2025 Annual Report

of the Farm Credit Administration

Regulator of the Farm Credit System



About this report

This is the Farm Credit Administration's annual report to Congress. Section 5.17(a)(3) of the Farm Credit Act of 1971, as amended, requires this report to include the following:

- An annual report to Congress on the condition of the Farm Credit System and its institutions and on the manner and extent to which the objectives of the Farm Credit Act are being carried out
- A summary and analysis of the annual reports submitted to us by the FCS banks regarding programs for serving young, beginning, and small farmers and ranchers

The report also includes information about our agency and the work we do to ensure that the System continues to meet its mission and to operate safely and soundly.















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FCA and the Farm Credit System

The Farm Credit Administration is a federal 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]

The System is a nationwide network of borrower-owned financial institutions that provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible borrowers.

Farmer Mac is a federally chartered corporation that provides a secondary market for agricultural real estate loans, government-guaranteed portions of certain loans, rural housing mortgage loans, and eligible rural utility cooperative loans.

FCA's 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. We have two primary functions: examination and regulation.

Examination

We conduct onsite examinations at every System institution on a regular basis to do the following:

- Evaluate its financial condition
- Evaluate its compliance with laws and regulations
- Identify any risks that may affect the institution or the System as a whole
- Ensure it is fulfilling its public mission to serve the credit and related needs of farmers and ranchers, including those who are young, beginning, or small

If a System institution violates a law or regulation or operates in an unsafe or unsound manner, we use our supervisory and enforcement authorities to bring about appropriate corrective action.

Regulation

We issue policies and regulations governing how System institutions conduct their business and interact with borrowers. These policies and regulations focus on the following:

- Protecting System safety and soundness
- Implementing the Farm Credit Act
- Providing minimum requirements for lending, related services, investments, capital, and mission
- Ensuring adequate financial disclosure and governance

We also approve corporate charter changes, System debt issuances, and other financial and operational matters.

1 Although Farmer Mac is a System institution under the Farm Credit Act, we discuss Farmer Mac separately from the other System institutions. Therefore, throughout this report, unless Farmer Mac is explicitly mentioned, the Farm Credit System refers only to the banks, associations, and related entities of the System. For more information about Farmer Mac, see page 38.

Our authorities and governance

FCA derives its powers and authorities from the Farm Credit Act of 1971, as amended (12 U.S.C. 2001–2279cc). The U.S. Senate Committee on Agriculture, Nutrition, and Forestry and the U.S. House of Representatives Committee on Agriculture oversee FCA and the System.

FCA does not receive a federal appropriation. We maintain a revolving fund financed primarily by assessments from the institutions we regulate. FCA's access to the revolving fund is regulated through congressional appropriations legislation.

FCA is governed 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. Board members serve a six-year term and may remain on the board until a successor is appointed. The president designates one member to serve as chairman of the board. The chairman also serves as the chief executive officer.

The Farm Credit System Insurance Corporation

FCA board members also serve as the board of directors for the Farm Credit System Insurance Corporation (FCSIC), with one board member serving as chairman. FCSIC was established by the Agricultural Credit Act of 1987 in the wake of the agricultural credit crisis of the 1980s. The purpose of FCSIC is to protect investors in Systemwide debt securities by maintaining the Farm Credit Insurance Fund, a reserve that insures the timely payment of principal and interest on obligations issued by FCS banks.



FCA organization and leadership

Organization of FCA

The FCA headquarters is located in McLean, Virginia. We also have field offices in Bloomington, Minnesota; Dallas, Texas; Denver, Colorado; and Sacramento, California. As of August 2026, we had 319 employees.

FCA leadership

The FCA board currently has one sitting member, Chairman and CEO Jeffery S. Hall. The board has two vacancies following former Board Member Glen R. Smith's appointment as under secretary for rural development at the U.S. Department of Agriculture in August 2026 and former Board Member Vincent G. Logan's retirement from federal service in March 2025.



Jeffery S. Hall, Board Chairman and CEO

Jeffery S. Hall was appointed to the FCA board on March 17, 2015, and was named board chairman and CEO by President Donald Trump on January 20, 2025. Chairman Hall also serves as a member of the board of directors of the Farm Credit System Insurance Corporation (FCSIC), a U.S. government-controlled corporation that insures the timely payment of principal and interest on obligations issued jointly by Farm Credit System banks. He served as chairman of the FCSIC board of directors from November 29, 2016, until his designation as chairman of the FCA board.

Chairman Hall was president of The Capstone Group, an association management and consulting firm that he co-founded in 2009. He was the state executive director for the U.S. Department of Agriculture's Farm Service Agency in Kentucky from 2001 to 2009. In that role, he had responsibility for farm programs and farm loan program delivery and compliance.

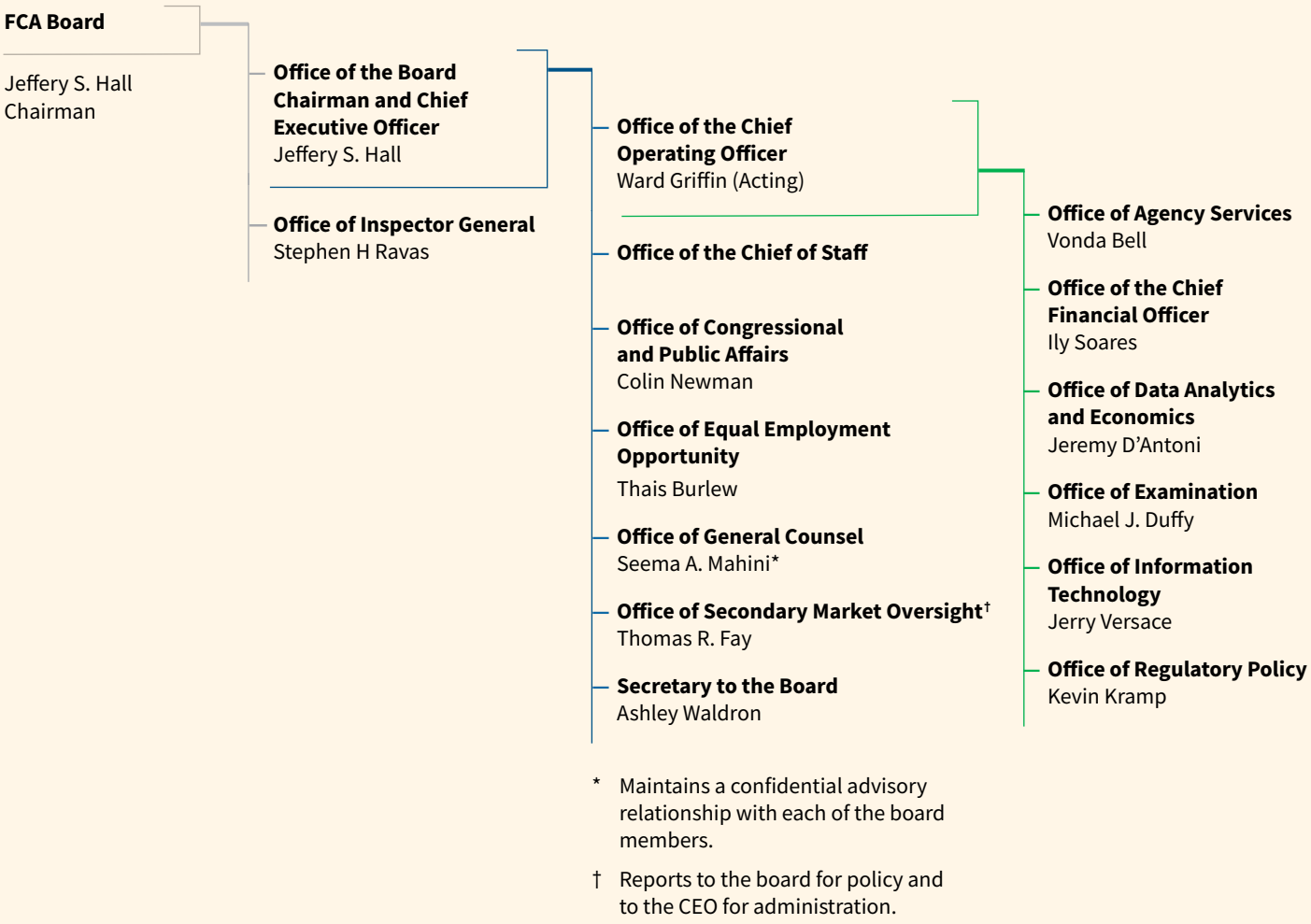
From 1994 to 2001, Chairman Hall served as assistant to the dean of the University of Kentucky College of Agriculture, advising the dean on state and federal legislative activities and managing a statewide economic development initiative called Ag Project 2000.

Chairman Hall also served as a senior staff member in the office of U.S. Senator Mitch McConnell from 1988 until 1994. During that time, he was the legislative assistant for agriculture, accountable for internal and external issue management.

Before joining Senator McConnell's staff, Chairman Hall served on the staff of the Kentucky Farm Bureau Federation. Over the course of his long career in agriculture, he has held leadership positions in the following nonprofits: the Kentucky Agricultural Council, the Agribusiness Industry Network, the Louisville Agricultural Club, the Kentucky Agricultural Water Quality Authority, and the Governor's Commission on Family Farms.

Chairman Hall was raised on a family farm in southern Indiana, which has been in his family for more than 200 years. He is currently a partner in the farm with his mother and sister. He holds a Bachelor of Science from Purdue University.

FCA organizational chart



* Maintains a confidential advisory relationship with each of the board members.

† Reports to the board for policy and to the CEO for administration.

▲ FIGURE 1

As of November 2026

For an accessible version of this chart, visit **www.fca.gov/about/fca-organizational-chart**.

Message from the chairman

On behalf of the Farm Credit Administration, I present the agency's 2025 annual report. I'm pleased to report that the Farm Credit System, including Farmer Mac, remains strong, financially sound, and well-positioned to meet the credit needs of American farmers, ranchers, and rural communities.

While the data presented in this report reflect 2025 performance, this message outlines the work we've done in 2026 to ensure safety and soundness, streamline regulations, prepare for increased credit risk, and advance innovation responsibly. We also provide an update on conditions in the Farm Credit System, Farmer Mac, and the general and farm economies as of late summer 2026.

Ensuring safety and soundness

Ensuring the safety and soundness of the Farm Credit System is more than a priority—it's central to our mission. As the nation's largest agricultural lender, the Farm Credit System plays a critical role in supporting agriculture and rural communities, and we are committed to ensuring it remains a safe, sound, and dependable source of credit. As required by the Farm Credit Act, FCA examines every System institution on a regular basis with continual monitoring in between our statutory exam cycles. Specifically, we conduct risk-based examinations to ensure System institutions comply with laws and regulations, operate in a safe and sound manner, and meet the needs of creditworthy farmers and ranchers. We also develop a national oversight plan each fall to identify our focus areas for the coming fiscal year. The examination focus areas for fiscal year 2026 included serving agriculture in volatile times, operational resilience, public mission (including young, beginning, and small farmer and rancher programs), and System loan data reporting. Details on these focus areas are discussed later in the report.

Deregulatory efforts

Over the past year, we continued our thoughtful and deliberate deregulatory review, focusing on requirements and practices that unnecessarily burden System institutions in their delivery of credit and related services. Our efforts reflect the Administration's priorities and our commitment to ensuring the safety and soundness of the System. In early 2025, FCA engaged the System in a candid conversation on deregulatory opportunities. These constructive discussions continue to strengthen our regulatory framework and reinforce a shared understanding of supervisory requirements and guidance that may not align with current financial industry practices or that could impose unnecessary regulatory burdens on System institutions.

Our deregulatory actions to eliminate duplicative reporting and to provide acceptable alternatives to outdated practices have substantially reduced logistical and financial burdens. Most notably, FCA issued guidance on the electronic delivery of annual reports, providing institutions with flexibility that meaningfully reduces printing and postage expenses while reflecting modern communication practices.

We plan to continue reviewing potential regulatory burdens that the System's workgroup has brought to our attention. These discussions with the System remain productive, enabling us to consider potential deregulatory actions supported by operational experience across institutions.

Upholding cooperative principles and encouraging collaboration

Created by Congress in 1916, the System continues to uphold the founding principles of its cooperative roots by maintaining an ownership and governance structure led by the agricultural producers, farmer-owned cooperatives, and rural infrastructure providers it serves. This cooperative approach

empowers all members to have a meaningful voice in the cooperative's direction, strengthening accountability and ensuring decisions reflect the shared interests of those it serves. These cooperative principles help ensure the System remains member focused, transparent, and accountable, enabling it to serve agriculture and rural communities with stability and integrity.

Building on this strong cooperative foundation, the System's continued success also relies on effective collaboration among institutions. Collaboration is essential for the System's long-term strength and its ability to fulfill its statutory mission to provide reliable credit and related services to support agriculture and rural communities. We encourage collaboration among System institutions to preserve the integrity of the cooperative structure and to ensure that the System is a reliable source of credit, now and in the future, for agricultural producers, including young, beginning, and small farmers and ranchers.

Preparing for increased credit risk

As the agricultural economy continues to face heightened uncertainty, FCA has strengthened its oversight of the System in anticipation of rising credit risk driven by higher interest rates, commodity price volatility, and region-specific stress. While System institutions remain financially strong, these conditions underscore the importance of maintaining disciplined and forward-looking credit risk management.

This year, we directed staff to emphasize examinations of loans in higher-risk, stressed industries, with a focus on timely and accurate risk identification, proactive loan servicing, compliance with borrower rights, and forward-looking credit analysis. Our oversight also emphasizes sound management of portfolio concentrations and emerging credit risk, appropriate underwriting standards, and effective loan servicing strategies. Early identification of risk, informed decision-making, and effective governance will help institutions navigate economic cycles while continuing to serve farmers, ranchers, and rural communities.

FCA will continue to adjust supervisory priorities as risks change, maintaining a strong regulatory posture that supports the System's safety and soundness. Periods of favorable financial performance provide an opportunity to strengthen—not relax—risk management practices and prepare for emerging challenges. A strong and resilient System is essential to fulfilling its mission through both favorable and challenging economic environments.

Embracing innovation responsibly

Innovation is transforming financial services, creating opportunities to improve efficiency, strengthen risk management, and better serve agricultural producers and rural communities. Emerging technologies, including super intelligence (SI) and advanced data analytics, will increasingly influence both how System institutions serve their customers and how FCA carries out its oversight responsibilities.

As the System grows more quickly than FCA's staffing, our investments in data analytics and technology will help us expand our oversight capacity. New tools are making examinations more efficient and consistent, improving risk identification and performance measurement, and providing better information to support regulatory decisions. Within Office of Management and Budget guidelines, we are also piloting SI tools to streamline document review and enhance risk assessment, and this year we introduced an SI tool for general productivity. We continue to strengthen our cybersecurity, mobile systems, and cloud analytics capabilities to support field examiners and provide timely insights into borrower risk and System liquidity.

FCA and System institutions must balance the benefits of innovation with sound risk management, governance, and accountability. Data security, privacy, model risk, and transparency will remain important considerations. FCA will continue to monitor these developments and their potential effects on the System's safety, soundness, and resilience.

Current conditions in the Farm Credit System

The Farm Credit System

The banks and associations of the Farm Credit System reported solid financial results through the first half of 2026, including continued asset growth, sound earnings, and increased capital levels.

For the six months ended June 30, System net income equaled $4.31 billion compared with $3.90 billion for the same period a year ago. Net interest income grew by $462 million from a year ago, primarily due to the positive impact of loan growth on average earning assets. Also contributing to higher net income was a $94 million decline in provision expense and a $56 million increase in total non-interest income. These improvements were partially offset by a $189 million increase in non-interest expense.

