



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial position and consolidated results of operations of Farm Credit Services of Illinois, ACA and its subsidiaries. The accompanying consolidated financial statements and notes also contain important information about our financial position and results of operations. Our 2009 annual report should also be read for a description of our organization, operations and significant accounting policies.

AgriBank, FCB's (AgriBank) financial condition and results of operations materially affect shareholders' investment in Farm Credit Services of Illinois, ACA. To request free copies of the AgriBank and combined AgriBank, FCB and Affiliated Associations' financial reports or additional copies of our report contact us at 1100 Farm Credit Drive, Mahomet, Illinois 61853, (217) 590-2200. You may also contact AgriBank at 375 Jackson Street, St. Paul, Minnesota 55101-1810, (651) 282-8800, or via electronic mail to AGRIBANKMN@agribank.com. The AgriBank and combined AgriBank, FCB and Affiliated Associations' financial reports are also available through AgriBank's website at www.agribank.com.

Loan Portfolio

Loan volume totaled \$2.1 billion at March 31, 2010, a \$59.5 million decrease from December 31, 2009. This decrease is due to a reduction in commercial loan volume due to seasonal pay downs.

The following table summarizes risk assets (accruing volume includes accrued interest receivable) and delinquency information (in thousands):

	March 31 2010	December 31 2009
As of:		
Loans:		
Accruing restructured	\$911	\$951
Past due 90 days or more still accruing	331	204
Nonaccrual	20,411	21,111
Total risk loans	21,653	22,266
Other property owned	17	961
Total risk assets	\$21,670	\$23,227
Risk loans as a % of total loans	1.0%	1.0%
Total delinquencies as a % of total loans	0.5%	0.3%

Our risk assets have decreased from December 31, 2009, and remain at acceptable levels.

Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

The decrease in nonaccrual loans was due to payments received on nonaccruing loans during the first quarter. The volume of nonaccrual loans remained at an acceptable level at March 31, 2010, and represented 1.0% of our total portfolio. At March 31, 2010, 91.7% of our nonaccrual loans were current.

The decline in other property owned was related to the sale of an ethanol property.

The credit quality of our portfolio has remained unchanged from December 31, 2009. Adversely classified assets continue to be 3.2% of the portfolio at March 31, 2010. Adversely classified assets are assets we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In some circumstances, we use various governmental guarantee programs to reduce the risk of loss. At March 31, 2010, \$17.3 million of our loans were, to some level, guaranteed under these governmental programs.

A very small percentage of the 2009 corn and soybean crop remained in the field into the first quarter of 2010. The January USDA report estimated that as much as 500 million bushels of corn remained in the field nationwide. Late winter forecasts of a cool wet spring generated concerns that operators would face the same planting delays and difficult conditions that characterized the spring of 2009. Many farmers had concerns about completing tillage operations and fertilizer application in the spring that could not be done last fall due to the extended wet weather.

Prices for both old and new crop corn, beans, and wheat have trended downward during the quarter. Corn acreage for 2010 is projected to be higher than 2009 and inventories are increasing. Soybean acreage is also expected to increase for 2010 and US beans will face competition in the export market from a large South American harvest. By contrast, hog and cattle prices have shown notable upward trends during the period, generating more optimistic prospects for livestock producers.

Recent forecasts indicate that normal to above normal temperatures and normal precipitation will allow field work to begin on a normal schedule in much of our territory.

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, portfolio quality and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

	March 31 2010	December 31 2009
Allowance as a percentage of:		
Loans	0.5%	0.5%
Nonaccrual loans	48.4%	46.2%
Total risk loans	45.6%	43.8%

The increase in the percent of allowance for loan losses was related to the seasonal pay down in the portfolio. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2010.

Results of Operations

Net income for the three months ended March 31, 2010, totaled \$14.6 million compared to \$6.3 million for the same period of 2009. The following table illustrates profitability information:

As of March 31	2010	2009
Return on average assets	2.7%	1.3%
Return on average members' equity	14.0%	6.7%

The following table summarizes the changes in components of net income for the three months ended March 31, 2010, compared to the three months ended March 31, 2009 (in thousands):

Increase (decrease) in net income	2010 vs 2009
Net interest income	\$2,594
Provision for loan losses	2,456
Patronage income	581
Financially related services and miscellaneous income, net	3,466
Operating expenses	(368)
Provision for income taxes	(447)
Total change in net income	\$8,282

Net interest income was \$14.2 million for the three months ended March 31, 2010. The following table quantifies changes in net interest income for the three months ended March 31, 2010, compared to the three months ended March 31, 2009 (in thousands):

Change in net interest income	2010 vs 2009
Changes in volume	\$1,222
Changes in rates	1,354
Changes in nonaccrual income and other	18
Net change	\$2,594

The change in the provision for loan losses is related to the additional expense in 2009 due to stress in the ethanol industry.

