Farm Credit Illinois

Helping Farm Families Succeed

2024 ANNUAL REPORT

POSITIONED TO PERSEVERE TOGETHER

2024 POSITIONED TO PERSEVERE TOGETHER

Farm Credit Illinois (FCI) celebrates a record-setting year of serving our mission through loan volume while proactively positioning our cooperative for a potential economic shift in 2025. The cooperative's capital is strong at $1.3 billion at year-end. The Board of Directors is focused on following a diligent and responsible capital management plan allowing us to grow as loan demands increase while being prepared for forecasted volatility in the farm economy.

With gratitude for the prosperous 2024, we also recognize the challenges that lie ahead. No matter how this next year evolves, FCI is "Positioned to Persevere Together" with our members and prepared to support farmers through both the prosperous and challenging economic cycles.

At the end of 2025, FCI will wrap up a 10-year vision and begin Vision 2035 with $8 billion in owned, managed, and collaborated loan volume. The cooperative surpassed the $7 billion Vision 2025 goal with a passionate team committed to delivering our mission of **Helping Farm Families Succeed**. 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 that the association turns into member value in our market.

The Board of Directors distributed $40 million of cash patronage in 2024 from the $105 million of 2023 earnings. Over the past four 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 serving you consistently, even amidst uncertain economic times.

As we face 2025 together, FCI remains steadfast in our commitment to continually improve the member lending experience while exploring new opportunities to meet evolving needs. In 2024, 81.6% of members indicated being "very satisfied" with their FCI experience. As relationships and agricultural expertise have proved to be valuable to borrowers, the cooperative continues to attract and retain talented employees dedicated to agriculture – especially as market changes ahead may spark consultative and proactive conversations with your lender. FCI is eager to remain your trusted partner through the winds of change, with your best interest as our top priority.

While the future may be filled with uncertainty, you can rest assured that FCI's financial strength, agricultural expertise, cooperative structure, and commitment to our member-borrowers equips us to withstand market volatility. We are "Positioned to Persevere Together" alongside you, our farmers and member-owners. The Board's focus on maintaining a strong capital position, funding initiatives supporting members and the marketplace, and offering competitive interest rates while lowering members' effective interest rates through cash patronage helps ensure the Association will deliver on its mission today and tomorrow.

Thank you for your continued partnership with Farm Credit Illinois. We are grateful for your support in helping our cooperative thrive.

Sincerely,

Steve Hettinger
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,	2024	2023	2022	2021	2020
Condensed Consolidated Statement of Condition Data					
Loans	**$ 6,111,119**	$ 6,039,209	$ 5,354,154	$ 4,823,197	$ 4,448,568
Allowance for credit losses on loans	**12,554**	10,254	9,040	7,732	6,237
Net loans	**6,098,565**	6,028,955	5,345,114	4,815,465	4,442,331
Investment in AgriBank, FCB	**293,660**	209,478	175,723	142,574	137,515
Investment securities	**376,992**	349,085	114,583	40,547	49,840
Other assets	**222,851**	197,586	153,561	137,580	119,215
Total assets	**$ 6,992,068**	$ 6,785,104	$ 5,788,981	$ 5,136,166	$ 4,748,901
Obligations with maturities of one year or less	**$ 114,540**	$ 118,865	$ 93,427	$ 73,977	$ 69,414
Obligations with maturities greater than one year	**5,590,220**	5,445,487	4,538,616	3,954,673	3,616,253
Total liabilities	**5,704,760**	5,564,352	4,632,043	4,028,650	3,685,667
Capital stock and participation certificates	**8,364**	8,089	7,927	7,878	7,656
Unallocated retained earnings	**1,280,245**	1,213,812	1,150,555	1,101,372	1,056,955
Accumulated other comprehensive loss	**(1,301)**	(1,149)	(1,544)	(1,734)	(1,377)
Total members' equity	**1,287,308**	1,220,752	1,156,938	1,107,516	1,063,234
Total liabilities and members' equity	**$ 6,992,068**	$ 6,785,104	$ 5,788,981	$ 5,136,166	$ 4,748,901

For the year ended December 31,	2024	2023	2022	2021	2020
Condensed Consolidated Statement of Income Data					
Net interest income	**$ 161,190**	$ 151,319	$ 121,402	$ 105,104	$ 102,639
Provision for credit losses	**9,774**	11,581	915	1,432	(2,261)
Other expenses, net	**45,706**	34,763	28,348	16,146	16,788
Net income	**$ 105,710**	$ 104,975	$ 92,139	$ 87,526	$ 88,112
Key Financial Ratios					
For the Year					
Return on average assets	**1.6%**	1.7%	1.8%	1.9%	1.9%
Return on average members' equity	**8.3%**	8.7%	8.0%	7.9%	8.3%
Net interest income as a percentage of average earning assets	**2.5%**	2.7%	2.5%	2.4%	2.3%
Net charge-offs (recoveries) as a percentage of average loans	**0.1%**	0.1%	(0.0%)	(0.0%)	0.0%
At Year End					
Members' equity as a percentage of total assets	**18.4%**	18.0%	20.0%	21.6%	22.4%
Allowance for credit losses on loans as a percentage of loans	**0.2%**	0.2%	0.2%	0.2%	0.1%
Common equity tier 1 ratio	**15.8%**	16.0%	17.5%	19.4%	20.0%
Tier 1 capital ratio	**15.8%**	16.0%	17.5%	19.4%	20.0%
Total capital ratio	**16.1%**	16.1%	17.7%	19.5%	20.1%
Permanent capital ratio	**15.9%**	16.0%	17.5%	19.4%	20.0%
Tier 1 leverage ratio	**15.7%**	16.6%	19.0%	20.9%	21.3%
Net Income Distributed					
For the Year					
Paid for prior year's patronage:					
Cash	**$ 43,689**	$ 42,970	$ 42,881	$ 42,804	$ 28,412

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, 2025, 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

In 2024, the farm economy continued its reversion to the historical twenty-year average net farm income. Farm sector income fell at a slower rate than in 2023 and remains modestly above the average at $140.7 billion. The production and use of primary crops remain generally in balance, providing little support for an increase in commodity prices in 2025. Farm economists anticipate the cost to produce corn and soybean crops to remain relatively steady in 2025. Some farm economists recommend budgeting for lower costs in 2025 while others note a slight increase. Regardless, crop margins will remain tight and net income is likely to trend lower in 2025. Despite these headwinds, many producers still realized positive farm profits in 2024, and some remain well-positioned with strong balance sheets with satisfactory liquidity and solvency. Additionally, the United States Department of Agriculture (USDA) forecasted that farm equity increased more than 5.0% in 2024, to $3.7 trillion.

The USDA suggests that the U.S. corn crop was 14.9 billion bushels in 2024, down from 15.3 billion bushels in 2023. The decline is driven by nearly 4.0 million fewer acres harvested as yields per acre increased slightly to a record 179.0 bushels per acre. Similarly, the USDA anticipates that the world corn crop production was smaller than 2023. Prices received in 2024 were lower than 2023. As a result, the U.S. Congress authorized $10.0 billion in economic assistance for farmers. Because the uses of the domestic corn crop are projected to total 15.1 billion bushels, the USDA anticipates ending inventories to be modestly lower relative to 2023, and the long-run price of corn to be $4.30 per bushel. Market prices for corn relative to soybeans have moved in favor of corn production in 2025. The USDA forecasts a small increase in U.S. winter wheat planted area to 34.1 million acres.

Demand for farmland has remained robust despite headwinds, including lower commodity prices and increasing interest rates. Our benchmark analysis of farmland indicates that values continued to increase 7.5% year-over-year as of July 2024. Farmland owners have realized increases in owners' equity, as a result, and market-based balance sheets indicate strong solvency positions. The USDA indicates that the debt-to-asset ratio for the U.S. Farm Balance Sheet remains a conservative 12.9%.

The outcomes and outlook for livestock sectors is more varied relative to the primary crops grown in southern Illinois. Prices for beef cattle in 2024 exceeded records set in 2023, 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 28.2 million head. Livestock economists do not anticipate rapid growth in the herd soon given the historically small percentage of heifers retained for breeding and forecasts of a dry and hot summer in 2025. The USDA forecasts continue to see optimism in beef consumption in the intermediate term. The profitability of the pork sector has rebounded relative to 2023 with farrow-to-finish margins turning positive to finish the year. Global pork demand is expected to grow in 2025 providing bullish support for prices and continued profitability. Milk prices rebounded in 2024 improving dairy farm incomes relative to 2023.

