INVESTING
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FUTURE

2019 SECOND QUARTER INFORMATION

June 30, 2019

TEXAS
FARM CREDIT
DISTRICT

Second Quarter 2019 Financial Information

(unaudited)

INTRODUCTION AND DISTRICT OVERVIEW

The Farm Credit Bank of Texas (bank) is one of the banks of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations established by acts of Congress. The System is subject to the provisions of the Farm Credit Act. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes.

As of June 30, 2019, the nation was served by three Farm Credit Banks (FCBs), each of which has specific lending authority within its chartered territory, and one Agricultural Credit Bank (ACB) — collectively, the "System banks" — which has nationwide lending authority for lending to cooperatives. The ACB also has lending authorities of an FCB within its chartered territories. The bank is chartered to service the states of Alabama, Louisiana, Mississippi, New Mexico and Texas.

The bank and its related associations collectively are referred to as the Texas Farm Credit District. The district's one Federal Land Credit Association (FLCA), 13 Agricultural Credit Associations (ACAs), each containing two wholly-owned subsidiaries (a FLCA and a Production Credit Association [PCA]), certain Other Financing Institutions (OFIs) and preferred stockholders jointly owned the bank at June 30, 2019. The FLCA and ACAs collectively are referred to as associations.

Each FCB and the ACB provides funding for its district associations and is responsible for supervising certain activities of the associations within their districts. The FCBs and/or associations make loans to or for the benefit of eligible borrower-stockholders for qualified agricultural purposes. District associations borrow the majority of funds from their related bank. The System banks obtain a substantial majority of their funds for lending operations through the sale of consolidated Systemwide bonds and notes to the public, but also obtain a portion of their funds from internally generated earnings and from the issuance of common and preferred stock.

The System is a cooperative structure. Farm Credit's funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation) and insured by the Farm Credit System Insurance Corporation (the Insurance Corporation). The Funding Corporation issues a variety of Federal Farm Credit Banks combined Systemwide debt securities with broad ranges of maturities and structures on behalf of the System banks. Farm Credit associations receive funding through one of the four System banks. Each System bank has exposure to Systemwide credit risk because each bank is jointly and severally liable for all Systemwide debt issued. System entities have specific lending authorities within their chartered territories and are subject to examination and regulation by an independent federal agency, the Farm Credit Administration (FCA).

The following commentary provides a high-level discussion and analysis of the combined financial condition and results of operations of the bank, the FLCA and the ACAs for the three and six months ended June 30, 2019.

COMBINED FINANCIAL HIGHLIGHTS

(in thousands)		**June 30, 2019**		December 31, 2018
Total loans	**$**	**25,618,629**	$	24,852,133
Allowance for loan losses		**88,699**		82,069
Net loans		**25,529,930**		24,770,064
Total assets		**32,027,268**		31,569,158
Total members' equity		**4,760,634**		4,531,099

Six Months Ended June 30,		**2019**		2018
Net interest income	**$**	**399,258**	$	391,284
Provision for loan losses		**9,068**		3,969
Net fee income		**11,465**		11,369
Net income		**234,653**		242,194
Net interest margin		**2.59%**		2.68%
Net loan charge-offs (recoveries) as a percentage of average loans		**0.01**		<0.01
Return on average assets (ROA)		**1.45**		1.62
Return on average shareholders' equity		**9.89**		11.06
Operating expenses as a percentage of net interest income and noninterest income		**44.32**		43.82
Average loans	**$**	**25,235,118**	$	24,019,848
Average earning assets		**31,131,473**		29,422,582
Average total assets		**31,828,248**		30,034,060

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net Income

The district's net income of $120.2 million for the three months ended June 30, 2019, reflected an increase of $8.0 million, or 7.1 percent, over the same period of 2018. The increase in net income was due primarily to a $10.0 million increase in noninterest income and a $4.0 million increase in net interest income, partially offset by a $4.4 million increase in noninterest expenses.

