

Farm Credit System Insurance Corporation

Audited Financial Statements
For the Years Ended December 31, 2025 and 2024

Farm Credit System Insurance Corporation

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Farm Credit System Insurance Corporation
McLean, VA 22102

In our audits of the fiscal years 2025 and 2024 financial statements of the Farm Credit System Insurance Corporation (FCSIC), we found:

- FCSIC's financial statements as of and for the fiscal years ended December 31, 2025 and 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- FCSIC maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025; and
- No reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on FCSIC's financial statements and on internal control over financial reporting, including: an other-matter paragraph related to hyperlinked data within the Annual Report; a section on other information¹ included with the financial statements; and
2. Other reporting required by *Government Auditing Standards*, which is our report on FCSIC's compliance and other matters. This section also includes FCSIC's comments on our report.

REPORT ON THE AUDITS OF THE FINANCIAL STATEMENTS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Opinion on the Financial Statements

We have audited the financial statements of FCSIC, which comprise the statements of financial condition as of December 31, 2025 and 2024; the related statements of income and expenses and changes in insurance fund and statements of cash flows for the fiscal years then ended; and the related notes to the financial statements (collectively, the financial statements).

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

¹ Other information consists of information included with the financial statements, other than the auditors' report.

Opinion on Internal Control over Financial Reporting

We also have audited FCSIC's internal control over financial reporting as of December 31, 2025, based on criteria established under 31 U.S.C. § 3512(c), (d), commonly known as the Federal Managers' Financial Integrity Act of 1982 (FMFIA). In our opinion, FCSIC maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established under FMFIA.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted auditing standards (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements and Internal Control over Financial Reporting* subsection of our report. We are required to be independent of FCSIC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matter

Management has elected to include hyperlinks to information on websites outside the Annual Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Financial Accounting Standards Board (FASB). The information on these websites has not been subjected to auditing procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation and presentation of other information included in FCSIC's Annual Report, and ensuring the consistency of that information with the audited financial statements; (3) the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (4) its assessment of the effectiveness of internal control over financial reporting based on the criteria established under FMFIA; and (5) its assessment of the effectiveness of internal control over financial reporting as of December 31, 2025, included in the accompanying Management's Report on Internal Control over Financial Reporting.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FCSIC's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether effective internal control over financial reporting was maintained in all material respects, and (2) issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements or an audit of internal control over

financial reporting conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement or a material weakness 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audit of the financial statements in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control relevant to our audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk. Our audit of internal control also considered FCSIC's process for evaluating and reporting on internal control over financial reporting based on criteria established under FMFIA. We did not evaluate all internal controls relevant to operating objectives as broadly established under FMFIA, such as those controls relevant to preparing performance information and ensuring efficient operations. We limited our internal control testing to testing controls over financial reporting. Our internal control testing was for the purpose of expressing an opinion on whether effective internal control over financial reporting was maintained, in all material respects. Consequently, our audit may not identify all deficiencies in internal control over financial reporting that are less severe than a material weakness.
- 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 financial statements.
- Perform other procedures we consider necessary in the circumstances.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FCSIC's ability to continue as a going concern for a reasonable period of time.

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

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted

accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and

- Transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error. We also caution that projecting any evaluation of effectiveness to future periods is 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.

Other Information

FCSIC's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. Management is responsible for the other information included in FCSIC's Annual Report. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

REPORT ON COMPLIANCE AND OTHER MATTERS

In connection with our audits of FCSIC's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2025 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to FCSIC. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

We performed our tests of compliance in accordance with GAGAS and OMB audit guidance.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

FCSIC management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to FCSIC.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to FCSIC that have a direct effect on the determination of material amounts and disclosures in FCSIC's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to FCSIC. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Reporting on Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

FCSIC's COMMENTS

FCSIC's management did not provide any formal comments to this report.

SIKICH CPA LLC

Sikich CPA LLC

Alexandria, VA
February 13, 2026

Farm Credit System Insurance Corporation

Statements of Financial Condition

(Dollars in thousands)

December 31,	2025	2024
Assets		
Cash and cash equivalents	\$1,814	\$24,356
Investments in U.S. Treasury obligations	8,140,145	7,521,134
Premiums receivable	403,878	375,959
Accrued interest receivable	39,312	38,036
Operating lease right-of-use assets	1,387	145
Total Assets	\$8,586,536	\$7,959,630
Liabilities and Insurance Fund		
Liabilities		
Operating lease liabilities	\$1,389	\$149
Accounts payable and accrued expenses	634	854
Total Liabilities	2,023	1003
Insurance Fund		
Unallocated Insurance Fund	8,360,566	7,882,034
Allocated Insurance Fund	223,947	76,593
Total Insurance Fund	8,584,513	7,958,627
Total Liabilities and Insurance Fund	\$8,586,536	\$7,959,630

See accompanying notes to the financial statements.

