FEDERAL FARM CREDIT BANKS
FUNDING CORPORATION

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Press Release

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FARM CREDIT SYSTEM REPORTS 2026 SECOND QUARTER AND SIX-MONTH NET INCOME

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

NEW YORK - The Farm Credit System today reported combined net income of $2.2 billion for the second quarter and $4.3 billion for the six months ended June 30, 2026, as compared with net income of $1.9 billion and $3.9 billion for the same periods of the prior year.

“The Farm Credit System’s second-quarter performance reflects the resilience of our customer-owned cooperative network and the continued demand for Farm Credit financing across rural America,” remarked Tracey McCabe, President and CEO of the Federal Farm Credit Banks Funding Corporation. “Solid earnings, growth in earning assets, and a strong capital position underscore our capacity to support eligible borrowers. As our member-borrowers navigate a dynamic agricultural environment, we remain focused on fulfilling our mission while maintaining prudent risk management and financial strength.”

Results of Operations

Second Quarter and Six-Month 2026 Results Compared to Second Quarter and Six-Month 2025 Results

Net interest income increased $239 million or 7.6% to $3.4 billion for the second quarter of 2026 and $462 million or 7.4% to $6.7 billion for the six months ended June 30, 2026, as compared with the same periods of the prior year. The increases in net interest income primarily resulted from higher levels of average earning assets, driven by increased loan volume and, to a lesser extent, growth in investments held for liquidity. Average earning assets increased $31.7 billion or 5.9% to $566.4 billion for the three months ended June 30, 2026 and $33.2 billion or 6.3% to $565.1 billion for the six months ended June 30, 2026, as compared with the same periods of the prior year.

The net interest margin was 2.39% and 2.38% for the three and six months ended June 30, 2026, as compared with 2.35% for the same periods of the prior year. The increase in the net interest margin during these periods primarily resulted from increases in the net interest spread of seven and six basis points to 1.90% and 1.89%, as compared with 1.83% for both the prior year periods. The increase in the net interest spread was primarily due to lower debt funding costs. The increase in net interest margin during both of these periods was partially offset by a three-basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital).

The System recognized provisions for credit losses of $223 million and $456 million for the three and six months ended June 30, 2026, as compared with $300 million and $550 million for the three and six months ended June 30, 2025. The provisions for credit losses for the three and six months ended June 30, 2026 primarily reflected specific reserves associated with a limited number of customers and, to a lesser extent, a modest deterioration in credit quality. The provisions for credit losses for the three and six months ended June 30, 2025 primarily reflected specific reserves, deterioration in credit quality, weakening macroeconomic forecasts impacting modeled credit losses and, to a lesser extent, higher loan volume.

Noninterest income increased $32 million or 10.4% to $340 million and $56 million or 9.3% to $656 million for the three and six months ended June 30, 2026, as compared with the same periods of the prior year. The increases for the three- and six-month periods were primarily due to increases in loan-related fee income of $20 million and $21 million, financially-related services income of $14 million and $20 million, and income earned on Insurance Fund assets of $7 million and $14 million. Higher noninterest income for the six-month period also included an absence of net losses on investments in rural business investment companies, as compared with net losses of $14 million for the same period of the prior year. Partially offsetting the increases in noninterest income were net losses on derivative, investment and other transactions of $10 million and $9 million for the three and six months ended June 30, 2026, as compared to net gains of $4 million and $10 million for the same periods of the prior year.

Noninterest expense increased $98 million or 8.5% to $1.3 billion and $189 million or 8.2% to $2.5 billion for the three and six months ended June 30, 2026, as compared with the same periods of the prior year. The increases for the three- and six-month periods were primarily due to increases in salaries and employee benefits and other operating expense. Salaries and employee benefits increased $75 million and $127 million for the three and six months ended June 30, 2026, as compared to the same periods of the prior year, primarily from annual merit increases, higher staffing levels and higher accrued incentive compensation at certain System institutions as well as increased employee medical insurance costs. Other operating expense increased $18 million and $49 million for the three and six months ended June 30, 2026, as compared to the same periods of the prior year, primarily due to increases in technology and other miscellaneous expenses.

