

Jeffery S. Hall, Chairman and Chief Executive Officer (CEO)
Glen R. Smith, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
September 11, 2025**

These minutes reflect the business transacted at the September 11, 2025, regular meeting of the Farm Credit Administration (FCA) Board pursuant to the Government in the Sunshine Act, 5 U.S.C. § 552b, and the regulations of the FCA adopted thereunder.

The meeting was held at the FCA office in McLean, Virginia. The meeting began at 10:00 a.m. and concluded at 10:34 a.m. The meeting was a hybrid physical/virtual meeting.

Members of the Board present were:

**Jeffery S. Hall, Chairman and CEO
Glen R. Smith, Board Member**

The above named constitute the full Board.

Others present included **Ashley Waldron**, Secretary to the Board; **Seema Mahini**, General Counsel; and staff of the FCA and Farm Credit System Insurance Corporation (FCSIC). There was one member of the general public in attendance. (A list of Board and staff attendees is attached as Exhibit A.)

Chairman Hall called the meeting to order.

The **Secretary** addressed technical and protocol items and read a statement that announced the meeting would be conducted according to Government in the Sunshine Act requirements.

ADOPTION OF AGENDA

Chairman Hall reviewed the published agenda. (A copy of the Public Announcement publishing the agenda for the meeting is attached as Exhibit B.)

Board Member Smith moved to adopt the agenda as published.

Chairman Hall seconded the motion.

There being no further discussion, **Chairman Hall** called the question.

The **Secretary** polled the Board Members, and the motion carried unanimously.

CONSIDERATION TO CLOSE PORTIONS OF THE MEETING

Board Member Smith noted that the agenda did not include portions of the meeting that should be closed to the public as permitted by the Government in the Sunshine Act and therefore moved that the entire meeting remain open.

Chairman Hall seconded the motion.

There being no further discussion, **Chairman Hall** called the question.

The **Secretary** polled the Board Members, and the motion carried unanimously.

OPEN SESSION

Approval of Minutes

Minutes for August 14, 2025

(BM-11-SEP-25-01)

Board Member Smith moved to approve the minutes for the August 14, 2025, FCA regular board meeting, as presented.

Chairman Hall seconded the motion.

There being no further discussion, **Chairman Hall** called the question.

The **Secretary** polled the Board Members, and the motion carried unanimously. **(BM-11-SEP-25-01)**

(A copy of the official "Board Action Item" is attached as Exhibit C.)

Reports

Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance

Greg Lyons of the **Office of Data Analytics and Economics** and **Deanna Block** of the **Office of Examination** presented the Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance.

(A copy of the PowerPoint presentation is attached as Exhibit D.)

ADJOURNMENT

There being no further business to come before the Board, **Chairman Hall** indicated he would entertain a motion to adjourn the meeting.

Board Member Smith moved that the meeting be adjourned.

Chairman Hall seconded the motion.

There being no further discussion, **Chairman Hall** called the question.

The **Secretary** polled the Board Members, and the motion carried unanimously.

The meeting adjourned at 10:34 a.m.

NOTATIONAL VOTE ACTIONS

There were two notational vote actions approved by the FCA Board from August 14, 2025, through September 10, 2025.

| Item Number | Action Date | Voting Results | Subject |
|--------------------|--------------------|-----------------------|---|
| NV 25-13 | 8/27/2025 | Approved | Farm Credit Administration Revised Fiscal Year 2026 and Proposed Fiscal Year 2027 Budgets |
| NV 25-14 | 8/26/2025 | Approved | Farm Credit Administration Fiscal Year 2025 Budget Reallocation |

The undersigned hereby certify that the foregoing minutes are the official minutes of the regular meeting of the Farm Credit Administration Board held on September 11, 2025.

_____/s/
Jeffery S. Hall
Chairman and CEO

_____/s/
Ashley Waldron
Secretary to the Board

Approved: October 9, 2025

**BOARD AND STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
September 11, 2025**

Jeffery S. Hall, Chairman and CEO
Glen R. Smith, Board Member

| ATTENDEES | OPEN SESSION |
|----------------------------|-------------------------|
| Office of the Board | |
| Hall, Jeffery | X |
| Smith, Glen | X |
| Donner, Mary Alice | X |
| Stokke, Michael | X |
| Calhoun, Gaye | X |
| Lewandowski, Barbara | X |
| Waldron, Ashley | X |
| OCOS | |
| Coleman, Robert | X |
| Cunningham, Lesley | X |
| OEEO | |
| Burlew, Thais | X |
| Fish, Tyler | X |
| OIT | |
| Versace, Jerry | X |
| Matos, Ricardo | X |
| Rana, Ben | X |
| Amaya, Victor | X |
| OCPA | |
| Mosely, Ben | X |
| Rezendes, Andrew | X |
| Shelly, Philip | X |
| OGC | |
| Mahini, Seema | X |
| Griffin, Ward | X |
| OE | |
| Duffy, Mike | X |
| Fennewald, Dan | X |
| Block, Deanna | X |
| ODAE | |
| D'Antoni, Jeremy | X |
| Shields, Dennis | X |
| Iannetta, Sal | X |
| Lyons, Greg | X |
| OIG | |
| Novak, Nick | X |
| Ravas, Stephen | X |
| Miller, Kevin | X |
| OSMO | |
| Fay, Thomas | X |

| ATTENDEES | OPEN SESSION |
|-----------------------|-------------------------|
| Hudson, Bruce | X |
| ORP | |
| Kramp, Kevin | X |
| Agans, Autumn | X |
| OCFO | |
| Peterman, Mary | X |
| Soares, Ily | X |
| OAS | |
| Bell, Vonda | X |
| Keller, Josh | X |
| Adkins, Byron | X |
| FCSIC | |
| Grimaldi, Andrew | X |
| Simonson, John | X |
| Wynn, Wade | X |
| Smith, Gregory | X |
| Morgan, Matthew | X |
| GENERAL PUBLIC | 1 |

Farm Credit Administration

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



PUBLIC ANNOUNCEMENT OF MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT

Farm Credit Administration Board Regular Meeting September 11, 2025

TIME AND DATE: 10 a.m., Thursday, September 11, 2025.

PLACE: You may observe this meeting in person at 1501 Farm Credit Drive, McLean, Virginia 22102-5090, or virtually. If you would like to observe, at least 24 hours in advance, visit FCA.gov, select "Newsroom," then select "Events." From there, access the linked "Instructions for board meeting visitors" and complete the described registration process.

STATUS: This meeting will be open to the public.

MATTERS TO BE CONSIDERED: The following matters will be considered:

- Approval of Minutes for August 14, 2025
- Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance

CONTACT PERSON FOR MORE INFORMATION: If you need more information or assistance for accessibility reasons, or have questions, contact Ashley Waldron, Secretary to the Board. Telephone: 703-883-4009. TTY: 703-883-4056.

_____/s/
Ashley Waldron
Secretary to the Board

August 27, 2025

Farm Credit Administration

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

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for August 14, 2025, Regular Board Meeting

BM-11-SEP-25-01

Effective Date: September 11, 2025

Impact on Prior Board Actions: None

THE FCA BOARD HEREBY:

- Approves the minutes for the August 14, 2025, regular Board meeting, as presented.

DATED THIS 11th DAY OF SEPTEMBER 2025

BY ORDER OF THE BOARD

_____/s/
Ashley Waldron
Secretary to the Board

Quarterly Report on Economic Conditions and Farm Credit System Condition and Performance



September 11, 2025

Greg Lyons— Senior Economist
Office of Data Analytics and Economics

Deanna Block – Supervisory Examiner
Office of Examination





Topics for Open Session

Economic Conditions Affecting the Farm Credit System

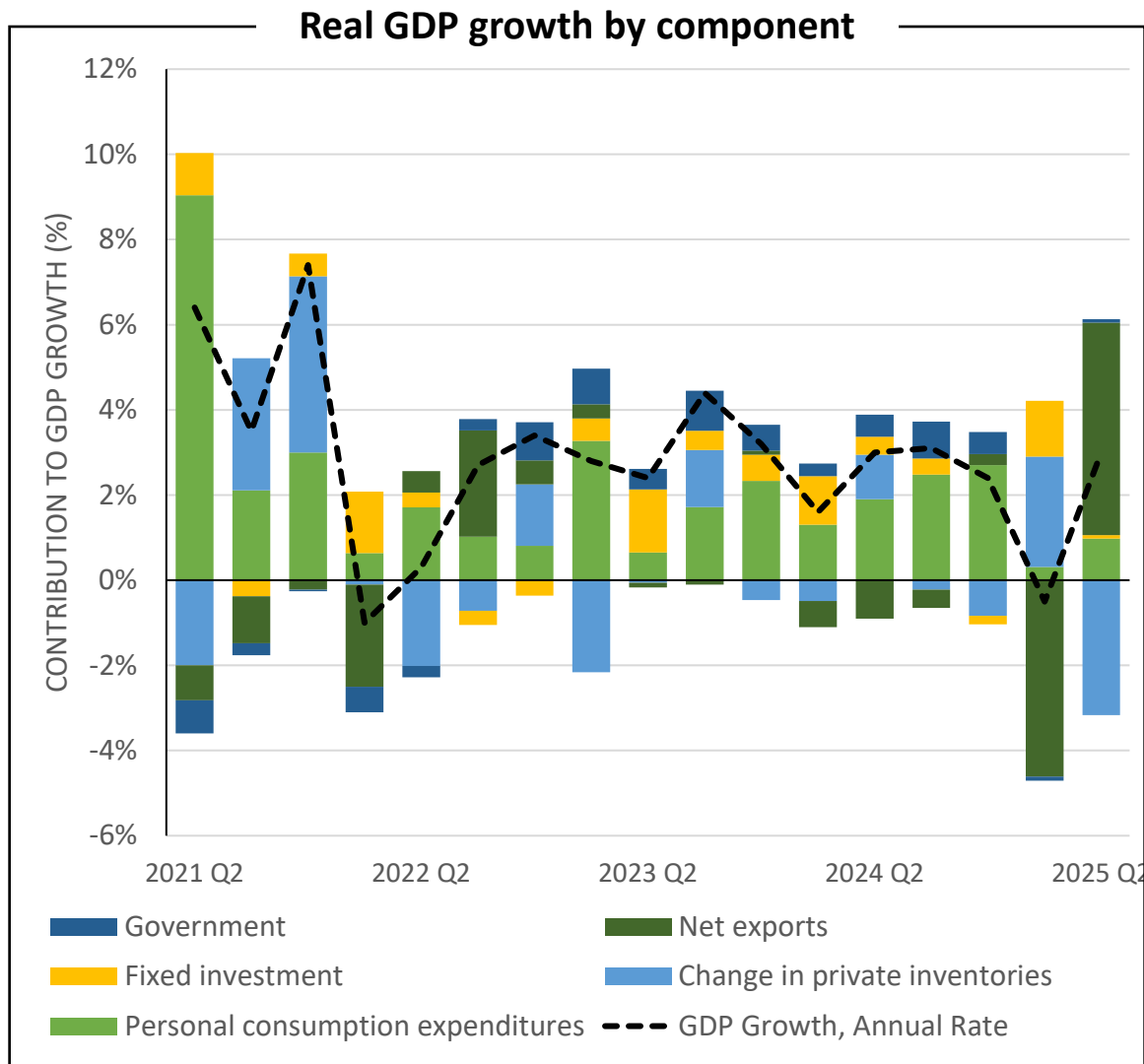
- ▶ Macroeconomic update
- ▶ Agricultural economic update
- ▶ Trends in Farmland prices

Farm Credit System Condition and Performance

- ▶ System growth and loan portfolio
- ▶ Earnings and capital
- ▶ Financial Institution Rating System (FIRS)



GDP growth positive but moderating through Q2 2025



Source: Bureau of Economic Analysis, Gross Domestic Product (Q2 2025 Advance Estimate).