Farm Credit System Insurance Corporation

Statements of Income and Expenses and Changes in Insurance Fund

(Dollars in thousands)

<i>Year-ended December 31,</i>	2025	2024
Income		
Premiums	\$403,885	\$375,959
Interest income	303,432	252,792
Total income	707,317	628,751
Expenses		
Administrative operating expenses	4,838	4,655
Total expenses	4,838	4,655
Net Income	702,479	624,096
Insurance Fund - beginning of year	7,958,627	7,457,326
Payment to AIRAs Accountholders	(76,593)	(122,795)
Insurance Fund - end of year	\$8,584,513	\$7,958,627

See accompanying notes to the financial statements.

Farm Credit System Insurance Corporation

Statements of Cash Flows

(Dollars in thousands)

<i>Year-ended December 31,</i>	2025	2024
Cash flows from operating activities		
Net income	\$702,479	\$624,096
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	0	0
Noncash lease expense	154	155
Net amortization and accretion of investments	(84,569)	(74,884)
Principal reduction in operating lease liabilities	(157)	(157)
(Increase) Decrease in premiums receivable	(27,919)	250,060
(Increase) Decrease in accrued interest receivable	(1,276)	5,734
Increase (Decrease) in accounts payable and accrued expenses	(220)	163
Net cash provided by operating activities	588,492	805,167
Cash flows from investing activities		
Payments for purchase of U.S. Treasury obligations	(2,161,685)	(2,140,958)
Proceeds from maturity of U.S. Treasury obligations	1,627,244	1,479,702
Net cash used in investing activities	(534,441)	(661,256)
Increase in AIRAs Distribution (Payment to AIRAs Accountholders)	(76,593)	(122,795)
Net cash used in financing activities	(76,593)	(122,795)
Net change in cash and cash equivalents	(22,542)	21,116
Cash and cash equivalents, beginning of year	24,356	3,240
Cash and cash equivalents, end of year	\$1,814	24,356

See accompanying notes to the financial statements.

Farm Credit System Insurance Corporation

Notes to the Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies

Farm Credit Insurance Fund (Insurance Fund)

Statutory Framework:

The Agricultural Credit Act of 1987 established the Farm Credit System Insurance Corporation (the Corporation or FCSIC) for the purpose of insuring the timely payment of principal and interest on notes, bonds, debentures, and other obligations issued under subsection (c) or (d) of section 4.2 of the Farm Credit Act of 1971, as amended (the Farm Credit Act). Each bank in the Farm Credit System (System) participating in insured obligations is an insured System bank. At December 31, 2025 there were four insured System banks and 55 direct lender associations, unchanged from December 31, 2024.

The Corporation is managed by a board of directors consisting of the same individuals as the Farm Credit Administration (FCA) board except that the chairman of the FCA board may not serve as the chairman of the Corporation's board of directors.

The Corporation must spend amounts in the Insurance Fund necessary to insure the timely payment of interest and principal on insured obligations. The Corporation, in its sole discretion, is authorized to expend amounts to provide financial assistance to System banks and direct lender associations. The Corporation may also act as receiver or conservator of a System bank or association. In addition, FCSIC has the authority to create, and the Farm Credit Administration to charter, a System bridge bank, to assist with resolving a failed bank.

As of December 31, 2025, the System banks reported amounts totaling \$483 billion of insured obligations compared to \$451 billion as of December 31, 2024.

When the Insurance Fund is exhausted after making payments on insured obligations, remaining System banks will be required to make payments under joint and several liability, as required by section 4.4 (a)(2) of the Farm Credit Act. The insurance provided by the Insurance Fund is limited to the resources in the Insurance Fund. System obligations are not guaranteed by the U.S. government.

Under section 5.63 of the Farm Credit Act, the Corporation is exempt from all Federal, state, and local taxes with the exception of real property taxes.

Accounting Framework:

The Corporation applies accounting and reporting standards issued by the Financial Accounting Standards Board (FASB).

Note 2: Basis of Accounting

The accounting and reporting policies of the Corporation conform to accounting principles generally accepted in the United States of America (GAAP) and, as such, the financial statements have been prepared using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include investments in U.S. Treasury obligations with original maturities of 90 days or less. At December 31, 2025, the Corporation held \$1,613.9 thousand in overnight Treasury certificates maturing on January 2, 2026, with an interest rate of 3.56 percent, and approximately \$200.0 thousand in cash. At December 31, 2024, the Corporation held \$24,156.1 thousand in overnight

Farm Credit System Insurance Corporation Notes to the Financial Statements

Treasury certificates maturing on January 2, 2025, with an interest rate of 4.32 percent, and approximately \$200.0 thousand in cash.