The USDA expects the agriculture sector to run a trade deficit in 2025. While agriculture exports should grow in 2025 relative to 2024, the rate of growth in agriculture imports has bested exports. In addition, some economists expect the U.S. dollar to strengthen relative to many global currencies, which would result in less competitive agricultural exports. Continued growth in the corn and soybean crops in Brazil and Argentina could pose strong competition on global markets. Should China continue to realize slower economic growth in 2025, global demand for agricultural trade may slow. Similarly, uncertainty exists regarding the role of tariffs in the new U.S. government administration and the effect on agricultural trade.

The U.S. Congress authorized an extension of the existing farm bill as part of the same American Relief Act that authorized economic assistance to farmers in 2025. Given the extensions, passing a new Farm Bill in 2025 may be a congressional priority, but will require bipartisan support given the nearly evenly split House of Representatives. As a result, the House Committee on Agriculture may balance support for nutrition programs with stronger farm safety net and research spending.

Economists have revised forecasts of GDP growth and inflation upward for 2025, likely providing support for overall demand for food and fuel products. U.S. consumers continued their spending growth in 2024. Economists generally anticipate the 2025 U.S. economy to grow, with some concern of increasing unemployment and uncertainty regarding inflation. The Federal Open Market Committee concluded 2024 by dropping interest rates, though it seemed poised to hold interest rates steady to start 2025 until uncertainty in the economy dissipates.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $6.1 billion at December 31, 2024, an increase of $71.9 million from December 31, 2023. The increase in our loan portfolio was partially offset by $1.1 billion of participations sold, net of participations repurchased, to AgriBank during 2024 as part of the asset pool program. Notwithstanding the asset pool sale, we experienced higher than average growth in our retail lending portfolio, within both the real estate mortgage and production and intermediate-term sectors.

Components of Loans

(in thousands)

As of December 31,	**2024**	2023	2022
Accrual loans:			
Real estate mortgage	**$ 3,260,218**	$ 3,109,613	$ 2,867,043
Production and intermediate-term	**876,425**	869,098	808,053
Agribusiness	**1,283,691**	1,389,917	1,218,025
Other	**663,257**	653,253	456,988
Nonaccrual loans	**27,528**	17,328	4,045
Total loans	**$ 6,111,119**	$ 6,039,209	$ 5,354,154

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

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,	**2024**	2023	2022
Participations purchased	**$ 2,702,012**	$ 2,400,297	$ 2,053,773
Participations sold	**(1,233,959)**	(474,357)	(481,043)

We have no loans sold with recourse, retained subordinated participation interests in loans sold, or interests in pools of subordinated participation interest 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. In the past, we sold AgriBank participation interests primarily in real estate loans as part of asset pool programs. On August 1, 2024, we purchased the loans totaling $217.1 million from these prior asset pool programs back from AgriBank. Additionally, on the same day, we sold AgriBank participations of $1.3 billion, 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 $1.2 billion, $472.7 million, and $478.9 million at December 31, 2024, 2023, and 2022, 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 generally followed by sharp pay-downs the following quarter.

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, 2024, 91.9% 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, 2024, approximately 8.6% 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, 2024.

Agricultural Industry Concentrations

As of December 31,	**2024**	2023	2022
Corn and soybeans	**51.4%**	50.3%	52.9%
Production and services	**11.7%**	13.4%	12.8%
Landlord	**8.2%**	8.1%	7.7%
Ancillary agriculture products	**7.5%**	7.2%	6.0%
Livestock	**6.7%**	6.3%	6.4%
Other	**14.5%**	14.7%	14.2%
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 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, 2023. Adversely classified loans increased to 2.7% of the portfolio at December 31, 2024, from 1.8% of the portfolio at December 31, 2023. 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, 2024, $413.1 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance established a single allowance 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 allowance for credit losses comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Components of Nonperforming Assets

(dollars in thousands) As of December 31,		2024		2023		2022
Loans:						
Nonaccrual	**$**	**27,528**	$	17,328	$	4,045
Accruing loans 90 days or more past due		**1,754**		321		--
Total nonperforming loans		**29,282**		17,649		4,045
Other property owned		**1,314**		58		--
Total nonperforming assets	**$**	**30,596**	$	17,707	$	4,045
Total nonperforming loans as a percentage of total loans		**0.5%**		0.3%		0.1%
Nonaccrual loans as a percentage of total loans		**0.5%**		0.3%		0.1%
Current nonaccrual loans as a percentage of total nonaccrual loans		**62.6%**		36.9%		96.1%
Total delinquencies as a percentage of total loans[1]		**0.4%**		0.3%		0.1%

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

Note: Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Our nonperforming assets have increased from December 31, 2023, but remained at acceptable levels. Despite the increase in nonperforming assets, total nonperforming loans as a percentage of total loans were well within our established risk management guidelines. Due to the low level of nonperforming assets, movement of a single loan or borrower impacts the ratios related to these assets year-over-year.

The increase in nonaccrual loans was primarily due to certain agribusiness loans that transferred to nonaccrual status during 2024. Nonaccrual loans remained at an acceptable level at December 31, 2024, 2023, and 2022.

The increase in accruing loans 90 days or more past due was due to two loans becoming more than 90 days past due. All accruing loans 90 days or more past due were fully guaranteed by the United States Department of Agriculture. 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.

The increase in other property owned was primarily due to two loans in our capital markets portfolio that transferred from nonaccrual to other property owned during 2024.

Allowance for Credit Losses on Loans

Effective January 1, 2023, 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. Prior to January 1, 2023, the allowance for loan losses was an estimate of losses incurred on loans in our portfolio that were probable and estimable as of December 31, 2022.

Allowance for Credit Losses on Loans Coverage Ratios

As of December 31,	2024	2023	2022
Allowance for credit losses on loans as a percentage of:			
Loans	**0.2%**	0.2%	0.2%
Nonaccrual loans	**45.6%**	59.2%	223.5%
Total nonperforming loans	**42.9%**	58.1%	223.5%
Net charge-offs (recoveries) as a percentage of average loans	**0.1%**	0.1%	(0.0%)
Adverse assets to capital and allowance for credit losses on loans	**12.7%**	9.1%	6.0%

Total allowance for credit losses on loans was $12.6 million, $10.3 million, and $9.0 million at December 31, 2024, 2023, and 2022, respectively. The increase from December 31, 2023, was primarily related to higher asset-specific reserves for credit loss component of certain agribusiness loans within the capital markets portfolio during 2024. To a lesser degree, deteriorating macroeconomic forecasts of net farm income also contributed to an increase in the allowance for credit losses on loans within the crop and livestock portfolios.

The resulting increase was partially offset by the sale of participation interests across much of our loan portfolio to the asset pool during 2024, in addition to an increase in charge-offs, net of recoveries, on loans primarily within our capital markets portfolio.

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 held investment securities. Investment securities totaled $377.0 million, $349.1 million, and $114.6 million at December 31, 2024, 2023, and 2022, respectively. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at December 31, 2024, 2023 and 2022. However, any premiums paid to purchase the investment are not guaranteed and are amortized as a reduction of interest income.

Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, or 2023, as all of our investment portfolio carries a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies and have an immaterial risk of credit loss. Additional information regarding the CECL adoption is included in Note 2 to the accompanying Consolidated Financial Statements. Prior to January 1, 2023, the investment securities portfolio was evaluated for other-than-temporary impairment. For the year ended December 31, 2022, we did not recognize any impairment on our investment securities portfolio.