Less volatile measures indicate moderation

- Personal consumption and fixed investment
- Potential GDP: labor force size vs. productivity

Variation in consumption growth

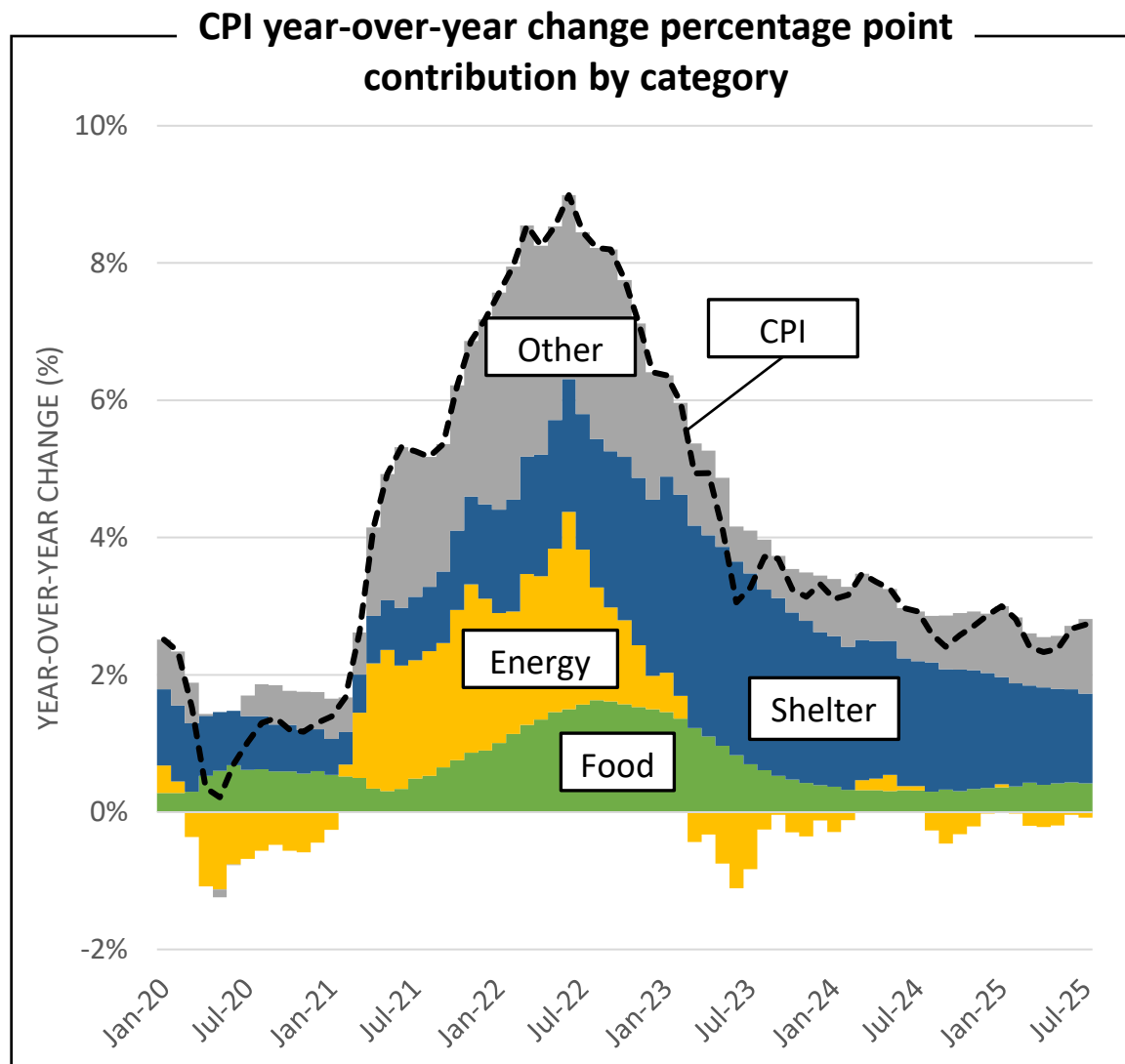
- Spending spree wanes for most households
- Spending growth driven by high earners
- Ebbing signs of consumer strain

Competing forces for domestic fixed investment

- Short-term boost from P.L. 119-21
- Trade policy uncertainty
- Fixed investment and AI



Declines in shelter inflation offset by increases in select services



Source: U.S. Bureau of Labor Statistics Consumer Price Index, author's calculations.

Shelter inflation continues to moderate

- Inventories continue to rise off lows
- New rental cost growth is lower

Rising cost growth in other segments

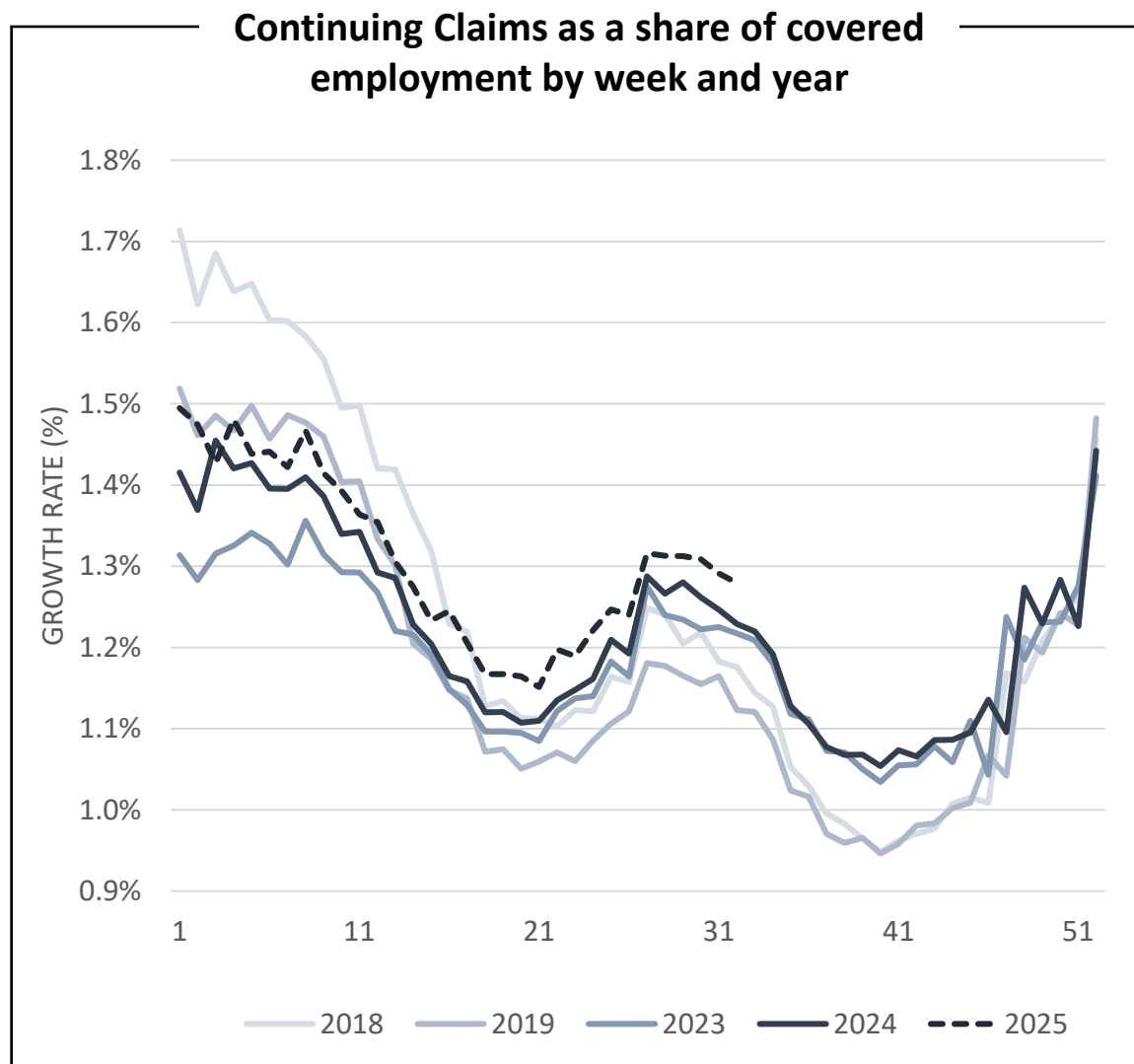
- Medical care, transportation, airline fees
- Significant variation in food categories

Observing trade impacts will take time

- Early indicators are noisy
- Inventory buildup helped delay cost increases
- Producers have begun passing along costs



Labor market holds steady with signs of softness



Source: U.S. Employment and Training Administration Unemployment Insurance Weekly Claims Report, author's calculations.

Topline levels are holding steady

- Unemployment rates near full employment
- Labor demand and supply falling at same rates
- Wage growth slower but positive

Is there stress below the surface?

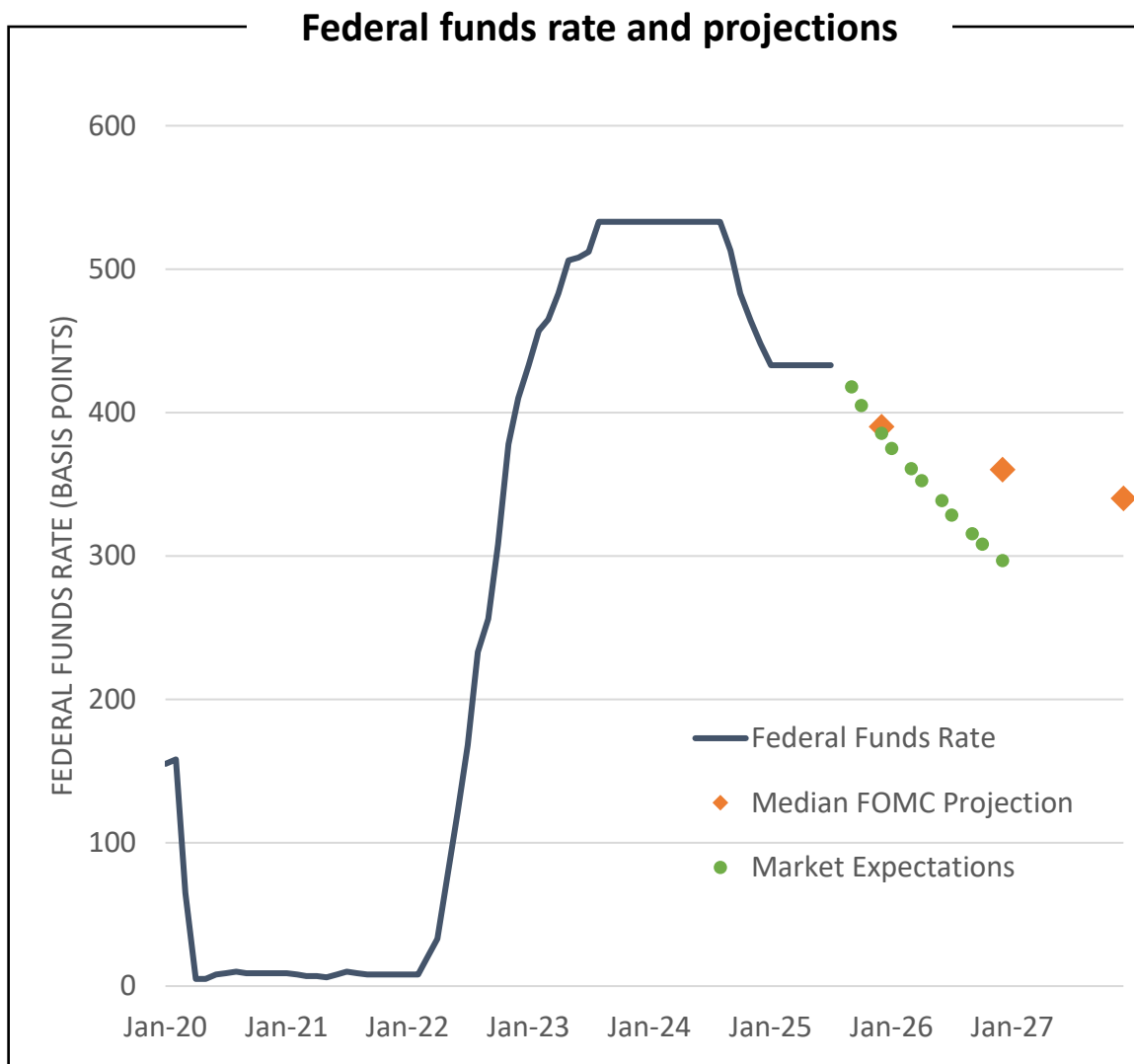
- Continued increases in multiple jobholders
- Job growth driven mostly by healthcare, education

Job holders vs. job seekers

- Average weeks unemployed is rising
- Declines in job-switching premiums
- Steep declines in young worker wage growth



Interest rate expectations reflect a shift towards the Federal Reserve's full employment mandate



