
Production and intermediate-term	812,744	92.6%	19,101	2.2%	45,946	5.2%	877,791	100.0%
Agribusiness	1,180,967	90.6%	68,719	5.3%	53,865	4.1%	1,303,551	100.0%
Other	645,832	97.2%	9,374	1.4%	9,397	1.4%	664,603	100.0%
Total	<u>\$ 5,814,694</u>	<u>95.1%</u>	<u>\$ 134,464</u>	<u>2.2%</u>	<u>\$ 161,961</u>	<u>2.7%</u>	<u>\$ 6,111,119</u>	<u>100.0%</u>

As of December 31, 2023	Acceptable		Special Mention		Substandard/ Doubtful		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	\$ 3,078,300	98.7%	\$ 7,596	0.2%	\$ 34,725	1.1%	\$ 3,120,621	100.0%
Production and intermediate-term	824,233	94.6%	9,933	1.1%	37,567	4.3%	871,733	100.0%
Agribusiness	1,304,184	93.6%	52,375	3.8%	35,934	2.6%	1,392,493	100.0%
Other	634,172	96.9%	17,143	2.6%	3,047	0.5%	654,362	100.0%
Total	<u>\$ 5,840,889</u>	<u>96.8%</u>	<u>\$ 87,047</u>	<u>1.4%</u>	<u>\$ 111,273</u>	<u>1.8%</u>	<u>\$ 6,039,209</u>	<u>100.0%</u>

#### Aging Analysis of Loans at Amortized Cost

(in thousands) As of December 31, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
	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	<u>\$ 35,796</u>	<u>\$ 2,869</u>	<u>\$ 38,665</u>	<u>\$ 6,604,587</u>	<u>\$ 6,643,252</u>	<u>\$ 2,479</u>

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
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	<u>\$ 11,488</u>	<u>\$ 11,758</u>	<u>\$ 23,246</u>	<u>\$ 6,087,873</u>	<u>\$ 6,111,119</u>	<u>\$ 1,754</u>

As of December 31, 2023	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	\$ 2,223	\$ 8,558	\$ 10,781	\$ 3,109,840	\$ 3,120,621
Production and intermediate-term	291	1,889	2,180	869,553	871,733	321
Agribusiness	1,547	3	1,550	1,390,943	1,392,493	--
Other	3,234	--	3,234	651,128	654,362	--
Total	<u>\$ 7,295</u>	<u>\$ 10,450</u>	<u>\$ 17,745</u>	<u>\$ 6,021,464</u>	<u>\$ 6,039,209</u>	<u>\$ 321</u>

## Nonaccrual Loans

### Nonaccrual Loans Information

(in thousands)	As of December 31, 2025	
	Amortized Cost	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
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
As of December 31, 2023		
	Amortized Cost	Amortized Cost Without Allowance
Nonaccrual loans:		
Real estate mortgage	\$ 11,008	\$ 5,526
Production and intermediate-term	2,635	1,474
Agribusiness	2,576	--
Other	1,109	263
Total	\$ 17,328	\$ 7,263

Interest income recognized (reversed) on nonaccrual loans was not material for the years ended December 31, 2025, 2024, or 2023. At the time loans transfer to nonaccrual status, we write-off accrued interest receivable as a reversal of interest income. Write-offs of accrued interest receivable were not material for the years ended December 31, 2025, 2024, or 2023.

### 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. 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		Payment Deferral	Principal Forgiveness	Combination -	Combination -	Total	Percentage of Total Loans
	Rate Reduction	Term Extension			Interest Rate Reduction and Term Extension	Term Extension and Payment Deferral		
<b>For the year ended December 31, 2025</b>								
Real estate mortgage	\$ 4,717	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,717	0.1%
Production and intermediate-term	348	--	--	--	--	12,232	12,580	0.2%
Agribusiness	--	--	3,501	--	--	15,259	18,760	0.3%
Other	--	2,952	--	--	--	--	2,952	0.0%
Total	\$ 5,065	\$ 2,952	\$ 3,501	\$ --	\$ --	\$ 27,491	\$ 39,009	0.6%

Loan modifications granted as a percentage of total loans

0.1%      0.0%      0.1%      --      --      0.4%      0.6%

For the year ended December 31, 2024	Interest	Term	Payment	Principal	Combination -	Combination -	Percentage	
	Rate				Interest Rate	Term Extension		of Total
	Reduction	Extension	Deferral	Forgiveness	Reduction and	and Payment	Total	Loans
					Term Extension	Deferral		
Production and intermediate-term	\$ 3,055	\$ 3,457	\$ --	\$ --	\$ 742	\$ 3,560	\$ 10,814	0.2%
Agribusiness	--	9,436	--	3,622	--	--	13,058	0.2%
<b>Total</b>	<b>\$ 3,055</b>	<b>\$ 12,893</b>	<b>\$ --</b>	<b>\$ 3,622</b>	<b>\$ 742</b>	<b>\$ 3,560</b>	<b>\$ 23,872</b>	<b>0.4%</b>
Loan modifications granted as a percentage of total loans	0.0%	0.2%	--	0.1%	0.0%	0.1%	0.4%	

For the year ended December 31, 2023	Interest	Term	Payment	Principal	Combination -	Combination -	Percentage	
	Rate				Interest Rate	Term Extension		of Total
	Reduction	Extension	Deferral	Forgiveness	Reduction and	and Payment	Total	Loans
					Term Extension	Deferral		
Real estate mortgage	\$ --	\$ --	\$ 5,289	\$ --	\$ --	\$ --	\$ 5,289	0.1%
Production and intermediate-term	--	3,530	--	--	--	14,350	17,880	0.3%
<b>Total</b>	<b>\$ --</b>	<b>\$ 3,530</b>	<b>\$ 5,289</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 14,350</b>	<b>\$ 23,169</b>	<b>0.4%</b>
Loan modifications granted as a percentage of total loans	--	0.1%	0.1%	--	--	0.2%	0.4%	

#### Financial Effect of Loan Modifications

For the year ended December 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	0.5%			
Production and intermediate-term				
Interest rate reduction	0.4%			
Combination - term extension and payment deferral		10	10	
Agribusiness				
Payment deferral			12	
Combination - term extension and payment deferral		13	13	
Other				
Term extension		57		

For the year ended December 31, 2024	Weighted	Weighted	Weighted	Principal
	Average Interest	Average Term	Average Payment	Forgiveness
	Rate Reduction (%)	Extension (months)	Deferral (months)	(\$ in thousands)

Production and intermediate-term				
Interest rate reduction	0.3%			
Term extension		8		
Combination - interest rate reduction and term extension	1.6%	46		
Combination - term extension and payment deferral		13	13	
Agribusiness				
Term extension		40		
Principal forgiveness				574

For the year ended December 31, 2023	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness (\$ in thousands)
Real estate mortgage				
Payment deferral			34	
Production and intermediate-term				
Term extension		9		
Combination - term extension and payment deferral		15	10	
Agribusiness				
Term extension		1		
Combination - term extension and principal forgiveness		30		133

There were no loans to borrowers experiencing financial difficulty that defaulted during the years ended December 31, 2025, or 2023, in which the modifications were within twelve months preceding the default. The following table presents the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the year ended December 31, 2024, in which the modifications were within twelve months preceding the default.