The System's loan portfolio remained sound, but credit risk measures increased as certain agricultural sectors continued to face challenging market conditions. Nonperforming assets (nonaccrual loans, accruing loans that are 90 days or more past due, and other property owned) increased to 1.09% of outstanding loans and other property owned at June 30, compared with 1.03% as of Dec. 31. Nonaccrual loans, which represent the largest share of nonperforming assets, increased to $4.6 billion as of June 30, compared to $4.3 billion as of Dec. 31. Credit classifications within the portfolio continued to indicate favorable loan quality, with loans classified as less than acceptable accounting for 6.8% of the portfolio.

A strong capital base ensures that System institutions have the risk-bearing capacity to support farmers and ranchers during uncertain times. Favorable earnings in the first six months of 2026 continued to support System capital growth. As of June 30, System capital totaled $88.7 billion compared with $85.0 billion as of Dec. 31. Capital as a percentage of total assets was 15.2% as of June 30, up from 14.6% at year-end. Regulatory capital ratios for all System banks and associations remained sound and continued to be well above minimum capital requirements. The System's liquidity portfolio provided 170 days of coverage of maturing debt as of June 30, compared with 167 days at year-end, well above the regulatory minimum of 90 days. Overall, we expect the System to continue to have ready access to the capital markets that provide funding for System institutions to lend to farmers, ranchers, and other eligible borrowers.

Farmer Mac

Farmer Mac, also part of the Farm Credit System, remains safe and sound. In the first half of 2026, its outstanding business volume grew 11.5%, from $33.4 billion to $37.2 billion. Farmer Mac experienced growth across all business segments, led by the farm and ranch segment, which increased by $2.4 billion, or 12.4%. Farmer Mac's core capital was $1.9 billion as of June 30, 2026, up 9.8% during the six-month period and $730.7 million above the minimum requirement.

Farmer Mac's direct credit risk exposure increased slightly during the six months ended June 30, 2026, but remained manageable. Loans classified as 90 days past due remained stable at 0.9% of the agricultural finance mortgage loan portfolio, while no delinquencies were reported in the infrastructure finance portfolio. The percentage of agricultural finance loans classified as special mention and substandard increased from 8.3% at year-end 2025 to 9.1% as of June 30, 2026. The percentage of infrastructure finance loans classified as special mention and substandard also increased, though to a lesser extent, from 1.7% at year-end 2025 to 2.0% as of June 30, 2026.

Current conditions in the economy

Because conditions in both the general and agricultural economies significantly affect the condition and performance of the institutions we regulate, our economists and policy analysts closely monitor economic indicators.

The general economy

Despite fluctuations in global tariffs and uncertain trade policy, the U.S. economy ended 2025 on stable footing, with real GDP growth of 2.1% for the year. Inflation stayed above the Federal Reserve's 2% target, and the unemployment rate rose to 4.5% in November, the highest since 2021 but still low by historical standards. The Federal Reserve made three small rate cuts from September to December, signaling caution in balancing inflation and employment risks.

In 2026, the conflict in the Middle East has increased volatility in global energy markets and pushed up headline inflation. However, core inflation (excluding food and energy) has been more modest, reducing concerns for broad-based price increases. While historic drawdowns of oil stocks have moderated energy prices, pressure on energy prices is likely to persist through 2026. This energy shock comes as growth in the general economy slowed from 2.1% in the first quarter to an estimated 1.5% in the second quarter. Labor markets have shown signs of stabilizing after a period of softness last year.

The farm economy

Conditions in the farm economy remain uneven. In 2025, many crop producers faced a third consecutive year of weak or negative returns because of large global supplies, a fluid trade environment, and input costs that have been slow to adjust. Bumper harvests created marketing challenges and storage shortages. Most livestock producers, by contrast, benefited from strong prices and attractive feed costs.

Government support was a significant factor for farm income in 2025. USDA estimated that direct government payments tripled to $30.5 billion for the year. An additional $12 billion was announced in December for delivery in 2026 to offset tariff-related price impacts and elevated input costs.

Net farm income is expected to decline slightly in 2026 but will remain above historic norms, supported by high levels of federal government payments. Crop returns are expected to improve modestly, supported by slightly higher prices, farm program payments, and ad hoc assistance tied to the 2025 crop year. However, sharp increases in fuel and fertilizer prices are expected to significantly impact profitability.

Livestock profitability remains a bright spot, with high cattle prices reflecting low inventories and strong beef demand, although drought is a concern this grazing season. Farmland values stabilized in the first quarter of 2026 after a period of softness last year, with declines concentrated in lower-quality land. Credit risk measures have moved higher, and producers and their lenders should be prepared for continued financial pressure.

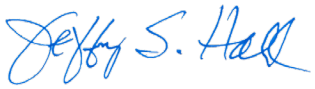
Regardless of the course of the farm economy, the Farm Credit System will continue to play its vital role as a reliable source of credit to U.S. agriculture and rural communities.

In conclusion

As we look ahead, FCA remains committed to ensuring that the Farm Credit System remains safe, sound, and focused on its mission. The System enters this period of economic uncertainty from a position of financial strength, but changing conditions require continued vigilance, sound risk management, and strong governance.

FCA will continue to provide effective oversight while seeking opportunities to reduce unnecessary regulatory burden and encourage responsible innovation. Through thoughtful regulation and supervision, we will work to ensure the System remains resilient and able to meet the credit needs of farmers, ranchers, and rural communities in both favorable and challenging times.

The work described in this report would not be possible without FCA's dedicated employees. I am grateful for their expertise, professionalism, and continued commitment to our mission.



Jeffery S. Hall
FCA Board Chairman and CEO

System banks and associations

The banks and associations of the Farm Credit System form a network of borrower-owned cooperative financial institutions and service organizations serving all 50 states and the Commonwealth of Puerto Rico. Created by Congress in 1916 to provide American agriculture with a dependable source of credit, the System is the nation's oldest government-sponsored enterprise.

As federally chartered cooperatives, the System's banks and associations are limited-purpose lenders. Congress created them to improve "the income and well-being of American farmers and ranchers" by providing credit and related services for them, their cooperatives, and "selected farm-related businesses necessary for efficient farm operations." Congress also gave the System the authority to support rural economic development by financing rural residences and rural utilities.

Congress formed the System's banks and associations as member-owned cooperatives to ensure that farmers, ranchers, and agricultural cooperatives can participate in the management, control, and ownership of their institutions. The participation of member-borrowers helps keep the institutions focused on serving their members' needs.

The System helps to meet broad public needs by providing liquidity and competition in rural credit markets in both good and bad economic times. Accomplishing this public goal benefits all eligible borrowers, including young, beginning, and small farmers, as well as rural homeowners.

The System obtains the funds it lends by selling debt obligations in national and international money markets through the Federal Farm Credit Banks Funding Corporation. Established under the Farm Credit Act, the Funding Corporation issues and markets debt securities on behalf of the System banks to raise funds. The System's debt issuances are subject to FCA approval. The U.S. government does not guarantee the obligations issued by the System.

The banks are jointly and severally liable for the principal and interest on all Systemwide debt securities. Therefore, if a bank is unable to pay the principal or interest on a Systemwide debt security, and if the Farm Credit Insurance Fund has been exhausted, then FCA must call on all non-defaulting banks to satisfy the liability.

The structure of the System's cooperative network

The System's cooperative network includes the following four banks:

- CoBank, ACB
- AgriBank, FCB
- AgFirst Farm Credit Bank
- Farm Credit Bank of Texas

As of July 1, 2026, these banks provide loans to 55 associations, which in turn make loans to farmers, ranchers, and other eligible borrowers. (See Figure 2.) Three of these banks are structured as farm credit banks; the other, CoBank, is structured as an agricultural credit bank with a farm credit bank subsidiary.

All but one of the System's 55 associations are structured as agricultural credit associations (ACAs) with two subsidiaries — a production credit association (PCA) and a federal land credit association (FLCA). The PCA primarily makes agricultural production and intermediate-term loans, and the FLCA primarily makes real estate loans. FLCAs are federal land bank associations that have direct-lending authority. The ACA's parent-subsidiary structure allows the association to preserve the tax-exempt status of the FLCA and to build and use capital more efficiently. The remaining association (Plains Land Bank) is a stand-alone FLCA.

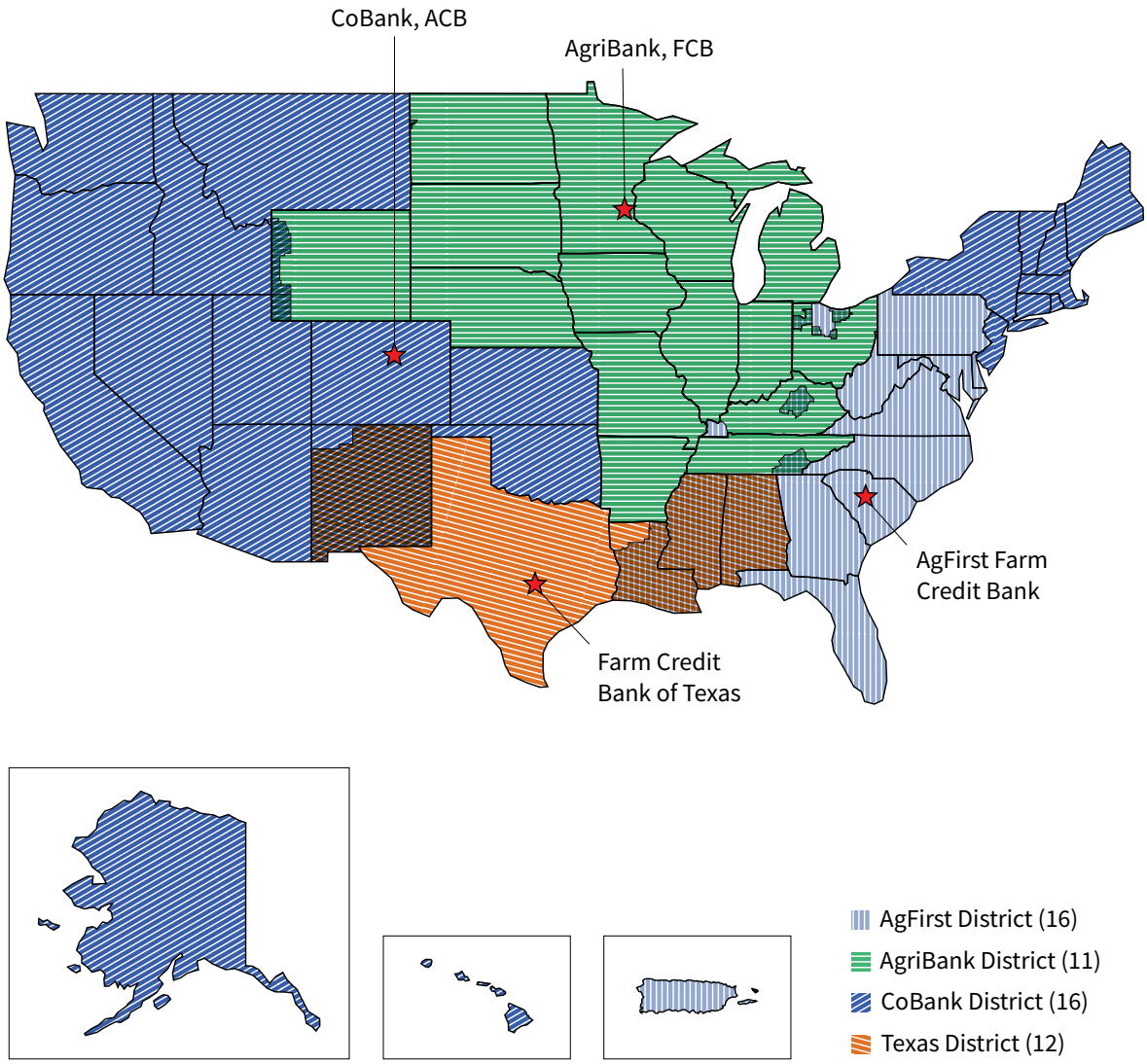
In addition to funding 16 ACAs through its farm credit bank, CoBank has a nationwide charter to make loans to agricultural and aquatic cooperatives and rural utilities, as well as to other persons or organizations that have transactions with, or are owned by, the cooperatives. CoBank also finances U.S. agricultural exports and imports and provides international banking services for farmer-owned cooperatives.

▼ FIGURE 2

As of July 1, 2026

Note: CoBank 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.

Chartered territories of System banks



Borrowers served

Under the Farm Credit Act of 1971, as amended, the System has the authority, subject to certain conditions, to make the following types of loans:

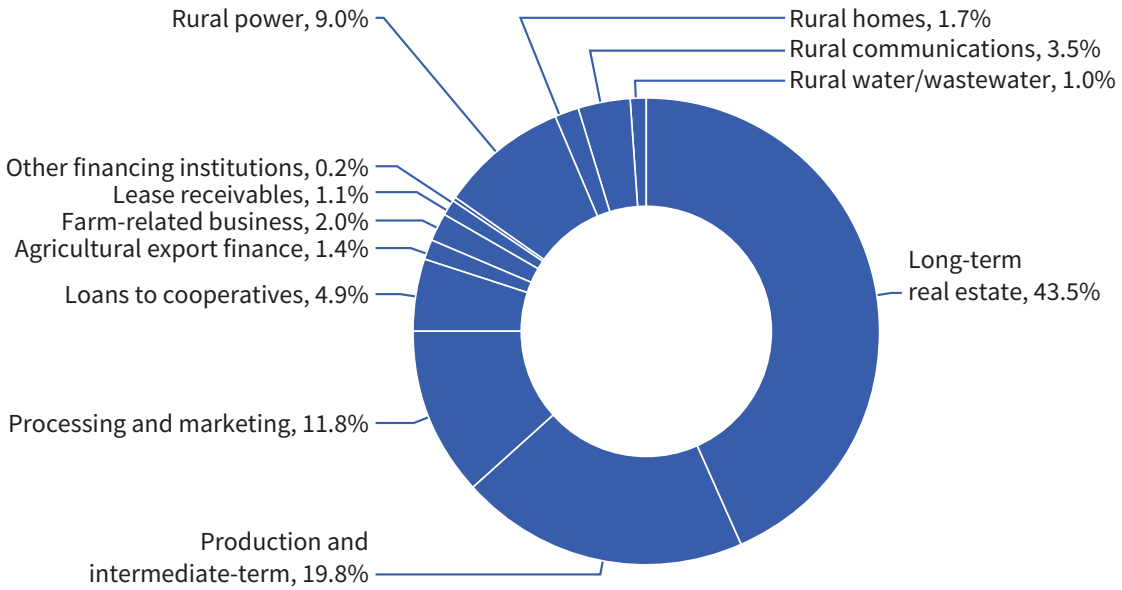
- Agricultural real estate loans
- Agricultural production and intermediate-term loans (e.g., for farm equipment)
- Loans to producers and harvesters of aquatic products
- Loans to certain farmer-owned agricultural processing facilities and farm-related businesses
- Loans to farmer-owned agricultural cooperatives
- Rural home mortgages
- Loans that finance agricultural exports and imports
- Loans to rural utilities
- Loans to farmers and ranchers for other credit needs

Also, under its similar-entity authority, the System may participate with other lenders in loans to borrowers who are not eligible to borrow directly from the System but whose activities are functionally similar to those of eligible borrowers. Through these participations, the System diversifies its portfolio, reducing the risks associated with serving a single industry.

