INVESTING *for the* FUTURE

2019 THIRD QUARTER INFORMATION

September 30, 2019

TEXAS FARM CREDIT DISTRICT

Third 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 September 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 (an FLCA and a Production Credit Association [PCA]), certain Other Financing Institutions (OFIs) and preferred stockholders jointly owned the bank at September 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 nine months ended September 30, 2019.

COMBINED FINANCIAL HIGHLIGHTS

(in thousands)	**September 30, 2019**	December 31, 2018
Total loans	**$ 25,945,457**	$ 24,852,133
Allowance for loan losses	**86,936**	82,069
Net loans	**25,858,521**	24,770,064
Total assets	**32,631,648**	31,569,158
Total members' equity	**4,834,623**	4,531,099

Nine Months Ended September 30,	**2019**	2018
Net interest income	**$ 605,283**	$ 590,694
Provision for loan losses	**8,605**	3,294
Net fee income	**18,948**	20,998
Net income	**356,252**	372,122
Net interest margin	**2.59%**	2.66%
Net loan charge-offs (recoveries) as a percentage of average loans	**0.02**	(0.03)
Return on average assets (ROA)	**1.48**	1.63
Return on average shareholders' equity	**9.97**	11.03
Operating expenses as a percentage of net interest income and noninterest income	**44.25**	42.42
Average loans	**$ 25,421,355**	$ 24,171,605
Average earning assets	**31,281,447**	29,697,337
Average total assets	**31,999,265**	30,316,730

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net Income

The district's net income of $121.6 million for the three months ended September 30, 2019, reflected a decrease of $8.3 million, or 6.4 percent, over the same period of 2018. The decrease in net income was due primarily to a $7.8 million decrease in noninterest income and a $7.2 million increase in noninterest expenses, partially offset by a $6.6 million increase in net interest income.

The district's net income of $356.3 million for the nine months ended September 30, 2019, reflected a decrease of $15.9 million, or 4.3 percent, over the same period of 2018. The decrease in net income was due primarily to a $15.7 million increase in noninterest expenses, $9.8 million decrease in noninterest income, and an increase in provision for loan losses of $5.3 million, partially offset by a $14.6 million increase in net interest income.

Net Interest Income

Net interest income for the three months ended September 30, 2019 was $206.0 million, an increase of $6.6 million, or 3.3 percent, over the same period of 2018, primarily due to a $1.3 billion increase in combined district average earning assets offset by a decline of 6 basis points in the interest rate spread to 2.23 percent.

Net interest income for the nine months ended September 30, 2019 was $605.3 million, an increase of $14.6 million, or 2.5 percent, over the same period of 2018. The increase was the result of a $1.6 billion increase in combined district average earning assets, offset by a 14-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 markets loan portfolio. The net interest rate margin decreased by 7 basis points to 2.59 percent for the nine months ended September 30, 2019, as compared with 2.66 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 a 7-basis-point increase in income earned on earning assets funded by noninterest-bearing sources (principally capital) due to increased interest rates, to 0.37 percent.

During the nine months ended September 30, 2019, the bank called $4.6 billion in debt and recognized $8.4 million in concession expense as compared to no similar activities for the nine months ended September 30, 2018.

Provision for Loan Losses

The loan loss reversal for the three months ended September 30, 2019 was $0.5 million, as compared to the $0.7 million negative provision recorded over the same period of 2018.

The provision for loan losses for the nine months ended September 30, 2019 was $8.6 million, reflecting an increase of $5.3 million from the $3.3 million provision recorded over the same period of 2018. The increase in provision at the combined associations of $11.2 million is driven primarily by deteriorated credit quality in the beef cattle and crop sectors due to weak prices. That increase is partially offset by a decrease of $6.3 million in the bank's provision primarily driven by no additional specific reserves required in the first nine months of 2019 on loans individually evaluated for impairment as compared to the nine months ended September 30, 2018.

Noninterest Income

Noninterest income for the three months ended September 30, 2019 was $10.7 million, a decrease of $7.8 million, or 42.3 percent, compared to the same period of 2018. The decrease was primarily due to $2.2 million in lower patronage income, a decrease of $2.4 million in gains associated with debt extinguishments, $2.1 million lower fees for loan-related services, and a $1.1 million decrease in Rural Business Investment Companies (RBIC) income.

Noninterest income for the nine months ended September 30, 2019 was $49.0 million, a decrease of $9.8 million, or 16.6 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 and $2.7 million lower patronage income as compared to the prior year offset by $7.5 million on gains recognized on the sale of investments for the bank.

Noninterest Expense

Noninterest expense for the three months ended September 30, 2019 totaled $95.6 million, increasing $7.2 million, or 8.2 percent, from the same period of 2018. The increase in noninterest expense is driven by a $3.6 million increase in salaries and employee benefits driven by increased compensation and higher staffing levels and a $2.2 million increase in other operating expenses.

Noninterest expense for the nine months ended September 30, 2019 totaled $289.5 million, increasing $15.7 million, or 5.7 percent, from the same period of 2018. The increase in noninterest expense is driven by a $7.4 million increase in salaries and employee benefits as a result of increased compensation and higher staffing levels, a $3.8 million increase in occupancy and equipment, $1.2 million increase in travel, $0.8 million increase in professional services, and $0.6 million increase in advertising.