#### Loan Modifications that Subsequently Defaulted

For the year ended December 31, 2024	Interest	
	Rate Reduction	Payment Deferral
Real estate mortgage	\$ --	\$ 3,310
Production and intermediate-term	97	--
Total	\$ 97	\$ 3,310

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	30-89 Days Past Due	90 Days or More Past Due	Total
<b>As of December 31, 2025</b>				
Real estate mortgage	\$ 4,717	\$ --	\$ --	\$ 4,717
Production and intermediate-term	11,912	668	--	12,580
Agribusiness	18,760	--	--	18,760
Other	2,952	--	--	2,952
Total	\$ 38,341	\$ 668	\$ --	\$ 39,009
<b>As of December 31, 2024</b>				
Production and intermediate-term	\$ 10,717	\$ --	\$ 97	\$ 10,814
Agribusiness	13,058	--	--	13,058
Total	\$ 23,775	\$ --	\$ 97	\$ 23,872
<b>As of December 31, 2023</b>				
Real estate mortgage	\$ 1,557	\$ 809	\$ 2,923	\$ 5,289
Production and intermediate-term	17,880	--	--	17,880
Total	\$ 19,437	\$ 809	\$ 2,923	\$ 23,169

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at December 31, 2025, 2024, or 2023.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the years ended December 31, 2025, 2024, and 2023 were \$7.6 million, \$5.9 million, and \$4.3 million, 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 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)

As of December 31,	2025	2024	2023
<b>Allowance for Credit Losses on Loans</b>			
Balance at beginning of year	\$ 12,554	\$ 10,254	\$ 9,040
Cumulative effect of change in accounting principle	--	--	(3,357)
Provision for credit losses on loans	16,854	9,918	10,922
Loan recoveries	268	12	488
Loan charge-offs	(7,234)	(7,630)	(6,839)
Balance at end of year	\$ 22,442	\$ 12,554	\$ 10,254
<b>Allowance for Credit Losses on Unfunded Commitments</b>			
Balance at beginning of year	\$ 1,983	\$ 2,127	\$ --
Cumulative effect of change in accounting principle	--	--	1,468
Provision for credit losses on unfunded commitments	399	(144)	659
Balance at end of year	\$ 2,382	\$ 1,983	\$ 2,127
Total allowance for credit losses	\$ 24,824	\$ 14,537	\$ 12,381

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. These increases to the allowance are partially offset by several agribusiness loan charge-offs in the capital markets portfolio during the year.

### Changes in Allowance for Credit Losses on Loans by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2024	\$ 1,590	\$ 985	\$ 8,452	\$ 1,527	\$ 12,554
Provision for credit losses on loans	759	536	14,201	1,358	16,854
Loan recoveries	--	--	268	--	268
Loan charge-offs	(115)	(51)	(6,275)	(793)	(7,234)
Balance as of December 31, 2025	\$ 2,234	\$ 1,470	\$ 16,646	\$ 2,092	\$ 22,442
Allowance for credit losses on loans:					
Balance as of December 31, 2023	\$ 1,790	\$ 1,703	\$ 5,493	\$ 1,268	\$ 10,254
Provision for credit losses on loans	829	(123)	8,434	778	9,918
Loan recoveries	--	--	12	--	12
Loan charge-offs	(1,029)	(595)	(5,487)	(519)	(7,630)
Balance as of December 31, 2024	\$ 1,590	\$ 985	\$ 8,452	\$ 1,527	\$ 12,554

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2022	\$ 798	\$ 1,151	\$ 6,229	\$ 862	\$ 9,040
Cumulative effect of change in accounting principle	91	(896)	(2,067)	(485)	(3,357)
Provision for credit losses on loans	901	2,840	6,076	1,105	10,922
Loan recoveries	--	36	452	--	488
Loan charge-offs	--	(1,428)	(5,197)	(214)	(6,839)
Balance as of December 31, 2023	\$ 1,790	\$ 1,703	\$ 5,493	\$ 1,268	\$ 10,254

#### NOTE 4: INVESTMENT IN AGRIBANK

Our investment in AgriBank was \$302.3 million, \$293.7 million, and \$209.5 million at December 31, 2025, 2024, and 2023, respectively. As of December 31, 2025, we were required by AgriBank to maintain an investment equal to 3.1% of the average quarterly balance of our note payable. We are also required to hold AgriBank stock based on a contractual agreement under any asset pool program in which we participate. The required investment amount varies by asset pool program and is generally a percentage of the loan balance in the pool. Refer to Note 10 for additional information on our investment in AgriBank as of December 31, 2025, 2024, and 2023, respectively.

AgriBank's capital plan provides for annual retirement of AgriBank stock and optimizes capital at AgriBank by distributing all available AgriBank earnings in the form of patronage, either in cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

#### NOTE 5: INVESTMENT SECURITIES

We held investment securities of \$384.9 million, \$377.0 million, and \$349.1 million at December 31, 2025, 2024, and 2023, respectively. Our investment securities consisted of:

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

All of our investment securities were fully guaranteed by Farmer Mac or the SBA at December 31, 2025, 2024, and 2023. 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 December 31, 2025, 2024, or 2023.

##### Additional Investment Securities Information at Amortized Cost

(in thousands)

As of December 31,	2025	2024	2023
MBS	\$ 29,261	\$ --	\$ --
ABS	355,637	376,992	349,085
Total	\$ 384,898	\$ 376,992	\$ 349,085

Accrued interest receivable on investment securities is presented in "Accrued interest receivable" in the Consolidated Statements of Condition and was \$2.1 million, \$2.6 million, and \$2.7 million at December 31, 2025, 2024, and 2023, respectively.