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,	**2024**	2023	2022
Net income	**$ 105,710**	$ 104,975	$ 92,139
Return on average assets	**1.6%**	1.7%	1.8%
Return on average members' equity	**8.3%**	8.7%	8.0%

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

	For the year ended December 31,			Increase (decrease) in net income	
(in thousands)	**2024**	2023	2022	**2024 vs 2023**	2023 vs 2022
Net interest income	**$ 161,190**	$ 151,319	$ 121,402	**$ 9,871**	$ 29,917
Provision for credit losses	**9,774**	11,581	915	**1,807**	(10,666)
Non-interest income	**49,469**	53,413	49,692	**(3,944)**	3,721
Non-interest expense	**95,175**	88,176	78,042	**(6,999)**	(10,134)
Benefit from income taxes	**--**	--	(2)	**--**	(2)
Net income	**$ 105,710**	$ 104,975	$ 92,139	**$ 735**	$ 12,836

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31,	**2024 vs 2023**	2023 vs 2022
Changes in volume	**$ 15,154**	$ 12,197
Changes in interest rates	**(4,852)**	17,738
Changes in nonaccrual interest income and other	**(431)**	(18)
Net change	**$ 9,871**	$ 29,917

Net interest margin (net interest income as a percentage of average earning assets) was 2.5%, 2.7%, and 2.5% in 2024, 2023, and 2022, 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 decrease in the provision for credit losses relates primarily to a reversal on the provision for unfunded commitments during the year, driven in part by the sale of participations to the asset pool during 2024. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

Non-Interest Income

The change in non-interest income was primarily due to a decrease in patronage income received from AgriBank.

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,	2024	2023	2022
Patronage from AgriBank	**$ 27,900**	$ 34,316	$ 30,344
AgDirect partnership distribution	**3,296**	2,897	2,161
Other patronage	**89**	28	224
Total patronage income	**$ 31,285**	$ 37,241	$ 32,729
Form of patronage distributions:			
Cash	**$ 23,749**	$ 29,712	$ 16,010
Stock	**7,536**	7,529	16,719
Total patronage income	**$ 31,285**	$ 37,241	$ 32,729

Patronage from AgriBank primarily includes wholesale patronage and asset pool program patronage. The decrease in patronage income was primarily due to the wholesale patronage income received from AgriBank being at a lower rate during 2024 compared to 2023. 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.

Non-Interest Expense

Components of Non-Interest Expense

(dollars in thousands) For the year ended December 31,	2024	2023	2022
Salaries and employee benefits	**$ 48,324**	$ 45,252	$ 39,402
Other operating expense:			
Purchased and vendor services	**13,133**	11,884	11,051
Communications	**841**	960	880
Occupancy and equipment	**8,120**	6,264	5,119
Advertising and promotion	**2,074**	2,100	1,967
Examination	**1,696**	1,446	1,334
Farm Credit System insurance	**4,883**	7,895	7,667
Other	**12,347**	12,354	10,447
Other non-interest expense	**3,757**	21	175
Total non-interest expense	**$ 95,175**	$ 88,176	$ 78,042
Operating rate[1]	**1.4%**	1.6%	1.6%

[1]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.

Farm Credit System Insurance: The Farm Credit System insurance expense decreased in 2024 primarily due to a decrease in the Insurance Fund premium rate on Systemwide adjusted insured debt. The premium rate, which is primarily impacted by System growth, was 10 basis points for 2024, compared to 18 basis points for 2023. The FCSIC has announced premiums will be 10 basis points for 2025.The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time. See Note 1 for additional information on the Insurance Fund.

Other Non-Interest Expense: The increase is primarily due to a one-time credit adjustment to fair value on the August 1, 2024, asset pool sale of participation interests and unfunded commitments to AgriBank. The loss was partially offset by a reversal of provision for credit losses associated with the loans sold to the asset pool during the year.

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, 2024, we had $1.4 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. Our other source of lendable funds is from unallocated retained earnings. At December 31, 2024, gross loans are funded 91.5% by the direct note and 8.5% by unallocated retained earnings.

Note Payable Information

(dollars in thousands) For the year ended December 31,	2024	2023	2022
Average balance	**$ 5,430,954**	$ 4,716,479	$ 3,995,750
Average interest rate	**4.0%**	3.6%	2.0%

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.

CAPITAL ADEQUACY

Total members' equity was $1.3 billion, $1.2 billion, and $1.2 billion at December 31, 2024, 2023, and 2022, respectively. Total members' equity increased $66.6 million from December 31, 2023, primarily due to net income for the year, partially offset by $39.3 million of patronage distribution accruals. FCA regulations generally provide that a System institution must obtain FCA prior approval before paying cash patronage unless certain safe harbor provisions are met. Due to the sale of participations to the asset pool during 2024, the safe harbor provisions were not met. At the date of these Consolidated Financial Statements, our management team is not aware of any enforcement actions with respect to payment of the 2024 patronage.

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,	2024	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**15.8%**	16.0%	17.5%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.8%**	16.0%	17.5%	6.0%	2.5%	8.5%
Total capital ratio	**16.1%**	16.1%	17.7%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.9%**	16.0%	17.5%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**15.7%**	16.6%	19.0%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.6%**	16.5%	18.9%	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 2025 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 2025.

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

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, 2024, 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 2025 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

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

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

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

Relationships with Other Farm Credit Institutions

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 participant's portfolio, helps reduce concentration risk, and positions the participants for continued growth. We had $1.9 billion, $2.1 billion, and $1.8 billion of CMG volume outstanding at December 31, 2024, 2023, and 2022, 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 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 originated in our territory. We received $546 thousand, $507 thousand, and $931 thousand in origination fees for the years ended December 31, 2024, 2023, and 2022, 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 $457 thousand, $414 thousand, and $393 thousand in fees for the years ended December 31, 2024, 2023, and 2022, 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.

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 $44 thousand, $69 thousand, and $79 thousand at December 31, 2024, 2023, and 2022, 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, 2024, 2023, and 2022, 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 Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an investment in FPI of $9.8 million, $10.4 million, and $10.3 million as of December 31, 2024, 2023, and 2022, 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 $14.7 million, $10.6 million, and $8.0 million at December 31, 2024, 2023, and 2022, respectively. Refer to Note 11 to the accompanying Consolidated Financial Statements for further disclosure.

Unincorporated Business Entities (UBEs)

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 $21.2 million, $20.9 million, and $18.5 million at December 31, 2024, 2023, and 2022, 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, 2024, 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

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.

Steve Hettinger
Chairperson of the Board
Farm Credit Illinois, ACA

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

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

March 14, 2025

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Farm Credit Illinois, ACA

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, 2024. 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, 2024, 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, 2024.

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 14, 2025

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, 2024, 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, 2024.

David J Allspach

David Allspach
Chairperson of the Audit Committee
Farm Credit Illinois, ACA

Audit Committee Members:
Anne Larocca
Michael Donohoe
Scott Bidner
Kent Brinkmann

March 14, 2025

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, 2024, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in members' equity and 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, 2024, 2023 and 2022, 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.

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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 2024 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 14, 2025

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA

(in thousands)

As of December 31,	**2024**	2023	2022
ASSETS			
Loans	**$ 6,111,119**	$ 6,039,209	$ 5,354,154
Allowance for credit losses on loans	**12,554**	10,254	9,040
Net loans	**6,098,565**	6,028,955	5,345,114
Investment in AgriBank, FCB	**293,660**	209,478	175,723
Investment securities	**376,992**	349,085	114,583
Accrued interest receivable	**96,147**	87,213	65,795
Other assets	**126,704**	110,373	87,766
Total assets	**$ 6,992,068**	$ 6,785,104	$ 5,788,981
LIABILITIES			
Note payable to AgriBank, FCB	**$ 5,590,220**	$ 5,445,487	$ 4,538,616
Accrued interest payable	**53,309**	50,162	29,740
Patronage distribution payable	**39,275**	43,687	43,050
Other liabilities	**21,956**	25,016	20,637
Total liabilities	**5,704,760**	5,564,352	4,632,043
Contingencies and commitments (Note 11)			
MEMBERS' EQUITY			
Capital stock and participation certificates	**8,364**	8,089	7,927
Unallocated retained earnings	**1,280,245**	1,213,812	1,150,555
Accumulated other comprehensive loss	**(1,301)**	(1,149)	(1,544)
Total members' equity	**1,287,308**	1,220,752	1,156,938
Total liabilities and members' equity	**$ 6,992,068**	$ 6,785,104	$ 5,788,981