Balancing the dual mandate

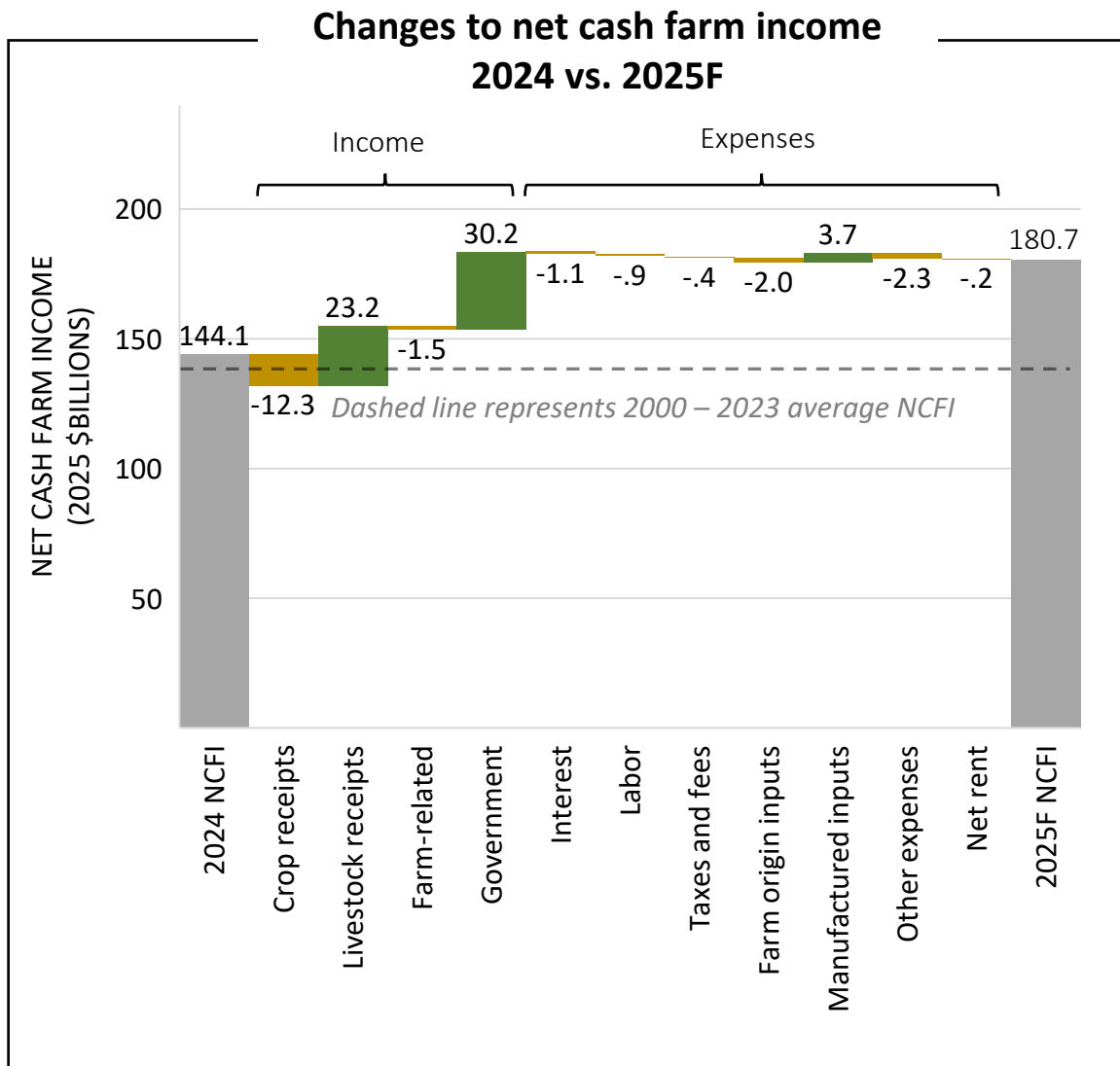
- Modest residual inflation
- Trade policy and inflation expectations
- Potential labor market weakness

“...the labor market remains near maximum employment, and inflation, though still somewhat elevated, has come down a great deal from its post-pandemic highs. **At the same time, the balance of risks appears to be shifting.**”

- Jerome Powell, August 22, 2025



Crop receipts continue to fall with some offset from increased government support



Grain strain persists

- Income remains near 15-year lows
- Potential for very strong yields
- Storage shortages and widening basis

Livestock supercycle continues

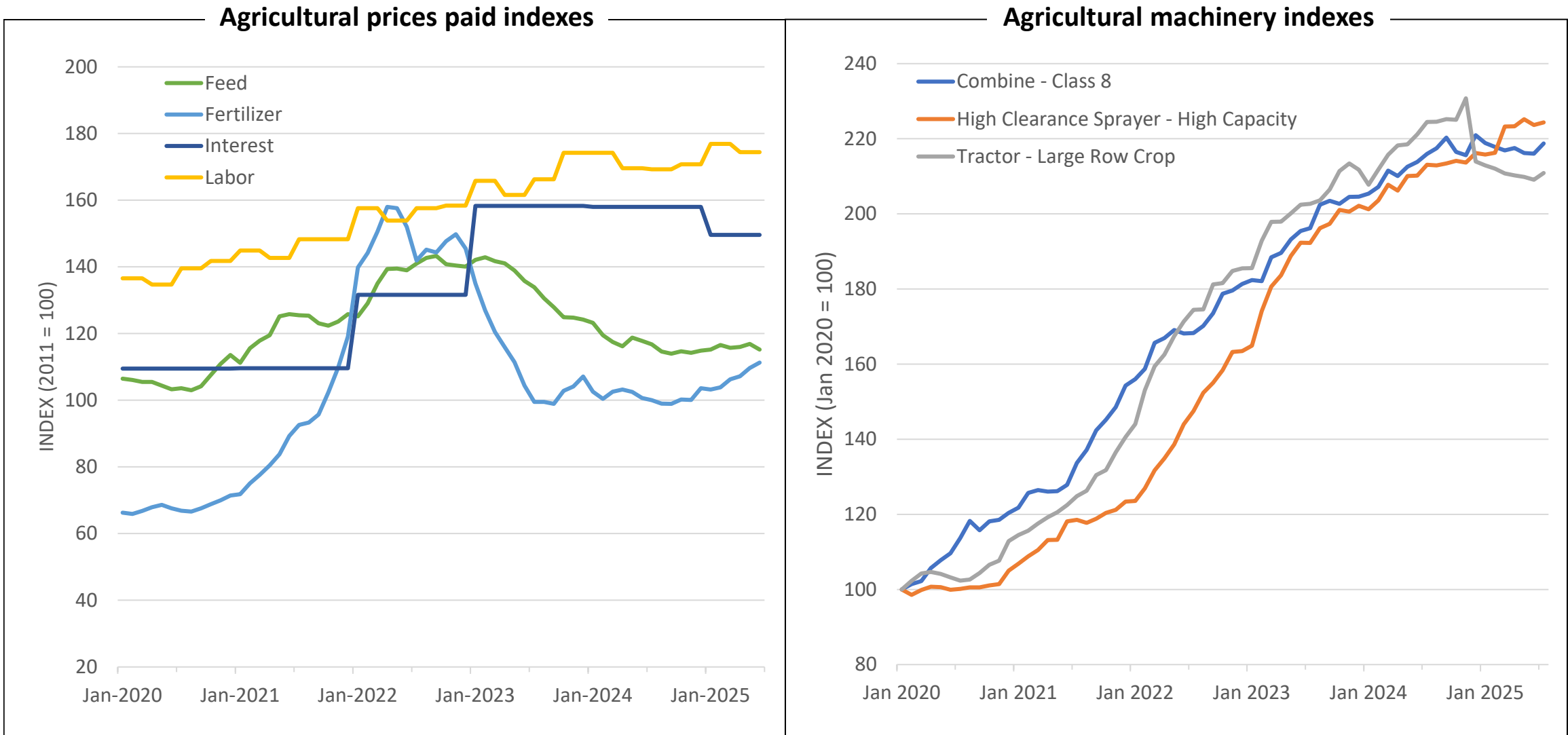
- Incomes high but vary across the sector
- Keeping a close eye on consumer demand

Sources of support

- Ad hoc program payments
- Improving sector solvency ratios
- Farmland values



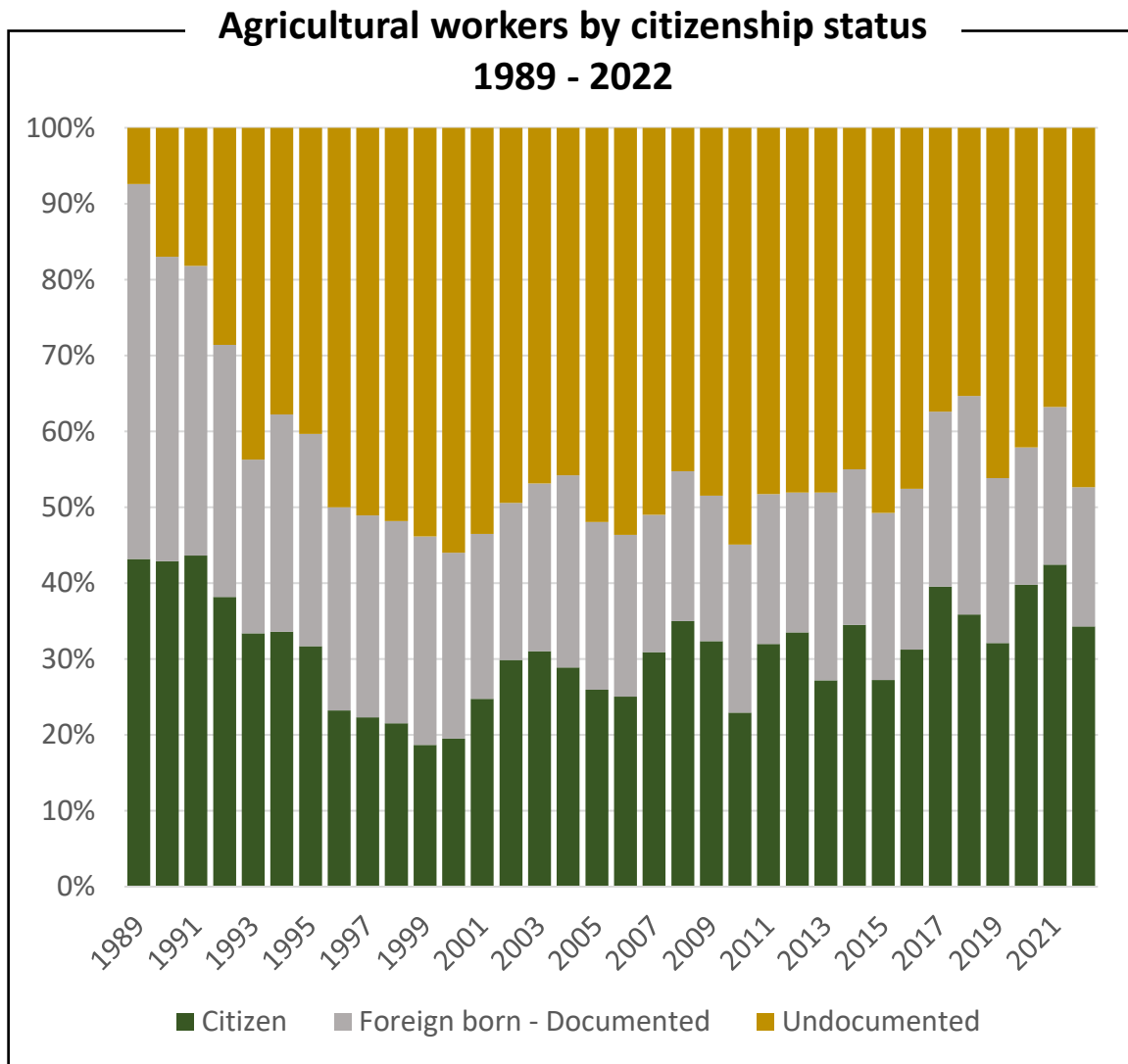
Many input costs have plateaued despite softer crop price environment



Source: USDA National Agricultural Statistics Service and Iron Solutions.