The change in patronage income is related to increased patronage received based on our note payable due to an increase in the patronage rate. Additionally, patronage income on our sale of a participation interest in certain real estate loans to AgriBank increased due to the share of distributions from Allocated Insurance Reserve Accounts (AIRA) totaling \$451 thousand related to the participations sold to AgriBank. These reserve accounts were established in previous years by the Farm Credit System Insurance Corporation when premiums collected increased the level of the Insurance Fund beyond the required 2% of insured debt.

The increase in financially related services and miscellaneous income, net is primarily due to our share of distributions from AIRA of \$2.1 million.

The operating expense increases were primarily related to an increase in employee compensation and an increase in furniture and equipment expense, partially offset by a decrease in Farm Credit System Insurance expense.

The change in provision for income taxes is related to changes in income subject to tax.

Changes in our return on average assets and return on average members' equity are directly related to the changes in income discussed above, changes in assets discussed in the Loan Portfolio section and changes in capital discussed in the Funding, Liquidity and Capital section below.

Funding, Liquidity and Capital

We borrow from AgriBank in the form of a line of credit. 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.

Total members' equity increased \$14.7 million from December 31, 2009, due to net income for the period along with an increase in capital stock and participation certificates.

Farm Credit Administration regulations require us to maintain a permanent capital ratio of at least 7%, a total surplus ratio of at least 7% and a core surplus ratio of at least 3.5%. The calculation of these ratios according to Farm Credit Administration regulations is discussed below:

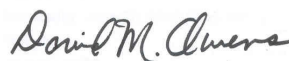
- The permanent capital ratio is generally average at-risk capital divided by average risk-adjusted assets. At March 31, 2010, our ratio was 14.5%.
- The total surplus ratio is generally average unallocated surplus less any deductions made in the computation of permanent capital divided by average risk-adjusted assets. At March 31, 2010, our ratio was 14.2%.
- The core surplus ratio is generally average unallocated surplus less any deductions made in the computation of total surplus and less any preferred stock investment in AgriBank divided by average risk-adjusted assets. At March 31, 2010, our ratio was 14.2%.

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained above and the changes in assets as further discussed in the Loan Portfolio section.

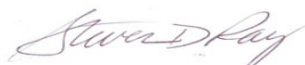
The undersigned certify they have reviewed Farm Credit Services of Illinois, ACA's March 31, 2010, quarterly report. It has been prepared under the oversight of the audit committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Jack Hastings
Chairperson of the Board
Farm Credit Services of Illinois, ACA



David M. Owens
Chief Executive Officer
Farm Credit Services of Illinois, ACA



Steven D. Ray
Chief Financial Officer
Farm Credit Services of Illinois, ACA

May 5, 2010

CONSOLIDATED STATEMENT OF CONDITION

Farm Credit Services of Illinois, ACA

(Dollars in thousands)

(Unaudited)

	March 31	December 31
	2010	2009
ASSETS		
Loans	\$2,057,582	\$2,117,061
Allowance for loan losses	9,877	9,753
Net loans	2,047,705	2,107,308
Investment in AgriBank, FCB	75,931	76,004
Accrued interest receivable	22,787	26,810
Premises and equipment, net	9,890	9,362
Other property owned	17	961
Other assets	10,957	10,444
Total assets	\$2,167,287	\$2,230,889
LIABILITIES		
Note payable to AgriBank, FCB	\$1,729,009	\$1,803,006
Accrued interest payable	8,534	8,817
Net deferred income tax liability	272	691
Other liabilities	5,341	8,894
Total liabilities	1,743,156	1,821,408
MEMBERS' EQUITY		
Protected members' equity	30	31
Capital stock and participation certificates	7,411	7,325
Unallocated surplus	416,690	402,125
Total members' equity	424,131	409,481
Total liabilities and members' equity	\$2,167,287	\$2,230,889

CONSOLIDATED STATEMENT OF INCOME

Farm Credit Services of Illinois, ACA

(Dollars in thousands)

(Unaudited)

