



FEDERAL FARM CREDIT BANKS

**FUNDING CORPORATION**

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## *Press Release*

Friday, February 20, 2026

### **FARM CREDIT SYSTEM REPORTS NET INCOME OF \$8.0 BILLION FOR 2025**

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

NEW YORK - The Farm Credit System today reported combined net income of \$8.0 billion for the year ended December 31, 2025, as compared with \$7.8 billion for the prior year. The System also reported combined net income of \$2.0 billion for the fourth quarter of 2025, as compared with \$1.9 billion for the fourth quarter of 2024.

"This past year was marked by several challenges that impacted agriculture and rural communities driven by factors such as commodity price volatility, elevated input costs and evolving trade policies," remarked Tracey McCabe, President and CEO of the Federal Farm Credit Banks Funding Corporation. "Despite these headwinds, the System generated solid earnings fortifying our balance sheet so that we can continue to provide credit to our member-borrowers through this agricultural cycle. We recognize that continued volatility may affect our path forward, and we are focused on maintaining prudent underwriting."

#### **2025 Results of Operations**

Combined net income increased \$177 million or 2.3% for the year ended December 31, 2025, as compared with the prior year. The increase resulted from increases in net interest income and noninterest income and a decrease in the provision for income taxes, partially offset by increases in the provision for credit losses and noninterest expense.

Net interest income increased \$748 million or 6.2% to \$12.8 billion for 2025, as compared with \$12.0 billion for the prior year. The increase in net interest income resulted from a higher level of average earning assets, driven largely by increased loan volume and, to a lesser extent, growth in investments held for liquidity. Average earning assets grew \$39.4 billion or 7.9% to \$538.6 billion for 2025, as compared with the prior year.

The net interest margin decreased four basis points to 2.37% for 2025, as compared to 2.41% for 2024. This was due to a four basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital) as interest rates decreased in 2025. Net interest spread was unchanged at 1.86% for both 2025 and 2024.

The System recognized provisions for credit losses of \$1.2 billion and \$569 million for the years ended December 31, 2025 and 2024. The provision for credit losses in 2025 primarily reflected higher specific reserves, deteriorating credit quality in the real estate mortgage, production and intermediate-term and agribusiness sectors and, to a lesser extent, weakening macroeconomic forecasts impacting modeled credit losses. The provision for credit losses in 2024 primarily reflected credit quality deterioration in the production and intermediate-term and agribusiness sectors and increases in the pooled component of the allowance for credit losses due to higher loan volume.

Noninterest income increased \$239 million or 20.6% to \$1.4 billion for 2025, as compared with the same period of the prior year. The increase in noninterest income was due in part to a decrease in net losses on investments in rural business investment companies of \$52 million as well as increases in income earned on Insurance Fund assets of \$50 million, financially-related services income of \$47 million and loan-related fee income of \$42 million.

Noninterest expense increased \$166 million or 3.6% to \$4.8 billion for 2025, as compared with \$4.7 billion for 2024, primarily due to increases in salaries and employee benefits and other operating expense. Salaries and employee benefits increased \$118 million primarily due to annual merit increases and higher staffing levels at certain System institutions. Other operating expense increased \$16 million primarily due to increases in technology, member relations, travel, training and other miscellaneous expenses.

The System recorded a provision for income taxes of \$147 million for 2025, as compared with \$160 million for 2024. The effective tax rate decreased to 1.8% for 2025 from 2.0% for 2024 primarily due to decreased earnings attributable to taxable business activities.

#### **Fourth Quarter 2025 Results of Operations**

Combined net income increased \$118 million or 6.2% to \$2.0 billion for the fourth quarter of 2025, as compared with the fourth quarter of 2024. The increase in net income resulted from increases in net interest income and noninterest income, partially offset by increases in the provision for credit losses, noninterest expense and the provision for income taxes.

Net interest income increased \$204 million or 6.6% to \$3.3 billion for the fourth quarter of 2025, as compared with the same period of the prior year, primarily from a higher level of average earning assets. Average earning assets grew \$34.5 billion or 6.7% to \$550.2 billion for the fourth quarter of 2025, as compared with the same period of the prior year.