Risks to labor access vary across regions and commodities



Not all regions face access risk

- Majority of Pacific agricultural workforce
- Less reliance in Plains, Midwest

High non-citizen reliance in select roles

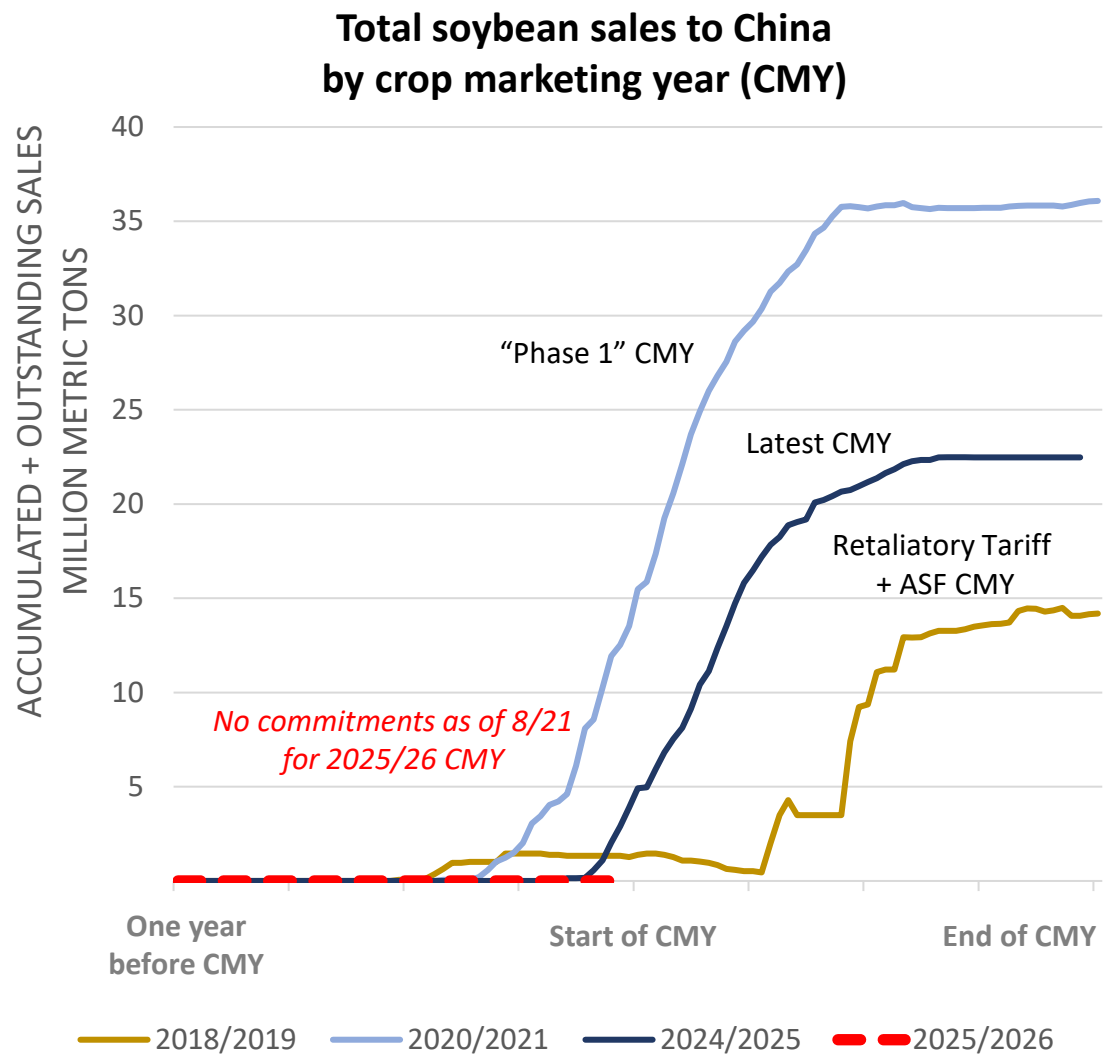
- 60% of graders and sorters
- 30% of animal processing facilities

Signs of tightness in ag labor markets

- Increases in 2025 H2A wages
- Mechanization decisions



Export volume continues to support income with possible bilateral risk ahead



Variation across commodities

- Dairy, corn, tree nuts see continued growth
- Soybeans, meats pull back

Shifts in trading partner importance

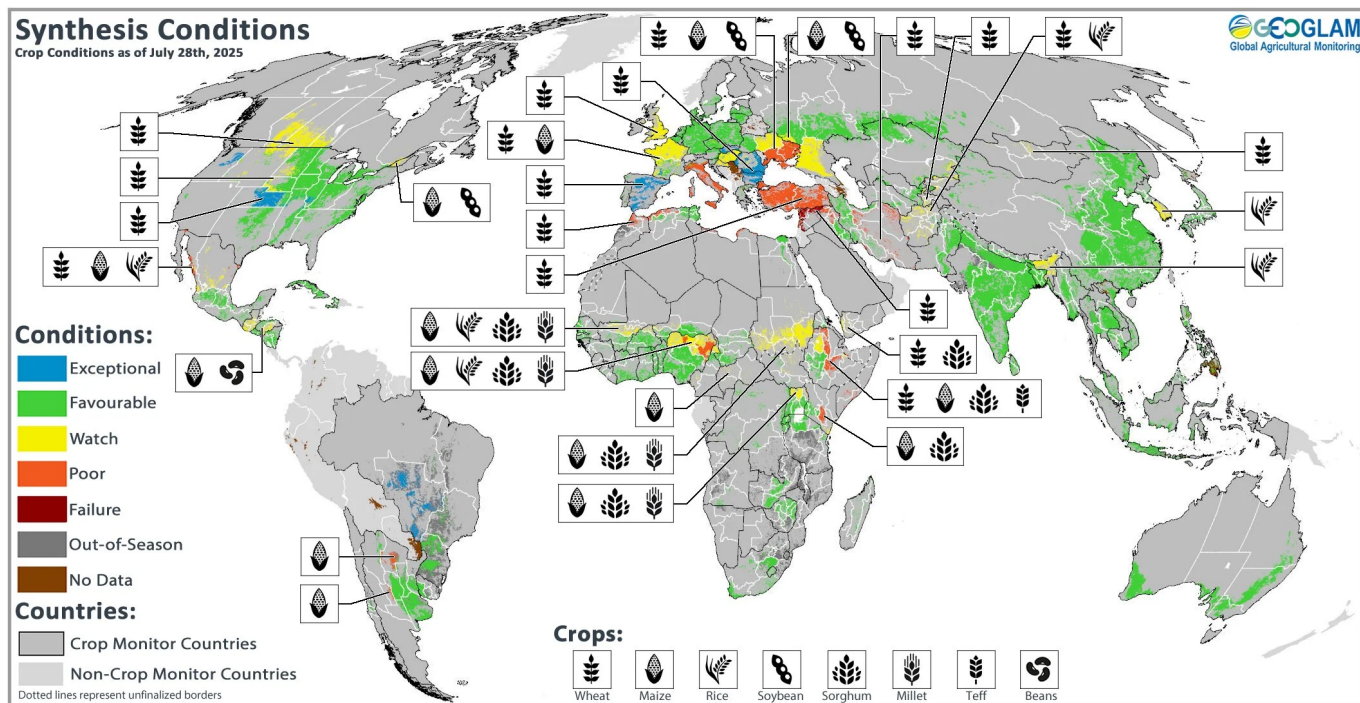
- Will China fall out of the top 3?
- Growth across other Asian countries

Bilateral relationships may drive shifts

- Chinese new soybean crop commitments
- A change in global demand vs. reallocation



Global weather influences on commodity markets



U.S. Conditions

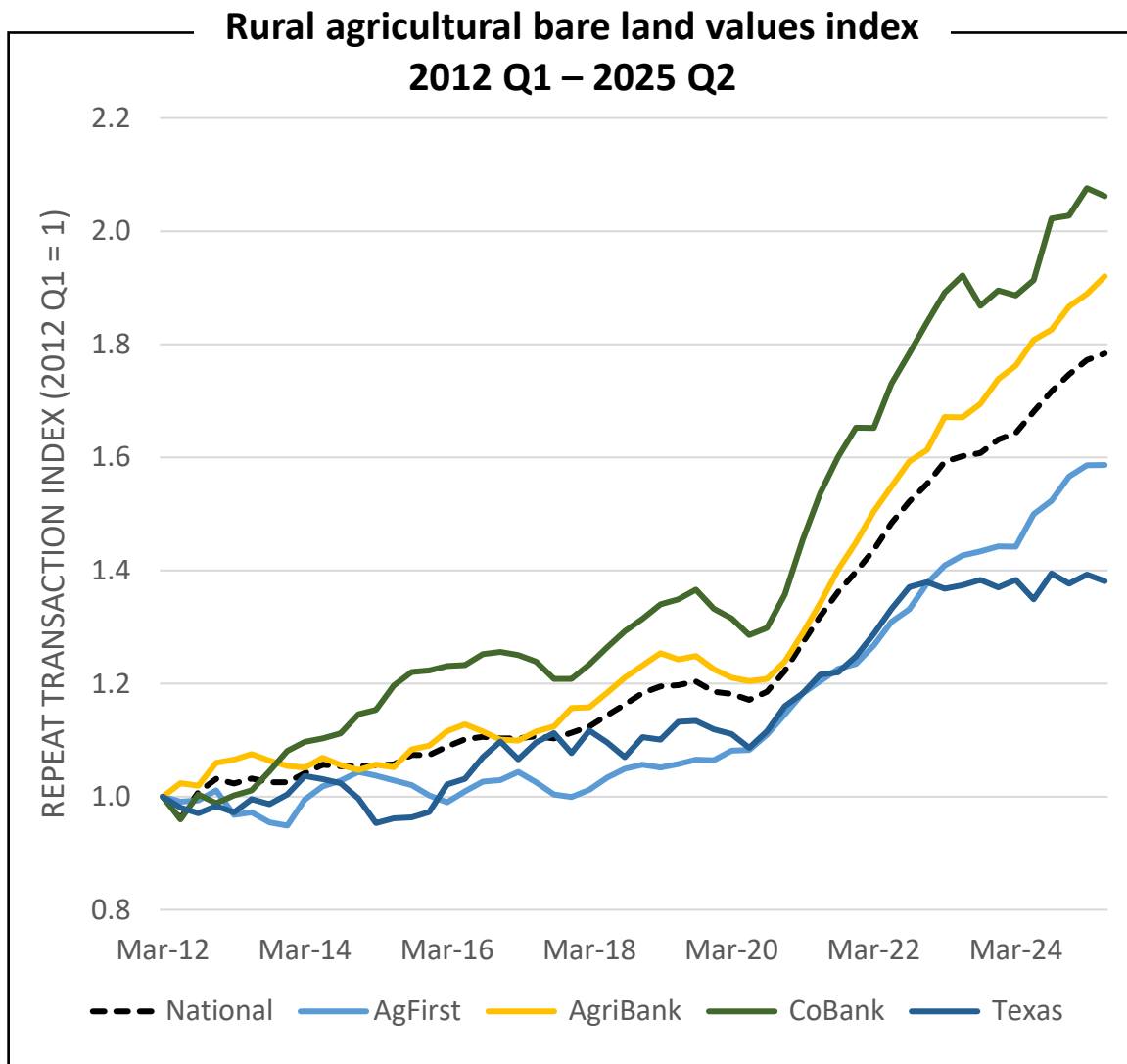
- Generally favorable conditions and strong crop quality across most of the U.S.
- Rocky Mountain region experiencing drought and poor pasture/crop conditions
- Drought conditions could persist through next quarter

Global conditions

- Favorable South American conditions leading to near-record production and exports
- Poor conditions across Eastern Europe



Growth in farmland values is positive but slowing



Source: ODAE calculations using data from Cotality (formerly CoreLogic). Excludes sales within 30 miles of a metropolitan statistical area.

National figures suggest continued growth

- Positive growth for most aggregates
- Some series show softness in Midwest, West

Potential warning signs?

- Cash rents flat, falling in some regions
- Rent-to-value ratios far below historic norms
- A shift from auctions to private sales

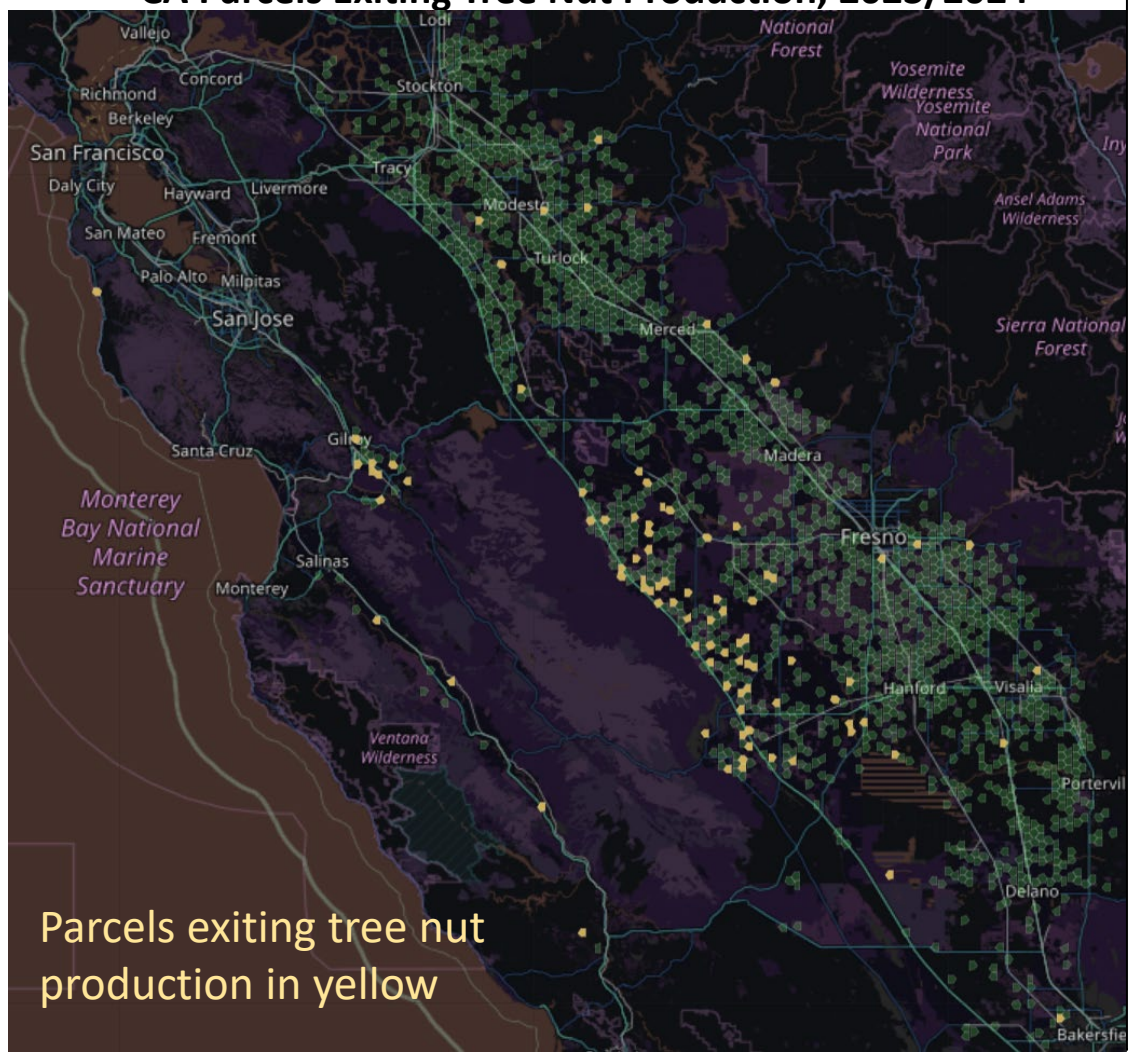
Other factors

- Conversion remains an important driver
- Relative attractiveness of land as an asset
- Continued thin markets