As required by law, borrowers own stock or participation certificates in System institutions. The System had approximately 1,223,000 loans and 675,000 stockholders at year-end 2025. Approximately 87% of the stockholders were farmers or cooperatives with voting stock. The remaining were nonvoting stockholders, including rural homeowners and other financing institutions that borrow from the System.

Nationwide, the System had $456.9 billion in gross loans outstanding as of December 31, 2025. Loans for agricultural production and agricultural real estate purposes represented by far the largest type of lending, with $289 billion, or 63%, of the total amount of loans outstanding. (See Figure 3.)

System lending by type



▲ FIGURE 3

As of December 31, 2025

Source: 2025 Annual Information Statement of the Federal Farm Credit Banks Funding Corporation.

System funding for other lenders

Other financing institutions

Under the Farm Credit Act, System banks may further serve the credit needs of rural America by providing funding and discounting services to certain non-System lending institutions described in our regulations as "other financing institutions" (OFIs). These include the following:

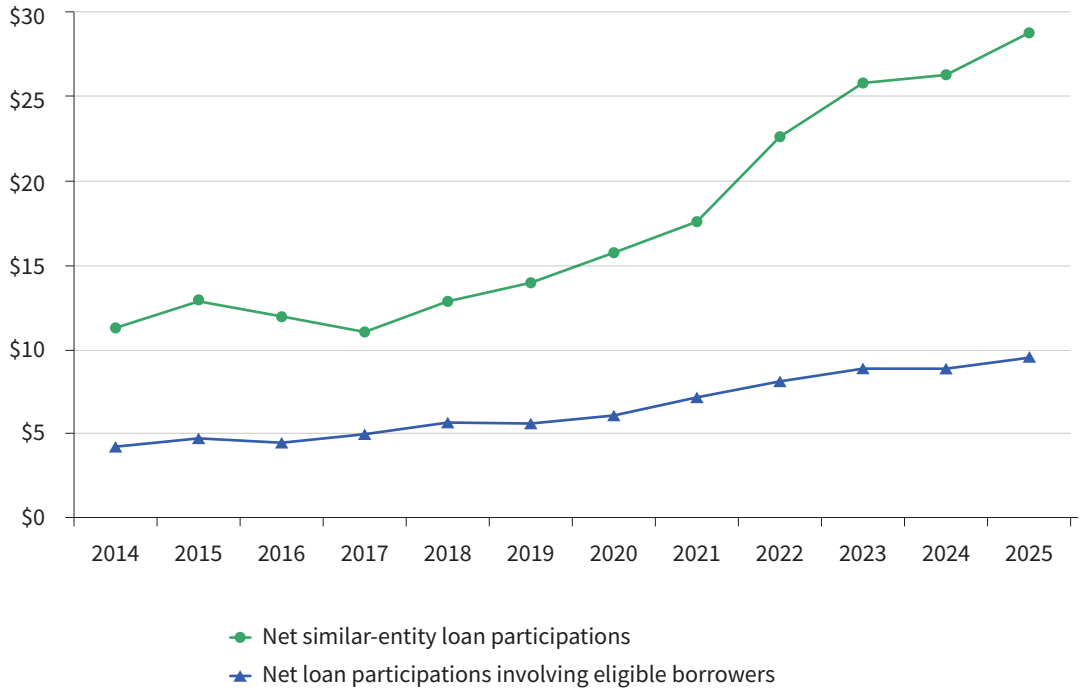
- Commercial banks
- Savings institutions
- Credit unions
- Trust companies
- Agricultural credit corporations
- Other specified agricultural lenders that are significantly involved in lending to agricultural and aquatic producers and harvesters

The System served 16 OFIs at year-end 2025, down from 17 in 2024. Outstanding loan volume to OFIs increased to approximately $1.1 billion at year-end 2025.

Syndications and loan participations with non-System lenders

In addition to the authority to provide services to OFIs, the Farm Credit Act gives System banks and associations the authority to partner with financial institutions outside the System in making loans to agriculture and rural America. Generally, System institutions partner with these financial institutions through loan syndications and participations to increase diversification and earnings (when they purchase volume) or to reduce credit risk and comply with lending limits (when they sell volume).

Loan participation transactions with non-System lenders, 2014 – 2025



▲ FIGURE 4

As of December 31

Dollars in billions

Sources: Farm Credit System Call Reports.

A loan syndication (or "syndicated bank facility") is a large loan for which a group of financial institutions work together to provide funds. Usually, one financial institution takes the lead, acting as an agent for all syndicate members and serving as a liaison between them and the borrower. The System's gross loan syndication volume increased by $1.6 billion over the past year to $42.3 billion at year-end 2025.

Loan participations are loans in which two or more lenders share in providing funds to a borrower. At year-end 2025, the System had $9.5 billion in net eligible-borrower loan participations with non-System lenders.

As noted above, System institutions also have the authority to lend to "similar-entity" borrowers (that is, those who are not eligible to borrow directly from the System but whose operations are functionally similar to those of eligible borrowers). This authority allows System institutions to participate with other lenders in loans to similar-entity borrowers. The System had $29.3 billion in similar-entity loan participations with non-System lenders as of December 31, 2025, up from $26.7 billion the prior year. (See Figure 4.)

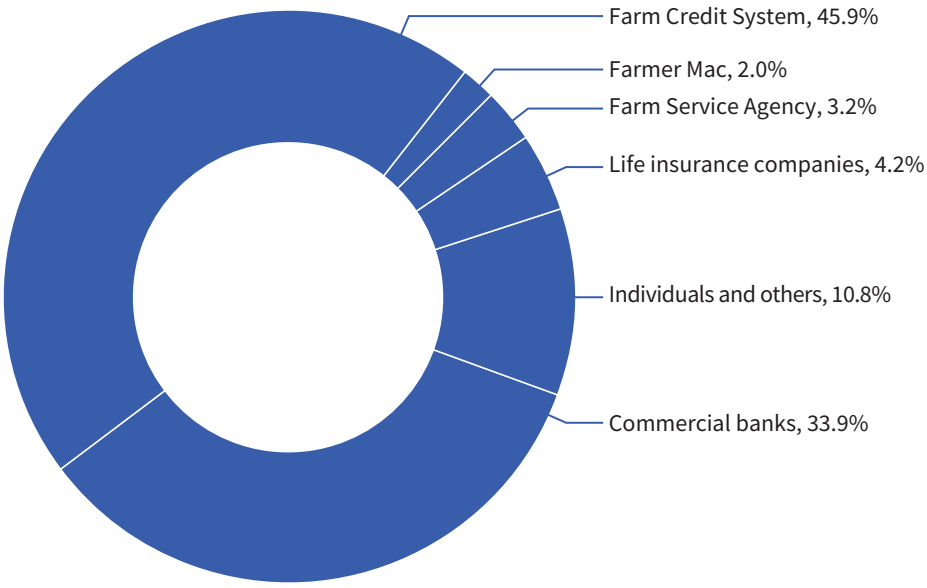
Farm debt and market shares

The U.S. Department of Agriculture's estimate of total farm business debt for the year ended December 31, 2024, was $563 billion, up 8.5% from its $519 billion estimate for year-end 2023. The System's market share of total farm business debt increased from 45.8% at the end of 2023 to 45.9% at the end of 2024. (See Figure 5. Also, please note that 2025 data was not available at the time of publication of this report.)

For more than two decades, the System has held the largest market share of farm business debt secured by real estate. This debt totaled $367 billion at year-end 2024, with the System holding 49.6% and commercial banks holding 30.8%.

Commercial banks have historically held the largest share of non-real estate farm lending, with the System closing the gap in recent years. This debt totaled $196 billion at year-end 2024, with commercial banks holding 39.7% and the System holding 39.0%. However, the shares of both commercial banks and the System decreased from year-end 2023 as non-real

Estimated market shares of U.S. farm business debt



▲ FIGURE 5

As of December 31, 2024

Source: FCA's Office of Data Analytics and Economics, based on Feb. 6, 2025, data from USDA's Economic Research Service.

estate farm debt held by individuals and others (such as equipment companies and input suppliers) increased. Notably, debt held by individuals and others has historically been underestimated, which may obscure the true distribution of farm debt.

Financial condition

The System reported sound 2025 financial results, including strong loan growth, higher earnings, and increased capital. While overall portfolio loan quality remained favorable, credit-risk measures increased as certain agricultural sectors continued to face challenging operating conditions.

Tables 1 and 2 provide a summary of the System's major financial indicators. For more information on the condition and performance of the System, see the 2025 Annual Information Statement of the Farm Credit System on the website of the Federal Farm Credit Banks Funding Corporation at **farmcreditfunding.com**.

While the System is financially sound, a small number of individual institutions displayed some material weaknesses in 2025. As the System's regulator, we addressed these weaknesses by increasing our oversight and supervision of these institutions. For more information on our supervisory and enforcement approach, see pages 28 to 29.

The profitability picture for U.S. agriculture continued to show a marked contrast between crop and livestock sectors in 2025. For cash grain producers, strong production and large supplies kept corn and soybean prices under pressure. Lower prices combined with persistently high production costs led to further declines in producer returns.

Market conditions for the livestock sector were more favorable, as producers benefited from lower feed costs associated with declining grain prices. Cow-calf producers experienced record returns as the national cow herd remained at historically low levels. For other livestock sectors, steady demand and balanced production contributed to positive producer returns.



TABLE 1

Farm Credit System major financial indicators, by annual comparison

Dec. 31, 2025

Dollars in millions

Item	31-Dec-25	31-Dec-24	31-Dec-23	31-Dec-22	31-Dec-21
Total assets	$582,262	$544,365	$507,836	$477,063	$435,957
Gross loan volume	$456,860	$428,913	$398,176	$373,266	$343,929
Bonds and notes	$484,793	$453,000	$421,821	$395,576	$356,446
Nonperforming assets[1]	$4,690	$3,479	$1,798	$1,755	$1,578
Net income, full year	$7,975	$7,798	$7,445	$7,268	$6,796
Nonperforming assets/Gross loans and other property owned	1.03%	0.81%	0.45%	0.47%	0.46%
Total capital/Assets[2]	14.59%	14.48%	14.44%	14.38%	15.94%
Retained earnings/Assets	11.24%	11.28%	11.35%	12.01%	12.59%
Return on average assets	1.43%	1.51%	1.53%	1.59%	1.66%
Return on average capital	9.63%	10.12%	10.41%	10.45%	9.94%
Net interest margin[3]	2.37%	2.41%	2.43%	2.39%	2.46%
Efficiency ratio[4]	34.1%	35.3%	34.9%	35.1%	35.3%
Operating expenses/Average loans[5]	1.10%	1.14%	1.15%	1.12%	1.14%

Sources: FCA's Consolidated Reporting System as of Dec. 31 and the Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

1 Nonperforming assets are defined as nonaccrual loans, accrual loans 90 or more days past due, and other property owned. Prior to adoption of the current expected credit losses accounting standard (CECL) on January 1, 2023, accruing restructured loans were included in nonperforming assets.

2 Total capital excludes mandatorily redeemable preferred stock and protected borrower capital and includes the Farm Credit Insurance Fund, which is under the direct control of the Farm Credit System Insurance Corporation.

3 Net interest margin ratio measures net income produced by interest-earning assets, including the effect of loanable funds. This ratio is a key indicator of the effectiveness of loan pricing.

4 The efficiency ratio measures total noninterest expenses for the preceding 12 months divided by the sum of net interest income and noninterest income for the preceding 12 months.

5 Operating expenses divided by average gross loans.



TABLE 2

Farm Credit System major financial indicators, by district

Dec. 31, 2025

Dollars in millions

Institution name	Total assets	Gross loan volume	Nonaccrual loans	Allowance for credit losses - loans	Cash and investments	Capital stock[1]	Total capital	Net income
Banks								
AgFirst	$50,155	$39,993	$110	($49)	$9,646	$716	$2,135	$279
AgriBank	$205,708	$177,887	$206	($73)	$25,408	$7,031	$10,486	$1,025
CoBank	$223,477	$166,860	$617	($725)	$54,416	$4,599	$14,038	$1,667
Texas	$42,155	$34,197	$65	($43)	$7,398	$801	$2,100	$212
Total[2]	$520,982	$417,799	$998	($890)	$96,868	$12,776	$28,404	$2,991
Associations								
AgFirst	$36,344	$35,059	$241	($145)	$257	$144	$5,605	$383
AgriBank	$185,238	$169,126	$1,365	($609)	$7,339	$164	$23,790	$2,108
CoBank	$103,613	$96,909	$1,489	($467)	$2,758	$50	$14,936	$1,530
Texas	$34,283	$32,858	$222	($97)	$319	$73	$4,106	$470
Total[3]	$359,478	$333,954	$3,317	($1,317)	$107,541	$469	$59,678	$5,977
Total System[2,3]	$582,262	$454,651	$4,313	($1,799)	$107,541	$2,274	$84,980	$7,977

Sources: FCA's Consolidated Reporting System as of December 31, 2025, and the Farm Credit System 2025 Annual Information Statement provided by the Federal Farm Credit Banks Funding Corporation.

1 Includes capital stock and participation certificates, excludes mandatorily redeemable preferred stock and protected borrower capital.

2 Cannot be derived by adding the categories above because of intradistrict and intra-System eliminations used in Reports to Investors. Also, the total System numbers exclude mandatorily redeemable preferred stock and protected borrower capital, but they do include restricted capital from the Farm Credit Insurance Fund.

3 Total capital at a consolidated level includes the Farm Credit Insurance Fund.

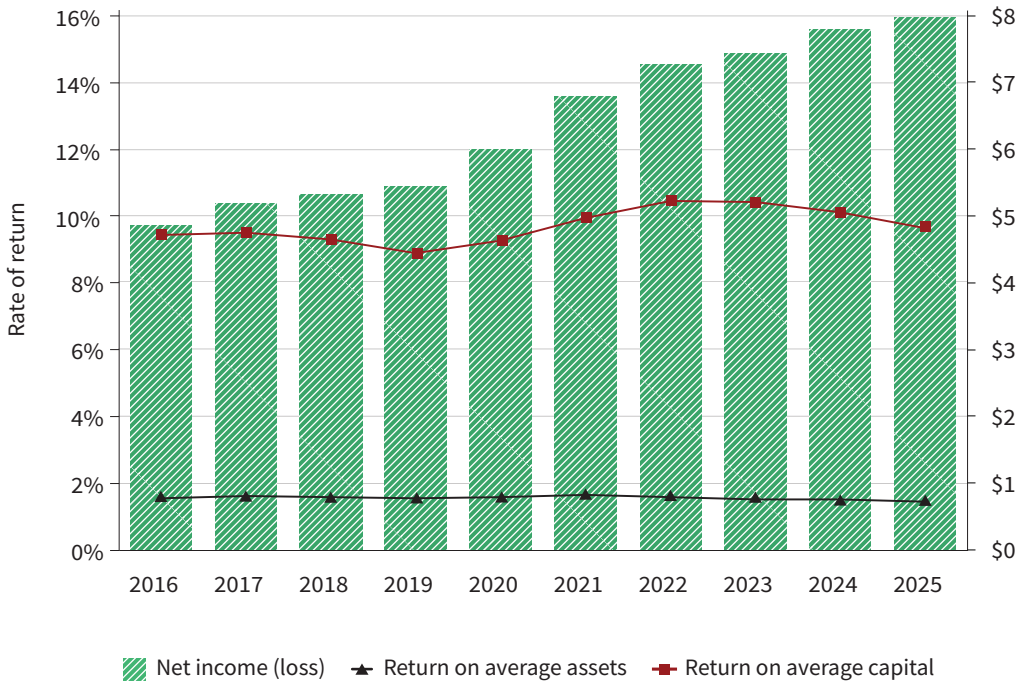
Earnings

System net income continued to trend higher in 2025. For the year, consolidated net income reached $8.0 billion, an increase of $177 million, or 2.3%, as compared with 2024. (See Figure 6.) The growth primarily resulted from increases in net interest income of $748 million and noninterest income of $239 million, and a $13 million decrease in the provision for income taxes. These gains were partially offset by increases in the provision for credit losses of $657 million and noninterest expense of $166 million.

