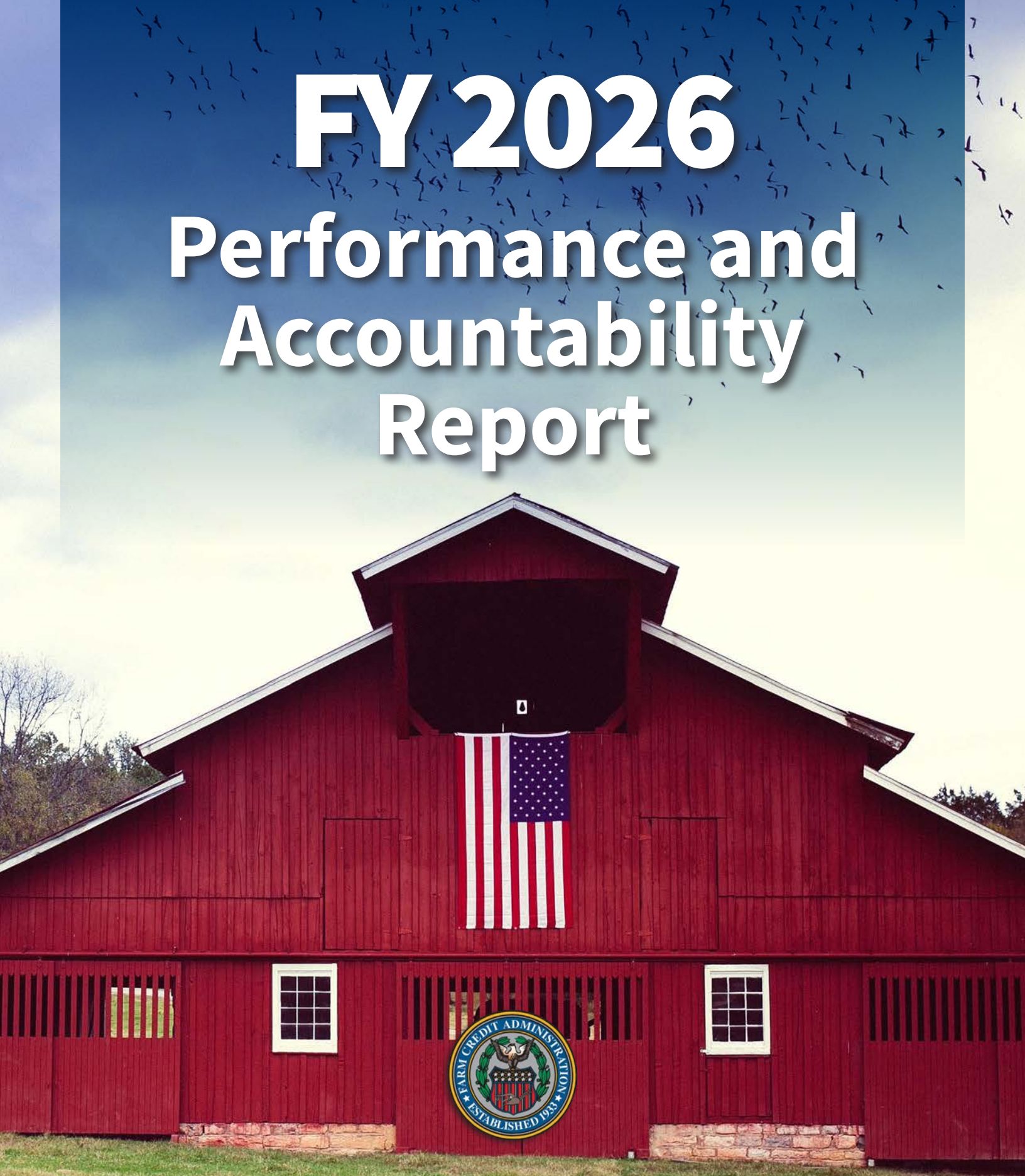
FY 2026 Performance and Accountability Report



Farm Credit Administration

Regulator of the Farm Credit System



Mission

The Farm Credit Administration ensures that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America.

Accessibility
This report is illustrated with photos of farm and ranch landscapes, livestock, and agricultural commodities. These photographs are artifacted, and essential graphs are described in readable text.

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List of Abbreviations Appearing in Report

CEAR	Certificate of Excellence in Accountability Reporting
CEO	Chief executive officer
CSRS	Civil Service Retirement System
DATA Act	Digital Accountability and Transparency Act of 2014
Farmer Mac	Federal Agricultural Mortgage Corporation
FCA	Farm Credit Administration
FCSIC	Farm Credit System Insurance Corporation
FCSBA	Farm Credit System Building Association
FERS	Federal Employees Retirement System
FMFIA	Federal Managers' Financial Integrity Act
FIRS	Financial Institution Rating System
FY	Fiscal year
IT	Information technology
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	U.S. Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSMO	Office of Secondary Market Oversight
SFFAS	Statements of Federal Financial Accounting Standards
System	Farm Credit System
YBS	Young, beginning, and small (farmers, ranchers, and producers and harvesters of aquatic products)

Statement from the board chairman and CEO



Nov. 12, 2026

As board chairman and CEO of the Farm Credit Administration, I present the agency's Fiscal Year (FY) 2026 Performance and Accountability Report, covering our activities and performance from Oct. 1, 2025, through Sept. 30, 2026.

In FY 2026, FCA continued to meet the goals outlined in its strategic plan and achieved key performance targets. Our financial statements once again received an unmodified opinion from an independent auditor. Based on the results of our internal reviews, we affirm that the information in this report is complete, accurate, and reliable. No material weaknesses were identified in our internal controls.

FCA serves as the arm's-length regulator of the Farm Credit System (System), including the Federal Agricultural Mortgage Corporation (Farmer Mac). Our mission is to ensure a safe, sound, and dependable source of credit for agriculture and rural America.

I am pleased to report that the System and Farmer Mac remain strong and financially sound. The System reported $4.31 billion in net income for the first six months of 2026, up from $3.90 billion for the same period a year ago. System capital totaled $88.7 billion as of June 30, up from $85.0 billion at year-end. Farmer Mac's outstanding business volume grew 11.5% during the first half of 2026, reaching $37.2 billion as of June 30.

Ensuring the safety and soundness of the System and Farmer Mac so that they fulfill their public missions for agriculture and rural America remains FCA's top priority. Over the past fiscal year, we continued to carry out our examination and regulatory responsibilities under the Farm Credit Act effectively and efficiently.

From July 1, 2025, to June 30, 2026, FCA prepared 45 formal reports of examination, 40 interim activity letters, and 63 Financial Institution Rating System letters for System institutions and Farmer Mac. We also responded to 43 inquiries and complaints from System borrowers and loan applicants.

Each year, we develop national oversight plans to identify areas requiring particular focus. Our examination focus areas for FY 2026 included serving agriculture in volatile times, operational resilience, public mission fulfillment, including young, beginning, and small farmer and rancher programs, and System loan data reporting.

We also made progress in reducing unnecessary regulatory burdens while maintaining strong oversight. Working with the System, we identified opportunities to modernize requirements, eliminate duplicative reporting, and provide alternatives to outdated practices. Most notably, FCA issued guidance on the electronic delivery of annual reports and annual meeting information statements, providing institutions with greater flexibility while reducing printing and postage expenses. We will continue reviewing opportunities to streamline regulations consistent with the System's safety and soundness.

Despite these accomplishments, FCA faces challenges as economic uncertainty increases risks to System institutions and their borrowers. Economic growth slowed during the first half of 2026, while conflict in the Middle East increased volatility in global energy markets and put upward pressure on inflation. In the farm economy, crop producers continue to face financial pressure from large global supplies, trade uncertainty, and elevated input costs, while livestock producers have benefited from strong prices and attractive feed costs.

These conditions have contributed to rising credit risk, requiring FCA to strengthen its oversight and remain responsive to emerging challenges. In FY 2026, we directed examination staff to focus on loans in higher-risk, stressed industries, emphasizing timely risk identification, proactive loan servicing, compliance with borrower rights, and forward-looking credit analysis. Maintaining effective oversight as economic conditions change will require continued vigilance and sound supervisory judgment.

FCA also faces the challenge of overseeing a growing System with a workforce that has not grown at the same pace. To expand our oversight capacity, we are investing in data analytics and technology to make examinations more efficient and consistent, improve risk identification, and support regulatory decisions. We are also piloting super intelligence tools within Office of Management and Budget guidelines while strengthening our cybersecurity and cloud analytics capabilities. These efforts will help us meet growing supervisory demands while managing the risks associated with emerging technologies.

As we look ahead, FCA remains committed to addressing these challenges through effective oversight, thoughtful regulation, and responsible innovation. By strengthening our supervisory capabilities and adapting to changing risks, we will work to ensure the System remains safe, sound, and able to meet the credit needs of farmers, ranchers, and rural communities.

The accomplishments described in this report reflect the excellence, integrity, and dedication of FCA's employees. I am grateful for their expertise, professionalism, and continued commitment to our mission.



Jeffery S. Hall
Board Chairman and CEO
Farm Credit Administration





Management's Discussion and Analysis

This section provides an overview of the Farm Credit Administration and our mission. It highlights our performance, financial results, systems and controls, compliance with laws and regulations, and an assessment of future challenges and plans.

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.

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 as chairman of the board. The chairman also serves as the chief executive officer.

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.

Agency organization

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 Sept. 30, 2026, we had 316 employees.

FCA is organized into the following offices. Information on office functions and leadership can be found on the **offices and officials webpage** of the FCA website.

- Office of the Board
- Office of the Chief Operating Officer
- Office of Agency Services
- Office of the Chief Financial Officer
- Office of Congressional and Public Affairs
- Office of Data Analytics and Economics
- Office of Equal Employment Opportunity
- Office of Examination
- Office of General Counsel
- Office of Information Technology
- Office of Inspector General
- Office of Regulatory Policy
- Office of Secondary Market Oversight
- Office of the Secretary to the Board

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 System banks.



Highlights of FCA's performance goals and results

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

In our Strategic Plan for Fiscal Years 2026-2030, we identified three strategic goals we must meet to fulfill our mission. For each goal, we identified strategic objectives to achieve the goal, as well as a set of performance metrics to monitor our progress in meeting the goal.

Strategic goals and objectives

GOAL 1 — Protect the safety and soundness of the Farm Credit System and Farmer Mac.

STRATEGIC OBJECTIVES

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

GOAL 2 — Ensure the Farm Credit System and Farmer Mac fulfill their public missions for agriculture and rural America.

STRATEGIC OBJECTIVES

1. Ensure the actions of institutions continue to support the public purpose to serve all creditworthy and eligible persons in agriculture and rural America and remain consistent with the Farm Credit Act and FCA regulations, and that the structure of the System remains aligned with its congressional mission and cooperative principles.
2. Ensure effective strategies and programs by System institutions intended to serve YBS farmers, ranchers, and producers and harvesters of aquatic products in their respective lending territories.

GOAL 3 — Maximize operational efficiency and effectiveness with a lean and strong workforce, streamlined processes, and transformative technological advancements.

STRATEGIC OBJECTIVES

1. Maintain an agile, highly skilled workforce prepared to respond to increasing complexity and risk in the System and shifts in the financial services industry.
2. Responsibly invest in information technology (IT) solutions and integrate emerging technologies, including super intelligence (SI), into agency operations to facilitate increased workforce efficiencies, data utilization and governance, and automation.

Our performance report shows that we met the strategic goals identified in our strategic plan. We met or exceeded all but one of the performance metrics for which data are available. The following is a summary of our performance in reaching our goals.

Strategic goals	Performance metrics	Met	Not met	Not applicable
Strategic goal 1: Protect the safety and soundness of the Farm Credit System and Farmer Mac.	13	10	1	2
Strategic goal 2: Ensure the Farm Credit System and Farmer Mac fulfill their public missions for agriculture and rural America.	10	9	-	1
Strategic goal 3: Maximize operational efficiency and effectiveness with a lean and strong workforce, streamlined processes, and transformative technological advancements.	6	6	-	-

1 STRATEGIC GOAL 1

Protect the safety and soundness of the Farm Credit System and Farmer Mac.

The Farm Credit System, which has $584 billion in assets, provides approximately 46% of our nation's agricultural lending; therefore, its safety and soundness is critical not just to farmers and rural communities but to the food and economic security of the entire country. That's why FCA's top priority is to ensure that the System remains a safe, sound, and dependable source of credit. Our effective examination and regulation of the System's institutions are key to this mission. We are pleased to report that the System and Farmer Mac remain strong and financially sound. The System continues to be well-positioned to meet the credit needs of American farmers, ranchers, and rural communities.

For strategic goal 1, we have 13 performance metrics. We achieved or exceeded our targets for 10 metrics associated with goal 1. The results for metric SO1.1.b were not available because the final status of operating plan objectives and National Oversight Plan strategies is not determined until Sept. 30. Metric SO1.1.c did not apply because the agency did not have any supervisory agreements in place with System institutions. Metric SO1.1.g was not met because three System institutions lacked sufficient contingency plans to preserve earnings capacity.

Performance metric		Target	Results
SO1.1.a	Percentage of institutions, including Farmer Mac, for which FCA completed the statutorily required examination.	100%	✓
SO1.1.b	The Office of Examination accomplished all operating plan objectives and completed all National Oversight Plan strategies.	Yes	⛔
SO1.1.c	Percentage of System institutions where supervisory agreement requirements were at least substantially met within 18 months of execution.	>80%	**N/A**
SO1.1.d	Percentage of System institutions with satisfactory audit and review programs, including institutions with acceptable corrective action plans.	>90%	✓
SO1.1.e	Percentage of System assets with a 1 or 2 composite FIRS rating.	>90%	✓
SO1.1.f	The Office of Secondary Market Oversight (OSMO) identified emerging risks as part of the examination and oversight process, and took appropriate supervisory and corrective actions when needed.	Yes	✓
SO1.1.g	Percentage of System institutions and Farmer Mac with sufficient contingency plans to preserve capital adequacy, earnings capacity, and access to funding, including institutions with acceptable corrective action plans.	100%	▼
SO1.1.h	Percentage of System institutions and Farmer Mac addressing cybersecurity threats and controls in risk assessments and internal audit plans, including institutions with acceptable corrective action plans.	>90%	✓
SO1.2.a	FCA published a semiannual Unified Agenda outlining the agency's planned regulatory and deregulatory actions for the next 12 to 24 months.	Yes	✓
SO1.2.b	FCA solicited comments from the public and other interested parties on certain guidance and all regulations issued by the agency.	Yes	✓
SO1.2.c	FCA requested input from persons outside of FCA for at least 90% of pre-rulemaking projects and proposed rules.	Yes	✓
SO1.2.d	Most objectives listed in the preamble of each final rule were met on the two-year anniversary of the rule's effective or implementation date.	Yes	✓
SO1.2.e	OSMO assessed the need for new, revised, or rescinded regulatory and policy guidance for Farmer Mac.	Yes	✓

The following defines the symbols and abbreviations used in the table above: **>** means greater than; **N/A** means the measure is not applicable; ▲ means we exceeded the target; ✓ means we achieved the target; ▼ means we did not meet the target; ⛔ means not available.

2 STRATEGIC GOAL 2

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

The System and Farmer Mac serve an important public purpose by providing credit to agriculture and rural America. FCA emphasizes System's responsibility to serve all creditworthy borrowers in good times and bad, including young, beginning, and small (YBS) farmers and ranchers. We support the System's cooperative structure and encourage innovation that strengthens service to agriculture and rural America.

For strategic goal 2, we have ten performance metrics. We achieved or exceeded the targets for nine metrics. Metric SO2.1.f was not applicable because System institutions did not submit any applications to merge, consolidate, or reaffiliate in FY 2026.

Performance metric		Target	Results
SO2.1.a	FCA emphasized the importance of the public mission of the System and Farmer Mac in public communications.	Yes	✓
SO2.1.b	Percentage of System institutions providing products and services to serve all creditworthy and eligible persons.	100%	✓
SO2.1.c	Percentage of direct-lender institutions with satisfactory consumer and borrower rights compliance, including institutions with acceptable corrective action plans.	90%	▲
SO2.1.d	OSMO evaluated Farmer Mac's business plan to ensure that all qualified loans, including loans to small farms and family farmers, were included in secondary market programs.	Yes	✓
SO2.1.e	OSMO evaluated Farmer Mac's progress toward achieving its mission to provide a source of long-term credit and liquidity for qualified loans.	Yes	✓
SO2.1.f	FCA evaluated System institution proposals to merge, consolidate, or reaffiliate for regulatory compliance and for potential impacts to public mission fulfillment and safety and soundness.	Yes	**N/A**
SO2.2.a	Percentage of direct-lender institutions with YBS programs in substantial compliance with regulations.	100%	✓
SO2.2.b	Percentage of System institutions with a 1 or 2 composite YBS rating.	>90%	✓
SO2.2.c	Percentage of System institutions with YBS program qualitative component ratings of strong or satisfactory.	>90%	✓
SO2.2.d	FCA provided qualitative and/or quantitative improvements to YBS data quality and internal research.	Yes	✓

The following defines the symbols and abbreviations used in the table above: **>** means greater than; **N/A** means the measure is not applicable; ▲ means we exceeded the target; ✓ means we achieved the target; ▼ means we did not meet the target; ⛔ means not available.

3 STRATEGIC GOAL 3

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

FCA is committed to maintaining a lean, effective workforce and achieving operational excellence. We focus on attracting, developing, and retaining talented employees; improving performance; and preparing the next generation of examiners and other key personnel.

We also support innovation and technology investments to modernize processes, improve efficiency, strengthen cybersecurity, and enhance our examination of regulated institutions. We remain committed to employee health and well-being.

For strategic goal 3, we have six performance metrics. We achieved or exceeded the targets for all metrics.

Performance metric		Target	Results
SO3.1.a	Training satisfaction survey scores were at least 85%.	85%	▲
SO3.1.b	FCA met Merit Hiring Plan requirements.	Yes	✓
SO3.2.a	FCA modernized one aging technology platform.	Yes	✓
SO3.2.b	We achieved and maintained not less than 95% vulnerability compliance for scanned assets that are within FCA's vulnerability management operating procedures.	Yes	✓
SO3.2.c	We implemented new human resources systems.	Yes	✓
SO3.2.d	We provided qualitative and quantitative improvements to data inventories and metadata.	Yes	✓

The following defines the symbols and abbreviations used in the table above: **>** means greater than; **N/A** means the measure is not applicable; ▲ means we exceeded the target; ✓ means we achieved the target; ▼ means we did not meet the target; ⛔ means not available.

Resources to achieve our strategic goals

The strategic goals, as outlined in the strategic plan, provide a framework for the development of the annual budget request and the performance metrics and targets. We formulate and execute our budget by allocating resources according to the agency's core mission program activities of policy and regulation, and safety and soundness.

When we formulate and execute our budget, we allocate dollars as follows:

- Policy and regulation
- Safety and soundness
- Other activity

Our strategic goals encompass the core program activities of policy and regulation, and safety and soundness. For purposes of the performance budget, we established the other activity program to track our reimbursable activities. We track these activities separately from the two agency mission program budgets for policy and regulation, and safety and soundness. Table 1 displays the proportion of our budget allocated to each core program activity and the proportion of the costs associated with each program.

