



**Farm Credit Administration
Fiscal Year 2027 Proposed Budget
and Performance Plan**

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List of Acronyms and Abbreviations

ACA	agricultural credit association
ACB	agricultural credit bank
CAMELS	capital, assets, management, earnings, liquidity, and sensitivity
Farm Credit Act	Farm Credit Act of 1971, as amended
Farmer Mac	Federal Agricultural Mortgage Corporation
FCA	Farm Credit Administration
FCS or System	Farm Credit System
FCSIC	Farm Credit System Insurance Corporation
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act
FIRS	Financial Institution Rating System
FLCA	federal land credit association
FTE	full-time equivalent
FTP	full-time permanent
FY	fiscal year
Funding Corporation	Federal Farm Credit Banks Funding Corporation
GSE	government-sponsored enterprise
IT	information technology
NCB	National Cooperative Bank
OIG	Office of Inspector General
OSMO	Office of Secondary Market Oversight
PCA	production credit association
RBC	risk-based capital
USDA	U.S. Department of Agriculture
YBS	young, beginning, and small (farmers and ranchers)

Preface

The Farm Credit Administration is an agency in the executive branch of the U.S. government. We are responsible for regulating and supervising the Farm Credit System (its banks, associations, and related entities) and the Federal Agricultural Mortgage Corporation (Farmer Mac).¹

Created by an executive order of the president in 1933, FCA now derives its powers and authorities primarily from the Farm Credit Act of 1971, as amended (12 U.S.C. 2001 – 2279cc). We issue regulations to implement the act, and we examine System institutions for compliance with the act and regulations, and with safe and sound banking practices. Our mission is to ensure that System institutions, including Farmer Mac, are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

This document presents and justifies our proposed budget for fiscal year 2027 (Part I). It discusses our agency's functions and program activities (Part II) and presents an overview of the financial condition of the FCS, including Farmer Mac (Part III). Also included is the fiscal year 2027 performance budget, which ties proposed expenditures to the goals and objectives in our strategic plan (Part IV).

¹ Although Farmer Mac is an FCS institution under the Farm Credit Act (12 U.S.C. 2279aa-1(a)(2)), we often discuss Farmer Mac separately from the other entities of the FCS because of the secondary market authorities unique to Farmer Mac. Therefore, when we refer to FCS or System institutions without specifically including Farmer Mac, Farmer Mac should be considered excluded in that context. Farmer Mac is not jointly and severally liable on debt issuances with other parts of the System.

Part I

Fiscal Year 2027 Proposed Budget

Fiscal Year 2027 Budget Overview

Our FY 2027 proposed budget request is shown in table 1. It includes \$106.48 million in assessments (both current year and carryover funds) from Farm Credit System (FCS, System) institutions, including the Federal Agricultural Mortgage Corporation (Farmer Mac).

Reimbursable funding from the Farm Credit System Insurance Corporation (FCSIC) and the National Cooperative Bank adds \$.52 million to this amount, bringing our total proposed FCA budget request to \$107.0 million.

Table 1. FY 2027 proposed budget

Description	Amount proposed (in dollars)	Percentage of total budget
Full-time-permanent personnel (FTP)	\$60,031,724	56.10%
Other than FTP	602,259	0.60%
Other personnel compensation	1,052,530	1.00%
Total personnel compensation	\$61,686,513	57.70%
Personnel benefits	28,264,821	26.40%
Benefits former personnel	25,000	0.00%
Total compensation and benefits	\$89,976,334	84.10%
Travel and transportation of persons	4,140,344	3.90%
Transportation of things	145,967	0.10%
Rent, communications, and utilities	752,277	0.70%
Printing and reproduction	154,844	0.10%
Consulting and other services	8,581,279	8.00%
Supplies and materials	2,528,989	2.40%
Equipment	719,966	0.70%
Total budget	\$107,000,000	100.00%

The FY 2027 proposed budget of \$107.0 million stayed flat as compared to the FY 2026 revised budget of \$107.0 million.

We continue to leverage technology and emphasize savings and efficiencies in operations to keep our costs reasonable. These actions translate into the prudent, cost-effective budget request we are presenting in this document.

Our budget request provides resources for three general purposes:

- To support the System's mission as a dependable source of credit and related services for agriculture and rural America
- To develop regulations and policy positions that implement statutes
- To promote the safety and soundness of the FCS, including Farmer Mac

The FY 2027 budget is necessary to maintain an effective examination program. A robust examination program will help us identify any emerging risks early so that we can better protect the safety and soundness of the Farm Credit System banks, associations, and Farmer Mac. The environment in which the FCS operates is dynamic and increasingly complex.

The budget continues to implement the FCA board's philosophy on risk-based examination. We have included sufficient resources to ensure that risks are properly identified, managed, and controlled. These resources will enable us to send our examiners to the institutions we regulate to perform on-site testing of the institutions' credit reviews, internal audits, and internal controls. In addition, to help us identify risk throughout the System, we will continue to focus on priority issues and invest in

- information technology (IT) and automation,
- data management and modernizing applications, and
- support of the examination function.

The budget also includes resources both to invest in skills necessary to address increasing technology-related demands and to hire contractors when we need technical specialists and technology upgrades for specific short-term related efforts. For more information about our risk-based examination and supervision, see page 33.

The agency has placed an emphasis on innovation and modernization, recognizing that innovation is critical to the success of the financial institutions we regulate. With the advancement of various technologies and tools including artificial intelligence (AI), distributed ledger technology (blockchain), and cloud computing, the banking industry continues to experience rapid change.

Among our innovation priorities has been supporting data analytics and management, and dedicating staff resources to improving the quality and usefulness of our agency data assets. We continue to focus on delivering analytical tools to enhance effectiveness and efficiency in virtually all aspects of agency activities, including objective decision-making for agency operations. We also continue to invest in training to ensure that staff can use these tools to improve their work and gain deeper insights.

We expect this will continue to yield multiple benefits including more effective and efficient examination processes, better informed regulatory activity, improved risk identification, and more effective organization performance measures. Through these efforts, we continue to enhance service across the entire organization.

With innovation comes risk. As FCS institutions continue to innovate and evolve to meet the needs of agriculture and rural America, the board anticipates that there will be new challenges on the horizon and plans to devote adequate agency resources to this priority.

The FCA board believes it is important to focus on a more comprehensive risk management strategy at FCA. The benefits include becoming more proactive in the discussion of emerging risks and trends that could impact both FCA's ongoing ability to ensure mission fulfillment and the safety and soundness of the Farm Credit System. The expanded risk management strategy supports better decision-making for policies, regulatory decisions, and examination activities covering the FCS.

Good governance is critically important, within both the agency and the System institutions we regulate.

As FCA evolves, we must continue to operate efficiently and effectively and reflect ethics and integrity in our actions. The emphasis on good governance encompasses strong internal controls, including robust policies, procedures, and plans, as well as transparent reporting and accountability.

We also emphasize good governance among System institutions. We consider this area increasingly important as the System strives to maintain investor confidence in a period of growing uncertainty in the agricultural economy.

As an agency covered by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), we must also strive to achieve comparability in compensation and benefit programs with other agencies covered under the act. Therefore, the budget includes a significant investment in strategic and tactical human capital initiatives to continue the efforts begun in previous years.

In the FY 2027 proposed budget, the full-time equivalent (FTE) staffing level remains flat relative to the FTE level in the FY 2026 proposed budget, which calls for continued effective and strategic human capital management for FCA. While we recently experienced higher than normal attrition due to the Deferred Resignation Program, our commitment to attracting and retaining a highly qualified workforce remains steadfast. The elevated attrition presents an opportunity to further strengthen our workforce by ensuring we have the right mix of skills and talent to support current and future mission success. With 20% of employees eligible to retire within the next five years, we continue investing in programs that promote a wide array of workforce experiences, cross-training, internal mobility, and succession-planning.

In partnership with the Office of Personnel Management (OPM), we implemented governmentwide Merit Hiring Plan requirements. We also developed a strategic hiring plan to ensure alignment of our workforce strategies, strategic objectives, and our mission. Another key component of our strategic hiring plan is the emphasis on recruiting top-talent from land-grant universities, which is also a priority outlined in the Merit Hiring Plan.

The FY 2027 budget includes funding for compensation and benefits to account for pay adjustments, promotions, and funded leave. The budget also supports relocations, travel, contractual services, and equipment replacements.

We are dedicated to enhancing our employees' workplace experiences, with a strategic focus on performance, innovation, and efficiency. Knowledge management remains central to our continuous learning strategy, and internal mobility has proven to be an effective tool for knowledge sharing. This approach allows us to move employees across positions and teams, creating new opportunities for growth and development. We also support leadership development programs that enable supervisors and managers to strengthen their skills. Our efforts ensure we have the right people in the right roles focused on the right priorities using the right approaches.

The FY 2027 budget is also necessary to meet our agency's IT needs for cybersecurity enhancements, data analysis, application development, and infrastructure maintenance. As the complexity of our IT networks and the need for servers and equipment increase, so does the need for funding to address these ever-changing complexities. Our budget also helps us to continue to respond to the volume of new or updated IT-related federal mandates. These mandates are multiyear efforts that require resources to ensure compliance.

As part of our overall information resources management (IRM) program, we maintain a strong capital planning and investment control process. Our Office of Information Technology (OIT) invites FCA operating units to submit proposals for information technology projects throughout the year. IT staff holds meetings with the board, staff, and management from other business units to understand their needs, ensure that we make strategic investments in IT, and adjust our priorities, as needed. The project review process considers cost, risk, anticipated return, and alignment with and impact on FCA's agencywide IT systems. In addition, with the goal of continuous improvement, the IT staff conducts an annual customer survey to better understand the experiences of agency employees.

The chief information officer may reprioritize IRM initiatives during the year to accommodate changing business needs. The IRM Strategic Plan initiatives listed in table 2 are multiyear efforts that support our agency's primary program areas. By focusing on those strategic outcomes, we can direct our resources to the areas that will result in the highest value outcomes.

Table 2. Information Resource Management Strategic Plan initiatives

	Description
Goal 1	Protect the safety and soundness of the Farm Credit System and Farmer Mac.
Goal 2	Ensure the Farm Credit System and Farmer Mac fulfill their public mission for agriculture and rural America.

Initiative	Goal 1	Goal 2	Distributed*
Mission tools & approach			X
Data management			X
DevOps/Process automation			X
Technology platforms			X
Information security and compliance	X		
OIT management	X		
Customer support			X
FCA open data			X

* Initiatives that apply to both goals 1 and 2 are referred to as “Distributed.”

Budget approach

We expect the FCS to continue to evolve in the coming years to meet the demands of an increasingly complex marketplace for agriculture and rural America. As FCS institutions grow and change, their operations become more complex. We expect consolidations to continue. Because of challenges in the global economy, we expect the System’s asset base to grow at a moderate pace. Currently, the average asset base of System associations exceeds \$1 billion.

Our budget strategy will enable us to leverage and invest in our most valuable investment — our people. It will enable us to continue to streamline, modernize, and improve operations and to enhance staff expertise to meet challenges and opportunities that may arise. Our budget strategy will also support our IT needs, allowing us to acquire and maintain the infrastructure we need, to protect our data against the growing number of cyberthreats, and to remain agile in our ability to respond to evolving threats and reporting requirements.

FCA program areas

For purposes of our budget, the agency has two primary program areas: policy and regulation and safety and soundness. All FCA office activities and related costs support these programs directly or indirectly. These primary program areas are crosscutting and support the goals in the agency strategic plan.

The policy and regulation program

The budget provides resources for administering the agency’s policy and regulation program. This program involves developing regulations and policy positions that implement applicable statutes, promote the safety and soundness of the FCS, and support the System’s mission as a dependable source of credit and related services for agriculture and rural America.

In addition, the budget provides for ongoing activities such as evaluating and recommending regulatory and funding approvals, managing merger and chartering activities, and providing strategic and systemic policy research and analyses of risks and other issues facing the System.

The budget also provides for support activities, including communication of the agency’s position on issues, and training and development for staff. In total, policy and regulation activities account for approximately \$19.5 million, including 54.23 FTEs, in the proposed FY 2027 budget (see table 28).

The safety and soundness program

The budget provides resources for administering the agency’s safety and soundness program. The budget resources provided through this program also ensure that FCS institutions comply with applicable laws and regulations and are financially positioned to meet the needs of agriculture and rural America.

The budget continues to implement the FCA board's philosophy of a risk-based approach to oversight and examination, which maximizes the effectiveness of examinations. Sufficient resources are included to ensure that the FCS properly identifies, manages, and controls risk. Examination resources are allocated to matters presenting the highest risk or potential risk to the System. Activities include completing risk assessments, identifying scope and focus areas, and examining institutions on- and off-site, which includes testing the institutions' credit reviews, internal audits, and internal controls.

A small number of FCS institutions require heightened supervision as they address weaknesses or risks we have identified. Examiners work with FCS institutions to ensure that these and other risks are recognized and mitigated in a timely manner.

In total, safety and soundness activities account for approximately \$85.8 million, including 289.58 FTEs, in the proposed FY 2027 budget (see table 28).

Office of Inspector General's FY 2027 budget request

In accordance with 5 U.S.C. 406(g)(1), FCA's Office of Inspector General (OIG) has provided the agency with the following information:

- OIG's total budget request: \$2,540,971
- OIG's training budget: \$35,000
- OIG's support for the Council of the Inspectors General on Integrity and Efficiency: \$11,383

By including this information in our budget request to the president, the FCA board has fulfilled the requirement in 5 U.S.C. 406(g)(2).

Budget Trends

The FY 2027 proposed budget reflects a 0.0% overall increase relative to the FY 2026 budget. Planned investments in modernization and technology during FY 2026 will result in additional efficiencies in operations into FY 2027.

With the exception of FY 2025, where we operated under a full-year continuing resolution, our annual budget request increases in recent years averaged 6.4%.

The FY 2027 budget will continue to support the following goals:

- Cover salaries, benefits, and training associated with new hires
- Provide career ladder promotions
- Provide funded leave
- Provide career progression
- Provide funds for relocation of hard-to-fill positions
- Provide pay increases, which helps us maintain comparability in employee compensation and benefits with other bank regulators, as required by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989
- Support modernization efforts and IT security enhancements, application development, cloud migration, data governance and efficiencies, IT maintenance, and equipment life cycle replacement purchases

In recent years, our budget requests increased moderately and reflect a focus on being good stewards of our budget while addressing agency priorities and the growth and changing complexities of the FCS. The primary drivers for our budget increases include human capital initiatives, investments in IT security, and data analytics. These investments enable us to maintain effectiveness and drive efficiencies across the agency.