The net interest margin was 2.40% for both the fourth quarters of 2025 and 2024. Net interest spread increased two basis points to 1.89% for the fourth quarter of 2025, as compared with 1.87% for the fourth quarter of 2024, primarily due to decreased debt costs as interest rates were lower in 2025. Offsetting the increase in net interest spread was a two basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital).

The System reported provisions for credit losses of \$358 million and \$219 million for the fourth quarters of 2025 and 2024. The provision for credit losses recorded in the fourth quarter of 2025 primarily reflected specific reserves and deteriorating credit quality in the real estate mortgage, production and intermediate-term and agribusiness sectors.

Noninterest income increased \$126 million or 39.9% to \$442 million for the fourth quarter of 2025, as compared with \$316 million for the fourth quarter of 2024. The increase was primarily due to a decrease in net losses on derivative, investment and other transactions of \$38 million and an increase in loan-related fee income of \$32 million as well as net gains on investments in rural business investment companies of \$11 million in the fourth quarter of 2025, as compared with a \$9 million net loss for the fourth quarter of 2024.

Noninterest expense increased \$65 million or 5.0% to \$1.4 billion for the fourth quarter of 2025, as compared with the fourth quarter of 2024, primarily due to increases in salaries and employee benefits of \$44 million and other operating expense of \$9 million.

The System recorded provisions for income taxes of \$20 million and \$12 million for the fourth quarters of 2025 and 2024. The effective tax rate increased to 1.0% for the fourth quarter of 2025 from 0.6% for the fourth quarter of 2024 primarily due to increased earnings attributable to taxable business activities during the fourth quarter of 2025.

### **Fourth Quarter 2025 Compared to Third Quarter 2025**

Net income was \$2.0 billion for the fourth quarter of 2025, as compared with \$2.1 billion for the third quarter of 2025. Net income for the fourth quarter of 2025 was negatively impacted by increases in noninterest expense of \$183 million and the provision for credit losses of \$40 million. Noninterest expense increased primarily from higher salaries due to increased performance-based compensation, purchased services and other operating expenses. Positively impacting net income for the fourth quarter of 2025 were increases in noninterest income of \$83 million and net interest income of \$69 million as well as a decrease in the provision for income taxes of \$11 million. The increase in noninterest income was partially due to an increase in financially-related services income due to the seasonality of crop insurance revenue.

### **Loan Portfolio Activity**

Gross loans increased \$27.9 billion or 6.5% since year-end 2024 to \$456.9 billion at December 31, 2025. The increase primarily resulted from an increase in real estate mortgage, production and intermediate-term, agribusiness and power loans. The increase in real estate mortgage loans was primarily driven by additional financing needs for new and existing customers. Production and intermediate-term loans increased primarily due to seasonal utilization of operating lines of credit. The increase in agribusiness loans was primarily due to an increase in seasonal lending at grain and farm supply cooperatives and increased lending to protein and grain related businesses. Power loans increased primarily due to strong financing activity in the electric distribution, electric cooperative and regulated utility sectors.

### **Credit Quality**

The System's accruing loan volume was \$452.5 billion at December 31, 2025, as compared with \$425.7 billion at December 31, 2024. Nonaccrual loans increased \$1.1 billion to \$4.3 billion at December 31, 2025, as compared with the same period of the prior year. The increase in nonaccrual loans was primarily due to credit quality deterioration impacting certain borrowers in the food and beverage processing, tree fruits and nuts, communication, grapes and wine and distilled beverages sectors. At December 31, 2025, 52.1% 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 \$4.7 billion at December 31, 2025, which represented 1.03% 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 December 31, 2025, as compared with 97.6% at December 31, 2024. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans was 0.36% at both December 31, 2025 and 2024.

The allowance for credit losses on loans was \$2.2 billion at December 31, 2025, as compared with \$1.8 billion at December 31, 2024. Net loan charge-offs of \$797 million were recorded during 2025, as compared with \$420 million for 2024. The allowance for credit losses on loans as a percentage of total loans was 0.48% at December 31, 2025 and 0.42% at December 31,

2024. The allowance for credit losses on loans was 47% of the System's total nonperforming assets and 51% of its nonaccrual loans at December 31, 2025, as compared with 52% and 57% at December 31, 2024. The System also had \$200 million and \$173 million of allowance for credit losses on unfunded commitments at December 31, 2025 and 2024. Capital and the allowance for credit losses on loans, which is a measure of risk-bearing capacity, totaled \$87.2 billion at December 31, 2025 and \$80.6 billion at December 31, 2024, and represented 19.1% of System loans at December 31, 2025, as compared with 18.8% at December 31, 2024.