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled \$18.9 million, \$23.6 million, and \$15.3 million in 2025, 2024, and 2023, respectively.

##### Contractual Maturities of Investment Securities

(in thousands)

As of December 31, 2025	Amortized Cost
One to five years	\$ 10,614
Five to ten years	171,171
More than ten years	203,113
Total	\$ 384,898

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

**NOTE 6: NOTE PAYABLE TO AGRIBANK**

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is at a variable rate as governed by a GFA and substantially all of our assets serve as collateral.

**Note Payable Information**

(dollars in thousands)

As of December 31,	2025	2024	2023
Line of credit	\$ 9,000,000	\$ 7,000,000	\$ 7,000,000
Outstanding principal under the line of credit	6,090,512	5,590,220	5,445,487
Interest rate	3.7%	3.9%	3.9%

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 GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2025, and throughout the year, we were not declared in default under any GFA covenants or provisions.

**NOTE 7: MEMBERS' EQUITY****Capitalization Requirements**

In accordance with the Farm Credit Act, each borrower is required to invest in us as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, the Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of 2.0% of the customer's total loan(s) or one thousand dollars, whichever is less. The purchase of a \$5.00 participation certificate is required of all non-stockholder customers who purchase financial services. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws. The borrower acquires ownership of the capital stock at the time the loan is made. The aggregate par value of the stock is added to the principal amount of the related obligation unless guaranteed by a federal program or required by the title company at closing, in which case, cash is collected for the value of the stock. We retain a first lien on the stock or participation certificates owned by customers.

**Regulatory Capitalization Requirements****Regulatory Capital Requirements and Ratios**

As of December 31,	2025	2024	2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	15.4%	15.8%	16.0%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.4%	15.8%	16.0%	6.0%	2.5%	8.5%
Total capital ratio	15.8%	16.1%	16.1%	8.0%	2.5%	10.5%
Permanent capital ratio	15.5%	15.9%	16.0%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	15.2%	15.7%	16.6%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.1%	15.6%	16.5%	1.5%	N/A	1.5%

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets are calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for credit losses on loans and the allowance for credit losses on investment securities, if applicable, as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with the FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for credit losses on loans, unfunded commitments, and investment securities subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- Unallocated retained earnings and equivalents leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated retained earnings not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

### Description of Equities

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a \$5.00 par value.

As of December 31,	Number of Shares		
	2025	2024	2023
Class C common stock (at-risk)	1,701,205	1,658,724	1,609,209
Participation certificates (at-risk)	19,853	14,094	8,463

Under our bylaws, we are also authorized to issue preferred stock and Class B and Class D common stock. The Class B common stock is at-risk and nonvoting with a \$5.00 par value per share, and Class D common stock is at-risk and nonvoting with a one thousand dollar par value per share. Currently, no stock of these classes has been issued.

Only holders of Class C common stock have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Participation certificates are issued to (i) borrowers who are eligible to borrow from or participate with the Association but who are not eligible to hold voting stock; and (ii) other individuals or entities qualifying for financially related services that do not hold voting stock.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2025, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any remaining assets after payment or retirement of all liabilities will be distributed in the following order of priority:

- First, pro rata to all classes of preferred stock (if any) at par value
- Second, to the holders pro rata of all classes of common stock and participation certificates at par value

In the event of stock impairment, losses will be absorbed pro rata by all classes of common stock and participation certificates then by preferred stock, if any.

All classes of stock are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

### Patronage Distributions

We accrued patronage distributions of \$34.7 million, \$39.3 million, and \$43.7 million at December 31, 2025, 2024, and 2023, respectively. The patronage distributions are paid in cash.

**NOTE 8: INCOME TAXES****Provision for (Benefit from) Income Taxes**

<b>Provision for (Benefit from) Income Taxes</b>			
(dollars in thousands)			
For the year ended December 31,	2025	2024	2023
Current:			
Total current	\$ --	\$ --	\$ --
Deferred:			
Federal	\$ (1,090)	\$ (1,073)	\$ (1,104)
State	(545)	(536)	(407)
Increase in valuation allowance	1,635	1,609	1,511
Total deferred	--	--	--
Provision for (benefit from) income taxes	\$ --	\$ --	\$ --
Effective tax rate	--	--	--

**Reconciliation of Taxes at Federal Statutory Rate to Provision for (Benefit from) Income Taxes**

(in thousands)	
For the year ended December 31,	2025
Income before income taxes	\$ 114,533
Federal tax at statutory rates	\$ 24,052
State and local income taxes, net of federal income tax effect	(431)
Changes in valuation allowance	1,635
Nontaxable or nondeductible items:	
Effect of non-taxable entity	(25,303)
Other	47
Provision for (benefit from) income taxes	\$ --

We had no foreign income or foreign provision for (benefit from) income taxes during the years ended December 31, 2025, 2024, or 2023.

Refer to the income taxes policy in Note 2 for information on exemptions related to our non-taxable entity.

For the year ended December 31, 2025, we adopted ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The information in the following table was required prior to the adoption of ASU 2023-09 and is no longer required prospectively.

**Reconciliation of Taxes at Federal Statutory Rate to Provision for (Benefit from) Income Taxes**

(in thousands)		
For the year ended December 31,	2024	2023
Federal tax at statutory rates	\$ 22,199	\$ 22,045
State tax, net	(424)	(417)
Effect of non-taxable entity	(23,439)	(23,211)
Increase in valuation allowance	1,609	1,511
Other	55	72
Provision for (benefit from) income taxes	\$ --	\$ --

**Income Taxes Paid (Refunded)**

We had no federal or state taxes paid (refunded), net for the years ended December 31, 2025, 2024, or 2023. In addition, we had no foreign taxes paid during the years ended December 31, 2025, 2024, or 2023.

