



FEDERAL FARM CREDIT BANKS

FUNDING CORPORATION

101 Hudson Street, Suite 3505
Jersey City, New Jersey 07302
201.200.8000
farmcreditfunding.com

Press Release

Friday, May 1, 2026

FARM CREDIT SYSTEM REPORTS FIRST QUARTER 2026 COMBINED RESULTS

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

NEW YORK - The Farm Credit System today reported that combined net income increased to \$2.1 billion for the first quarter of 2026, as compared with \$2.0 billion for the same period of the prior year.

“The System’s first quarter performance demonstrates the strength of our cooperative structure and long-term focus,” remarked Tracey McCabe, President and CEO of the Federal Farm Credit Banks Funding Corporation. “While credit quality challenges are impacting certain borrowers, our capital, liquidity and risk-bearing capacity enable us to manage volatility and remain a reliable source of credit for rural America.”

Results of Operations

First Quarter 2026 Compared to First Quarter 2025

Net interest income was \$3.3 billion for the first quarter of 2026, as compared with \$3.1 billion for the first quarter of 2025. The increase in net interest income primarily resulted from a higher level of average earning assets, driven by increased loan volume and, to a lesser extent, growth in investments held for liquidity. Average earning assets grew \$34.8 billion or 6.6% to \$563.8 billion for the first quarter of 2026, as compared with the first quarter of 2025.

The net interest margin increased one basis point to 2.36% for the quarter ended March 31, 2026, as compared with 2.35% for the same period of the prior year. The increase in the net interest margin resulted from an increase in the net interest spread of three basis points to 1.87%, as compared with the first quarter of 2025. The increase in the net interest spread was primarily due to lower debt funding costs in the lower interest rate environment. The increase in net interest margin was partially offset by a two-basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital).

The System recognized a provision for credit losses of \$233 million for the first quarter of 2026, as compared with \$250 million during the first quarter of 2025. The provision for credit losses for the first quarter of 2026 primarily reflected specific reserves associated with a limited number of customers and, to a lesser extent, a modest deterioration in credit quality and higher loan volume. The provision for credit losses for the first quarter of 2025 primarily reflected specific reserves associated with a limited number of customers, a modest deterioration in credit quality and weakening macroeconomic forecasts impacting modeled credit losses and, to a lesser extent, higher loan volume.

Noninterest income increased \$24 million or 8.2% to \$316 million for the first quarter of 2026, as compared with the first quarter of 2025. The increase was primarily due to the absence of net losses on investments in rural business investment companies in the first quarter of 2026, as compared with net losses of \$15 million during the first quarter of 2025 and increases in income earned on Insurance Fund assets of \$7 million and financially-related services income of \$6 million. Partially offsetting the increases was a decrease in net gains on derivative, investment and other transactions of \$5 million.

Noninterest expense increased \$91 million or 7.9% to \$1.2 billion for the first quarter of 2026, as compared with the first quarter of 2025, primarily due to increases in salaries and employee benefits and other operating expense. Salaries and employee benefits increased \$52 million primarily from annual merit increases, higher staffing levels and higher accrued incentive compensation at certain System institutions. Other operating expense increased \$31 million primarily due to increases in technology, member relations, and other miscellaneous expenses.

The provision for income taxes was \$51 million for the first quarter of 2026 and \$43 million for the first quarter of 2025. The effective tax rate increased slightly to 2.3% for the first quarter of 2026 from 2.2% for the first quarter of 2025 due to increased earnings attributable to taxable business activities.

First Quarter 2026 Compared to Fourth Quarter 2025

Net income increased \$112 million or 5.6% to \$2.1 billion for the first quarter of 2026, as compared with the fourth quarter of 2025. The increase in net income was primarily due to decreases in the provision for credit losses of \$125 million and noninterest expense of \$114 million and an increase in net interest income of \$30 million, partially offset by a decrease in noninterest income of \$126 million and an increase in the provision for income taxes of \$31 million. Provision for credit losses reflected lower specific reserves during the first quarter of 2026. The decrease in noninterest expense during the first quarter of 2026 was primarily due to lower incentive compensation, purchased services, member relations and travel expenses. The decrease in noninterest income in the first quarter resulted primarily from a lower amount of fees for financially-related services due to the seasonality of crop insurance premiums.