Table 3 displays the budget trends for the three most recent years. The original FY 2025 budget request was for \$100,955,000. However, we operated with a reduced budget for FY 2025 due to the full-year continuing resolution. When comparing the original FY 2025 revised budget request amount of \$100,955,000 to the FY 2026 revised budget, the increase was 6.0%, which was in line with the recent percentage increases in our budget requests.

Table 3. FCA budgets, FYs 2025 – 2027

Budget categories	FY 2025 revised budget*	FY 2026 revised budget	FY 2027 proposed budget
Full-time permanent (FTP)	\$58,858,617	\$61,322,358	\$60,031,724
Other than FTP	392,810	496,679	602,259
Other personnel compensation	1,044,035	1,033,874	1,052,530
Total personnel compensation	\$58,295,462	\$62,852,911	\$61,686,513
Personnel benefits	25,456,218	29,225,059	28,264,821
Benefits for former personnel	25,000	25,000	25,000
Total compensation and benefits	\$83,776,680	\$92,102,970	\$89,976,334
Travel and transportation of persons	2,654,487	3,761,371	4,140,344
Transportation of things	34,147	145,417	145,967
Rent, communications, and utilities	606,737	733,428	752,277
Printing and reproduction	84,284	153,696	154,844
Consulting and other services	6,367,582	6,881,516	8,581,279
Supplies and materials	1,866,428	2,296,846	2,528,989
Equipment	64,656	924,756	719,966
Total budget	\$95,455,000	\$107,000,000	\$107,000,000

* The original FY 2025 Board-approved budget of \$100,955,000 was reduced with the passage of H.R. 1968, Full-Year Continuing Appropriations and Extensions Act, FY 2025.

We continue our efforts to reduce costs, leverage technology, and increase efficiencies. In table 4, we list some of the more notable ways we've improved operations and increased efficiency in recent years.

Table 4. FCA actions and resulting impact

Action	Resulting impact
Scrutinized issuance of information technology devices and specialized software	Cost efficiencies by only purchasing items that meet agency business needs
Enhanced OE management reporting and analysis of System conditions by leveraging business intelligence tools	Improvements in operational efficiency and quicker systemic risk analysis in a rapidly changing environment
Continued improvement of workflow and functionality through the Enterprise Documentation Guidance (EDGE) project	Improved workflow and functionality efficiencies
Continued to enhance and expand the FCS Loan Database to conduct analytics	Promotes focus on safety and soundness activities, builds effectiveness and operational efficiency
Ensured vendor and service provider costs were well-managed	Cost effectiveness
Developed internal and customer focused procedures and checklists for travel and credit card programs. Established a centralized database for agency’s purchase card transaction records using Microsoft SharePoint technology	Reduced rework, improved operational efficiency and safeguarding of agency records
Redesigned the FCA network configuration	Increased reliability and bandwidth while reducing costs
Modernized several applications	Improved efficiencies
Implemented required continuous monitoring tools	Improved efficiencies, improved security, and complied with mandates
Centralized content management and integration of agencywide annual training requirements	Gained efficiencies by standardizing and streamlining the delivery and evaluation of training, eliminating several administrative tasks
Updated collaboration tools and continued collaboration and resource sharing across FCA offices	Improved efficiencies

Sources of FCA revenue and funding^b

We maintain a revolving fund financed primarily from assessments to System institutions, including Farmer Mac. We also earn interest from investments with the U.S. Department of the Treasury, and we perform reimbursable work for the National Cooperative Bank and the Farm Credit System Insurance Corporation. Table 5 shows budgeted sources of revenue and funding for FYs 2025 to 2027.

Table 5. Budgeted sources of FCA revenue and funding, FYs 2025 – 2027

Source	FY 2025 revised budget*	FY 2026 revised budget	FY 2027 proposed budget
Assessments			
Banks, associations, and related entities	\$89,925,000	\$101,050,000	To be determined
Federal Agricultural Mortgage Corporation	4,000,000	3,450,000	To be determined
Carryover funds ^a	1,000,000	2,000,000	To be determined ^b
Assessments available for obligation	\$94,925,000	\$106,500,000	\$106,480,000^c
Reimbursements^d			
National Cooperative Bank	\$5,152	\$6,353	\$6,506
Farm Credit System Insurance Corporation	524,848	493,647	513,494
Total	\$95,455,000	\$107,000,000	\$107,000,000

* The original FY 2025 Board-approved budget of \$100,955,000 was reduced with the passage of H.R. 1968, Full-Year Continuing Appropriations and Extensions Act, FY 2025.

- a. Carryover funds are amounts brought forward from prior years' assessments that remain available for obligation.
- b. We will determine assessments, and carryover amounts for FY 2027 in September of FY 2026.
- c. Each year, Congress limits the dollar amount of assessments that we may use to pay for administrative expenses. For FY 2027, we propose a limit of \$106.48 million.
- d. From a budget standpoint, reimbursements do not include indirect costs.

FCA reserve

The institutions we oversee are involved in two volatile industries — agriculture and finance. Volatility can produce financial stress for institutions, creating a need for heightened oversight and supervision. To ensure that we have the resources to provide the necessary supervision and oversight during periods of financial stress, we established an agency reserve. Congress granted approval for the reserve under section 5.15(a)(1)(B) of the Farm Credit Act, and the FCA board established guidelines for it.

The reserve ensures we can effectively and efficiently respond to safety and soundness issues arising within the System. It allows us to respond to these issues without increasing assessments at a time that may be financially difficult for System institutions. At the end of FY 2025, the reserve totaled approximately \$19.4 million.

Assessments

FCA’s operating costs are financed by direct assessments collected from System institutions, including Farmer Mac. Table 6 shows assessments for FYs 2017 through 2026. To fund the FY 2026 budget, we used \$2.0 million of carryover and increased assessments by \$5.1 million, when comparing to the original FY 2025 budget request (prior to the reduction under the full-year continuing resolution).

Table 6. FCS assessments, FYs 2017 – 2026

Fiscal year	Assessment (in millions)
2017	\$66.8 ^a
2018	\$68.2 ^a
2019	\$72.7
2020	\$73.0 ^b
2021	\$76.3 ^c
2022	\$82.7
2023	\$85.3
2024	\$93.3
2025	\$93.9 ^d
2026	\$104.5

a. Because of the budget limitation in the continuing resolution, the assessment was reduced in the fourth quarter by \$3.0 million.

b. The original assessment was \$76.0 million and was reduced by \$3.0 million during the year primarily because of restricted business travel during the COVID-19 pandemic.

c. The original assessment was \$79.8 million and was reduced by \$3.5 million during the year primarily because of restricted business travel during the COVID-19 pandemic.

d. Because of the full-year continuing resolution, the original assessment was reduced in the fourth quarter by \$5.5 million.

In FY 2025, we assessed the System \$93.9 million and ended the year with \$1.1 million in reimbursable revenue and deobligations (see table 7). During the year, we had obligations of \$94.2 million. The difference between our obligations and funding was \$0.8 million, resulting in an increase to the carryover balance.

Table 7. FCA funding, obligations, and assessment carryover, FYs 2024 and 2025 (in millions)

Budget item	FY 2024	FY 2025
Current-year assessments	\$93.3	\$93.9
Reimbursable revenue and deobligations	0.9	\$1.1
Total funding	\$94.2	\$95.0
Obligations	94.4	\$94.2
Total funding minus obligations	\$(0.2)	\$0.8
Assessment carryover from prior years	2.0	\$1.8
Carryover from assessments at end of fiscal year	\$1.8	\$2.6

FCA's net cost to System borrowers

FCA's net cost to System borrowers is based on the relationship between our total System assessments and assets held (not including Farmer Mac). The FCS held \$561.1 billion in total assets as of Sept. 30, 2025, up from \$527.7 billion a year earlier.

As table 8 shows, FCS borrowers incurred a net cost of approximately 1.5 basis points, or 1.5 cents for every \$100 of assets held, to pay for FCA operations in FY 2025. Since FY 2016, the net cost to borrowers has averaged 1.8 basis points.

Table 8. FCA's net cost to System borrowers, FYs 2016 – 2025

Fiscal year ended Sept. 30	Basis points
2016	1.8
2017	2.0
2018	2.0
2019	2.0
2020	1.8
2021	1.8
2022	1.7
2023	1.7
2024	1.7
2025	1.5

Assessments for Farmer Mac

Farmer Mac’s assessment for FY 2026 is \$3.45 million. The assessment for FY 2027 is not yet available because the Office of Secondary Market Oversight will not complete the FY 2027 budget and estimation of examination, oversight, and regulatory costs pertaining to Farmer Mac until September 2026. Table 9 shows Farmer Mac assessments for fiscal years 2017 to 2026. These assessments include costs associated with examination, regulation and policy development, and oversight activities.

Table 9. Farmer Mac assessments, FYs 2017 – 2026

Fiscal year	Assessment (in millions)
2017	\$2.50
2018	\$2.50
2019	\$2.75
2020	\$2.90
2021	\$3.00
2022	\$3.25
2023	\$3.33
2024	\$2.90
2025	\$4.00
2026	\$3.45

Part II

Farm Credit Administration

Profile of the Farm Credit Administration

The Farm Credit Administration was created through an executive order of President Franklin D. Roosevelt and currently derives its powers and authorities primarily from the Farm Credit Act of 1971, as amended. As an agency within the executive branch of the federal government, we are responsible for regulating and supervising the Farm Credit System (FCS or System) banks, associations, and related entities, as well as the Federal Agricultural Mortgage Corporation (Farmer Mac).²

The FCS is the oldest of the financial government-sponsored enterprises (GSEs). The Farm Credit Act states that the objective of the FCS is to improve the income and well-being of American farmers and ranchers by furnishing sound, adequate, and constructive credit and closely related services to them, their cooperatives, and selected farm-related businesses.

The FCS consists primarily of a nationwide network of borrower-owned, cooperative financial institutions that provide credit and related services to

- farmers and ranchers,
- producers and harvesters of aquatic products,
- farm-related businesses,
- rural homeowners,
- agricultural and aquatic cooperatives,
- agribusinesses, and
- rural utilities.

The FCS had \$437.8 billion in outstanding loans to agriculture and rural America as of Sept. 30, 2025.

² Although Farmer Mac is an FCS institution under the Farm Credit Act (12 U.S.C. 2279aa-1(a)(2)), we often discuss Farmer Mac separately from the other entities of the FCS because of the secondary market authorities unique to Farmer Mac. Therefore, when we refer to FCS or System institutions without specifically including Farmer Mac, Farmer Mac should be considered excluded in that context. Farmer Mac is not jointly and severally liable on debt issuances with other parts of the System.

Farmer Mac is a stockholder-owned, federally chartered instrumentality of the United States and an institution of the FCS; its authority is derived from Title VIII of the Farm Credit Act. Farmer Mac was established in 1988 to create a secondary market for agricultural real estate loans and rural housing mortgage loans. In 2008, Farmer Mac's secondary market authorities were expanded to include rural utility loans. It provides secondary market services through a network of agricultural lenders and intermediaries, including commercial banks, FCS banks and associations, life insurance companies, mortgage companies, and rural utility cooperatives. As of Sept. 30, 2025, Farmer Mac's outstanding program activity totaled \$31.1 billion.

On a reimbursable basis, we perform examinations of certain entities that are not part of the Farm Credit System. FCA is required by the National Cooperative Bank Act of 1978, as amended, to examine and report on the condition of the National Cooperative Bank (NCB). Since the passage of this law, NCB restructured and obtained a commercial bank charter which made them subject to examinations by three federal regulators. The Office of the Comptroller of the Currency (OCC) is their primary regulator and has statutory enforcement authorities over NCB. To improve efficiencies and effectiveness and reduce regulatory burden, we entered into a Memorandum of Understanding with the OCC in 2020 and rely on its examinations to fulfill our statutory examination requirement. In addition, we provide examination services on behalf of the Farm Credit System Insurance Corporation.

The U.S. Senate Committee on Agriculture, Nutrition, and Forestry and the U.S. House of Representatives Committee on Agriculture oversee the FCS, Farmer Mac, and FCA. Our operations are funded through assessments paid by the System institutions and by our reimbursable activities; we do not receive a federal appropriation.

Mission statement

As stated in the FCA Strategic Plan for FYs 2026 – 2030, our mission is to ensure that System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America. To fulfill this mission, we issue regulations and conduct examinations of FCS institutions, including Farmer Mac, to evaluate and oversee the safety and soundness of their activities.

Our examinations evaluate whether institutions are complying with laws and regulations and are operating in a safe and sound manner. This includes evaluating compliance with the congressional mandate requiring System associations to have programs to make credit and services available to young, beginning, and small (YBS) farmers and ranchers. In addition, we research, develop, and adopt rules, regulations, and other guidelines that govern how institutions conduct their business and interact with customers.

If any System institution, including Farmer Mac, violates laws or regulations, or if we determine that its operations are unsafe or unsound, we may use our enforcement authority to ensure that the problem is corrected in a timely manner. We also ensure that borrower rights established by the Farm Credit Act are protected.³

Other statutory duties require us to issue and amend FCS institution charters, to report to Congress on the System's and Farmer Mac's financial condition and performance, and to approve the issuance of debt obligations by System banks.

FCA board and governing philosophy

Our policy and regulations are established by a full-time, three-person board whose members are appointed by the president of the United States with the advice and consent of the Senate. They serve staggered six-year terms and may not be reappointed to succeed themselves after serving a full term or more than three years of a previous member's unexpired term. A board member may serve after expiration of his or her term until a successor has been appointed and qualified. The president designates one member as chairman of the board. The board chairman also serves as the agency's chief executive officer.

The FCA board approves charters of FCS institutions, oversees the agency's supervision and examination of those institutions, and issues enforcement actions. The governing philosophy of the FCA board is grounded in the Farm Credit Act. The board believes that the cooperative principles on which the System was founded are just as important today as they were in the early decades of the 20th century.