The district's net income of $234.7 million for the six months ended June 30, 2019, reflected a decrease of $7.5 million, or 3.1 percent, over the same period of 2018. The decrease in net income was due primarily to an $8.5 million increase in noninterest expenses, a $5.1 million increase in provision for loan losses, and a $2.0 million decrease in noninterest income partially offset by an $8.0 million increase in net interest income.

Net Interest Income

Net interest income for the three months ended June 30, 2019 was $200.8 million, an increase of $4.0 million, or 2.0 percent, over the same period of 2018, primarily due to $1.7 billion increase in combined district average earning assets offset by a decline of 16 basis points in the interest rate spread to 2.21 percent.

Net interest income for the six months ended June 30, 2019 was $399.3 million, an increase of $8.0 million, or 2.0 percent, over the same period of 2018. The increase was the result of a $1.7 billion increase in combined district average earning assets, offset by a 17-basis-point decrease in net interest rate spread, to 2.22 percent. The increase in earning assets included growth in the associations' loan portfolios, the bank's investment portfolio and the bank's capital market loan portfolio. The net interest rate margin decreased by 9 basis points to 2.59 percent for the six months ended June 30, 2019, as compared with 2.68 percent for the same period of the prior year. The decline in the net interest rate margin resulted from the previously mentioned decrease in net interest rate spread, which was attributed to an increase in debt costs and lower lending spreads due to competitive pressures, offset by an 8-basis-point increase to

0.37 percent in income earned on earning assets funded by noninterest-bearing sources (principally capital) due to increased interest rates.

Provision for Loan Losses

The provision for loan losses for the three months ended June 30, 2019 was $2.8 million, reflecting an increase of $1.5 million from the $1.3 million provision recorded over the same period of 2018. The provision increase is primarily due to deterioration in the beef cattle sector.

The provision for loan losses for the six months ended June 30, 2019 was $9.1 million, reflecting an increase of $5.1 million from the $4.0 million provision recorded over the same period of 2018. The increase in provision at the combined associations of $9.5 million is driven primarily by deteriorated credit quality in beef cattle and crop sectors. The bank's decrease in provision of $4.4 million is primarily due to no significant reserves required in the first six months of 2019 on loans individually evaluated for impairment as compared to the six months ended June 30, 2018.

Noninterest Income

Noninterest income for the three months ended June 30, 2019 was $19.3 million, an increase of $10.0 million, or 107.4 percent, compared to the same period of 2018. The increase was primarily due to $7.5 million attributable to the gains recognized on the sale of investments for the bank.

Noninterest income for the six months ended June 30, 2019 was $38.4 million, a decrease of $2.0 million, or 4.9 percent, compared to the same period of 2018. The decrease was primarily due to $12.8 million in lower refunds from the Farm Credit System Insurance Corporation as compared to the prior year offset by gains recognized on the sale of investments for the bank.

Noninterest Expense

Noninterest expense for the three months ended June 30, 2019 totaled $97.0 million, increasing $4.4 million, or 4.7 percent, from the same period of 2018. The increase in noninterest expense is driven by a $1.8 million increase in salaries and employee benefits driven by increased compensation and higher staffing levels and a $1.5 million increase in occupancy and equipment as a result of computer expenses.

Noninterest expense for the six months ended June 30, 2019 totaled $194.0 million, increasing $8.5 million, or 4.6 percent, from the same period of 2018. The increase in noninterest expense is driven by a $3.9 million increase in salaries and employee benefits as a result of increased compensation and higher staffing levels, a $2.7 million increase in occupancy and equipment, and a $2.7 million increase in other operating expenses comprising primarily of advertising and travel.

Loan Portfolio

A summary of the district's loan types follows:

District Loans by Loan Type

(in thousands)		June 30, 2019		December 31, 2018
Real estate mortgage	$	**15,190,344**	$	14,859,093
Production and intermediate term		**3,206,607**		3,235,481
Agribusiness:				
Loans to cooperatives		**527,552**		408,350
Processing and marketing		**4,044,134**		3,747,010
Farm-related business		**179,343**		182,655
Communications		**599,747**		513,286
Energy (rural utilities)		**1,326,041**		1,355,187
Water and waste disposal		**129,647**		143,863
Rural residential real estate		**242,871**		240,587
Mission-related		**98,988**		96,109
Loans to other financing institutions (OFIs)		**40,895**		36,341
Lease receivables		**32,460**		34,171
Total loans	**$**	**25,618,629**	$	24,852,133