Investments in U.S. Treasury Obligations

Section 5.62 of the Farm Credit Act requires that funds of the Corporation, not otherwise employed, shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. The Corporation has classified its investments as held-to-maturity in accordance with FASB Accounting Standards Codification (ASC) 320, *Investments - Debt and Equity Securities* and carries them at amortized cost. Amortization of premium and accretion of discount on investments has been computed under the interest method since 2002.

Investments in U.S. Treasury obligations are generally not expected to have an allowance for credit losses as there is a zero-loss expectation because they are explicitly guaranteed by the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses. At December 31, 2025 and 2024, FCSIC has estimated allowance for losses on investments to be zero.

Premium Receivable - Concentration of Credit Risk

The Farm Credit Act requires that the System banks pay premiums to FCSIC. The premium receivable balance consists of amounts due from the four System banks and as such is exposed to risks due to concentration. Historically, FCSIC has not experienced any losses related to the premium receivable balance. FCSIC performs a quarterly analysis related to estimating an allowance for premium receivable which continues to indicate that no allowance is warranted.

Leases

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. At the inception of the contract, FCSIC determines if an arrangement contains a lease based on whether there is an identified asset and whether FCSIC controls the use of the identified asset. FCSIC also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents FCSIC's right to use an underlying asset and a lease liability represents FCSIC's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. FCSIC uses the 10-year U. S. Treasury rate at the lease commencement date for all new or extended leases to determine the present value of lease payments.

FCSIC's operating lease typically includes non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. FCSIC has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities.

FCSIC's lease terms may include options to extend or terminate the lease. FCSIC uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that FCSIC will exercise those options. FCSIC's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

FCSIC does not have any short-term, finance, or variable cost lease agreements.

Farm Credit System Insurance Corporation

Notes to the Financial Statements

Liability for Estimated Insurance Obligations

The liability for estimated insurance obligations is the present value of estimated probable insurance payments to be made in the future based on the Corporation's analysis of economic conditions of insured System banks.

The insured System banks' primary lending markets are borrowers engaged in farming, ranching, and producing or harvesting of aquatic products, and their cooperatives. Financial weaknesses in these market segments and the effect of general market conditions on the System's borrowers could adversely affect the banks' financial condition and profitability. Insured System banks also face risks from changing interest rate environments and the need to maintain ongoing access to financial markets. Adverse changes in the financial condition and profitability of insured System banks resulting from increased levels of credit, financial, or other risks could occur in the future which would require a liability for estimated insurance obligations to be recorded.

The Corporation actively monitors the creditworthiness and financial condition of the insured System banks. Management is not aware of any events or circumstances at this time which would require a liability for estimated insurance obligations to be recorded at December 31, 2025.

Premiums

Annual premiums are recorded as revenue during the 12-month calendar year period on which the premiums are based. All premiums are required to be paid to FCSIC on or before January 31st of the year subsequent to the year in which they are earned.

Use of Estimates

GAAP requires management to make estimates and assumptions in the preparation of financial statements that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3: Investments in U.S. Treasury Obligations

In addition to the amounts referenced in Note 2, Cash and Cash Equivalents, at December 31, 2025 and 2024, investments in U.S. Treasury obligations, which are carried at amortized cost, consisted of the following:

<i>(Dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2025				
U.S. Treasury obligations	\$ 8,140,145	\$ 81,579	\$ (7,208)	\$ 8,214,516
December 31, 2024				
U.S. Treasury obligations	\$ 7,521,134	\$ 9,873	\$ (77,287)	\$ 7,453,720

The fair value of FCSIC's investments in U.S. Treasury obligations have been included below for disclosure purposes only and are estimated based on quoted market prices for those instruments. The estimated fair value of U.S. Treasury obligations is measured using the Level 1 hierarchy, which is defined in the accounting standards as unadjusted quoted prices in active markets for identical assets that are available at the measurement date.

Farm Credit System Insurance Corporation Notes to the Financial Statements

The amortized cost and estimated fair value of U.S. Treasury obligations at December 31, 2025, by contractual maturity, are shown below:

<i>(Dollars in thousands)</i>	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 1,674,765	\$ 1,673,378
Due after one year through five years	6,465,380	6,541,138
	\$ 8,140,145	\$ 8,214,516

Note 4: Premiums, the Secure Base Amount and Excess Insurance Fund Balances

Each System bank which issues insured obligations under subsection (c) or (d) of section 4.2 of the Farm Credit Act is an insured System bank and is required to pay premiums to the Corporation.