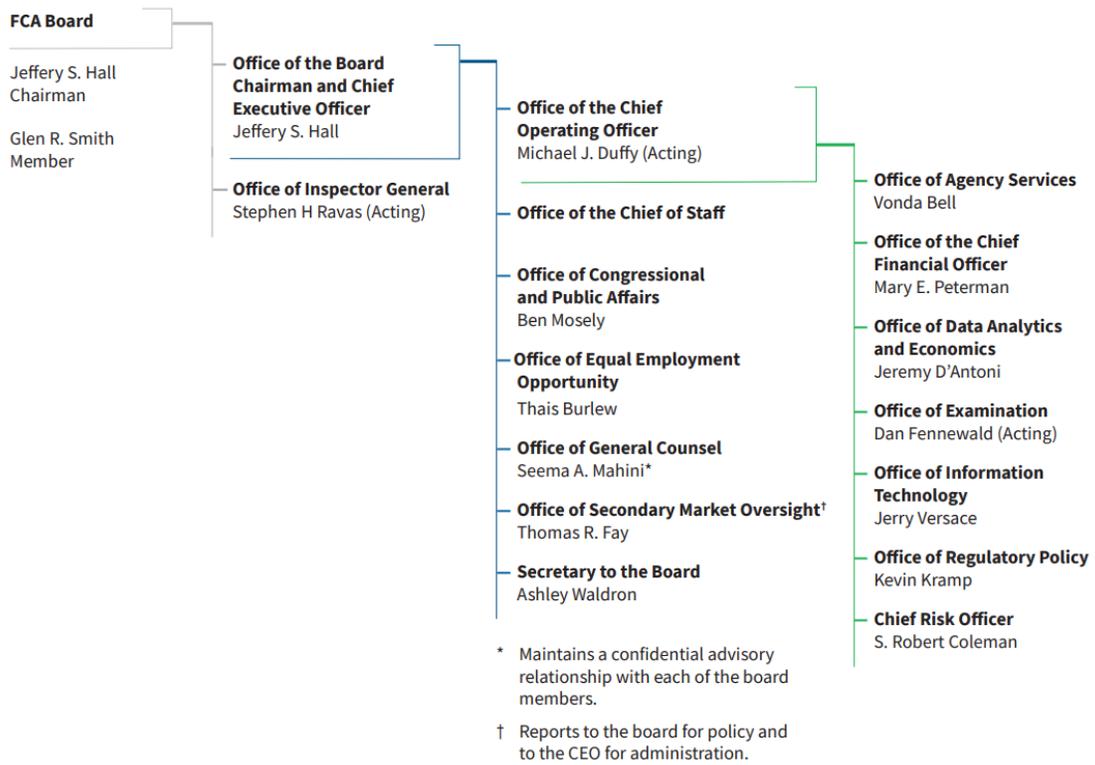
FCA organizational structure

Figure 1 presents our organizational structure and shows how the offices provide strategic support to the FCA board and ensure that our mission and goals are performed effectively and efficiently. We have our headquarters in McLean, Virginia, with field offices in Bloomington, Minnesota; Dallas, Texas; Denver, Colorado; and Sacramento, California. Our workforce is our biggest asset in accomplishing our mission.

³ Some borrower rights do not extend to some borrowers, including, for example, rural homeowners and agricultural cooperatives. However, FCA has the authority to enforce applicable consumer financial protection regulations.

Figure 1. FCA organizational chart as of January 2026

For an accessible version of this chart, go to <https://www.fca.gov/about/fca-organizational-chart>.



FCA Internal Operations

FCA continues to build on our strengths by promoting practices that support efficiency, resiliency, creativity, innovation, and accountability.

Human capital management

The agency’s strategic plan reflects our commitment to maintaining a modern, engaged, and skilled workforce. We are committed to developing and retaining a skilled and motivated workforce; ensuring effective succession planning and knowledge transfer; and fostering integrity, collaboration, and efficiency. To achieve these goals, we set clear and measurable performance expectations aligned with FCA’s mission, provide targeted training and development opportunities, and uphold policies and practices that demonstrate respect and professionalism toward all individuals, both inside and outside the agency.

We regularly assess workforce trends, such as retirement eligibility and early-career hiring so that we can integrate best practices to address emerging challenges. Additionally, we monitor the Farm Credit System environment to ensure we have the right staffing levels and skills. This includes strategically hiring new staff and offering ongoing training and development. We review our workforce-planning strategies annually. For details on full-time-equivalent (FTE) staffing levels (rounded to the nearest whole number) from FYs 2017 through 2027, see table 10.

Table 10. Full-time-equivalent staffing levels, FYs 2017 – 2027

Fiscal year	FTE staffing level
2017	296
2018	298
2019	308
2020	297
2021	314
2022	313
2023	331
2024	341
2025	320
2026	349 (authorized)
2027	349 (authorized)

Note: From FYs 2017 to 2027, the ratio of managers and supervisors to other personnel has ranged between one to five and one to six.

In 2025, the agency launched a succession-planning initiative to ensure continuity in mission-critical roles and key functions. Through this effort, FCA developed an agencywide succession-management framework to address risks associated with retirements and other separations.

As of Sept. 30, 2025, approximately 13% of our workforce was eligible to retire, and we expect that number to remain steady in the near term. By FY 2030, approximately 21% of our workforce will be eligible to retire. For detailed projections, see table 11.

Table 11. FCA retirement eligibility, FYs 2025 – 2030

Fiscal year	Number of staff first eligible during the fiscal year	Number of staff eligible at fiscal year-end	Percentage of staff eligible to retire at fiscal year-end
2025	2	40	12.8%
2026	7	47	15.0%
2027	4	51	16.3%
2028	6	57	18.2%
2029	5	62	19.8%
2030	3	65	20.8%

Note: This table assumes that staff eligible for retirement remain employed.

Training

FCA remains committed to providing world-class learning resources to equip our workforce with the skills needed to meet current and future performance demands. We deployed strategies to enhance employees’ technical capabilities and leadership skills while expanding training technology to support employees in our geographically dispersed, highly mobile work environment. Key initiatives included the following:

- Technical capabilities — Provided training programs focused on agricultural business, financial risk management, and data analytics.
- Leadership and teamwork skills — Advanced a strengths-based development initiative across the agency to leverage individual and team strengths to drive employee engagement and increase performance. We integrated strengths-based practices into new-employee orientation and new supervisor development programs. Additionally, supervisors received periodic training focused on meaningful feedback, empowering teams, and fostering a culture of recognition.

- Technology deployment — Established a web-based personal development plan to assist employees with setting development goals and identifying training options. The plan also provides managers with a tool to assess and plan for succession.

Looking ahead, FCA's Learning and Organizational Change Team plans to enhance workforce development efforts by implementing a more integrated and systematic approach to learning. Planned initiatives include:

- Enhancing e-learning. We will continue to promote use of the agency's e-learning platform by offering advanced features, including applications and learning services powered by artificial intelligence.
- Enhancing needs assessments. We will continue to work closely with office leaders to conduct needs assessments and develop targeted training solutions to support work unit performance.

Examiner commissioning program

Our Commissioning Program is designed to equip the next generation of highly skilled examiners with the knowledge, skills, and expertise needed to fulfill FCA's mission. The program focuses on building competencies in FCA's key oversight areas: credit, finance, operations, information technology, and examination management.

We also invest in developing commissioned examiners through human capital planning, career development, and specialty programs. Specialty programs provide opportunities to gain technical expertise and encourage examiners to pursue professional certifications and advanced training. Additionally, we are expanding our offerings to include workshops and training sessions on data management, data utilization, and new technological tools to further enhance examiner capabilities.

FCA compensation program

In 1989, the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) amended Section 5.11(c)(2)(A) of the Farm Credit Act, granting the FCA chairman authority to set and adjust employee compensation independently of the general pay schedule used by most federal agencies. This authority allows FCA to provide additional pay and benefits to maintain comparability with other federal banking agencies as defined in FIRREA.

Section 1206 of FIRREA was later amended to require the heads of FCA, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the National Credit Union Administration Board, the Federal Housing Finance Board, the Office of Financial Research, and the Bureau of Consumer Finance Protection to inform Congress and one another of their compensation and benefits and to “seek to maintain comparability regarding compensation and benefits.”

To comply with these requirements, FCA participates in a biennial survey of compensation and benefits among federal financial regulators. Based on survey results, we adjust our compensation rates, which are comparable to the average market rates provided by other FIRREA agencies.

We use a pay-for-performance program to adjust employees’ salaries based on their performance ratings and positions within their salary ranges. We determine annual salary adjustments by factors such as the compensation programs of other FIRREA regulators and available funding.

For the 2026 compensation program, the FCA board approved a merit pay matrix with pay increases ranging from .6% to 4.8%, depending on employees’ performance ratings and positions within the salary range for their grade. The board also approved increases to locality pay rates. Table 12 provides the revised 2026 locality rates for FCA locations.

Table 12. 2024, 2025, and 2026 locality rates

Locality	2024 rate	2025 rate	2026 rate
McLean	32.99%	33.74%	33.94%
Bloomington	26.89%	27.62%	28.12%
Denver	29.55%	30.52%	31.02%
Dallas	26.87%	27.26%	27.76%
Sacramento	28.80%	29.76%	30.26%
Rest of the United States	17.00%	17.06%	17.56%

External contracting and shared services – Procurement

As table 13 shows, we continue to outsource several functions. We have a shared-service agreement with the Bureau of the Fiscal Service (BFS). We outsource our payroll function to USDA’s National Finance Center and our personnel security and credentialing function to the Department of the Interior’s Interior Business Center. Outsourcing these services allows us to manage employee benefits and other agency functions without additional personnel costs.

Table 13. Shared services, FY 2025

Contract	Services provided	Amount
Administrative Service Center (BFS)	Full-service accounting, e-travel, credit card, and platform procurement services	\$1,047,816
National Finance Center (USDA)	Payroll services	\$59,725
Department of the Interior	Personnel security and credential services	\$3,599
Defense Counterintelligence Security Agency	Background investigation services	\$90,000

Tables 14 and 15 provide a summary of our competitive consulting service contracts for FYs 2024 and 2025 and amounts obligated in each budget year.

Table 14. Competitive consulting service contracts of more than \$25,000, FY 2024

Contract	Purpose	Amount
Second Pillar Consulting (23-FCA-450-001)	Financial risk evaluation and assessment for the Office of Secondary Market Oversight	\$75,000
Willis Towers Watson US LLC (24-FCA-BPA-001)	FIRREA compensation study	\$157,800*
Harper, Rains, Knight & Company (23-FCA-700-002)	Financial statement audit services	\$62,480

*Note: This amount is shared among 10 FIRREA organizations.

Table 15. Competitive consulting service contracts of more than \$25,000, FY 2025

Contract	Purpose	Amount
Harper, Rains, Knight & Company (23-FCA-700-002)	Financial statement audit services	\$63,798

Other functions and activities

In FY 2025, we spent \$413 on events and representation expenses and had no foreign travel expenses.

Leveraging FCA technology

We have designed a flexible information technology (IT) program at FCA that can adapt to changing technical and business needs. The Office of Information Technology holds meetings with the board, staff, and management from other business units to understand their needs, ensure that we make strategic investments in IT, and adjust our priorities as needed. Through these meetings, we identify multiyear IT initiatives and include these in our annual Information Resources Management (IRM) Strategic Plan.

The IRM Strategic Plan drives IT spending through the current fiscal year and beyond. In 2027, we will continue to improve FCA's technology infrastructure, records management, data analysis and reporting, and strengthen our cybersecurity. We will continue to evaluate and implement appropriate uses of artificial intelligence to support our mission. We will engage contractors when we need specialized expertise, and we will expand use of cloud services where appropriate. As we work on innovation and modernization across the agency, we will also keep up with the evolving technological landscape through training.

In 2025, we accomplished the following:

- Further enhanced mobile capabilities for our staff to facilitate on-site examination
- Started pilot projects that support the use of artificial intelligence
- Upgraded software and life-cycle equipment
- Continued to develop new, and upgrade existing, applications to support FCA's examination procedures
- Improved data loading and support, including modernization of applications to simplify data collection for our regulated entities
- Continued to migrate to cloud services where cost-effective
- Continued to strengthen our IT security program and our privacy program
- Continued to improve our records management program, including the management of email records

For more information about the ways we will use technology in FYs 2026 and 2027 to achieve our strategic goals, see table 2.

Independent auditing and accountability

The Office of Inspector General contracted with Harper, Rains, Knight & Company to perform the FY 2025 audit of FCA's financial statements. On Nov. 10, 2025, Harper, Rains, Knight & Company issued an unmodified opinion on our financial statements for the fiscal year ended Sept. 30, 2025.

The auditors opined that the financial statements presented fairly, in all material respects, FCA's financial position as of Sept. 30, 2025, in conformity with generally accepted accounting principles. In addition, although the auditors did not express an opinion on the matter, they did not identify any deficiencies in internal control over financial reporting that would be considered material weaknesses.

The auditors also did not identify any instances of noncompliance with selected provisions of laws and regulations or other reportable matters that could have a direct and material effect on the financial statements.

Ensuring Safety and Soundness

The Farm Credit Administration’s role is to regulate the Farm Credit System to ensure System institutions, including Farmer Mac, comply with applicable laws and regulations. In doing so, we ensure the safety and soundness of the System.

The first section below, titled “The Farm Credit System,” summarizes examination and supervisory activities performed on the banks, associations, and service organizations of the FCS. Because the role of Farmer Mac is different from the rest of the System, we discuss Farmer Mac separately in the second section below. In addition, we provide examination and other services on a reimbursable basis to certain entities that are not part of the System. These activities are summarized in the third section below, titled “Other Entities.”

Our examination and supervision responsibilities are carried out by staff located in our headquarters in McLean, Virginia, and in four field offices — in Bloomington, Minnesota; Dallas, Texas; Denver, Colorado; and Sacramento, California. We do not expect any changes in the field office structure in FY 2026 or FY 2027.

The Farm Credit System

Statutory and regulatory requirements

The Farm Credit Act requires FCA to examine each FCS institution at least once every 18 months. We meet this requirement through a risk-based process of oversight and examination designed to maximize efficiency while addressing System risk effectively.

To monitor and evaluate the System’s safety and soundness, we need loan portfolio and other data from System institutions. Our regulations include the following reporting requirements:

- Each System institution must prepare and file reports of condition and performance with FCA each quarter in accordance with 12 CFR 621.12. These reports provide detailed information on each institution’s financial performance and portfolio quality and other relevant information.
- System banks and the Federal Farm Credit Banks Funding Corporation must prepare consolidated System information and make this information available to investors and the public in accordance with 12 CFR part 630.

System institutions submit other data to us through our Consolidated Reporting System. Some of the submitted information is available to the public on our website (www.fca.gov). We also collect loan data from all System institutions in accordance with 12 CFR 621.15. We have been

expanding loan data collection and analysis to enhance our evaluation of risk to the System as a whole.

In addition to overseeing and examining the System, we establish policies and regulations to ensure the System addresses key risk areas. For example, our regulations require System institutions to have effective loan underwriting and loan administration processes, to achieve and maintain minimum capital levels, to demonstrate strong asset-liability management, and to establish high standards for governance and transparent disclosures for shareholder information.

Risk-based examination and supervision

We design examination and supervision processes to address material risks and emerging issues at the institution level and Systemwide. We base our examination and supervision strategies on institution size, existing and prospective risk exposure, and the scope and nature of each institution's business model. We also evaluate whether each institution's business model will fulfill its public mission as a government-sponsored enterprise. In addition to overseeing and examining individual institutions, we identify and evaluate Systemwide emerging or potential risks and allocate examination resources to matters of highest priority.