As shown in table 1, actual costs for agency programs in FY 2026 differed from amounts budgeted; these differences reflect changes in focus during the year. For specifics on the agency resources expended in support of our agency mission, please refer to the analysis of results of operations section on page 16.

For more information about our performance results, see the performance results tables on pages 29-34. For governmentwide performance reporting results, please refer to **www.performance.gov.**

TABLE 1

FY 2026 performance budget versus program costs

Agency programs	Percentage of total performance budget	Percentage of total program costs
Policy and regulation	17.9%	21.4%
Safety and soundness	80.6%	78.0%
Other activity	1.5%	0.6%
Total	**100.0%**	**100.0%**

The FIRS

The Financial Institution Rating System, or FIRS, is similar to the Uniform Financial Institutions Rating System used by other federal banking regulators. Both systems evaluate their regulated institutions' CAMELS—their capital, asset quality, management, earnings, liquidity, and sensitivity to interest rate risk. However, unlike the system used by other regulators, the FIRS was designed to reflect the nondepository nature of System institutions. It provides a general framework for assimilating and evaluating all significant financial, asset quality, and management factors to assign composite and component ratings to each System institution.

CAPITAL — Capital is evaluated and rated based on the quantity and quality of capital, risks that could threaten capital, the ability to capitalize asset growth, and the management of capital. System institutions are expected to maintain capital commensurate with the nature and extent of risks to the institution and the ability of management to identify, measure, monitor, and control these risks.

ASSET QUALITY — Asset quality is evaluated and rated based on the credit risk in loans, investments, other real estate owned, and other assets. Management's ability to identify, measure, monitor, and control credit risk is also reflected here. This evaluation also considers the adequacy of the allowance for credit losses.

MANAGEMENT — Management is evaluated and rated based on the effectiveness of the board and management at identifying, measuring, monitoring, and controlling the risks of the institution's activities; ensuring that the institution operates in a safe, sound, and efficient manner and complies with applicable laws and regulations; and serving its public mission.

EARNINGS — Earnings are evaluated and rated based on the quantity, quality, and sustainability of the institution's earnings. This evaluation considers the adequacy of earnings in relation to the institution's various risk exposures, earnings strategies, operating efficiency, and the adequacy of earnings to fund capital needs.

LIQUIDITY — Liquidity is evaluated and rated based on the institution's ability to fund operations and meet debt obligations and cash flow requirements without incurring unacceptable losses or materially affecting the institution's daily operations and financial condition.

SENSITIVITY — Sensitivity is evaluated and rated based on the degree to which changes in interest rates can adversely affect the institution's earnings and capital. This evaluation addresses asset-liability management practices, hedges, strategies for managing interest rate risk, and risk measurement processes.

Analyses and highlights of FCA's financial statements

Financial highlights

Overview

We prepare our financial statements — including the balance sheet, statement of net cost, statement of changes in net position, and statement of budgetary resources — to provide a transparent view of our financial position and operational results.

In FY 2026, we received our 33rd consecutive unmodified audit opinion. Harper, Rains, Knight & Company, P.A., an independent public accounting firm, performed this year's audit. This outcome affirms that our financial statements are fairly presented in all material respects and conform to U.S. generally accepted accounting principles.

The auditors reported the following:

- No material weaknesses
- No significant deficiencies
- No instances of noncompliance with applicable laws and regulations

These results reflect our continued commitment to strong internal controls and financial stewardship. The financial highlights presented in this section provide an analysis of the information that appears in our financial statements found on pages 43–61.

Financial operation of FCA

FCA is funded by System institutions, not by American taxpayers. We operate through a revolving fund supported primarily by assessments from the Farm Credit System, including Farmer Mac; interest earned on investments with the Treasury; and reimbursements for services provided to other federal agencies.

Assessments are calculated using a formula established by FCA regulation and are based on our board-approved budget. Congress typically imposes a limitation on the total obligations we may incur each fiscal year. This funding model ensures that we remain financially independent while fulfilling our mission to regulate and oversee the System effectively.

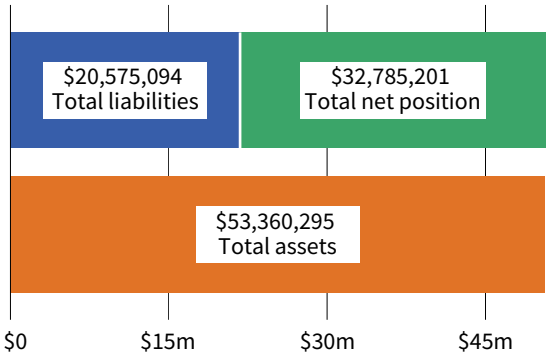
Analysis of financial position

The balance sheet provides a snapshot of our financial position as of Sept. 30, 2026. It shows what we own (assets), what we owe (liabilities), and the net position — what remains after liabilities are subtracted from assets. This information helps assess our financial health, including our ability to meet current obligations and invest in future needs to support a safe and sound System.

Figure 1 illustrates our total assets, liabilities, and net position as of Sept. 30, 2026.

FIGURE 1

FY 2026 balance sheet components

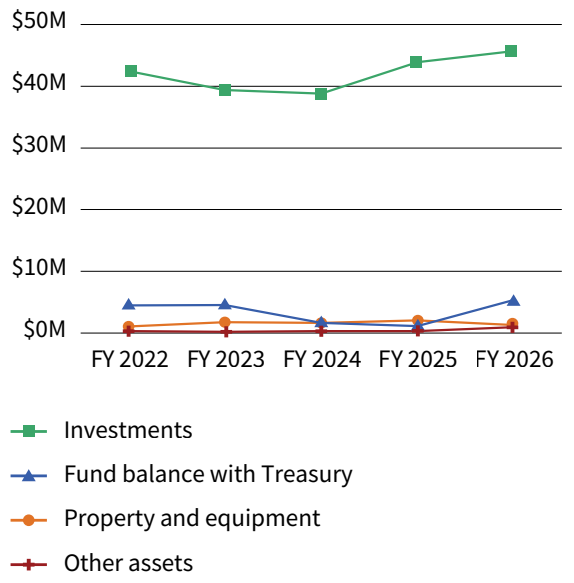


Analysis of assets

Assets are resources we own that provide current or future economic benefit. As of Sept. 30, 2026, our total assets were $53,360,295, an increase of $5,984,960 (12.6%) from FY 2025. This increase was primarily due to increased cash at fiscal year-end, combined with a greater investment balance. Figure 2 shows the composition of our assets for the last five fiscal years.

FIGURE 2

Distribution of total assets



We held $5,365,344 in cash (fund balance with Treasury) at fiscal year-end, an increase of 375.3% from Sept. 30, 2025. Although excess cash is typically invested in Treasury securities, the timing of collections affects the final balance. On Sept. 30, 2026, more funds were received after the investment cutoff time, resulting in a greater cash balance relative to Sept. 30, 2025. These late-day collections on the last day of the fiscal year — primarily prepaid assessments from System institutions due Oct. 1—were held in cash and invested the following day.

The investment portfolio, which makes up the largest portion of our assets, increased by $1,845,059 in FY 2026 when compared to FY 2025. The primary factor for this increase was the greater amount of securities purchased during this fiscal year relative to last year. In FY 2026, we purchased $17,303,703 in Treasury securities. We use an investment strategy that supports the following:

- Operational liquidity for our functions
- Interest income to build and maintain the agency's reserve

We maintain a reserve to cover unexpected, one-time events so that we do not have to raise assessments during financially challenging periods for System institutions. Our policy is to maintain a reserve equal to approximately two months of operating expenses.

The reserve, authorized under Section 5.15 of the Farm Credit Act of 1971, as amended, (12 U.S.C. 2250), accounted for 46.8% of the investment portfolio as of Sept. 30, 2026. The remaining balance included the following:

- Funded leave liability
- Prepaid assessments
- Obligations
- Carryover funds from prior years

Analysis of liabilities

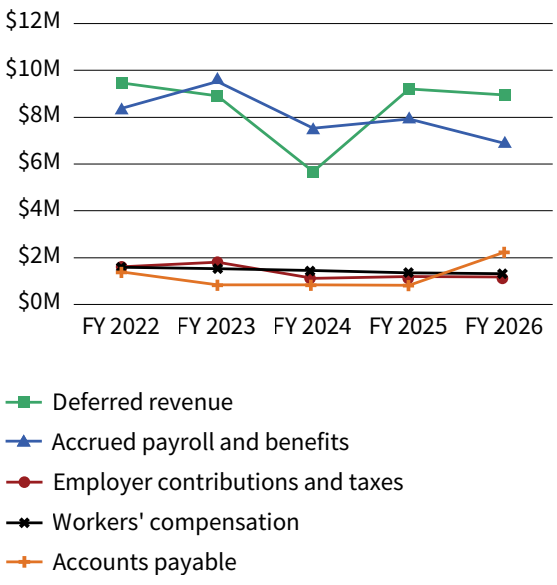
Liabilities represent our financial obligations—amounts owed to others. As of Sept. 30, 2026, liabilities included the following:

- Accounts payable
- Accrued payroll and benefits
- Employer contributions and taxes payable
- Workers' compensation
- Deferred revenue

Figure 3 shows the composition of our liabilities for the last five fiscal years. The dollar distributions on the balance sheet include more subcomponents than are included in Figure 3, which displays summarized categories.

FIGURE 3

Distribution of total liabilities



Total liabilities increased modestly by $63,837 (0.3%) from FY 2025, primarily due to an increase in accounts payable, offset by decreases in deferred revenue and accrued payroll liabilities.

Our accounts payable increased by $1,421,865 (171.6%) from FY 2025. Due to the timing of payments, we had higher liabilities for services received but not paid for at fiscal year-end compared with FY 2025.

Deferred revenue, the largest liability, decreased as fewer System institutions submitted early assessment payments—due Oct. 1 but received on or before Sept. 30. We collected $247,901 (2.7%) less in prepaid assessments this year compared with last.

Accrued payroll and benefits decreased by $1,053,874 (13.3%) as a result of a lower year-end payroll accrual. Based on the timing of pay periods, this year's payroll accrual included one fewer day compared than the FY 2025 accrual. This change, combined with lower staffing levels resulting from attrition and a governmentwide hiring freeze, contributed to the decrease. Employer contributions and payroll taxes dropped for the same reasons.

Analysis of net position

Our net position—the cumulative result of operations since the agency's inception—increased by $5,921,123 (22.0%) in FY 2026. This growth was primarily driven by increased investment balances, combined with a decrease in the net cost of operations. For a detailed breakdown, refer to the statement of changes in net position on page 45.

Analysis of results of operations

The statement of net cost presents our program costs (expenses) and revenues for FY 2026 based on accrual accounting (revenues recognized when earned, expenses when incurred). This may differ from budget-based figures elsewhere in the report. Our net cost of operations for FY 2026 was $4,000,888, a decrease from FY 2025. The combination of increased revenues and decreased expenses resulted in a $6,200,579 decrease in net cost compared with FY 2025.

Analysis of program costs

Total expenses for FY 2026 were $103,574,299, a decrease of $3,062,724 (2.9%) from FY 2025.

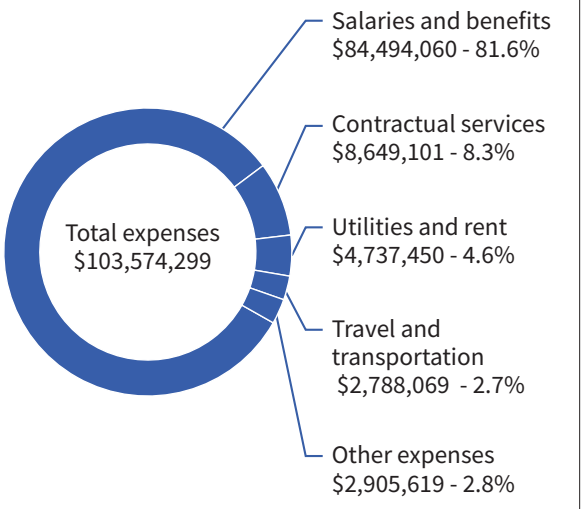
Employee salaries and benefits remain our largest expense, totaling $84,494,060 (81.6%) of program costs. This is a decrease of $4,890,660 (5.5%) from FY 2025, largely due to lower staffing levels due to staff attrition and a governmentwide hiring freeze, partially offset by planned salary adjustments and promotions. We continue to recruit and train staff to meet operational challenges and address evolving risks in the System, including Farmer Mac.

To remain competitive, we conduct periodic compensation studies in compliance with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, which requires parity with other federal financial regulators. The most recent study was completed in FY 2024 and found that our compensation was in line with other federal financial regulators. The next study is ongoing and will be completed in FY 2027.

Figure 4 highlights the distribution of program costs for FY 2026.

FIGURE 4

FY 2026 expenses

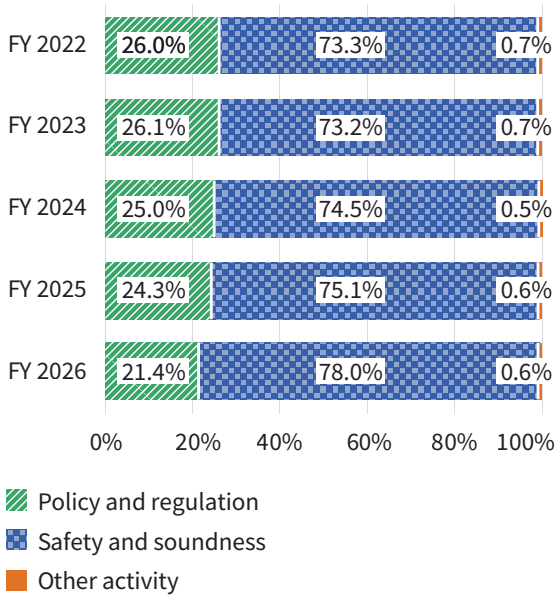


Analysis of program costs by program

Figure 5 illustrates the distribution of our expenses across our core program areas for the last five fiscal years. The majority of our spending supports our two primary programs: policy and regulation, and safety and soundness.

FIGURE 5

Percentage of expenses by program



The overall decrease in expenses in FY 2026 was reflected several factors:

- Decreased staffing levels, offset by higher employee compensation and benefits
- Increased contractual services
- Expanded travel activity

Policy and regulation program

This program supports our mission to ensure that the System, including Farmer Mac, operates in a safe and sound manner and fulfills its congressional mandate. Activities include the following:

- Developing regulations and policy guidance
- Reviewing borrower complaints
- Approving System institution mergers

In FY 2026, costs for the policy and regulation program totaled $22,145,574, a 14.5% decrease ($3,745,956) from FY 2025. This program accounted for 21.4% of total costs.

Safety and soundness program

This is our largest program area, focused on the examination and supervision of System institutions, including Farmer Mac. Key investments include the following:

- Recruiting and training examiners through the Examiner Commissioning Program
- Addressing workforce needs due to attrition and anticipated retirements

In FY 2026, program costs increased slightly to $80,753,692, an increase of $640,044 (0.8%) from FY 2025. This program represented 78.0% of total costs, reflecting the significant portion of staff dedicated to examination and supervision.

Other activity

This category includes the following:

- Reimbursable services for the Farm Credit System Insurance Corporation (FCSIC)
- Oversight of the National Cooperative Bank
- Other reimbursable costs

Costs for these activities totaled $675,033 in FY 2026, an increase of $43,188 from FY 2025. These activities accounted for 0.6% of total costs.

Analysis of earned revenues

Figure 6 shows our revenue sources for FY 2026, which totaled $99,573,411, a 3.3% increase ($3,137,855) from FY 2025. The increase was primarily due to higher institution assessments, which are directly tied to our approved budget.

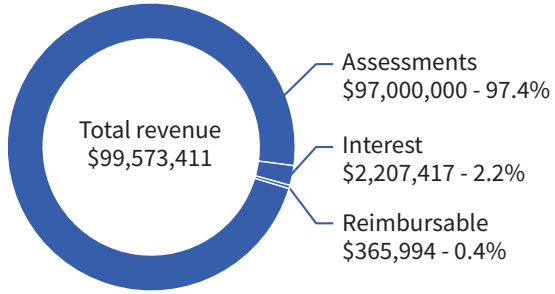
Revenue sources include the following:

- Assessments (97.4%): Collected from System institutions to fund our operations
- Interest on investments (2.2%): Earned from Treasury securities and used to build our reserve for unexpected expenses

- Reimbursable services (0.4%): Payments received for examining the National Cooperative Bank and providing services to FCSIC and the other federal financial regulators

FIGURE 6

FY 2026 sources of revenue



These revenues are used to fulfill our primary goals of carrying out our public mission and ensuring the safety and soundness of the System, including Farmer Mac. Figure 7 shows how earned revenue was allocated across our core program areas for the last five fiscal years.

FIGURE 7

Percentage of earned revenue by program

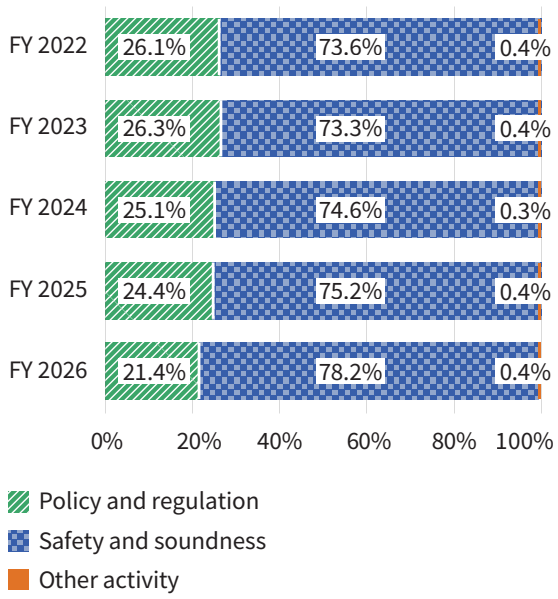


TABLE 2

Agency budget

Budget funding sources	FY 2026
Assessments (current year)*	$104,500,000
Assessments (carryover from prior years)	2,000,000
Reimbursable activity	500,000
Total funding sources	**$107,000,000**

* Note: FY 2026 assessments were subsequently reduced by $7,500,000 because of the FY 2025 governmentwide hiring freeze that carried into FY 2026.

TABLE 3

Funds used based on congressional limitation

Funds used category	FY 2026 funds used	Congressional limitation	Percentage used
Assessments*	$98,378,421	$106,500,000	92.4%

* Includes both current-year assessments and assessments carried over from prior years to help fund the current year budget.

Analysis of status of funds

Our budget reflects our plan to achieve strategic goals while operating efficiently. Table 2 shows the board-approved budget for FY 2026. The overall FY 2026 budget increased by $6,045,000, or 6.0%, over the FY 2025 budget. Our board-approved budget for FY 2026 was $107,000,000, and the congressional limitation on our spending was $106,500,000. The congressional spending limitation applies to nonreimbursable activities and restricts the amount of assessments that can be used for our operations in a given fiscal year.

Table 3 shows our use of assessment funds relative to the congressional limitation.