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,	2024	2023	2022
Interest income	**$ 379,835**	$ 319,096	$ 200,310
Interest expense	**218,645**	167,777	78,908
Net interest income	**161,190**	151,319	121,402
Provision for credit losses	**9,774**	11,581	915
Net interest income after provision for credit losses	**151,416**	139,738	120,487
Non-interest income			
Patronage income	**31,285**	37,241	32,729
Financially related services income	**8,713**	9,518	10,077
Fee income	**6,923**	5,462	5,373
Other non-interest income	**2,548**	1,192	1,513
Total non-interest income	**49,469**	53,413	49,692
Non-interest expense			
Salaries and employee benefits	**48,324**	45,252	39,402
Other operating expense	**43,094**	42,903	38,465
Other non-interest expense	**3,757**	21	175
Total non-interest expense	**95,175**	88,176	78,042
Income before income taxes	**105,710**	104,975	92,137
Benefit from income taxes	**--**	--	(2)
Net income	**$ 105,710**	$ 104,975	$ 92,139
Other comprehensive (loss) income			
Employee benefit plans activity	**$ (152)**	$ 395	$ 190
Total other comprehensive (loss) income	**(152)**	395	190
Comprehensive income	**$ 105,558**	$ 105,370	$ 92,329

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, 2021	$ 7,878	$ 1,101,372	$ (1,734)	$ 1,107,516
Net income	--	92,139	--	92,139
Other comprehensive income	--	--	190	190
Unallocated retained earnings designated for patronage distributions	--	(42,956)	--	(42,956)
Capital stock and participation certificates issued	535	--	--	535
Capital stock and participation certificates retired	(486)	--	--	(486)
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**

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,	**2024**	2023	2022
Cash flows from operating activities			
Net income	**$ 105,710**	$ 104,975	$ 92,139
Depreciation on premises and equipment	**1,809**	1,568	1,083
(Gain) loss on sale of premises and equipment, net	**(73)**	(244)	42
Net amortization of premiums on loans and investment securities	**11,318**	6,731	3,235
Provision for credit losses	**9,774**	11,581	915
Stock patronage received from AgriBank, FCB	**(7,536)**	(7,563)	(16,906)
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	**(10,058)**	(21,860)	(16,299)
(Increase) decrease in other assets	**(10,612)**	(17,296)	7,824
Increase in accrued interest payable	**3,147**	20,422	18,205
(Decrease) increase in other liabilities	**(3,212)**	3,306	1,360
Net cash provided by operating activities	**100,267**	101,620	91,598
Cash flows from investing activities			
Increase in loans, net	**(88,134)**	(693,949)	(533,622)
Purchases of investment in AgriBank, FCB, net	**(76,646)**	(26,192)	(16,243)
Redemptions (purchases) of investment in other Farm Credit institutions, net	**344**	(2,500)	(2,452)
Purchases of investment securities	**(104,384)**	(273,734)	(86,670)
Proceeds from investment securities	**70,446**	35,260	11,485
Proceeds from sales of other property owned	**3,605**	8	--
Purchases of premises and equipment, net	**(6,817)**	(4,576)	(5,183)
Net cash used in investing activities	**(201,586)**	(965,683)	(632,685)
Cash flows from financing activities			
Increase in note payable to AgriBank, FCB, net	**144,733**	906,871	583,943
Patronage distributions paid	**(43,689)**	(42,970)	(42,881)
Capital stock and participation certificates issued, net	**275**	162	25
Net cash provided by financing activities	**101,319**	864,063	541,087
Net change in cash	**--**	--	--
Cash at beginning of year	**--**	--	--
Cash at end of year	**$ --**	$ --	$ --
Supplemental information			
Interest paid	**$ 215,498**	$ 147,355	$ 60,703
Taxes refunded, net	**--**	--	(430)

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, 2025, 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. We are 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.

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 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 in 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.

Prior to January 1, 2023, in situations where, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession for other than an insignificant period of time to the borrower that we would not have otherwise considered, the related loan was classified as a troubled debt restructuring (TDR), also known as a formally restructured loan for regulatory purposes. A concession was generally granted to minimize economic loss and avoid foreclosure. Concessions varied by program and borrower and may have included interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. Loans classified as TDRs were considered risk loans. There may have been modifications made in the normal course of business that were not considered TDRs.

Allowance for Credit Losses: Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This guidance established a single allowance 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 allowance for credit losses (ACL) comprises the allowance for credit losses on loans, unfunded commitments, and investment securities.

Allowance for Credit Losses on Loans
Beginning January 1, 2023, the allowance for credit losses on loans (ACLL) 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 ACLL 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 ACLL 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 ACLL 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 ACLL 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.

Prior to January 1, 2023, the allowance for loan losses was an estimate of losses inherent in our loan portfolio as of the financial statement date. We determined the appropriate level of allowance for loan losses based on quarterly evaluation of factors such as loan loss history, estimated probability of default, estimated loss given default, portfolio quality, and current economic and environmental conditions.

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 upon the adoption of CECL. 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.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation and is included in “Other assets” in the Consolidated Statements of Condition. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Depreciation and maintenance and repair expenses are included in “Other operating expense” in the Consolidated Statements of Comprehensive Income and improvements are capitalized.

Leases: We are the lessee in operating leases. We evaluate arrangements at inception to determine if it is a lease. Leases with an initial term of 12 months or less are not recorded in the Consolidated Statements of Condition with lease expense recognized on a straight-line basis over the lease term. For operating leases with terms greater than 12 months the right-of-use (ROU) assets are included in “Other assets” in the Consolidated Statements of Condition and the lease liabilities are included in “Other liabilities” in the Consolidated Statements of Condition.

The ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. Our lease terms may include options to extend or terminate the lease. The length of the lease term is modified to include the option when it is reasonably certain that we will exercise that option. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

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. 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. 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 in addition to the employer match. 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. Deferred tax assets are included in “Other assets” in the Consolidated Statements of Condition and 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 flow, 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 standard to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other System institutions.

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

NOTE 3: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans by Type

(dollars in thousands)

As of December 31,	**2024**			2023			2022		
	Amortized Cost		%	Amortized Cost		%	Amortized Cost		%
Real estate mortgage	**$**	**3,265,174**	**53.4%**	$	3,120,621	51.7%	$	2,867,302	53.6%
Production and intermediate-term		**877,791**	**14.4%**		871,733	14.4%		808,053	15.1%
Agribusiness		**1,303,551**	**21.3%**		1,392,493	23.1%		1,221,811	22.8%
Other		**664,603**	**10.9%**		654,362	10.8%		456,988	8.5%
Total	**$**	**6,111,119**	**100.0%**	$	6,039,209	100.0%	$	5,354,154	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 $93.5 million and $84.6 million at December 31, 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 proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2024, 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 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

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
(in thousands)								
As of December 31, 2024	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
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)**

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2023	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	--
Total	$ --	$ (472,656)	$ 2,324,854	$ (1,701)	$ 75,443	$ --	$ 2,400,297	$ (474,357)

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2022	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ --	$ (314,251)	$ 151,648	$ (119)	$ 66,767	$ --	$ 218,415	$ (314,370)
Production and intermediate-term	--	(164,082)	278,006	--	--	--	278,006	(164,082)
Agribusiness	--	(560)	1,131,395	(2,031)	350	--	1,131,745	(2,591)
Other	--	--	425,607	--	--	--	425,607	--
Total	$ --	$ (478,893)	$ 1,986,656	$ (2,150)	$ 67,117	$ --	$ 2,053,773	$ (481,043)

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 life of the loan. Each of the 14 probability of default 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 during the remaining life of the loan. 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, 2024, 2023, or 2022.

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.