Loan Portfolio Activity

Gross loans increased \$2.3 billion or 0.5% to \$459.2 billion at March 31, 2026, as compared with \$456.9 billion at December 31, 2025. The increase primarily resulted from an increase in loans to cooperatives, real estate mortgage loans, and power loans, offset in part by a decrease in production and intermediate-term loans. Loans to cooperatives increased primarily due to higher seasonal lending at grain and farm supply cooperatives. The increase in real estate mortgage loans was primarily driven by increased loan demand from new and existing customers. Power loans increased primarily due to financing activity in the electric distribution and rural electric utility sectors. The decrease in production and intermediate-term loans was primarily driven by seasonal repayments.

Credit Quality

The System's accruing loan volume was \$454.6 billion at March 31, 2026, as compared with \$452.5 billion at December 31, 2025. Nonaccrual loans increased \$252 million to \$4.6 billion at March 31, 2026, as compared with December 31, 2025. The increase in nonaccrual loans was primarily due to credit quality deterioration impacting a limited number of borrowers in the

horticulture, cash grains, and pesticides and agricultural chemicals sectors. At March 31, 2026, 46.0% of nonaccrual loans were current as to principal and interest, as compared with 52.1% at December 31, 2025.

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) were \$5.0 billion at March 31, 2026 and represented 1.09% of loans and other property owned, as compared with nonperforming assets of \$4.7 billion at December 31, 2025, which represented 1.03% 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 96.8% at March 31, 2026 and 97.1% at December 31, 2025. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans decreased to 0.51% at March 31, 2026, as compared with 0.55% at March 31, 2025.

The allowance for credit losses on loans was \$2.4 billion at March 31, 2026, as compared with \$2.2 billion at December 31, 2025. Net loan charge-offs of \$28 million were recorded during the first quarter of 2026, as compared with net loan charge-offs of \$43 million for the first quarter of 2025. The allowance for credit losses on loans as a percentage of total loans was 0.53% at March 31, 2026 and 0.48% at December 31, 2025. The allowance for credit losses on loans was 49% of the System's total nonperforming assets and 53% of nonaccrual loans at March 31, 2026, as compared with 47% and 51% at December 31, 2025. The System also had \$193 million and \$200 million of allowance for unfunded commitments at March 31, 2026 and December 31, 2025. Total capital and the allowance for credit losses on loans, which is a measure of risk-bearing capacity, totaled \$88.9 billion at March 31, 2026 and \$87.2 billion at December 31, 2025, and represented 19.4% of System loans at March 31, 2026, as compared with 19.1% at December 31, 2025.

Liquidity and Capital Resources

Cash and investments (primarily held for liquidity purposes) were \$107.9 billion at March 31, 2026 and \$107.5 billion at December 31, 2025. The System's liquidity portfolio provided 162 days coverage of maturing debt at March 31, 2026, as compared with 167 days coverage at December 31, 2025.

Total capital was \$86.4 billion at March 31, 2026, as compared with \$85.0 billion at December 31, 2025. The System's retained earnings increased \$1.6 billion to \$67.1 billion during the first quarter of 2026 due to net income earned and retained. Accumulated other comprehensive loss increased \$114 million to \$2.5 billion during the first quarter of 2026 primarily as a result of the impact of interest rate changes, which decreased the fair value of fixed-rate available-for-sale investment securities. Capital as a percentage of total assets increased to 14.8% at March 31, 2026, as compared with 14.6% at December 31, 2025.

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:

Karen R. Brenner, Managing Director
Financial Management Division
Federal Farm Credit Banks Funding Corporation
101 Hudson Street, Suite 3505
Jersey City, NJ 07302
(201) 200-8081
E-mail – kbrenner@farmcreditfunding.com

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

	March 31, <u>2026</u> (unaudited)	December 31, <u>2025</u> (audited)
Cash and investments	\$107,926	\$107,541
Loans	459,197	456,860
Less: allowance for credit losses on loans	<u>(2,421)</u>	<u>(2,209)</u>
Net loans	<u>456,776</u>	<u>454,651</u>
Accrued interest receivable	5,049	5,709
Other assets	5,657	5,774
Restricted assets	<u>8,547</u>	<u>8,587</u>
Total assets	<u><u>\$583,955</u></u>	<u><u>\$582,262</u></u>
Systemwide Debt Securities:		
Due within one year	\$182,373	\$187,407
Due after one year	<u>300,131</u>	<u>292,444</u>
Total Systemwide Debt Securities	482,504	479,851
Subordinated debt	398	398
Other bonds	4,929	4,942
Other liabilities	<u>9,675</u>	<u>12,091</u>
Total liabilities	<u>497,506</u>	<u>497,282</u>
Preferred stock	3,679	3,677
Capital stock	2,260	2,274
Additional paid-in-capital	7,385	7,385
Restricted capital	8,547	8,587
Accumulated other comprehensive loss	(2,479)	(2,365)
Retained earnings	<u>67,057</u>	<u>65,422</u>
Total capital	<u>86,449</u>	<u>84,980</u>
Total liabilities and capital	<u><u>\$583,955</u></u>	<u><u>\$582,262</u></u>