Analysis of obligations

In FY 2026, we obligated $98,873,666, an increase of $4,664,173 from FY 2025. Figure 8 shows our FY 2026 obligations by major budget category. The largest spending changes were in these categories:

- Salaries and benefits
- Property and equipment
- Contractual services

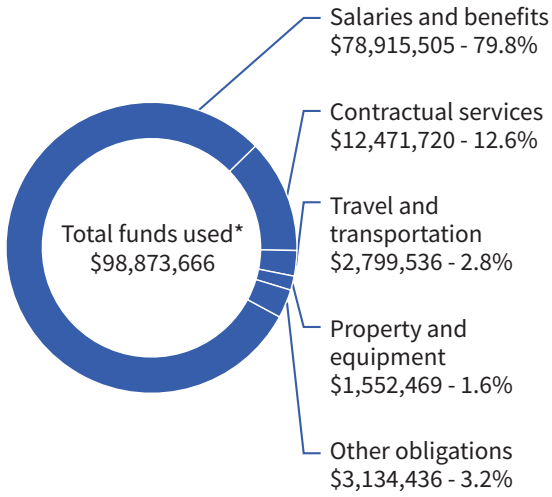
Salaries and benefits continue to be the category that requires most of our funds, accounting for approximately 79.8% of total funds used in FY 2026. The investments in our employees allow us to attract and retain a skilled workforce to meet our regulatory responsibilities. Costs in this category decreased by $3,414,411 from the prior year. This decrease was largely due to a decrease in staffing levels due to attrition and a governmentwide hiring freeze, offset by planned salary adjustments and promotions.

Obligated spending on property and equipment was the largest percentage increase, climbing by $1,495,546 (2,627.3%) from FY 2025. In FY 2026, we started a network equipment refresh project to ensure continued service reliability and reduce the likelihood of unplanned disruptions due to equipment age. This technology refresh initiative is ongoing, and the new equipment is expected to be placed in service in FY 2027.

Contractual services represented the second-largest percentage increase in spending in FY 2026, rising by $6,256,266 (100.7%) from the prior year. This increase in spending was driven in large part by investments in contractor support for modernization initiatives to enhance productivity and increase efficiency and effectiveness in our operations.

FIGURE 8

Funds used by major budget category



* The total funds used represent $98,378,421 of assessment funds and $495,245 of reimbursable activity. The reimbursable activity is not subject to the congressional limitation.

Limitations of the financial statements

As required by 31 U.S.C. 3515(b), we have prepared the principal financial statements to report the financial position and results of our operations. We have prepared these statements from our books and records in accordance with U.S. generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget. Reports used to monitor and control budgetary resources are prepared from the same records.

As you read these statements, please keep in mind that they are for a component of the U.S. government.

Analysis of FCA's systems, controls, and legal compliance

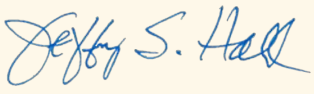
Statement of assurance

Nov. 12, 2026

The Farm Credit Administration's management is responsible for managing risks and maintaining effective internal control and financial management systems that meet the objectives of sections 2 and 4 of the Federal Managers' Financial Integrity Act.

We conducted our assessment of risk and internal controls in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this assessment, we can provide reasonable assurance that the internal controls over operations, reporting, and compliance were operating effectively as of Sept. 30, 2026. No material weaknesses were found in the design or operation of the internal controls.

As part of our evaluation process, we considered the results of extensive testing and assessment across the organization, as well as independent audits, to provide our unmodified statement of assurance.



Jeffery S. Hall
Board Chairman and CEO
Farm Credit Administration

Strategy for FCA's financial management system

FCA partners with the Department of the Treasury's Bureau of the Fiscal Service to provide several financial management services. This shared-services approach helps us maximize efficiency while maintaining a high standard of financial management and accountability.

This partnership gives us access to core financial systems without our having to maintain the necessary technical and systems architectures. We use Oracle Federal Financials as our financial system of record. Oracle Federal Financials is a commercial, off-the-shelf software package, which is certified under the Joint Financial Management Improvement Program to meet federal government accounting requirements. This web-based software integrates our key activities, such as payroll, travel, purchase card activity, and federal investments.

Although we perform all procurement activities in-house, we partner with the Fiscal Service for procurement system services and support. The procurement system is fully integrated with Oracle Federal Financials. This integration enables us to check our funds in real time and to commit and obligate funds as transactions are approved.

By working with the Fiscal Service, we comply with the OMB Financial Management Line of Business initiative, which encourages agencies to improve the cost, quality, and performance of financial management systems by using shared services.

Collaborating with the Fiscal Service also helps us achieve our perennial goal of improving financial management; the collaboration ensures that our financial systems are up to date and in compliance with the latest guidance from the Treasury and OMB. We continue to work on streamlining our business processes to ensure efficient and effective financial management operations.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) requires federal agencies to establish and maintain a system of internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

The management control objectives under the FMFIA are to reasonably ensure the following:

- Obligations and costs comply with applicable laws
- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- Revenues and expenditures are properly recorded and accounted for

Agencies must evaluate and report on the effectiveness of their internal controls and assess whether their financial management systems comply with requirements outlined in section 4 of the FMFIA. As a federal agency, we ensure our compliance with the FMFIA through our financial management system strategy, internal control program, and compliance with applicable laws and regulations.

Internal control program

We have established internal controls to meet the objectives of the FMFIA. Our system of internal control conforms with the Government Accountability Office's Standards for Internal Control in the Federal Government (Green Book).

Our internal controls are designed to provide reasonable assurance that transactions are properly recorded, processed, and summarized so that we can prepare financial statements accurately and safeguard our assets.

Our program offices are responsible for implementing and maintaining effective risk management practices and internal controls to ensure the following:

- Achievement of goals and objectives
- Effective and efficient operations
- Reliable financial and performance information for use by stakeholders
- Safeguarding of federal assets
- Compliance with applicable laws and regulations

We conduct risk-based internal control assessments in accordance with OMB Circular A-123, Management's Responsibility for Internal Control, and applicable appendices. Based on the results of the assessments, we have reasonable assurance that controls over operations, reporting, and compliance with laws and regulations are designed and operating effectively. In addition, our independent financial statement auditor reported no material weaknesses or significant deficiencies in internal control over financial reporting and noted no instances of noncompliance with applicable laws and regulations.

Prompt Payment Act

We follow the Prompt Payment Act guidelines, which call on agencies to report on efforts to make timely payments to vendors, as well as the amount of interest penalties paid for late payments. During FY 2026, we paid 100% of the invoices subject to the Prompt Payment Act on time. We use Treasury's Invoice Processing Platform to manage our invoicing process, which streamlines our processing and helps ensure timely payment.

Debt Collection Improvement Act

The Debt Collection Improvement Act of 1996 prescribes standards for carrying out federal agency collection actions and for referring an agency's uncollectible debts to the proper federal agency for collection and litigation. The act has no material effect on us because we operate with virtually no delinquent debt. This act was amended by the Digital Accountability and Transparency Act of 2014 (DATA Act) to require that debts outstanding for more than 120 days be transferred to the Treasury Department for collection under the Treasury Offset Program. We have transferred applicable debt to the Treasury Department.

Inspector General Act

The Inspector General Act of 1978, as amended, requires inspectors general to keep their agency heads and Congress fully and currently informed concerning problems, abuses, and deficiencies related to agency programs and operations. The semiannual reports prepared by FCA's Office of Inspector General (OIG) describe its audits, inspections, evaluations, investigations, and other oversight activities.

FCA OIG posts all audit, inspection, and evaluation reports on its website within three business days of final submission to the FCA board. Below is a summary of these reports, as well as our progress in taking corrective action.

Summary of OIG audit, inspection, and evaluation activities

At the beginning of FY 2026, four recommendations remained open from prior fiscal years. FCA OIG issued five audit, inspection, or evaluation reports during FY 2026, resulting in 11 new recommendations. Over the course of FY 2026, FCA closed 11 recommendations. As of Sept. 30, 2026, four remained open.

The reports are available on FCA OIG's website. The OIG completed the following reviews in FY 2026.

- Farm Credit Administration's Financial Statements Fiscal Year 2025 (Nov. 10, 2025): The audit produced no recommendations.
- Farm Credit Administration's Compliance with the Payment Integrity Information Act of 2019 for Fiscal Year 2025 (Feb. 27, 2026): The inspection produced no recommendations.
- Farm Credit Administration's Emergency Operations Center (Mar. 9, 2026): The audit produced six recommendations.
- 2026 Evaluation of the Farm Credit Administration's Compliance with the Federal Information Security Modernization Act (July 28, 2026): The evaluation produced one recommendation.
- Farm Credit Administration Office of Examination's Quality Assurance Program (July 30, 2026): The inspection produced four recommendations.

Summary of OIG recommendations

Open recommendations as of Oct. 1, 2025	4
New recommendations during FY 2026	11
Recommendations closed during FY 2026	11
Open recommendations as of Sept. 30, 2026	4
Recommendations open more than one year	1







Program Performance

This section discusses FCA's performance against the performance goals and metrics set for FY 2026.

FCA performance report

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 fulfill our mission by:

1. issuing regulations and policies governing how System institutions and Farmer Mac conduct their business and interact with borrowers, and
2. examining and supervising System institutions and Farmer Mac to ensure they operate safely and soundly and comply with applicable laws and regulations.

In FY 2026, the FCA board adopted three strategic goals in the **FY 2026–2030 strategic plan**. These goals provide the overarching framework for the agency's performance. The following information outlines the strategic goals and six related strategic objectives in our FY 2026 performance plan and explains the purpose of each. We support our strategic goals and objectives with 29 metrics.

The tables at the end of this section include the metrics we used to help us meet our strategic goals and objectives for the fiscal year. They also provide the results of those metrics. Because we revised our performance metrics in 2026, five years of results are not available for comparative reporting for all metrics.

Strategic goals and objectives

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

This strategic goal directly reinforces FCA's mission and addresses several focus areas:

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

Goal 1, strategic objective 1: Provide for risk-based, timely, and effective examination and supervision programs and processes, with a focus on compliance with laws, sound capital management practices, responsible innovation, and appropriate management of risks, including credit and cyber risks.

FCA's top priority is protecting the safety and soundness of the Farm Credit System and Farmer Mac. We conduct examination activities in accordance with statutorily mandated frequencies, and at other times depending on risk. We base our examination and supervision strategies on institution size, existing and prospective risk exposure, and the scope and nature of each institution's business model.

We maintain examination and supervision programs and processes that address material and emerging risks at the institution level and across the System. We have focused on compliance with laws, sound earnings and capital management practices, responsible innovation, and appropriate management of risks, including credit and cyber risks. As we conduct ongoing monitoring of agricultural, financial, and economic risks that may affect groups of institutions or the entire System, including Farmer Mac, we continually refine our approach to maximize efficiency and effectiveness.

Our examination and supervision program promotes accountability in System institutions and Farmer Mac by

working to ensure that they identify and manage risks. When necessary, we use our enforcement powers to require institutions to change their policies and practices to correct unsafe or unsound conditions, weak business practices, or violations of law or regulations.

The measures supporting this objective assess the timeliness and effectiveness of examination and oversight activities and FCA's identification and assessment of key risks and trends.

Goal 1, strategic objective 2: Ensure FCA policies and regulations appropriately guide compliance with laws and efficient, safe, and sound operations of System institutions and Farmer Mac; are reflective of stakeholder engagement; and are consistent with Administration policy.

We are committed to developing balanced, flexible, and legally sound regulations for the safe and sound financing of agriculture and rural infrastructure. We focus our policy and regulation development on protecting safety and soundness; implementing the Farm Credit Act; providing minimum requirements for lending, related services, investments, capital, and mission; and ensuring adequate financial disclosure and governance. We also ensure that our policy and regulatory requirements comply with applicable executive orders.

Promoting opportunities for stakeholders to engage in the regulatory and policy development process leads to better decision-making. Involving a range of stakeholders, including industry representatives, borrower advocates, experts, and the public, ensures that we consider different perspectives, concerns, and expertise when setting policy. This collaborative approach helps us identify potential pitfalls, unintended consequences, and alternative solutions. It also increases transparency and accountability, fostering public trust and reducing the likelihood of contentious issues arising later. Ultimately, engaging stakeholders leads to more balanced and well-rounded regulations and policies that are more likely to achieve their intended goals.

The measures supporting this objective assess whether FCA's policies and regulatory requirements address safety and soundness, comply with applicable Executive Orders, and provide appropriate opportunities for stakeholder communication and engagement.

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

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

Goal 2, strategic objective 1: Ensure the actions of institutions continue to support the public purpose to serve all creditworthy and eligible persons in agriculture and rural America and remain consistent with the Farm Credit Act and FCA regulations, and that the structure of the System remains aligned with its congressional mission and cooperative principles.

FCA regulations require each direct-lender System institution to include in its operating and strategic business plan a marketing plan with strategies for providing its products and services to all creditworthy and eligible prospective borrowers. Serving all such borrowers in an impartial manner strengthens access to opportunities for economic growth and risk management. This approach contributes to a healthier farm economy.

Farmer Mac helps increase the availability of credit in rural communities by giving lenders greater liquidity and lending capacity, enhancing their ability to serve farmers, ranchers, and rural utilities. The Farm Credit Act requires the Farmer Mac board to promote the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market. Ensuring that Farmer Mac provides effective secondary market programs supports agriculture and rural communities by facilitating access to credit and liquidity. This, in turn, contributes to increased agricultural productivity,

job creation, and improved living standards in rural areas. Furthermore, secondary market programs can attract more investors to rural investment projects, ultimately stimulating economic growth and resilience in these regions.

Congress established the System as a cooperative because it determined that this structure was the best model for furnishing sound, adequate, and constructive credit to agriculture and rural America. We emphasize cooperative principles in our regulatory and examination and supervision functions, including when we evaluate proposals to merge, consolidate, or reaffiliate.

The measures supporting this objective assess service to all creditworthy and eligible borrowers, reinforce the public missions of the System and Farmer Mac, and evaluate whether merger and reaffiliation applications remain consistent with mission fulfillment and safety and soundness.

Goal 2, strategic objective 2: Ensure effective strategies and programs by System institutions intended to serve YBS farmers, ranchers, and producers and harvesters of aquatic products in their respective lending territories.

This objective helps ensure that System institutions continue to effectively serve YBS borrowers in their territories. We support the System's mission to serve YBS farmers and ranchers. We evaluate System institutions' YBS programs for regulatory compliance and review these programs as part of our monitoring and oversight activities. Each year, we collect information from the System on YBS lending and nonlending activities. This information provides insights into a range of services, education, outreach activities, and lending to YBS producers.

The future of agriculture depends on the financial success of YBS farmers and ranchers. A more detailed and comprehensive understanding of the System's YBS mission activities helps improve the delivery of credit to YBS producers. Achieving this objective gives more YBS producers the chance to succeed and helps ensure that all eligible borrowers in an institution's territory can take advantage of the services the institution offers to YBS producers.

The measures supporting this objective assess regulatory compliance, service to creditworthy and eligible YBS borrowers, and improvements in the quality and analysis of YBS data.

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

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

Goal 3, strategic objective 1: Maintain an agile, highly skilled workforce prepared to respond to increasing complexity and risk in the System and shifts in the financial services industry.

Effective and strategic human capital management remains a top priority for FCA. We have implemented the governmentwide Merit Hiring Plan, as well as an annual staffing plan rooted in strategic hiring. As we prioritize workforce readiness, we continue to attract, train, and retain a highly qualified workforce; with due consideration for the percentage of our workforce eligible to retire in the next five years, this includes a focus on leadership development.

We strive to ensure that our staff have the skills required to address changes in the agricultural industry and the increasing complexities of agricultural finance, so that we can continue to effectively examine, oversee, and regulate the System and Farmer Mac. As the institutions we regulate adopt more advanced technologies and continue to focus on data maturity and management, our examinations account for these advances. Accordingly, our employees receive the training needed to understand how these technologies, including the increasing use

of super intelligence in the financial sector, can affect institutions' safety and soundness and their ability to fulfill their missions.

The measures supporting this objective assess whether training addresses identified skills and knowledge gaps, supports leadership development, and contributes to a work environment capable of attracting and retaining innovative, collaborative, and high-performing employees.

Goal 3, strategic objective 2: Responsibly invest in IT solutions and integrate emerging technologies, including SI, into agency operations to facilitate increased workforce efficiencies, data utilization and governance, and automation.

Innovation and modernization are important elements of our commitment to operational efficiency and effectiveness. We have prioritized investments in modern technology capabilities such as super intelligence and cloud solutions that provide near- and long-term efficiency improvements and allow us to keep pace with the System's technological advances. We have also focused on modernizing systems, including human resources systems, to enhance efficiency. Throughout this period of innovation and modernization, we have maintained state-of-the-art technology for monitoring cybersecurity threats both in the System and at the agency.

We have emphasized data analytics and management and dedicated staff resources to improving the quality and usefulness of our agency data assets. Moreover, we continue to focus on delivering analytical tools to enhance effectiveness and efficiency in virtually all aspects of agency activities, including objective decision-making for agency operations.

The measures supporting this objective assess the modernization of FCA's data, technology platforms, and human resources systems and the continued strengthening of the agency's cybersecurity defenses.

Data validation and verification

We ensure the completeness, reliability, and quality of the information in this report through data validation and verification. These efforts primarily entail regular internal agency processes for ensuring accurate data generation, entry, and reporting; data integrity; and independent peer review.

FCA's data validation and verification efforts include, to the maximum extent possible, the following:

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

Performance measures and results

The following defines the symbols and abbreviations used to describe targets: **>** means greater than; **N/A** means the measure is not applicable; ▲ means we exceeded the target; ✓ means we achieved the target; ▼ means we did not meet the target; ⛔ means not available.

We revised agency performance metrics in 2026. Where we previously reported on the same metrics, we have included five years of data. For the years during which we did not report on a given metric, we indicate ⛔ (not available).

The reporting period for the metrics for goals 1 and 2 is July 1, 2025 to June 30, 2026. This is primarily due to the availability of data and information for several of these metrics. After the end of each calendar quarter period, System institutions submit quarterly financial data. We review the data and other information and update our ratings under FCA's Financial Institution Rating System. For consistency, we use the same reporting period for all metrics for goals 1 and 2. The reporting period for the metrics for goal 3 is Oct. 1, 2025 to Sept. 30, 2026.

TABLE 4A

Performance measures and results – Goal 1

Protect the safety and soundness of the Farm Credit System and Farmer Mac.

Performance metrics	2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
SO1.1.a – Percentage of institutions, including Farmer Mac, for which FCA completed the statutorily required examination.	100%	100%	100%	100%	100%	100%	100%	✓
Discussion: As of June 30, 2026, FCA completed 100% of the statutorily required examinations. The OE examines each System institution at least once every 18 months, as required by statute, with some institutions examined more frequently based on risk and other factors. The Office of Secondary Market Oversight (OSMO) conducts annual examinations of Farmer Mac consistent with Section 8.11 of the Farm Credit Act of 1971, as amended. OSMO issued its 2025 report of examination to Farmer Mac in Nov. 2025 and was on track to issue the 2026 report of examination.								
SO1.1.b – The OE accomplished all operating plan objectives and completed all National Oversight Plan strategies.	Yes	Yes	Yes	Yes	Yes	Yes	Not available	⛔
Discussion: The results for this metric were not available because the final status of operating plan objectives and National Oversight Plan strategies is not determined until Sept. 30.								
SO1.1.c – Percentage of System institutions where supervisory agreement requirements were at least substantially met within 18 months of execution.	N/A	N/A	N/A	N/A	N/A	>80%	Not applicable	**N/A**
Discussion: One System institution is under enforcement. However, its supervisory agreement became effective in March 2026 and has not been in effect for 18 months. Therefore, the institution was not yet eligible for evaluation under this measure.								
SO1.1.d – Percentage of System institutions with satisfactory audit and review programs, including institutions with acceptable corrective action plans.	100%	99%	98%	100%	98.3%	>90%	98.3%	✓
Discussion: FCA's oversight and examination program emphasizes strong internal controls at all System institutions, including internal controls over financial reporting. In 2026, 98.3% of institutions had satisfactory audit and review programs or acceptable corrective action plans, exceeding the 90% target.								