Credit Quality of Loans at Amortized Cost[1]

(dollars in thousands)	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2024	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	**$ 5,814,694**	**95.1%**	**$ 134,464**	**2.2%**	**$ 161,961**	**2.7%**	**$ 6,111,119**	**100.0%**

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2023	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	$ 5,840,889	96.8%	$ 87,047	1.4%	$ 111,273	1.8%	$ 6,039,209	100.0%

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2022	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 2,880,417	99.0%	$ 15,842	0.5%	$ 14,266	0.5%	$ 2,910,525	100.0%
Production and intermediate-term	787,806	95.8%	28,391	3.5%	6,021	0.7%	822,218	100.0%
Agribusiness	1,166,924	95.0%	11,983	1.0%	48,771	4.0%	1,227,678	100.0%
Other	455,679	99.4%	2,251	0.5%	423	0.1%	458,353	100.0%
Total	$ 5,290,826	97.6%	$ 58,467	1.1%	$ 69,481	1.3%	$ 5,418,774	100.0%

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Aging Analysis of Loans at Amortized Cost[1]

(in thousands) **As of December 31, 2024**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 6,962**	**$ 4,902**	**$ 11,864**	**$ 3,253,310**	**$ 3,265,174**	**$ 427**
Production and intermediate-term	**2,468**	**966**	**3,434**	**874,357**	**877,791**	**--**
Agribusiness	**294**	**4,562**	**4,856**	**1,298,695**	**1,303,551**	**--**
Other	**1,764**	**1,328**	**3,092**	**661,511**	**664,603**	**1,327**
Total	**$ 11,488**	**$ 11,758**	**$ 23,246**	**$ 6,087,873**	**$ 6,111,119**	**$ 1,754**

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	$ 7,295	$ 10,450	$ 17,745	$ 6,021,464	$ 6,039,209	$ 321

As of December 31, 2022	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	$ 2,057	$ 159	$ 2,216	$ 2,908,309	$ 2,910,525	$ --
Production and intermediate-term	151	--	151	822,067	822,218	--
Agribusiness	--	--	--	1,227,678	1,227,678	--
Other	3,129	--	3,129	455,224	458,353	--
Total	$ 5,337	$ 159	$ 5,496	$ 5,413,278	$ 5,418,774	$ --

[1]Prior to the adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

Nonaccrual Loans

Nonaccrual Loans by Loan Type

(in thousands)

As of December 31,	**2024**	2023	2022
Real estate mortgage	**$ 4,956**	$ 11,008	$ 259
Production and intermediate-term	**1,366**	2,635	--
Agribusiness	**19,860**	2,576	3,786
Other	**1,346**	1,109	--
Total	**$ 27,528**	$ 17,328	$ 4,045

Additional Nonaccrual Loans Information

(in thousands)	**As of December 31, 2024** Amortized Cost Without Allowance
Real estate mortgage	**$ 4,313**
Production and intermediate-term	**1,269**
Agribusiness	**9,043**
Other	**179**
Total	**$ 14,804**

	As of December 31, 2023 Amortized Cost Without Allowance
Real estate mortgage	$ 5,526
Production and intermediate-term	1,474
Other	263
Total	$ 7,263

Interest income recognized (reversed) on nonaccrual loans were not material for the years ended December 31, 2024, 2023, or 2022. Reversals of interest income on loans that transferred to nonaccrual status were not material for the years ended December 31, 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 disclosures below.

Loan Modifications at Amortized Cost

(dollars in thousands) **For the year ended December 31, 2024**	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Production and intermediate-term	**$ 3,055**	**$ 3,457**	**$ --**	**$ --**	**$ 742**	**$ 3,560**	**$ 10,814**	**0.2%**
Agribusiness	**--**	**9,436**	**--**	**3,622**	**--**	**--**	**13,058**	**0.2%**
Total	**$ 3,055**	**$ 12,893**	**$ --**	**$ 3,622**	**$ 742**	**$ 3,560**	**$ 23,872**	**0.4%**
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 Rate Reduction	Term Extension	Payment Deferral	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	$ --	$ --	$ 5,289	$ --	$ --	$ --	$ 5,289	0.1%
Production and intermediate-term	--	3,530	--	--	--	14,350	17,880	0.3%
Total	$ --	$ 3,530	$ 5,289	$ --	$ --	$ 14,350	$ 23,169	0.4%
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, 2024	Weighted Average Interest Rate Reduction (%)	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Production and intermediate-term				
Interest rate reduction	**0.3%**			
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

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. There were no loans to borrowers experiencing financial difficulty that defaulted during the year ended December 31, 2023, in which the modifications were within twelve months preceding the default.

Loan Modifications that Subsequently Defaulted

(in thousands) **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) **As of December 31, 2024**	Not Past Due or Less than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Production and intermediate-term	**$ 10,717**	**$ --**	**$ 97**	**$ 10,814**
Agribusiness	**13,058**	**--**	**--**	**13,058**
Total	**$ 23,775**	**$ --**	**$ 97**	**$ 23,872**

As of December 31, 2023	Not Past Due or Less than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 1,557	$ 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, 2024, or 2023.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the years ended December 31, 2024, and 2023 were $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 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,	2024	2023	2022
Allowance for Credit Losses on Loans			
Balance at beginning of year	**$ 10,254**	$ 9,040	$ 7,732
Cumulative effect of change in accounting principle	**--**	(3,357)	--
Provision for credit losses on loans	**9,918**	10,922	915
Loan recoveries	**12**	488	411
Loan charge-offs	**(7,630)**	(6,839)	(18)
Balance at end of year	**$ 12,554**	$ 10,254	$ 9,040
Allowance for Credit Losses on Unfunded Commitments			
Balance at beginning of year	**$ 2,127**	$ --	$ --
Cumulative effect of change in accounting principle	**--**	1,468	--
Provision for credit losses on unfunded commitments	**(144)**	659	--
Balance at end of year	**$ 1,983**	$ 2,127	$ --
Total allowance for credit losses	**$ 14,537**	$ 12,381	$ 9,040

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by higher asset-specific reserves established on certain agribusiness nonaccrual loans within our capital markets portfolio during 2024 and, to a lesser degree, deteriorating macroeconomic forecasts within the crop and livestock portfolios. This increase to the allowance was partially offset by charge-offs of several loans within the capital markets portfolio, in addition to the reversal of allowance due to the sale of participation interests across much of our loan portfolio to the asset pool during 2024.

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, 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

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for credit losses on loans:					
Balance as of December 31, 2021	$ 1,028	$ 1,456	$ 4,600	$ 648	$ 7,732
Provision for credit losses on loans	(230)	(698)	1,629	214	915
Loan recoveries	--	411	--	--	411
Loan charge-offs	--	(18)	--	--	(18)
Balance as of December 31, 2022	$ 798	$ 1,151	$ 6,229	$ 862	$ 9,040

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Risk Loans: Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands) As of December 31,		2022
Nonaccrual loans:		
Current as to principal and interest	$	3,886
Past due		159
Total nonaccrual loans		4,045
Accruing restructured loans		434
Accruing loans 90 days or more past due		--
Total risk loans	$	4,479
Volume with specific allowance	$	3,877
Volume without specific allowance		602
Total risk loans	$	4,479
Total specific allowance	$	773

For the year ended December 31,		2022
Income on accrual risk loans	$	23
Income on nonaccrual loans		287
Total income on risk loans	$	310
Average risk loans	$	3,472

Note: Accruing loans include accrued interest receivable.

All risk loans were considered to be impaired loans. The following table provides additional impaired loan information:

Additional Impaired Loan Information by Loan Type

	As of December 31, 2022						For the year ended December 31, 2022	
(in thousands)		Recorded Investment[1]		Unpaid Principal Balance[2]		Related Allowance		Average Impaired Loans
Impaired loans with a related allowance for loan losses:								
Real estate mortgage	$	91	$	138	$	4	$	159
Production and intermediate-term		--		--		--		4
Agribusiness		3,786		3,892		769		2,370
Total	$	3,877	$	4,030	$	773	$	2,533
Impaired loans with no related allowance for loan losses:								
Real estate mortgage	$	168	$	168	$	--	$	688
Production and intermediate-term		434		543		--		158
Agribusiness		--		731		--		93
Total	$	602	$	1,442	$	--	$	939
Total impaired loans:								
Real estate mortgage	$	259	$	306	$	4	$	847
Production and intermediate-term		434		543		--		162
Agribusiness		3,786		4,623		769		2,463
Total	$	4,479	$	5,472	$	773	$	3,472

[1]The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

[2]Unpaid principal balance represents the contractual principal balance of the loan.