The district loan portfolio consists only of retail loans. Bank loans to its affiliated associations have been eliminated in the combined financial statements. Total loan volume at June 30, 2019 was $25.6 billion, an increase of $766.5 million, or 3.08 percent, from the $24.9 billion loan portfolio balance at December 31, 2018. The loan volume increase of $766.5 million during the first six months of 2019 was primarily driven by a $568.6 million increase in the associations' loan portfolios and a $197.9 million increase in the bank's capital markets loan portfolio. The growth in loan volume was primarily due to strong economic conditions within the district.

The bank's capital market loan portfolio predominantly includes participations, syndications and purchased whole loans, along with other financing structures within our lending authorities. The bank also refers to the capital market portfolio as participations purchased. In addition to purchasing loans from our district associations, which may exceed their hold limits, the bank seeks the purchase of participations and syndications originated outside of the district's territory by other System institutions, commercial banks and other lenders. These loans may be held as earning assets of the bank or subparticipated to the associations or to other System entities.

Loan Quality

One credit quality indicator utilized by the bank and associations is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality,
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness,
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan,
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- Loss – assets are considered uncollectible.

The following table shows loans and related accrued interest classified under the Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable:

District Loan Quality

	June 30, 2019	December 31, 2018
Acceptable	**96.7%**	97.2%
OAEM (special mention)	**1.6**	1.5
Substandard/doubtful	**1.7**	1.3
Total	**100.0%**	100.0%

Overall credit quality at the bank and at the district associations remained strong at June 30, 2019. Loans classified (under the FCA's Uniform Loan Classification System) as "acceptable" or "other assets especially mentioned" as a percentage of total loans and accrued interest receivable were 98.3 percent at June 30, 2019 compared to 98.7 percent at December 31, 2018. The increase in the substandard classification for the district was primarily due to downgrades in the electrical services, beef cattle, timber tracts and crops sectors.

Nonperforming Assets

(in thousands)	**June 30, 2019**	December 31, 2018
Nonaccrual loans:		
Real estate mortgage	**$ 83,862**	$ 71,512
Production and intermediate term	**38,445**	21,113
Agribusiness	**14,081**	11,211
Energy (rural utilities)	**14,063**	13,704
Rural residential real estate	**607**	817
Mission-related	**1,116**	1,286
Total nonaccrual loans	**$ 152,174**	$ 119,643
Accruing restructured loans:		
Real estate mortgage	**$ 19,340**	$ 16,423
Production and intermediate term	**4,123**	6,130
Rural residential real estate	**29**	33
Mission-related	**5,309**	5,476
Total accruing restructured loans	**$ 28,801**	$ 28,062
Accruing loans 90 days or more past due:		
Real estate mortgage	**$ 6,015**	$ 273
Production and intermediate term	**1,875**	634
Rural residential real estate	**169**	-
Total accruing loans 90 days or more past due	**$ 8,059**	$ 907
Total nonperforming loans	**$ 189,034**	$ 148,612
Other property owned	**8,461**	9,229
Total nonperforming assets	**$ 197,495**	$ 157,841

Nonperforming loan volume is composed of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due, and is referred to as impaired loans. Nonperforming assets consist of nonperforming loans and other property owned (OPO). Total nonperforming assets have increased by $39.7 million, or 25.1 percent, from $157.8 million at December 31, 2018, to $197.5 million at June 30, 2019. The increase in nonperforming assets during the first six months of 2019 includes a $32.5 million increase in nonaccrual loans which is mainly due to modest deterioration in the beef cattle sector.