Performance metrics		2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
SO1.1.e – Percentage of System assets with a 1 or 2 composite FIRS rating.		99%	99%	99%	99%	94.2%	>90%	94.1%	✓
Discussion: 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 uses component and composite ratings to evaluate significant financial, asset quality, and management factors. FIRS ratings range from 1 for a sound institution to 5 for an institution likely to fail. In 2026, 94.1% of all System assets, including loans to borrowers, System investments, and acquired property, were held by institutions with a 1 or 2 composite FIRS rating.									
SO1.1.f – The OSMO identified emerging risks as part of the examination and oversight process, and took appropriate supervisory and corrective actions when needed.		Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: OSMO identified emerging risks as part of the examination and oversight process. Emerging risks are detailed in the annual oversight plan, which is reviewed and approved by the FCA board and shared with Farmer Mac in an informational memorandum. Emerging risks are identified through the statutory and annual examination process, which yields corrective actions for Farmer Mac, as appropriate. In 2026, actions taken in response to our examination activities strengthened Farmer Mac's operations, and its efforts to address corrective actions were satisfactory.									
SO1.1.g – Percentage of System institutions and Farmer Mac with sufficient contingency plans to preserve capital adequacy, earnings capacity, and access to funding, including institutions with acceptable corrective action plans. A. Banks and associations B. Farmer Mac	A	⛔	⛔	98%	100%	98.3%	100%	94.9%	▼
	B	⛔	⛔	100%	100%	100%	100%	100%	✓
Discussion: A. FCA's examination program evaluates the adequacy of System banks' and associations' strategic business plans, focusing on capital and portfolio planning. Our examiners review each institution's plan to ensure its evaluation of capital needs and capitalization goals and strategies includes an assessment of key uncertainties in the operating environment. Examiners also evaluate whether stress-testing scenarios sufficiently capture the impacts of macroeconomic stressors on borrower financial performance and portfolio quality. In 2026, 94.9% of System banks and associations had sufficient contingency plans to preserve capital adequacy, earnings capacity, and access to funding. FCA did not meet its 100% target because three institutions lacked sufficient contingency plans to preserve earnings capacity. B. 100% of Farmer Mac had contingency plans to preserve capital adequacy, earnings capacity, and access to funding. OSMO determined that Farmer Mac has acceptable corrective action plans, as appropriate and if warranted.									
SO1.1.h – Percentage of System institutions and Farmer Mac addressing cybersecurity threats and controls in risk assessments and internal audit plans, including institutions with acceptable corrective action plans. A. Banks and associations B. Farmer Mac	A	⛔	⛔	100%	100%	98.3%	>90%	100%	✓
	B	⛔	⛔	100%	100%	100%	>90%	100%	✓

Performance metrics	2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
Discussion: A. Our oversight and examination program evaluates how System institutions address cybersecurity threats and controls in risk assessments and internal audit plans. In 2026, 100% of System banks and associations had satisfactory risk assessments and internal audit plans addressing cybersecurity threats and controls. B. 100% of Farmer Mac addressed cybersecurity threats and controls in internal audit plans. OSMO determined that Farmer Mac has acceptable corrective action plans, as appropriate and if warranted.								
SO1.2.a – FCA published a semiannual Unified Agenda outlining the agency's planned regulatory and deregulatory actions for the next 12 to 24 months.	⛔	⛔	Yes	Yes	Yes	Yes	Yes	✓
Discussion: The Fall Unified Agenda was published on July 6, 2026, following approval by the Office of Management and Budget.								
SO1.2.b – FCA solicited comments from the public and other interested parties on certain guidance and all regulations issued by the agency.	⛔	⛔	Yes	N/A	Yes	Yes	Yes	✓
Discussion: FCA published two rules for comment in the Federal Register.								
SO1.2.c – FCA requested input from persons outside of FCA for at least 90% of pre-rulemaking projects and proposed rules.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: In FY 2026, FCA issued two proposed rules for public comment and received comments on both from System institutions and other interested parties. FCA therefore requested external input on 100% of applicable proposed rules.								
SO1.2.d – Most objectives listed in the preamble of each final rule were met on the two-year anniversary of the rule's effective or implementation date.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: Two rules met the reporting requirement. The objectives listed in the preamble of the final rules were met on the two-year anniversary of the implementation date.								
SO1.2.e – OSMO assessed the need for new, revised, or rescinded regulatory and policy guidance for Farmer Mac.	⛔	⛔	Yes	Yes	Yes	Yes	Yes	✓
Discussion: OSMO assessed the need for new, revised, or rescinded regulatory and policy guidance for Farmer Mac in FY 2026. The results of this assessment, along with those of other FCA and federal government efforts, are reflected in the 2026 Regulatory Plan and the Unified Agenda of Federal Regulatory and Deregulatory Actions, published and maintained by the Office of Information and Regulatory Affairs at the Office of Management and Budget.								

TABLE 4B

Performance measures and results – Goal 2

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

Performance metrics	2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
SO2.1.a – FCA emphasized the importance of the public mission of the System and Farmer Mac in public communications.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: FCA emphasized the public mission of the Farm Credit System and Farmer Mac through its performance and accountability report, annual report, proposed budget and performance plan, and other public communications in FY 2026. FCA also highlighted the System's public mission in remarks delivered by board members at System conferences and other gatherings.								
SO2.1.b – Percentage of System institutions providing products and services to serve all creditworthy and eligible persons.	99%	100%	100%	100%	100%	100%	100%	✓
Discussion: FCA regulations require each direct-lender System institution to include in its operating and strategic business plan a marketing plan with strategies for providing its products and services to all creditworthy and eligible persons. Each year, FCA reviews System institutions' business plans for compliance with FCA regulations and examination guidance. In 2026, 100% of System institutions had satisfactory operating, marketing, and strategic plans for providing products and services to all creditworthy and eligible persons.								
SO2.1.c – Percentage of direct-lender institutions with satisfactory consumer and borrower rights compliance, including institutions with acceptable corrective action plans.	99%	100%	100%	100%	100%	90%	100%	▲
Discussion: FCA examiners regularly evaluate compliance with consumer and borrower rights regulations by reviewing direct-lender institutions' policies, programs, processes, and loans. In 2026, 100% of direct-lender institutions had satisfactory consumer and borrower rights compliance.								
SO2.1.d – OSMO evaluated Farmer Mac's business plan to ensure that all qualified loans, including loans to small farms and family farmers, were included in secondary market programs.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: OSMO evaluated Farmer Mac's 2026 business plan and found that it contained strategies to promote and encourage the inclusion of all qualified loans, including loans to small farms and family farmers, in its secondary market programs. This evaluation is aligned with the statutory requirement that Farmer Mac's board promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market. OSMO also reviewed Farmer Mac's annual mission achievement report, which includes information on its activities related to small and family farms.								

Performance metrics	2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
SO2.1.e – OSMO evaluated Farmer Mac's progress toward achieving its mission to provide a source of long-term credit and liquidity for qualified loans.	⛔	⛔	Yes	Yes	Yes	Yes	Yes	✓
Discussion: OSMO evaluated Farmer Mac's mission achievement during its 2026 examination activities. Farmer Mac submits an annual mission achievement report to FCA, which includes information on its activities related to small and family farmers and market penetration. OSMO reviews this report during its annual examination of Farmer Mac and documents its results and conclusions in the report of examination. OSMO included its findings in the 2025 report of examination, issued to Farmer Mac in November 2025, and will include its 2026 findings in the corresponding report.								
SO2.1.f – FCA evaluated System institution proposals to merge, consolidate, or reaffiliate for regulatory compliance and for potential impacts to public mission fulfillment and safety and soundness.	Yes	Yes	Yes	Yes	N/A	Yes	Not applicable	**N/A**
Discussion: Farm Credit System institutions did not submit any applications to merge, consolidate, or reaffiliate in FY 2026.								
SO2.2.a – Percentage of direct-lender institutions with YBS programs in substantial compliance with regulations.	⛔	⛔	⛔	⛔	⛔	100%	100%	✓
Discussion: FCA evaluates the effectiveness of association YBS programs in providing constructive credit to eligible and creditworthy YBS farmers and ranchers. FCA also updates its examination guidance as needed to improve its assessment of institutions' efforts and regulatory compliance. In 2026, 100% of direct-lender institutions had YBS programs in substantial compliance with regulations.								
SO2.2.b – Percentage of System institutions with a 1 or 2 composite YBS rating.	⛔	⛔	⛔	⛔	⛔	>90%	100%	✓
Discussion: FCA uses a rating system to assess each System institution's YBS program. The rating system includes an overall composite rating and a qualitative component rating. Composite ratings range from 1 for a strong YBS program that provides sound and constructive credit and services to YBS producers to 5 for a critically deficient YBS program. In 2026, 100% of System institutions had a 1 or 2 composite YBS rating.								
SO2.2.c – Percentage of System institutions with YBS program qualitative component ratings of strong or satisfactory.	⛔	⛔	⛔	⛔	⛔	>90%	100%	✓
Discussion: FCA uses a rating system to assess each System institution's YBS program. The rating system includes an overall composite rating and a qualitative component rating. The qualitative rating options are strong, indicating a highly effective YBS program; satisfactory, indicating a sound YBS program; and weak, indicating a limited or undefined YBS program. In 2026, 100% of System institutions had a strong or satisfactory YBS qualitative component rating.								
SO2.2.d – FCA provided qualitative and/or quantitative improvements to YBS data quality and internal research.	⛔	⛔	⛔	⛔	⛔	Yes	Yes	✓
Discussion: To improve YBS data quality, FCA updated its lending data reporting instructions and held a webinar to explain the reporting process and answer questions from System institutions. FCA also updated its internal YBS research with 2025 data to strengthen its analysis.								

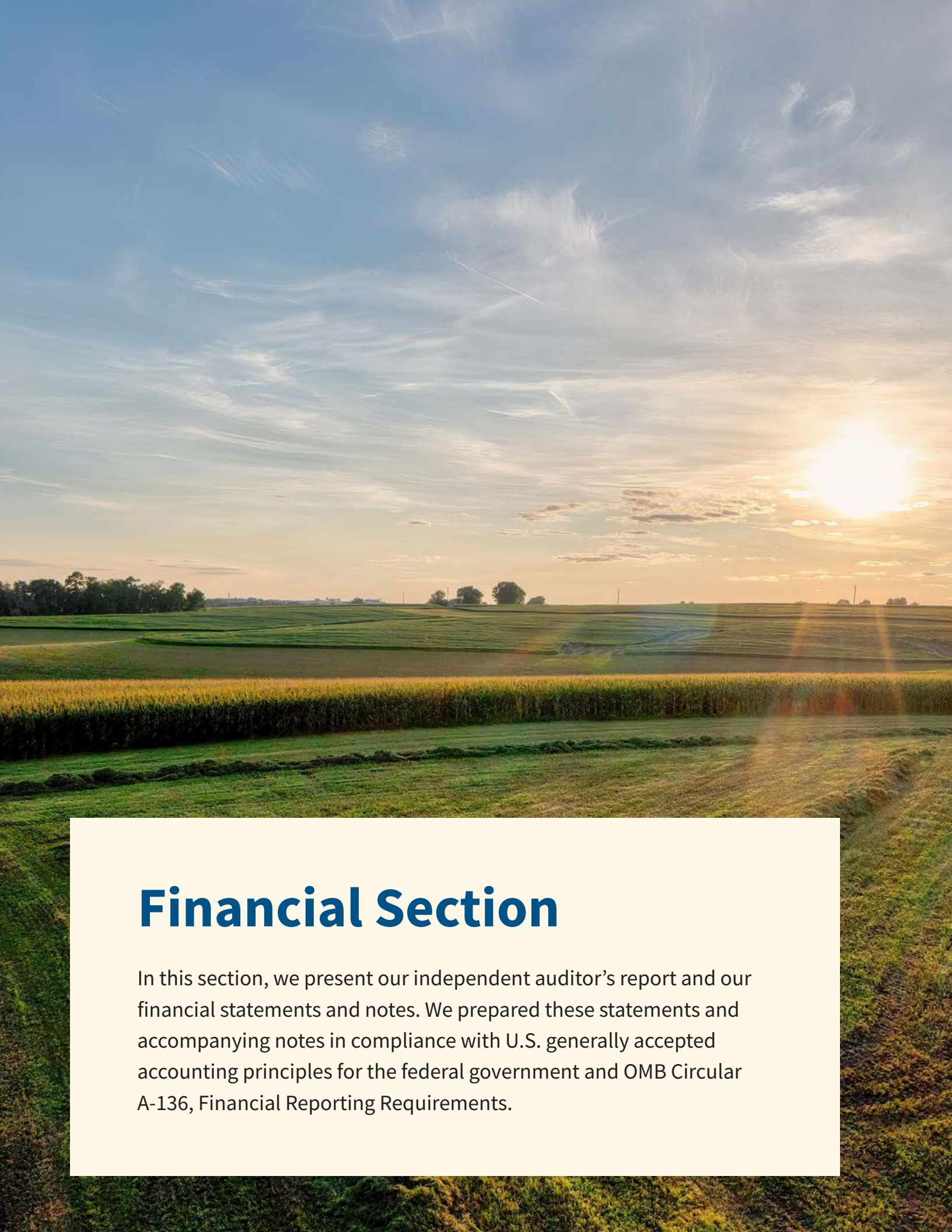
TABLE 4C

Performance measures and results – Goal 3

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

Performance metrics	2021 results	2022 results	2023 results	2024 results	2025 results	2026 target	2026 results	Status
SO3.1.a – Training satisfaction survey scores were at least 85%.	87%	87%	91%	89%	⛔	85%	97%	▲
Discussion: FCA achieved a 97% training satisfaction score, based on employee evaluations of agency-provided training. The score represents the percentage of respondents who rated their training as satisfactory or higher.								
SO3.1.b – FCA met Merit Hiring Plan requirements.	N/A	N/A	N/A	N/A	N/A	Yes	Yes	✓
Discussion: The Merit Hiring Plan guidance was issued by OPM and the Domestic Policy Council on May 29, 2025. Therefore, this measure was not applicable in previous reporting years. In FY 2026, FCA established a strategic hiring committee to oversee hiring priorities and ensure our staffing decisions support the agency's mission, address technology needs, and bolster our pipeline of early-career talent. FCA also developed an annual staffing plan and submitted quarterly updates to the Office of Personnel Management and the Office of Management and Budget.								
SO3.2.a – FCA modernized one aging technology platform.	⛔	⛔	⛔	⛔	⛔	Yes	Yes	✓
Discussion: During FY 2026, FCA modernized multiple technology platforms, including time and attendance, awards management, and external data collection systems.								
SO3.2.b – We achieved and maintained not less than 95% vulnerability compliance for scanned assets that are within FCA's vulnerability management operating procedures.	⛔	⛔	⛔	⛔	⛔	Yes	Yes	✓
Discussion: FCA maintained over 95% compliance with its vulnerability management procedures.								
SO3.2.c – We implemented new human resources systems.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	✓
Discussion: During FY 2026, FCA implemented a new time and attendance system that streamlines time entry, leave requests, and reporting.								
SO3.2.d – We provided qualitative and quantitative improvements to data inventories and metadata.	⛔	⛔	⛔	⛔	⛔	Yes	Yes	✓
Discussion: During the reporting period, FCA implemented a new cloud-based data governance system. The platform tracks data inventories and datasets and captures metadata and complex data linkages. These capabilities enhance the agency's data compliance and SI-readiness.								





Financial Section

In this section, we present our independent auditor's report and our financial statements and notes. We prepared these statements and accompanying notes in compliance with U.S. generally accepted accounting principles for the federal government and OMB Circular A-136, Financial Reporting Requirements.



Message from the chief financial officer

Nov. 12, 2026

The Office of the Chief Financial Officer (OCFO) is honored to join Chairman Hall in presenting the Farm Credit Administration's fiscal year (FY) 2026 Performance and Accountability Report. The financial statements, accompanying analysis, and performance results reflect our commitment to responsible stewardship of financial resources in support of FCA's mission — to ensure that System institutions and Farmer Mac fulfill their responsibilities to agriculture and rural America.

We are pleased to report that FCA received its 33rd consecutive unmodified (clean) audit opinion on the FY 2026 financial statements. The independent auditors found the statements to be fairly presented in all material respects and in accordance with U.S. generally accepted accounting principles, with no material weaknesses, significant deficiencies, or instances of noncompliance with applicable laws and regulations.

In FY 2026, we celebrated our second Certificate of Excellence in Accountability Reporting from the AGA for our FY 2025 report. This recognition underscores our dedication to excellence in integrating performance and financial reporting and highlights the professionalism and hard work of FCA staff across the agency.

During FY 2026, agency staffing levels remained below our projections, prompting us to reduce assessments for Farm Credit System institutions. Even with lower assessment revenues, we upheld disciplined cost-management practices and continued to advance key modernization initiatives, ensuring we carried out our mission effectively and responsibly. In addition, we successfully transitioned to the new **GO.gov** travel system during FY 2026 with the support of our shared service provider. This aligns us with the governmentwide goals to standardize travel processes, improve efficiency, and reduce costs across the federal civilian travel ecosystem.

Looking forward, we will further strengthen financial analysis and accountability to support informed decision-making. We will also continue to enhance our internal control activities to maintain effective operations, reliable reporting, and compliance with laws and regulations. We are exploring ways to leverage technology and automation to enhance productivity, agility, and efficiency. As we drive innovation, OCFO will maintain its focus on supporting the agency's strategic plan and goals and, most importantly, on the agency's efforts to deliver on its mission.

I am proud to work alongside the dedicated professionals within OCFO and throughout FCA who contribute to our fiscal accountability. Together, we will ensure ongoing success by providing reliable and timely information to our stakeholders.

Sincerely,



Ily E. Soares, CPA, PMP
Chief Financial Officer

Transmittal letter of auditor's report

FARM CREDIT ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

November 12, 2026

The Honorable Jeffery S. Hall, Board Chairman and Chief Executive Officer
Farm Credit Administration
1501 Farm Credit Drive McLean, VA 22102-5090

Dear Chairman Hall:

The Office of Inspector General contracted with the independent public accounting firm Harper, Rains, Knight & Company, P.A. (HRK) to audit the financial statements of the Farm Credit Administration (FCA) as of and for the fiscal years ended September 30, 2026, and 2025, and to provide a report on internal control over financial reporting and compliance with laws and other matters. The contract required that the audit be performed in accordance with *Government Auditing Standards*, Office of Management and Budget audit guidance, and the United States (U.S.) Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency's *Financial Audit Manual*.

In its audit of FCA's financial statements, HRK reported:

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting; and
- no reportable noncompliance with provisions of laws tested or other matters.

