

American Agcredit, ACA

February 10, 2026

This report does not constitute a rating action.

Ratings Score Snapshot

SACP: bbb+

Support: 0

Additional factors: 0

Anchor	bbb+	
Business position	Moderate	-1
Capital and earnings	Strong	1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment	0	

ALAC support	0
GRE support	0
Group support	0
Sovereign support	0

Holding company ICR
BBB+/Stable/--

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ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths

Key risks

A track record of low loan losses and solid profitability	Exposure to cyclical commodity prices and unpredictable agricultural conditions
Access to favorably priced funding through CoBank	Limited business diversification
A strong risk-adjusted capital ratio	Recent increases in nonaccrual loans and low loan-loss reserves

American AgCredit ACA's (AAC) performance has been solid over the past several years

despite volatility in the agricultural markets. Our rating on AAC balances the company's solid credit history, good earnings, strong capital ratios, and substantial funding and borrowing capacity against its concentration in the cyclical agricultural sector and its high growth rates compared with those of its peers. While we expect continued uncertainty in the U.S. agricultural

sector due to potential trade disputes, we think AAC will continue to generate good earnings and maintain robust capital ratios over at least the next two years.

AAC's asset-quality metrics remain adequate despite recent deterioration, and we expect that loan losses will continue to be low. That said, nonperforming loans have increased due to sectoral and industrywide pressures. We believe the loan portfolio--which consists entirely of agriculture-related loans, as mandated in AAC's charter--remains vulnerable to shifts in market conditions, particularly due to ongoing trade uncertainty. However, we expect that AAC's low levels of loan losses will continue given the association's conservative underwriting and the federal government's history of assisting U.S. farmers in times of stress--including the December 2025 Farmer Bridge Assistance Program, which will make \$12 billion available to U.S. farmers.

We expect AAC's capital ratios and earnings to remain strong over the next two years. We expect that its S&P Global Ratings risk-adjusted capital (RAC) ratio will decline moderately in the next two years due to continued loan growth and regular patronage payments. However, we also expect it to remain within the 10%-15% range, which we consider strong. The company's earnings metrics have remained solid, reflecting continued growth in net interest income, improving efficiency ratios, and the low-cost funding it enjoys as a member of the Farm Credit System (FCS).

As an association within the FCS, AAC benefits from readily available, low-cost funding. We expect that it will maintain access to sufficient funding through its general funding agreement with CoBank, a funding bank within the FCS. However, we view its on-balance-sheet liquidity as modest.

Outlook

The stable outlook indicates our expectation that over at least the next two years, AAC will continue to report good earnings, maintain a RAC ratio of 10%-15%, and have uninterrupted access to funding and liquidity from CoBank. In addition, we don't think trade tensions will have a substantial negative impact on the company given the history of the U.S. government providing direct support payments to the industry during periods of stress. We think asset-quality measures could decline modestly, but we also think they'll remain solid and that AAC will maintain its conservative underwriting even while generating above-peer loan growth.

Downside scenario

We could lower our ratings on AAC if its RAC ratio were to fall below and remain lower than 10%, if credit-quality metrics weakened substantially, or if we believed that the association's high growth targets were leading it to loosen its underwriting standards.

Upside scenario

We could raise our ratings on AAC if its capital ratios increased, we believed its RAC ratio would remain above 15% on a sustainable basis, the pace of balance-sheet growth moderated, and loan and revenue diversification improved. We would also look favorably on an increase in the association's proportion of on-balance-sheet liquidity.

Anchor: 'bbb+' Based On Regulated Status, Low Competitive Risk, And Favorable Funding

Our starting point--or anchor--for our ratings on U.S. nonbank financial institutions is 'bb+'. Because of AAC's public policy role and its regulated status, we adjust its anchor to 'bbb+', three notches above our anchor for other finance companies and equal to the U.S. bank anchor. This is to account for the Farm Credit Administration's regulatory oversight, the system's favorable funding through its close relationship with the U.S. government, the benefits received from the Farm Credit System Insurance Corp., and the system's strong competitive position in the U.S. agricultural market.