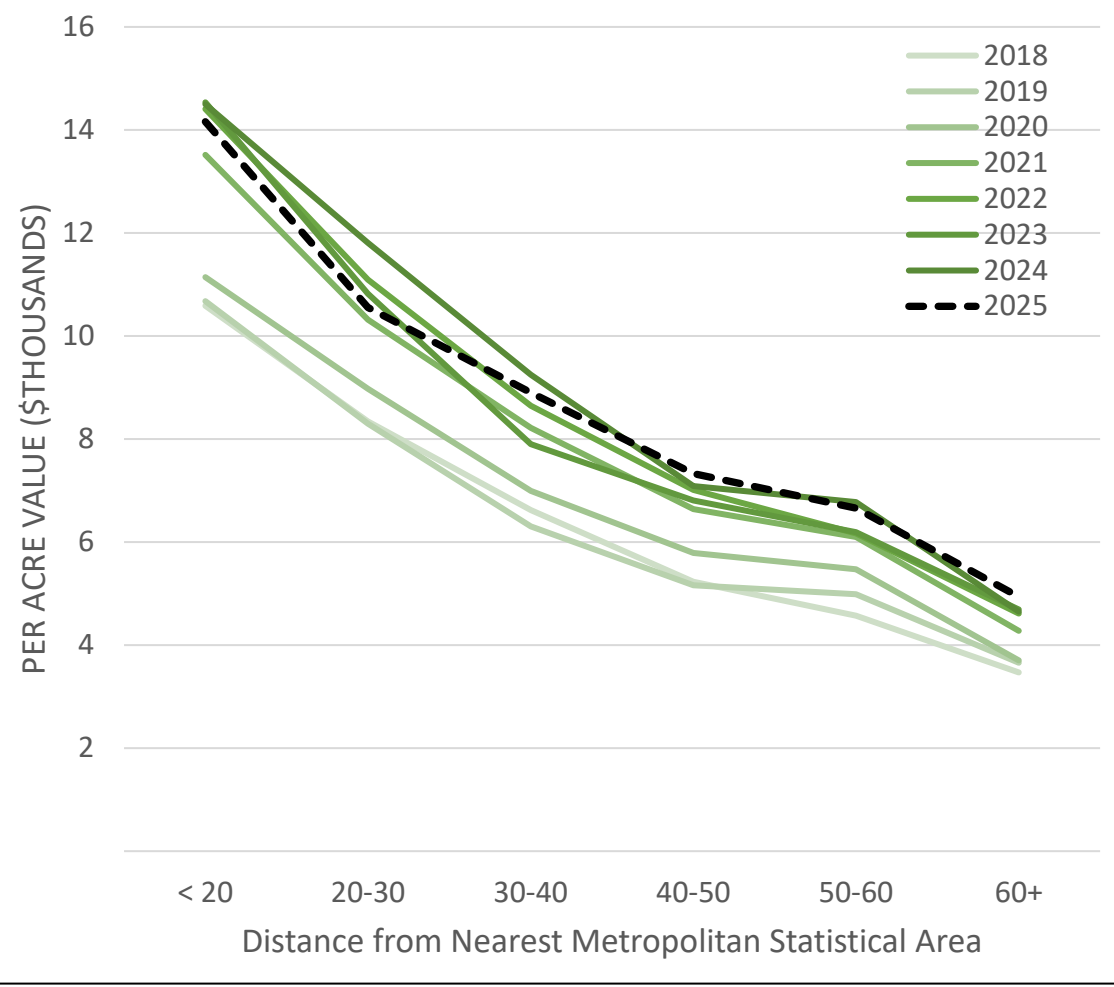


Land conversion driven by local opportunities or policies

CA Parcels Exiting Tree Nut Production, 2023/2024



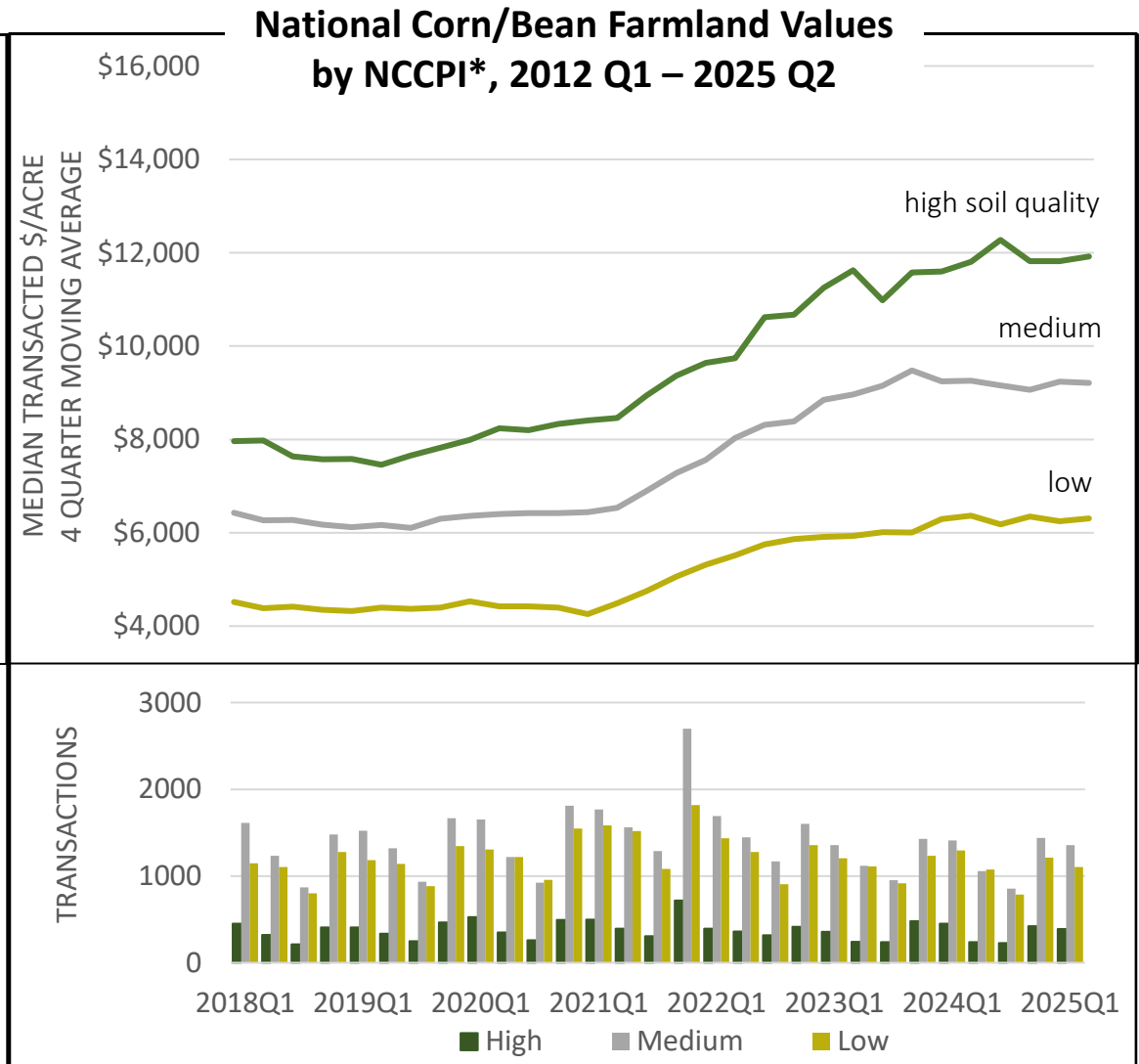
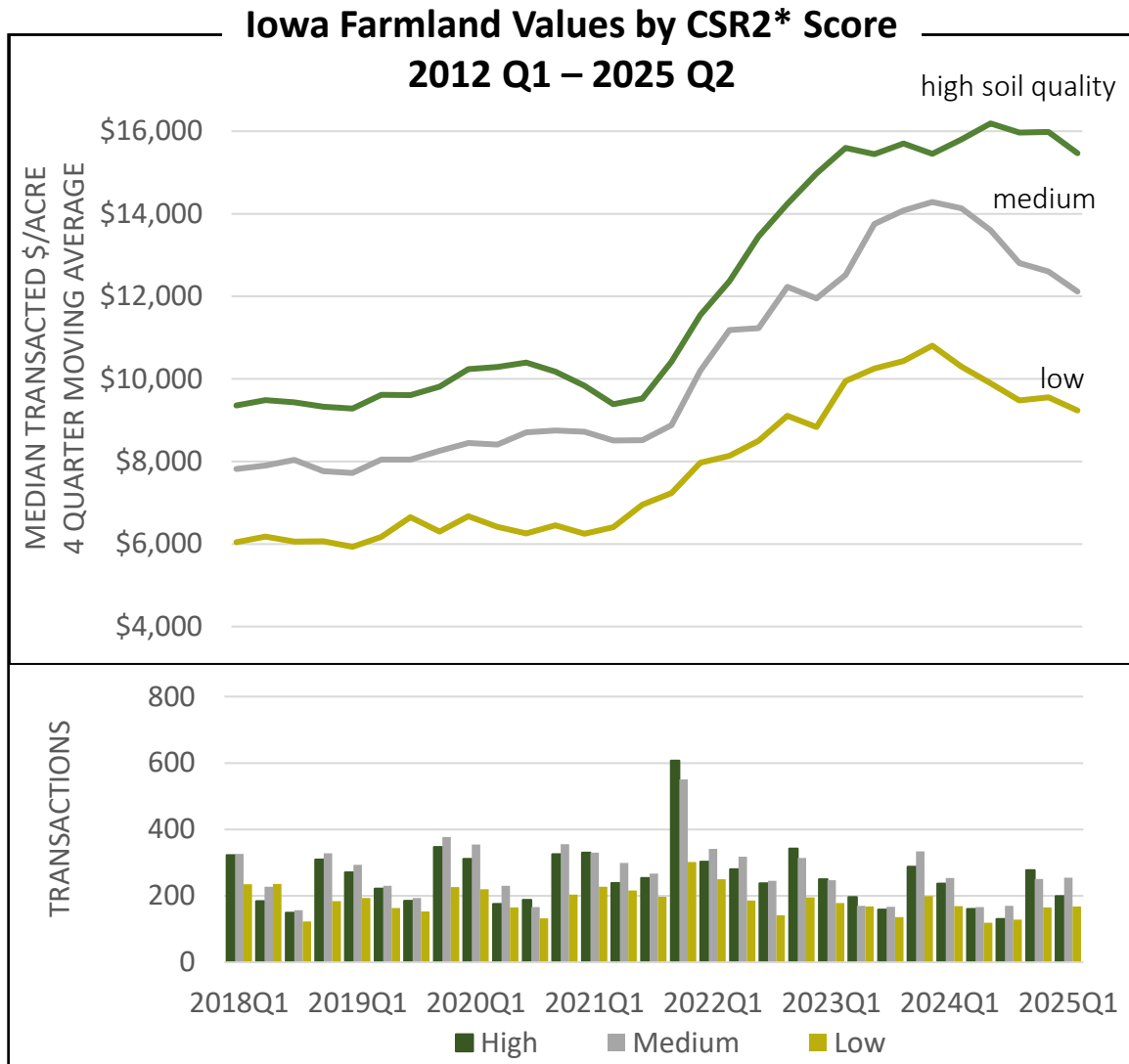
U.S. Agricultural Transaction Values
by Distance to Nearest MSA



Source: USDA Cropscape cover layers; ODAE calculations using data from Cotality (formerly CoreLogic).