Year End Recorded Investments by Loan Type

(in thousands) As of December 31, 2022	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Ending balance: individually evaluated for impairment	$ 4	$ --	$ 769	$ --	$ 773
Ending balance: collectively evaluated for impairment	$ 794	$ 1,151	$ 5,460	$ 862	$ 8,267
Recorded investment in loans outstanding:					
Ending balance	$ 2,910,525	$ 822,218	$ 1,227,678	$ 458,353	$ 5,418,774
Ending balance: individually evaluated for impairment	$ 259	$ 434	$ 3,786	$ --	$ 4,479
Ending balance: collectively evaluated for impairment	$ 2,910,266	$ 821,784	$ 1,223,892	$ 458,353	$ 5,414,295

Troubled Debt Restructurings: Prior to the adoption of CECL, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the borrower's financial difficulties granted a concession to the borrower that it would not otherwise consider. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals, or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven.

We completed a TDR of a production and intermediate-term loan during the year ended December 31, 2022. Our recorded investment in this loan was $422 thousand just prior to restructuring and $423 thousand immediately following the restructuring during the year ended December 31, 2022. The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

The type of modification was deferral of principal.

There were no TDRs that defaulted during the year ended December 31, 2022, in which the modification was within twelve months of the reporting period.

TDRs Outstanding

(in thousands) As of December 31,	2022
Accrual status:	
Real estate mortgage	$ --
Production and intermediate-term	434
Total TDRs in accrual status	$ 434
Nonaccrual status:	
Real estate mortgage	$ 166
Production and intermediate-term	--
Total TDRs in nonaccrual status	$ 166
Total TDRs:	
Real estate mortgage	$ 166
Production and intermediate-term	434
Total TDRs	$ 600

Note: Accruing loans include accrued interest receivable.

NOTE 4: INVESTMENT IN AGRIBANK

Our investment in AgriBank was $293.7 million, $209.5 million, and $175.7 million at December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, 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, 2024, 2023, and 2022, 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 allocated 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 $377.0 million, $349.1 million, and $114.6 million at December 31, 2024, 2023, and 2022, respectively. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). All of our investment securities were fully guaranteed by the SBA at December 31, 2024, 2023 and 2022. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity. Effective January 1, 2023, we adopted CECL, which amended the previous other-than-temporary impairment model for investment securities to incorporate an allowance for credit losses on investment securities. There was no allowance for credit losses on investment securities at December 31, 2024, or 2023. Prior to January 1, 2023, the investment portfolio was evaluated for other-than-temporary impairment. No investments were impaired at December 31, 2022.

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $2.6 million, $2.7 million, and $1.2 million at December 31, 2024, 2023, and 2022, respectively.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $23.6 million, $15.3 million, and $1.4 million in 2024, 2023, and 2022, respectively.

Contractual Maturities of Investment Securities

(in thousands) **As of December 31, 2024**		Amortized Cost
One to five years	**$**	**10,171**
Five to ten years		**176,440**
More than ten years		**190,382**
Total	**$**	**376,992**

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

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Additional Investment Securities Information

(dollars in thousands) As of December 31,		2022
Amortized cost	$	114,583
Unrealized gains		549
Unrealized losses		(1,115)
Fair value	$	114,017
Weighted average yield		3.1%

A summary of investments in an unrealized loss position presented by the length of time the investments have been in a continuous unrealized loss position follows:

(in thousands)	Less than 12 months				Greater than 12 months			
As of December 31, 2022		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
ABS	$	45,750	$	(824)	$	15,289	$	(291)
Total	$	45,750	$	(824)	$	15,289	$	(291)

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,	**2024**	2023	2022
Line of credit	**$ 7,000,000**	$ 7,000,000	$ 5,000,000
Outstanding principal under the line of credit	**5,590,220**	5,445,487	4,538,616
Interest rate	**3.9%**	3.9%	3.0%

Our note payable is scheduled to mature on July 31, 2026. We intend to renegotiate the note payable no later than the maturity date.

The 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, 2024, 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,	**2024**	2023	2022	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	**15.8%**	16.0%	17.5%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.8%**	16.0%	17.5%	6.0%	2.5%	8.5%
Total capital ratio	**16.1%**	16.1%	17.7%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.9%**	16.0%	17.5%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	**15.7%**	16.6%	19.0%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.6%**	16.5%	18.9%	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.

	Number of Shares		
As of December 31,	**2024**	2023	2022
Class C common stock (at-risk)	**1,658,724**	1,609,209	1,580,100
Participation certificates (at-risk)	**14,094**	8,463	5,164

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, 2024, 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 $39.3 million, $43.7 million, and $43.1 million at December 31, 2024, 2023, and 2022, respectively. The patronage distributions are paid in cash.

NOTE 8: INCOME TAXES

Benefit from Income Taxes

Benefit from Income Taxes

(dollars in thousands)

For the year ended December 31,	**2024**	2023	2022
Current:			
Federal	**$ --**	$ --	$ (2)
Total current	**$ --**	$ --	$ (2)
Deferred:			
Federal	**$ (1,073)**	$ (1,104)	$ (1,037)
State	**(536)**	(407)	(519)
Increase in valuation allowance	**1,609**	1,511	1,556
Total deferred	**--**	--	--
Benefit from income taxes	**$ --**	$ --	$ (2)
Effective tax rate	**--**	--	(0.0%)

Reconciliation of Taxes at Federal Statutory Rate to Benefit from Income Taxes

(in thousands)

For the year ended December 31,	**2024**	2023	2022
Federal tax at statutory rates	**$ 22,199**	$ 22,045	$ 19,349
State tax, net	**(424)**	(417)	(421)
Effect of non-taxable entity	**(23,439)**	(23,211)	(20,526)
Increase in valuation allowance	**1,609**	1,511	1,556
Other	**55**	72	40
Benefit from income taxes	**$ --**	$ --	$ (2)

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

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,	**2024**	2023	2022
Allowance for credit losses on loans	**$ 348**	$ 169	$ 384
Postretirement benefit accrual	**402**	400	402
Net operating loss carryforward	**5,479**	4,232	2,851
Accrued incentive	**914**	891	700
Accrued patronage income not received	**(105)**	(219)	--
AgriBank 2002 allocated stock	**(390)**	(390)	(390)
Accrued pension asset	**(1,478)**	(1,525)	(1,624)
Other assets	**135**	138	117
Total deferred tax assets	**5,305**	3,696	2,440
Valuation allowance	**(5,305)**	(3,696)	(2,440)
Deferred tax assets, net	**$ --**	$ --	$ --
Gross deferred tax assets	**$ 7,278**	$ 5,830	$ 4,454
Gross deferred tax liabilities	**$ (1,973)**	$ (2,134)	$ (2,014)

A valuation allowance for the deferred tax assets was necessary at December 31, 2024, 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 $1.2 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 United States 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, 2024. In addition, we believe we are no longer subject to income tax examinations for years prior to 2021.

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 2024 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, 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,	**2024**	2023	2022
Funded (unfunded) status	**$ 55,397**	$ (31,065)	$ (87,688)
Projected benefit obligation	**1,096,604**	1,245,052	1,204,130
Fair value of plan assets	**1,152,001**	1,213,987	1,116,442
Accumulated benefit obligation	**1,011,357**	1,140,936	1,083,610

For the year ended December 31,	**2024**	2023	2022
Total plan expense	**$ 41,090**	$ 55,535	$ 30,475
Our allocated share of plan expenses	**1,611**	2,432	1,247
Contributions by participating employers	**40,000**	45,000	90,385
Our allocated share of contributions	**1,564**	1,954	3,980

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 $127.5 million in 2024. 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 2025 is $14.7 million. Our allocated share of these pension contributions is expected to be $502 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,	**2024**	2023	2022
Our unfunded status	**$ (3,119)**	$ (2,507)	$ (2,421)

For the year ended December 31,	**2024**	2023	2022
Our cash contributions	**$ 29**	$ 32	$ 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 $2.8 million, $2.4 million, and $2.2 million in 2024, 2023, and 2022, 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, 2024, 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,	**2024**	2023	2022
Total related party loans	**$ 48,968**	$ 41,150	$ 39,509

For the year ended December 31,	**2024**	2023	2022
Advances to related parties	**$ 18,223**	$ 13,302	$ 30,726
Repayments by related parties	**13,223**	11,661	13,454

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.