The increase in net interest income was primarily driven by a higher level of average earning assets resulting from strong growth in the System's loan portfolio. In 2025, average earning assets grew by $39.4 billion, or 7.9%, to $538.6 billion. Net interest spread was unchanged at 1.86% for both 2025 and 2024. Net interest margin decreased 4 basis points to 2.37% for 2025. This drop reflects the four basis point decrease in income earned on earning assets funded by noninterest sources (principally capital) as interest rates decreased in 2025. The System's return on average assets was 1.43%, down from 1.51% in 2024. The return on average capital decreased to 9.63% from 10.12%.

As cooperative institutions, System banks and associations typically pass on a portion of their earnings as patronage to their borrower-owners. For 2025, System institutions declared a total of $3.0 billion in patronage distributions — $2.9 billion in cash and $107 million in capital stock and participation certificates. This represents 37.8% of the System's net income for 2025, down from 38.9% in 2024. The System also distributed $112 million in cash from allocated retained earnings representing patronage distributions declared in previous years.

System net income, 2016 – 2025



▲ FIGURE 6

As of December 31

Dollars in billions

Sources: Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

System growth

System asset growth moderated in 2025 compared with 2024. For the year, total assets were up 7.0%, or $37.9 billion, to $582.3 billion. Loan volume increased 6.5%, or $27.9 billion, to $456.9 billion. (See Figure 7 and Table 3.)

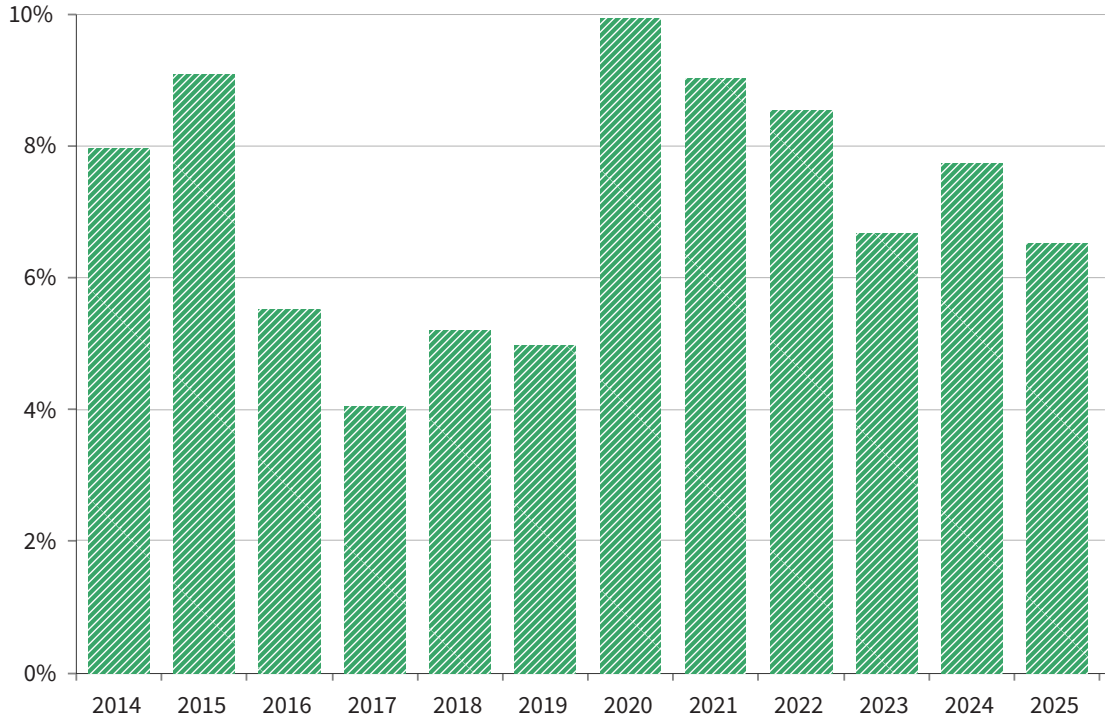
For 2025, portfolio growth was the result of increases across most major loan categories, including agricultural real estate mortgages, production and intermediate-term, agribusiness, and rural infrastructure, offset in part by decreases in agricultural export finance and water/waste facilities loans.

Real estate mortgages, the largest segment of the loan portfolio at almost 44%, rose by $11.0 billion, or 5.9%, during 2025, primarily driven by additional financing needs for new and existing customers.

Production and intermediate-term lending increased by $9.2 billion, or 11.3%, during 2025, primarily due to an increase in seasonal use of operating lines of credit. Agribusiness loan volume increased by $5.4 billion, or 6.6%, on higher seasonal loans to cooperatives and increased lending to protein and grain-related businesses. Rural infrastructure volume grew by $3.1 billion, or 5.3%, mainly in the power and communications sectors.

With respect to portfolio commodity concentrations, loan volume was up in most major commodity categories in 2025. At year-end, cash grains, cattle, and food products sectors were the System's three largest commodity concentrations, making up close to 34% of the total loan portfolio. For the year, loan volume for these sectors increased 6.0%, 17.8%, and 2.2%, respectively.

Annual growth rate of System loans outstanding, 2014 – 2025



▲ FIGURE 7

As of December 31

Sources: Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

TABLE 3

Farm Credit System gross loans outstanding, 2021 – 2025

As of Dec. 31

Dollars in millions

Loan Type	2025	2024	2023	2022	2021	Percent change from 2021	Percent change from 2024
Agricultural real estate mortgage loans	$198,954	$187,948	$177,622	$172,806	$164,535	20.92%	5.86%
Agricultural production and intermediate-term loans	$90,367	$81,209	$73,385	$66,427	$62,620	44.31%	11.28%
Agribusiness loans to the following:							
Processing and marketing operations	$54,017	$53,127	$47,556	$41,973	$34,308	57.45%	1.68%
Cooperatives	$22,538	$19,678	$16,905	$19,525	$21,286	5.88%	14.53%
Farm-related businesses	$9,054	$7,510	$6,499	$5,998	$5,053	79.18%	20.56%
Rural infrastructure loans by type of utility:							
Power	$41,004	$37,418	$34,238	$27,880	$23,621	73.59%	9.58%
Communication	$15,855	$15,325	$14,230	$12,453	$10,272	54.35%	3.46%
Water/wastewater	$4,748	$5,779	$5,989	$3,882	$3,122	52.08%	(17.84%)
Rural residential real estate	$7,902	$7,567	$7,227	$7,043	$6,883	14.80%	4.43%
Agricultural export finance	$6,462	$7,612	$8,418	$10,071	$7,079	(8.72%)	(15.11%)
Lease receivables	$4,870	$4,782	$4,705	$4,146	$4,165	16.93%	1.84%
Loans to other financing institutions	$1,089	$958	$1,402	$1,062	$985	10.56%	13.67%
Total	$456,860	$428,913	$398,176	$373,266	$343,929	32.84%	6.52%

Source: Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

Asset quality

The System's portfolio continued to perform well in 2025, and overall loan quality remained favorable even as nonaccrual and other credit-risk indicators increased.

As of December 31, 2025, nonperforming loans totaled $4.60 billion, or 1.01% of gross loans outstanding. This compares with $3.41 billion, or 0.79%, at year-end 2024. (See Figure 8.) Loan delinquencies (accruing loans that are 30 days or more past due) were 0.36% of total accruing loans at both year-end 2025 and 2024. In total, 94.0% of System loans were classified as acceptable, down from 94.7% at year-end 2024.

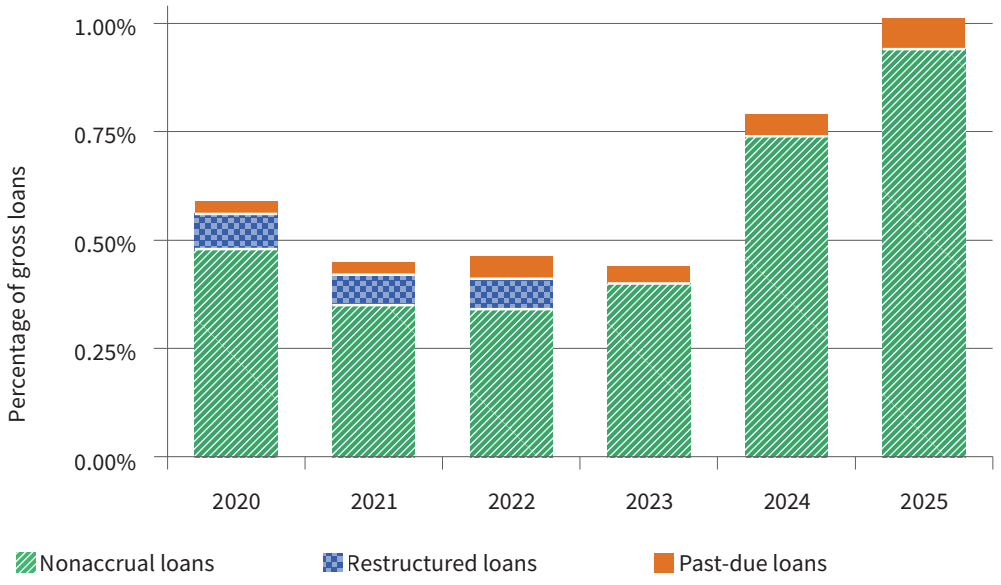
Provisions for credit losses were $1.2 billion in 2025, compared with $569 million in 2024. Provisions in 2025 primarily reflected higher specific reserves, deterioration in credit quality in the real estate mortgage, production and intermediate-term and agribusiness sectors, and, to a lesser extent, weakening macroeconomic forecasts impacting modeled credit losses. The allowance for credit losses on loans increased to $2.21 billion, or 0.48% of loans outstanding, compared with $1.80 billion, or 0.42% of loans outstanding, at year-end 2024. Net loan charge-offs increased to $797 million in 2025 from $420 million in 2024.

Capital

The System's capital position remained sound in 2025. At December 31, total capital equaled $85.0 billion, compared with $78.8 billion a year ago. (Please note that these numbers include the Farm Credit Insurance Fund, which totaled $8.6 billion at December 31, 2025.) At year-end, the System's capital-to-assets ratio was 14.6% compared with 14.5% from a year ago.

As shown in Figure 9, retained earnings are the most significant component of capital, equaling 77.0% of total capital at year-end 2025, down from 77.9% a year ago. FCA regulations establish the minimum capital levels that each System bank and association must achieve and maintain. As of December 31, 2025, capital levels at all System banks and associations exceeded the regulatory minimum capital requirements.

System nonperforming loans, 2020 – 2025



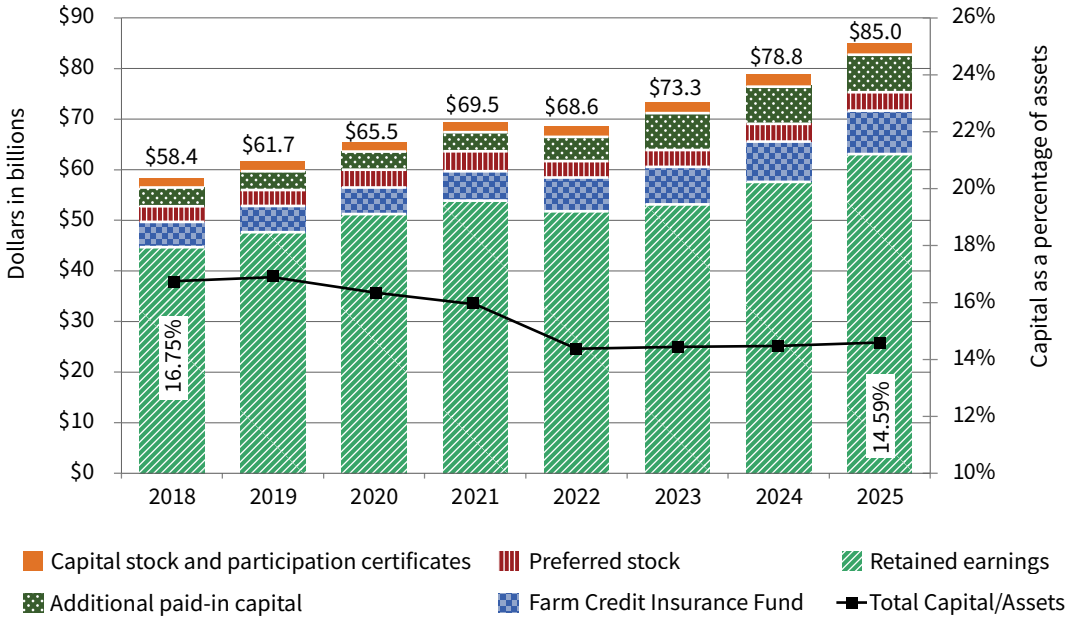
▲ FIGURE 8

As of December 31

Source: Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

Note: Beginning January 1, 2023, reporting on accruing restructured loans was not required under generally accepted accounting principles.

System capital, 2018 – 2025



▲ FIGURE 9

As of December 31

Dollars in billions

Sources: Annual Information Statements of the Federal Farm Credit Banks Funding Corporation.

Note: Total capital includes the Farm Credit Insurance Fund. Retained earnings include accumulated other comprehensive income or loss.

Funding and liquidity

The System funds loans and investments primarily with consolidated Systemwide debt, along with a substantial amount of equity capital. The Funding Corporation, the fiscal agent for System banks, sells debt securities, such as discount notes, bonds, and designated bonds, on behalf of the System every business day. This process allows funds to flow efficiently from worldwide capital market investors to agriculture and rural America, thereby providing rural communities with ready access to global capital.

The Federal Reserve, having raised rates in 2023 and 2024 to combat inflation, paused rate changes for most of 2025 as it weighed moderated economic growth against continued inflation, tariff uncertainty, and geopolitical uncertainty. The first rate cut came in September 2025 as signs of a slowing labor market emerged, followed by two additional cuts.

While global interest rates remained relatively volatile in 2025 due to inflationary pressures and tariff uncertainty, major economies shifted further toward monetary easing as economic growth slowed. Despite continued economic and geopolitical uncertainties, the System maintained reliable access to the debt capital markets. However, interest rates on its debt securities moved higher. Investors continued to highly favor the System's debt offerings primarily due to the System's strong financial performance and its status as a government-sponsored enterprise (GSE).

Risk premiums for pricing on System debt securities generally declined in 2025 and remained favorable, particularly for maturities under five years. However, while risk premiums for callable System debt securities also declined, they remained significantly higher than they were before the Federal Reserve's 2022 rate-tightening cycle — although still generally favorable compared with most other financial entities.

The decline in risk premiums was partly due to the resilience of the U.S. economy despite continued inflationary pressures. However, concerns over national debt levels and fiscal stability, along with geopolitical tensions, contributed to continued market volatility in 2025.

At year-end 2025, the System accounted for 23.7% of GSE debt outstanding and 16.2% of GSE term debt issuance. Systemwide debt outstanding was $480.2 billion, representing a 7.11% increase from the preceding year-end. Several factors contributed to the $31.9 billion increase in Systemwide debt outstanding. Gross loans increased $30.7 billion in 2025, while the System's combined investments, federal funds, and cash balances increased by $8.8 billion.