Lower quality land under pressure in states with fewer conversion opportunities



Source: ODAE calculations using data from Cotality (formerly CoreLogic) and USDA gNATSGO.

*CSR2 = Corn Suitability Rating 2, NCCPI = National Commodity Crop Productivity Index.



Questions?



Farm Credit System Condition and Performance as of June 30, 2025

Deanna Block
Supervisory FCA Examiner
Office of Examination

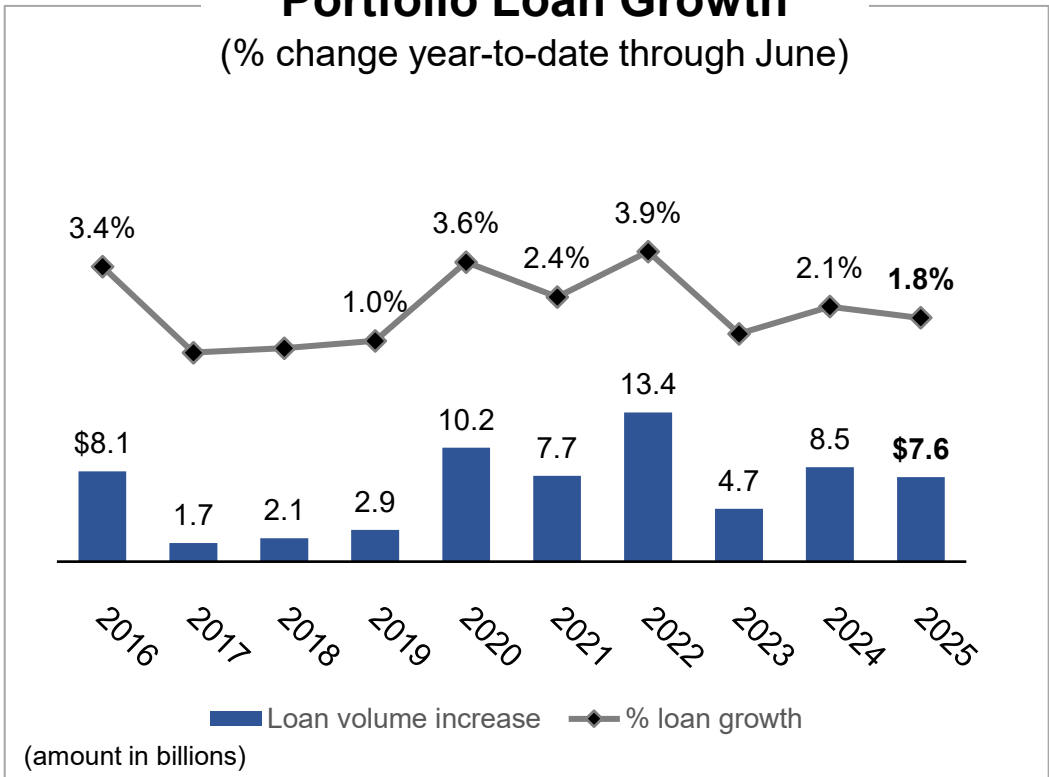




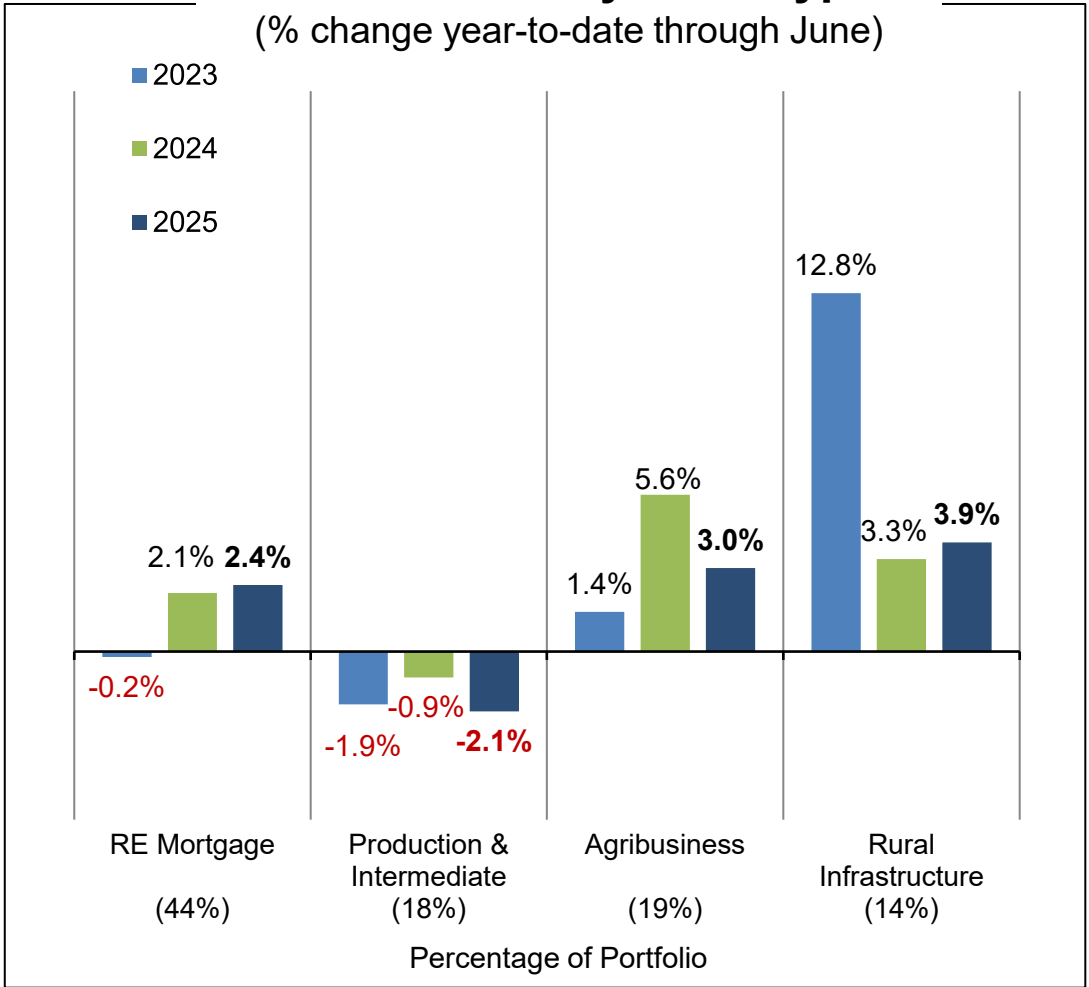
Loan growth slows slightly in the first half of 2025

| | | | | | | | |
|--------------------------|--------------------|-------|-----|-------------------------|--------------------|-------|-----|
| Total Assets 06/30/25 | \$557.0 billion | +1.5% | Qtr | Gross Loans 06/30/25 | \$436.5 billion | +0.9% | Qtr |
| | | +2.3% | YTD | | | +1.8% | YTD |
| | | +8.3% | 12M | | | +7.3% | 12M |
| | | | | | | | |

Portfolio Loan Growth
(% change year-to-date through June)

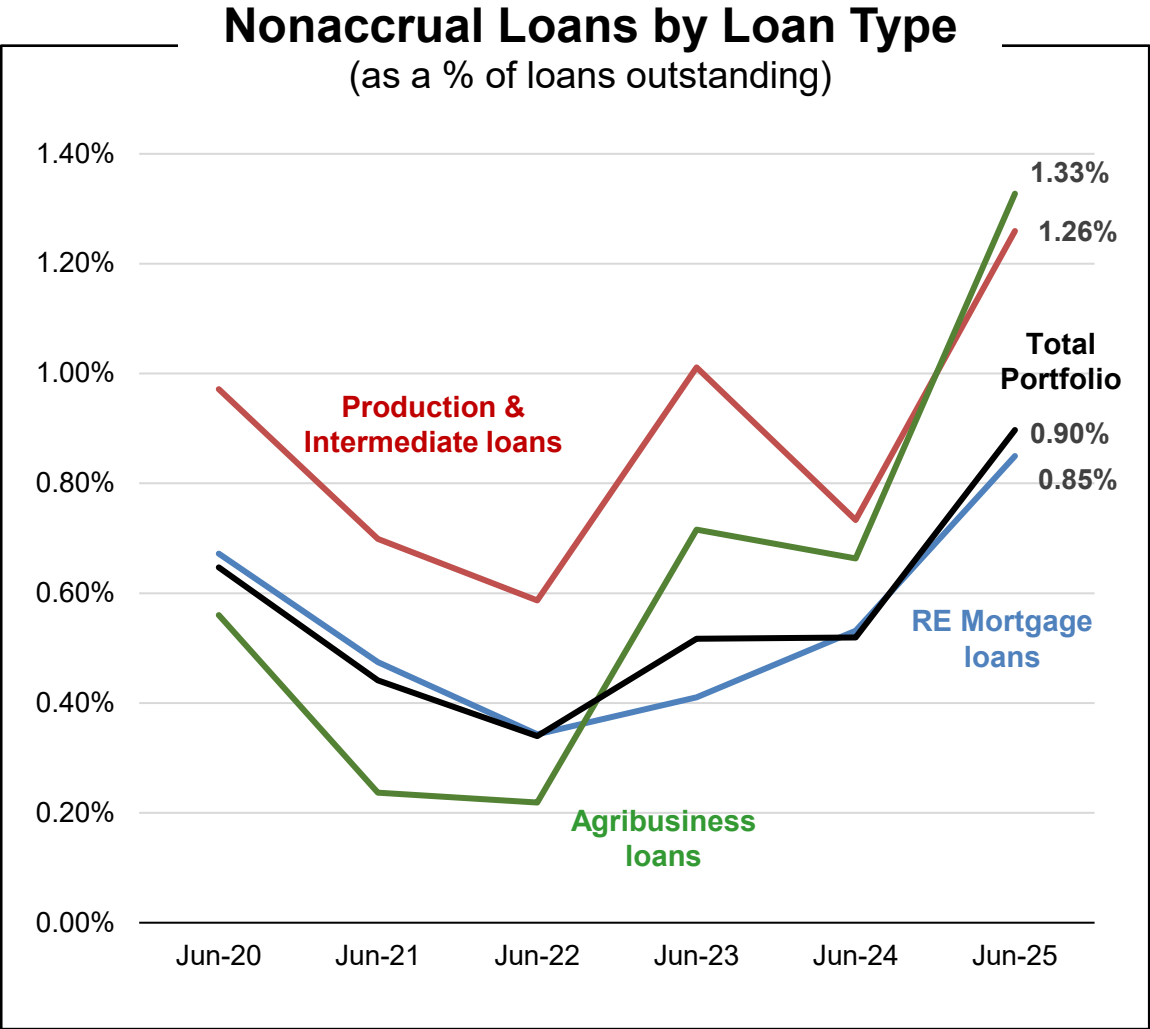
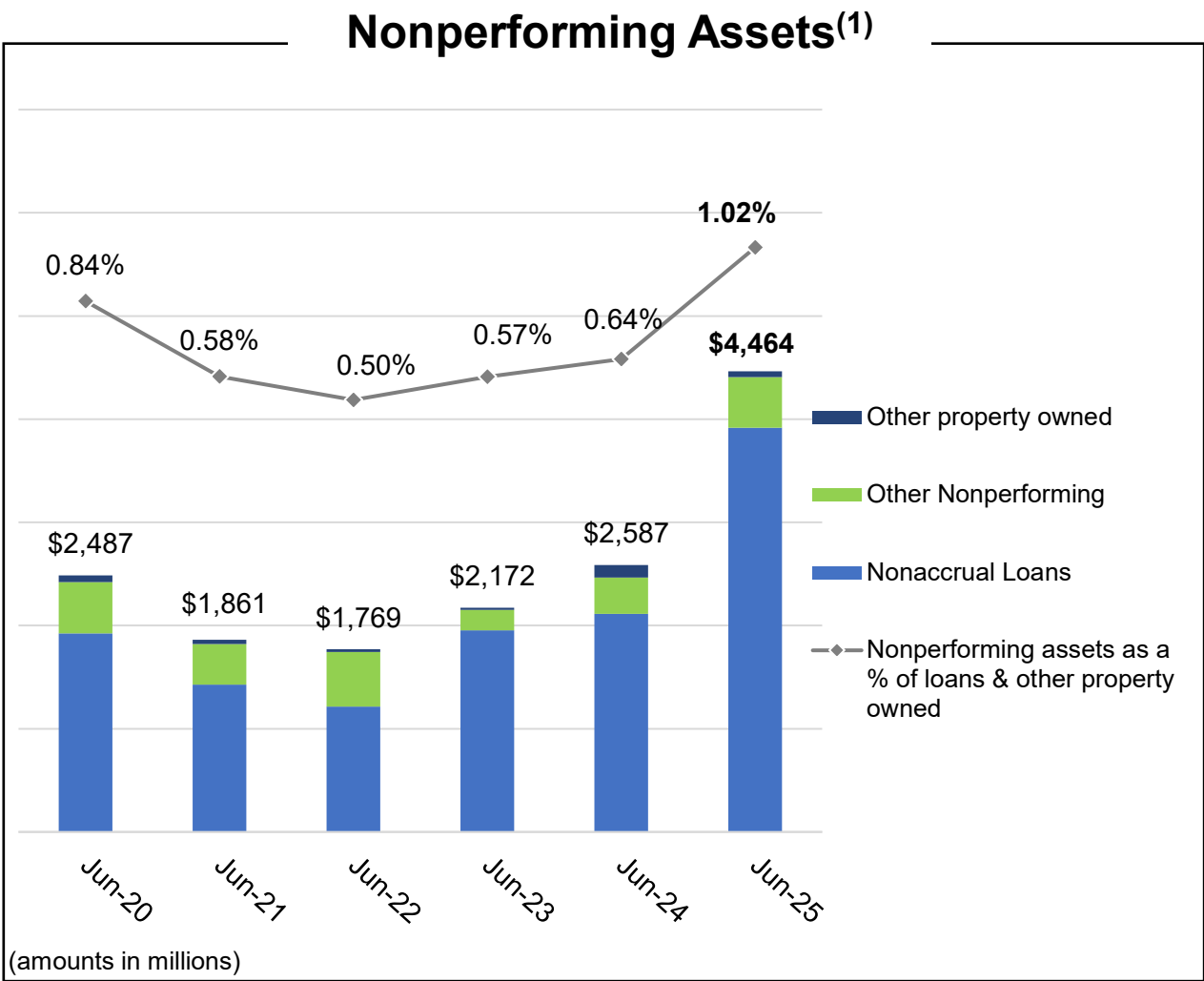