## Deferred Income Taxes

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Comprehensive Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

### Deferred Tax Assets and Liabilities

(in thousands)

As of December 31,	2025	2024	2023
Allowance for credit losses on loans	\$ 815	\$ 348	\$ 169
Postretirement benefit accrual	399	402	400
Net operating loss carryforward	6,667	5,479	4,232
Accrued incentive	1,024	914	891
Accrued patronage income not received	(179)	(105)	(219)
AgriBank 2002 allocated stock	(390)	(390)	(390)
Accrued pension asset	(1,517)	(1,478)	(1,525)
Other assets	121	135	138
Total deferred tax assets	6,940	5,305	3,696
Valuation allowance	(6,940)	(5,305)	(3,696)
Deferred tax assets, net	\$ --	\$ --	\$ --
Gross deferred tax assets	\$ 9,026	\$ 7,278	\$ 5,830
Gross deferred tax liabilities	\$ (2,086)	\$ (1,973)	\$ (2,134)

A valuation allowance for the deferred tax assets was necessary at December 31, 2025, 2024, or 2023, because we determined that the net deferred tax asset was not realizable due to our minimal projected future tax liability.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in AgriBank is \$20.6 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of \$1.3 billion as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various U.S. taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2025. In addition, we believe we are no longer subject to income tax examinations for years prior to 2022.

## NOTE 9: EMPLOYEE BENEFIT PLANS

### Pension and Post-Employment Benefit Plans

Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2025 Annual Report.

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans for which AgriBank and District associations are participating employers. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

**Pension Plan:** We participate in the AgriBank District Retirement Plan (qualified plan), a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

**AgriBank District Retirement Plan Information**

(in thousands)

As of December 31,	2025	2024	2023
Funded (unfunded) status	\$ 106,922	\$ 55,397	\$ (31,065)
Projected benefit obligation	1,092,018	1,096,604	1,245,052
Fair value of plan assets	1,198,940	1,152,001	1,213,987
Accumulated benefit obligation	1,026,265	1,011,357	1,140,936
<b>For the year ended December 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total plan expense	\$ 23,889	\$ 41,090	\$ 55,535
Our allocated share of plan expenses	880	1,611	2,432
Contributions by participating employers	14,872	40,000	45,000
Our allocated share of contributions	508	1,564	1,954

The funded (unfunded) status reflects the net of the fair value of the plan assets and the projected benefit obligation at December 31. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding.

Benefits paid to participants in the District were \$91.1 million in 2025. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2026 is \$13.3 million. Our allocated share of these pension contributions is expected to be \$422 thousand. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

**Nonqualified Retirement Plan:** We participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

**Pension Restoration Plan Information**

(in thousands)

As of December 31,	2025	2024	2023
Our unfunded status	\$ (2,587)	\$ (3,119)	\$ (2,507)
<b>For the year ended December 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Our cash contributions	\$ 1,095	\$ 29	\$ 32

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded status is equal to the projected benefit obligation. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. The Pension Restoration Plan is unfunded and we make annual contributions to fund benefits paid to our retirees covered by the plan. Our cash contributions are equal to the benefits paid. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

**Retiree Medical Plans:** District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Net periodic benefit cost is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. Postretirement benefit costs related to the retiree medical plans were not considered material for any of the years presented. Our cash contributions were equal to the benefits paid.

**Defined Contribution Plans**

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

We also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for these plans, included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income, were \$2.9 million, \$2.8 million, and \$2.4 million in 2025, 2024, and 2023, respectively. These expenses were equal to our cash contributions for each year.

#### NOTE 10: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2025, involved more than a normal risk of collectability. There were no material related party transactions other than the loan transactions disclosed in the following related party loans information table.

Related Party Loans Information				
(in thousands)				
As of December 31,		2025	2024	2023
Total related party loans	\$	53,250	\$ 48,968	\$ 41,150
<hr/>				
For the year ended December 31,		2025	2024	2023
Advances to related parties	\$	25,088	\$ 18,223	\$ 13,302
Repayments by related parties		14,438	13,223	11,661

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Information in the preceding table is related to those considered related parties at each respective year end. Amounts in the preceding table are reduced by participation interests we have sold in these loans.

As described in Note 6, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio. All interest expense as shown in the Consolidated Statements of Comprehensive Income was paid to AgriBank.

Total patronage from AgriBank, which includes a partnership distribution from AgDirect, LLP, was \$35.7 million, \$31.2 million, and \$37.2 million in 2025, 2024, and 2023, respectively. Patronage income for 2025 was received in cash. Patronage income for 2024 and 2023 was received in cash and AgriBank stock.

In addition, we received compensation of \$2.0 million, \$1.1 million, and \$487 thousand in 2025, 2024, and 2023, respectively, from AgriBank for servicing loans.

Refer to Note 3 for information on participations sold to AgriBank and Note 4 for stock investment in AgriBank information.

We purchase certain business services, primarily financial reporting, from AgriBank. We also purchase tax reporting services, insurance, and various ancillary business and technology services from SunStream Business Services (SunStream). In addition, we purchase human resource, benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). SunStream and Foundations are both System service corporations within the AgriBank District and the costs incurred are included in the following table in AgriBank District purchased services. In addition to the services we purchase from AgriBank, SunStream, and Foundations we also hold an investment in AgriBank and Foundations.

Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems are provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. During 2025, we received fee income from FPI of \$5.5 million resulting from another Farm Credit owner's termination of its Service Agreement with FPI. In addition, we hold an investment in FPI.

**Additional Related Party Information**

(in thousands)

As of December 31,	2025	2024	2023
Investment in AgriBank	\$ 302,308	\$ 293,660	\$ 209,478
Investment in AgDirect, LLP	20,858	21,233	20,948
Investment in Foundations	29	29	29
Investment in FPI	10,152	9,811	10,415
<b>For the year ended December 31,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
AgriBank District purchased services	\$ 1,765	\$ 1,617	\$ 1,420
FPI purchased services	13,858	12,109	11,117

**NOTE 11: CONTINGENCIES AND COMMITMENTS**

In the normal course of business, we have various contingent liabilities and commitments outstanding, 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.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2025, we had commitments to extend credit and unexercised commitments related to standby letters of credit of \$1.5 billion. Additionally, we had \$38.4 million of issued standby letters of credit as of December 31, 2025.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they have off-balance sheet credit risk because their contractual amounts are not reflected on the balance sheet until funded or drawn upon. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties, amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

We and other Farm Credit institutions are among the limited partners for Rural Business Investment Companies. As of December 31, 2025, our total commitment was \$30.0 million, of which \$11.7 million was unfunded, with varying commitment end dates through January 2038. Certain commitments may have an option to extend under certain circumstances.

**NOTE 12: 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 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 December 31, 2025, 2024, or 2023.

**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 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

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

  

As of December 31, 2023	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	\$ --	\$ --	\$ 6,969	\$ 6,969
Other property owned	--	--	60	60

### 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 13: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 4, 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 2025 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

# DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

Farm Credit Illinois, ACA  
(Unaudited)

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## Description of Business

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General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of this Annual Report.

