



For Immediate Release

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Contact: Ben Mosely or Philip Shelly

Phone: 703-883-4056

Email: info-line@fca.gov

FCA board receives update on funding conditions for the Farm Credit System

McLEAN, Va., Oct. 9, 2025 — At its monthly meeting today, the Farm Credit Administration board received a [briefing \(PDF\)](#) on funding conditions for the Farm Credit System (FCS or System) and approved a notice of proposed rulemaking for loan performance categories and financial reporting. Below is a summary of the briefing.

From 2021 through Aug. 31, 2025, the System's outstanding debt increased by more than \$100 billion, or 30%, to a total of \$459 billion. The System's share of the more than \$2 trillion debt market for government-sponsored enterprises was 22.4% as of Aug. 31, 2025.

From 2021 to 2023, the System's total debt issuance decreased from \$415 billion to \$281 billion. System debt issuance was \$299 billion in 2024, and remained somewhat muted through Aug. 31, 2025, for two reasons: interest rates were significantly higher than they were from 2021 through 2022, and fewer short-term securities were issued, specifically discount notes.

The briefing also discussed the following topics:

- The System's cost of debt, risk premiums, and various aspects of its debt portfolio, including composition, maturities, issuance activities, and strategies
- The System's investment holdings (contingency funding) in terms of days of liquidity, composition, and adequacy to provide a sufficient funding source in lieu of Systemwide debt issuances
- Federal Reserve and other central bank actions, geopolitical factors, credit rating changes, and the impact of these factors on funding conditions year-to-date through Aug. 31, 2025, and their potential for affecting funding conditions for the System for the remainder of 2025

Interest rates during the latter part of 2024 and throughout 2025 generally decreased, resulting in a marginal decline in the System's overall funding costs. With the decline in interest rates, opportunities to exercise economically favorable call options for the System's callable debt outstanding have increased.

Both elevated interest rates and a generally inverted yield curve continued to negatively affect the System's net interest spread, as well as the market value of its investment portfolio. Risk premiums for fixed-rate System debt securities remained steady and favorable overall, particularly for debt securities with shorter maturities. Risk premiums for floating-rate debt securities were also favorable. The favorable risk premiums reflect investor confidence in the continued strength of the System's financial condition and performance.

Approval of proposed rule to amend the categories for high-risk loans

In other news, the board approved an anticipated deregulatory action. The approved proposed rule amends the regulatory high-risk loan performance categories in 12 CFR § 621.6 by removing "formally restructured loans," also called TDRs or troubled debt restructurings.

The proposed rule supports the requirement that System institutions maintain financial statements in accordance with Generally Accepted Accounting Principles (GAAP) by revising FCA's accounting and reporting regulations to incorporate GAAP changes that took effect on Jan. 1, 2023.

Notational votes

Since the Sept. 11 FCA board meeting, two notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Sept. 15, the board approved a personnel action.

On Sept. 29, the board approved the Office of Examination's Oversight and Examination Plan for FY 2026.

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The Farm Credit Administration is the regulator of the Farm Credit System. The System is the nation's oldest government-sponsored enterprise. It consists of a nationwide network of cooperative banks and associations, which was established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. FCA news releases are available on the web at www.fca.gov.