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 $31.2 million, $37.2 million, and $32.5 million in 2024, 2023, and 2022, respectively. Patronage income for 2024, 2023, and 2022 was received in cash and AgriBank stock.

In addition, we received compensation from AgriBank for servicing loans of $1.1 million, $487 thousand, and $549 thousand in 2024, 2023, and 2022, respectively.

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. In addition, we hold an investment in FPI.

Additional Related Party Information

(in thousands)

As of December 31,	2024	2023	2022
Investment in AgriBank	**$ 293,660**	$ 209,478	$ 175,723
Investment in AgDirect, LLP	**21,233**	20,948	18,531
Investment in Foundations	**29**	29	29
Investment in FPI	**9,811**	10,415	10,322

For the year ended December 31,	2024	2023	2022
AgriBank District purchased services	**$ 1,617**	$ 1,420	$ 1,243
FPI purchased services	**12,109**	11,117	9,904

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, 2024, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $1.5 billion. Additionally, we had $31.9 million of issued standby letters of credit as of December 31, 2024.

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, 2024, our total commitment was $30.0 million, of which $14.6 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, 2024, 2023, or 2022.

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

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

As of December 31, 2022	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Loans	$ --	$ --	$ 3,260	$ 3,260
Other property owned	--	--	--	--

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 14, 2025, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our 2024 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

Farm Credit Illinois, ACA

(Unaudited)

Description of Business

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

Property Information

Location	Description	Usage
Decatur	Owned	Branch
Effingham	Owned	Branch
Highland	Owned	Branch
Jacksonville	Owned	Branch
Jerseyville	Owned	Branch
Lawrenceville	Owned	Held for Sale[2]
Lawrenceville	Owned	Construction in Progress[2]
Mahomet	Owned	Headquarters/Branch[1]
Marion	Owned	Branch
Mt. Vernon	Owned	Branch
Paris	Owned	Branch
Red Bud	Owned	Branch
Sherman	Owned	Branch
Taylorville	Owned	Branch
Watseka	Owned	Branch

[1]During 2024, a new Mahomet branch and annex to Headquarters was constructed and occupied.

[2]As of December 31, 2024, the Lawrenceville branch location was held for sale, with plans to complete construction of a new branch location in Lawrenceville during 2025.

Legal Proceedings

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, 2024.

Description of Capital Structure

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

Description of Liabilities

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

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

Management’s Discussion and Analysis

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, 2024, including business experience during the last five years

Name	Principal occupation and other business affiliations
David Allspach **Board Service Began:** 2022 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain and livestock farmer **Other business affiliations:** 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.
Scott Bidner **Board Service Began:** 2024 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain and livestock farmer
Marc Bremer **Board Service Began:** 2020 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain and livestock farmer Owner: Bremer Brothers Farm LLC **Other business affiliations:** Director: Massac County Soil & Water, provide valuable technical assistance on a variety of natural resource issues such as soil conservation and water quality. Director: Massac County Farm Bureau Board, organization that provides support and resources to local farmers
Kent Brinkmann **Board Service Began:** 1998 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** President: Carlyle FFA Alumni Association
Adam Brown **Vice Chairperson** **Board Service Began:** 2020 **Current Term Expires:** 2027	**Principal occupation:** Self-employed grain farmer Owner: B&B Farms
Michael Donohoe **Appointed Director** **Board Service Began:** 2019 **Current Term Expires:** 2026	**Principal occupation:** 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 **Other business affiliations:** Director and Officer: Pixels by Emily Donohoe, Inc., photography studio Director and Officer: Sunchaser Consulting Corp., expert witness and litigation consulting

Name	Principal occupation and other business affiliations
Wesley Durbin **Board Service Began:** 2010 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain and livestock farmer **Other business affiliations:** Treasurer: Shelby County Pork Producers, non-profit Club Leader: Ful-O-Pep 4H Club, non-profit Director: Shelby County Land Assessment, county committee
David Haase **Board Service Began:** 2017 **Current Term Expires:** 2025	**Principal occupation:** Self-employed grain farmer **Other business affiliations:** Director: Farm Credit Council, a national trade association representing the Farm Credit System Vice 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
Lisa Helmink **Board Service Began:** 2017 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain and livestock farmer Accountant and Tax Manager: Goecker Accounting, Inc. Former Accountant and Tax Manager: Custom Accounting & Sam Phillips CPA Former Clinic Manager: Clinton County Veterinary Services, Ltd.
Steve Hettinger **Chairperson** **Board Service Began:** 2018 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain farmer Owner/Dealer: Precision Planting Dealership Manager: VeriFly-Drone Scouting LLC Seed Consultant: Nutrien Former Owner: Seed dealership **Other business affiliations:** Director: Premier Cooperative, a grain elevator
Anne Larocca **Appointed Director** **Board Service Began:** 2021 **Current Term Expires:** 2028	**Principal occupation:** Senior Associate: Willis Towers Watson Former Senior Account Manager: Bswift
Eric J. Mosbey **Board Service Began:** 2015 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain farmer General Manager: Lincolnland Agri-Energy, LLC President/Co-Owner: Mosbey Farms, Inc.
Joseph Pickrell **Board Service Began:** 2021 **Current Term Expires:** 2028	**Principal occupation:** Self-employed grain farmer Operator of seed dealership: Beck's Hybrids **Other business affiliations:** Owner: Pickrell Bros. Seed, seed corn sales Owner: Clear Creek Agro LLC, trucking
Evan Schuette **Board Service Began:** 2021 **Current Term Expires:** 2026	**Principal occupation:** Self-employed grain and livestock farmer, seed sales and herd manager Owner: Schuette Signature Beef LLC

Pursuant to our bylaws, directors are paid a reasonable amount for attendance at board meetings, committee meetings, or other special assignments. Directors are also reimbursed for reasonable expenses incurred in connection with such meetings or assignments. 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 2024 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 2024 follows:

Name	Number of Days Served: Board Meetings	Number of Days Served: Other Official Activities	Compensation Paid for Service on a Board Committee	Name of Committee	Total Compensation Paid in 2024
David Allspach	8.0	31.0	$ --		$ 51,900
Scott Bidner	8.0	14.5	--		39,500
Marc Bremer	8.0	51.5	2,000	Risk Committee	64,700
Kent Brinkmann	8.0	35.0	--		51,100
Adam Brown	8.0	45.0	--		57,100
Michael Donohoe	6.0	5.5	2,000	Audit Committee	33,500
Wesley Durbin	8.0	22.0	--		40,700
David Haase	8.0	39.0	--		59,300
Lisa Helmink	8.0	41.0	2,000	Governance Committee	53,900
Steve Hettinger	8.0	46.0	--		61,100
Anne Larocca	8.0	12.0	2,000	Audit Committee	33,900
Eric J. Mosbey	8.0	25.5	--		46,700
Joseph Pickrell	8.0	22.5	--		44,300
Evan Schuette	8.0	31.5	--		51,500
					$ 689,200

Senior Officers

Senior Officers as of December 31, 2024, including business experience during the last five years

Name and Position	Business experience and other business affiliations
Aaron S. Johnson[1] President and Chief Executive Officer	**Business experience:** President and Chief Executive Officer since January 2020 **Other business affiliations:** Manager: Bourbon Hill LLC - a 125 acre farm Advisory Board Member: Farm Credit Council Services
Jim Dunne Senior Vice President and Chief Risk Officer	**Business experience:** 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
Kelly D. Hunt[1] Executive Vice President and Chief Financial Officer	**Business experience:** Executive Vice President and Chief Financial Officer since December 2022 Senior Vice President and Chief Financial Officer from January 2016 to November 2022 **Other business affiliations:** Board of Directors: Farm Credit Financial Partners Inc., technology services to Farm Credit Board of Directors and Finance Committee: Parkland College Foundation Member: University of Illinois Department of Accountancy Alumni External Advisory Board
Robert H. Rhode Senior Vice President and General Counsel	**Business experience:** Senior Vice President since January 2016 and General Counsel since January 2014 **Other business affiliations:** Trustee: Farm Credit Foundations Trust Committee, employee benefits and invesment of retirement plan funds
Shaun Murray Senior Vice President and Chief Marketplace Officer	**Business experience:** Senior Vice President and Chief Marketplace Officer since January 2023 Senior Vice President and Chief Operating Officer from January 2019 to December 2022
Ryan W. Berg Senior Vice President and Chief Operating Officer	**Business experience:** Senior Vice President and Chief Operating Officer since January 2023 Senior Vice President and Chief Administrative Officer from November 2014 to December 2022 **Other business affiliations:** Board of Directors: Farm Credit Financial Partners Inc., technology services to Farm Credit

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

[1]Effective, December 31, 2024, President and Chief Executive Officer, Aaron S. Johnson, retired. Effective January 1, 2025, Kelly D. Hunt, previously the Executive Vice President and Chief Financial Officer, became the President and Chief Executive Officer. Effective January 4, 2025, Abby Wegner, previously the Director of Strategic Initiatives and Data Governance at AgriBank, FCB, became the Senior Vice President and Chief Financial Officer.