The following table provides an age analysis of loan portfolio (including accrued interest):

Aging Analysis of Loans

(in thousands) **June 30, 2019**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**
Real estate mortgage	**$ 96,733**	**$ 40,686**	**$ 137,419**	**$ 15,209,366**	**$ 15,346,785**
Production and intermediate term	**23,991**	**20,456**	**44,447**	**3,205,462**	**3,249,909**
Agribusiness	**2,590**	**3,769**	**6,359**	**4,768,375**	**4,774,734**
Communications	**-**	**-**	**-**	**600,053**	**600,053**
Energy (rural utilities)	**-**	**-**	**-**	**1,333,521**	**1,333,521**
Water and waste disposal	**-**	**-**	**-**	**130,636**	**130,636**
Rural residential real estate	**1,253**	**343**	**1,596**	**242,214**	**243,810**
Mission-related	**-**	**1,116**	**1,116**	**98,708**	**99,824**
Loans to OFIs	**-**	**-**	**-**	**41,009**	**41,009**
Lease receivables	**-**	**-**	**-**	**32,629**	**32,629**
Total loans	**$ 124,567**	**$ 66,370**	**$ 190,937**	**$ 25,661,973**	**$ 25,852,910**

December 31, 2018	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans
Real estate mortgage	$ 72,053	$ 21,755	$ 93,808	$ 14,909,688	$ 15,003,496
Production and intermediate term	28,019	5,365	33,384	3,242,487	3,275,871
Agribusiness	5,996	131	6,127	4,353,967	4,360,094
Communications	-	-	-	513,428	513,428
Energy (rural utilities)	-	-	-	1,362,078	1,362,078
Water and waste disposal	-	-	-	144,794	144,794
Rural residential real estate	2,432	193	2,625	238,762	241,387
Mission-related	-	1,286	1,286	95,596	96,882
Loans to OFIs	-	-	-	36,435	36,435
Lease receivables	-	-	-	34,305	34,305
Total loans	$ 108,500	$ 28,730	$ 137,230	$ 24,931,540	$ 25,068,770

A summary of changes in the allowance for loan losses and period-end recorded investment in loans is as follows:

(in thousands)	Real Estate Mortgage	Production and Intermediate Term	Agri-business	Communi-cation	Energy and Water/Waste Disposal	Rural Residential Real Estate	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Loan Losses:										
Balance at March 31, 2019	$ 40,221	$ 24,245	$ 13,847	$ 620	$ 6,869	$ 437	$ 134	$ -	$ 111	$ 86,484
Provision for (negative provision) loan losses	1,027	761	930	121	(42)	40	(3)	-	8	2,842
Recoveries	448	391	24	-	-	7	-	-	-	870
Charge-offs	(769)	(640)	-	-	-	(10)	-	-	-	(1,419)
Other*	5	110	(148)	(9)	(36)	1	(1)	-	-	(78)
Balance at June 30, 2019	$ 40,932	$ 24,867	$ 14,653	$ 732	$ 6,791	$ 475	$ 130	$ -	$ 119	$ 88,699
Balance at December 31, 2018	$ 40,137	$ 20,483	$ 13,413	$ 851	$ 6,494	$ 458	$ 132	$ -	$ 101	$ 82,069
Provision for (negative provision) loan losses	1,601	5,845	1,293	(103)	353	62	(2)	-	19	9,068
Recoveries	480	754	118	-	-	15	-	-	-	1,367
Charge-offs	(1,290)	(1,989)	-	-	-	(61)	-	-	-	(3,340)
Other*	4	(226)	(171)	(16)	(56)	1	-	-	(1)	(465)
Balance at June 30, 2019	$ 40,932	$ 24,867	$ 14,653	$ 732	$ 6,791	$ 475	$ 130	$ -	$ 119	$ 88,699
Individually evaluated for impairment	$ 1,672	$ 4,614	$ 3,907	$ -	$ 3,725	$ 59	$ 107	$ -	$ -	$ 14,084
Collectively evaluated for impairment	39,260	20,253	10,746	732	3,066	416	23	-	119	74,615
Balance at June 30, 2019	$ 40,932	$ 24,867	$ 14,653	$ 732	$ 6,791	$ 475	$ 130	$ -	$ 119	$ 88,699
Recorded Investments in Loans Outstanding:										
Balance at June 30, 2019										
Loans individually evaluated for impairment	$ 115,906	$ 45,242	$ 14,857	$ -	$ 14,064	$ 969	$ 6,396	$ -	$ -	$ 197,434
Loans collectively evaluated for impairment	15,230,694	3,204,667	4,759,877	600,053	1,450,093	242,841	93,428	41,009	32,629	25,655,291
Loans acquired with deteriorated credit quality	185	-	-	-	-	-	-	-	-	185
Balance at June 30, 2019	$ 15,346,785	$ 3,249,909	$ 4,774,734	$ 600,053	$ 1,464,157	$ 243,810	$ 99,824	$ 41,009	$ 32,629	$ 25,852,910

*Reserve for losses on letters of credit and unfunded commitments is recorded in other liabilities.