The amount of outstanding debt on which the System exercised its call options increased in 2025 as the Federal Reserve began cutting rates in September. The target federal funds range decreased from 4.25% to 4.50% at the start of 2025 to 3.5% to 3.75% by year-end. While the Fed continued its quantitative tightening in 2025 by reducing the size of its balance sheet, it halted quantitative tightening in December 2025. The System exercised calls on $71.5 billion in 2025, compared with $40.8 billion in 2024, $13.5 billion in 2023, and $2.3 billion in 2022. Of the $71.5 billion in total System debt called in 2025, $23.1 billion was callable floating rate bonds, which were introduced in 2023 to promote money market investment fund manager engagement.

Favorable investor sentiment continued to provide the System with access to a wide range of debt maturities in 2025. The weighted average of remaining maturities decreased to 2.6 years at the end of 2025 from 2.9 years at the end of 2024. Meanwhile, the weighted-average interest rates for insured debt decreased from 3.80% as of December 31, 2024, to 3.57% as of December 31, 2025.

The System had $3.677 billion in outstanding preferred stock at the end of 2025, a decrease of $3 million from the previous year-end. As of the end of 2025, outstanding subordinated debt stood at $398 million, unchanged from year-end 2024. All preferred stock and subordinated debt issuances are the sole obligations of their respective issuing institutions.

To participate in the issuance of System debt securities, each bank must maintain — free from any lien or other pledge — specified eligible assets (available collateral) that are at least equal in value to the total amount of its outstanding debt securities. Securities subject to the available collateral requirements include Systemwide debt securities for which the bank is primarily liable, investment bonds, and other debt securities that the bank may have issued individually, such as limited life (term) preferred stock and subordinated debt.

Furthermore, our regulations require each System bank to maintain a tier 1 leverage ratio (primarily unallocated retained earnings, certain common cooperative equities, and noncumulative perpetual preferred stock, divided by total assets) of not less than 4%. FCA regulations also provide for a tier 1 leverage ratio buffer of an additional 1%. Certain restrictions apply if the buffer does not exceed 1%. Throughout 2025, all System banks maintained their tier 1 leverage ratios and their leverage buffer ratios above the required minimums, with 5.28% being the lowest for any individual bank as of December 31, 2025.

All System banks have maintained their days of liquidity, which measure secondary sources of funding, well above the required minimum levels. The lowest liquidity levels at any individual bank as of December 31, 2025, were as follows:

- 34 days (15 days regulatory minimum) of level 1 assets
- 84 days (30 days regulatory minimum) of level 1 and 2 assets
- 124 days (90 days regulatory minimum) of level 1, 2, and 3 assets
- 147 days overall (including the supplemental liquidity buffer)

In addition to the protections provided by the joint and several liability provisions, the Funding Corporation and the System banks have entered into the following voluntary agreements:

- **The Amended and Restated Market Access Agreement**, which establishes certain financial thresholds and provides the Funding Corporation with operational oversight and control over the System banks' participation in Systemwide debt obligations. For all of 2025, all System banks maintained financial metrics above the thresholds in the Market Access Agreement.

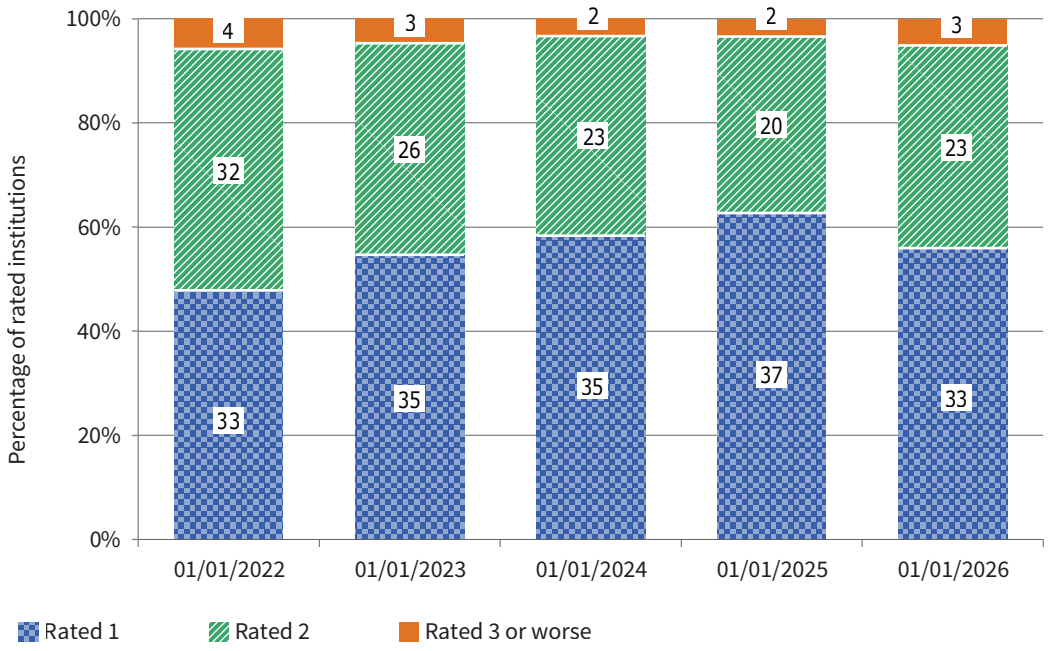
- **The Amended and Restated Contractual Interbank Performance Agreement**, which is tied to the Market Access Agreement and establishes certain measures that monitor the financial condition and performance of the institutions in each bank's district. For all of 2025, all System banks maintained scores above the benchmarks in the Contractual Interbank Performance Agreement.

Ratings

FCA uses the Financial Institution Rating System (FIRS) to assess the safety and soundness of each System institution. Similar to the systems used by other federal banking regulators, FIRS is a framework of component and composite ratings to help FCA examiners evaluate significant financial, asset quality, and management factors. FIRS ratings range from 1 for a sound institution to 5 for an institution that is likely to fail.

As Figure 10 shows, the financial condition and performance of the System remain strong. The System's strength reduces the risk to investors in System debt, to the Farm Credit System Insurance Corporation, and to System institution stockholders. As of January 1, 2026, 56 System institutions were rated 1 or 2 (95% of all institutions) and three institutions were rated 3 or worse (5%). The institutions rated 3 or worse represented about 4.0% of the System's total assets.

System FIRS composite ratings, 2022 – 2026



▲ FIGURE 10

As of January 1

Source: FCA's FIRS ratings database.

Note: Figure 10 reflects ratings for only the Farm Credit System's banks and direct-lending associations; it does not include ratings for the System's service corporations, Farmer Mac, or the Federal Farm Credit Banks Funding Corporation. Also, the numbers shown on the bars reflect the total number of institutions with a given rating; please refer to the y-axis to determine the percentage of institutions receiving a given rating.



Safety and soundness

Examination

As the regulator of the Farm Credit System, the Farm Credit Administration examines and supervises System institutions. The overall objective of the examination process is to ensure each System institution operates safely and soundly, complies with laws and regulations, and is financially positioned to meet the needs of agriculture and rural America.

As required by the Farm Credit Act, FCA examines each institution at least once every 18 months. Between these statutory examinations, we conduct ongoing monitoring and examination activities.

The risk-based examination concept provides the framework for FCA's examination process. Managing risk is a challenge for all lenders, especially those that lend to a single sector of the economy — in this case, agriculture. To manage this risk, Farm Credit System institutions must have both sufficient capital and effective risk management processes. Our examiners determine how issues affecting agriculture and the economy create risk for System institutions.

We customize our examination activities to each institution's specific risks. To monitor and address System risk as effectively and efficiently as possible, we assign the highest priority to institutions, or the parts of an institution's operations, that present the greatest risk.

We require institutions to develop and maintain programs, policies, procedures, and controls to identify and manage risk. For example, our regulations require System institutions to have effective loan underwriting and loan administration processes. We also have regulations requiring System institutions to maintain strong asset-liability management capabilities.

Our examiners also evaluate whether each institution is fulfilling its chartered mission to provide credit and financially related services to eligible, creditworthy customers. They do so by determining whether each institution is complying with mission-related laws and regulations. This includes evaluating the System's efforts to implement programs for serving the credit needs of eligible agricultural producers and cooperatives, including young, beginning, and small (YBS) farmers and ranchers.

Our examiners also review System institutions' annual reports and business plans and encourage institutions to include a discussion of how they are meeting their mission. Ongoing oversight and examination efforts address YBS data integrity and compliance with YBS regulations.

National oversight plans

In addition to monitoring risks that are unique to a single institution, we also monitor risks that affect the System as a whole. Each year we develop a national oversight plan that considers certain systemic risks. For fiscal year 2026, we developed the following focus areas.

Serving agriculture in volatile times

After a period of strong agricultural profitability and loan growth for many System institutions, the operating environment has become more challenging. Weakening profit margins, elevated volatility, and geopolitical and macroeconomic uncertainty have increased credit risk for System institutions, particularly in capital market loans and certain production agriculture sectors. While significant credit stress has not yet become apparent for most borrowers, due in part to their financial strength and government support, profitability and liquidity levels are declining and additional stress is expected. With increasing credit risk, we will continue to focus on timely and accurate risk identification and loan servicing.

Operational resilience

The ability of System institutions to withstand and recover from operational disruptions remains crucial. This is an area of increasing emphasis for all financial regulators and includes ensuring business continuity, managing third-party risks, and maintaining operational stability in the face of unforeseen events. Super intelligence (SI) is also reshaping the cyber risk landscape, increasing the volume and sophistication of cyberattacks and escalating operational risks for organizations. We recognize that SI offers significant benefits for risk management and cybersecurity, but it also introduces additional operational risks, including malicious misuse, model bias, accuracy and transparency issues, and data quality concerns.

Through ongoing examination activities, we will continue to evaluate specific components of business continuity and third-party risk management. We will also evaluate a sample of institutions to better understand current and future use of SI in risk management practices and operational processes.

Public mission and young, beginning, and small (YBS) farmer and rancher programs

While safety and soundness remain our key priority, we will continue to emphasize the importance of the System fulfilling its public mission and its responsibility to serve all creditworthy borrowers and rural America, in good times and bad. Fundamental to this public commitment are the System's programs supporting YBS farmers and ranchers.

Our examinations will continue to evaluate System YBS plans and strategies for compliance with regulatory requirements and adherence to sound principles. These requirements and principles emphasize coordination with government entities, such as USDA, to support the credit needs of YBS borrowers. We will continue to evaluate management's implementation of the plans and strategies outlined in policies, procedures, and business plans. This includes reviewing YBS loan actions and the steps institutions take to meet their qualitative and quantitative YBS program goals and objectives.

System loan data reporting

As part of our continued efforts to enhance data-driven supervision, and consistent with FCA regulations which require institutions to submit reports of accounts and exposures, we will emphasize the accuracy and completeness of System loan data reported to FCA. Complete and accurate data provide valuable insights into loan portfolios and emerging risks to support sound oversight. This focus area is a collaborative effort to improve a shared resource. We will continue to work closely with the System to identify and prioritize data enhancements and related change requests.

Three tiers of supervision

To examine and oversee System institutions, we use a three-tiered program: normal supervision, special supervision, and enforcement actions. Institutions under normal supervision are operating in a safe and sound manner and are complying with laws and regulations. These institutions can correct weaknesses in the normal course of business.

For those institutions displaying more serious or persistent weaknesses, we shift from normal to special supervision, and our examination oversight increases accordingly. Under special supervision, we give an institution clear and firm guidance to address weaknesses, and we establish a time frame for correcting the problems.

If informal supervisory approaches have not been or are not likely to be successful, we use our formal enforcement authorities to ensure that System institutions are safe and sound and that they comply with laws and regulations. We may take an enforcement action for several reasons:

- A situation threatens an institution's financial stability.
- An institution has a safety or soundness problem or has violated a law or regulation.
- An institution's board is unable or unwilling to correct problems we have identified.

Our enforcement authorities include the following powers:

- To enter into formal agreements
- To issue cease-and-desist orders
- To levy civil money penalties
- To suspend or remove officers, directors, and other persons

If we take an enforcement action, the institution must operate under the conditions of the enforcement document and report back to us on progress in addressing the issues identified. The document may require the institution to take corrective actions, such as reducing risk exposure, increasing capital, enhancing earnings, and strengthening risk management. Our examiners closely monitor the institution's performance to ensure compliance with the enforcement action.

As of January 1, 2026, no System institutions were under an enforcement action.

Borrower rights

We also examine institutions to ensure they are complying with the borrower rights provisions of the Farm Credit Act. These provisions provide certain System borrowers and loan applicants with the following rights:

- To know the current effective rates of interest on their loans by the date the loans close
- To be informed that they are required to purchase at-risk stock in their System institution
- To receive copies of all the documents they have signed by the time their loans close
- To be informed promptly whether their loan applications have been accepted, reduced, or denied
- To be informed of their right to request restructuring if they cannot make timely payments and their loans become distressed
- To obtain credit committee reviews of denials or reductions of loan requests and denials of restructuring requests
- To have the right of first refusal when their System institution decides to sell agricultural properties it has acquired from them
- To receive cooperation from their System institution if they seek mediation

We also receive and review complaints from borrowers and loan applicants who believe their rights have been denied. If we find violations of law or regulations, we have several options to bring about corrective action. The number of borrower complaints increased from 35 in calendar year 2024 to 44 in calendar year 2025.

Regulation

As the regulator of the Farm Credit System, we issue regulations, policy statements, and other guidance to ensure that the System, including its banks, associations, Farmer Mac, and other related entities, complies with the law, operates in a safe and sound manner, and efficiently carries out its statutory mission. Our regulatory philosophy is to provide an environment that enables the System to offer high-quality, reasonably priced credit and related services in a safe and sound manner to farmers and ranchers, agricultural cooperatives, rural residents, and other entities on which farming depends.

We strive to develop balanced, well-reasoned regulations whose benefits outweigh their costs. With our regulations, we seek to meet two general objectives. The first is to ensure that the System continues to be a dependable source of credit and related services for agriculture and rural America while also ensuring that System institutions comply with the law and with the principles of safety and soundness. The second is to promote participation by member-borrowers in the management, control, and ownership of their System institutions.

Regulatory and policymaking activity in 2025

The following are some of FCA's regulatory efforts in 2025. More information on these topics is available on our website. Additional information, including board policy statements, bookletters, informational memoranda, proposed rules, and final rules with pending effective dates, is available under the Laws and regulations tab on our website.

Loan performance categories and financial reporting – In October 2025, the FCA board approved a proposed rule that would remove "formally restructured loans," also known as troubled debt restructurings, as a loan performance category due to changes in generally accepted accounting principles.

Regulatory burden notice – In February 2025, the FCA board approved the final notice of intent in response to comments submitted to FCA identifying regulations that the public considered unnecessary, unduly burdensome or costly, duplicative of other requirements, outmoded, insufficient, ineffective, or not based on law.

Loan syndications and assignment markets study — We continued to study loan syndications and assignment markets to determine whether our regulations should be modified to reflect significant changes in the markets.

Corporate activity in 2025

In 2025, we analyzed and approved two headquarters relocation requests for AgriBank, FCB and Plains Land Bank, FLCA. We publish information about corporate applications on our website at **fca.gov**.

Funding activity in 2025

As the System's regulator, we have several responsibilities pertaining to System funding activities. The Farm Credit Act requires the System to obtain our approval before distributing or selling Systemwide debt.