In connection with the contract, we reviewed HRK's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements, was not intended for us to express, nor do we express, opinions on FCA's financial statements or conclusions about the effectiveness of internal control over financial reporting, or on compliance with laws and other matters. HRK is responsible for the attached auditors' report dated November 12, 2026, and the conclusions expressed therein. However, our review disclosed no instances where HRK did not comply, in all material respects, with *Government Auditing Standards*.

Respectfully,

Sonya K. Cerne
Assistant Inspector General for Audits, Inspections, and Evaluations

Enclosure

1501 Farm Credit Drive, McLean, VA 22102-5090 703-883-4030

Independent auditor's report



Independent Auditors' Report

The FCA Board and Inspector General
Farm Credit Administration

Report on the Audit of the Financial Statements

Opinion

In accordance with the Accountability of Tax Dollars Act, we have audited the financial statements of the Farm Credit Administration (FCA). FCA's financial statements comprise the balance sheets as of September 30, 2026, and 2025, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, FCA's financial statements present fairly, in all material respects, FCA's financial position as of September 30, 2026, and 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

FCA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; preparing, measuring, and presenting the Required Supplementary Information (RSI) in accordance with accounting principles generally accepted in the United States of America; preparing and presenting other information included in documents containing the audited financial statements and auditors' report, and ensuring the consistency of that information with the audited financial statements and the RSI; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Certified Public Accountants · Consultants · hrkcpa.com

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The FCA Board and Inspector General
Farm Credit Administration (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with GAAS, GAS and OMB Bulletin No. 24-02 will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAS, and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FCA's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the information in the Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB who considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of (1) inquiries of management about the methods of preparing the RSI and (2) comparing the information for consistency with management's responses to the auditors' inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

The FCA Board and Inspector General
Farm Credit Administration (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on FCA's financial statements. The information in the Statement from the board chairman and CEO, Program Performance, and Other Information sections contain a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the Other Information. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of FCA's financial statements as of and for the year ended September 30, 2026, in accordance with GAS, we considered FCA's internal control relevant to the financial statement audit as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FCA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of FCA's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

The FCA Board and Inspector General
Farm Credit Administration (continued)

Report on Internal Control over Financial Reporting (continued)

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether FCA's financial statements are free from material misstatement, we performed tests of its compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in FCA's financial statements, and to perform certain other limited procedures, but not for the purposes of expressing an opinion on FCA's compliance with applicable laws, regulations, contracts, and grant agreements. Accordingly, we do not express such an opinion. We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to FCA. FCA management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the entity.

Our tests of compliance with these selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for the year ended September 30, 2026, that would be reportable under GAS or OMB Bulletin No. 24-02. We caution that noncompliance may occur and not be detected by these tests.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

The purpose of the communication described in the Other Reporting Required by GAS is solely to describe the scope of our testing of internal control and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on the effectiveness of FCA's internal control or compliance. These reports are an integral part of an audit performed in accordance with GAS and OMB Bulletin No. 24-02 in considering the entity's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

Harper, Rains, Knight & Company, P.A.

November 12, 2026
Washington, DC

Financial statements

We have prepared the accompanying financial statements in accordance with U.S. generally accepted accounting principles and the Office of Management and Budget (OMB) Circular A-136, as amended. All amounts are in whole dollars. Our financial statements include the following:

- Balance sheets, which show our assets, our liabilities, and our net position (assets minus liabilities).
- Statements of net cost, which show our net cost of operations. We calculate our net costs by subtracting any revenue we earn from our gross costs. We break the statement of net cost into three program components: policy and regulation, safety and soundness, and other activity.
- Statements of changes in net position, which show the changes in our net position for the two year period ending Sept. 30, 2026.
- Statements of budgetary resources, which show our resources, their status, and outlays during the fiscal year.
- Notes to the financial statements, which provide additional detail regarding the amounts in the financial statements.



Balance sheets

As of Sept. 30, 2026 and 2025
(In dollars)

Balance sheet categories	Description	2026	2025
Assets	**Intragovernmental**		
	Fund balance with Treasury (note 2)	$5,365,344	$1,128,853
	Investments (note 3)		
	Federal investments	45,553,710	43,689,667
	Interest receivable – investments	149,515	168,499
	Accounts receivable (note 4)	3,083	3,629
	Advances and prepayments	44,819	71,551
	Total intragovernmental	**51,116,471**	**45,062,199**
	With the public		
	Accounts receivable (note 4)	9,198	8,864
	General property, equipment, and software, net (note 5)	1,304,854	2,073,924
	Advances and prepayments	929,772	230,348
	Total with the public	**2,243,824**	**2,313,136**
	Total assets	**$53,360,295**	**$47,375,335**
Liabilities	**Intragovernmental**		
	Accounts payable	$3,201	$3,936
	Advances from others and deferred revenue	153,347	0
	Other liabilities (note 7)		
	Other liabilities (without reciprocals)	126,122	125,172
	Liability to the General Fund of the U.S. government for custodial and other nonentity assets	33	19
	Benefit program contributions payable	490,722	441,022
	Total intragovernmental	**773,425**	**570,149**
	With the public		
	Accounts payable	$2,247,177	$824,591
	Actuarial workers' compensation liability (note 6)	1,270,898	1,313,090
	Employer contributions and payroll taxes payable	600,824	665,535
	Advances from others and deferred revenue	8,804,006	9,205,254
	Accrued payroll and benefits	6,878,764	7,932,638
	Total with the public	**19,801,669**	**19,941,108**
	Total liabilities (note 6)	**$20,575,094**	**$20,511,257**
Net position	**Cumulative results of operations–funds from dedicated collections** (note 8)	**$32,785,201**	**$26,864,078**
	Total net position	**$32,785,201**	**$26,864,078**
	Total liabilities and net position	**$53,360,295**	**$47,375,335**

The accompanying notes are an integral part of these statements.

Statements of net cost

For the years ended Sept. 30, 2026 and 2025
(In dollars)

Agency programs	Program costs	2026	2025
Policy and regulation	Gross costs	$22,145,574	$25,891,530
	Less: earned revenue	(21,348,611)	(23,490,745)
	Net program cost	$796,963	$2,400,785
Safety and soundness	Gross costs	$80,753,692	$80,113,648
	Less: earned revenue	(77,866,105)	(72,587,672)
	Net program cost	$2,887,587	$7,525,976
Other activity	Gross costs	$675,033	$631,845
	Less: earned revenue	(358,695)	(357,139)
	Net program cost	$316,338	$274,706
Net cost of operations (note 9 and note 14)		**$4,000,888**	**$10,201,467**
Totals			
Total gross program cost		$103,574,299	$106,637,023
Less: total earned revenue		(99,573,411)	(96,435,556)
Net cost of operations (note 9 and note 14)		**$4,000,888**	**$10,201,467**

Statements of changes in net position

For the years ended Sept. 30, 2026 and 2025
(In dollars)

Cumulative results of operations		2026	2025
Beginning balances (includes funds from dedicated collections) (note 8)		$26,864,078	$25,840,446
Changes in cumulative results of operations	**Imputed financing**		
	Federal employee benefits (note 10)	5,772,011	7,075,749
	Rent (note 10)	4,150,000	4,150,000
	Other	0	(650)
	Total financing sources	9,922,011	11,225,099
Net cost of operations		(4,000,888)	(10,201,467)
Net change		5,921,123	1,023,632
Cumulative results of operations (includes funds from dedicated collections) (note 8)		$32,785,201	$26,864,078
Net position		**$32,785,201**	**$26,864,078**

The accompanying notes are an integral part of these statements.

Statements of budgetary resources

For the years ended Sept. 30, 2026 and 2025
(In dollars)

Statement of budgetary resources categories	Line item description	2026	2025
Budgetary resources	Unobligated balance from prior year budget authority, net	$31,294,206	$25,233,206
	Spending authority from offsetting collections	99,042,251	99,527,386
	Total budgetary resources (note 12)	**$130,336,457**	**$124,760,592**
Status of budgetary resources	New obligations and upward adjustments (total)	$98,446,243	$93,466,386
	Unobligated balance, end of year		
	Exempt from apportionment, unexpired accounts	23,086,208	22,088,952
	Exempt from apportionment, not available	8,804,006	9,205,254
	Unobligated balance, end of year (total)	31,890,214	31,294,206
	Total budgetary resources (note 12)	**$130,336,457**	**$124,760,592**
Outlays, net	Outlays, net (total)	$(5,926,219)	$(4,080,494)
	Distributed offsetting receipts	(10)	(650)
	Agency outlays, net (note 14)	**$(5,926,229)**	**$(4,081,144)**

The accompanying notes are an integral part of these statements.



Notes to the financial statements

NOTE 1

Summary of significant accounting policies

A. **Reporting entity** — FCA is a component of the U.S. government. For this reason, some of our assets and liabilities may be eliminated for governmentwide reporting purposes because they are offset by assets and liabilities of another U.S. government entity. These financial statements should be read with the realization that they are for a component of the U.S. government. See the section titled FCA and the Farm Credit System on page 7 for details on the reporting entity.

B. **Basis of accounting and presentation** — The financial statements have been prepared in accordance with OMB Circular A-136, as amended. In addition, the financial statements have been prepared on an accrual basis from our books and records in accordance with generally accepted accounting principles and the Statements of Federal Financial Accounting Standards (SFFAS) prescribed by the Federal Accounting Standards Advisory Board, the official body for setting accounting standards for the federal government. Under the accrual method, revenues are recognized when earned, and expenses are recognized when goods or services are received, regardless of when funds are received or cash is paid. FCA is not subject to apportionment. We have applied budgetary accounting to facilitate compliance with legal constraints and control over the use of funds.

C. **Budgetary terms** — The purpose of federal budgetary accounting is to control, monitor, and report on funds made available to federal agencies by law and help ensure compliance with the law. We use the following commonly used budgetary terms in this report:

- **Budgetary resources:** Amounts available to incur obligations each year. Budgetary resources consist of new budget authority for the current budget fiscal year and unobligated (available) balances of budget authority provided in previous years.
- **Obligations:** Binding agreements that will result in outlays (cash disbursements), immediately or in the future. Budgetary resources must be available before obligations can legally be incurred.
- **Offsetting collections:** Payments to the agency that, by law, are credited directly to expenditure accounts. We are authorized to use these funds for the purposes of carrying out our mission without further action from Congress. These funds become our primary form of budget authority each year. Offsetting collections and unobligated balances from prior years account for our total budgetary resources.
- **Offsetting receipts:** Payments to the agency that are credited to offsetting General Fund receipt accounts. We are not authorized to use these funds in our operations. We transfer them to the U.S. Department of the Treasury (Treasury) at the end of each fiscal year.
- **Outlays:** Payments to liquidate obligations, also known as cash disbursements. Outlays are a measure of government spending.

D. **Fund balance with Treasury** — We maintain a revolving, no-year account with the Treasury through which cash receipts and disbursements are processed. We do not receive appropriated funds. See note 2.

E. **Investments** — The Farm Credit Act gives us the authority to invest in public debt securities with maturities suitable to our needs. We invest solely in Treasury securities, which are normally held to maturity and carried at cost. Investments are adjusted for unamortized premiums or discounts. Premiums and discounts are amortized, and interest is accrued using the level-yield method of effective interest amortization over the term of the respective issues. We use interest earned on investments to build and maintain an agency reserve, which allows us to respond effectively and efficiently to unexpected, unbudgeted expenses without increasing assessments. See note 3.

F. **Accounts receivable** — Accounts receivable are composed of reimbursements for FCA administrative expenses according to agreements with other federal entities, assessments from institutions in accordance with the Farm Credit Act and FCA regulations, and any amounts owed to FCA that are generated through the normal course of business with employees and vendors.

Amounts due from federal agencies are considered fully collectible. We establish an allowance for uncollectible amounts receivable from the public when we determine, after considering the debtor's ability to pay, that collection is unlikely.

The Office of the Chief Financial Officer, in conjunction with the agency's accounting service provider, the Bureau of the Fiscal Service, reviews the agency's accounts receivable on a regular basis. We have determined that all accounts receivable as of Sept. 30, 2026 and 2025, are fully collectible. See note 4.

G. **General property, equipment, and software** — Property (including vehicles), equipment, and software are recorded at cost, net of an allowance for accumulated depreciation. See note 5.

H. **Advances and prepaid expenses** — Payments made before the receipt of goods and services are recorded as advances or prepaid expenses and are recognized as expenses when the goods and services are received. This process helps minimize large fluctuations in costs and allows us to recognize costs based on use. When the prepayment amount has minimal impact on our expenses, it is more cost-effective to expense the advance or prepayment at the time of payment. We establish advances for prepaid maintenance agreements and subscriptions over $20,000 and for prepaid training exceeding $15,000.

I. **Accounts payable** — Accounts payable consist of amounts owed to other federal agencies and the public. We strive to make payments in a timely manner in accordance with the Prompt Payment Act. If payments are late, we pay interest penalties.

J. **Liabilities** — Liabilities may or may not be covered by budgetary or other resources. All our liabilities are covered by budgetary resources except for the actuarial workers' compensation liability (see note 6). Intragovernmental liabilities are claims against us by other federal agencies.

K. **Funds from dedicated collections** — Funds from dedicated collections represent agency financing funded by specifically identified revenues that remain available over time. By statute, these revenues must be used for designated activities, benefits, or purposes and accounted for separately from the government's general revenues. At FCA, our funds are all considered funds from dedicated collections. See note 8.

L. **Inter-entity costs** — Goods and services are received from other entities at no cost or at a cost less than full cost to the providing entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by FCA are recognized as imputed costs on the statement of net cost and are offset by imputed revenue on the statement of changes in net position. FCA's inter-entity costs that are reported as imputed costs include federal employee benefits and rent. See note 10.

M. **Annual, sick, and other leave** — Annual leave, compensatory leave, credit hours, and some other types of leave are accrued as a funded liability when earned, with an offsetting reduction for leave taken. The accrued leave liability for each of these types of leave is calculated using current pay rates. Sick leave and other types of nonvested leave are expensed as the leave is taken. Our leave liability is composed of both compensation and the associated benefits. This ensures that our estimated liability for leave reflects the current composition of our staff.

N. **Assessments** — A substantial portion of our revenues is based on direct assessments billed to the System institutions we regulate or examine. We also recognize revenues based on examination services provided by the Office of Examination. We use a formula established in our regulations to calculate assessments. We base each institution's assessment, in part, on its average risk-adjusted assets and its overall financial health.

O. **Deferred revenue** — Any funds received before the beginning of the new fiscal year are considered unearned revenue and are reported as deferred revenue on the balance sheet. These amounts are also reported as "exempt from apportionment, not available" on the statement of budgetary resources.

P. **Use of estimates** — We have made certain estimates and assumptions when reporting assets, liabilities, revenue, and expenses; we have also made estimates and assumptions in the note disclosures. Actual results could differ from these estimates. Examples of estimates include year-end accruals and accrued workers' compensation.

Q. **Financial data** — All amounts presented in this report are in whole dollars.

R. **Classified activities** — Accounting standards require all reporting entities to disclose that accounting standards allow them to modify certain presentations and disclosures if needed, to prevent the disclosure of classified information. FCA does not have any classified activities.

S. **Leases** — Accounting standards require all reporting entities to (1) recognize operating leases as lease assets and lease liabilities on the balance sheet and (2) disclose key information about significant leasing arrangements. As rent is provided to FCA at no cost (see note 10), we have determined this reporting requirement does not apply to FCA.



NOTE 2

Fund balance with Treasury

Description	2026	2025
Status of fund balance with Treasury		
Unobligated balance	$31,890,213	$31,294,206
Obligated balance not yet disbursed	17,950,288	12,620,076
Subtotal — status of fund balance	49,840,501	43,914,282
Funds invested with Treasury, net of unamortized discount	(44,475,157)	(42,785,429)
Total fund balance with Treasury	**$5,365,344**	**$1,128,853**

Fund balance with Treasury is an asset account that shows our available cash. The balance in the account increases as we collect funds and decreases as we disburse funds. The status of our fund balance with Treasury may be classified as unobligated or obligated. Unobligated amounts represent funds available for incurring new obligations, as well as funds not yet available for use. The funds not yet available for use represent the amount of new fiscal year assessments received before Oct. 1 and are classified as deferred revenue on the balance sheet. Amounts noted as "obligated balance not yet disbursed" represent funds designated to pay for goods and services received but not yet paid for.

Unobligated balances noted above agree with unobligated balances reported on the statement of budgetary resources.

No discrepancies exist between the fund balance reflected in the balance sheet and the balances as reported by Treasury.

All our funds invested with the Treasury are in Treasury securities.

NOTE 3

Investments

Investments as of Sept. 30, 2026, consisted of the following:

Intragovernmental investments	Cost	Amortized (premium) discount	Interest receivable	Net investments	Unrealized gain/(loss)	Market value disclosure
Nonmarketable: market-based	$44,549,751	$1,003,959	$149,515	$45,703,225	$570,926	$45,120,677

Investments as of Sept. 30, 2025, consisted of the following:

Intragovernmental investments	Cost	Amortized (premium) discount	Interest receivable	Net investments	Unrealized gain/(loss)	Market value disclosure
Nonmarketable: market-based	$42,788,553	$901,114	$168,499	$43,858,166	$1,118,186	$43,906,739

The accompanying notes are an integral part of these statements.

Premiums and discounts are amortized, and interest is accrued using the level-yield method of effective interest amortization over the term of the respective issues. Interest revenue on investments was $2,207,417 and $2,152,767 for FY 2026 and FY 2025, respectively.

All our funding is categorized as funds from dedicated collections (see note 8). We deposit the funds collected into Treasury in exchange for investments in Treasury securities. These securities provide FCA with the authority to draw upon Treasury when redeemed to make future payments or pay for other expenditures.

Treasury does not set aside assets to pay expenditures associated with our funds; instead, the cash generated from funds from dedicated collections is used by Treasury for general governmental purposes. The government finances the investment redemptions through accumulated cash balances, increased taxes or other receipts, borrowing from the public or reduced debt repayments, or reductions in other expenditures.

The Treasury securities we purchase are an asset to FCA and a liability to Treasury. Because FCA and the Treasury are both part of the federal government, these assets and liabilities offset each other from the perspective of governmentwide reporting. For this reason, our Treasury securities represent neither an asset nor a liability in the U.S. governmentwide financial statements.

NOTE 4

Accounts receivable

Accounts receivable balances as of Sept. 30, 2026 and 2025, were as follows:

Description	2026	2025
Intragovernmental		
Reimbursements for services provided	$3,083	$3,629
Subtotal	3,083	3,629
With the public		
Reimbursements for services provided	6,070	8,307
Expenditure refunds	3,128	557
Subtotal	9,198	8,864
Total accounts receivable	**$12,281**	**$12,493**

Intragovernmental receivables represent reimbursable services provided to FCSIC but unbilled as of Sept. 30. Receivables for services provided to the public represent amounts not yet collected related to the cost of examining the National Cooperative Bank and employee receivables.

We do not have any uncollectible accounts receivable and therefore do not report an allowance for uncollectible accounts.