The provisions for income taxes were $50 million and $101 million for the three and six months ended June 30, 2026, as compared with $53 million and $96 million for the same periods of the prior year. The effective tax rate decreased slightly to 2.3% for the first six months of 2026 from 2.4% for the first six months of 2025 due to higher levels of patronage partially offset by increased earnings attributable to taxable business activities.

Second Quarter 2026 Compared to First Quarter 2026

Net income increased $73 million or 3.4% to $2.2 billion for the second quarter of 2026, as compared with $2.1 billion for the first quarter of 2026. Positively impacting net income for the three months ended June 30, 2026 were increases in net interest income of $54 million and noninterest income of $24 million and a decrease in provision for credit losses of $10 million. The increase in net interest income primarily resulted from a higher level of earning assets. Negatively impacting net income for the second quarter of 2026 was an increase in noninterest expense of $16 million.

Loan Portfolio Activity

Gross loans increased $2.2 billion or 0.5% to $459.1 billion at June 30, 2026, as compared with $456.9 billion at December 31, 2025. The increase primarily resulted from an increase in real estate mortgage and power loans, offset in part by a decrease in production and intermediate-term loans and loans to 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 rural electric utility and electric distribution sectors. The decrease in production and intermediate-term loans was primarily driven by seasonal repayments. Loans to cooperatives decreased primarily due to lower levels of seasonal financing requirements at farm supply and marketing cooperatives, which typically reach a low in summer or early fall.

Credit Quality

The System's accruing loan volume was $454.4 billion at June 30, 2026, as compared with $452.5 billion at December 31, 2025. Nonaccrual loans increased $298 million to $4.6 billion at June 30, 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, forestry, and vegetables and melons sectors. At June 30, 2026, 42.0% 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 June 30, 2026, which 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 96.5% at June 30, 2026 and 97.1% at December 31, 2025. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans increased to 0.49% at June 30, 2026, as compared with 0.47% at June 30, 2025.

The allowance for credit losses on loans was $2.5 billion at June 30, 2026, as compared with $2.2 billion at December 31, 2025. Net loan charge-offs of $140 million were recorded during the first six months of 2026, as compared with $228 million for the same period of the prior year. The allowance for credit losses on loans as a percentage of total loans was 0.55% at June 30, 2026 and 0.48% at December 31, 2025. The allowance for credit losses on loans was 51% of the System's total nonperforming assets and 55% of its nonaccrual loans at June 30, 2026, as compared with 47% and 51% at December 31, 2025. The System also had an allowance for credit losses on unfunded commitments of $195 million and $200 million at June 30, 2026 and December 31, 2025. Total capital and the allowance for credit losses on loans, which is a measure of risk-bearing capacity, totaled $91.3 billion at June 30, 2026 and $87.2 billion at December 31, 2025, and represented 19.9% of System loans at June 30, 2026, as compared with 19.1% at December 31, 2025.

Liquidity and Capital Resources

Cash and investments (primarily held for liquidity purposes) were $108.0 billion at June 30, 2026 and $107.5 billion at December 31, 2025. The System's liquidity portfolio provided 170 days coverage of maturing debt at June 30, 2026, as compared with 167 days coverage at December 31, 2025.

Total capital was $88.7 billion at June 30, 2026, as compared with $85.0 billion at December 31, 2025. The System's retained earnings increased $3.2 billion to $68.6 billion during the first six months of 2026 due to net income earned and retained. During the first six months of 2026, one Bank issued $500 million of preferred stock. Accumulated other comprehensive loss increased $91 million to $2.5 billion during the first six months of 2026, as a result of the impact of interest rate changes that decreased the fair value of fixed-rate available-for-sale investment securities, which was partially offset by an increase in the fair value of derivatives. Capital as a percentage of total assets increased to 15.2% at June 30, 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:

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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