(in thousands)	Real Estate Mortgage	Production and Intermediate Term	Agri-business	Communi-cation	Energy and Water/Waste Disposal	Rural Residential Real Estate	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Loan Losses:										
Balance at March 31, 2018	$ 40,676	$ 21,547	$ 13,760	$ 855	$ 7,155	$ 493	$ 190	$ -	$ 140	$ 84,816
Provision for (negative provision) loan losses	(1,434)	3,498	(214)	(85)	(369)	20	(59)	-	(53)	1,304
Recoveries	82	841	78	-	-	8	-	-	-	1,009
Charge-offs	(942)	(4,213)	-	-	-	(48)	-	-	-	(5,203)
Other*	(4)	(274)	(1)	(2)	78	3	10	-	-	(190)
Balance at June 30, 2018	$ 38,378	$ 21,399	$ 13,623	$ 768	$ 6,864	$ 476	$ 141	$ -	$ 87	$ 81,736
Balance at December 31, 2017	$ 41,630	$ 23,212	$ 10,994	$ 826	$ 5,839	$ 532	$ 200	$ -	$ 35	$ 83,268
Provision for (negative provision) loan losses	(2,471)	2,751	2,826	(220)	1,129	(19)	(79)	-	52	3,969
Recoveries	194	954	162	161	-	9	-	-	-	1,480
Charge-offs	(1,021)	(5,623)	-	-	-	(48)	-	-	-	(6,692)
Other*	46	105	(359)	1	(104)	2	20	-	-	(289)
Balance at June 30, 2018	$ 38,378	$ 21,399	$ 13,623	$ 768	$ 6,864	$ 476	$ 141	$ -	$ 87	$ 81,736
Individually evaluated for impairment	$ 1,496	$ 2,346	$ 3,876	$ -	$ 3,947	$ 100	$ 135	$ -	$ -	$ 11,900
Collectively evaluated for impairment	36,882	19,053	9,747	768	2,917	376	6	-	87	69,836
Balance at June 30, 2018	$ 38,378	$ 21,399	$ 13,623	$ 768	$ 6,864	$ 476	$ 141	$ -	$ 87	$ 81,736
Recorded Investments in Loans Outstanding:										
Balance at June 30, 2018										
Loans individually evaluated for impairment	$ 110,017	$ 32,728	$ 11,733	$ -	$ 14,554	$ 1,429	$ 6,949	$ -	$ 41	$ 177,451
Loans collectively evaluated for impairment	14,684,816	2,945,744	4,367,381	500,103	1,508,489	236,454	98,094	44,644	29,772	24,415,497
Loans acquired with deteriorated credit quality	197	5	-	-	-	-	-	-	-	202
Balance at June 30, 2018	$ 14,795,030	$ 2,978,477	$ 4,379,114	$ 500,103	$ 1,523,043	$ 237,883	$ 105,043	$ 44,644	$ 29,813	$ 24,593,150

*Reserve for losses on letters of credit and unfunded commitments is recorded in other liabilities.

Loans, net of the allowance for loan losses, represented 79.7 percent of total assets at June 30, 2019 and 78.5 percent as of December 31, 2018.

Investments

The bank is responsible for meeting the district's funding, liquidity and asset/liability management needs. While access to the unsecured debt capital markets remains the district's primary source of liquidity, the bank also maintains a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets. Due to the liquidity needs, the bank typically holds investments on an available–for-sale basis. Refer to the bank's 2019 second quarter report for additional description of the types of investments and maturities. District associations have regulatory authority to enter into certain guaranteed investments that are typically mortgage-backed or asset-backed securities.