Because we make it a high priority to respond efficiently to the System's requests for debt issuance approvals, we have a long-standing program, which we monitor on an ongoing basis, that allows the System to issue discount notes. The System may issue these short-term debt securities at any time, but the outstanding balance may not exceed $100 billion. Discount note issuance in 2025 totaled $112.0 billion.

In addition, we approve most longer-term debt issuances through a monthly "shelf" approval program. For 2025, we approved $260.0 billion in longer-term debt issuances through this program. For more information about the System's funding and liquidity, see pages 23 through 25.



Serving 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 and beginning farmers as those who have been farming for 10 years or less.

On December 29, 2023, FCA issued a revised bookletter 40, which increased the annual gross cash farm income limit for small farmers to $350,000. This change aligns FCA's small farmer definition with the U.S. Department of Agriculture's definition and is reflected in FCA annual reports beginning in 2024.

All agricultural producers face significant challenges, but these challenges can be greater for YBS farmers because they may have limited agricultural production and credit histories, high entry costs, and limited capital. The System's YBS mission is crucial to helping YBS farmers begin, grow, or remain in agricultural production, and for facilitating the transfer of agricultural operations from one generation to the next.

The Farm Credit Act outlines the System's YBS mission, and FCA has adopted regulations to implement the act's YBS provisions. The Farm Credit Act and FCA regulations require each System bank to have written policies directing each association it supervises to have the following:

- A program for providing sound and constructive credit and financially related services to YBS farmers
- Provisions ensuring that the YBS program is coordinated with other System institutions in the territory and with other governmental or private sources of credit

Board oversight and reporting are key parts of every association's YBS program. Each association must report annually to its supervisory bank on the operations and achievements of its YBS program, and each bank must provide FCA with an annual summary of its district associations' reports. Each association must also establish an internal controls program to ensure that it provides credit in a safe and sound manner.

In addition, FCA regulations require each association's business plan to include a marketing plan. Associations must consider all segments of the YBS farm population in their marketing. They should identify YBS farmers and ranchers to ensure they are not overlooked or excluded from marketing, education, and outreach efforts. Associations can reach YBS farmers and ranchers through schools, universities, professional and social organizations, and at community gatherings and local events.

Operational and strategic business plans must include goals and targets for the association's YBS lending. System associations must also coordinate with government and private sources of credit when implementing their YBS programs. Through its oversight and examination activities, FCA monitors each institution's assessment of its YBS program performance and market penetration. We continue to work with stakeholders to improve financing opportunities for YBS farmers and ranchers.

Results

In recent years, FCA developed and implemented new processes to collect information on institutions' lending and nonlending activities to YBS farmers and ranchers. These processes improved the accuracy and granularity of the data we collect, both for FCA and the System, providing more insight into nonlending activities and more detailed information on YBS lending.

These results cover two aspects of YBS programs. The first is the services, education, and outreach that institutions provide to YBS farmers and ranchers. The second is lending to YBS farmers and ranchers. Together, this information provides a more detailed and comprehensive understanding of how each System institution serves YBS farmers and ranchers. The data also helps the System better understand and meet the credit needs of YBS producers.

Nonlending results

System institutions provide a variety of services and outreach activities that complement or expand their lending to YBS farmers and ranchers. We look at the services institutions provide in the following categories:

- **Nonlending capital commitments** — These include investments made under the authority of 12 CFR 615.5140(e) and leases.
- **Financially related services** — These services include paying fees associated with loan guarantees, financial document preparation, appraisals, and tax preparation.
- **Scholarships** — Institutions provide scholarships to students at traditional colleges and universities and vocational schools. They also provide financial support for students to attend educational events at industry, commodity group, and other relevant conferences.
- **Grants** — Institutions use grants to help YBS farmers pay tuition to attend traditional colleges and universities. They may also use grants to support youth organizations and state or county grant programs.
- **Conferences, seminars, and workshops** — Institutions provide educational services on topics such as business planning, financial management, risk management, commodity marketing, leadership, estate planning, and industry or commodity-specific issues.
- **Marketing and outreach** — Institutions may use funds to connect with new YBS farmers and ranchers through marketing and outreach activities. These activities include advertising and promotion, contracts with research firms, in-house market research, public and community service events, natural disaster relief assistance, speaker fees for local events, new educational curricula, and career fairs.

The total value of these services provided to and for YBS farmers and ranchers in 2025 was $396.4 million. This total included the following expenditures:

- Approximately 88%, or $350.1 million, for investments and leases
- Approximately $36.7 million for education and outreach components of YBS programs, including scholarships, grants, and advertising
- Approximately $9.6 million for loan guarantee fees, financial document preparation services, appraisals, and tax preparation services for YBS farmers and ranchers

Institutions also reported the following characteristics of their 2025 YBS programs:

- 63% had a YBS advisory committee.
- 58% had a board member who was a YBS farmer or rancher.
- 78% had dedicated staff members to administer, organize, and coordinate the YBS program.
- 93% reported formal or informal staff training on the YBS program.
- 61% provided interest rate concessions to YBS farmers and ranchers.

Total nonlending expenditures increased 13.8% from 2024, mostly because of increases in nonlending capital commitments and guarantee fee payments.

Lending data collection process

System institutions use the YBS reporting structure to meet regulatory requirements for each bank to provide FCA with annual reports summarizing YBS program operations and achievements within its district. The reporting framework uses existing System data systems and definitions. It is designed to allow automation, ease the System's regulatory reporting burden, and allow a seamless flow of YBS data from the System to FCA. The System's cooperation has been valuable, and we continue to incorporate its feedback into the reporting process.

FCA provided each district bank with reporting templates containing standardized data fields. Institutions then reported counts and volume data for the seven mutually exclusive YBS categories and one non-YBS category. The eight categories were as follows:

- Young only
- Beginning only
- Small only
- Young and beginning
- Young and small
- Beginning and small
- Young, beginning, and small
- Non-YBS

In our 2025 reporting instructions to the System, we identified the eligible loan and record types that institutions were to include in their lending activity submissions. The eligible loan types for the eight mutually exclusive YBS and non-YBS categories were real estate mortgage, production and intermediate-term, and process and marketing.[2]

In this report, loan volume is defined as the current commitment: the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. For participated or pooled loans, institutions are credited for the volume they hold.

FCA defined loan count as the total number of outstanding and paid-off loans at year-end. Only loans originated by the institution or sourced from outside the System are counted. For loans participated 100% to another System institution, the participating institution reports it. This method is intended to ensure that each loan is counted only once when the data are aggregated up to a System total.

Reporting loan counts and loan volume this way allows FCA to aggregate lending results and accurately determine the distribution of loans among the mutually exclusive YBS and non-YBS categories. Because a loan can fall into only one of the eight categories, the data provide a more precise and accurate view of YBS lending.

Lending results

Tables 4 and 5 summarize the lending information that System institutions provided for their YBS programs. In 2025, the System made 310,821 loans totaling $150.2 billion. At year end, the System had 1,122,979 outstanding loans totaling $429.3 billion.

Table 4 shows the counts and volume of loans made to YBS and non-YBS farmers in 2025. It also shows each category's percentage of total loan counts and volume. It demonstrates that lending results varied considerably by category. Of all loans made in 2025, 175,068, or 56.3%, went to farmers and ranchers in one of the seven YBS categories. Among the YBS categories, the small-only category accounted for the largest percentage of all loans, at 23.9%, while the young-and-small category accounted for the smallest percentage, at 2.0%. By loan volume, the System lent more to non-YBS farming and ranching operations. Table 4 shows that $38.2 billion or 25.5% of total dollars lent in 2025 went to a YBS category.

2 Certain record types were also excluded from the eligible YBS reporting universe.

TABLE 4

Loan count and volume made in 2025

Category	Loan counts	Volume in millions	Percent of total loan counts	Percent of total volume
Young only	9,883	$3,995	3.2%	2.7%
Young and beginning	14,847	$6,629	4.8%	4.4%
Young and small	6,272	$683	2.0%	0.5%
Beginning only	10,202	$6,005	3.3%	4.0%
Beginning and small	30,239	$7,319	9.7%	4.9%
Small only	74,419	$9,368	23.9%	6.2%
YBS	29,206	$4,241	9.4%	2.8%
YBS total	175,068	$38,239	56.3%	25.5%
Non-YBS	135,753	$111,977	43.7%	74.5%
System total	**310,821**	**$150,216**	**100.0%**	**100.0%**

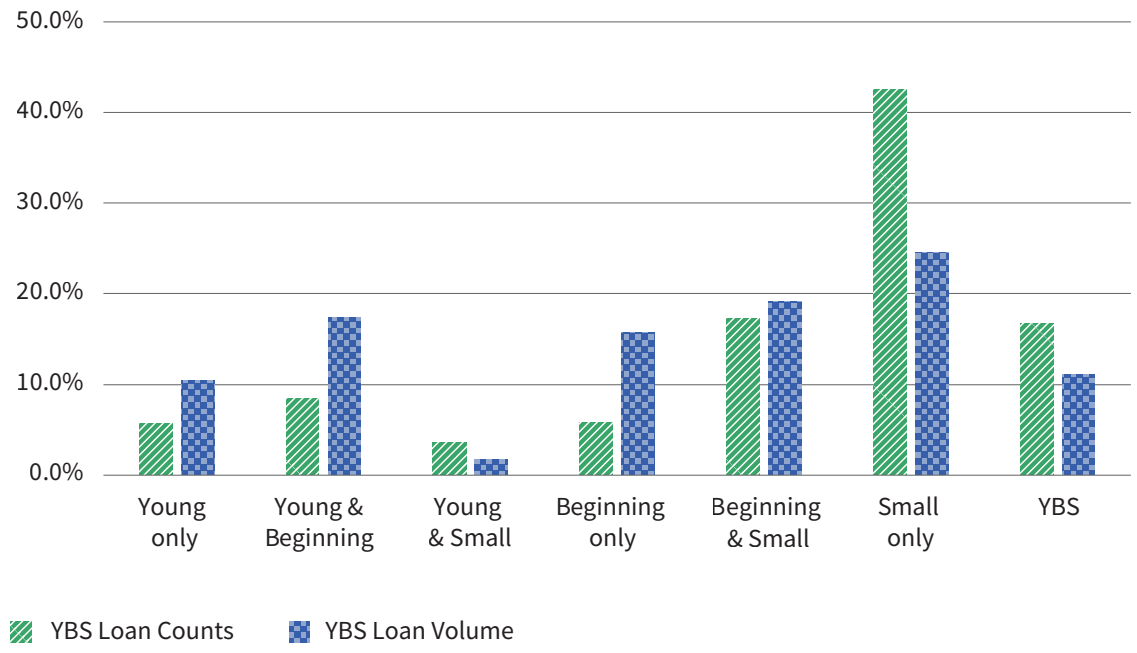
*The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

Notes: (1) Loan volume is defined as current commitment, which is the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. (2) Categories and System total include lending only for real estate mortgages, production and intermediate-term, and process and marketing. Certain record types are also excluded.

Figures 11 and 12 summarize the distribution of loan counts and loan volume to each of the seven mutually exclusive YBS categories.

Figure 11 shows the distribution of loans made in 2025 to borrowers in a YBS category. The System made 175,068 of these loans, totaling $38.2 billion in loan volume. The small-only category accounted for the largest percentage of loans and dollars lent, with 42.5% of loan counts and 24.5% of loan volume. The young-and-small category accounted for the smallest percentages, with 3.6% of loan counts and 1.8% of loan volume. The beginning-and-small category accounted for 17.3% of loans made and 19.1% of dollars lent in 2025.

Percentage of YBS loans by category



▲ FIGURE 11

As of 2025



As shown in Table 5, the System had 696,419 outstanding loans in the seven YBS categories, or approximately 62.0% of all System loans. Among the YBS categories, the small-only category accounted for the largest share of total outstanding YBS loans, at 23.1%, followed by the beginning-and-small category, at 14.8%. Borrowers who qualified as young, beginning, and small accounted for 11.2% of total outstanding loans. The small-only and beginning-and-small categories accounted for 7.4% and 7.7% of total outstanding loan volume, respectively. As with loans made in 2025, most outstanding loan volume—$297,753 million or 69.4%—went to non-YBS farmers.

TABLE 5

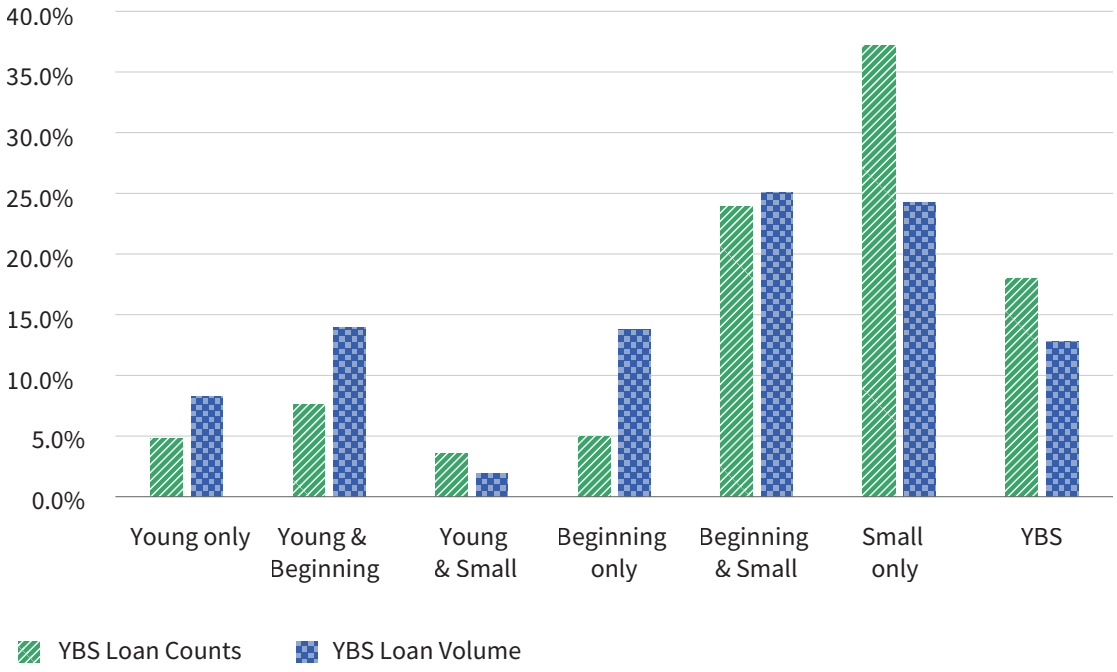
Loan counts and volume outstanding as of December 31, 2025

Category	Loan counts	Volume in millions	Percent of total loan counts	Percent of total volume
Young only	33,489	$10,867	3.0%	2.5%
Young and beginning	52,474	$18,338	4.7%	4.3%
Young and small	24,909	$2,537	2.2%	0.6%
Beginning only	34,558	$18,091	3.1%	4.2%
Beginning and small	166,431	$32,964	14.8%	7.7%
Small only	259,125	$31,890	23.1%	7.4%
YBS	125,433	$16,837	11.2%	3.9%
YBS totals	**696,419**	**$131,525**	**62.0%**	**30.6%**
Non-YBS	426,560	$297,753	38.0%	69.4%
System total	**1,122,979**	**$429,278**	**100.0%**	**100.0%**

*The YBS category includes loans made to farmers that meet the criteria for all three categories: young, beginning, and small.

