



FEDERAL FARM CREDIT BANKS

FUNDING CORPORATION

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Press Release

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FARM CREDIT SYSTEM REPORTS 2025 THIRD QUARTER AND NINE-MONTH NET INCOME

For 2:00 p.m. (EDT) Release

NEW YORK - The Farm Credit System today reported that combined net income increased 4.3% to \$2.1 billion and 1.0% to \$6.0 billion for the three and nine months ended September 30, 2025, as compared with combined net income of \$2.0 billion and \$5.9 billion for same periods of the prior year.

“As 2025 progresses, the System continues to report modest earnings growth, as expected in the current agricultural environment,” remarked Tracey McCabe, President and CEO of the Federal Farm Credit Banks Funding Corporation. “Importantly, our strong balance sheet and total capital position us to serve our mission and support our member-borrowers should the present environment deteriorate further.”

Results of Operations

Third Quarter and Nine-Month 2025 Results Compared to Third Quarter and Nine-Month 2024 Results

Net interest income increased \$187 million or 6.1% to \$3.2 billion for the third quarter of 2025 and \$544 million or 6.1% to \$9.5 billion for the nine months ended September 30, 2025, as compared with the same periods of the prior year. The increase in net interest income primarily resulted from higher levels of average earning assets, driven largely by increased loan volume and, to a lesser extent, growth in investments held for liquidity. Average earning assets increased \$37.7 billion or 7.5% to \$540.2 billion for the three months ended September 30, 2025 and \$41.1 billion or 8.3% to \$534.7 billion for the nine months ended September 30, 2025, as compared with the same periods of the prior year.

The net interest margin was 2.39% and 2.36% for the three and nine months ended September 30, 2025, as compared with 2.42% and 2.41% for the same periods of the prior year. The decline in the net interest margin during these periods primarily resulted from a four and five basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital). Net interest spread increased one basis point to 1.86% for the three months ended September 30, 2025, as compared with 1.85% for the same period of the prior year and was unchanged at 1.84% for the nine months ended September 30, 2025, as compared with the nine months ended September 30, 2024.

The System recognized provisions for credit losses of \$318 million and \$868 million for the three and nine months ended September 30, 2025, as compared with provisions for credit losses of \$191 million and \$350 million for the three and nine months ended September 30, 2024. The provision for credit losses for the first nine months of 2025 primarily reflected higher specific reserves, deteriorating credit quality and weakening macroeconomic forecasts impacting modeled credit losses. The provision for credit losses for the first nine months of 2024 primarily reflected specific reserves associated with credit quality deterioration for a limited number of customers, modest deterioration in probability of default credit ratings and higher loan volume.

Noninterest income increased \$26 million or 7.8% to \$359 million and \$113 million or 13.4% to \$959 million for the three and nine months ended September 30, 2025, as compared with the same periods of the prior year. The increases for the three- and nine-month periods were primarily due to increases in income earned on Insurance Fund assets of \$12 million and \$41 million and financially-related services income of \$25 million and \$35 million as well as a decrease in net losses on investments in rural business investment companies of \$10 million and \$32 million. Partially offsetting the increases was a net loss on derivative, investment and other transactions of \$5 million for the three months ended September 30, 2025, as compared to a net gain of \$35 million for the same period of the prior year and a decrease in net gains on derivative, investment and other transactions of \$21 million for the nine-month period.

Noninterest expense increased \$3 million or 0.3% to \$1.2 billion and \$101 million or 3.0% to \$3.5 billion for the three and nine months ended September 30, 2025, as compared with the same periods of the prior year. The increase for the nine-month period was primarily due to increases in salaries and employee benefits and occupancy and equipment expense. Salaries and employee benefits increased \$74 million for the nine months ended September 30, 2025, as compared with the same period of the prior year, primarily from annual merit increases and higher staffing levels at certain System institutions. Occupancy and equipment expense increased \$14 million for the nine-month period primarily due to higher software, equipment and third-party servicing costs.