Loan Growth by Loan Type
(% change year-to-date through June)





Nonperforming assets have increased, but overall portfolio quality remains sound



(1) Prior to the adoption of CECL on 1/1/23, nonperforming assets included accruing restructured loans
Source: Federal Farm Credit Banks Funding Corporation Information Statements



Less than Acceptable loans increase

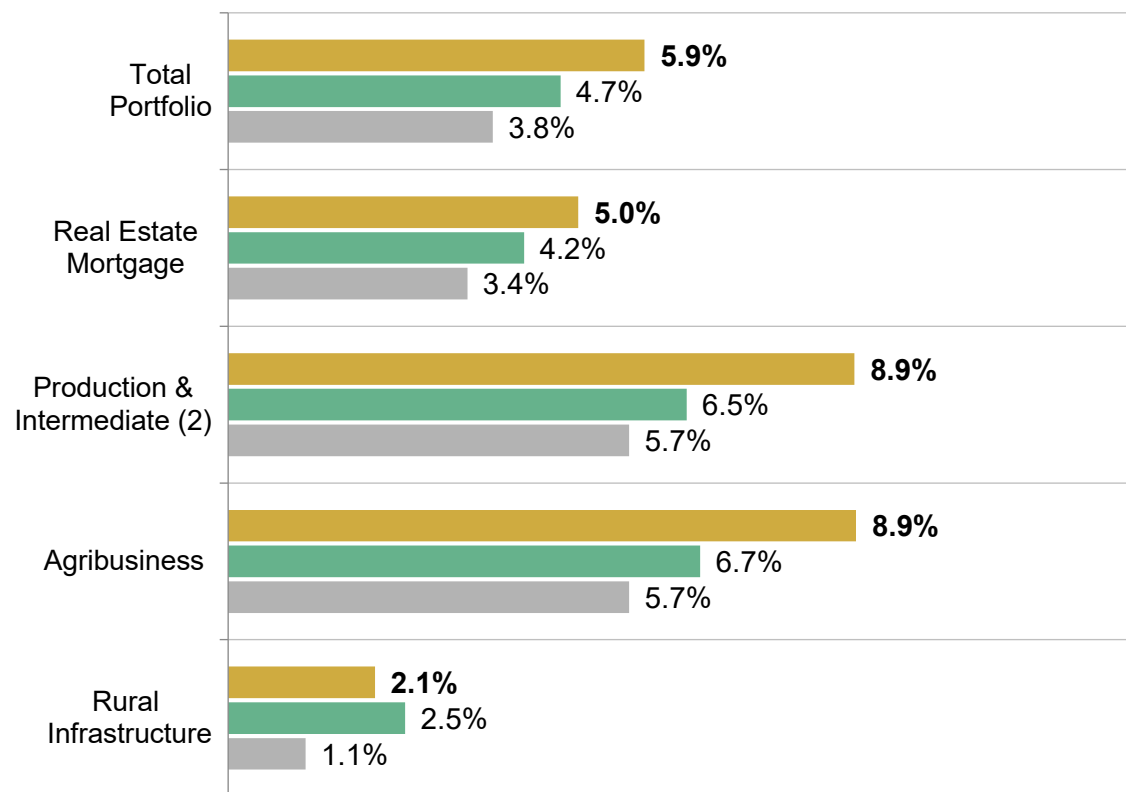
- ▶ The percentage of loans classified less than Acceptable increased in all loan categories apart from rural infrastructure.
- ▶ Production & intermediate and agribusiness loan categories continue to have the highest percentage of less than Acceptable loans at almost 9%.
- ▶ Loan delinquencies⁽¹⁾ as a percentage of total accruing loans equaled 0.47% at June 30, 2025, as compared with 0.36% at year-end and 0.44% at June 30, 2024.

(1) Defined as accruing loans 30 days or more past due.

Source: Federal Farm Credit Banks Funding Corporation Information Statements

Loans Classified Less than Acceptable

(as a % of loans outstanding)

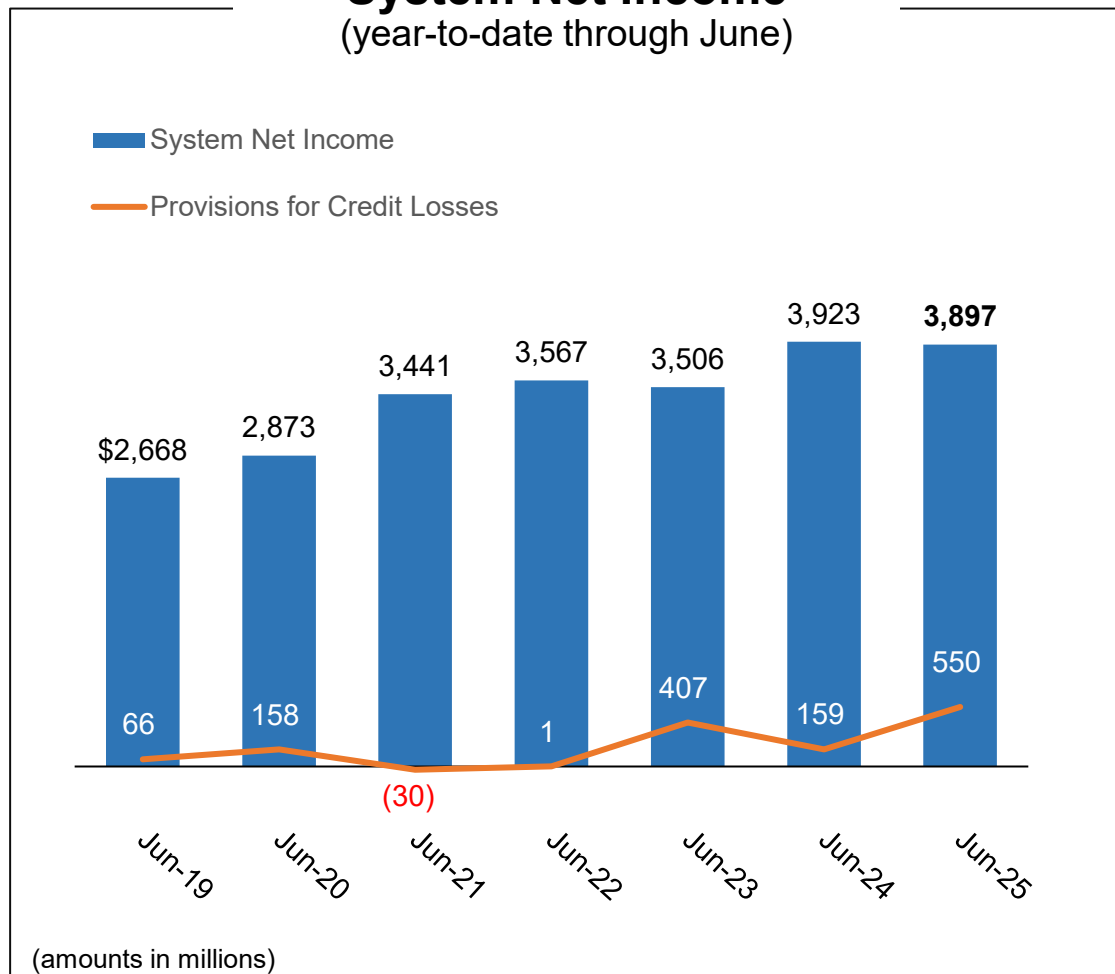


(2) includes lease receivables

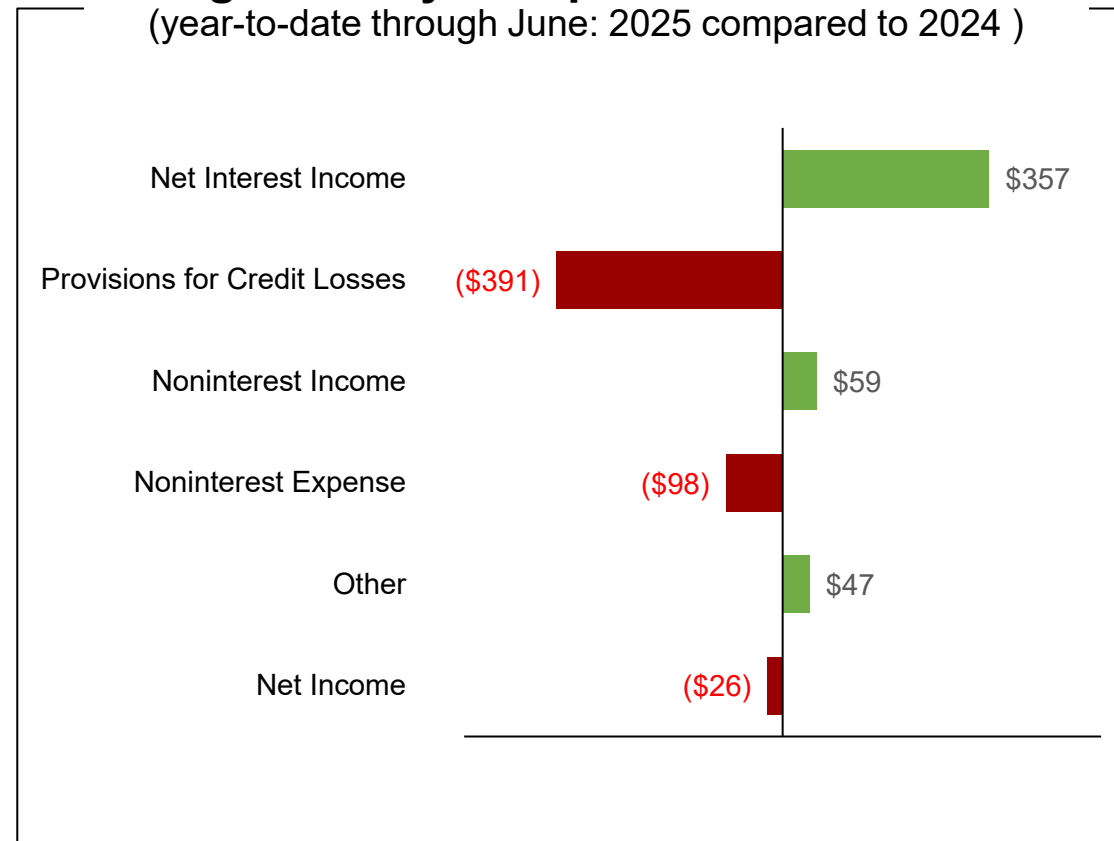


System earnings remain stable, but provisions for credit losses have increased

System Net Income
(year-to-date through June)