STATEMENT OF INCOME DATA

	For the Quarter Ended <u>March 31,</u> (unaudited)	
	<u>2026</u>	<u>2025</u>
Interest income	\$7,660	\$7,454
Interest expense	<u>(4,330)</u>	<u>(4,347)</u>
Net interest income	3,330	3,107
Provision for credit losses	(233)	(250)
Noninterest income	316	292
Noninterest expense	<u>(1,241)</u>	<u>(1,150)</u>
Income before income taxes	2,172	1,999
Provision for income taxes	<u>(51)</u>	<u>(43)</u>
Net income	<u><u>\$2,121</u></u>	<u><u>\$1,956</u></u>

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

Statement of Condition Data – Five Quarter Trend

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
	(unaudited)	(audited)	(unaudited)	(unaudited)	(unaudited)
Cash and investments	\$107,926	\$107,541	\$105,391	\$103,697	\$ 99,603
Loans	459,197	456,860	437,831	436,498	432,691
Less: allowance for credit losses on loans	<u>(2,421)</u>	<u>(2,209)</u>	<u>(2,238)</u>	<u>(2,099)</u>	<u>(2,001)</u>
Net loans	<u>456,776</u>	<u>454,651</u>	<u>435,593</u>	<u>434,399</u>	<u>430,690</u>
Accrued interest receivable	5,049	5,709	6,146	5,121	4,775
Other assets	5,657	5,774	5,648	5,512	5,398
Restricted assets	<u>8,547</u>	<u>8,587</u>	<u>8,405</u>	<u>8,229</u>	<u>8,054</u>
Total assets	<u>\$583,955</u>	<u>\$582,262</u>	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>
Systemwide Debt Securities	\$482,504	\$479,851	\$460,665	\$458,948	\$452,212
Subordinated debt	398	398	398	398	398
Other bonds	4,929	4,942	5,655	5,521	5,546
Other liabilities	<u>9,675</u>	<u>12,091</u>	<u>10,200</u>	<u>9,738</u>	<u>9,814</u>
Total liabilities	<u>497,506</u>	<u>497,282</u>	<u>476,918</u>	<u>474,605</u>	<u>467,970</u>
Preferred stock	3,679	3,677	3,377	3,382	3,381
Capital stock	2,260	2,274	2,245	2,219	2,187
Additional paid-in-capital	7,385	7,385	7,385	7,385	7,385
Restricted capital	8,547	8,587	8,405	8,229	8,054
Accumulated other comprehensive loss	(2,479)	(2,365)	(2,788)	(3,035)	(3,296)
Retained earnings	<u>67,057</u>	<u>65,422</u>	<u>65,641</u>	<u>64,173</u>	<u>62,839</u>
Total capital	<u>86,449</u>	<u>84,980</u>	<u>84,265</u>	<u>82,353</u>	<u>80,550</u>
Total liabilities and capital	<u>\$583,955</u>	<u>\$582,262</u>	<u>\$561,183</u>	<u>\$556,958</u>	<u>\$548,520</u>

Statement of Income Data – Five Quarter Trend (unaudited)

For the three months ended:	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Interest income	\$7,660	\$7,764	\$7,793	\$7,611	\$7,454
Interest expense	<u>(4,330)</u>	<u>(4,464)</u>	<u>(4,562)</u>	<u>(4,466)</u>	<u>(4,347)</u>
Net interest income	3,330	3,300	3,231	3,145	3,107
Provision for credit losses	(233)	(358)	(318)	(300)	(250)
Noninterest income	316	442	359	308	292
Noninterest expense	<u>(1,241)</u>	<u>(1,355)</u>	<u>(1,172)</u>	<u>(1,159)</u>	<u>(1,150)</u>
Income before income taxes	2,172	2,029	2,100	1,994	1,999
Provision for income taxes	<u>(51)</u>	<u>(20)</u>	<u>(31)</u>	<u>(53)</u>	<u>(43)</u>
Net income	<u>\$2,121</u>	<u>\$2,009</u>	<u>\$2,069</u>	<u>\$1,941</u>	<u>\$1,956</u>