## Description of Property

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### Property Information

Location	Description	Usage
Decatur	Owned	Branch
Effingham	Owned	Land <sup>1</sup>
Effingham	Owned	Branch
Highland	Owned	Branch
Jacksonville	Owned	Branch
Jerseyville	Owned	Branch
Lawrenceville	Owned	Branch <sup>2</sup>
Mahomet	Owned	Headquarters/Branch
Marion	Owned	Branch
Mt. Vernon	Owned	Branch
Paris	Owned	Branch
Red Bud	Owned	Branch
Sherman	Owned	Branch
Taylorville	Owned	Branch
Watseka	Owned	Branch

<sup>1</sup>During 2025, land was purchased in Effingham, and construction will begin on a new branch in 2026.

<sup>2</sup>During 2025, a new Lawrenceville branch location was constructed and occupied.

## Legal Proceedings

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Information regarding legal proceedings is included in Note 11 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2025.

## Description of Capital Structure

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Information regarding our capital structure is included in Note 7 to the Consolidated Financial Statements in this Annual Report.

## Description of Liabilities

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Information regarding liabilities is included in Notes 6, 7, 8, 9, and 11 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

## Selected Financial Data

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The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of this Annual Report.

## Management's Discussion and Analysis

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Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of this Annual Report.

## Board of Directors

Our Board of Directors is organized into the following committees to carry out Board responsibilities:

- **Risk Committee:** The primary function of the Risk Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relative to risk in non-financial areas that go beyond the authority of the Audit Committee. This includes ongoing monitoring of the Association's risk profile, conformance with the Association's risk appetite, and adherence to risk management policies and procedures. The Risk Committee's role is one of oversight, recognizing management is responsible for designing, implementing and maintaining an effective Enterprise Risk Management program.
- **Audit Committee:** The primary function of the Audit Committee is to fulfill its oversight responsibilities for the financial reporting process, the system of internal controls, and the audit process for internal and external auditors.
- **Compensation Committee:** The Compensation Committee assists the Board of Directors in fulfilling its responsibility for oversight of the compensation plan for senior officers and employees of the Association. The Association's compensation programs are to be designed to attract and retain the best personnel to allow the Association to achieve its goals and maintain its competitive posture.
- **Executive Committee:** The Executive Committee shall consult with the Association CEO to identify and prioritize issues to be presented to the full Board and approve the Board meeting agenda.
- **Governance Committee:** The primary function of the Governance Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to governance of the Association, including Board organization, membership and function; the nomination and election process for Board and Nominating Committee members; Board committee structure and oversight; knowledge of and adherence to prescribed Standards of Conduct; annual self-evaluation of Board performance; and Board training opportunities. Other responsibilities of the Governance Committee include approval of the CEO's expense report and oversight of the business planning process and the process for developing Association policies and procedures.

### Board of Directors as of December 31, 2025, including business experience during the last five years

Name	Principal occupation and other business affiliations
<b>David Allspach</b> <b>Board Service Began:</b> 2022 <b>Current Term Expires:</b> 2029	<b>Principal occupation:</b> Self-employed grain and livestock farmer  <b>Other business affiliations:</b> Board Chair: Logan County Soil and Water Conservation District, oversight board for a government entity that promotes conservation practices for Logan county farmland Commissioner: Lake Fork Special Drainage District, facilitates the spending of tax dollars on the upkeep of a shared drainage ditch in Logan county
<b>Scott Bidner</b> <b>Board Service Began:</b> 2024 <b>Current Term Expires:</b> 2027	<b>Principal occupation:</b> Self-employed grain and livestock farmer Owner: 5GENFarms Former Facilitator UI EPSY 203 Dialogue classes
<b>Marc Bremer</b> <b>Board Service Began:</b> 2020 <b>Current Term Expires:</b> 2027	<b>Principal occupation:</b> Self-employed grain and livestock farmer Owner: Bremer Brothers Farm LLC  <b>Other business affiliations:</b> Director: Massac County Soil & Water, provide valuable technical assistance on a variety of natural resource issues such as soil conservation and water quality
<b>Kent Brinkmann<sup>1</sup></b> <b>Board Service Began:</b> 1998 <b>Current Term Expired:</b> December 31, 2025	<b>Principal occupation:</b> Self-employed grain farmer  <b>Other business affiliations:</b> President: Carlyle FFA Alumni Association
<b>Adam Brown<sup>2</sup></b> <b>Board Service Began:</b> 2020 <b>Current Term Expires:</b> 2027	<b>Principal occupation:</b> Self-employed grain farmer Owner: B&B Farms
<b>Michael Donohoe</b> <b>Appointed Director</b> <b>Board Service Began:</b> 2019 <b>Current Term Expires:</b> 2026	<b>Principal occupation:</b> Head of Department of Accountancy at the University of Illinois at Urbana-Champaign Professor of Accountancy at the University of Illinois at Urbana-Champaign Former Associate Professor of Accountancy at the University of Illinois at Urbana-Champaign  <b>Other business affiliations:</b> Director and Officer: Pixels by Emily Donohoe, Inc., photography studio Director and Officer: Sunchaser Consulting Corporation, expert witness and litigation consulting Director and Officer: Leeward Advisory, Ltd., public accounting