We have developed a comprehensive regulatory and supervisory framework to promote and help ensure the System's safety and soundness and its compliance with laws and regulations. This approach recognizes each institution's responsibility and ability to identify and manage both institution-specific and systemic risks. Our examination and supervision program promotes accountability in System institutions for their programs, policies, procedures, and controls. System institutions have developed effective risk-management cultures in response to our examination and supervision programs and our policies and regulations.

Because of volatility in the agricultural and credit markets as well as significant changes in the financial markets, ensuring the safety and soundness of the System is more important and challenging than ever. To address these challenges, we annually evaluate areas of risk and identify focus areas to set examination priorities, identify potential regulatory issues, allocate resources, and monitor emerging risk exposures. The examination and supervision program includes strategies for addressing these emerging risks and communicating our expectations to both internal and external audiences.

Focus areas for FY 2026 are the following:

- Serving Agriculture in Volatile Times
- Operational Resilience

- Public Mission and Young, Beginning, and Small (YBS) Farmer and Rancher Programs
- System Loan Data Reporting

When our examiners identify unsafe and unsound practices or conditions within a System institution or find that an institution has violated a law or regulation, we outline in our Report of Examination or other communication the corrective actions the institution must take. If necessary, we use our enforcement powers to bring about changes in an institution's policies and practices to correct unsafe or unsound conditions or violations of law or regulations. However, in most cases, we achieve corrective action without the use of formal enforcement powers.

Measuring the safety and soundness of the System

We use our Financial Institution Rating System (FIRS) as a key method to assess the safety and soundness of each FCS institution. The FIRS provides a general framework, consisting of component and composite ratings, for evaluating and assimilating significant financial, asset quality, and management factors. Similar to systems used by other federal financial regulators, the FIRS evaluates six key component areas to properly assess the degree of risk in an institution. These key component areas are capital, assets, management, earnings, liquidity, and sensitivity (CAMELS).

Based on our CAMELS ratings, we assign an overall composite rating for the institution. The rating system ranges from 1 to 5. A composite rating of 1 indicates that an institution is sound in every respect and exhibits the strongest performance and risk-management practices, whereas a rating of 5 represents an extremely high, immediate, or near-term probability of failure.

Our examiners continually evaluate institutional risk and regularly review and update FIRS ratings to reflect current risks and conditions in each System institution. We provide guidance on both quantitative benchmarks and qualitative factors to help examiners apply the FIRS process consistently.

We disclose these confidential FIRS composite and component ratings to the institution's board to provide perspective on relative safety and soundness. Examination reports and other forms of communication also provide the institution's board with an assessment of the governance, management, quality of assets, and financial condition and performance of the institution.

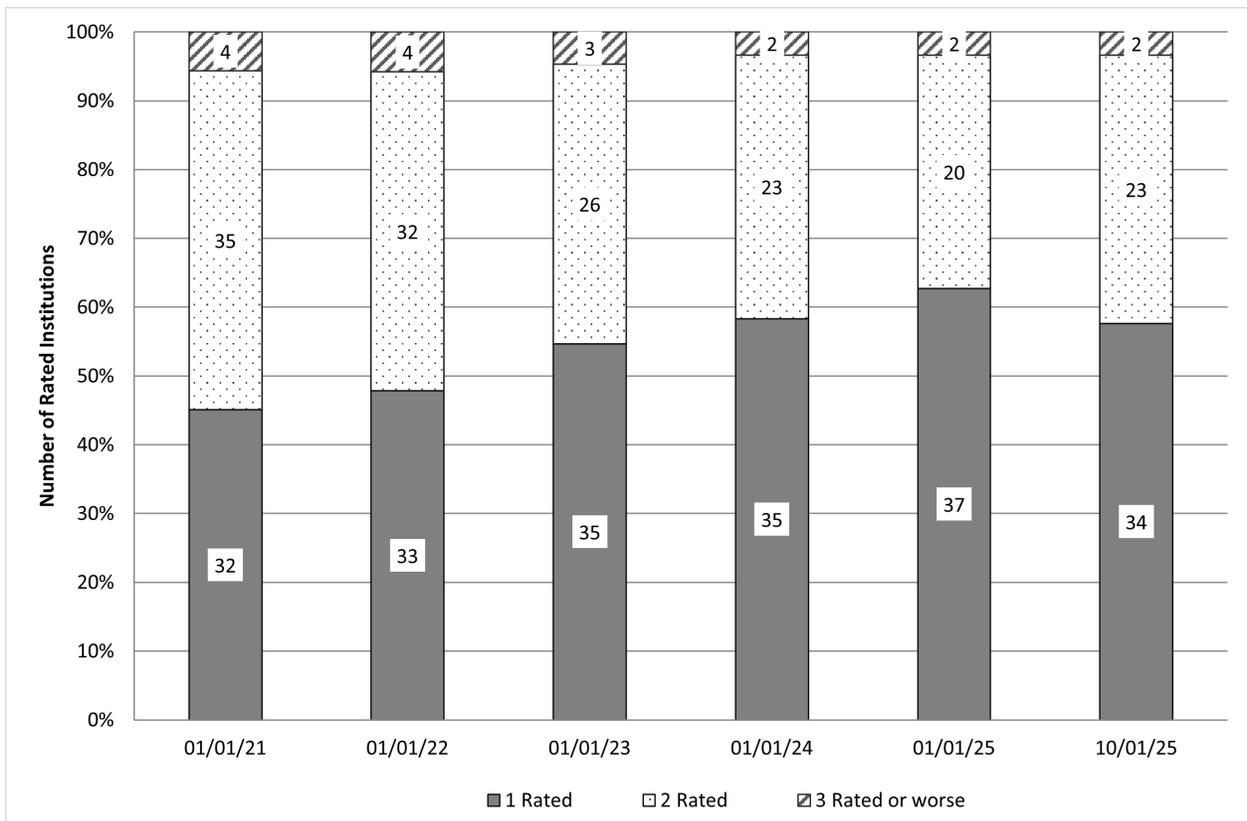
Recent results

As the composite FIRS ratings show, the System’s condition and performance have been sound over the past several years. The following summarizes FIRS ratings for System banks and associations that were active as of Oct. 1, 2025:

- Thirty-four institutions were rated 1.
- Twenty-three were rated 2.
- Two were rated 3 or lower.

See figure 2 for information on FIRS rating trends. For a more detailed discussion of the financial condition and performance of the System, see part III of this report. (Note: The most recent FIRS ratings available at this writing are for the 59 System banks and associations that were active as of Oct. 1, 2025.)

Figure 2. Farm Credit System Financial Institution Rating System (FIRS) composite ratings



Source: FCA's FIRS Ratings Database.

Note: This chart reflects ratings for only the actively reporting System’s banks and associations; it does not include ratings for the System’s service corporations, Farmer Mac, or the Federal Farm Credit Banks Funding Corporation.

Matching data table for figure 2

FIRS Ratings	01/01/21	01/01/22	01/01/23	01/01/24	01/01/25	10/01/25
1 rating	32	33	35	35	37	34
2 rating	35	32	26	23	20	23
3 rating or lower	4	4	3	2	2	2
Total	71	69	64	60	59	59

Note: Data refers to number of institutions with each FIRS rating.

Federal Agricultural Mortgage Corporation

Through our Office of Secondary Market Oversight (OSMO), we provide for the examination, regulation, and general supervision of Farmer Mac’s safe and sound performance of its powers, functions, and duties. OSMO performs annual CAMELS-based examinations, which include examination of capital, assets, management, earnings, liquidity, and sensitivity to interest rate risk. By providing a secondary market for agricultural real estate and other loans, Farmer Mac has a very different role from the System’s banks and associations. Therefore, some of our examination processes for Farmer Mac differ from those for other System institutions.

Statutory authority

OSMO was established in 1992 by the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102 – 237), which amended section 8.11 of the Farm Credit Act. OSMO is required to be managed by a full-time director who reports to the FCA board, and OSMO’s activities, to the extent practicable, must be carried out by individuals not responsible for supervising the banks and associations of the FCS.

Data reporting requirements

Farmer Mac is required to submit quarterly call reports to OSMO in addition to meeting several other periodic reporting requirements related to Farmer Mac’s regulatory risk-based capital, mission achievement, liquidity, and financial derivatives portfolio. Farmer Mac is also subject to the disclosure and reporting requirements of the Securities and Exchange Commission.

Financial condition and performance

Farmer Mac's financial condition remained sound in 2025 despite a modest increase in troubled loan volume.

- Net income available to common shareholders was \$141.9 million for the nine months ended Sept. 30, 2025, compared with \$129.6 million for the same period one year prior.
- Farmer Mac's statutory core capital totaled \$1.7 billion on Sept. 30, 2025, compared with \$1.5 billion one year prior. The minimum statutory core capital requirement for Farmer Mac's on- and off-balance-sheet exposures was \$969.1 million on Sept. 30, 2025. Thus, Farmer Mac exceeded its statutory minimum core capital requirement by approximately \$723.4 million.
- Similarly, Farmer Mac had \$1.7 billion in regulatory capital (as defined in the Farm Credit Act) available to meet the \$121.2 million minimum requirement established by FCA's Risk-Based Capital (RBC) Model as of Sept. 30, 2025.
- Program activity increased 9.3% year over year, totaling \$31.1 billion on Sept. 30, 2025. Farmer Mac had \$6.7 billion in its liquidity portfolio as of the same date.

Credit quality decreased from the prior year but remained sound. On Sept. 30, 2025, 96.5% of total program volume was classified acceptable.

Risk-Based Capital Model

Section 8.32 of the Farm Credit Act requires the Risk-Based Capital (RBC) Model to be used to determine the amount of regulatory capital that Farmer Mac needs to maintain positive capital during a 10-year period under certain credit risk and interest rate risk situations. The RBC Model must estimate credit losses on agricultural mortgages and rural utility loans owned or guaranteed by Farmer Mac.

The rate of loan default and severity of losses on agricultural mortgages must be reasonably related to the default rate and severity of losses experienced in contiguous areas of the United States; the contiguous areas considered must contain at least 5% of the total U.S. population that experienced the highest rate of default and severity of agricultural mortgage losses during the past two consecutive years or more. The rate of loan default and severity of losses on rural utility loans must be reasonably related to risks in electric and telephone facility loans.

The Farm Credit Act requires the RBC Model to incorporate an interest rate risk stress scenario based on prescribed changes in interest rates on Treasury obligations of various terms. In addition, the Farm Credit Act requires Farmer Mac to maintain capital to protect against management and operational risks. This additional capital must amount to 30% of the sum of the credit loss and interest rate risk components of the RBC Model.

The output of the stress test depends on Farmer Mac's risk profile. High-risk loan assets or significant interest rate risk exposure causes the RBC Model to calculate a higher regulatory capital requirement. Conversely, if Farmer Mac maintains a low risk profile in both its loan portfolio and interest rate risk exposure, the stress test will calculate a low capital requirement. Our regulations require Farmer Mac to have its operation of the RBC Model validated by an independent third party at least every three years. In all of these third-party validations, Farmer Mac has been found to be operating the model appropriately.

Other entities

On a reimbursable basis, we perform examinations of certain entities that are not part of the Farm Credit System.

We are mandated by 12 U.S.C. 3025 to examine and report on the condition of the National Cooperative Bank (NCB), which owns a federal savings bank, has a congressional charter, and specializes in nonagricultural cooperative loans. Costs have been negligible because of our agreement with the Office of the Comptroller of the Currency. Through this agreement, we generally rely on their safety and soundness examinations to effectively and more efficiently carry out our statutory responsibilities with respect to NCB.

From time to time, the U.S. Department of Agriculture contracts with us to provide examination services for specific USDA programs. We annually review the resources dedicated to providing these services, and we have no current contracts.

We also provide services on a reimbursable basis to the Farm Credit System Insurance Corporation (FCSIC), a government-controlled corporation that insures the timely payment of principal and interest on certain System notes, bonds, and other obligations issued to investors. The FCSIC board consists of the members of the FCA board. Section 5.59(a)(5) of the Farm Credit Act provides that, to the extent practicable, FCSIC must use FCA personnel and resources to minimize duplication of effort and reduce costs.

Developing Regulations and Policies

FCA routinely issues regulations, informational memorandums, policy statements, and other guidance to ensure that the System complies with the law, operates in a safe and sound manner, and efficiently carries out its statutory mission.

We are committed to providing a flexible regulatory environment that allows the System to offer high-quality, reasonably priced credit and related services to farmers and ranchers, their cooperatives, rural residents, and other entities on which farming operations depend.

We strive to develop balanced, well-reasoned, and flexible regulations, always considering both the benefits and the costs of these regulations to System institutions. Our objectives are to ensure that the System's activities remain consistent with the law and safety and soundness principles and to encourage participation by member-borrowers in the management, control, and ownership of their institutions.

Regulatory and policy projects active at end of FY 2025

The FCA board reviews its regulatory agenda semiannually to evaluate progress on open projects and to determine the need for additional initiatives. The FCA board-approved agenda is part of the federal Unified Agenda, which is published online at [Reginfo.gov](https://www.reginfo.gov). We publish our Regulatory Projects Plan on our website to notify the public of our upcoming regulatory actions and to encourage the public to participate in the regulatory process, but we are not obligated to act on our agenda items. The following list summarizes the topics for which we are considering regulatory action.

Collateral evaluation: We continue to consider updating collateral appraisals and valuations requirements to address changing credit and economic conditions.

Permanent capital revisions: We plan to issue a final rule that would replace certain references to permanent capital ratio with references to tier 1 and tier 2 capital and make other revisions as appropriate. These revisions would seek to reduce computational, call reporting, and shareholder reporting requirements.

Borrower rights: We plan to issue a proposed rule to clarify disclosure and servicing requirements related to borrower rights.

Bank liquidity reserve: We plan to issue a proposed rule amending our liquidity regulations to ensure banks can better withstand stressful conditions. The proposed rulemaking would also more closely align with the Basel III liquidity framework and the approach of other federal bank regulatory agencies.

Loan participations and territorial concurrence: We plan to issue an advance notice of proposed rulemaking that would consider revising loan participation requirements related to loans outside of chartered territories.

Similar entities: We plan to issue a proposed rule to clarify the types of activities that are similar to those of eligible borrowers, as well as the types of loans that would qualify under the similar-entity authority.

Loan performance categories and financial reporting: We plan to issue a final rule to remove from FCA regulations the requirement to measure and report formally restructured loans (TDRs) due to changes in Generally Accepted Accounting Principles. This rulemaking also considers disclosures for loan modifications to borrowers experiencing financial difficulty.

Business plan revisions: We plan to issue a final rule that removes certain regulations in the business planning rule under 12 CFR 618, subpart J.