The provisions for income taxes were \$31 million and \$127 million for the three and nine months ended September 30, 2025, as compared with \$33 million and \$148 million for the three and nine months ended September 30, 2024. The effective tax rate decreased to 2.1% for the first nine months of 2025 from 2.4% for the first nine months of 2024 due to decreased earnings attributable to taxable business activities.

Third Quarter 2025 Compared to Second Quarter 2025

Net income was \$2.1 billion for the third quarter of 2025, as compared with \$1.9 billion for the second quarter of 2025. Positively impacting net income for the third quarter of 2025 were increases of \$86 million in net interest income and \$51 million in noninterest income and a decrease in the provision for income taxes of \$22 million. The increase in net interest income primarily resulted from a higher level of average earning assets. Negatively impacting net income for the third quarter of 2025 was an increase in the provision for credit losses of \$18 million primarily due to higher specific reserves and credit quality deterioration, as well as higher noninterest expense of \$13 million.

Loan Portfolio Activity

Gross loans increased \$8.9 billion or 2.1% to \$437.8 billion at September 30, 2025, as compared with \$428.9 billion at December 31, 2024. The increase primarily resulted from an increase in real estate mortgage, power, production and intermediate-term, and farm-related business loans, offset in part by a decrease in loans to cooperatives. The increase in real estate mortgage loans was primarily driven by additional financing needs for new and existing customers. Power loans increased primarily due to strong financing activity in the electric distribution, electric cooperative and regulated utility sectors. The increase in production and intermediate-term loans was primarily due to seasonal utilization of operating lines of credit. Farm-related business loans increased primarily due to increased lending to protein and grain related businesses. The decrease in loans to cooperatives resulted from lower levels of seasonal financing requirements at grain and farm supply cooperatives, which typically reach a low point in late summer or early fall.

Credit Quality

The System's accruing loan volume was \$433.8 billion at September 30, 2025, as compared with \$425.7 billion at December 31, 2024. Nonaccrual loans increased \$827 million during the first nine months of 2025 to \$4.0 billion and represented 0.91% of total loans, as compared with 0.74% at December 31, 2024. The increase in nonaccrual loans was primarily due to credit quality deterioration impacting certain borrowers in the wine and distilled beverages, tree nuts, communication, grapes and food processing sectors. At September 30, 2025, 48.4% of nonaccrual loans were current as to principal and interest, as compared with 51.9% at December 31, 2024.

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) were \$4.4 billion at September 30, 2025, which represented 1.00% of loans and other property owned, as compared with nonperforming assets of \$3.5 billion at December 31, 2024, which represented 0.81% of loans and other property owned.

Loans classified under the Farm Credit Administration's Uniform Loan Classification System as "acceptable" or "other assets especially mentioned" as a percentage of loans were 97.1% at September 30, 2025 and 97.6% at December 31, 2024. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans decreased slightly to 0.39% at September 30, 2025, as compared with 0.40% at September 30, 2024.

The allowance for credit losses on loans was \$2.2 billion at September 30, 2025, as compared with \$1.8 billion at December 31, 2024. Net loan charge-offs of \$407 million were recorded during the first nine months of 2025 and when annualized represented 0.12% of average loans, as compared with net loan charge-offs of \$218 million and 0.07% for the same period of the prior year. The allowance for credit losses on loans as a percentage of total loans was 0.51% at September 30, 2025 and 0.42% at December 31, 2024. The allowance for credit losses on loans was 51% of the System's total nonperforming assets and 56% of its nonaccrual loans at September 30, 2025, as compared with 52% and 57% at December 31, 2024. The System also had an allowance for credit losses on unfunded commitments of \$202 million and \$173 million at September 30, 2025 and December 31, 2024. Total capital and the allowance for credit losses on loans, which is a measure of risk-bearing capacity, totaled \$86.5 billion at September 30, 2025 and \$80.6 billion at December 31, 2024, and represented 19.8% of System loans at September 30, 2025, as compared with 18.8% at December 31, 2024.