Business Position: A Solid Market Position Limited By Geographic Concentration Risk

AAC's solid market position as an agricultural lender in seven states and its role as an association operating within the FCS supports its business position. With \$22.8 billion in assets as of Sept. 30, 2025, AAC is the fifth-largest association in the FCS and the second-largest in the CoBank district. However, its concentration in agricultural loans--with large exposures to vineyards and wineries, beef, field crops, tree fruits and nuts, dairy, and other agricultural commodities--offsets these strengths.

In recent years, AAC has had high loan growth, an average of 11.5% annually since 2020. This was spurred by growth in its corporate loan portfolio as well as by the 2023 acquisition of Farm Credit of New Mexico, a \$2.1 billion asset association operating across New Mexico. We have a favorable view of the deepening of AAC's market share within its designated territory as a result of this growth.

We also see such outsize growth as a sign of a somewhat higher risk appetite. That said, AAC's management has extensive experience in the agricultural lending industry, and it has managed risk adequately in recent years. This is demonstrated by its relatively modest growth rate in 2025 and its record of low loan losses, supported by conservative underwriting.

We also view its solid earnings and asset-quality performance following the 2018-2019 period, when the industry was facing heightened tariffs, as an example of its conservative management. We expect its management to remain conservative given current tariff policies and ongoing trade tensions that have hurt certain agricultural sectors.

Both American AgCredit FLCA and American AgCredit PCA are wholly owned subsidiaries of American AgCredit ACA. As of Sept. 30, 2025, American AgCredit FLCA and American AgCredit PCA collectively held nearly all the group's assets and generated all its net income. American AgCredit FLCA provides long-term real estate mortgage loans, and American AgCredit PCA provides short-term and intermediate-term loans to agricultural borrowers.

Capital And Earnings: Robust Risk-Based Capital

Our assessment of AAC's capital and earnings incorporates the company's high regulatory capital ratios combined with low, though rising, credit-loss provisions and satisfactory retention of earnings after patronage payments. The association's Common Equity Tier 1 ratio increased slightly to 11.54% as of Sept. 30, 2025, from 11.53% at year-end 2024. About \$300 million of preferred stock supplements AAC's capital base.

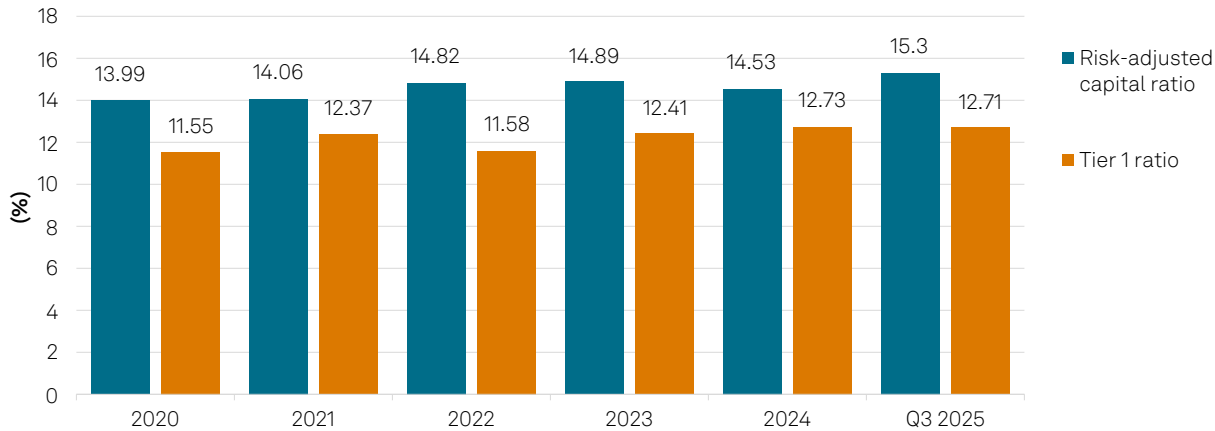
We calculated AAC's RAC ratio as 15.3% as of June 30, 2025, but expect that it will drop below 15% after year-end patronage payments, in line with past results. We continue to believe that

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loan growth will outpace equity growth, and we think the RAC ratio will decline over the next two years while remaining in the upper end of the 10%-15% range that we consider strong.