Annual independent audits and internal controls over financial reporting: We plan to issue a final rule that would amend existing regulations concerning annual independent audits to include audits of internal controls over financial reporting for System institutions.

Assessment and apportionment of administrative expenses: We plan to issue a proposed rule that would amend FCA regulations to update the apportionment of FCA administrative assessments among Farm Credit System banks, associations and designated other System entities to address the change in the System's composition since the rule became effective.

Technical amendments: We plan to issue a final rule correcting citations and making other technical updates throughout the regulations governing the Farm Credit System.

Regulatory and policy projects completed in FY 2025 and early FY 2026

Following is a list of projects we completed in FY 2025 and early FY 2026, along with a list of communications we issued to System institutions to clarify our rules.

Permanent capital revisions: We issued a proposed rule that would replace certain references to permanent capital ratio with references to tier 1 and tier 2 capital and make other revisions as appropriate. These revisions would seek to reduce computational, call reporting, and shareholder reporting requirements.

Loan performance categories and financial reporting: We issued a proposed rule that would amend regulatory high-risk loan performance categories.

Annual independent audits and internal controls over financial reporting: We issued a proposed rule that would amend existing regulations concerning annual independent audits to include audits of internal controls over financial reporting for System institutions.

Cyber-risk management: We issued a final rule that revises our information technology regulations to address information security, multifactor authentication, and cybersecurity.

Young, beginning, and small farmers and ranchers: We issued “Frequently Asked Questions” relating to lender responsibilities under the agencies YBS rule.

Regulatory burden: We issued a notice and request for comment regarding outdated or burdensome FCA regulations. When the comment period had ended, we published a notice responding to comments received.

Civil money penalty adjustment: We published a final rule to adjust FCA’s civil money penalties for inflation as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

Revised capital treatment for certain rural water and wastewater facility exposures: We issued a revised booklet that removes the sunset provision included in the original booklet and continues to assign reduced risk weights to certain exposures after the high-volatility commercial real estate rule’s implementation date.

FCS corporate activity and other prior approvals and clearances

In accordance with the Farm Credit Act and our regulations, we issue prior approvals for corporate and noncorporate applications. Corporate applications include requests from FCS institutions for us to issue new or amended charters, as well as to cancel charters because of mergers, consolidations, liquidations, or terminations of System status.

Noncorporate applications include preferred stock redemption requests, clearance and capital determination requests related to offerings of preferred stock and subordinated debt, and other capital-related requests. They also include requests for prior approval of funding, mission-related investments, and any new financially related services.

Corporate activities in FY 2025 and early FY 2026

On Dec. 1, 2024, two agricultural credit associations (ACAs) affiliated with Texas merged: Heritage Land Bank, ACA, and its subsidiaries merged with and into Texas Farm Credit Services and its subsidiaries.

On April 1, 2024, Plains Land Bank, FLCA, moved its headquarters from Amarillo, County of Randall, Texas, to Amarillo, County of Potter, Texas.

Projected mergers and FCS institution size

As of Jan. 1, 2026, the System had 55 direct-lender associations and four banks for a total of 59 banks and associations. Eight service corporations and special-purpose entities (see pages 48–50) brings the total number of FCS institutions, including Farmer Mac, to 67. Because of mergers and consolidations, the number of FCS associations has decreased by 37.5% since 2010, and the number of FCS banks has decreased by 20%.

Merger activity has increased over the past four years. We estimate that the number of direct-lender associations will continue to decrease. These mergers, coupled with asset growth, will increase the size of System entities. System institutions will also have more complex management systems and offer a broader range of financial services to their borrowers.

Securities offerings by individual institutions during FY 2025

There were two preferred stock offerings during this period. CoBank, ACB, completed a preferred stock offering in November 2024 for \$300 million. The Farm Credit Bank of Texas completed a preferred stock offering in July 2025 for \$350 million.

Securities redemptions by individual institutions during FY 2025 and early FY 2026

There were two securities redemptions during this period. CoBank, ACB, redeemed \$300 million of preferred stock in January 2025. The Farm Credit Bank of Texas redeemed \$350 million of preferred stock in September 2025.

Funding Corporation activity

The FCS raises funds for loans and investments primarily by selling Systemwide debt securities through the Federal Farm Credit Banks Funding Corporation, the fiscal agent for the FCS banks. In this way, funds flow from worldwide capital market investors to agricultural producers, agricultural cooperatives, and rural communities, providing them with efficient access to global resources. Systemwide debt securities are issued as discount notes, master notes, bonds, or designated bonds. As required by the Farm Credit Act, the System must obtain FCA approval for all debt issuances.

For the 12 months ended Sept. 30, 2025, the FCS issued \$302 billion in Systemwide debt, compared with \$298 billion in FY 2024 and \$294 billion in FY 2023. Systemwide debt issuances remained relatively stable since FY 2023 since the start of a rotation from discount note issuance more into floating rate note issuance. The continued robust demand for floating rate debt in FY 2025 stemmed largely from strong money market fund interest.

Issuance of short-term discount notes remained subdued, decreasing 18% for FY 2025. Call options exercised in FY 2024 totaled \$58.7 billion, compared with \$34.5 billion in FY 2024. Callable activity increased because the System continued to use a sizable amount of short-term, callable, floating-rate debt securities to meet investors' market demands. In addition, a significant decrease in yields starting in the first quarter of FY 2025 precipitated an increase in other economically callable activity.

Interest rates for Systemwide debt, compared with rates for U.S. Treasuries of similar maturities remained favorable for maturities of five years and less. Interest rates for longer-term maturities, though improved, continued to experience sizable premiums due to persistent debt market volatility. Premiums for callable debt issuance, while elevated in the first half of FY 2025, steadily declined in the latter half of the fiscal year. Investor demand for FCS debt instruments remained strong, due in large part to the System's long-standing solid financial performance, although market conditions remained challenging at times for certain types of debt issuances.

Systemwide debt outstanding increased to \$461 billion for the fiscal year ending 2025, an increase of \$29 billion from the end of FY 2024.

In addition, FCS debt outstanding increased to 22.7% of the cumulative GSE debt outstanding at the end of FY 2024 compared with 22.4% at the end of FY 2024, with the Federal Home Loan Banks continuing to maintain their dominant GSE market share at 58.2%.

The financial markets experienced significant volatility because of uncertainty of future interest rates due to concerns over persistent inflation and signs of a weakening job market, fiscal and trade policies, and ongoing geopolitical risks (wars in Ukraine and the Middle East). In the first quarter of FY 2025, the Federal Reserve continued on its rate-cutting path but paused for the next two quarters as it grappled with both continued inflation and signs of stress in labor markets. It cut rates once more at the end of FY 2025 as risks to employment outweighed inflationary pressures.

Part III

Farm Credit System

Profile of the Farm Credit System

The Farm Credit System consists of a network of borrower-owned cooperative financial institutions, along with related service organizations, the Federal Farm Credit Banks Funding Corporation, and the Federal Agricultural Mortgage Corporation. The Farm Credit System was created by Congress in 1916 to provide American agriculture with a dependable source of credit. It is the oldest government-sponsored enterprise (GSE). As of Jan. 1, 2026, the System had four banks providing loan funds to

- 54 agricultural credit association (ACA) parent organizations, each of which generally has two subsidiaries — a production credit association (PCA) and a federal land credit association (FLCA), and
- 1 stand-alone FLCA.

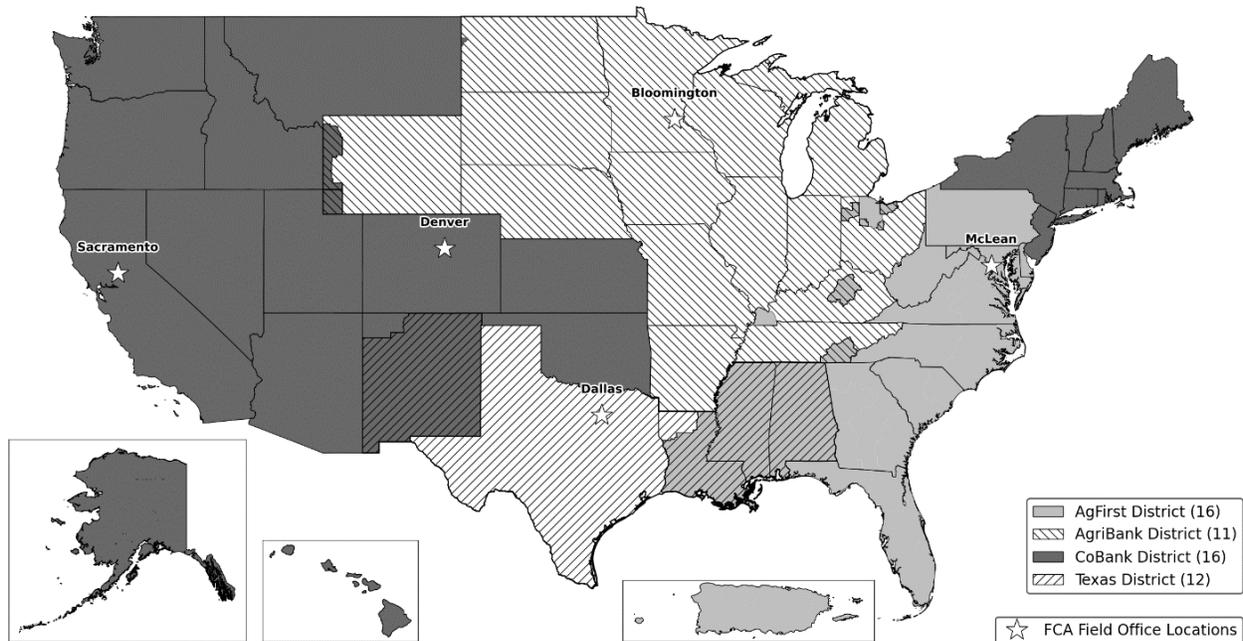
The map in figure 3 shows each bank's chartered territory.

Although legally separate, the ACA and its PCA and FLCA subsidiaries operate as an integrated lending business, with loans made through the subsidiaries appropriate to the authority of each subsidiary. The ACA, the PCA, and the FLCA are jointly and severally liable for the full amount of their indebtedness to the funding bank under a general financing agreement. In addition, the parent company and its subsidiaries pledge their respective assets as security for each other's debts and obligations and share each other's capital.

The three associations have a common board and management and a common set of shareholders. Under the Farm Credit Act, ACAs make long-term agricultural mortgage loans and short- and intermediate-term operating loans. PCAs make short- and intermediate-term loans. FLCAs, which are federal land credit associations that have direct-lending authority, originate long-term agricultural mortgages. FLCAs are exempt from federal and state income taxes; ACAs and PCAs are not tax-exempt.

System institutions provide credit and financially related services to farmers, ranchers, and producers or harvesters of aquatic products. Institutions also make loans for agricultural processing and marketing activities, rural housing, certain farm-related businesses, farmer-owned agricultural and aquatic cooperatives, rural utilities, and foreign and domestic entities in connection with international agricultural trade. The System raises its loan funds by selling debt securities in the national and international money markets. These securities are subject to FCA's approval, but they are not guaranteed by the U.S. government.

Figure 3. The chartered territories of Farm Credit System banks as of Jan. 1, 2026



Note: CoBank, ACB, funds 16 associations in the indicated areas and serves cooperatives nationwide; Farm Credit Bank of Texas funds 12 associations; AgriBank, FCB, funds 11 associations; and AgFirst Farm Credit Bank funds 16 associations. The Farm Credit System contains a total of 59 banks and associations as of Jan. 1, 2026.

Additional System entities and service corporations

In addition to the System’s banks and associations, we are responsible for regulating and examining the Federal Agricultural Mortgage Corporation and the Federal Farm Credit Banks Funding Corporation. We also regulate and examine the six service corporations organized under section 4.25 of the Farm Credit Act:⁴

- AgVantis, Inc.
- Farm Credit Leasing Services Corporation
- Farm Credit Financial Partners, Inc.
- FCS Building Association

⁴ Section 4.25 of the Farm Credit Act provides that one or more FCS banks or associations may organize a service corporation to perform functions and services on their behalf. These federally chartered service corporations are prohibited from extending credit or providing insurance services.

- Farm Credit Foundations
- SunStream Business Services

Federal Agricultural Mortgage Corporation: Farmer Mac⁵ is a stockholder-owned, federally chartered instrumentality of the United States and an institution of the FCS. It was created in 1988 to establish a secondary market for agricultural real estate and rural housing mortgage loans. In May 2008, the Food, Conservation, and Energy Act of 2008 expanded Farmer Mac's program authorities by allowing it to purchase and guarantee securities backed by rural utility loans made by cooperatives.

Farmer Mac conducts its operations through two lines of business:

- Agricultural Finance, which includes Farm & Ranch and Corporate AgFinance segments
- Rural Infrastructure, which includes Rural Utilities and Renewable Energy segments

Federal Farm Credit Banks Funding Corporation: The Funding Corporation is owned by the System banks; it sells debt securities on behalf of the banks to raise funds for loans and other purposes. System banks and, indirectly, associations obtain the majority of their funds through the sale of these securities in the nation's capital markets. These securities, chiefly in the form of bonds and discount notes, are offered by the Funding Corporation through a nationwide group of securities dealers and dealer banks. The Funding Corporation's debt issuances provide the System banks with funds to lend to associations, who in turn lend these funds to eligible borrowers; debt issuances also provide the banks with funding for their other operations.

AgVantis, Inc.: AgVantis provides technology-related and other support services to associations in the CoBank, ACB, district. It was chartered by FCA in 2001 and is owned by eight associations in the CoBank district.

Farm Credit Leasing Services Corporation: The Leasing Corporation, owned by CoBank, provides equipment leasing services to eligible borrowers, including agricultural producers, cooperatives, and rural utilities.

⁵ Farmer Mac is established in law as a federal instrumentality of the FCS. However, Farmer Mac has no liability for the debt of any other System institution, and the other System institutions have no liability for Farmer Mac's debt. Farmer Mac is organized as an investor-owned corporation, not a member-owned cooperative. Investors in voting stock may include commercial banks, insurance companies, other financial organizations, and FCS institutions. Nonvoting stock may be owned by any investor. Farmer Mac is regulated by FCA through the Office of Secondary Market Oversight. The director of this office reports directly to the FCA board on matters of policy.

Farm Credit Financial Partners, Inc.: Owned by three agricultural credit associations, Farm Credit Financial Partners provides support services to three associations affiliated with CoBank and one association affiliated with AgriBank.

FCS Building Association: The Building Association, which acquires, manages, and maintains facilities to house our headquarters and field office staff, was formed in 1981. It is owned by the System banks and is subject to the oversight and direction of the FCA board.