Name	Principal occupation and other business affiliations
<b>Wesley Durbin</b> <b>Vice Chairperson</b> <b>Board Service Began:</b> 2010 <b>Current Term Expires:</b> 2026	<b>Principal occupation:</b> Self-employed grain and livestock farmer <b>Other business affiliations:</b> Treasurer: Shelby County Pork Producers, non-profit Club Leader: Ful-O-Pep 4H Club, non-profit Director: Shelby County Land Assessment, county committee
<b>David Haase</b> <b>Board Service Began:</b> 2017 <b>Current Term Expires:</b> 2029	<b>Principal occupation:</b> Self-employed grain farmer <b>Other business affiliations:</b> Director: Farm Credit Council, a national trade association representing the Farm Credit System Chairperson: AgriBank District Farm Credit Council, a regional trade association representing the AgriBank District Vice-President: Iroquois West Community Unit School District #10, a K-12 public school Director: Illinois Association of Drainage Districts, an education and policy advocacy group Director: Ford-Iroquois Farm Bureau, a farm advocacy group Director: LaHogue Drainage District #1, maintenance of local drainage district
<b>Lisa Helmink</b> <b>Board Service Began:</b> 2017 <b>Current Term Expires:</b> 2028	<b>Principal occupation:</b> Self-employed grain and livestock farmer Accountant and Tax Manager: Goecker Accounting, Inc. Bookkeeper: St. Dominic Church Former Accountant and Tax Manager: Custom Accounting & Sam Phillips CPA Former Clinic Manager: Clinton County Veterinary Services, Ltd.
<b>Steve Hettinger</b> <b>Chairperson<sup>2</sup></b> <b>Board Service Began:</b> 2018 <b>Current Term Expires:</b> 2028	<b>Principal occupation:</b> Self-employed grain farmer Owner/Dealer: Precision Planting Dealership Manager: VeriFly-Drone Scouting LLC Seed Consultant: Nutrien Former Owner: Seed dealership <b>Other business affiliations:</b> Director: Premier Cooperative, a grain elevator
<b>Anne Larocca</b> <b>Appointed Director</b> <b>Board Service Began:</b> 2021 <b>Current Term Expires:</b> 2028	<b>Principal occupation:</b> Senior Associate: Willis Towers Watson Former Senior Account Manager: Bswift
<b>Eric J. Mosbey</b> <b>Board Service Began:</b> 2015 <b>Current Term Expires:</b> 2026	<b>Principal occupation:</b> Self-employed grain farmer General Manager: Lincolnland Agri-Energy, LLC President/Co-Owner: Mosbey Farms, Inc.
<b>Joseph Pickrell</b> <b>Board Service Began:</b> 2021 <b>Current Term Expires:</b> 2028	<b>Principal occupation:</b> Self-employed grain farmer Operator of seed dealership: Beck's Hybrids <b>Other business affiliations:</b> Owner: Pickrell Bros. Seed, seed corn sales Owner: Clear Creek Agro LLC, trucking
<b>Evan Schuette</b> <b>Board Service Began:</b> 2021 <b>Current Term Expires:</b> 2026	<b>Principal occupation:</b> Self-employed grain and livestock farmer, seed sales and herd manager Owner: Schuette Signature Beef LLC

<sup>1</sup>Kent Brinkmann retired effective December 31, 2025. Effective January 1, 2026, Leni Lambdin was elected to serve in this director position.

<sup>2</sup>Adam Brown replaced Steve Hettinger as Chairperson of the Board in January 2026.

Pursuant to our bylaws, directors are paid a reasonable amount for attendance at board meetings, committee meetings, or other official activities. Directors are also reimbursed for reasonable expenses incurred in connection with such meetings or activities. Our Board of Directors has adopted a rate of \$800 per day for activities outside those covered by their retainer fees. Directors also receive quarterly retainer fees. The quarterly retainer fees paid in 2025 were \$8.9 thousand for the Board Chairperson, \$7.9 thousand for the Board Vice-Chairperson, the Board Financial Expert, and each Committee Chairperson, and \$7.4 thousand for all other directors. If a director holds multiple committee positions, the director is compensated only one retainer equal to the higher of the applicable amounts.

Information regarding compensation paid to each director who served during 2025 follows:

Name	Number of Days Served		Compensation Paid for Service on a Board Committee	Name of Committee	Total Compensation Paid in 2025
	Board Meetings	Other Official Activities			
David Allspach	8.0	25.0	\$ 2,000	Audit Committee	\$ 51,500
Scott Bidner	8.0	21.0	--		46,300
Marc Bremer	8.0	27.5	2,000	Governance Committee	53,500
Kent Brinkmann	8.0	18.0	--		43,900
Adam Brown	8.0	19.5	--		45,100
Michael Donohoe	7.0	0.5	2,000	Audit Committee	31,900
Wesley Durbin	8.0	10.0	--		39,500
David Haase	7.0	28.5	1,000	AgriBank Farm Credit Council Board	53,300
Lisa Helmink	8.0	22.0	2,000	Risk Committee	49,100
Steve Hettinger	8.0	21.0	--		52,300
Anne Larocca	8.0	1.5	--		30,700
Eric J. Mosbey	8.0	13.5	--		40,300
Joseph Pickrell	8.0	14.5	--		41,100
Evan Schuette	8.0	24.5	--		49,100
					\$ 627,600

Other official activities represent days served by a director for which compensation was received.

## Senior Officers

### Senior Officers as of December 31, 2025, including business experience during the last five years

Name and Position	Business experience and other business affiliations
<b>Kelly D. Hunt</b> President and Chief Executive Officer	<b>Business experience:</b> President and Chief Executive Officer since January 2025 Executive Vice President and Chief Financial Officer from December 2022 - December 2024 Senior Vice President and Chief Financial Officer from January 2016 to November 2022 <b>Other business affiliations:</b> Board of Directors: Farm Credit Financial Partners Inc., technology services to Farm Credit Member: University of Illinois Department of Accountancy Alumni External Advisory Board
<b>Jim Dunne</b> Senior Vice President and Chief Risk Officer	<b>Business experience:</b> Senior Vice President and Chief Risk Officer since September 2021 Senior Vice President and Director of Enterprise Risk Management, TCF Bank from July 2009 to July 2021 <b>Other business affiliations:</b> Board of Directors: Farm Credit Financial Partners Inc., technology services to Farm Credit
<b>Abby Wegner</b> Senior Vice President and Chief Financial Officer	<b>Business experience:</b> Senior Vice President and Chief Financial Officer since January 2025 Director of Strategic Initiatives and Data Governance at AgriBank, FCB from March 2024 to December 2024 Assistant Vice President, Assistant Controller and Director of Financial Reporting at AgriBank, FCB from December 2022 to February 2024 Assistant Controller and Director of Financial Reporting at AgriBank, FCB from December 2018 to November 2022
<b>Robert H. Rhode</b> Senior Vice President and General Counsel	<b>Business experience:</b> Senior Vice President since January 2016 and General Counsel since January 2014 <b>Other business affiliations:</b> Trustee: Farm Credit Foundations Trust Committee, employee benefits and investment of retirement plan funds
<b>Shaun Murray</b> Senior Vice President and Chief Marketplace Officer	<b>Business experience:</b> Senior Vice President and Chief Marketplace Officer since January 2023 Senior Vice President and Chief Operating Officer from January 2019 to December 2022
<b>Ryan W. Berg</b> Senior Vice President and Chief Operating Officer	<b>Business experience:</b> Senior Vice President and Chief Operating Officer since January 2023 Senior Vice President and Chief Administrative Officer from November 2014 to December 2022 <b>Other business affiliations:</b> Board of Directors: Farm Credit Financial Partners Inc., technology services to Farm Credit

Name and Position	Business experience and other business affiliations
<b>Michael A. Gunderson</b> Chief Credit Officer	<b>Business experience:</b> Chief Credit Officer since November 2022 Head of Research and Strategy, MetLife Investment Management from December 2019 to October 2022 <b>Other business affiliations:</b> Director and Secretary: University of Illinois ACES Alumni Association

Information related to 2025 compensation paid to senior officers will be provided in our 2025 Annual Meeting Information Statement (AMIS). The AMIS is available for public inspection at our corporate office located in Mahomet, IL.