Chart 1

American Agcredit ACA--S&P Global Ratings' risk-adjusted capital ratio versus the Tier 1 ratio



Source: S&P Global Ratings.

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The company pays an annual patronage (or refund) to its members, equal to about 50%-60% of earnings in recent years. We expect the company to continue to make such payments.

Our expectation is that AAC will continue to generate healthy profitability and stable earnings measures over the next several years. The company's return on average assets has consistently been at least 1.70% since 2020 despite challenges related to the COVID-19 pandemic and U.S. trade policy uncertainty, which we view favorably. In our view, AAC will generate increased net interest income, propelled by continued (though potentially decelerating) loan growth. Overall, we expect net income to remain solid. This is despite moderate increases in provisions given the higher levels of net charge-offs (NCOs) in recent periods due to the company's consistent net interest income and well-controlled noninterest expenses.

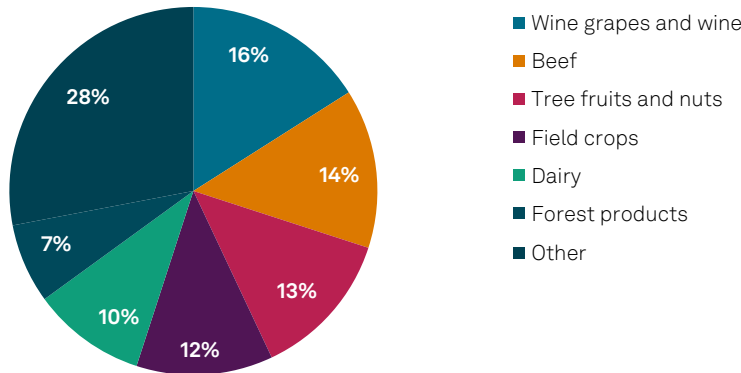
Risk Position: Asset-Quality Measures Remain Good Despite Elevated Nonperforming Assets

AAC's loan portfolio is somewhat more diversified by product and geography than those of many other associations. AAC's portfolio includes a number of different products and commodity types, and as of Sept. 30, 2025, the largest geographic exposures were to California (46%), Kansas (9%), Colorado (8%), and New Mexico (6%). The remainder of the portfolio is spread across the other U.S. states, the District of Columbia, and Guam.

The association engages in loan participations with other FCS institutions to manage risk and improve portfolio diversification. About \$5.7 billion of the loan portfolio was purchased, and about \$9.4 billion of total commitments were sold as of Sept. 30, 2025.

Chart 2

American AgCredit ACA--Loan composition as of Sept. 30, 2025



Source: S&P Global Ratings.

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We continue to view AAC's overall loan credit quality as solid, though it has weakened from a position of strength over the past couple of years. AAC's nonperforming assets measured about 2.0% of loans and other real estate as of Sept. 30, 2025, reflecting strained agricultural market conditions and stress in the tree fruits and nuts and wine sectors. NCOs rose to 0.22% of loans in 2024 and the nine months ending Sept. 30, 2025. The annual average since 2020 has only been about 10 basis points (bps), which we view as low compared to that of the broader U.S. banking industry.

We believe AAC's underwriting and concentration limits are conservative, as this record of minimal credit losses indicates. The association's allowance for credit losses declined following its adoption of CECL (the current expected credit loss methodology) in January 2023. The reserve (0.37% of loans as of Sept. 30, 2025, by our measure) is low relative to nonaccruals and NCOs, in our view, though it adequately covers annual NCOs. In fact, the association has had larger provision expenses over the past couple of years as it builds its reserve, but we expect that provision increases will level off. Positively, we expect that strong capital and earnings metrics will provide the association with a sufficient cushion to absorb any needed provision expense increases.