NOTE 5

General property, equipment, and software

As of Sept. 30, 2026, general property, equipment, and software consisted of the following:

Type of asset	Estimated useful life	Depreciation method	Acquisition cost	Accumulated depreciation/ amortization	Net book value
Equipment	3 years	Straight line	$1,071,263	$(535,631)	$535,632
Equipment	5 years	Straight line	422,576	(375,709)	46,867
Software	5 years	Straight line	3,367,579	(2,645,224)	722,355
Total capitalized assets			**$4,861,418**	**$(3,556,564)**	**$1,304,854**

As of Sept. 30, 2025, general property, equipment, and software consisted of the following:

Type of asset	Estimated useful life	Depreciation method	Acquisition cost	Accumulated depreciation/ amortization	Net book value
Equipment	3 years	Straight line	$1,989,403	$(1,096,684)	$892,719
Equipment	5 years	Straight line	555,100	(476,988)	78,112
Equipment	10 years	Straight line	305,304	(305,304)	0
Software	5 years	Straight line	3,367,579	(2,264,486)	1,103,093
Total capitalized assets			**$6,217,386**	**$(4,143,462)**	**$2,073,924**

The capitalized property reconciliation as of Sept. 30 is as follows:

Reconciliation of changes in capitalized property, net	2026	2025
Net book value, beginning of year	$2,073,924	$1,647,545
Acquisition of capital assets	0	1,071,263
Depreciation expense	(769,070)	(644,884)
Net book value, end of period	**$1,304,854**	**$2,073,924**

Repairs and maintenance costs are expensed as incurred. We capitalize all property and equipment with itemized costs of $50,000 or more and a useful life of two years or more. We also capitalize groups of items that individually are under $50,000 but together meet the bulk purchase criteria of $500,000 or more. We capitalize software when its costs exceed $250,000 and when the software has a useful life of two years or more. We use the straight-line method of depreciation using the half-year convention to allocate the cost of capitalized property, equipment, or software over its estimated useful life.

NOTE 6

Liabilities not covered by budgetary resources

We record an unfunded liability (liability not covered by budgetary resources) for the actuarial workers' compensation liability under the Federal Employees' Compensation Act (FECA). The actuarial FECA liability is the estimated liability for future benefit payments and is recorded as a component of federal employee benefits. The actuarial liability estimate for benefits under FECA includes the expected liability for costs associated with death, disability, and medical care for approved compensation cases. The estimate also includes costs associated with incurred but unreported claims.

The Department of Labor estimates future workers' compensation liability for specified entities that are preparing financial statements under the Chief Financial Officers Act and the Government Management Reform Act. Because we are not one of the entities for which the Department of Labor provides individual estimates on a routine basis, we calculated our estimated FECA actuarial liability amount by using the Department of Labor's FY 2026 model.

Liabilities not covered by budgetary resources as of Sept. 30, 2026 and 2025, consisted of the following:

Liability description	2026	2025
Actuarial workers' compensation liability	$1,270,898	$1,313,090
Total liabilities not covered by budgetary resources	1,270,898	1,313,090
Total liabilities covered by budgetary resources	19,304,196	19,198,167
Total liabilities	**$20,575,094**	**$20,511,257**

NOTE 7

Other liabilities

There are three categories of intragovernmental other liabilities in our balance sheet. The benefit program contributions payable line represents the employer portion of payroll taxes and contributions, such as retirement, health insurance, and life insurance. These intragovernmental liabilities also include the amount of our funded liability for FECA. The other liabilities (without reciprocals) line item refers to transactions that are intragovernmental in nature, but no reciprocal balances will be reported by any other federal entity. For FCA, these balances relate to accrued liabilities for employees' withholding taxes under the Federal Insurance Contributions Act and hospital insurance tax.

Other liabilities as of Sept. 30, 2026 and 2025, consisted of the following:

Other liabilities	2026	2025
Intragovernmental		
Other liabilities (without reciprocals)	$126,122	$125,172
Liability to the General Fund of the U.S. government for custodial and other nonentity assets	33	19
Benefit program contributions payable	490,722	441,022
Total intragovernmental other liabilities	616,877	566,213
Total other liabilities	**$616,877**	**$566,213**

The accompanying notes are an integral part of these statements.

NOTE 8

Funds from dedicated collections

Our primary source of funding is the assessment collections from the System, including Farmer Mac. Collections of the assessments, by statute, fund our agency operations and are not general revenues of the federal government. As such, we classify our funds as dedicated collections.

Description	Total funds from dedicated collections (consolidated) 2026	Total funds from dedicated collections (consolidated) 2025
Balance sheet as of Sept. 30		
Assets		
Intragovernmental assets		
Fund balance with Treasury	$5,365,344	$1,128,853
Investments	45,703,225	43,858,166
Accounts receivable	3,083	3,629
Advances and prepayments	44,819	71,551
Total intragovernmental assets	51,116,471	45,062,199
Assets with the public		
Accounts receivable	$9,198	$8,864
General property, equipment, and software, net	1,304,854	2,073,924
Advances and prepayments	929,772	230,348
Total assets with the public	2,243,824	2,313,136
Total assets	**$53,360,295**	**$47,375,335**
Liabilities		
Intragovernmental liabilities		
Accounts payable	$3,201	$3,936
Advances from others and deferred revenue	153,347	0
Other liabilities	616,877	566,213
Total intragovernmental liabilities	773,425	570,149
Liabilities with the public		
Accounts payable	$2,247,177	$824,591
Federal employee payroll and benefits payable	7,479,588	8,598,173
Advances from others and deferred revenue	8,804,006	9,205,254
Other liabilities	1,270,898	1,313,090
Total liabilities with the public	19,801,669	19,941,108
Total liabilities	**$20,575,094**	**$20,511,257**
Cumulative results of operations	32,785,201	26,864,078
Total liabilities and net position	**$53,360,295**	**$47,375,335**
Statement of net cost for the year ended Sept. 30		
Gross program costs	$103,574,299	$106,637,023
Less: earned revenues	(99,573,411)	(96,435,556)
Net program costs	4,000,888	10,201,467
Net cost of operations	**$4,000,888**	**$10,201,467**

The accompanying notes are an integral part of these statements.

Description	Total funds from dedicated collections (consolidated) 2026	Total funds from dedicated collections (consolidated) 2025
Statement of changes in net position for the year ended Sept. 30		
Cumulative results of operations		
Beginning balance	$26,864,078	$25,840,446
Imputed financing	9,922,011	11,225,749
Other	0	(650)
Net cost of operations	(4,000,888)	(10,201,467)
Net change in cumulative results of operations	5,921,123	1,023,632
Total cumulative results of operations	32,785,201	26,864,078
Net position	**$32,785,201**	**$26,864,078**

NOTE 9

Suborganization program costs

The following tables provide a detailed breakout of the statement of net cost for each of the fiscal years ended Sept. 30, 2026 and 2025. We display our cost and earned revenue amounts by office within each program. The table below displays our primary mission offices. Costs and revenues for the remaining FCA offices are included in the other offices column. See the FCA offices on page 8 for a list of the other offices.

Total program costs for the year ended Sept. 30, 2026, were as follows:

Agency programs	Program costs	Office of Examination	Office of Regulatory Policy	Office of Secondary Market Oversight	Other offices	Total
Policy and regulation	Gross costs	$383,646	$6,194,524	$105,059	$15,462,345	$22,145,574
	Less: earned revenue	(369,821)	(5,971,300)	(71,156)	(14,936,334)	(21,348,611)
	Net program cost	13,825	223,224	33,903	526,011	796,963
Safety and soundness	Gross costs	45,307,870	536,344	1,635,727	33,273,751	80,753,692
	Less: earned revenue	(43,680,503)	(517,016)	(1,474,900)	(32,193,686)	(77,866,105)
	Net program cost	1,627,367	19,328	160,827	1,080,065	2,887,587
Other activity	Gross costs	103,498	0	1,005	570,530	675,033
	Less: earned revenue	(54,996)	0	(534)	(303,165)	(358,695)
	Net program cost	48,502	0	471	267,365	316,338
Net cost of operations		**$1,689,694**	**$242,552**	**$195,201**	**$1,873,441**	**$4,000,888**

The accompanying notes are an integral part of these statements.

Total program costs for the year ended Sept. 30, 2025, were as follows:

Agency programs	Program costs	Office of Examination	Office of Regulatory Policy	Office of Secondary Market Oversight	Other offices	Total
Policy and regulation	Gross costs	$175,356	$7,233,216	$636,087	$17,846,871	$25,891,530
	Less: earned revenue	(158,149)	(6,519,079)	(625,326)	(16,188,191)	(23,490,745)
	Net program cost	17,207	714,137	10,761	1,658,680	2,400,785
Safety and soundness	Gross costs	47,596,060	481,962	1,360,887	30,674,739	80,113,648
	Less: earned revenue	(42,998,907)	(434,378)	(1,302,480)	(27,851,907)	(72,587,672)
	Net program cost	4,597,153	47,584	58,407	2,822,832	7,525,976
Other activity	Gross costs	122,535	0	872	508,438	631,845
	Less: earned revenue	(69,261)	0	(493)	(287,385)	(357,139)
	Net program cost	53,274	0	379	221,053	274,706
Net cost of operations		**$4,667,634**	**$761,721**	**$69,547**	**$4,702,565**	**$10,201,467**

NOTE 10

Inter-entity cost

Federal employee benefits

We report the amount of our pension expense and other retirement benefits in accordance with SFFAS 5, Accounting for Liabilities of the Federal Government. These expenses are treated as an imputed expense, which is recognized when amounts remitted to the Office of Personnel Management (OPM) are less than the full cost to the government. Corresponding amounts of imputed revenue are recorded to offset the imputed cost.

Benefit description	2026	2025
Imputed pension costs	$2,598,362	$3,745,285
Other imputed retirement benefits	3,173,649	3,330,464
Total imputed benefit costs	**$5,772,011**	**$7,075,749**

Pension expenses — Our employees are covered under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), to which we make contributions according to plan requirements. CSRS and FERS are multiemployer plans. We do not maintain or report information about the assets of these plans or actuarial data for accumulated plan benefits. The reporting of such amounts is the responsibility of OPM.

Other retirement benefit expenses — We recognize an expense for the cost of providing health benefits and life insurance to our employees after they retire. OPM provides the factors used to calculate these costs.

Rent

In accordance with the Farm Credit Act, we occupy buildings owned and leased by the Farm Credit System Building Association (FCSBA). Our administrative headquarters building is in McLean, Virginia. In addition, the FCSBA leases office space for field offices on our behalf at various locations throughout the United States. Rent is provided at no cost to us. Our imputed rent expense is an estimate based on the FCSBA's estimated budget for FY 2026 and FY 2025. In accordance with SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, the rent expense and the associated imputed revenue are recorded as a nonmonetary transaction.

The accompanying notes are an integral part of these statements.

FCA office description	2026	2025
Leased field offices	$1,328,339	$1,448,875
FCA headquarters	2,821,661	2,701,125
Total imputed rent	**$4,150,000**	**$4,150,000**

NOTE 11

Undelivered orders at the end of the period

Undelivered orders are contracts or orders issued for which goods and services have not been received. This includes any orders for which we have paid in advance, but have not yet received the goods or services. Undelivered orders as of Sept. 30, 2026 and 2025, are presented in the tables below.

As of Sept. 30, 2026, budgetary resources obligated for undelivered orders were as follows:

Type of undelivered orders	Intragovernmental	With the public	Total
Paid undelivered orders	$44,819	$929,772	$974,591
Unpaid undelivered orders	308,181	7,455,963	7,764,144
Total undelivered orders	**$353,000**	**$8,385,735**	**$8,738,735**

As of Sept. 30, 2025, budgetary resources obligated for undelivered orders were as follows:

Type of undelivered orders	Intragovernmental	With the public	Total
Paid undelivered orders	$71,551	$230,348	$301,899
Unpaid undelivered orders	247,615	2,672,267	2,919,882
Total undelivered orders	**$319,166**	**$2,902,615**	**$3,221,781**

NOTE 12

Explanation of differences between the statement of budgetary resources and the budget of the U.S. government

SFFAS 7 requires the reporting of material differences between amounts reported in the statement of budgetary resources and the actual amounts reported in the Budget of the United States Government.

There are no material differences between the amounts reported in the FY 2025 statement of budgetary resources and the FY 2025 actual amounts reported in the FY 2027 Budget of the United States Government. The FY 2028 Budget of the United States is not yet available, so we cannot yet compare the FY 2026 actual amounts with the amounts reported in the FY 2026 statement of budgetary resources. The budget is expected to be available in February 2027 at **www.whitehouse.gov/omb/budget/**.

NOTE 13

Incidental custodial collections

Our custodial collections include receipts to cover the costs of fulfilling Freedom of Information Act requests; they also include other receipts, such as interest and penalties. During the fiscal year, we include these collections in the fund balance with Treasury account. However, since these collections are immaterial to the financial statements and incidental to our mission, we do not provide a statement of custodial activity. Custodial collections totaled $38 for the year ended Sept. 30, 2026, and $650 for the year ended Sept. 30, 2025. All funds collected were transferred to Treasury at the end of the fiscal year.

NOTE 14

Reconciliation of net cost to net outlays (budget to accrual reconciliation)

This note explains the relationship between our net outlays on a budgetary basis and the net cost of operations during the reporting period. It is a reconciliation between budgetary and financial accounting information.

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash. Because financial accounting is intended to provide a picture of the government's financial operations and financial position, it presents information on an accrual basis. The accrual basis includes information about costs arising from consuming assets and incurring liabilities. This reconciliation identifies costs paid in the past and those that will be paid in the future while ensuring consistency between budgetary and financial accounting. The analyses in the tables below illustrate this reconciliation by listing the key differences between net cost and net outlays.

The reconciliation begins with the net cost of operations (see note 9). The components of the reconciliation include:

- Components of net operating cost that are not part of budgetary outlays — removes financial activity that affects net cost but does not involve cash outlays. An example of this is recording the annual depreciation expense.
- Components of budgetary outlays that are not part of net operating cost — adds cash outlays related to the purchase of capital assets that are not included in net cost. This section is not included in the FY 2026 table because we did not acquire any capital assets during FY 2026 (see note 5).
- Other reconciling items — removes incidental custodial activities that affect net cost but do not affect net outlays (see note 13).

The reconciliation ends with net outlays, which are cash payments minus any money we collect to offset those payments.

For the year ended Sept. 30, 2026, the reconciliation of net cost to net outlays is as follows:

Reconciling items	Intragovernmental	With the public	Total
Net cost of operations	**$27,260,887**	**$(23,259,999)**	**$4,000,888**
Components of net operating cost that are not part of budgetary outlays			
Property, equipment, and software depreciation expense	0	(769,070)	(769,070)
Increase/(decrease) in assets			
Accounts receivable	(546)	334	(212)
Advances and prepayments	(26,732)	699,424	672,692
Investments	155,331	0	155,331
(Increase)/decrease in liabilities not affecting budgetary outlays			
Accounts payable	735	(1,422,586)	(1,421,851)
Federal employee payroll and benefits payable	0	1,118,585	1,118,585
Actuarial workers' compensation	0	42,192	42,192
Advances from others and deferred revenue	(153,347)	401,248	247,901
Employer contributions and payroll taxes payable	(50,650)	0	(50,650)
Other financing sources			
Imputed federal employee retirement benefit cost	(5,772,011)	0	(5,772,011)
Imputed rent	(4,150,000)	0	(4,150,000)
Total components of net operating cost that are not part of budgetary outlays	**$(9,997,220)**	**$70,127**	**$(9,927,093)**
Other reconciling items			
Distributed offsetting receipts	$0	$(10)	$(10)
Custodial/non-exchange revenue	(14)	0	(14)
Total other reconciling items	**$(14)**	**$(10)**	**$(24)**
Net outlays (calculated total)	**$17,263,653**	**$(23,189,882)**	**$(5,926,229)**
Related amounts on the statement of budgetary resources			
Outlays, net			**$(5,926,229)**

The accompanying notes are an integral part of these statements.

For the year ended Sept. 30, 2025, the reconciliation of net cost to net outlays is as follows:

Reconciling items	Intragovernmental	With the public	Total
Net cost of operations	**$29,164,438**	**$(18,962,971)**	**$10,201,467**
Components of net operating cost that are not part of budgetary outlays			
Property, equipment, and software depreciation expense	0	(644,883)	(644,883)
Increase/(decrease) in assets			
Accounts receivable	(819)	(7,303)	(8,122)
Advances and prepayments	55,873	(48,475)	7,398
Investments	418,971	0	418,971
(Increase)/decrease in liabilities not affecting budgetary outlays			
Accounts payable	77,768	(59,166)	18,602
Federal employee payroll and benefits payable	0	(420,708)	(420,708)
Actuarial workers' compensation	0	88,332	88,332
Advances from others and deferred revenue	0	(3,536,218)	(3,536,218)
Employer contributions and payroll taxes payable	(52,988)	1,510	(51,478)
Other financing sources			
Imputed federal employee retirement benefit cost	(7,075,749)	0	(7,075,749)
Imputed rent	(4,150,000)	0	(4,150,000)
Total components of net operating cost that are not part of budgetary outlays	**$(10,726,944)**	**$(4,626,911)**	**$(15,353,855)**
Components of budgetary outlays that are not part of net operating cost			
Acquisition of capital assets	$0	$1,071,263	$1,071,263
Total components of budgetary outlays that are not part of net operating cost	**$0**	**$1,071,263**	**$1,071,263**
Other reconciling items			
Distributed offsetting receipts	$0	$(650)	$(650)
Custodial/non-exchange revenue	(19)	0	(19)
Nonentity activity	650	0	650
Total other reconciling items	**$631**	**$(650)**	**$(19)**
Net outlays (calculated total)	**$18,438,125**	**$(22,519,269)**	**$(4,081,144)**
Related amounts on the statement of budgetary resources			
Outlays, net			**$(4,081,144)**

The accompanying notes are an integral part of these statements.





Other Information

This section includes the following additional reporting required by the Office of Management and Budget:

- A summary of our financial statement audit and management assurances
- Our actions to address Payment Integrity Information Act requirements
- An update on our annual adjustment on civil monetary penalties
- A summary of the management challenges identified by our inspector general, which includes a description of each challenge along with an assessment of the agency's actions to address those challenges
- Our response to the inspector general's assessment

Summary of financial statement audit and management assurances

FCA has no reported material weakness, and we are in conformance with the Federal Managers' Financial Integrity Act (FMFIA).

TABLE 5

Summary of financial statement audit

Audit opinion: Unmodified
Restatement: No

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Ending balance
Total material weaknesses	0	0	0	0	0

TABLE 6

Summary of management assurances

Effectiveness of internal control over financial reporting (FMFIA § 2)
Statement of assurance: Unmodified

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Ending balance
Total material weaknesses	0	0	0	0	0

Effectiveness of internal control over operations (FMFIA § 2)
Statement of assurance: Unmodified

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Ending balance
Total material weaknesses	0	0	0	0	0

Conformance with federal financial management system requirements (FMFIA § 4)
Statement of assurance: Federal systems conform

Material weaknesses	Beginning balance	New	Resolved	Consolidated	Ending balance
Total material weaknesses	0	0	0	0	0

Compliance with Federal Financial Management Improvement Act (§ 803[a])
FCA is not required to report under this act.

Payment Integrity Information Act reporting

The Payment Integrity Information Act of 2019 requires agencies to report annual improper payment estimates for OMB-designated high-priority programs and programs that are susceptible to significant improper payments. FCA does not have any programs that OMB designated as high priority, and as a small agency, we do not have any individual programs with annual outlays greater than $10 million.