### Transactions with Senior Officers and Directors

Information regarding related party transactions is included in Note 10 to the Consolidated Financial Statements in this Annual Report.

### Travel, Subsistence, and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

1100 Farm Credit Drive  
Mahomet, IL 61853  
(217) 590-2200  
www.farmcreditIL.com

The total directors' travel, subsistence, and other related expenses were \$313 thousand, \$323 thousand, and \$295 thousand in 2025, 2024, and 2023, respectively.

### Involvement in Certain Legal Proceedings

No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2026, or at any time during 2025.

### Member Privacy

The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

### Relationship with Qualified Public Accountant

There were no changes in the independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total financial statement audit fees paid during 2025 were \$144 thousand. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses as incurred. In addition, we incurred \$6 thousand for tax services.

### Financial Statements

The Report of Management, Report on Internal Control over Financial Reporting, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

### Young, Beginning, and Small Farmers and Ranchers

Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is included in an addendum to this Annual Report.

# YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS

Farm Credit Illinois, ACA

(Unaudited)

## Definitions and Mission

Consistent with Farm Credit Administration (FCA) Regulations, the following definitions have been used in identifying young, beginning, and small farmers and ranchers (YBS) loans and in preparing the required reports pertaining to Farm Credit Illinois, ACA (FCI)'s performance in serving the YBS farmers in its territory:

**Young Borrower** – A farmer, rancher, or producer or harvester of aquatic products who is age 35 or younger as of the date the loan is originally made will be coded as “young” per FCA regulations. The Association’s program called FreshRoots, defines program eligibility including discounted rates and/or relaxed guidelines as age 40 or younger as of the loan application date. Although program eligibility allows for applicants between the ages of 35 to 40, the Association continues to identify “young” farmers as defined by FCA.

**Beginning Borrower** – A farmer, rancher, or producer or harvester of aquatic products who has ten years or less farming, ranching, or aquatic experience as of the date the loan is originally made.

**Small Borrower** – A farmer, rancher, or producer or harvester of aquatic products who normally generates less than \$350 thousand in annual gross cash farm income of agricultural or aquatic products at the date the loan is originally made.

Many “young” and/or “beginning” farmers will also meet the FCA definition of a “small” farmer. Credit delivery and outreach adequately address the needs of the “small” farmers not meeting the definition of a “young” or “beginning” farmer.

FCI’s objective is to provide farm families and the rural marketplace with constructive credit, related services, and financial expertise. The mission of the FreshRoots program is to provide financing and learning development opportunities to young or beginning farmers to further their success, while ensuring lifetime partnerships with FCI. The FreshRoots loan program consists of three components for YBS farmers. The Association provides discounted interest rates for up to a maximum period of five years. Learning incentives are offered to farmers who attend educational workshops with the intent of encouraging personal growth and professional development. Additionally, relaxed lending standards are provided for approval within the eligibility guidelines which include aggregate loan limitations to limit risk.

In order to limit the risk to the Association for those loans approved under the FreshRoots Loan Program, total loans to one borrower are limited to an aggregate limit of \$1.0 million for production and intermediate-term Production Credit Association (PCA) loans and \$2.0 million for real estate Federal Land Credit Association (FLCA) loans eligible for relaxed underwriting standards. The limits for discounted interest rates are \$500 thousand for production and intermediate-term PCA loans and \$1.0 million for real estate FLCA loans. Exceptions to this limit and other credit standards under this program are considered when there are other adequate offsetting credit strengths.

## 2025 Goals and Actual Results

Quantitative targets and qualitative goals for YBS loans are established on an annual basis for the succeeding three years. The following table compares the targets and goals that were established for 2025 with the actual results as of December 31, 2025.

(dollars in thousands)

Category	Number of New Loans Closed	Number of Loans Outstanding	Total Loan Volume	Percent of Total Loans
Young Farmer Goals	1,180	3,750	\$ 712,500	19.0%
Young Farmer Results	1,282	4,829	1,074,896	22.0%
Beginning Farmer Goals	1,250	4,150	\$ 788,500	21.0%
Beginning Farmer Results	1,549	5,819	1,249,276	26.5%
Small Farmer Goals	1,825	7,050	\$ 881,250	35.0%
Small Farmer Results	2,194	8,462	1,225,760	38.6%
YBS Outreach Goals		130		
YBS Outreach Results		198		

As of December 31, 2025, all targets and goals were met.

## Association Results as Compared to 2022 United States Department of Agriculture (USDA) Ag Census Demographics

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Through the Farm Credit Council, the Association has obtained a special tabulation of the 2022 USDA Census of Agriculture used as our source of demographic data for comparison to the Association's performance in serving YBS farmers. This special tabulation includes only those farms in the Association's chartered territory that have debt and annual gross sales of at least \$10 thousand. (Note: Macon County census data was unavailable in the categories of young and beginning).

Percentages by Number			
As of December 31, 2025	Young	Beginning	Small
Farm Credit Illinois, ACA	22.0%	26.5%	38.6%
2022 Census data for Association Territory	14.8%	25.3%	48.4%

The Association's business activity with "young" farmers and "beginning" farmers is above the demographics of the marketplace. Business activity with "small" farmers is below the demographics of the marketplace. Given the current economic conditions, costs of production, and price of commodities, FCI has seen more "small" farmers' annual gross cash farm income rising above the \$350 thousand threshold.