Farm Credit Foundations: Farm Credit Foundations provides human resource services to its employer-owners, including payroll processing, benefits administration, centralized vendor management, workforce management and operations services, corporate tax and financial reporting services, and retirement workshops. It is owned by 28 System entities (25 FCS associations, two service corporations, and one FCS bank).

SunStream Business Services: SunStream provides technology-related and other services to the bank and some associations in the AgriBank district. Chartered by FCA in 2020, as of Jan. 1, 2025, it is owned by the district bank, one district association, and an ownership collaboration of six district associations.

FCS mission fulfillment

The System fulfills its overall mission by lending to agriculture and rural America. Through the System's original authorization in the Federal Farm Loan Act of 1916 and subsequent revisions to the law, System lending authorities have evolved to include the following:

- Long-term agricultural real estate loans and rural home loans
- Short- and intermediate-term agricultural loans
- Loans to producers and harvesters of aquatic products
- Loans to certain farmer-owned agricultural processing facilities and farm-related businesses
- Loans to farmer-owned agricultural cooperatives
- Loans that finance agricultural exports and imports
- Loans for rural utilities
- Limited portions of loans to entities that qualify under the System's similar-entity authority

Financial Condition and Performance

The FCS continued to be safe and financially sound and remained well-positioned to accomplish its mission of providing reliable credit and related services in support of agriculture and rural America. Through the first nine months of 2025, the System reported sound financial results, including steady earnings, increased capital, and robust liquidity levels. System loans continued to perform well, but portfolio credit risk trended higher. FCS banks maintained reliable access to debt capital markets and held liquidity positions well above the regulatory minimum.

The U.S. economy continued to grow at a modest pace in 2025, but trade and tariff policies remain fluid. Beginning in September, the Federal Reserve implemented three 25 basis-point (bps) rate cuts in its efforts to balance inflation and employment risks. Consumer spending slowed in 2025 amid increasing debt levels and higher default rates. Unemployment rose to 4.4% in September.

The farm economy remained resilient despite volatile market conditions in 2025. Major crop producers faced a third year of low to negative returns due to strong production, elevated input costs, and trade uncertainties. Livestock producers, on the other hand, saw generally strong returns with lower feed costs, firm demand, and balanced production levels. Growth in agricultural land values has slowed. Continued weakness in crop markets has adversely affected valuations, although livestock and nonfarm influences have provided support. The impact of government programs supporting agriculture remains uncertain.

Note: All financial data in this section are as of Sept. 30, 2025, unless noted otherwise.

Earnings

The FCS earned \$5.97 billion in the first nine months of 2025, a 1.0% increase from the \$5.91 billion earned in the same period the previous year. As table 16 shows, net income increased in 2025 largely because of higher net interest income although gains were mostly offset by higher provisions for credit losses on loans.

Table 16. Net income (dollars in millions)

System net income	First 9 months of 2024	First 9 months of 2025	Dollar change	Percent change
Net interest income	\$8,939	\$9,483	544	6.1
– Provision for credit losses on loans	350	868	518	148.0
= Net interest income after loss provision	\$8,589	\$8,615	26	0.3
+ Noninterest income	846	959	113	13.4
– Noninterest expense	3,380	3,481	101	3.0
= Pretax income	\$6,055	\$6,093	38	0.6
– Provision for income tax	148	127	(21)	(14.2)
= Net income	\$5,907	\$5,966	59	1.0

Source: Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p. F-3.

Higher average interest-earning assets, which increased 8.3% to \$534.7 billion for the nine months ended Sept. 30, 2025, was the main driver of the increase in net interest income. Net interest margin decreased 5 basis points to 2.36% compared with the same period a year ago (table 17). Net interest spread decreased 11 basis points to 1.84%. Net interest spread remained unchanged at 1.84% with the decline in rate on interest-earning assets offset by a drop in the rate on interest-bearing liabilities.

Table 17. Interest margin in annualized percentages

Net interest margin	First 9 months of 2024	First 9 months of 2025	Change (bps)
Total interest-earning assets	5.97	5.70	(27)
Total loans	6.34	6.08	(26)
Investments and other assets	4.30	4.03	(27)
Total interest-bearing liabilities	4.13	3.86	(27)
Net interest spread	1.84	1.84	0
Impact of noninterest-bearing items	0.57	0.52	(5)
Net interest margin	2.41	2.36	(5)

Source: Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p.15; bps = basis points.

As table 18 shows, profitability ratios declined in 2025, with both the return on average assets and return on average capital decreasing for all districts.

Table 18. Profitability across System districts for the first nine months of year

Profitability ratios		AgFirst	AgriBank	Texas	CoBank
Percentage return on average assets	2024	1.27	1.57	1.50	1.51
	2025	1.20	1.44	1.32	1.40
Percentage return on average capital	2024	9.27	10.40	11.87	12.29
	2025	8.78	9.59	10.57	11.44

Source: Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p. F-65.

Note: The financial ratios are for the district bank and affiliated associations combined.

System growth

The System reported moderate year-over-year growth. FCS assets were up \$33.4 billion or 6.3% to \$561.2 billion. Much of the increase resulted from growth in the System’s loan portfolio and, to a lesser extent, higher cash and investment balances. For the 12 months ending Sept. 30, 2025, System loans grew by \$23.4 billion or 5.7%; cash and investment balances grew by \$9.2 billion or 9.6%.

Balances for all major loan categories (real estate mortgage, production and intermediate-term, agribusiness, and rural infrastructure) increased in 2025 compared with the same period the year before. The largest percentage increases were in production and intermediate and real estate mortgage lending, which increased 10.7% and 5.9% respectively. Real estate mortgage lending accounted for the largest dollar increase in loans held by FCS institutions.

All System districts reported year-over-year increases in portfolio loan balances. The AgFirst district reported the largest percentage increase in volume, with loan balances growing 7.7% year over year. Provided in table 19 are the gross loan volume and the percentage change in volume for System districts.

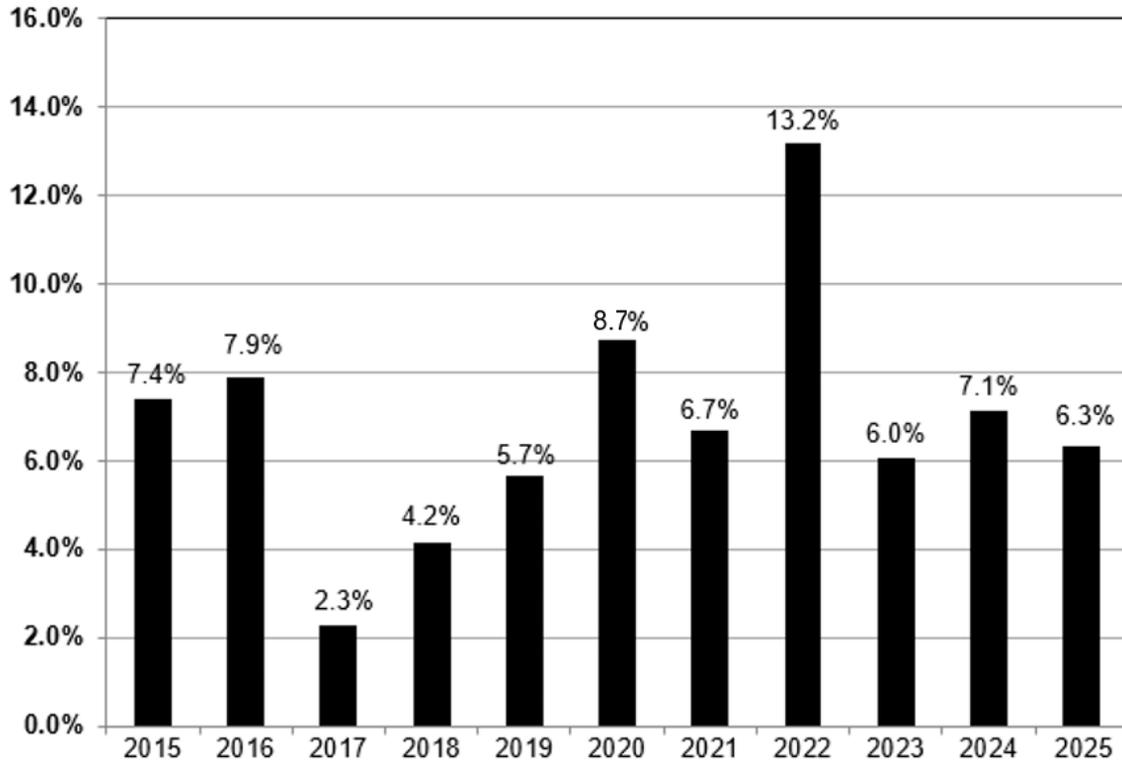
Table 19. Gross loan growth by district and Systemwide (dollars in millions)

District	Sept. 30, 2024		Sept. 30, 2025		Change in dollars	Percent change
	Gross loans	Percent total	Gross loans	Percent total		
AgFirst	\$42,479	10.2	\$45,770	10.4	\$3,291	7.7
AgriBank	174,552	42.1	187,028	42.7	12,476	7.1
Texas	38,795	9.4	41,526	9.5	2,731	7.0
CoBank	164,807	39.8	169,812	38.8	5,005	3.0
Intra-System Eliminations	(6,231)	(1.5)	(6,305)	(1.4)	(74)	1.2
Total for System	\$414,402	100.0	\$437,831	100.0	23,429	5.7

Source: Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. F-60; and Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p. F-61.

As noted in figure 4 below, the System’s assets increased by 6.3% during the 12-month period, down from 7.1% for the same period the year before.

Figure 4. Year-over-year percent change in System assets, September 2015 – 2025



Source: Quarterly Information Statements of the Farm Credit System.

Matching data table for figure 4

Year	Year-over-year percent change in System assets
2015	7.4
2016	7.9
2017	2.3
2018	4.2
2019	5.7
2020	8.7
2021	6.7
2022	13.2
2023	6.0
2024	7.1
2025	6.3

Assets – Investments

The System’s investments totaled \$98.5 billion, up 11.4% from a year earlier. As shown in table 20, investments available-for-sale totaled \$90.9 billion. Investments held-to-maturity were \$7.7 billion, including \$7.0 billion for asset-backed securities.

The System increased its holdings of U.S. Treasury securities, mortgage-backed securities, asset-backed securities, and other securities but reduced its holdings of money market instruments and U.S. agency securities.

During the most recent 12-month period, the weighted average yield on investments available-for-sale decreased from 3.96% to 3.85%, with yields decreasing for money market instruments, mortgage-back securities, and asset-backed securities. For investments held-to-maturity, the yield decreased from 5.82% to 5.41% with yields decreasing on all held-to-maturity categories.

Ineligible investments held by the System totaled \$397 million at fair value, down from \$466 million a year ago.

Table 20. FCS investments (dollars in millions)

Investment classification		Sept. 30, 2024		Sept. 30, 2025		Change		
		Amount	WAY (%)	Amount	WAY (%)	Dollars	Percent	WAY (bps)
Available for sale (fair value)	Money market instruments	\$10,399	5.41	\$6,465	4.48	\$(3,934)	(37.8)	(93)
	U.S. Treasury securities	23,669	3.57	32,796	3.77	9,127	38.6	20
	U.S. agency securities	2,588	3.45	2,384	3.47	(204)	(7.9)	2
	Mortgage-backed securities	37,163	3.84	40,939	3.81	3,776	10.2	(3)
	Asset-backed securities	6,196	3.97	5,771	3.87	(425)	(6.9)	(10)
	Other securities	2,159	4.06	2,496	4.10	337	15.6	4
	Total	\$82,174	3.96	\$90,851	3.85	\$8,677	10.6	(11)
Held-to-maturity (amortized cost)	Mortgage-backed securities	\$3,862	5.60	\$640	4.26	\$(3,222)	(83.4)	(134)
	Asset-backed securities	2,389	6.18	7,020	5.51	4,631	193.8	(67)
	Other securities	28	6.16	25	5.76	(3)	(10.7)	(40)
	Total	6,279	5.82	7,685	5.41	1,406	22.4	(41)
Total	All FCS investments	\$88,453	4.10	\$98,536	3.97	\$10,083	11.4	(13)

Source: Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, pp. F-9 – 11; and Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, pp. F-10 – 12.

WAY = weighted average yield; bps = basis points.

Loan quality

Table 21. FCS loan quality

Loan quality	Sept. 30, 2024	Sept. 30, 2025	Change in percentage points
Nonperforming assets as percentage of total loans and other property owned	0.79%	1.00%	0.21
Nonperforming assets as percentage of capital	4.13%	5.17%	1.04
Nonaccrual loans as percentage of total loans	0.70%	0.91%	0.21
ACLL as percentage of total loans	0.43%	0.51%	0.08
ACLL as percentage of nonperforming assets	54.26%	51.40%	(2.86)
ACLL as percentage of nonaccrual loans	61.04%	56.0%	(5.04)

Source: Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. 20 and 23; and Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, pp. 21 and 24.

ACLL = allowance for credit losses — loans

Liabilities, funding, and liquidity

The System’s total liabilities increased by 6.3% to \$476.9 billion. See table 22 below. Short-term debt securities (due within one year) increased 10.7% to \$170.7 billion. Systemwide debt securities due after one year increased 4.4% to \$289.9 billion. Short-term debt securities represented 35.8% of the total Systemwide liabilities, up from 34.4% a year earlier.

Table 22. Systemwide debt (dollars in millions)

System debt by maturity	Sept. 30, 2024	Sept. 30, 2025	Change	
			Dollars	Percent
Systemwide discount notes due within one year	\$17,246	\$22,141	\$4,895	28.4
Systemwide bonds, medium-term notes, and master notes due within one year	136,910	148,577	11,667	8.5
Total short-term liabilities	\$154,156	170,718	16,562	10.7
Systemwide bonds, medium-term notes, and master notes due after one year	277,780	289,947	12,167	4.4
Other liabilities	16,789	16,253	(536)	(3.2)
Total liabilities	\$448,725	\$476,918	\$28,193	6.3

Source: Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. F-2; and Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p. F-2.

Liquidity risk management is necessary for the Farm Credit System to ensure its ability to meet its financial obligations. These obligations include the repayment of Systemwide debt securities as they mature, the ability to fund new and existing loans, and the ability to fund operations in a cost-effective manner. The banks’ aggregate liquidity position at Sept. 30 equaled 183 days compared with 178 days a year earlier. Each bank met the three tiers of the liquidity reserve requirements and exceeded the regulatory minimum of 90 days of liquidity.⁶

⁶ The first tier of the liquidity reserve must consist of enough cash and cash-like instruments to cover each bank’s financial obligations for 15 days. The second tier must contain enough cash and highly liquid instruments to cover a bank’s obligations for the next 15 days, and the third tier of the liquidity reserve must contain enough cash and highly liquid instruments to cover a bank’s obligations for the next 60 days.