Funding And Liquidity: A Concentrated Funding Source, Offset By Stable Access To Low-Cost Funding

Unlike most other FCS associations, AAC manages its funding through a block funding arrangement with CoBank (most associations match-fund through their funding banks). AAC determines its funding strategy and product offerings, and CoBank executes debt issuances via the Funding Corp. on its behalf.

Because AAC doesn't match-fund through CoBank, it manages its own interest rate risk. Board policies limit sensitivity to a 200-bp shift in interest rates to 10% of net interest income. As of Sept. 30, 2025, management estimated that a 200-bp rise in rates would increase net interest income by 1.4%, while a 200-bp decline would decrease net interest income by 2.7%.

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As part of its arrangement, AAC maintains liquidity coverage consistent with CoBank's requirements for 15, 30, 90, and 120 days of liquidity. CoBank allocates \$6.0 billion of its investment portfolio to AAC for liquidity-measurement purposes. Moreover, AAC had access to the liquidity available through its direct note with CoBank. However, AAC held only modest on-balance sheet liquidity of \$34.0 million and \$51.3 million of U.S. Small Business Administration (SBA) held-to-maturity securities as of Sept. 30, 2025.

We view favorably AAC's long-term general funding agreement with CoBank, which is one of the four banks that make up the government-sponsored FCS (which lends to associations like AAC). The three-year running agreement provides a low-cost, stable, and primary funding source for AAC. The direct note with CoBank provides it with enough funding for its lending activity, up to a maximum borrowing base (which is redetermined every 15-18 months, though it can be renegotiated as needed).

Although AAC is largely dependent on this primary source of funding, we see little risk that it would lose access to it. Moreover, the association's issuance of preferred stock and subordinated debt in June 2021 demonstrates its ability to utilize additional funding sources if needed. We think AAC likely could obtain additional liquidity, if necessary, by issuing additional debt or preferred stock, or through whole loan or participation sales.

Support: No Uplift To The Stand-Alone Credit Profile

The issuer credit rating doesn't incorporate any uplift for extraordinary government support.

While the rating incorporates the ongoing funding benefits that the association receives as a member of a government-related entity, we believe there's a low likelihood that the U.S. government would provide extraordinary support directly to AAC in the event of financial distress. Our assessment is that AAC's individual role is of limited importance to the federal government.

In addition, we view AAC as having a limited link to the government. Its members privately own AAC, and the government has no history of providing extraordinary support directly to associations like AAC.

Environmental, Social, and Governance

Social factors are a positive consideration in our credit rating analysis of AAC. As an association in the FCS, AAC benefits from low-cost funding, which helps it support rural communities and agriculture. Moreover, its cooperative structure prioritizes access and benefits for its member-owners and leads it to maintain strong risk-adjusted capital with less focus on short-term profitability.

We view environmental factors as a key consideration given that AAC is an agricultural lender. We assess and monitor the association's policies and how AAC incorporates these factors into its underwriting decisions.

We believe that AAC's governance structure is sound and represented throughout the association.

Group Structure, Rated Subsidiaries, And Hybrids

We view American AgCredit FLCA and American AgCredit PCA as core subsidiaries to the parent, American AgCredit ACA. We expect that AAC would support both entities, if needed, under all foreseeable circumstances.

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We rate AAC's hybrid securities, including its subordinated debt and preferred stock, relative to its group stand-alone credit profile (SACP) because these instruments could face nonpayment risk before more senior instruments. As such, we rate the subordinated debt issued by the core subsidiaries 'BBB' (one notch below the group SACP for contractual subordination) and AAC's preferred stock 'BB+' (three notches below the group SACP for risk of deferral and coupon nonpayment).

Key Statistics

American AgCredit, ACA Key Figures

Mil. \$	2025*	2024	2023	2022	2021
Adjusted assets	22,818	23,174	21,872	18,502	16,968
Customer loans (gross)	21,482	21,779	20,499	17,432	15,935
Adjusted common equity	3,661	3,363	3,206	2,538	2,383
Operating revenues	623	789	726	649	593
Noninterest expenses	219	318	327	278	235
Core earnings	301	393	363	343	343

*2025 data is for the 9 months to end-September.