Changes in Key Components of Net Income
(year-to-date through June: 2025 compared to 2024)

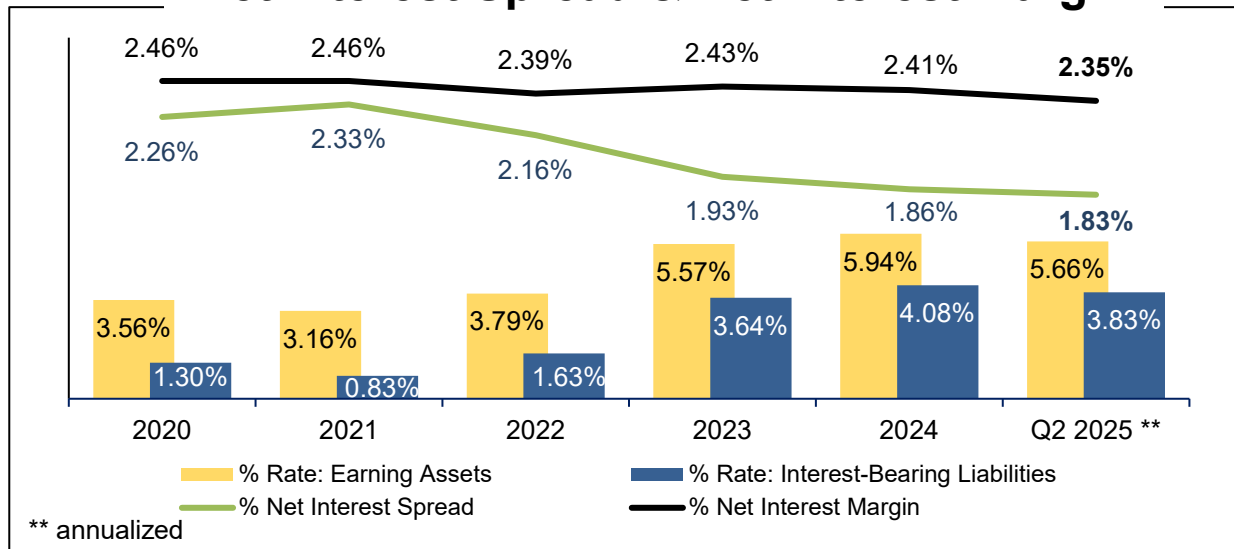




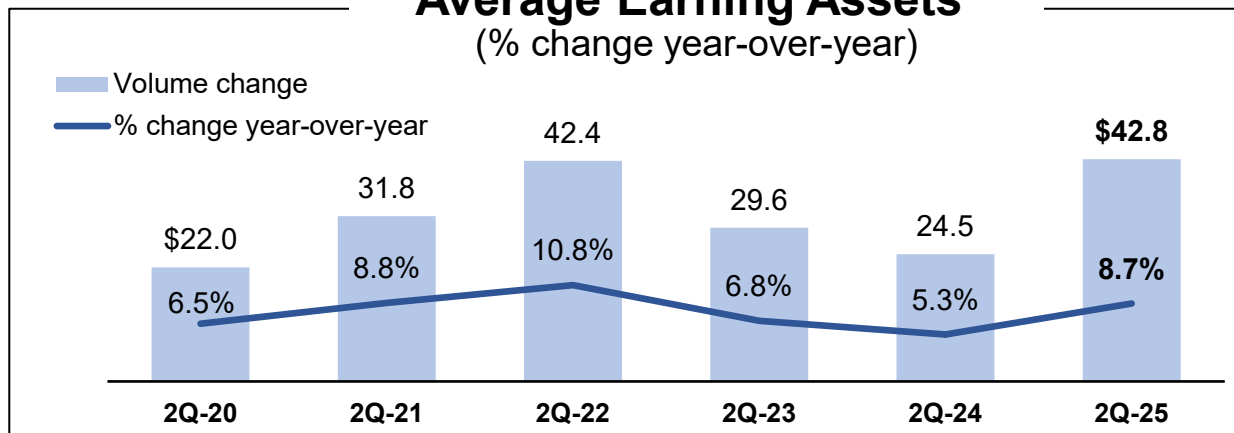
Net interest spread and net interest margin shrink while average earning assets grow

- ▶ Net interest spread continued to compress, dropping 3 basis points primarily related to higher funding costs.
- ▶ Net interest margin declined, dropping 6 basis points from year-end 2024.
- ▶ Average earning assets grew 8.7% year over year in second quarter 2025.

Net Interest Spread & Net Interest Margin



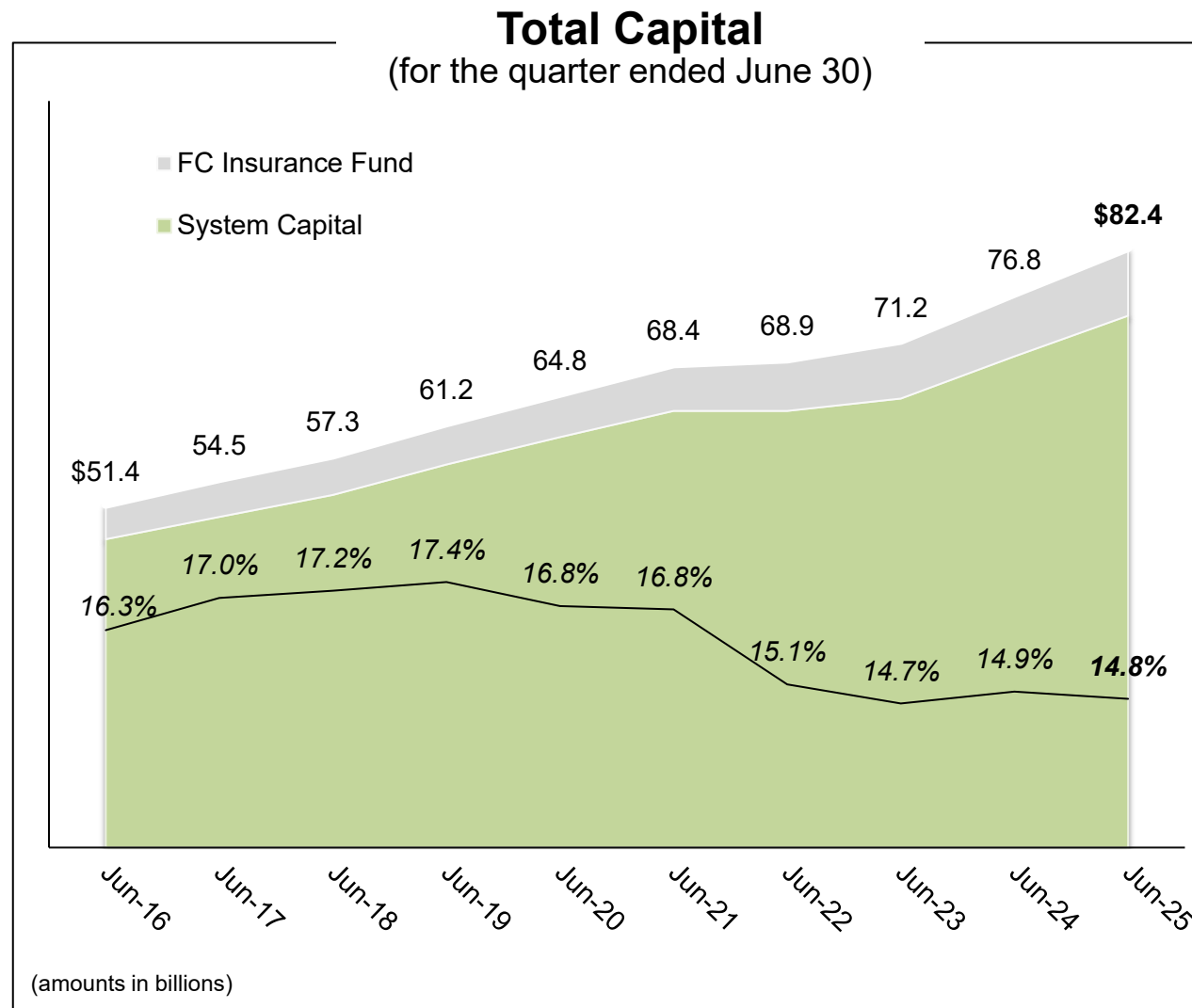
Average Earning Assets (% change year-over-year)





The System is well capitalized with robust risk-bearing capacity

- ▶ Earnings continued to support capital growth.
- ▶ The System's capital-to-assets ratio was 14.8% at quarter-end compared with 14.9% a year ago.
- ▶ Total regulatory capital ratios:
 - Banks: 13.5% to 16.4%
 - Associations: 11.8% to 33.7%
- ▶ Capital and the allowance for loan credit losses equaled 19.3% of loans outstanding.
- ▶ 73% of System institutions had a 1 rating for Capital and all institutions were in the 1 or 2 range.



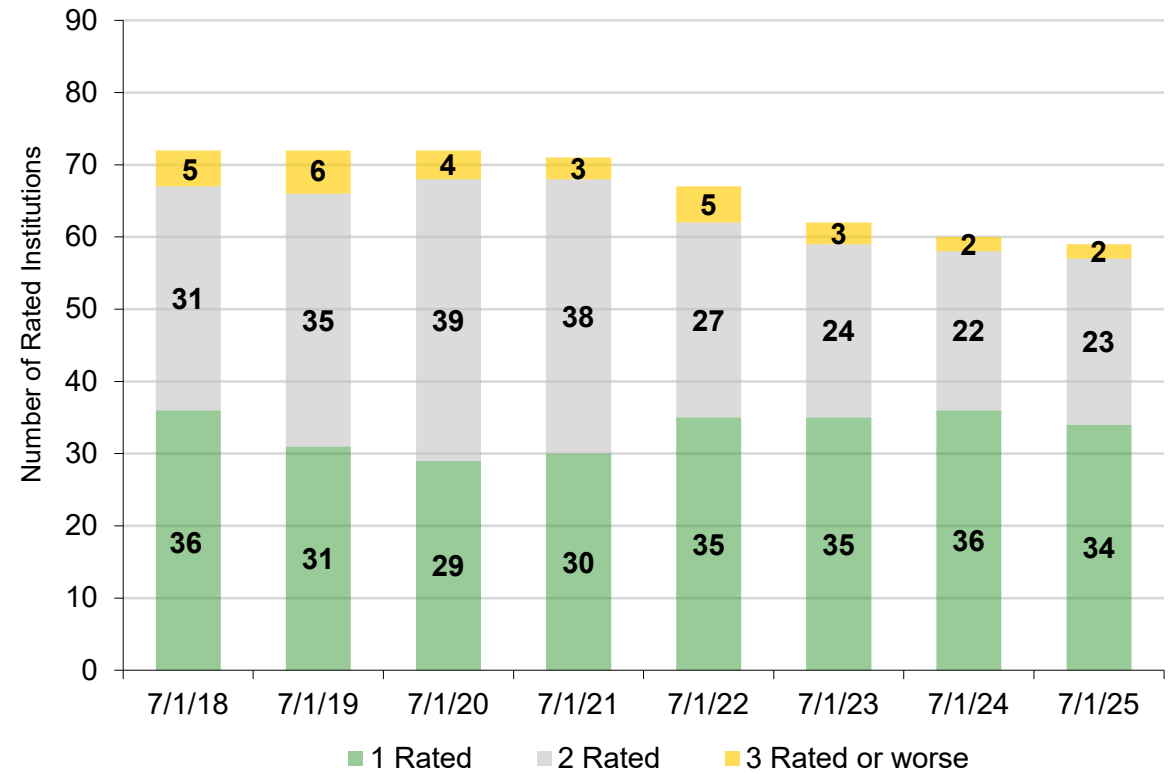


Composite FIRS ratings remain strong

Composite FIRS Ratings (based on 6/30/25 financial reporting)

- ▶ Composite FIRS ratings reflect the System's sound financial condition.
- ▶ Over 96% of System banks and associations have a Composite FIRS rating of 1 or 2.
- ▶ Institutions rated 3 or worse hold about 4% of consolidated System assets.

Composite FIRS Ratings Farm Credit System Banks and Associations



Source: FCA's FIRS ratings database



Risks we are monitoring

- ▶ Continuing stress on the cash grain sector resulting from lower prices, elevated production costs, and export uncertainties
- ▶ Rising credit risk for agribusinesses as profit margins remain under pressure from high costs and uncertain demand
- ▶ The effect of weaker profit margins and elevated interest rates on farmland and other collateral values
- ▶ The impact of increased nonaccrual levels and allowance provisions on System earnings
- ▶ Potential impact of changing global economic conditions, foreign trade policies, changes in government programs supporting agriculture, and disease outbreaks in crop or livestock sectors