The aggregate duration gap for the FCS (the sum of the banks' duration gaps) was a positive 2.2 months compared with a positive 3.0 months a year earlier. A duration gap of a positive six months to a negative six months generally indicates a small exposure to interest rate risk. An institution's overall exposure to interest rate risk is a function not only of its duration gap but also of the financial leverage inherent in the institution's capital structure.

Capital

System capital levels increased in 2025, with total capital as of Sept. 30 amounting to \$84.3 billion compared with \$79.1 billion a year earlier (see table 23). Retained earnings as a percentage of total capital declined to 77.9% compared with 78.2% the previous year. The System's capital-to-assets ratio was unchanged at 15.0% compared with a year ago, with steady earnings supporting continued capital growth over the past 12 months.

Table 23. FCS capital composition (dollars in millions)

System capital	Sept. 30, 2024	Sept. 30, 2025	Change	
			Dollars	Percent
Preferred stock	\$3,378	\$3,377	\$(1)	(0.0)
Capital stock and participation certificates	2,175	2,245	70	3.2
Additional paid-in capital	7,286	7,385	99	1.4
Restricted capital (Insurance Fund)	7,795	8,405	610	7.8
Accumulated other comprehensive income (loss)	(3,425)	(2,788)	637	(18.6)
Retained earnings	61,861	65,641	3,780	6.1
Total capital	\$79,070	\$84,265	\$5,195	6.6

Source: Data from the Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. F-2; and Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. F-2.

Note: FCA does not include the Insurance Fund as a capital component in its capital regulations. In addition, FCA regulations treat earnings that have been allocated to members as equities, not retained earnings. Unallocated retained earnings make up most of the System's retained earnings category.

All System institutions met FCA's regulatory minimum capital requirements:

- Common equity tier 1 capital (CET1) ratio of 4.5% of risk-weighted assets
- Tier 1 capital ratio of 6.0% of risk-weighted assets
- Total capital ratio of 8.0% of risk-weighted assets

- Tier 1 leverage ratio of 4.0% of total assets, of which at least 1.5% must consist of unallocated retained earnings (URE) and URE equivalents
- Permanent capital ratio of at least 7.0% of risk-weighted assets

The regulatory capital framework includes a capital conservation buffer of 2.5% above the CET1 ratio, tier 1 capital ratio, and total capital ratio requirements. The regulations also require a leverage capital buffer of 1.0% above the tier 1 leverage ratio requirements. If capital ratios fall below these buffer thresholds, FCA must approve capital distributions and certain discretionary compensation payments before the distributions are made. Table 24 shows that all banks exceeded all minimum capital regulatory requirements.

Table 24. Regulatory capital ratios of FCS banks

Regulatory capital ratios		AgFirst	AgriBank	Texas	CoBank
Common equity tier 1 ratio	9/30/2024	15.1	15.8	8.7	11.9
	9/30/2025	14.1	15.8	9.1	12.0
Tier 1 capital ratio	9/30/2024	15.1	15.8	14.6	13.8
	9/30/2025	14.1	15.8	14.7	13.9
Tier 1 leverage ratio	9/30/2024	5.8	5.1	6.2	7.0
	9/30/2025	5.6	5.2	6.3	6.8
Permanent capital ratio	9/30/2024	15.1	15.8	14.5	13.9
	9/30/2025	14.1	15.9	14.8	14.0
Total capital ratio	9/30/2024	15.3	15.9	14.7	14.6
	9/30/2025	14.4	15.9	15.0	14.7
	Change	(0.9)	0.0	0.3	0.1

Source: Data from the Third Quarter 2024 Quarterly Information Statement of the Farm Credit System, p. F-55; the Third Quarter 2025 Quarterly Information Statement of the Farm Credit System, p. F-56; and the Third Quarter 2024 and 2025 Quarterly Shareholder reports for FCS banks.

System associations also exceeded all minimum requirements, and reported capital levels as follows:

- CET1 capital ratio: 10.0% to 33.8%
- Tier 1 capital ratio: 11.6% to 33.8%
- Tier 1 leverage ratio: 10.6% to 33.1%
- Permanent capital ratio: 11.6% to 34.1%
- Total capital ratio: 11.9% to 34.8%

Young, Beginning, and Small Farmers and Ranchers

FCA supports the Farm Credit System's mission to serve young, beginning, and small (YBS) farmers, ranchers, and producers and harvesters of aquatic products. We define young farmers as those who are 35 years old or younger, beginning farmers as those who have been farming for 10 years or less, and small farmers as those with less than \$350,000 in annual gross cash farm income.

The System's YBS mission is outlined in the Farm Credit Act, and we have adopted regulations to implement the YBS provisions of the Act. The Farm Credit Act and FCA regulations stipulate that annually, each FCS bank reviews and approves the YBS programs for the associations it supervises. Additionally, each FCS bank must have written policies that direct each of the associations it supervises to have the following:

- A program for furnishing sound and constructive credit and financially related services to YBS farmers
- YBS program provisions ensuring coordination with other System institutions in the territory and other governmental or private sources of credit

Oversight and reporting are key parts of every YBS program. Annually, the YBS program of each association must be reviewed and approved by its supervisory bank, and each bank must provide to FCA an annual report summarizing the YBS program operations and achievements of the district associations it supervises. Each association also must establish an internal controls program to ensure that it provides credit in a safe and sound manner.

Operational and strategic business plans must include the goals and targets for the association's YBS lending. The 2024 YBS regulation requires that associations analyze their YBS performance from the previous year, discuss results, and explain reasons for goal variances. Additionally, associations must identify how their YBS program components assist YBS farmers and ranchers by expanding credit and education to them.

In addition, FCA regulations require association business plans to include a marketing plan.

FCA's oversight and examination activities monitor each institution's assessment of its performance and market penetration in the YBS area.

An association's board oversight and reporting are key parts of every YBS program. Each association must have a YBS program with minimum components such as corporate governance, credit and related services, marketing, outreach, and education. Additionally, the board must approve annual quantitative goals, with quarterly review and adjustments made as needed.

We continue to work with stakeholders to further improve financing opportunities for YBS farmers and ranchers.

Results

This is the second year we are reporting detailed data in this manner. In contrast with the legacy reporting process, we now collect the count and volume data for the seven mutually exclusive YBS categories and one non-YBS category. Reporting loan counts and loan volume in this manner provides FCA with additive lending results, allowing for category totals and System YBS total. Revised booklet 40, effective Jan. 1, 2024, changed the definition of a small farmer from \$250,000 in gross annual sales to \$350,000 in gross cash farm income. The following lending results reflect this change.

FCA's new data collection process now allows the agency to present YBS lending information in a more granular view. Previously, the reporting structure did not collect data by each of these borrower groups separately. Our new process improves the accuracy and utility of the data we collect, both for FCA and the FCS, and more precise views of System YBS financing, as shown below. Tables 25 and 26 summarize the System's 2024 lending service to YBS farmers, ranchers, and producers or harvesters of aquatic products.

In 2024, the System made a total of 259,564 loans, totaling \$131.2 billion. The number of outstanding loans at year-end 2024 was 1,059,214, amounting to \$401.2 billion. In 2024, System lending to the seven mutually exclusive YBS categories totaled 150,156 loans for \$33.1 billion. At year-end, the number of loans and loan volume outstanding to the seven mutually exclusive YBS categories was 647,284 loans for \$122.8 billion.

Table 25. YBS loans made during 2024 (Jan. 1 – Dec. 31)

Category	Loan counts	Volume in millions	Percent of total loan counts	Percent of total volume
Young only	7,559	\$3,852	2.9%	2.9%
Young and beginning	12,786	\$5,683	4.9%	4.3%
Young and small	5,077	\$556	2.0%	0.4%
Beginning only	8,610	\$5,463	3.3%	4.2%
Beginning and small	26,495	\$6,044	10.2%	4.6%
Small only	64,908	\$8,086	25.0%	6.2%
Young, beginning, & small (YBS)*	24,721	\$3,428	9.5%	2.6%
Non-YBS	109,408	\$98,089	42.2%	74.8%
System total	259,564	\$131,201	100.0%	100.0%

*The YBS category includes loans made to farmers that are qualified jointly as young, beginning, and small.

Table 26. YBS loans outstanding (as of Dec. 31, 2024)

Category	Loan counts	Volume in millions	Percent of total loan counts	Percent of total volume
Young only	29,255	\$10,052	2.8%	2.5%
Young and beginning	47,699	\$16,591	4.5%	4.1%
Young and small	23,253	\$2,375	2.2%	0.6%
Beginning only	31,649	\$17,484	3.0%	4.4%
Beginning and small	155,953	\$30,490	14.7%	7.6%
Small only	244,945	\$30,625	23.1%	7.6%
Young, beginning, & small (YBS)*	114,530	\$15,203	10.8%	3.8%
Non-YBS	411,930	\$278,405	38.9%	69.4%
System total	1,059,214	\$401,226	100.0%	100.0%

*The YBS category includes loans made to farmers that are qualified jointly as young, beginning, and small.

Market Share of Farm Debt

According to the U.S. Department of Agriculture's September 2025 forecast, total farm debt is estimated to have topped \$591 billion at the end of 2025, up 5.0% from a year earlier and up 47.0% since 2018. Commercial banks and the Farm Credit System are the primary suppliers of credit to farmers; other providers include life insurance companies, USDA programs, Farmer Mac, individuals, and merchants and dealers.

The System's share of the \$563 billion farm debt market at the end of calendar year 2024 was 45.9%, up from 45.8% at the end of 2023. The market share for commercial banks stood at 33.9% at the end of 2024, down from 34.9% at the end of 2023. The combined share of other lender groups increased by 0.8 percentage points.

Historically, except for the high credit-stress period of the 1980s and various market adjustments in the 1990s, FCS institutions have typically held the largest share of the farm real-estate debt market, while commercial banks have held the largest share of non-real estate farm debt. At year-end 2024, the share of farm debt secured by farm real estate was 49.6% for the System and 30.8% for commercial banks. At year-end 2024, the share of farm debt secured by collateral other than farm real estate was 39.0% for the System and 39.7% for commercial banks.

Part IV

Performance Budget

FY 2027

Performance Budget Overview

Our FY 2027 performance budget reflects our commitment to maintaining a flexible regulatory environment that addresses current and future agricultural credit needs while ensuring the safety and soundness of the FCS. FY 2027 will be our first year operating under a new strategic plan for FYs 2026 to 2030. Our two core program activities, which are essential to carrying out our agency’s mission, remain unchanged. Our strategic goals encompass these core program activities:

- **Policy and regulation:** This program tracks the costs of achieving a regulatory environment that enables the System banks and associations and Farmer Mac to fulfill their public missions.
- **Safety and soundness:** This program tracks the product and service costs of identifying risks and mitigating those risks in a timely fashion.

For purposes of our performance budget, we established a third program category for our reimbursable activities. We track these activities separately from the two agency mission program budgets for policy and regulation and safety and soundness.

The total performance budget for FY 2027 (see table 27) is \$107.0 million and reflects no increase from FY 2026.

Table 27. FCA performance budget, FYs 2025 – 2027

Program activity	FY 2025 revised budget*	FY 2026 revised budget	FY 2027 proposed budget
Policy and regulation	\$16,016,925	\$18,628,505	\$19,518,558
Safety and soundness	78,494,896	86,731,467	85,787,910
Reimbursable activities**	943,179	1,640,028	1,693,532
Total performance budget	\$95,455,000	\$107,000,000	\$107,000,000

* The original FY 2025 Board-approved budget of \$100,955,000 was reduced with the passage of H.R. 1968, Full-Year Continuing Appropriations and Extensions Act, 2025.

** In contrast to the reimbursement numbers in table 5, these totals include indirect costs.

Policy and regulation

Our performance budget includes approximately \$19.5 million for the policy and regulation program, a 4.8% increase from FY 2026. Most of the funds requested for policy and regulation in FY 2027 will support regulatory projects that were published in the Unified Agenda in the fall of 2025.

We will also use these funds to support other statutory and regulatory activities, including policy studies and market research; and approvals of corporate applications, System funding requests, and mission-related investment programs.

Safety and soundness

The performance budget includes approximately \$85.8 million for the safety and soundness program, a slight decrease of 1.1% from FY 2026. We will continue to focus the resources allocated to safety and soundness to address the challenges related to increased complexity of the FCS and succession planning.

By statute, we are required to examine each FCS institution at least once every 18 months except Farmer Mac, which we must examine at least once a year. Examiners evaluate the overall condition and performance of these institutions and communicate the results to the institutions' boards of directors and management through discussions and reports of examination. The Financial Institution Rating System ratings are evaluated and assigned to individual institutions at least quarterly. In FY 2027, budgeted monies will continue to support development of examination guidance and systemic risk oversight of System institutions, including Farmer Mac.

Reimbursable activities

During FY 2027, we expect to perform approximately \$1.7 million in reimbursable work for the following organizations.

- **Farm Credit System Insurance Corporation:** We will provide services to support examination, information technology, human resources, and communication and public affairs. We will also help complete one premium audit.
- **National Cooperative Bank (NCB):** We are reimbursed for the cost of activities related to NCB's safety and soundness examinations. Costs have been negligible due to our reliance on an agreement with the Office of the Comptroller of the Currency.

Table 28 summarizes the performance budget associated with our program activities, broken down by products and services.

Table 28. FY 2027 proposed performance budget and full-time equivalents for program activities

Program activity	Products and services	Budget amount	FTEs
Policy and regulation	Regulation and policy development	\$14,182,697	42.20
	Statutory and regulatory approvals	5,335,861	12.03
	Total for policy and regulation	\$19,518,558	54.23
Safety and soundness	Examination	78,691,092	275.47
	Economic, financial, and risk analysis	7,096,818	14.11
	Total for safety and soundness	\$85,787,910	289.58
Reimbursable activities	Total for reimbursable activities	1,693,532	4.55
All program activities	Total performance budget	\$107,000,000	348.36

Our Strategic Plan Framework

The strategic goals outlined in our FY 2026 – 2030 strategic plan⁷ provide an overarching framework for achieving our public mission. They are clear statements of what FCA wants to achieve to advance its mission and address relevant national problems, needs, challenges, and opportunities.

Strategic Goal 1: Protect the safety and soundness of the Farm Credit System and Farmer Mac.

This strategic goal directly reinforces FCA’s mission to ensure that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

This goal also addresses several focus areas for the current planning cycle:

- First, FCA will focus on ensuring the System and Farmer Mac remain well-capitalized, and institutions are adequately positioned to face the longer-term challenge of maintaining sufficient capital levels.
- Second, FCA will evaluate credit risk, with emphasis on ensuring timely and accurate risk identification and loan servicing.
- Third, FCA will assess the effectiveness of the cyber risk management programs of System institutions and Farmer Mac, with emphasis on ensuring preparedness in the face of unforeseen cyber events.
- Fourth, FCA will evaluate whether System institutions and Farmer Mac are responsibly pursuing the opportunities and benefits of financial innovation in a manner that is consistent with sound risk management and aligns with their overall business strategy.