The Farm Credit Act sets a secure base amount (SBA) for the Insurance Fund to achieve. The statutory SBA is equivalent to 2 percent of the aggregate outstanding insured obligations of all insured System banks (adjusted downward by a percentage of the guaranteed portions of principal outstanding on certain government-guaranteed loans and investments) or such other percentage as determined by the Corporation in its sole discretion to be actuarially sound to maintain in the Insurance Fund taking into account the risk of insuring outstanding insured obligations.

The Farm Credit Act requires FCSIC to assess premiums based on each bank's pro rata share of insured debt (rather than on individual loans). FCSIC may collect from 0 to 20 basis points annually on adjusted insured debt outstanding. The Farm Credit Act also authorizes a risk surcharge of up to 10 basis points on nonaccrual loans and on other-than-temporarily impaired investments. The Farm Credit Act reduces the total insured debt on which premiums are assessed by 90 percent of Federal government-guaranteed loans and investments and 80 percent of state government-guaranteed loans and investments and deducts similar percentages of such guaranteed loans and investments when calculating the SBA.

Insurance premium rates are reviewed at least semiannually. For 2025, the board of directors set premium accrual rates on February 11, 2025 at 10 basis points on average adjusted insured debt and an assessment of a 10 basis point surcharge on the average principal balance outstanding for nonaccrual loans and other-than-temporarily impaired investments. The board of directors again reviewed premiums at its July 9, 2025 meeting and voted to maintain the premium accrual rate on average adjusted insured debt at 10 basis points and continued the assessment of 10 basis points for nonaccrual loans and other-than-temporarily impaired investments. In 2025, outstanding insured obligations increased by \$31.8 billion (7.1 percent). At December 31, 2025, the total Insurance Fund was 2.05 percent of adjusted insured obligations.

For 2024, the board of directors set premium accrual rates at its February 7, 2024 meeting at 10 basis points on average adjusted insured debt and an assessment of a 10 basis point surcharge on the average principal balance outstanding for nonaccrual loans and other-than-temporarily impaired investments. The board of directors again reviewed premiums at its July 10, 2024 meeting and voted to maintain the premium accrual rate on average adjusted insured debt at 10 basis points and continued the assessment of 10 basis points for nonaccrual loans and other-than-temporarily impaired investments. In 2024, outstanding insured obligations increased by \$32.5 billion (7.8 percent). At December 31, 2024, the total Insurance Fund was 2.02 percent of adjusted insured obligations.

Farm Credit System Insurance Corporation Notes to the Financial Statements

The Farm Credit Act requires if, at the end of any calendar year, the aggregate of the amounts in the Insurance Fund exceed the SBA, the Corporation is required to allocate to the Allocated Insurance Reserves Accounts (AIRAs) any excess balances less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

The total Insurance Fund exceeded the 2 percent SBA at December 31, 2025 by \$229.5 million, and after subtracting planned operating expenses of \$5.6 million for 2026, \$223.9 million was allocated to the AIRAs. The total Insurance Fund exceeded the 2 percent SBA at December 31, 2024 by \$81.9 million, and after subtracting planned operating expenses of \$5.3 million for 2025, \$76.6 million was allocated to the AIRAs.

The AIRAs' balances are recorded as part of the Insurance Fund until approved for payment by the Corporation's board of directors. AIRAs' balances may be used to absorb any insurance losses and claims. Furthermore, the board of directors has discretion to limit or restrict the AIRAs' payments.

Note 5: Operating Lease

The Corporation is committed under a ten-year lease with the FCS Building Association for office space expiring on November 30, 2035. The Corporation recognizes the right-of-use asset, and liability, initially measured at the present value of the lease payments. Additionally, the Corporation recognizes a single lease expense, which is allocated over the lease term, generally on a straight-line basis.

The lease liability and right-of-use asset are measured, using the current risk-free rate. Additionally, the Corporation has not separated lease and non-lease components under its office space lease.

Office space payments are due on the first day of every month and the Corporation paid lease payments of approximately \$163 thousand for the year ended December 31, 2025, which were reported in the accompanying Statements of Income and Expenses and Changes in Insurance Fund. The lease contains fixed payments which increase by 3% annually and does not include a current option to extend or renew beyond the current terms.