Investment Information

(in thousands) **June 30, 2019**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
Bank investments	**$ 5,512,201**	**$ 25,522**	**$ (24,725)**	**$ 5,512,998**
District association investments	**87,139**	**343**	**(22)**	**87,460**
Total district investments	**$ 5,599,340**	**$ 25,865**	**$ (24,747)**	**$ 5,600,458**

December 31, 2018	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Bank investments	$ 5,789,180	$ 7,513	$ (82,055)	$ 5,714,638
District association investments	15,657	7	(143)	15,521
Total district investments	$ 5,804,837	$ 7,520	$ (82,198)	$ 5,730,159

Capital Resources

District members' equity totaled $4.8 billion at June 30, 2019, including $720.0 million in preferred stock, $66.7 million in capital stock and participation certificates, $3.9 billion in retained earnings and $224.6 million in additional paid-in-capital, offset by accumulated other comprehensive losses of $127.7 million.

Borrower equity purchases required by association capitalization bylaws, combined with a history of growth in retained earnings at district institutions, have resulted in district institutions being able to maintain strong capital positions. The $4.8 billion capital position of the district at June 30, 2019, reflects an increase of 5.1 percent over the December 31, 2018, capital position of $4.5 billion. This increase is attributable to year-to-date net income of $234.7 million, a decrease of $35.2 million in accumulated other comprehensive loss, offset by dividends accrued and paid on preferred stock totaling $28.7 million, and cash patronage of $12.0 million.

Accumulated other comprehensive loss totaled $127.7 million at June 30, 2019, a decrease of $35.2 million from December 31, 2018. The decrease in accumulated other comprehensive losses included a $75.6 million decrease in net unrealized losses on the bank's available-for-sale investments and a $4.9 million increase in unrealized gains on pension and other post-employment benefits (OPEB), offset by a $45.3 million loss in cash flow derivatives. The activity in unrealized losses on investment securities and cash flow derivatives was due primarily to a decline in rates.

Following is a summary of the components of accumulated other comprehensive income (loss) (AOCL):

Accumulated Other Comprehensive Loss

(in thousands)	**June 30, 2019**	December 31, 2018
Unrealized losses on investment securities	$ 1,075	$ (74,541)
Derivatives and hedging activity	(52,464)	(7,125)
Employee benefit plan activity	(76,325)	(81,231)
Total Accumulated Other Comprehensive Loss	$ (127,714)	$ (162,897)

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations.

Regulatory Capital Requirements and Ratios

As of June 30, 2019	Primary Components of Numerator	Regulatory Minimums	Minimum With Buffers*	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.5%	7.0%	9.6%	11.9% - 21.6%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	6.0%	8.5%	15.9%	11.9% - 21.6%
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.0%	10.5%	16.0%	13.4% - 22.1%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	15.9%	13.2% - 21.7%
Non-risk adjusted:					
Tier 1 leverage ratio **	Tier 1 capital	4.0%	5.0%	7.1%	10.5% - 20.6%
UREE leverage ratio	URE and URE equivalents	1.5%	1.5%	2.9%	8.2% - 21.9%

As of December 31, 2018	Primary Components of Numerator	Regulatory Minimums	Minimum With Buffers*	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.5%	7.0%	9.9%	12.0% - 21.8%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	6.0%	8.5%	16.3%	12.0% - 21.8%
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.0%	10.5%	16.4%	13.4% - 22.3%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	16.3%	13.1% - 21.9%
Non-risk adjusted:					
Tier 1 leverage ratio **	Tier 1 capital	4.0%	5.0%	7.4%	10.6% - 20.7%
UREE leverage ratio	URE and URE equivalents	1.5%	1.5%	3.1%	9.5% - 22.0%

* The new capital requirements have a three-year phase-in of the capital conservation buffer applied to the risk-adjusted capital ratios. There is no phase-in of the leverage buffer. Amounts shown reflect the full capital conservation buffer.