⁷ Our FY 2026 – 2030 strategic plan is in draft form, consistent with current federal guidance and related timelines. We anticipate publishing our final FY 2026 – 2030 strategic plan in accordance with the Office of Management and Budget’s required deadlines.

Strategic Goal 2: Ensure the Farm Credit System and Farmer Mac fulfill their public missions for agriculture and rural America.

This strategic goal underscores the importance of continued agricultural production in the United States and the critical role of the System and Farmer Mac. We will emphasize the importance for the System and Farmer Mac to promote their public missions and fulfill the responsibility to serve all creditworthy borrowers and rural America, in good and bad times. Also, we will continue to support the System’s statutory mandate to serve young, beginning, and small (YBS) farmers and ranchers. Finally, we remain committed to the cooperative structure under which System institutions are required to operate.

Strategic Goal 3: Maximize operational efficiency and effectiveness with a lean and strong workforce, streamlined processes, and transformative technological advancements.

This strategic goal emphasizes FCA’s commitment to maintaining a lean and effective workforce and continued operational excellence. We are committed to operating efficiently and effectively with the appropriate level of agile, highly qualified, and well-trained staff. We will leverage technological advancements to equip our staff with the tools and processes needed to enhance productivity, while further strengthening our internal cybersecurity protections to mitigate risks associated with existing and emerging threats.

The supporting strategic objectives for each strategic goal reflect the outcome or management impact the agency intends to achieve. Each objective is tracked through performance goals and other indicators. Table 29 is a matrix of the strategic objectives associated with each strategic goal.

Table 29. FY 2027 strategic goals and strategic objectives

Strategic goal	Strategic objectives
1. Protect the safety and soundness of the Farm Credit System and Farmer Mac.	1.1 Provide for risk-based, timely, and effective examination and supervision programs and processes, with a focus on compliance with laws, sound capital management practices, responsible innovation, and appropriate management of risks, including credit and cyber risks. 1.2 Ensure FCA policies and regulations appropriately guide compliance with laws and efficient, safe, and sound operations of System institutions and Farmer Mac; are reflective of stakeholder engagement; and are consistent with Administration policy.

Strategic goal	Strategic objectives
<p>2. Ensure the Farm Credit System and Farmer Mac fulfill their public missions for agriculture and rural America.</p>	<p>2.1 Ensure the actions of institutions continue to support the public purpose to serve all creditworthy and eligible persons in agriculture and rural America and remain consistent with the Farm Credit Act and FCA regulations, and that the structure of the System remains aligned with its congressional mission and cooperative principles.</p> <p>2.2 Ensure effective strategies and programs by System institutions intended to serve YBS farmers, ranchers, and producers and harvesters of aquatic products in their respective lending territories.</p>
<p>3. Maximize operational efficiency and effectiveness with a lean and strong workforce, streamlined processes, and transformative technological advancements.</p>	<p>3.1 Maintain an agile, highly skilled workforce prepared to respond to increasing complexity and risk in the FCS and shifts in the financial services industry.</p> <p>3.2 Responsibly invest in information technology (IT) solutions and integrate emerging technologies, including artificial intelligence, into agency operations to facilitate increased workforce efficiencies, data utilization and governance, and automation.</p>

Performance goals and measures

Measuring the achievements

Tables 30, 31, and 32 show the measures we plan to use to evaluate our efforts to carry out our mission in FY 2027.

Table 30. Strategic Goal 1: Protect the safety and soundness of the Farm Credit System and Farmer Mac

Strategic objectives	Performance goals	Measures
<p>SO1.1 – Provide for risk-based, timely, and effective examination and supervision programs and processes, with a focus on compliance with laws, sound capital management practices, responsible innovation, and appropriate management of risks, including credit and cyber risks.</p>	<p>SO1.1.1 – Effectively conduct risk-based, timely examination and oversight activities to preserve the safety and soundness of individual System institutions, Farmer Mac, and the System as a whole.</p> <p>SO1.1.2 – Identify and assess risks and key trends associated with credit, innovation, cybersecurity, and capital management in System institutions and Farmer Mac.</p>	<p>SO1.1.a – Percentage of institutions, including Farmer Mac, for which FCA completed the statutorily required examination. (Target: 100%)</p> <p>SO1.1.b – OE accomplished all operating plan objectives and completed all National Oversight Plan strategies (Target: Yes)</p> <p>SO1.1.c – Percentage of System institutions where supervisory agreement requirements were at least substantially met within 18 months of execution. (Target: >80%)</p> <p>SO1.1.d – Percentage of System institutions with satisfactory audit and review programs, including institutions with acceptable corrective action plans. (Target: >90%)</p> <p>SO1.1.e – Percentage of System assets with a 1 or 2 composite Financial Institution Rating System rating. (Target: >90%)</p> <p>SO1.1.f – OSMO identified emerging risks as part of the examination and oversight process, and took appropriate supervisory and corrective actions when needed. (Target: Yes)</p> <p>SO1.1.g – Percentage of System institutions and Farmer Mac with sufficient contingency plans to preserve capital adequacy, earnings capacity, and access to funding, including institutions with acceptable corrective action plans. (Target: 100%)</p> <p>SO1.1.h – Percentage of System</p>

Strategic objectives	Performance goals	Measures
		institutions and Farmer Mac addressing cybersecurity threats and controls in risk assessments and internal audit plans, including institutions with acceptable corrective action plans. (Target: >90%)
<p>SO1.2 – Ensure FCA policies and regulations appropriately guide compliance with laws and efficient, safe, and sound operations of System institutions and Farmer Mac; are reflective of stakeholder engagement; and are consistent with Administration policy.</p>	<p>SO1.2.1 – Ensure FCA policies and regulatory requirements address safety and soundness and comply with applicable Executive Orders.</p> <p>SO1.2.2 – Continue communication with our stakeholders through meetings, briefings, and written communication.</p>	<p>SO1.2.a – FCA published a semiannual Unified Agenda outlining the agency’s planned regulatory and deregulatory actions for the next 12 to 24 months. (Target: Yes)</p> <p>SO1.2.b – FCA solicited comments from the public and other interested parties on certain guidance and all regulations issued by the agency. (Target: Yes)</p> <p>SO1.2.c – FCA requested input from persons outside of FCA for at least 90% of pre-rulemaking projects and proposed rules. (Target: Yes)</p> <p>SO1.2.d – Most objectives listed in the preamble of each final rule were met on the two-year anniversary of the rule’s effective or implementation date. (Target: Yes)</p> <p>SO1.2.e – OSMO assessed the need for new or revised regulatory and policy guidance for Farmer Mac as new risks emerged. (Target: Yes)</p>

Table 31. Strategic Goal 2: Ensure the Farm Credit System and Farmer Mac fulfill their public missions for agriculture and rural America

Strategic objectives	Performance goals	Measures
<p>SO2.1 – Ensure the actions of institutions continue to support the public purpose to serve all creditworthy and eligible persons in agriculture and rural America and remain consistent with the Farm Credit Act and FCA regulations, and that the structure of the System remains aligned with its congressional mission and cooperative principles.</p>	<p>SO2.1.1 – Reinforce the importance of the public purpose and mission of the System and Farmer Mac.</p> <p>SO2.1.2 – Ensure System institutions’ lending programs continue to serve creditworthy and eligible borrowers.</p> <p>SO2.1.3 – Evaluate the implications of each merger or reaffiliation application for the institution and the System, with due consideration for continued mission fulfillment and safety and soundness.</p>	<p>SO2.1.a – FCA emphasized the importance of the public mission of the System and Farmer Mac in public communications. (Target: Yes)</p> <p>SO2.1.b – Percentage of System institutions providing products and services to serve creditworthy and eligible persons. (Target: 100%)</p> <p>SO2.1.c – Percentage of direct-lender institutions with satisfactory consumer and borrower rights compliance, including institutions with acceptable corrective action plans. (Target: 100%)</p> <p>SO2.1.d – OSMO evaluated Farmer Mac’s business plan to ensure that all qualified loans, including loans to small farms and family farmers, were included in secondary market programs. (Target: Yes)</p> <p>SO2.1.e – OSMO evaluated Farmer Mac’s progress toward achieving their mission to provide a source of long-term credit and liquidity for qualified loans. (Target: Yes)</p>
<p>SO2.2 – Ensure effective strategies and programs by System institutions intended to serve YBS farmers, ranchers, and producers and harvesters of aquatic products in their respective lending territories.</p>	<p>SO2.2.1 – Ensure System institutions’ lending programs continue to serve creditworthy and eligible YBS borrowers.</p> <p>SO2.2.2 – Enhance YBS data quality and analysis to better evaluate and rate the effectiveness of System institution programs in serving YBS borrowers and to identify further opportunities for improving service to these borrowers.</p>	<p>SO2.2.a – Percentage of direct-lender institutions with YBS programs in compliance with regulations. (Target: 100%)</p> <p>SO2.2.b – Percentage of System institutions with a 1 or 2 composite YBS rating. (Target: >90%)</p> <p>SO2.2.c – Percentage of System institutions with YBS program qualitative component ratings of strong or satisfactory. (Target: >90%)</p> <p>SO2.2.d – FCA provided qualitative and/or quantitative improvements to YBS data quality and internal research. (Target: Yes)</p>

Table 32. Strategic Goal 3: Maximize operational efficiency and effectiveness with a lean and strong workforce, streamlined processes, and transformative technology advancements

Strategic objectives	Performance goals	Measures
<p>SO3.1 – Maintain an agile, highly skilled workforce prepared to respond to increasing complexity and risk in the FCS and shifts in the financial services industry.</p>	<p>SO3.1.1 – Deliver training that effectively addresses skills and knowledge gaps of employees and supports leadership development.</p> <p>SO3.1.2 – Continue to cultivate a work environment aimed at attracting and retaining innovative, collaborative, and high-performing employees.</p>	<p>SO3.1.a – Training satisfaction survey scores. (Target: 85%)</p> <p>SO3.1.b – FCA met Merit Hiring Plan Requirements. (Target: Yes)</p>
<p>SO3.2 – Responsibly invest in IT solutions and integrate emerging technologies, including AI, into agency operations to facilitate increased workforce efficiencies, data utilization and governance, and automation.</p>	<p>SO3.2.1 – Continue modernizing FCA's data, technology platforms, and human resources systems to deliver enhanced capabilities that directly support FCA's mission and meet the computing needs of the agency's workforce.</p> <p>SO3.2.2 – Continue strengthening FCA's cybersecurity defenses by implementing the policies, processes, and procedures required to effectively respond to emerging incidents.</p>	<p>SO3.2.a – FCA modernized one aging technology platform. (Target: Yes)</p> <p>SO3.2.b – We achieved and maintained not less than 95% vulnerability compliance for scanned assets that are within FCA's vulnerability management operating procedures. (Target: Yes)</p> <p>SO3.2.c – We implemented new human resources systems. (Target: Yes)</p> <p>SO3.2.d – We provided qualitative and quantitative improvements to data inventories and metadata. (Target: Yes)</p>

Data validation and verification

We ensure the completeness, reliability, and quality of performance data and information through data validation and verification. These efforts primarily entail regular internal agency processes for ensuring accurate data generation, entry, and reporting; data integrity; and independent peer review. FCA's data validation and verification include, to the maximum extent possible, the following:

- Using applied measurement techniques to identify sources, validate data, and generate meaningful information
- Identifying and implementing authoritative sources, calculations, and standards
- Using automated data collection systems and reporting whenever available
- Using automated data checking procedures and manual verification
- Analyzing data and identifying possible discrepancies for resolution
- Implementing controls, such as restricting permissible values, flagging outliers for review, and visually checking results in development stages of dashboards and reports
- Requiring data owners and users to review data
- Consolidating and deploying enterprise tools for standardized reporting
- Performing independent quality assurance reviews before issuing reports
- Reviewing and discussing performance results with the executive leadership

Budgets

We track the associated costs of executing our strategic goals and objectives using two of the three program activities discussed earlier:

- Policy and regulation program: We established the policy and regulation program to track the costs of achieving a regulatory environment that enables the System, including Farmer Mac, to fulfill its public mission. We track costs associated with the following products and services:
 - Regulation and policy development
 - Statutory and regulatory approvals
- Safety and soundness program: We established the safety and soundness program to track the product and service costs of identifying risk and taking timely corrective action. We track costs associated with the following products and services:
 - Examination
 - Economic, financial, and risk analysis
 - FCS data management

Tables 33 and 34 provide the budgeted amounts for FYs 2025 to 2027 in support of our mission and primary program areas. These budget amounts support all three strategic goals outlined in the agency strategic plan.

Table 33. Budgets to achieve policy and regulation program

Budget item	FY 2025 revised budget*	FY 2026 revised budget	FY 2027 proposed budget
Regulation and policy development	\$ 11,465,375	\$13,574,787	\$14,182,697
Statutory and regulatory approvals	4,551,550	5,053,718	5,335,861
Total performance budget	\$16,016,925	\$18,628,505	\$19,518,558

* The original FY 2025 Board-approved budget of \$100,955,000 was reduced with the passage of H.R. 1968, Full-Year Continuing Appropriations and Extensions Act, 2025.

Table 34. Budgets to achieve safety and soundness program

Budget item	FY 2025 revised budget*	FY 2026 revised budget	FY 2027 proposed budget
Examination	\$73,682,831	\$79,768,863	\$78,691,092
Economic, financial, and risk analysis	4,812,065	6,962,604	7,096,818
Total performance budget	\$78,494,896	\$86,731,467	\$85,787,910

* The original FY 2025 Board-approved budget of \$100,955,000 was reduced with the passage of H.R. 1968, Full-Year Continuing Appropriations and Extensions Act, 2025.

Performance Measurement and Reporting

Our performance measurement system evaluates our progress in achieving the goals outlined in our Strategic Plan for FYs 2026 to 2030. The system provides a balanced view of our overall performance, considering the inputs used, the products and services produced, and the achievement of desired outcomes. As we have shown in this report, the agency-level measures are tracked at the program activity level and linked to our strategic goals.

Our chief executive officer, with assistance from our chief operating officer and designated office directors, is responsible for measuring performance by collecting and analyzing performance data. The chief executive officer monitors the agency's progress and results relative to the agency-level measures on a quarterly basis. Periodic performance reports are provided to the FCA board. The annual performance report is incorporated in the FCA Performance and Accountability Report, which is submitted to the president and Congress.

Copies are available from
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