	Three Months	
Period ended March 31	2010	2009
Interest income	\$22,762	\$21,478
Interest expense	8,534	9,844
Net interest income	14,228	11,634
Provision for loan losses	423	2,879
Net interest income after provision for loan losses	13,805	8,755
Other income		
Patronage income	3,393	2,812
Financially related services and miscellaneous income, net	5,751	2,285
Total other income	9,144	5,097
Operating expense		
Salaries and employees benefits	4,513	3,865
Other operating	3,254	3,534
Total operating expenses	7,767	7,399
Income before income taxes	15,182	6,453
Provision for income taxes	617	170
Net income	\$14,565	\$6,283

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Farm Credit Services of Illinois, ACA

(Dollars in thousands)

(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2008	\$41	\$7,156	\$365,283	\$372,480
Net income	--	--	6,283	6,283
Unallocated surplus designated for patronage distributions	--	--	--	--
Capital stock/participation certificates issued	--	168	--	168
Capital stock/participation certificates retired	(3)	(186)	--	(189)
Balance at March 31, 2009	\$38	\$7,138	\$371,566	\$378,742
Balance at December 31, 2009	\$31	\$7,325	\$402,125	\$409,481
Net income	--	--	14,565	14,565
Unallocated surplus designated for patronage distributions	--	--	--	--
Capital stock/participation certificates issued	--	238	--	238
Capital stock/participation certificates retired	(1)	(152)	--	(153)
Balance at March 31, 2010	\$30	\$7,411	\$416,690	\$424,131

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Organization and Significant Accounting Policies

Our 2009 annual report contains a description of our organization and operations, significant accounting policies followed, and financial condition and results of operations as of and for the year ended December 31, 2009. These unaudited first quarter 2010 consolidated financial statements should be read in conjunction with the 2009 annual report.

The accompanying consolidated financial statements contain all information necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and the prevailing practices within the financial services industry. The results of the three months ended March 31, 2010, are not necessarily indicative of the results to be expected for the year ended December 31, 2010.

The consolidated financial statements present the consolidated financial results of Farm Credit Services of Illinois, ACA (the parent) and Farm Credit Services of Illinois, FLCA and Farm Credit Services of Illinois, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recent Accounting Developments

Effective January 1, 2010, we adopted Financial Accounting Standards Board (FASB) guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The guidance will provide for a greater level of disaggregated information for assets and liabilities measured on a recurring basis and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on our financial condition and results of operations but may have resulted in additional disclosures.

In June 2009, the FASB issued guidance on "Accounting for Transfers of Financial Assets," which amends previous guidance by providing clarification of the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. The guidance also requires additional disclosure about transfers of financial assets and a transferor's continuing involvement with transferred assets. This guidance is effective as of January 1, 2010. This guidance must be applied to transfers occurring on or after the effective date. Adoption of this guidance did not have a material impact on our financial statements.

NOTE 2: Allowance for Loan Losses

A summary of changes in the allowance for loan losses follows (in thousands):

Three months ended March 31	2010	2009
Balance at beginning of year	\$9,753	\$5,805
Provision for loan losses	423	2,879
Loan recoveries	142	6
Loan chargeoffs	(441)	(526)
Balance at end of period	\$9,877	\$8,164

The following table presents information concerning risk loans (in thousands):

	March 31	December 31
As of:	2010	2009
Volume with specific reserves	\$17,436	\$17,675
Volume without specific reserves	4,217	4,591
Total risk loans	\$21,653	\$22,266
Total specific reserves	\$3,554	\$3,542
Three months ended March 31	2010	2009
Income on accrual risk loans	\$13	\$28
Income on nonaccrual loans	102	652
Total income on risk loans	\$115	\$680
Average recorded investment	\$21,960	\$23,924

NOTE 3: Contingencies

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, 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, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

NOTE 4: Fair Value Measurements

The FASB guidance on "Fair Value Measurements and Disclosures" defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Notes 2 and 13 in our 2009 annual report for a more complete description.

We do not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2010, or December 31, 2009. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis is as follows (in thousands):

	Fair Value Measurement Using			Total Fair Value	Total Gain (Loss)
	Level 1	Level 2	Level 3		
March 31, 2010					
Loans	\$ --	\$56	\$14,520	\$14,576	(\$12)
Other property owned	--	--	18	18	746
December 31, 2009					
Loans	\$ --	\$ --	\$14,840	\$14,840	(\$1,304)
Other property owned	--	--	999	999	100

Loans: Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. The fair value measurement would fall under level 2 of the hierarchy if the process uses independent appraisals and other market-based information. The fair value measurement would fall under level 3 of the hierarchy if 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. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned: Represents the fair value and related losses of foreclosed assets that were measured at fair value based on the collateral value. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 5: Subsequent Events

We have evaluated subsequent events through May 5, 2010, which is the date the financial statements were available to be issued.