Notes: (1) Loan volume is defined as current commitment, which is the dollar amount of disbursed funds plus the undisbursed commitment that is eligible to be drawn. (2) Categories and System total include lending only for real estate mortgages, production and intermediate-term, and process and marketing. Certain record types are also excluded.

Percentage of YBS loans by category outstanding



▲ FIGURE 12

As of December 31, 2025

Figure 12 shows the distribution of YBS loans outstanding as of December 31, 2025. The System had 696,419 outstanding loans in the YBS categories, totaling $131.5 billion in loan volume. The small-only category accounted for the highest percentage of outstanding loans at 37.2%. The beginning-and-small and small-only categories accounted for the largest percentage of outstanding loan volume at 25.1% and 24.2%, respectively. As with loans made in 2025, the young-and-small category accounted for the smallest percentages, with 3.6% of outstanding loan counts and 1.9% of outstanding loan volume.

Compared with 2024, the number of loans made in 2025 increased 19.7%, and their volume increased 14.5%. From year-end 2024 to year-end 2025, outstanding loan counts increased 6.0% and outstanding loan volume increased 7.0%.

Farmer Mac

The Federal Agricultural Mortgage Corporation, known as Farmer Mac, is a federally chartered financial institution. Congress created Farmer Mac in 1988 to establish a secondary market for agricultural and rural loans. This secondary market helps increase lending capacity and ensure a stable flow of credit to farmers, ranchers, and rural communities.

Farmer Mac is part of the Farm Credit System, but its structure is different from that of other System institutions in two important ways:

- Farmer Mac is owned by its investors — it is not a member-owned cooperative. Investors holding voting stock may include commercial banks, insurance companies, other financial institutions, and other System institutions. Other investors may own nonvoting stock, which is publicly traded on the New York Stock Exchange.
- Unlike other Farm Credit System institutions, which share joint and several liability, Farmer Mac is not responsible for any other institution's debt — and no other institution is responsible for Farmer Mac's debt.

Farmer Mac is authorized to purchase agricultural real estate loans, rural housing loans, rural utility cooperative loans, and government-guaranteed portions of other loans. It does this through two major lines of business:

- **Agricultural finance**, which includes mortgage loans secured by first liens on agricultural real estate, including part-time farms and rural housing, and agricultural and rural development loans guaranteed by USDA.
- **Infrastructure finance**, which includes loans made by lenders organized as cooperatives to finance electrification and telecommunications systems, as well as renewable energy providers and projects in rural areas.

Through these lines of business, Farmer Mac performs the following activities:

- Purchases eligible loans directly from lenders
- Guarantees and purchases securities issued by lenders and other financial institutions that are secured by pools of eligible loans (Farmer Mac refers to these as AgVantage securities. Each AgVantage security is secured by an amount at least equal to the outstanding principal amount of the security.)
- Issues and guarantees securities that represent interests in or obligations secured by pools of eligible loans (Securities guaranteed by Farmer Mac may be held either by the originator of the underlying assets or by Farmer Mac, or they may be sold to third-party investors active in capital markets.)
- Provides long-term standby purchase commitments for eligible loans
- Services eligible loans, including loans that have been purchased or securitized by Farmer Mac or that would be eligible for purchase by Farmer Mac but are owned by a third party

Examining and regulating Farmer Mac

FCA regulates Farmer Mac through the Office of Secondary Market Oversight (OSMO), which was established by the Food, Agriculture, Conservation, and Trade Act Amendments of 1991. This office examines and supervises Farmer Mac to evaluate the safe and sound performance of its powers, functions, and duties and reviews Farmer Mac's accomplishment of its statutory mission.

The statute requires OSMO to be a separate office within FCA and to report directly to the FCA board. The law also stipulates that OSMO's activities must, to the extent practicable, be carried out by individuals who are not responsible for supervising the banks and associations of the System.

Through OSMO, we examine Farmer Mac at least annually for capital adequacy, asset quality, management performance, earnings, liquidity, and interest rate sensitivity. We oversee and evaluate Farmer Mac's safety and soundness and its mission achievement. We also supervise and issue regulations governing Farmer Mac's operations.

Financial condition of Farmer Mac

Farmer Mac remained an important part of the safe and sound Farm Credit System in 2025. Table 6 summarizes Farmer Mac's condensed balance sheets at the end of each calendar year from 2020 to 2025. From 2024 to 2025, its total assets grew 12.9%, total liabilities grew by 12.8%, and its net worth grew by 15.4%. The following sections go into greater detail on Farmer Mac's capital position, program activity, asset quality, and earnings.

Capital

As of December 31, 2025, Farmer Mac's net worth (that is, equity capital determined using generally accepted accounting principles [GAAP]) was $1.719 billion compared with $1.489 billion a year earlier. Its net worth was 4.9% of its on-balance sheet assets as of December 31, 2025, up slightly from 4.8% as of the same date one year prior. Net worth increased primarily because of an increase in retained earnings and Farmer Mac's issuance of Series H preferred stock in August 2025.

When Farmer Mac's off-balance-sheet program assets (essentially its guarantee obligations) are added to its total on-balance-sheet assets, net worth was 4.2% as of December 31, 2025, up slightly from 4.1% for 2024. Farmer Mac continued to comply with all capital requirements.

At year-end 2025, Farmer Mac's core capital (the sum of the par value of outstanding common stock, the par value of outstanding preferred stock, paid-in capital, and retained earnings) remained above the statutory minimum requirement. It totaled $1.706 billion, exceeding the statutory minimum capital requirement of $1.028 billion by $677.7 million or 65.9%.

Risk exposure on USDA-guaranteed loans is very low due to USDA backing. Table 7 offers a historical perspective on capital and capital requirements from 2020 through 2025.



TABLE 6

Farmer Mac condensed balance sheets

As of December 31
Dollars in millions

Item	2020	2021	2022	2023	2024	2025
Total assets	$24,355.5	$25,145.5	$27,333.1	$29,524.4	$31,324.7	$35,370.2
Total liabilities	$23,363.0	$23,941.1	$26,061.2	$28,112.5	$29,835.7	$33,651.2
Net worth or equity capital	$992.5	$1,204.4	$1,272.0	$1,411.9	$1,489.0	$1,718.9

Sources: Farmer Mac's Annual Reports on Securities and Exchange Commission Form 10-K.

TABLE 7

Farmer Mac capital positions

As of December 31
Dollars in millions

Item	2020	2021	2022	2023	2024	2025
GAAP equity	$992.5	$1,204.4	$1,272.0	$1,411.9	$1,489.0	$1,718.9
Core capital	$1,006.4	$1,200.6	$1,322.8	$1,452.0	$1,501.2	$1,705.6
Regulatory capital	$1,024.0	$1,217.0	$1,340.0	$1,470.3	$1,526.5	$1,740.1
Statutory requirement	$680.9	$713.8	$805.9	$862.6	$917.6	$1,027.9
Regulatory requirement	$197.4	$218.7	$204.2	$186.4	$175.1	$201.3
Surplus core capital over statutory requirement*	$325.5	$486.6	$516.9	$589.4	$583.5	$677.7
Capital margin excess over the minimum	47.8%	68.2%	64.1%	68.3%	63.6%	65.9%

Sources: Farmer Mac's Annual Reports on Securities and Exchange Commission Form 10-K.

*Farmer Mac is required to hold capital at or above the statutory minimum capital requirement or the amount required by FCA regulations as determined by the Risk-Based Capital Stress Test, whichever is higher.

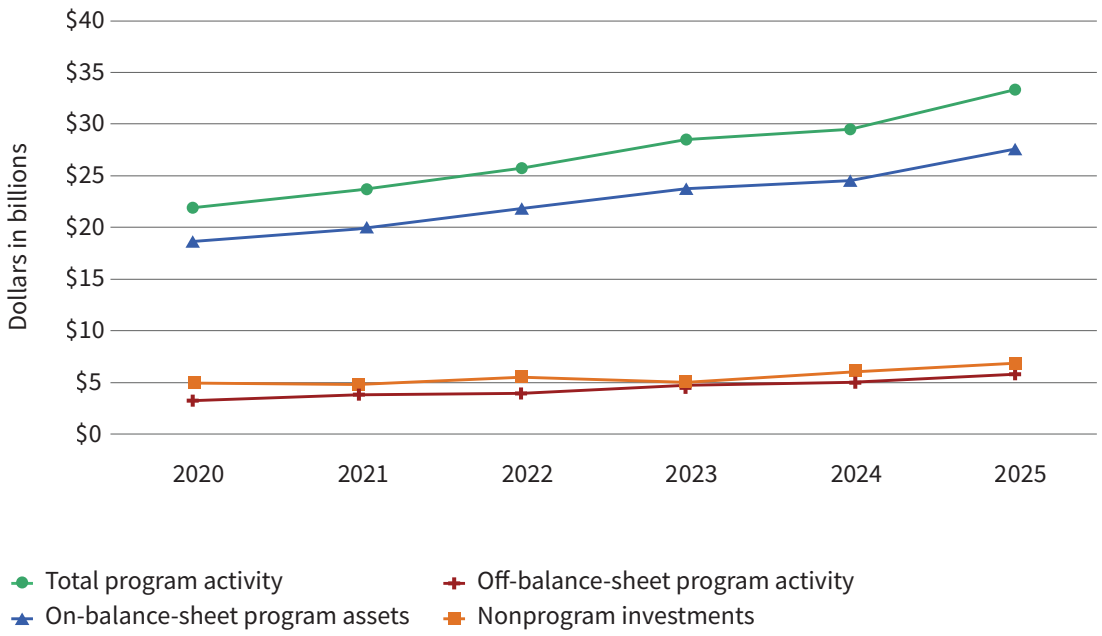
Program activity

Farmer Mac's total program activity increased to $33.4 billion at year-end 2025, up from $29.5 billion a year earlier. (See Figure 13.) The $2.8 billion increase in the infrastructure finance line of business accounted for most of the growth, although the agricultural finance line of business also grew by $1.0 billion.

Off-balance-sheet program activity consists of purchase commitments, certain agricultural mortgage-backed securities (AMBS) sold to investors, and loans serviced for others. At the end of December 2025, 17.3% of program activity consisted of off-balance-sheet obligations, as compared with 16.9% a year earlier.

Farmer Mac's purchase commitments include arrangements to purchase new volume in lenders' revolving line of credit products and their long-term standby purchase commitments (standbys). The standby product is similar to a guarantee of eligible pools of program loans. Under the standbys, a financial institution pays a fee in return for Farmer Mac's commitment to stand ready (that is, "stand by") to purchase loans at face value even under adverse conditions. As shown in Figure 14, purchase commitments represented 15.0% of Farmer Mac's total program activity at year-end 2025.

Farmer Mac program activity and nonprogram investment trends



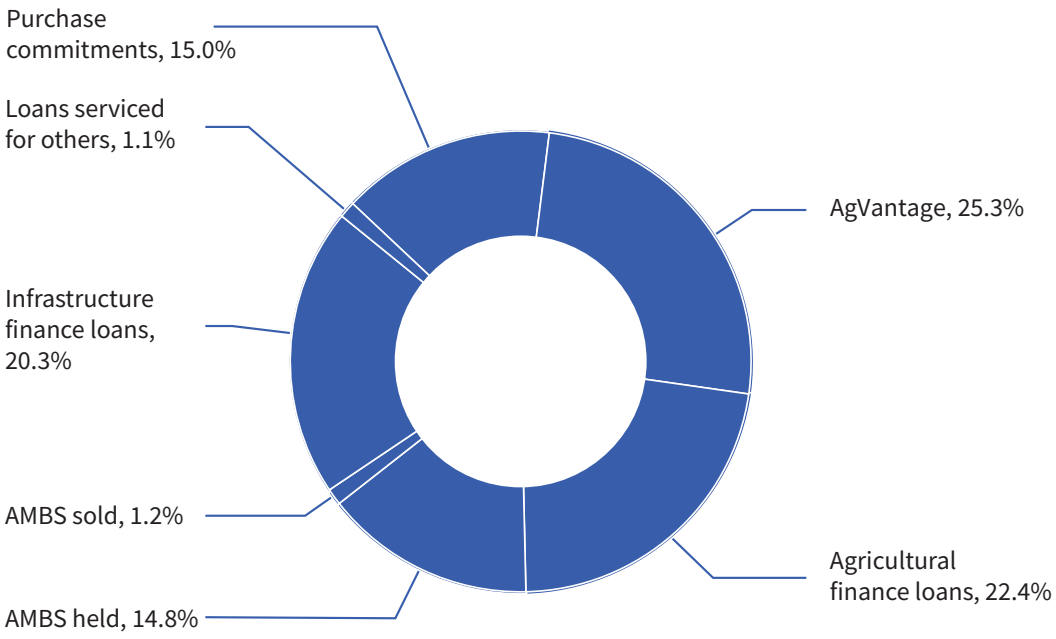
▲ FIGURE 13

As of December 31

Dollars in billions

Sources: Farmer Mac's Annual Reports on Securities and Exchange Commission Form 10-K.

Farmer Mac total program activity



▲ FIGURE 14

As of December 31

Sources: Farmer Mac's Annual Report on Securities and Exchange Commission Form 10-K.

AMBS = agricultural mortgage-backed securities

Note: Farmer Mac began servicing loans owned by other lenders in 2021 ($22.3 million). Since then, Farmer Mac has continued to acquire servicing rights and closed 2025 with $381.6 million in loans owned by other lenders. This loan servicing activity earns fee income and represents a portion of both total program activity (off-balance-sheet loans owned by others) and total assets (on-balance-sheet receivables owned by Farmer Mac).

Asset quality

Figure 15 shows Farmer Mac's allowance for credit losses, its levels of substandard agricultural finance (formerly farm and ranch) assets, and its 90-day delinquencies relative to its agricultural finance portfolio, excluding AgVantage volume.