** Must include the regulatory minimum requirements for the URE and UREE leverage ratio

1 Equities outstanding 7 or more years

2 Capped at 1.25% of risk-adjusted assets

3 Outstanding 5 or more years, but less than 7 years

4 Outstanding 5 or more years

Combined Balance Sheets

(Unaudited)

(in thousands)	**June 30, 2019**	December 31, 2018
ASSETS		
Cash	**$ 29,231**	$ 139,489
Federal funds sold and overnight investments	**146,175**	281,131
Investment securities	**5,600,416**	5,730,295
Loans	**25,618,629**	24,852,133
Less allowance for loan losses	**88,699**	82,069
Net loans	**25,529,930**	24,770,064
Accrued interest receivable	**247,073**	229,386
Premises and equipment, net	**192,212**	168,030
Other assets	**282,231**	250,763
Total assets	**$ 32,027,268**	$ 31,569,158
LIABILITIES		
Bonds and notes	**$ 26,742,415**	$ 26,347,363
Accrued interest payable	**101,500**	96,164
Patronage distributions payable	**1,757**	185,669
Preferred stock dividends payable	**21,613**	21,613
Other liabilities	**399,349**	387,250
Total liabilities	**$ 27,266,634**	$ 27,038,059
MEMBERS' EQUITY		
Preferred stock	**$ 720,000**	$ 720,000
Capital stock and participation certificates	**66,668**	66,178
Allocated retained earnings	**746,488**	746,248
Unallocated retained earnings	**3,130,567**	2,936,945
Additional paid-in-capital	**224,625**	224,625
Accumulated other comprehensive loss	**(127,714)**	(162,897)
Total members' equity	**$ 4,760,634**	$ 4,531,099
Total liabilities and members' equity	**$ 32,027,268**	$ 31,569,158

Combined Statements of Income

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	2018	**2019**	2018
INTEREST INCOME				
Investment securities	**$ 37,523**	$ 29,841	**$ 76,212**	$ 56,140
Loans	**330,474**	296,355	**654,179**	577,649
Total interest income	**$ 367,997**	$ 326,196	**$ 730,391**	$ 633,789
INTEREST EXPENSE				
Bonds and notes	**138,027**	104,627	**271,891**	196,178
Notes payable and other	**29,141**	24,700	**59,242**	46,327
Total interest expense	**$ 167,168**	$ 129,327	**$ 331,133**	$ 242,505
Net interest income	**$ 200,829**	$ 196,869	**$ 399,258**	$ 391,284
Provision for loan losses	**2,842**	1,303	**9,068**	3,969
Net interest income after provision for loan losses	**$ 197,987**	$ 195,566	**$ 390,190**	$ 387,315
NONINTEREST INCOME				
Patronage income	**3,124**	3,591	**8,121**	8,598
Fees for loan-related services	**5,512**	5,249	**11,465**	11,369
Refunds from Farm Credit System Insurance Corporation	**-**	-	**6,469**	19,269
Net gains on sale of investments	**7,516**	-	**7,516**	-
Other income, net	**3,131**	457	**4,809**	1,105
Total noninterest income	**$ 19,283**	$ 9,297	**$ 38,380**	$ 40,341
NONINTEREST EXPENSE				
Salaries and employee benefits	**55,308**	53,515	**112,649**	108,793
Occupancy and equipment	**9,634**	8,146	**19,862**	17,194
Purchased services	**9,243**	9,078	**17,745**	18,989
Farm Credit System Insurance Corporation expense	**5,021**	4,999	**10,155**	9,681
Other operating expenses	**17,825**	16,922	**33,552**	30,838
Total noninterest expense	**$ 97,031**	$ 92,660	**$ 193,963**	$ 185,495
Income before income taxes	**120,239**	112,203	**234,607**	242,161
Provision for (benefit from) income taxes	**77**	43	**(46)**	(33)
Net income	**$ 120,162**	$ 112,160	**$ 234,653**	$ 242,194