Information related to 2024 compensation paid to senior officers will be provided in our 2024 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 $323 thousand, $295 thousand, and $251 thousand in 2024, 2023, and 2022, 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, 2025, or at any time during 2024.

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 2024 were $138 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 (YBS)

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. 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 10 years or less of experience at farming, ranching, or producing or harvesting aquatic products 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. FCI feels that its traditional loans, and especially its credit delivery adequately addresses 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 Association will accomplish this by:

- Providing discounted interest rates for up to a maximum period of five years through the FreshRoots Loan Program for young and/or beginning farmers
- Offering learning incentives for young and beginning farmers that attend educational workshops with the intent of encouraging personal growth and professional development
- Providing relaxed lending standards for approval within the eligibility guidelines which includes aggregate loan limitations to limit risk. Exceptions to limits and other credit standards are considered when there are other adequate offsetting credit strengths
- Making full use of guaranteed loan programs through the United States Department of Agriculture (USDA) Farm Service Agency (FSA)
- Establishing both quantitative portfolio targets and qualitative goals for services offered
- Continuing to participate in numerous outreach programs which benefit YBS farmers
- Utilizing the FreshRoots Member Advisory Committee (MAC) to provide views and feedback on serving YBS farmers

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.

2024 Goals and Actual Results

As required by board policy, quantitative targets and qualitative goals for YBS loans are established on an annual basis for the succeeding 3 years. The following goals and targets were established for 2024:

(dollars in thousands)

Category	Number of New Loans Closed	Number of Loans Outstanding	Total Loan Volume	Percent of Total Loans
Young Farmer	1,170	3,700	$ 703,000	19.0%
Beginning Farmer	1,200	4,100	779,000	21.0%
Small Farmer	1,800	7,000	875,000	35.0%
Outreach Program - Goal for total number of activities			130	

The following table details the level of new business generated in 2024 plus the level of volume outstanding as of December 31, 2024, both by number of loans and by volume for young and beginning farmers and ranchers. “Volume Outstanding” in the chart below represents the principal and unfunded commitments net of funds held outstanding as of December 31, 2024.

Young and Beginning Farmers and Ranchers - Gross New Business During The Year
Number/Volume of Loans
(dollars in thousands)

	Number of Loans	Percent of Total	Volume Outstanding	Percent of Total
Total gross new loans and commitments made during the year	6,793		$ 2,018,939	
Total loans and commitments made to young farmers and ranchers	1,253	18.5%	319,806	15.8%
Total loans and commitments made to beginning farmers and ranchers	1,506	22.2%	369,706	18.3%

The following table details the level of business outstanding as of December 31, 2024, by number of loans and by volume for young and beginning farmers and ranchers. “Volume Outstanding” in the chart below represents the principal and unfunded commitments net of funds held outstanding as of December 31, 2024.

(dollars in thousands)

	Number of Loans	Percent of Total	Volume Outstanding	Percent of Total
Total loans and commitments outstanding at year end	21,247		$ 8,012,676	
Young farmers and ranchers	4,556	21.4%	938,060	11.7%
Beginning farmers and ranchers	5,451	25.7%	1,118,514	14.0%

The following tables detail the level of new business generated in 2024 plus the level of business outstanding as of December 31, 2024, both by number of loans and by volume for small farmers and ranchers.

(dollars in thousands)

	$0 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 and greater	Total
Total number of new loans and commitments made during the year	1,073	825	1,317	3,578	6,793
Total number of loans made to small farmers and ranchers during the year	766	464	520	301	2,051
Number of loans to small farmers and ranchers as a % of total number of loans	71.4%	56.2%	39.5%	8.4%	30.2%
Total gross loan volume of all new loans and commitments made during the year	$ 31,358	$ 64,387	$ 227,229	$ 1,695,965	$ 2,018,939
Total gross loan volume to small farmers and ranchers	21,717	35,892	84,569	169,577	311,755
Loan volume to small farmers and ranchers as a % of total gross new loan volume	69.3%	55.7%	37.2%	10.0%	15.4%
Total number of loans and commitments outstanding at year end	5,587	3,375	5,369	6,916	21,247
Total number of loans to small farmers and ranchers	3,169	1,699	2,092	1,146	8,106
Number of loans to small farmers and ranchers as a % of total number of loans	56.7%	50.3%	39.0%	16.6%	38.2%
Total loan volume outstanding at year end	$ 126,965	$ 254,400	$ 908,113	$ 6,723,198	$ 8,012,676
Total loan volume to small farmers and ranchers	71,671	126,510	335,311	573,635	1,107,127
Loan volume to small farmers and ranchers as a % of total loan volume	56.4%	49.7%	36.9%	8.5%	13.8%

As of December 31, 2024, all targets and goals were met.

Association Results as Compared to 2017 USDA Ag Census Demographics

Through the Farm Credit Council, the Association has obtained a special tabulation of the 2017 USDA Census of Agriculture; used as the following source of demographic data for comparison to FCI’s performance in serving young, beginning, and small farmers and ranchers. This special tabulation includes only those farms in FCI’s chartered territory that have debt and annual gross sales of at least $10 thousand.

Percentages by Number

As of December 31, 2024	Young	Beginning	Small
Farm Credit Illinois, ACA	21.4%	25.7%	38.2%
2017 Census data	18.8%	25.5%	55.8%

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.

Qualitative Goals

- 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.

Government Guarantees

As a means to control risk in some situations, co-makers or guaranteed loan programs through the USDA FSA are utilized when possible. During the past few years FCI has utilized several types of FSA programs for real estate FLCA loans:

- FSA Direct Down Payment Farm Ownership Program: This program is specific for a 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 1.5.0%, 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.
- 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 2.5.0%. Typically, no down payment 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 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 is limited to a maximum of 85.0%with an FSA guarantee (for L/V 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 Loan to Value. 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.

During 2024, the Association originated 71 new FSA guaranteed loans to young, beginning, and/or small farmers with a year-end volume of $22.0 million. Total volume for YBS government guaranteed loans was $130.0 million on December 31, 2024. Guaranteed loans for 2024 were above the goal of 60 new loans, and the goal of total loan volume outstanding of $65.0 million was exceeded at $130.0 million.

Outreach Activities

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 219 YBS outreach activities in 2024 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
- Job fairs and career discussion classroom visits
- 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

Quantitative Targets and Qualitative Goals

The Association’s quantitative targets and qualitative goals for the next 3 years are as follows:

(dollars in thousands)

Category	Number of New Loans Closed	Number of Loans Outstanding	Total Loan Volume	Percent of Total Loans
2025 Young Farmer	1,180	3,750	$ 712,500	19.0%
2026 Young Farmer	1,190	3,800	722,000	19.0%
2027 Young Farmer	1,200	3,850	732,000	19.0%
2025 Beginning Farmer	1,250	4,150	$ 788,500	21.0%
2026 Beginning Farmer	1,300	4,200	798,000	21.0%
2027 Beginning Farmer	1,350	4,250	808,000	21.0%
2025 Small Farmer	1,825	7,050	$ 881,250	35.0%
2026 Small Farmer	1,850	7,100	887,500	35.0%
2027 Small Farmer	1,875	7,150	894,000	35.0%
YBS Government Guaranteed Loan Goal	60	N/A	$ 65,000	N/A
Outreach Program - Goal for total number of activities		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 1st® 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

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