### **Agricultural Outlook**

The February 2026 United States Department of Agriculture (USDA) forecast projects 2025 net farm income (income after expenses from production) at \$154.5 billion, a \$27.0 billion increase from 2024. The USDA's outlook for the farm economy forecasts 2026 net farm income at \$153.4 billion, a \$1.1 billion decrease from 2025. The projected decrease in net farm income from 2025 to 2026 is primarily due to an expected decrease in cash receipts for animals and animal products of \$17.0 billion, a downward change in the value of inventory adjustment of \$5.6 billion and an increase in cash expenses of \$4.1 billion, mostly offset by increases in direct government payments of \$13.8 billion, cash farm-related income of \$9.2 billion and cash receipts for crops of \$2.8 billion.

### **Liquidity and Capital Resources**

Cash and investments (primarily held for liquidity purposes) were \$107.5 billion at December 31, 2025 and \$98.8 billion at December 31, 2024. The System's liquidity portfolio provided 167 and 177 days coverage of maturing debt at December 31, 2025 and 2024.

System capital increased \$6.1 billion since year-end 2024 to \$85.0 billion at December 31, 2025. Retained earnings increased \$4.0 billion to \$65.4 billion at December 31, 2025, as compared with \$61.4 billion at December 31, 2024, due to net income earned and retained partially offset by patronage distributions of \$3.0 billion. During 2025, one Bank and one Association issued preferred stock totaling \$650 million, while two Banks redeemed a total of \$650 million of preferred stock. Accumulated other comprehensive loss decreased \$1.4 billion to \$2.4 billion at December 31, 2025 primarily as a result of the impact of market interest rate changes, which increased the fair value of existing fixed-rate available-for-sale investment securities. Capital as a percentage of total assets was 14.6% at December 31, 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](http://farmcredit.com).

### **Additional Information**

The 2025 financial results discussed herein are preliminary and unaudited. 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](http://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**

	<b>December 31, <u>2025</u></b>	<b>December 31, <u>2024</u></b>
Cash and investments	\$107,541	\$ 98,773
Loans	456,860	428,913
Less: allowance for credit losses on loans	<u>(2,209)</u>	<u>(1,799)</u>
Net loans	<u>454,651</u>	<u>427,114</u>
Accrued interest receivable	5,709	5,264
Other assets	5,774	5,254
Restricted assets	<u>8,587</u>	<u>7,960</u>
Total assets	<u><u>\$582,262</u></u>	<u><u>\$544,365</u></u>
Systemwide Debt Securities:		
Due within one year	\$187,407	\$156,954
Due after one year	<u>292,444</u>	<u>290,907</u>
Total Systemwide Debt Securities	479,851	447,861
Subordinated debt	398	398
Other bonds	4,942	5,139
Other liabilities	<u>12,091</u>	<u>12,135</u>
Total liabilities	<u>497,282</u>	<u>465,533</u>
Preferred stock	3,677	3,680
Capital stock	2,274	2,201
Additional paid-in-capital	7,385	7,379
Restricted capital	8,587	7,960
Accumulated other comprehensive loss	(2,365)	(3,813)
Retained earnings	<u>65,422</u>	<u>61,425</u>
Total capital	<u>84,980</u>	<u>78,832</u>
Total liabilities and capital	<u><u>\$582,262</u></u>	<u><u>\$544,365</u></u>