As of December 31, 2025, remaining maturities of lease liabilities approximated were as follows:

*Years ending December 31,
(Dollars in thousands)*

2026	\$	152
2027		156
2028		161
2029		166
2030		171
2031		176
2032		181
2033		186
2034		192
2035		181

Farm Credit System Insurance Corporation Notes to the Financial Statements

Total operating lease payments	\$ 1,720
Less: imputed interest	(331)
<hr/> Total operating lease liabilities	<hr/> \$ \$1,389

Since the Corporation has only one lease as of December 31, 2025, the weighted-average lease term remaining is approximately 10 years. Because the Corporation does not have access to the rate implicit in the lease, the Corporation utilized the risk-free rate of 4.2% (the borrowing rate as of August 2025) as the discount rate. Likewise, the weighted average discount rate as of December 31, 2025 was 4.2%.

As of December 31, 2025, the Corporation recorded a right-of-use asset of approximately \$1,387 thousand and related lease liability of approximately \$1,389 thousand in the accompanying Statements of Financial Condition.

Note 6: Line of Credit

On September 24, 2013, the Corporation entered into an agreement with the Federal Financing Bank (the FFB), a United States government corporation subject to the supervision and direction of the U.S. Treasury. Pursuant to this agreement, as amended, the FFB would advance funds to the Corporation under certain limited circumstances. The Corporation would use these funds to increase its capacity to provide assistance to the System banks in exigent market circumstances that threaten the banks' ability to pay maturing debt obligations. The agreement provides for a short-term revolving credit facility of up to \$10 billion and will remain in full force and effect until terminated by either the Corporation or the FFB. Under the agreement, each provision of funds by the FFB is subject to certain terms and conditions. The interest rate for each advance will be established by the FFB at the time the respective advance is made. Each advance cannot have a maturity date longer than twelve months. The Corporation paid no commitment fee to secure this line of credit. There were no amounts drawn on this line of credit during 2025 and 2024 and no outstanding balance due as of December 31, 2025 and 2024.

Note 7: Retirement Plan

All permanent Corporation employees are covered by the Federal Employees Retirement System (FERS). The Corporation's contribution was 18.4 percent of base pay for 2025. In addition, the Corporation automatically contributes 1 percent of base pay to the employee's Thrift Savings Plan account, matches the first 3 percent contributed by the employee, and matches one-half of the next 2 percent contributed by the employee. The Corporation also offers a 401K plan for employees. The Corporation automatically contributes 1 percent of base pay to the employee's 401K account and matches the first 2 percent contributed by the employee. Retirement plan expenses amounted to \$623 thousand in 2025 and \$591 thousand in 2024.

Note 8: Related Parties

The Corporation purchases services from FCA under an Interagency Agreement, including examination and administrative support services. The intention of the parties as stated in the agreement is that specified rates and fees will reimburse the party providing services for all reasonable costs associated with provision of the services. The Corporation purchased services for 2025 which totaled \$340 thousand, compared with \$321 thousand for 2024. At December 31, 2025 and 2024, there were no amounts included in the accompanying Statements of Financial Condition which were due to FCA for services.

Farm Credit System Insurance Corporation Notes to the Financial Statements

The Corporation may also provide services to FCA under an Interagency Agreement; however, the Corporation provided no services and recognized no revenue for 2025 and 2024. At December 31, 2025 and 2024, the Corporation did not have any receivables from FCA.

Note 9: Subsequent Events

FCSIC evaluated subsequent events from the date of the statement of financial condition through February 13, 2026, the date at which FCSIC's financial statements were issued. No material subsequent events were identified for either recognition or disclosure.



Management's Report on Internal Control Over Financial Reporting

The Farm Credit System Insurance Corporation's (FCSIC) internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with generally accepted accounting principles in the United States of America. Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America and that receipts and expenditures of FCSIC are being made only in accordance with authorizations of FCSIC management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of FCSIC's assets that could have a material effect on our financial statements.

Management of FCSIC is responsible for designing, implementing, and maintaining effective internal control over financial reporting. Management assessed the effectiveness of FCSIC's internal control over financial reporting as of December 31, 2025 based on the criteria established under 31 U.S.C. 3512(c),(d)(commonly known as the Federal Managers' Financial Integrity Act (FMFIA)) Based on that assessment, management concluded that, as of December 31, 2025, FCSIC's internal control over financial reporting is effective.

Internal control over financial reporting has inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment 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.

**HOWARD
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Date: 2026.02.12
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Howard I. Rubin
Chief Operating Officer

**LYNN
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Lynn M. Powalski
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**ANDREW
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Andrew J. Grimaldi
Chief Financial Officer

SIMONSONJ Digitally signed by
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John F. Simonson
Chief Risk Officer