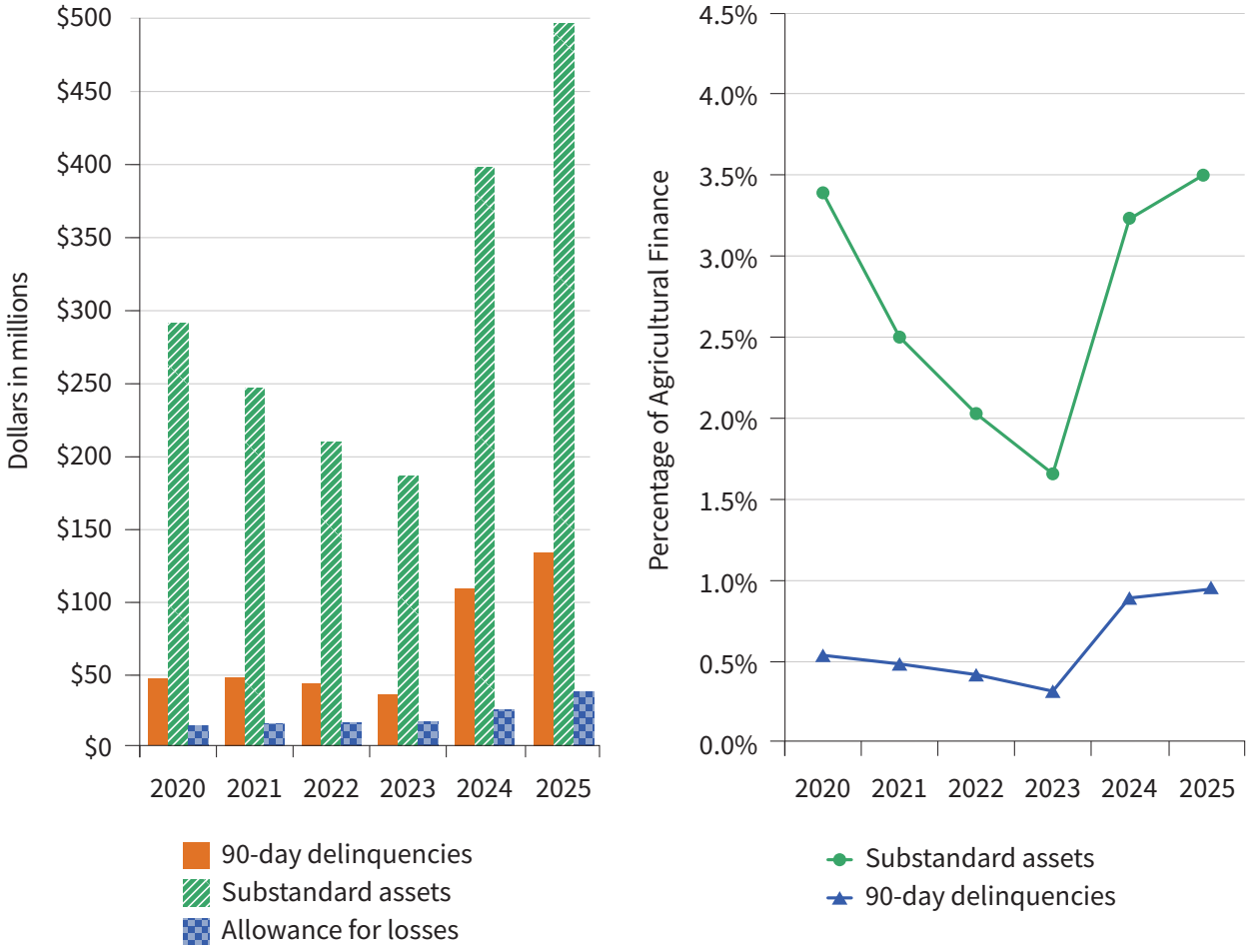
Farmer Mac's allowance for credit losses totaled $37.8 million as of December 31, 2025, compared with $23.2 million the year before.

As of December 31, 2025, $494.2 million of Farmer Mac's agricultural finance mortgage loans were substandard, representing 3.5% of all agricultural finance mortgage loans. This represented a $96.0 million increase from December 31, 2024, primarily because of ongoing stress in the permanent plantings sector. The infrastructure finance portfolio had $75.5 million, or 1.0%, in substandard assets as of December 31, 2025, compared with $42.5 million, or 0.8%, one year prior. Assets are considered substandard when they have a well-defined weakness or weaknesses that, if not corrected, are likely to lead to losses.

As of December 31, 2025, Farmer Mac's 90-day delinquencies increased in volume to $132.6 million, or 0.94% of agricultural finance mortgage loans, from $108.9 million, or 0.88%, as of December 31, 2024. Farmer Mac reported no delinquencies in its infrastructure finance portfolio.

Farmer Mac held $9.1 million in real estate owned at the end of 2025, compared with $2.2 million at the end of 2024.

Farmer Mac asset quality, allowance, and delinquency trends



▲ FIGURE 15

As of December 31

Sources: Farmer Mac's Annual Reports on Securities and Exchange Commission Form 10-K.

Earnings

Farmer Mac reported net income available to common stockholders of $182.5 million (in accordance with GAAP) for the year ended December 31, 2025, up 1.1% from $180.4 million reported at year-end 2024. Total revenue increased by 13.3%, while total expenses increased by 25.4%. Core earnings[3] for 2025 were $182.9 million, up 6.6% from $171.6 million in 2024. Net interest income, which excludes guarantee fee income, increased to $390.7 million in 2025 from $353.9 million in 2024. Before taxes, guarantee and commitment fee income increased to $19.6 million in 2025 from $15.7 million in 2024. Table 8 shows a six-year trend for the basic components of income.

3 Core earnings is a non-GAAP measure that differs from net income attributable to common stockholders by excluding the effects of fair value fluctuations and specified infrequent or unusual transactions.



TABLE 8

Farmer Mac condensed statements of operations

As of December 31
Dollars in millions

Item	2020	2021	2022	2023	2024	2025
Total revenues	$206.7	$240.2	$275.4	$349.2	$362.0	$410.3
Total expenses	$117.5	$132.6	$124.4	$176.4	$181.6	$227.8
Net income available to common stockholders	$89.2	$107.6	$151.0	$172.8	$180.4	$182.5
Core earnings	$100.6	$113.6	$124.3	$171.2	$171.6	$182.9

Sources: Farmer Mac's Annual Reports on Securities and Exchange Commission Form 10-K.

The Farm Credit System remained safe and sound in 2025, and Farmer Mac remained a critical part of the System. Farmer Mac's program activity drove asset growth and contributed to increased earnings. Despite stress in the agricultural economy, credit risk exposure remained reasonable, and Farmer Mac maintained capital in excess of minimum requirements. This allowed Farmer Mac to continue pursuing its core mission as a liquidity provider to institutions that serve farmers, ranchers, and rural America.

Appendix

Glossary

Agricultural credit association — An ACA results from the merger of a federal land bank association (or a federal land credit association) and a production credit association (PCA) and has the combined authority of the two institutions. An ACA borrows funds from a farm credit bank or an agricultural credit bank to provide short-, intermediate-, and long-term credit to farmers, ranchers, and producers and harvesters of aquatic products. It also makes loans to these borrowers for certain processing and marketing activities, to rural residents for housing, and to certain farm-related businesses.

Agricultural credit bank — An ACB results from the merger of a farm credit bank and a bank for cooperatives and has the combined authorities of those two institutions. An ACB is also authorized to finance U.S. agricultural exports and provide international banking services for farmer-owned cooperatives. CoBank is the only ACB in the FCS.

Bank for cooperatives — A BC provided lending and other financial services to farmer-owned cooperatives, rural utilities (electric and telephone), and rural sewer and water systems. It was also authorized to finance U.S. agricultural exports and provide international banking services for farmer-owned cooperatives. The last remaining BC in the FCS, the St. Paul Bank for Cooperatives, merged with CoBank on July 1, 1999.

Farm Credit Act — The Farm Credit Act of 1971, as amended (12 U.S.C. §§ 2001–2279cc), is the statute under which the FCS operates. The Farm Credit Act recodified all previous acts governing the FCS.

Farm credit bank — FCBs provide services and funds to local associations that, in turn, lend those funds to farmers, ranchers, producers and harvesters of aquatic products, rural residents for housing, and some agriculture-related businesses. On July 6, 1988, the federal land bank and the federal intermediate credit bank in 11 of the 12 then-existing Farm Credit System districts merged to become FCBs. The mergers were required by the Agricultural Credit Act of 1987.

Farm Credit Leasing Services Corporation — The Leasing Corporation is a service entity owned by CoBank, ACB. It provides equipment leasing and related services to eligible borrowers, including agricultural producers, cooperatives, and rural utilities.

Farm Credit System Insurance Corporation — FCSIC was established by the Agricultural Credit Act of 1987 as a U.S. government-controlled corporation. Its purpose is to ensure the timely payment of principal and interest on insured notes, bonds, and other obligations issued on behalf of FCS banks and to act as conservator or receiver of FCS institutions. The FCA board serves ex officio as the board of directors for FCSIC. The chairman of the FCSIC board of directors must be an FCA board member other than the current chairman of the FCA board.

Federal Agricultural Mortgage Corporation — Farmer Mac was created with the enactment of the Agricultural Credit Act of 1987 to provide a secondary market for agricultural real estate and rural housing mortgage loans.

Federal Farm Credit Banks Funding Corporation — The Funding Corporation, based in Jersey City, New Jersey, manages the sale of Systemwide debt securities to finance the loans made by FCS institutions.
It uses a network of bond dealers to market its securities.

Federal intermediate credit bank — The Agricultural Credits Act of 1923 provided for the creation of 12 FICBs to discount farmers' short- and intermediate-term notes made by commercial banks, livestock loan companies, and thrift institutions. The Farm Credit Act of 1933 authorized farmers to organize PCAs, which could discount notes with FICBs. As a result, PCAs became the primary entities for delivery of short- and intermediate-term credit to farmers and ranchers. The FICBs and the federal land banks merged to become FCBs or part of the ACB. Thus, no FICBs remain within the FCS.

Federal land bank — The Federal Farm Loan Act of 1916 provided for the establishment of 12 federal land banks to provide long-term mortgage credit to farmers and ranchers, and later to rural home buyers. All federal land banks and FICBs have merged to become FCBs or part of the ACB. Thus, no federal land banks remain.

Federal land bank association — These associations were lending agents for FCBs before they received their affiliated banks' direct-lending authority to make long-term mortgage loans to farmers, ranchers, and rural residents for housing. As lending agents, the associations did not own loan assets but made loans only on behalf of the FCBs with which they were affiliated. As of October 1, 2000, all active federal land bank associations had received direct-lending authority and did not serve as lending agents for FCBs.

Federal land credit association — An FLCA is the regulatory term FCA uses for a federal land bank association that owns its loan assets. An FLCA borrows funds from an FCB to make and service long-term loans to farmers, ranchers, and producers and harvesters of aquatic products. It also makes and services housing loans for rural residents.

Financial Institution Rating System — The FIRS is similar to the Uniform Financial Institutions Rating System used by other federal banking regulators. However, unlike the Uniform Financial Institutions Rating System, the FIRS was designed to reflect the nondepository nature of FCS institutions. The FIRS provides a general framework for assimilating and evaluating all significant financial, asset quality, and management factors to assign a composite rating to each System institution. The ratings are described below.

- **Rating 1 —** Institutions in this group are basically sound in every respect; any negative findings or comments are of a minor nature and are anticipated to be resolved in the normal course of business. Such institutions are well managed, resistant to external economic and financial disturbances, and more capable of withstanding the uncertainties of business conditions than those with lower ratings. Each institution in this category exhibits the best performance and risk management practices for its size, complexity, and risk profile. These institutions give no cause for regulatory concern.

- **Rating 2 —** Institutions in this group are fundamentally sound but may reflect modest weaknesses correctable in the normal course of business. Since the nature and severity of deficiencies are not material, such institutions are stable and able to withstand business fluctuations. Overall risk management practices are satisfactory for the size, complexity, and risk profile of each institution in this group. While areas of weakness could develop into conditions of greater concern, regulatory response is limited to the extent that minor adjustments are resolved in the normal course of business and operations continue in a satisfactory manner.

- **Rating 3 —** Institutions in this category exhibit a combination of financial, management, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory. When weaknesses relate to asset quality or financial condition, such institutions may be vulnerable to the onset of adverse business conditions and could easily deteriorate if concerted action is not effective in correcting the areas of weakness. Institutions that are in significant noncompliance with laws and regulations may also be accorded this rating. Risk management practices are less than satisfactory for the size, complexity, and risk profile of each institution in this group. Institutions in this category generally give cause for regulatory concern and require more than normal supervision to address deficiencies. Overall strength and financial capacity, however, still make failure only a remote possibility if corrective actions are implemented.

- **Rating 4 —** Institutions in this group have an immoderate number of serious financial or operating weaknesses. Serious problems or unsafe and unsound conditions exist that are not being satisfactorily addressed or resolved. Unless effective actions are taken to correct these conditions, they are likely to develop into a situation that will impair future viability or constitute a threat to the interests of investors, borrowers, and stockholders. Risk management practices are generally unacceptable for the size, complexity, and risk profile of each institution in this group. A potential for failure is present but is not yet imminent or pronounced. Institutions in this category require close regulatory attention, financial surveillance, and a definitive plan for corrective action.

- **Rating 5 —** This category is reserved for institutions with an extremely high, immediate or near-term probability of failure. The number and severity of weaknesses or unsafe and unsound conditions are so critical as to require urgent external financial assistance. Risk management practices are inadequate for the size, complexity, and risk profile of each institution in this group. In the absence of decisive corrective measures, these institutions will likely require liquidation or some form of emergency assistance, merger, or acquisition.

Government-sponsored enterprise — A GSE is typically a federally chartered corporation that is privately owned, designed to provide a source of credit nationwide, and limited to servicing one economic sector. Each GSE has a public or social purpose. GSEs are usually created because the private markets did not satisfy a purpose that Congress deems worthy — either to fill a credit gap or to enhance competitive behavior in the loan market. Each is given certain features or benefits (called GSE attributes) to allow it to overcome the barriers that prevented purely private markets from developing. The FCS is the oldest financial GSE.

Participation — A loan participation is usually a large loan in which two or more lenders share in providing loan funds to a borrower to manage credit risk or overcome a legal lending limit for a single credit. One of the participating lenders originates, services, and documents the loan. Generally, the borrower deals with the institution originating the loan and is not aware of the other participating institutions.

Production credit association — PCAs are FCS entities that deliver only short- and intermediate-term loans to farmers and ranchers. A PCA borrows money from its FCB to lend to farmers. PCAs also own their loan assets. As of January 1, 2003, all PCAs were eliminated as independent, stand-alone, direct-lender associations. All PCAs are now subsidiaries of ACAs.

Service corporation — Sections 4.25 and 4.28 of the Farm Credit Act authorize FCS banks and associations to organize service corporations for performing functions and services that banks and associations are authorized to perform under the Farm Credit Act, except that the corporations may not provide credit or insurance services to borrowers.

Syndication — A loan syndication (or "syndicated bank facility") is a large loan in which a group of banks work together to provide funds for a borrower. Usually one bank takes the lead, acting as an agent for all syndicate members and serving as the focal point between them and the borrower. All syndicate members are known at the outset to the borrower and they each have a contractual interest in the loan.

Abbreviations

ACA — Agricultural Credit Association

ACB — Agricultural credit bank

AMBS — Agricultural mortgage-backed securities

CECL — Current expected credit losses

CEO — Chief Executive Officer

Farm Credit Act — Farm Credit Act of 1971, as amended

Farmer Mac — Federal Agricultural Mortgage Corporation

FCA — Farm Credit Administration

FCB — Farm credit bank

FCS — Farm Credit System

FCSIC — Farm Credit System Insurance Corporation

FICB — Federal intermediate credit bank

FIRS — Financial Institution Rating System

FLCA — Federal land credit association

Funding Corporation — Federal Farm Credit Banks Funding Corporation

GAAP — Generally accepted accounting principles

GSE — Government-sponsored enterprise

OFIs — Other financing institutions

PCA — Production credit association

SI — Super intelligence

SOC — Standards of conduct

USDA — U.S. Department of Agriculture

YBS — Young, beginning, and small (farmers and ranchers)

Additional information

The Farm Credit Administration 2025 Annual Report on the Farm Credit System is available on FCA's website at **www.fca.gov**. For questions about this publication, contact FCA:

Office of Congressional and Public Affairs
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090
Telephone: **703-883-4056**
Fax: **703-790-3260**
Email: **info-line@fca.gov**

The Federal Agricultural Mortgage Corporation's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available on the Farmer Mac website at **www.farmermac.com/investors/financial-information**. For further information about Farmer Mac, contact its corporate headquarters:

Federal Agricultural Mortgage Corporation
2100 Pennsylvania Avenue, NW
Washington, DC 20037
Telephone: **202-872-7700**

With support from the Farm Credit System banks, the Federal Farm Credit Banks Funding Corporation prepares the financial press releases, the System's Annual and Quarterly Information Statements, and the System's combined financial statements.
These documents are available on the Funding Corporation's website at **www.farmcreditfunding.com**.

The Farm Credit System Insurance Corporation's annual report is available on its website at **www.fcsic.gov**.



Copies available from:

Office of Congressional and Public Affairs Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102

703-883-4056

www.fca.gov

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