**STATEMENT OF INCOME DATA**

	<b>For the Quarter Ended <u>December 31,</u></b>		<b>For the Year Ended <u>December 31,</u></b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Interest income	\$7,764	\$7,515	\$30,622	\$29,629
Interest expense	<u>(4,464)</u>	<u>(4,419)</u>	<u>(17,839)</u>	<u>(17,594)</u>
Net interest income	3,300	3,096	12,783	12,035
Provision for credit losses	(358)	(219)	(1,226)	(569)
Noninterest income	442	316	1,401	1,162
Noninterest expense	<u>(1,355)</u>	<u>(1,290)</u>	<u>(4,836)</u>	<u>(4,670)</u>
Income before income taxes	2,029	1,903	8,122	7,958
Provision for income taxes	<u>(20)</u>	<u>(12)</u>	<u>(147)</u>	<u>(160)</u>
Net income	<u><u>\$2,009</u></u>	<u><u>\$1,891</u></u>	<u><u>\$ 7,975</u></u>	<u><u>\$ 7,798</u></u>

**FARM CREDIT SYSTEM  
COMBINED FINANCIAL STATEMENT DATA  
(in millions)**

**Statement of Condition Data – Five Quarter Trend**

	<b>December 31, 2025</b>	<b>September 30, 2025</b>	<b>June 30, 2025</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Cash and investments	\$107,541	\$105,391	\$103,697	\$ 99,603	\$ 98,773
Loans	456,860	437,831	436,498	432,691	428,913
Less: allowance for credit losses on loans	<u>(2,209)</u>	<u>(2,238)</u>	<u>(2,099)</u>	<u>(2,001)</u>	<u>(1,799)</u>
Net loans	<u>454,651</u>	<u>435,593</u>	<u>434,399</u>	<u>430,690</u>	<u>427,114</u>
Accrued interest receivable	5,709	6,146	5,121	4,775	5,264
Other assets	5,774	5,648	5,512	5,398	5,254
Restricted assets	<u>8,587</u>	<u>8,405</u>	<u>8,229</u>	<u>8,054</u>	<u>7,960</u>
Total assets	<u>\$582,262</u>	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>	<u>\$544,365</u>
Systemwide Debt Securities	\$479,851	\$460,665	\$458,948	\$452,212	\$447,861
Subordinated debt	398	398	398	398	398
Other bonds	4,942	5,655	5,521	5,546	5,139
Other liabilities	<u>12,091</u>	<u>10,200</u>	<u>9,738</u>	<u>9,814</u>	<u>12,135</u>
Total liabilities	<u>497,282</u>	<u>476,918</u>	<u>474,605</u>	<u>467,970</u>	<u>465,533</u>
Preferred stock	3,677	3,377	3,382	3,381	3,680
Capital stock	2,274	2,245	2,219	2,187	2,201
Additional paid-in-capital	7,385	7,385	7,385	7,385	7,379
Restricted capital	8,587	8,405	8,229	8,054	7,960
Accumulated other comprehensive loss	<u>(2,365)</u>	<u>(2,788)</u>	<u>(3,035)</u>	<u>(3,296)</u>	<u>(3,813)</u>
Retained earnings	<u>65,422</u>	<u>65,641</u>	<u>64,173</u>	<u>62,839</u>	<u>61,425</u>
Total capital	<u>84,980</u>	<u>84,265</u>	<u>82,353</u>	<u>80,550</u>	<u>78,832</u>
Total liabilities and capital	<u>\$582,262</u>	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>	<u>\$544,365</u>

**Statement of Income Data – Five Quarter Trend**

<b>For the three months ended:</b>	<b>December 31, 2025</b>	<b>September 30, 2025</b>	<b>June 30, 2025</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>
Interest income	\$7,764	\$7,793	\$7,611	\$7,454	\$7,515
Interest expense	<u>(4,464)</u>	<u>(4,562)</u>	<u>(4,466)</u>	<u>(4,347)</u>	<u>(4,419)</u>
Net interest income	3,300	3,231	3,145	3,107	3,096
Provision for credit losses	(358)	(318)	(300)	(250)	(219)
Noninterest income	442	359	308	292	316
Noninterest expense	<u>(1,355)</u>	<u>(1,172)</u>	<u>(1,159)</u>	<u>(1,150)</u>	<u>(1,290)</u>
Income before income taxes	2,029	2,100	1,994	1,999	1,903
Provision for income taxes	<u>(20)</u>	<u>(31)</u>	<u>(53)</u>	<u>(43)</u>	<u>(12)</u>
Net income	<u>\$2,009</u>	<u>\$2,069</u>	<u>\$1,941</u>	<u>\$1,956</u>	<u>\$1,891</u>