Liquidity and Capital Resources

Cash and investments (primarily held for liquidity purposes) were \$105.4 billion at September 30, 2025 and \$98.8 billion at December 31, 2024. The System's liquidity portfolio provided 183 days coverage of maturing debt at September 30, 2025, as compared with 177 days coverage at December 31, 2024.

Total capital was \$84.3 billion at September 30, 2025, as compared with \$78.8 billion at December 31, 2024. The System's retained earnings increased \$4.2 billion to \$65.6 billion during the first nine months of 2025 due to net income earned and retained. During the first nine months of 2025, two Banks redeemed preferred stock totaling \$650 million, while one Bank issued \$350 million of preferred stock. Accumulated other comprehensive loss decreased \$1.0 billion to \$2.8 billion during the first nine months of 2025 primarily as a result of a decrease in interest rates, which increased the fair value of existing fixed-rate investment securities. Investment securities are primarily comprised of U.S. Treasury and U.S. agency debt securities. Capital as a percentage of total assets increased to 15.0% at September 30, 2025, as compared with 14.5% at December 31, 2024.

About the Farm Credit System

Farm Credit supports rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow, through the four Banks and 55 affiliated Associations. Farm Credit has been fulfilling this mission for over a century by providing farmers with the capital they need to make their businesses successful and by financing vital infrastructure and communication services that rural communities need to create jobs and drive economic growth. For more information about the Farm Credit System, please visit farmcredit.com.

Additional Information

Copies of this press release, as well as other financial information regarding the System, including its annual and quarterly information statements, are available on the Federal Farm Credit Banks Funding Corporation's website at farmcreditfunding.com.

For further information and copies of annual and quarterly information statements, contact:

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Forward-Looking Statements

Any forward-looking statements in this press release are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties, including the completion of the System's year-end closing and review procedures, and third-party audit. More information about these risks and uncertainties is contained in the System's annual and quarterly information statements. The System undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

FARM CREDIT SYSTEM
COMBINED FINANCIAL STATEMENT DATA
(in millions)

STATEMENT OF CONDITION DATA

	September 30, 2025 (unaudited)	December 31, 2024 (audited)
Cash and investments	\$105,391	\$ 98,773
Loans	437,831	428,913
Less: allowance for credit losses on loans	<u>(2,238)</u>	<u>(1,799)</u>
Net loans	435,593	427,114
Accrued interest receivable	6,146	5,264
Other assets	5,648	5,254
Restricted assets	<u>8,405</u>	<u>7,960</u>
Total assets	<u>\$561,183</u>	<u>\$544,365</u>
Systemwide Debt Securities:		
Due within one year	\$170,718	\$156,954
Due after one year	<u>289,947</u>	<u>290,907</u>
Total Systemwide Debt Securities	460,665	447,861
Subordinated debt	398	398
Other bonds	5,655	5,139
Other liabilities	<u>10,200</u>	<u>12,135</u>
Total liabilities	<u>476,918</u>	<u>465,533</u>
Preferred stock	3,377	3,680
Capital stock	2,245	2,201
Additional paid-in-capital	7,385	7,379
Restricted capital	8,405	7,960
Accumulated other comprehensive loss	(2,788)	(3,813)
Retained earnings	<u>65,641</u>	<u>61,425</u>
Total capital	<u>84,265</u>	<u>78,832</u>
Total liabilities and capital	<u>\$561,183</u>	<u>\$544,365</u>