	June 30, 2026 (unaudited)	December 31, 2025 (audited)
Cash and investments	$107,958	$107,541
Loans	459,052	456,860
Less: allowance for credit losses on loans	(2,534)	(2,209)
Net loans	456,518	454,651
Accrued interest receivable	5,392	5,709
Other assets	5,772	5,774
Restricted assets	8,734	8,587
Total assets	$584,374	$582,262
Systemwide Debt Securities:		
Due within one year	$183,647	$187,407
Due after one year	296,614	292,444
Total Systemwide Debt Securities	480,261	479,851
Subordinated debt	348	398
Other bonds	5,057	4,942
Other liabilities	9,976	12,091
Total liabilities	495,642	497,282
Preferred stock	4,180	3,677
Capital stock	2,286	2,274
Additional paid-in-capital	7,385	7,385
Restricted capital	8,734	8,587
Accumulated other comprehensive loss	(2,456)	(2,365)
Retained earnings	68,603	65,422
Total capital	88,732	84,980
Total liabilities and capital	$584,374	$582,262

STATEMENT OF INCOME DATA

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	(unaudited)			
	2026	2025	2026	2025
Interest income	$7,747	$7,611	$15,407	$15,065
Interest expense	(4,363)	(4,466)	(8,693)	(8,813)
Net interest income	3,384	3,145	6,714	6,252
Provision for credit losses	(223)	(300)	(456)	(550)
Noninterest income	340	308	656	600
Noninterest expense	(1,257)	(1,159)	(2,498)	(2,309)
Income before income taxes	2,244	1,994	4,416	3,993
Provision for income taxes	(50)	(53)	(101)	(96)
Net income	$2,194	$1,941	$ 4,315	$ 3,897

FARM CREDIT SYSTEM
COMBINED FINANCIAL STATEMENT DATA
(in millions)

Statement of Condition Data – Five Quarter Trend

	June 30, 2026 (unaudited)	March 31, 2026 (unaudited)	December 31, 2025 (audited)	September 30, 2025 (unaudited)	June 30, 2025 (unaudited)
Cash and investments	$107,958	$107,926	$107,541	$105,391	$103,697
Loans	459,052	459,197	456,860	437,831	436,498
Less: allowance for credit losses on loans	(2,534)	(2,421)	(2,209)	(2,238)	(2,099)
Net loans	456,518	456,776	454,651	435,593	434,399
Accrued interest receivable	5,392	5,049	5,709	6,146	5,121
Other assets	5,772	5,657	5,774	5,648	5,512
Restricted assets	8,734	8,547	8,587	8,405	8,229
Total assets	$584,374	$583,955	$582,262	$561,183	$556,958
Systemwide Debt Securities	$480,261	$482,504	$479,851	$460,665	$458,948
Subordinated debt	348	398	398	398	398
Other bonds	5,057	4,929	4,942	5,655	5,521
Other liabilities	9,976	9,675	12,091	10,200	9,738
Total liabilities	495,642	497,506	497,282	476,918	474,605
Preferred stock	4,180	3,679	3,677	3,377	3,382
Capital stock	2,286	2,260	2,274	2,245	2,219
Additional paid-in-capital	7,385	7,385	7,385	7,385	7,385
Restricted capital	8,734	8,547	8,587	8,405	8,229
Accumulated other comprehensive loss	(2,456)	(2,479)	(2,365)	(2,788)	(3,035)
Retained earnings	68,603	67,057	65,422	65,641	64,173
Total capital	88,732	86,449	84,980	84,265	82,353
Total liabilities and capital	$584,374	$583,955	$582,262	$561,183	$556,958

Statement of Income Data – Five Quarter Trend (unaudited)

For the three months ended:	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Interest income	$7,747	$7,660	$7,764	$7,793	$7,611
Interest expense	(4,363)	(4,330)	(4,464)	(4,562)	(4,466)
Net interest income	3,384	3,330	3,300	3,231	3,145
Provision for credit losses	(223)	(233)	(358)	(318)	(300)
Noninterest income	340	316	442	359	308
Noninterest expense	(1,257)	(1,241)	(1,355)	(1,172)	(1,159)
Income before income taxes	2,244	2,172	2,029	2,100	1,994
Provision for income taxes	(50)	(51)	(20)	(31)	(53)
Net income	$2,194	$2,121	$2,009	$2,069	$1,941