Select information on district associations

(in thousands) As of June 30, 2019	Wholesale Loans	% of Total Wholesale	Total Assets	Total Allowance and Capital	Total Capital Ratio	Nonperforming Loans as a % of Total Loans	ROA
Ag New Mexico, Farm Credit Services, ACA	$ 258,015	1.35%	$ 272,048	$ 43,352	14.26%	0.14%	1.35%
AgTexas Farm Credit Services	1,946,048	10.16%	2,108,025	280,628	13.41%	0.95%	1.52%
Alabama Ag Credit, ACA	1,049,871	5.48%	1,079,933	197,931	16.84%	1.05%	1.62%
Alabama Farm Credit, ACA	827,486	4.32%	855,950	128,534	15.27%	0.73%	1.80%
Capital Farm Credit, ACA	7,593,641	39.65%	7,856,421	1,350,163	15.04%	1.10%	2.25%
Central Texas Farm Credit, ACA	518,083	2.71%	536,068	116,456	19.33%	0.32%	1.83%
Heritage Land Bank, ACA	541,147	2.83%	554,470	90,102	15.85%	0.14%	1.43%
Legacy Ag Credit, ACA	275,173	1.44%	282,225	60,118	22.07%	3.00%	1.43%
Lone Star, ACA	1,570,510	8.20%	1,610,574	364,782	20.23%	0.29%	1.83%
Louisiana Land Bank, ACA	812,911	4.24%	836,826	163,303	17.91%	0.87%	1.74%
Mississippi Land Bank, ACA	707,572	3.69%	733,328	130,921	16.17%	0.16%	1.63%
Plains Land Bank, FLCA	670,654	3.50%	695,110	125,420	16.29%	1.01%	2.11%
Southern AgCredit, ACA	1,078,190	5.63%	1,127,378	173,712	14.51%	0.44%	1.88%
Texas Farm Credit Services	1,301,673	6.80%	1,365,562	213,759	14.04%	1.04%	2.22%
Totals	$ 19,150,974	100.00%	$ 19,913,918	$ 3,439,181			

District Contact Information

Name of Entity	Headquarters Location	Contact Number	Website
Ag New Mexico, Farm Credit Services, ACA	4501 N. Prince Street, Clovis, New Mexico 88101	575-762-3828	www.agnewmexico.com
AgTexas Farm Credit Services	5004 N. Loop 289, Lubbock, Texas 79416	806-687-4068	www.agtexas.com
Alabama Ag Credit, ACA	2660 EastChase Lane, Suite 401, Montgomery, Alabama 36117	334-270-8687	www.alabamaagcredit.com
Alabama Farm Credit, ACA	1740 Eva Road NE, Cullman, Alabama 35055	256-737-7128	www.alabamafarmcredit.com
Capital Farm Credit, ACA	3000 Briarcrest Drive, Suite 601, Bryan, Texas 77802	979-822-3018	www.capitalfarmcredit.com
Central Texas Farm Credit, ACA	1026 Early Boulevard, Early, Texas 76802	325-643-5563	www.ranchmoney.com
Farm Credit Bank of Texas	4801 Plaza on the Lake Drive, Austin, Texas 78746	512-465-0400	www.farmcreditbank.com
Heritage Land Bank, ACA	4608 Kinsey Drive, Suite 100, Tyler, Texas 75703	903-534-4975	www.heritagelandbank.com
Legacy Ag Credit, ACA	303 Connally Street, Sulphur Springs, Texas 75482	903-885-9566	www.legacyaca.com
Lone Star, ACA	1612 Summit Avenue, Suite 300, Fort Worth, Texas 76102	817-332-6565	www.lonestaragcredit.com
Louisiana Land Bank, ACA	2413 Tower Drive, Monroe, Louisiana 71201	318-387-7535	www.louisianalandbank.com
Mississippi Land Bank, ACA	5509 Highway 51 North, Senatobia, Mississippi 38668	662-562-9671	www.mslandbank.com
Plains Land Bank, FLCA	5625 Fulton Drive, Amarillo, Texas 79109	806-331-0926	www.plainslandbank.com
Southern AgCredit, ACA	402 West Parkway Place, Ridgeland, Mississippi 39157	601-499-2820	www.southernagcredit.com
Texas Farm Credit Services	545 S. Highway 77, Robstown, Texas 78380	361-387-8563	www.texasfarmcredit.com