STATEMENT OF INCOME DATA

	For the Quarter Ended September 30, (unaudited)		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest income	\$7,793	\$7,596	\$22,858	\$22,114
Interest expense	<u>(4,562)</u>	<u>(4,552)</u>	<u>(13,375)</u>	<u>(13,175)</u>
Net interest income	3,231	3,044	9,483	8,939
Provision for credit losses	(318)	(191)	(868)	(350)
Noninterest income	359	333	959	846
Noninterest expense	<u>(1,172)</u>	<u>(1,169)</u>	<u>(3,481)</u>	<u>(3,380)</u>
Income before income taxes	2,100	2,017	6,093	6,055
Provision for income taxes	<u>(31)</u>	<u>(33)</u>	<u>(127)</u>	<u>(148)</u>
Net income	<u>\$2,069</u>	<u>\$1,984</u>	<u>\$ 5,966</u>	<u>\$ 5,907</u>

FARM CREDIT SYSTEM
COMBINED FINANCIAL STATEMENT DATA
(in millions)

Statement of Condition Data – Five Quarter Trend

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
	(unaudited)	(unaudited)	(unaudited)	(audited)	(unaudited)
Cash and investments	\$105,391	\$103,697	\$ 99,603	\$ 98,773	\$ 96,176
Loans	437,831	436,498	432,691	428,913	414,402
Less: allowance for credit losses					
on loans	<u>(2,238)</u>	<u>(2,099)</u>	<u>(2,001)</u>	<u>(1,799)</u>	<u>(1,772)</u>
Net loans	<u>435,593</u>	<u>434,399</u>	<u>430,690</u>	<u>427,114</u>	<u>412,630</u>
Accrued interest receivable	6,146	5,121	4,775	5,264	5,721
Other assets	5,648	5,512	5,398	5,254	5,473
Restricted assets	<u>8,405</u>	<u>8,229</u>	<u>8,054</u>	<u>7,960</u>	<u>7,795</u>
Total assets	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>	<u>\$544,365</u>	<u>\$527,795</u>
Systemwide Debt Securities	\$460,665	\$458,948	\$452,212	\$447,861	\$431,936
Subordinated debt	398	398	398	398	398
Other bonds	5,655	5,521	5,546	5,139	6,204
Other liabilities	<u>10,200</u>	<u>9,738</u>	<u>9,814</u>	<u>12,135</u>	<u>10,187</u>
Total liabilities	<u>476,918</u>	<u>474,605</u>	<u>467,970</u>	<u>465,533</u>	<u>448,725</u>
Preferred stock	3,377	3,382	3,381	3,680	3,378
Capital stock	2,245	2,219	2,187	2,201	2,175
Additional paid-in-capital	7,385	7,385	7,385	7,379	7,286
Restricted capital	8,405	8,229	8,054	7,960	7,795
Accumulated other					
comprehensive loss	(2,788)	(3,035)	(3,296)	(3,813)	(3,425)
Retained earnings	<u>65,641</u>	<u>64,173</u>	<u>62,839</u>	<u>61,425</u>	<u>61,861</u>
Total capital	<u>84,265</u>	<u>82,353</u>	<u>80,550</u>	<u>78,832</u>	<u>79,070</u>
Total liabilities and capital	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>	<u>\$544,365</u>	<u>\$527,795</u>

Statement of Income Data – Five Quarter Trend (unaudited)

For the three months ended:	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Interest income	\$7,793	\$7,611	\$7,454	\$7,515	\$7,596
Interest expense	<u>(4,562)</u>	<u>(4,466)</u>	<u>(4,347)</u>	<u>(4,419)</u>	<u>(4,552)</u>
Net interest income	3,231	3,145	3,107	3,096	3,044
Provision for credit losses	(318)	(300)	(250)	(219)	(191)
Noninterest income	359	308	292	316	333
Noninterest expense	<u>(1,172)</u>	<u>(1,159)</u>	<u>(1,150)</u>	<u>(1,290)</u>	<u>(1,169)</u>
Income before income taxes	2,100	1,994	1,999	1,903	2,017
Provision for income taxes	<u>(31)</u>	<u>(53)</u>	<u>(43)</u>	<u>(12)</u>	<u>(33)</u>
Net income	<u>\$2,069</u>	<u>\$1,941</u>	<u>\$1,956</u>	<u>\$1,891</u>	<u>\$1,984</u>