### Government Guarantees

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To control risk, co-makers or guaranteed loan programs through the USDA Farm Service Agency (FSA) are utilized when possible. The Association makes full use of guaranteed loan programs through the state of Illinois and the FSA utilizing the following FLCA programs:

- FSA Direct Down Payment Farm Ownership Program: This program is specific for the purchase of a farm by a beginning or underserved farmer. The Association loans 50.0% of the real estate purchase for a 30-year term with most having a reduced interest rate for the first five years under the FreshRoots program, FSA loans 45.0% for a 20-year term at an interest rate that is 4.0% below the direct farm ownership rate, but not lower than 1.5%, and the borrower is required to put 5.0% down. One additional advantage of this program to reduce loan risk is to obtain a 95.0% FSA loan guarantee on the FLCA loan at no additional charge to the borrower as FSA does not charge a guarantee fee on financing structures utilizing their Direct Down Payment Farm Ownership Program.
- FSA Direct Farm Ownership Participation: This program can be utilized to purchase a farm, construct buildings/other capital improvements, or implement soil and water conservation by all eligible farmers (not specific to beginning farmers). The Association typically loans 50.0% of the real estate purchase with typical terms of 20-30 years with eligible FreshRoots borrowers receiving a discounted interest rate for the first five years. FSA typically loans 50.0% with terms up to a 40-year term at an interest rate that is 2.0% below the direct farm ownership rate, but not lower than 2.5%. Typically, no down payment is required. The Association can obtain a 90.0% FSA loan guarantee where applicable to mitigate or reduce loan risks with a fee payable to FSA. The Association will pay the 1.5% guarantee fee for eligible FreshRoots borrowers.
- The Association could also obtain a guarantee from FSA (typically 90.0%) with no direct funds from FSA. All FLCA funds are obtained through the Association. Under the FreshRoots program, FLCA Loan to Value (LTV) is limited to a maximum of 85.0% with an FSA guarantee (for LTV typically ranging from 70-85.0%, a guarantee is required). While FSA provides no direct funds to the borrower, they are involved by providing a guarantee to the Association based on the LTV. Other scenarios may apply, such as a borrower utilizing the reduced lending standards allowed within the FreshRoots program which may result in the Association obtaining a guarantee. The Association will pay the guarantee fee up to 1.5% for eligible FreshRoots borrowers.

As of December 31, 2025, the Association originated 75 new FSA guaranteed loans to young, beginning, and/or small farmers with a volume of \$22.0 million. Total volume for YBS government guaranteed loans was \$144.0 million on December 31, 2025. Guaranteed loans for 2025 are above the goal of 60 new loans and above the goal of \$65.0 million total loan volume outstanding.

### Outreach Activities

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The Association develops an annual marketplace engagement plan which includes special emphasis on the young, beginning, and small farmer segments in the marketplace to promote Farm Credit products and services and demonstrate our commitment to serving these market populations. FCI staff participated in a total of 198 YBS outreach activities in 2025 which exceeded the goal of 130 for the year. Outreach activities to YBS farmers include but are not limited to:

- Minorities in Ag Farmer Shadowing Series host
- Member Advisory Council meetings/FreshRoots Advisory Council meeting
- Farm Credit College educational workshops
- FreshRoots Retreat
- American Farmland Trust Small Farmer Workshop Partner
- Farm Credit Illinois Agriculture Scholarship program and luncheon
- Farm Credit Illinois Community Improvement Grants
- Farm Credit Illinois Community College Outreach Initiative partners
- Farm Credit Newsroom at the Illinois State Future Farmers of America (FFA) Convention
- FFA and Professional Agricultural Student contest judging and moderating

## Qualitative Goals

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- Offer related services and lending programs either directly or in coordination with others that are responsive to the needs of YBS farmers in the Association's territory.
- Take full advantage of opportunities for coordination of credit and services offered to those who qualify as YBS farmers.
- Implement effective outreach programs to attract YBS farmers, which may include the use of advertising campaigns, educational credit, and service programs beneficial to YBS farmers in the Association's territory, as well as an advisory committee comprised of YBS farmers to provide views on how the credit and services of the Association could best service the credit and services needs of YBS farmers.

## Quantitative Targets

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The Association's quantitative targets for the next three years are as follows:

(dollars in thousands)

Category	Number of New Loans Closed	Number of Loans Outstanding	Total Loan Volume	Percent of Total Loans
2026 Young Farmer Goals	1,190	3,800	\$ 722,000	19.0%
2027 Young Farmer Goals	1,200	3,850	732,000	19.0%
2028 Young Farmer Goals	1,210	3,900	741,000	19.0%
2026 Beginning Farmer Goals	1,300	4,200	\$ 798,000	21.0%
2027 Beginning Farmer Goals	1,350	4,250	808,000	21.0%
2028 Beginning Farmer Goals	1,400	4,300	817,000	21.0%
2026 Small Farmer Goals	1,850	7,100	\$ 887,500	35.0%
2027 Small Farmer Goals	1,875	7,150	894,000	35.0%
2028 Small Farmer Goals	1,900	7,200	900,000	35.0%
YBS Government Guaranteed Loan Goals	60	N/A	\$ 75,000	
YBS Outreach Goals		130		



Farm Credit Illinois supports farm families and Rural America – **Helping Farm Families Succeed** today and tomorrow. The farmer-owned agricultural lending cooperative serves the southern 60 counties with reliable, consistent credit, financial services, and Rural 1<sup>st</sup><sup>®</sup> financing for country living. Contact your local office for more information on farm and country life loans or crop and livestock insurance.

**Cooperative Headquarters**

1100 Farm Credit Drive  
 Mahomet, IL 61853  
 217-590-2200  
[www.farmcreditIL.com](http://www.farmcreditIL.com)

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Rural 1<sup>st</sup><sup>®</sup> is the tradename and registered trademark of Farm Credit Mid-America, NMLS 407249. Rural 1<sup>st</sup><sup>®</sup> products are available to consumers within the territories of participating Farm Credit System Associations.



**REGIONAL OFFICE LOCATIONS**

DECATUR .....	217-877-3141
EFFINGHAM .....	217-857-6450
HIGHLAND .....	618-654-4815
JACKSONVILLE .....	217-243-1851
JERSEYVILLE .....	618-498-5583
LAWRENCEVILLE .....	618-943-2361
MAHOMET .....	217-590-2222
MARION .....	618-998-1008
MT. VERNON .....	618-241-9033
PARIS .....	217-465-7605
RED BUD .....	618-282-6673
SHERMAN .....	217-788-1200
TAYLORVILLE .....	217-824-3369
WATSEKA .....	815-432-5431



**FARM CREDIT**  
ILLINOIS

1100 Farm Credit Drive  
Mahomet, IL 61853

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