American AgCredit, ACA Business Position

(%)	2025*	2024	2023	2022	2021
Return on average common equity	11.5	12.0	12.7	14.0	15.1

*2025 data is for the 9 months to end-September. N.M.--Not meaningful.

American AgCredit, ACA Capital And Earnings

(%)	2025*	2024	2023	2022	2021
Tier 1 capital ratio	12.7	12.7	12.4	11.6	12.4
S&P Global Ratings' RAC ratio before diversification	N/A	14.5	14.9	14.8	14.1
S&P Global Ratings' RAC ratio after diversification	N/A	10.7	10.9	13.1	10.2
Adjusted common equity/total adjusted capital	92.4	91.8	91.4	89.4	88.8
Net interest income/operating revenues	74.7	74.5	75.6	76.2	75.2
Fee income/operating revenues	3.6	3.2	2.3	2.6	4.3
Market-sensitive income/operating revenues	0.1	(0.5)	0.5	0.1	0.1
Cost to income ratio	35.2	40.3	45.0	42.8	39.6
Preprovision operating income/average assets	2.3	2.1	2.0	2.1	2.2
Core earnings/average managed assets	1.8	1.7	1.8	1.9	2.1

*2025 data is for the 9 months to end-September. N.M.--Not meaningful.

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American AgCredit, ACA Risk Position

(%)	2025*	2024	2023	2022	2021
Growth in customer loans	(1.8)	6.2	17.6	9.4	12.5
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	35.8	37.2	13.2	38.6
Total managed assets/adjusted common equity (x)	6.2	6.9	6.8	7.3	7.1

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American AgCredit, ACA Risk Position

New loan loss provisions/average customer loans	0.6	0.3	0.1	0.1	0.1
Net charge-offs/average customer loans	0.3	0.2	0.1	0.0	0.0
Gross nonperforming assets/customer loans + other real estate owned	2.0	2.1	1.3	1.1	0.5
Loan loss reserves/gross nonperforming assets	18.3	8.3	8.2	26.8	46.4

*2025 data is for the 9 months to end-September.

American AgCredit, ACA Funding And Liquidity

(%)	2025*	2024	2023	2022	2021
Core deposits/funding base	0.0	0	0.0	0.0	0.0
Long-term funding ratio	100.0	55.2	55.5	59.6	55.5
Stable funding ratio	96.4	52.9	53.1	56.7	53.0
Short-term wholesale funding/funding base	0.0	53.6	53.3	48.1	53.1
Broad liquid assets/short-term wholesale funding (x)	37.2	0.0	0.0	0.0	0.0
Broad liquid assets/total assets	0.2	0.4	0.5	0.3	0.1
Short-term wholesale funding/total wholesale funding	N/A	52.7	52.4	47.1	52.0

*2025 data is for the 9 months to end-September. N.M.--Not meaningful.

Rating Component Scores

Issuer Credit Rating	BBB+/Stable/--
SACP	bbb+
Anchor	bbb+
Business position	Moderate (-1)
Capital and earnings	Strong (1)
Risk position	Adequate (0)
Funding and liquidity	Adequate and Adequate (0)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024

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- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Federal Farm Credit Banks](#), Nov. 13, 2025
- [CoBank](#), Oct. 6, 2025

Ratings Detail (as of February 10, 2026)*

American AgCredit, ACA

Issuer Credit Rating	BBB+/Stable/--
Preferred Stock	BB+

Issuer Credit Ratings History

19-May-2021	BBB+/Stable/--
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Sovereign Rating

United States	AA+/Stable/A-1+
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Related Entities

American AgCredit FLCA

Issuer Credit Rating	BBB+/Stable/--
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American AgCredit, PCA

Issuer Credit Rating	BBB+/Stable/--
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*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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