In accordance with legislative requirements and OMB guidance, we conduct risk assessments every three years to identify programs that may have a significant risk of improper payments. We perform our assessments on contract payments, claims and vouchers, purchase cards, travel cards, and payroll. Based on our last risk assessment for the period ended Sept. 30, 2023, we determined that our programs and activities remain low risk and are not susceptible to significant improper payments. We will complete the next assessment in FY 2027 for the period ended Sept. 30, 2026.

Given our agency's size and low-risk of improper payments, recovery audits are not cost effective. The amount recovered would not exceed the cost of a recovery audit program.

We ensure payment integrity through combined efforts with our shared service provider, strong payment controls, and continuous monitoring. We use the tools available to prevent and reduce improper payments and work with our service provider to collect any identified overpayments. Using the Bureau of the Fiscal Service's Do Not Pay service on our behalf, our shared service provider continuously monitors vendors to ensure that only valid vendors are enabled for payment. In addition, our service provider performs a daily Do Not Pay precertification validation before any payment is made. The use of Do Not Pay by our service provider reduces potential improper payments up front in the pre-award and pre-payment phases. For pre-award activity, we use the System for Award Management to validate that vendors are eligible to do business with the federal government. For FY 2026, FCA had zero returned payments due to the use of these screenings.

Each executive branch agency must complete the annual OMB data call to provide information related to its respective payment integrity actions. The resulting data on improper payments across federal programs can be found on **PaymentAccuracy.gov**. We present only summary-level information on this website because we do not have any individual programs with annual outlays greater than $10 million.

On Feb. 27, 2026, our inspector general published the annual Office of Inspector General report on FCA's compliance with reporting requirements for improper payments. The report concluded that we were in compliance, and there were no recommendations.

Civil Monetary Penalty Adjustment for Inflation Act

Under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, agencies must adjust civil monetary penalties for inflation each year and report the adjustments.

On April 17, 2026, OMB issued M-26-11 canceling the 2026 inflation adjustment for civil monetary penalties. Because of the lapse in appropriations in fall 2025, the Oct. 2025 Consumer Price Index, which is used to calculate the adjustment, was not produced. As a result, FCA's civil money penalties remained unchanged for 2026. Table 7 shows the most recent adjustments FCA has made.



TABLE 7

Annual inflation adjustments of civil monetary penalties

Statutory authority	Penalty description	Year enacted	Latest year of adjustment (via statute or regulation)	Current penalty (dollar amount)	Location for penalty update details
Section 5.32(a) of the Farm Credit Act of 1971, as amended	Violation of a final order	1985	2025	$2,904	90 FR 3617-3618
Section 5.32(a) of the Farm Credit Act of 1971, as amended	Violation of the act or regulation	1985	2025	$1,313	90 FR 3617-3618
Section 102(f) of the Flood Disaster Protection Act of 1973	Pattern or practice of committing violations of the National Flood Insurance Program	1994	2025	$2,730	90 FR 3617-3618



Top Management Challenges

October 2026

FCA OIG

FARM CREDIT ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

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Message from the Inspector General



The Reports Consolidation Act of 2000 requires the Inspector General to provide a summary perspective on the most serious management and performance challenges facing the Agency and to briefly assess the Agency's progress in addressing those challenges. Consistent with this requirement, this report identifies significant challenges that may affect the Agency's ability to achieve its mission and fulfill its statutory responsibilities.

The challenges discussed in this report reflect both longstanding vulnerabilities identified through Office of Inspector General (OIG) oversight and new or emerging conditions that may affect the Farm Credit Administration's (FCA or Agency) operations, resources, and ability to carry out its mission. These challenges are interconnected. Changes in the Federal workforce may affect the Agency's ability to maintain the expertise necessary to regulate a complex financial system. Advances in cybersecurity, information technology and Super Intelligence capabilities create opportunities to improve efficiency while introducing new cybersecurity, information security, privacy, and operational risks. In addition, uncertainty regarding the FCA Board's ability to operate without a quorum could affect the Agency's ability to exercise certain authorities and make policy decisions.

This year's report addresses the following management and performance challenges:

- Staff attrition and succession planning in a small, mission-critical examination workforce;
- Keeping pace with cybersecurity and data security demands;
- Aligning oversight tools and resources with emerging Farm Credit System risks;
- Balancing the risks and benefits of Super Intelligence; and
- Loss of quorum limiting FCA governance and rulemaking.

For each challenge, the report describes the conditions contributing to the challenge, summarizes actions FCA has taken or plans to take, and identifies areas requiring continued management attention. The inclusion of a challenge does not necessarily indicate that FCA has failed to address it. Rather, it recognizes that the issue requires sustained oversight, strategic planning, effective risk management, and continued action to prevent or mitigate adverse effects on the Agency's operations and mission.

The OIG will continue to monitor FCA's progress in addressing these challenges through audits, inspections, evaluations, investigations, and other oversight activities. As conditions change, the OIG may revise its assessment of these challenges and identify additional issues that warrant management attention.

Stephen H Ravas
Inspector General

Background

Farm Credit Administration

The Farm Credit Administration (FCA or Agency) is a Federal agency tasked with regulating and supervising the Farm Credit System (FCS or System). The System is the nation's oldest government-sponsored enterprise, consisting of a nationwide network of cooperative banks and associations, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac). The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. The Agency ensures that all institutions within the System are safe, sound, and reliable sources of credit and related services for creditworthy and eligible individuals in agriculture and rural America. To promote safety and soundness in the System, FCA conducts examination and supervision activities, develops regulations and policies, and monitors risks and System conditions.

Office of Inspector General

Established in January 1989, the Office of Inspector General (OIG) provides independent and objective oversight of FCA programs and operations. In accordance with the Inspector General Act of 1978, as amended, the OIG conducts and supervises audits, inspections, evaluations, and investigations; promotes economy, efficiency, and effectiveness; prevents and detects fraud, waste, and abuse; and keeps the FCA Board and Congress fully and currently informed about problems and deficiencies related to FCA's programs and operations.

Reports Consolidation Act of 2000

The Reports Consolidation Act of 2000 requires the Inspector General to provide a summary perspective on the most serious management and performance challenges facing the Agency and to briefly assess the Agency's progress in addressing those challenges. Consistent with this requirement, the OIG identified significant management and performance challenges that may affect the Agency's ability to achieve its mission and fulfill its statutory responsibilities.



Oversight Areas

Oversight Areas

We strive to conduct oversight that will have a positive effect on FCA's programs and operations. Our oversight areas are aligned with the top management challenges facing the Agency and are designed to assess program effectiveness, safeguard resources, and help ensure the Agency remains well-positioned to meet its responsibilities. In determining these focus areas, we also considered stakeholder priorities, prior work, and emerging threats or vulnerabilities, among other areas.

Supervision and Examination Oversight



Borrower Protection and Public Confidence



Technology and Cybersecurity



Workforce Integrity and Readiness



Resources and Operating Stewardship



Financial Administration and Accountability



CHALLENGE ONE

Staff attrition and succession planning in a small, mission-critical examination workforce



FCA's most significant challenge is effectively managing human capital to ensure it maintains the skilled workforce needed to carry out its mission. With approximately 315 employees, FCA is particularly vulnerable to staff turnover. In fiscal year 2026, the Agency lost roughly 13 percent of its employees through various types of separations such as transfers and retirements. These departures have a greater impact on small Federal agencies, where responsibilities are concentrated among fewer employees and limited resources reduce opportunities for cross-training and knowledge transfer. Vacancies created through the completion of the government-wide Deferred Resignation Program added further pressure as the Agency works to balance immediate staffing needs with longer-term workforce requirements. A 2024 OIG review also found that there was an increasing number of retirement-eligible staff, especially when viewed at the programmatic office level and among leadership, with more than 30 percent of employees eligible to retire by 2030. At the time of the report, for example, two-thirds of the Office of Examination's (OE) senior management team were retirement eligible. For these reasons, both FCA and the OIG have identified succession planning as one of the Agency's highest risks.

FCA's OE presents unique challenges for the Agency's human capital strategy. This office comprises more than half of the Agency and includes the examiners responsible for conducting the portfolio of statutorily required safety and soundness examinations of System institutions. Examiners complete a multi-year development program to acquire the skills and expertise necessary to lead examinations. However, in a competitive and evolving job market, the Agency must balance the need to maintain a highly-skilled workforce against the substantial investment it makes in training employees who may leave during or shortly after earning their commissions. In addition, the combination of employee attrition and a resource-intensive training program make it increasingly difficult to project staffing needs and grow the examination staff to ensure adequate resources for mission-critical work. Because FCA has drawn from its pool of commissioned examiners to fill more senior positions throughout the Agency, the effects of these challenges extend well beyond OE.

FCA's ability to ensure effective human capital management has also been affected by a lack of permanent leadership. Over the past year, FCA appointed the Chief Examiner as the Acting Chief Operating Officer, which led to the selection of various acting leaders throughout OE. In October 2026, the Deputy General Counsel was named the new Acting Chief Operating Officer. Although acting roles provide development opportunities and support succession planning, they also require the Agency to redirect experienced staff away from their primary responsibilities. Moreover, while interim appointments support continuity, they can make it more difficult to plan for the future, implement organizational changes, and establish and advance long-term priorities.

CHALLENGE ONE

The Agency continues to take steps to address this challenge. In addition to offering competitive compensation and benefits, FCA uses promotion opportunities and a multifaceted hiring strategy to attract and retain talent. The Agency uses interns, mid-career hires, and rotational opportunities to fill gaps and support timely staffing. The Agency also continues to identify and analyze new ways to strengthen and support personnel. FCALabs provides a platform for employees to identify areas where the Agency can collaborate on solutions and improvements. Further, OE is reviewing recommendations from an assessment of its operating model to identify opportunities to increase agility, strengthen collaboration across divisions, and expand and evaluate organizational capabilities.

The success of FCA's human capital management will depend largely on its ability to adapt. As performance management requirements evolve,[1] FCA will need to find ways to recruit and retain highly-skilled personnel. It will also need to identify tools and technologies that optimize available resources, especially as it fills vacancies under hiring constraints.[2] Finally, to support leadership transitions and broader human capital priorities, FCA will need to strengthen knowledge transfer and succession-planning efforts while continuing to prioritize its statutory requirements.

The OIG has scheduled an audit of OE's commissioning program to begin in the first quarter of fiscal year 2027.

[1] Office of Personnel Management, *FY 2026 Standardized Distribution of Rating Levels and FY 2026 Performance Awards Guidance for Federal Employees* (Sep. 21, 2026). The guidance addresses changes to OPM regulation in 5 CFR Part 430 governing performance management for the Federal workforce.

[2] White House, Executive Order 14356, *Ensuring Continued Accountability in Federal Hiring* (Oct. 15, 2025); Office of Personnel Management, *Guidance on Executive Order 14356, Ensuring Continued Accountability in Federal Hiring* (Nov. 5, 2025).

Prior Relevant Work

The Identification and Mitigation Efforts for Key Position and Personnel Dependencies at the Farm Credit Administration (Feb. 20, 2024)

Farm Credit Administration's Examiner Staffing Program (Jan. 30, 2023)

Farm Credit Administration's Employee Separation Process (Feb. 9, 2021)



CHALLENGE TWO

Keeping pace with cybersecurity and data security demands



Another top management and performance challenge for the Agency is its ability to keep cybersecurity and data security practices aligned with an increasingly complex security and regulatory environment. Maintaining a strong and effective security posture touches every aspect of the FCA mission and affects every employee. Although the Office of Information Technology and the Office of Data Analytics and Economics hold primary responsibility for information systems and data, every employee plays an essential role by following policies and procedures and helping safeguard FCA's systems and information.

Security landscape

The cybersecurity landscape is rapidly evolving, requiring FCA to continually adapt its security posture. Effective security now depends not only on the ability to change practices and implement improvements quickly, but also on maintaining a continuous cycle of protection, detection, response, and refinement. The traditional "fix and implement" model is no longer sufficient.

FCA OIG's fiscal year 2026 Federal Information Security Modernization Act of 2014 evaluation illustrates both the strengths and continuing challenges of the Agency's information security program. The OIG concluded that FCA's information security program was effective overall. FCA received a Level 4, "Managed and Measurable," rating in cybersecurity governance, supply-chain risk management, configuration management, identity and access management, data protection and privacy, security training, and contingency planning. A Level 4 rating means that FCA's policies, procedures, and strategies are formalized, documented, and consistently implemented, with quantitative and qualitative performance measures collected and used to assess their effectiveness and make necessary improvements.

The evaluation also identified areas requiring continued attention. FCA received a Level 3, "Consistently Implemented," rating in risk and asset management, information security continuous monitoring, and incident response. A Level 3 rating indicates that policies, procedures, and strategies are consistently implemented, but that quantitative and qualitative measures of their effectiveness are not yet sufficiently developed. The report made one recommendation to improve the risk management program.

The report's findings are particularly relevant to the broader threat environment. In a recent advisory report, the Cybersecurity and Infrastructure Security Agency (CISA) described lessons learned from a red team simulation of real-world malicious cyber operations. The exercise assessed

CHALLENGE TWO

organizations' ability to detect, investigate and respond to cyber threats.[3] One of the key lessons was that poorly tuned detection tools can allow threats to go undetected. This finding underscores the importance of continuously assessing security controls, monitoring capabilities, and incident response processes after defense systems are implemented. Effective implementation of corrective actions will be increasingly important as threats, technologies, and mission needs continue to change.

Another characteristic of the current environment is that cyber criminals are becoming increasingly sophisticated. The threat environment will continue to change as adversaries exploit Super Intelligence (SI), newly identified vulnerabilities, and weaknesses in software and third-party supply chains. CISA issued more than 120 alerts and eight cybersecurity advisories through September of this year, illustrating the volume and pace of emerging threats.[4] For an Agency with limited information technology resources, keeping pace with security in this environment will remain challenging. As threats change and expand, FCA will need to ensure it has the correct tools, people, and processes to safeguard systems. FCA should continue to prioritize risk-based investments, strengthen controls, and improve its ability to measure and monitor the effectiveness of information security activities. Sustained progress will depend on FCA continuing to timely remediate weaknesses, sustain accountability, implement corrective-action tracking, and reassess whether its security practices remain effective against evolving threats.

Legal, regulatory, and other mandates landscape

In addition to responding to emergent security threats, FCA must dedicate resources to analyze new requirements and guidance, evaluate initiatives and priorities, plan resource allocations, and implement updated technologies and strategies. These ongoing demands place significant pressure on already limited resources. This year, the Office of Management and Budget (OMB) and CISA continued to issue important guidance related to information technology, including, but not limited to:

[3] Cybersecurity and Infrastructure Security Agency, Cybersecurity Advisory, *A Tale of Two SOCs: Insights From Two Red Team Assessments* (Aug. 25, 2026).

[4] CISA publishes Cybersecurity Alerts and Advisories. The information was sorted by advisory type for alerts and cybersecurity advisories through September 30, 2026.



CHALLENGE TWO

- White House, M-26-15, *Execution of the Migration to Post-Quantum Cryptography* (June 24, 2026)
- CISA Binding Operational Directive (BOD) 26-04: *Prioritizing Security Updates Based on Risk* (June 10, 2026)
- White House, M-26-14, *Ensuring Effective and Efficient Agency Logging and Network Visibility to Defend Against Evolving Cyber Threats* (May 22, 2026)
- CISA BOD 26-02: *Mitigating Risk From End-of-Support Edge Devices* (Feb. 5, 2026)
- White House, M-26-05, *Adopting a Risk-based Approach to Software and Hardware Security* (Jan. 23, 2026)
- White House, M-26-04, *Increasing Public Trust in Artificial Intelligence Through Unbiased AI Principles* (Dec. 11, 2025)

Overall, the Agency is making progress towards meeting Federal cybersecurity and data security requirements and advancing related initiatives. According to the Agency's Integrated Technology Plan Overview, the major initiatives for the year included accelerated innovation, cloud adoption, SI,[6] FCS data transfer capabilities, and cybersecurity.[5] As part of these efforts, the Agency implemented an SI tool, continued work to increase assets covered by the continuous diagnostics and mitigation program, strengthened event logging capabilities, and developed a data governance policy and inventory.

While the Agency continues to mature its cybersecurity and data security practices, challenges remain. The Agency's limited resources will continue to face pressure as the cybersecurity and data security landscape becomes increasingly complex. Although SI creates opportunities for innovation and efficiency, it also introduces additional risks as cybercriminals also adopt more advanced techniques and tools. As the Agency faces new requirements and mandates, its leaders will need to adapt policies and practices in an agile, efficient, and risk-informed manner.

[5] Farm Credit Administration, *Report on Integrated Technology Plan Presentation* (Jan. 8, 2026).

[6] On September 29, 2026 the White House issued Executive Order 14434, *Inaugurating the Era of Super Intelligence*, which directed all Executive Branch entitles to replace the terms "Artificial Intelligence" and "AI" with "Super Intelligence" in official communications – reflecting the Administration's view that today's AI systems represent a transformative leap beyond their original scope.

Prior Relevant Work

2026 Evaluation of the Farm Credit Administration's Compliance with the Federal Information Security Modernization Act (July 28, 2026)

Farm Credit Administration Office of Data Analytics and Economics (June 14, 2023)

CHALLENGE THREE

Aligning oversight tools and resources with emerging System risks





FCA's mission is to ensure System institutions are safe, sound, and dependable sources of credit and related services to all creditworthy and eligible individuals in agriculture and rural America. System institutions serve farmers, ranchers, and other borrowers in all 50 states and the Commonwealth of Puerto Rico, with considerable variation in their size and lending portfolio. These institutions continue to evolve in response to customer needs and changes in the modern agricultural economy, including adopting new technologies.

FCA must maintain a supervisory framework that can identify and address risks at both the individual institution level and across the System. FCA must continually assess whether its examination procedures, risk-monitoring methods, data systems, analytical tools, and supervisory guidance remain sufficiently current and effective. The Agency must also allocate its finite examination and oversight resources according to the significance and severity of emerging risks without compromising the quality, consistency, or timeliness of its supervisory activities.

Effective supervision increasingly depends on FCA's ability to analyze complex and rapidly changing areas, including capital markets, information technology, credit, and data analytics. These issues are not solely workforce concerns. They also present challenges involving supervisory methodology, data quality, information sharing, examiner tools, and the appropriate application of regulatory expectations across institutions with different risk profiles. FCA will need to continue refining its oversight approaches so that examiners and supervisors can evaluate these risks in a manner that is timely, consistent, and proportionate to the institutions' activities and exposures.

FCA has taken a number of steps in recent years to meet this challenge. These efforts include the establishment of a "Future of OE" workgroup tasked with identifying potential changes to OE's structure and operations and continuing to enhance the Agency's collection and analysis of System institution data. FCA also conducts annual planning processes to identify priority areas for its supervisory and examination activities.

CHALLENGE THREE

For OE, the focus areas identified in its *National Oversight Plan for Fiscal Year 2027* include:

- Servicing higher risk borrowers and credit risk management,
- Artificial intelligence risk management,
- Earnings management, and
- Governance and controls over stockholder information.

Similarly, the Office of Secondary Market Oversight (OSMO) identified the following as its *Examination Focus Areas for 2026:*

- Asset values, and distressed asset exposures and concentrations, including any impact to servicing,
- Artificial intelligence, model usage and oversight,
- Financial data quality, integrity and transmission security,
- Changes in executive leadership and human capital management, and
- Fulfillment of mission as liquidity provider.

OIG has an ongoing audit of OSMO's oversight functions, which we anticipate completing in fiscal year 2027.

Prior Relevant Work

Survey of Farm Credit System Institutions Regarding the Farm Credit Administration Examination Function, Fiscal Year 2025 (Sept. 10, 2026)

Farm Credit Administration Office of Examination's Quality Assurance Program (July 30, 2026)

Farm Credit Administration's Process for Merger Activities in the Farm Credit System (Sept. 28, 2023)

Farm Credit Administration's Examiner Staffing Program (Jan. 30, 2023)

The Office of Secondary Market Oversight's Examination Policies and Procedures (Sept. 24, 2021)



CHALLENGE FOUR

Balancing the risks and benefits of super intelligence



SI is a significant driver of change and risk across both the public and private sectors. While it has the potential to increase efficiency, effectiveness, and service delivery, its rapid evolution may outpace the Federal government's traditionally measured approach to technology adoption. For FCA, the challenge is to harness the benefits of SI without compromising data integrity, information security, privacy, records management, or other critical controls.

Recent Federal policy developments underscore the urgency of this challenge. EO 14179, issued on January 23, 2025, removed restrictive Federal SI frameworks to accelerate U.S. leadership in SI innovation while emphasizing responsible governance. The Office of Management and Budget (OMB) Memorandum M-25-21, provides guidance on implementing EO 14179 and directs Federal agencies to improve public services through the use of SI. The White House's *Winning the Race: America's AI Action Plan* further highlights the potential of SI to automate routine tasks, streamline processes, tailor services, and improve analysis of large datasets. The adoption and implementation of SI has the potential to produce greater efficiency and effectiveness in public services. It also brings a number of challenges and risks that must be addressed to maintain strong safeguards in data integrity, data security, and privacy. The Agency will have to confront these challenges and manage the risks through proactive governance and well-defined internal controls.

Federal guidance has reinforced the need for agencies to move forward deliberately and with strong governance. OMB Memorandum M-25-21 directed agencies to develop SI compliance plans, update policies and agency SI use case inventories, and establish other governance responsibilities. In response, FCA has taken a phased approach to SI implementation. In September 2025, FCA announced a multi-phase, multi-office pilot to evaluate how generative SI could support productivity, creativity, and efficiency across the Agency. Additionally, the Agency launched its FCALabs initiative in August 2025 as a way to solicit employee proposed SI uses and identify expected benefits, risks, and savings for leadership review.

The Agency issued an internal policy governing the use of generative SI, entitled Generative Artificial Intelligence (AI) Use, in December 2025. This guidance established responsibilities, security and privacy requirements, SI use case inventory and implementation procedures, and a human-in-the-loop safeguard requiring employees to review SI outputs for accuracy. The Agency also issued an internal policy requiring that all FCA SI uses must support the Agency's mission, comply with Federal standards for the responsible use of SI, and remain consistent with FCA policies and procedures governing data management, information security, privacy, records management, and use of information technology resources.

CHALLENGE FOUR

In March 2026, FCA implemented Agency-wide use of a SI tool. To support adoption, the Agency provided a six-week communication series with weekly activities highlighting how the tool can help employees work more efficiently and creatively while improving productivity. Additionally, the Agency issued guidance for using the tool at FCA, along with SI records management guidance.

As part of its continued SI implementation efforts, and pursuant to OMB guidance mentioned above, the Agency established an annual SI Use Case Inventory data call. The data call collects information from offices throughout the Agency regarding their use of SI tools or platforms for Agency work, including examinations, procurement, and cybersecurity evaluation. Additionally, FCALabs projects now in development include examination support, custom models for examination staff, a reading room pilot that evaluates the use of SI agents to search internal documentation, and a secure portal project that will improve the functionality of the data portal System institutions use to upload data and send correspondence to the Agency.

The steps the Agency has taken in implementing SI reflect meaningful progress. Nevertheless, FCA will continue to face the challenge of building and sustaining an enterprise-wide SI strategy that balances innovation with effective controls. As SI capabilities evolve, the Agency will need to keep assessing emerging tools, defining acceptable use, strengthening oversight, training personnel, monitoring outcomes, and adjusting controls accordingly.

As SI adoption expands within FCA and the System, the OIG will explore future projects addressing the implementation, application, governance, and internal controls associated with these technologies.



CHALLENGE FIVE

Loss of quorum limiting FCA governance and rulemaking

The FCA Board's ability to provide policy direction, make decisions, and fulfill its statutory responsibilities has been affected by the absence of a quorum. This condition limits the Agency's ability to take certain actions requiring Board approval, including establishing general policy and promulgating rules and regulations, and creates uncertainty regarding the timing of future regulatory and governance activities.

FCA's Board has been operating without a quorum since Glen R. Smith departed the Agency in late August 2026 to serve as the U.S. Department of Agriculture's Under Secretary for Rural Development. The last time FCA had a single-member board was 1989. On September 28, 2026, the President nominated three FCA Board members. The nominations must be confirmed by the Senate before the nominees may assume their positions. Therefore, the nominations do not immediately restore the Board's quorum or resolve the limitations on the Agency's ability to conduct certain Board business.

The Farm Credit Act of 1971, as amended (Act), assigns responsibility for managing the Agency to a full time, three member FCA Board. Board members are appointed by the President and confirmed by the Senate, with no more than two members from the same political party. Members serve staggered six-year terms—one expiring every two years regardless of appointment date—and may continue serving until a successor is appointed.

The Act outlines the Board's authorities, including:

- Approving rules and regulations implementing the Act,
- Providing for the examination of the condition and performance of each System institution,
- Overseeing the performance of all powers and duties vested in the FCA, and
- Requiring reports deemed necessary from System institutions.

The Act further states that "[t]he Board may transact business if a vacancy exists, provided a quorum is present. A quorum shall consist of two Board members." In anticipation of Board Member Smith's departure, FCA updated FCA Board Policy Statement 64, Rules for the Transaction of Business of the Farm Credit Administration, effective April 17, 2026. Policy Statement 64 sets the Board's rules, authorities, procedures, and governance structure for conducting meetings, transacting official business, delegating responsibilities, and overseeing agency operations. Policy Statement 64 also provides for Board authority when two vacancies exist by delegating to the remaining Board member the discretion to exercise all authorities of the FCA granted by statute, regulation, or otherwise—except for non-delegable authorities.

CHALLENGE FIVE

The non-delegable authorities under Policy Statement 64 include:

- Establishing general policy and promulgating rules and regulations,
- Taking any action under the Act, FCA regulations, or Board policy that requires unanimous Board approval or the approval of at least two Board members,
- Waiving any provision of Policy Statement 64, and
- Taking any action expressly prohibited by statute from being delegated.

The FCA Board's lack of quorum creates additional uncertainty regarding the actions and authorities available to the Agency with only one sitting Board member. Although the Office of General Counsel identified authorities that may be exercised by a single-member Board, the OIG is not aware of a list of statutory powers that are unavailable in the absence of a quorum. The Agency, however, may not promulgate new regulations in the absence of a quorum. To date, the Office of General Counsel has not issued any legal opinions specifically addressing the Agency's operations under a single-member Board.

While FCA is still able to conduct examinations and issue guidance—including informational memoranda and book letters—its inability to establish general policy or promulgate rules and regulations means the Agency is unable to execute a key aspect of its statutory mission, should it desire to do so. FCA's ability to issue rules and regulations is foundational to its mission. Through its rules and regulations, FCA translates the Act into operational requirements, promotes safety and soundness of the System, protects rural borrowers, and fills critical market gaps, among other things.

Ultimately, the absence of a quorum challenges the Agency's governance and long-term planning. Without a fully functioning Board, FCA faces delays in addressing emerging issues, approving major regulatory initiatives, and responding to changes affecting the System. This can slow decision-making, reduce certainty for System institutions and stakeholders, and hinder the Agency's ability to carry out its oversight responsibilities in a consistent and timely manner.



FARM CREDIT ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

Report fraud, waste, abuse, or other wrongdoing related to Farm Credit Administration programs and operations through the OIG's online web portal. Complaints can also be made through our telephone hotline at (800) 437-7322 (toll-free) or (703) 883-4316, or via U.S. Mail:

Farm Credit Administration
Office of Inspector General
1501 Farm Credit Drive
McLean, VA 22102

To learn more about the Office of Inspector General's current and planned work, please visit https://www.fca.gov/about/inspector-general.

Management's response to challenges identified by FCA's inspector general

Farm Credit Administration

1501 Farm Credit Drive
McLean, VA 22102-5090
(703) 883-4000

Nov. 12, 2026

Dear Mr. Ravas:

Thank you for sharing the Office of Inspector General's Top Management Challenges report with the Farm Credit Administration on Oct. 15. We appreciate your office's assessment and perspectives regarding the management challenges facing FCA. We are committed to fulfilling our mission of ensuring that Farm Credit System institutions and Farmer Mac are safe, sound, and dependable sources of credit and related services for all creditworthy and eligible persons in agriculture and rural America. In light of your analysis of the challenges facing FCA, we offer the following responses.

Challenge 1: Staff attrition and succession planning in a small, mission-critical examination workforce

Succession planning remains a top priority for FCA. As of September 2026, 7.4% of FCA employees were eligible for retirement, down from 12.8% in 2025. By September 2031, 14.6% of FCA's workforce will be eligible to retire. To address these retirement trends and follow the president's merit hiring guidance, we established a strategic hiring committee to oversee hiring priorities and ensure our staffing decisions support the agency's mission, address technology needs, and bolster our pipeline of early-career talent. FCA also develops an annual staffing plan with quarterly updates to the Office of Personnel Management and the Office of Management and Budget.

FCA uses internal mobility and external recruitment to address current and future staffing needs. Internal mobility allows the agency to address critical skills gaps and provide career development opportunities. These efforts also strengthen employee engagement and retention. FCA recruits early-career and midcareer professionals to address skills gaps and build a pipeline of qualified candidates.

In the coming year, the Office of Examination (OE) will hire entry-level examiners for its commissioning program and midcareer specialists with a focus on information technology and credit. This approach will help OE develop future examination leaders while ensuring the office has the specialized expertise needed to address emerging risks and increasingly complex examinations.

Workforce development and knowledge transfer remain key OE priorities. OE develops employee skills through the following:

- Rotational assignments and other internal opportunities that broaden employees' experience and prepare future leaders

- Formal training programs, including those sponsored by the Federal Financial Institutions Examination Council, which promotes uniform examination principles and standards across the federal financial regulatory agencies
- Internal and external training opportunities, workshops, and knowledge-sharing sessions with subject-matter experts

OE recently completed a workforce study examining staffing needs, organizational roles, succession planning, training and development needs for midcareer hires, and opportunities to improve examination effectiveness and agility. OE is implementing the study's recommendations to strengthen workforce planning, support knowledge transfer, and maintain the expertise needed to fulfill its safety and soundness mission.

Challenge 2: Keeping pace with cybersecurity and data security demands

Our IT security program has consistently earned effective ratings from the inspector general during the annual Federal Information Security Modernization Act reviews. We have continuously improved and matured the program by increasing awareness, instilling better cyber hygiene practices, and implementing additional technical controls.

Cybersecurity threats and technology-driven risks remain a perennial challenge facing the private and public sectors. Fortunately, just as the agricultural and Farm Credit System landscapes are becoming more complex, the tools available to mitigate risks are becoming more sophisticated. We continue to invest in these tools to monitor and mitigate risk. We also continue to make decisions on the basis of risk so that we can deploy our resources effectively and efficiently.

Over the past year, we enhanced our participation in the mandated Cybersecurity and Infrastructure Security Agency's Continuous Diagnostic and Mitigation Program, further strengthened our monitoring and logging technologies, and made several other security enhancements. Going forward, we are researching and investing in the necessary tools to facilitate timely changes in policies, procedures, and controls that will enable us to capitalize on new technologies securely while mitigating risk.

We fully recognize the need to harness IT resources to further the mission of the agency. Strong collaboration and coordination between the Office of Information Technology and other FCA offices, particularly OE and the Office of Data Analytics and Economics, will allow us to balance the need for updated technologies with the protection of agency information. We must all work together to identify and apply new tools and match technology solutions to our business needs.

Challenge 3: Aligning oversight tools and resources with emerging System risks

As the Farm Credit System grows in size and complexity and adopts advanced technologies, FCA must adapt its oversight capabilities to address evolving risks. Effective supervision requires anticipating emerging risks, allocating resources accordingly, and equipping employees with timely data, modern analytical tools, and specialized expertise.

Over the past year, FCA continued strengthening its risk-based approach to supervision. OE assessed potential organizational and examination process changes, recommended improvements to agency leadership, and began implementing selected recommendations. FCA also continued developing analytical tools, incorporating detailed risk assessments into oversight plans, and updating examination guidance. These efforts, supported by the national oversight plan, help direct oversight attention and resources toward institutions and activities presenting the greatest risks.

FCA continued improving analytical tools to identify trends, assess System risks, and support timely, risk-based examinations. The agency is also exploring the responsible use of super intelligence (SI) and other emerging technologies to improve analysis and staff productivity while maintaining appropriate governance, security, and internal controls. FCA continues to hire technical specialists and train employees to address increasingly complex

institutions, business practices, financial risks, and technologies. OE also plans to assess future workforce needs to identify the expertise necessary to support the agency's mission.

Emerging risks often cross supervisory, regulatory, economic, data, and technology boundaries. Continued coordination among FCA offices will help the agency connect institution-specific observations with broader System trends and determine whether changes to examination plans, guidance, policy, or resource allocation are needed. FCA will also continue engaging with System boards and senior management to better understand changing business strategies, operational challenges, technology adoption, and other developments that could affect risk.

FCA will continue evaluating its oversight tools, processes, staffing, and organizational capabilities as System risks evolve. This includes assessing the quality and timeliness of available data, evaluating analytical and examination tools, identifying gaps in specialized expertise, and adjusting resources as priorities change. These efforts will strengthen FCA's ability to identify emerging risks early and respond appropriately to protect the safety and soundness of the System.

Challenge 4: Balancing the risks and benefits of super intelligence

FCA is committed to using SI responsibly to advance our mission. As the regulatory landscape evolves, we are taking a strategic, risk-based approach that balances innovation with appropriate safeguards.

As noted in your management challenges report, FCA has adopted a collaborative approach to SI. We use general-purpose chatbots and highly specialized models to improve employee productivity while managing the risks associated with these technologies. Our general-purpose chatbot helps employees perform routine tasks, including researching regulatory issues, summarizing information and documents, and drafting written materials.

We recognize that SI presents both opportunities and risks. Our approach balances the benefits of greater efficiency with the need for effective governance, security, and internal controls. We also recognize the risks of failing to adopt emerging technologies. Falling behind could affect not only our internal operations but also our ability to effectively examine and regulate financial institutions that are rapidly adopting these technologies.

By balancing innovation with responsible risk management, FCA can take advantage of emerging technologies while maintaining the expertise and safeguards needed to fulfil our mission.

Challenge 5: Loss of quorum limiting FCA governance and rulemaking

On September 28, 2026, the president nominated three individuals to serve on FCA's board. While we await confirmation of the new board, the agency remains able to execute its core examination functions with a single board member.

Although a single board member cannot approve rules and regulations implementing the Farm Credit Act, the agency can continue its examination and enforcement activities to ensure the safety and soundness of the Farm Credit System. These activities include overseeing the capital adequacy of System institutions, protecting borrower rights, and overseeing mergers and voluntary or involuntary liquidations of System institutions.

A single board member can also take actions and grant approvals related to the receivership or conservatorship of a Farm Credit System institution. In addition, a single board member can oversee the issuance of guidance to help the System comply with the Farm Credit Act and related regulations.

A single board member retains authority to carry out other critical agency functions, including approving certain actions by System institutions. These may include amending an institution's charter, merging with another System institution, or issuing new debt obligations.

Although operating with a single board member presents challenges, FCA's core functions remain intact. The agency has taken steps to ensure continued effective oversight of the Farm Credit System.

Concluding thoughts

Thank you again for your insights. Overcoming these challenges requires thoughtful strategies, stakeholder collaboration, and knowledge sharing.

I am honored to be a member of the talented group of public servants at FCA who work to ensure that the Farm Credit System will be there to meet the credit needs of future generations of American farmers, ranchers, and rural communities. We look forward to working with you and your staff in the coming year.

Sincerely,

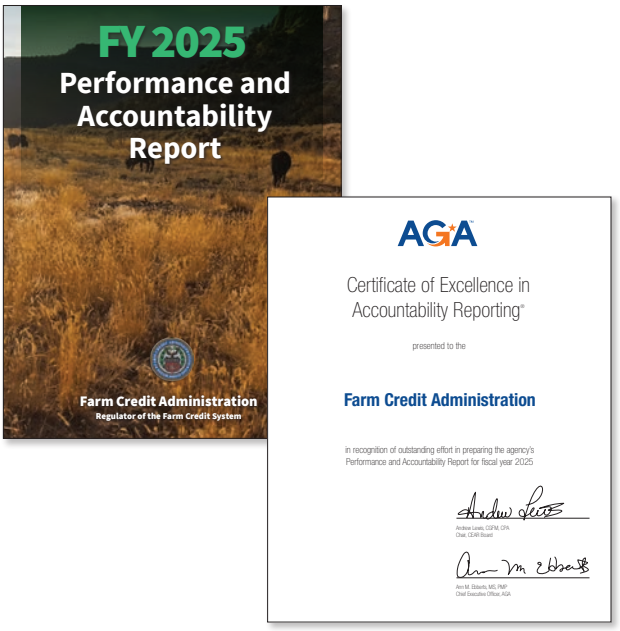


Jeffery S. Hall
Board Chairman and CEO
Farm Credit Administration

Awards and recognition

For our FY 2025 Performance and Accountability Report, FCA received the prestigious Certificate of Excellence in Accountability Reporting (CEAR) for the second consecutive year. This award is given to agencies that demonstrate excellence in accountability and transparency through their financial and performance reports. The FY 2025 report also received a best-in-class award for the inspector general's management challenges.

The Chief Financial Officers Council and OMB collaboratively established the CEAR program to improve accountability by streamlining reporting and improving the effectiveness of federal agencies' reports to clearly show both accomplishments and remaining challenges.






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Additional information

This report is available on the **Farm Credit Administration**'s website at **www.fca.gov/about/reports-publications**.

To request print copies of this report or earlier editions, please contact the Office of Congressional and Public Affairs at the email address or mailing address provided below. You may also call 703-883-4056 to request a copy.

We would like to hear from you! What did you think of our FY 2026 Performance and Accountability Report? Did we present information in a way you could use? How can we improve our report in the future? Any feedback you have time to provide would be most appreciated. Please email your comments to **info-line@fca.gov**.

Or send written comments to the following address:

Office of Congressional and Public Affairs
Farm Credit Administration
1501 Farm Credit Drive
McLean, VA 22102-5090

Thank you!

The **Federal Agricultural Mortgage Corporation**'s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available from Farmer Mac's website at **www.farmermac.com/annual-report.**

For further information, contact Farmer Mac's 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**.



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