Loan Portfolio

District Loans by Loan Type		
(in thousands)	**September 30, 2019**	December 31, 2018
Real estate mortgage	**$ 15,404,986**	$ 14,859,093
Production and intermediate term	**3,300,760**	3,235,481
Agribusiness:		
Loans to cooperatives	**504,528**	408,350
Processing and marketing	**4,100,045**	3,747,010
Farm-related business	**198,487**	182,655
Communications	**659,179**	513,286
Energy (rural utilities)	**1,226,240**	1,355,187
Water and waste disposal	**130,426**	143,863
Rural residential real estate	**246,576**	240,587
Mission-related	**100,562**	96,109
Loans to other financing institutions (OFIs)	**41,319**	36,341
Lease receivables	**32,349**	34,171
Total loans	**$ 25,945,457**	$ 24,852,133

The district loan portfolio consists only of retail loans. Bank loans to its affiliated associations, also referred to as direct notes, have been eliminated in the combined financial statements. Total loan volume at September 30, 2019 was $25.9 billion, an increase of $1.1 billion, or 4.4 percent, from the $24.9 billion loan portfolio balance at December 31, 2018. The loan volume increase of $1.1 billion during the first nine months of 2019 was primarily driven by a $971.8 million increase in the associations' loan portfolios and a $121.5 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

	September 30, 2019	December 31, 2018
Acceptable	**96.4%**	97.2%
OAEM (special mention)	**1.9**	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 September 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 September 30, 2019 compared to 98.7 percent at December 31, 2018. The increase in the substandard classification for the district was primarily due to deterioration in the electrical services, beef cattle (weak prices), timber tracts and crops (due to volatile weather conditions) sectors.

Nonperforming Assets

(in thousands)	**September 30, 2019**	December 31, 2018
Nonaccrual loans:		
Real estate mortgage	**$ 72,182**	$ 71,512
Production and intermediate term	**33,916**	21,113
Agribusiness	**14,148**	11,211
Energy (rural utilities)	**12,854**	13,704
Rural residential real estate	**642**	817
Mission-related	**1,175**	1,286
Total nonaccrual loans	**$ 134,917**	$ 119,643
Accruing restructured loans:		
Real estate mortgage	**$ 23,408**	$ 16,423
Production and intermediate term	**4,917**	6,130
Rural residential real estate	**149**	33
Mission-related	**5,387**	5,476
Total accruing restructured loans	**$ 33,861**	$ 28,062
Accruing loans 90 days or more past due:		
Real estate mortgage	**$ 4,775**	$ 273
Production and intermediate term	**5,141**	634
Total accruing loans 90 days or more past due	**$ 9,916**	$ 907
Total nonperforming loans	**$ 178,694**	$ 148,612
Other property owned	**7,842**	9,229
Total nonperforming assets	**$ 186,536**	$ 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 $28.7 million, or 18.2 percent, from $157.8 million at December 31, 2018, to $186.5 million at September 30, 2019. The increase in nonperforming assets during the first nine months of 2019 includes a $15.3 million increase in nonaccrual loans which is mainly due to modest deterioration in the beef cattle sector, which is primarily the result of a decline in cattle prices.

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

Aging Analysis of Loans

(in thousands) September 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	**$ 96,850**	**$ 32,066**	**$ 128,916**	**$ 15,454,101**	**$ 15,583,017**
Production and intermediate term	**29,565**	**26,652**	**56,217**	**3,292,824**	**3,349,041**
Agribusiness	**4,252**	**68**	**4,320**	**4,822,277**	**4,826,597**
Communications	**-**	**-**	**-**	**659,546**	**659,546**
Energy (rural utilities)	**-**	**-**	**-**	**1,232,742**	**1,232,742**
Water and waste disposal	**-**	**-**	**-**	**131,284**	**131,284**
Rural residential real estate	**3,178**	**287**	**3,465**	**244,060**	**247,525**
Mission-related	**257**	**1,086**	**1,343**	**100,117**	**101,460**
Loans to OFIs	**-**	**-**	**-**	**41,427**	**41,427**
Lease receivables	**-**	**-**	**-**	**32,497**	**32,497**
Total loans	**$ 134,102**	**$ 60,159**	**$ 194,261**	**$ 26,010,875**	**$ 26,205,136**

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 June 30, 2019	$ 40,932	$ 24,867	$ 14,653	$ 732	$ 6,791	$ 475	$ 130	$ -	$ 119	$ 88,699
Provision for (negative provision) loan losses	1,233	337	(2,008)	81	3	(106)	(6)	-	3	(463)
Recoveries	260	877	29	-	-	97	-	-	-	1,263
Charge-offs	(561)	(2,626)	-	-	-	(7)	-	-	-	(3,194)
Other*	(17)	211	419	8	9	-	1	-	-	631
Balance at September 30, 2019	$ 41,847	$ 23,666	$ 13,093	$ 821	$ 6,803	$ 459	$ 125	$ -	$ 122	$ 86,936
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	2,834	6,182	(715)	(22)	356	(44)	(8)	-	22	8,605
Recoveries	740	1,631	147	-	-	112	-	-	-	2,630
Charge-offs	(1,851)	(4,615)	-	-	-	(68)	-	-	-	(6,534)
Other*	(13)	(15)	248	(8)	(47)	1	1	-	(1)	166
Balance at September 30, 2019	$ 41,847	$ 23,666	$ 13,093	$ 821	$ 6,803	$ 459	$ 125	$ -	$ 122	$ 86,936
Individually evaluated for impairment	$ 1,751	$ 3,262	$ 2,374	$ -	$ 3,776	$ 37	$ 109	$ -	$ -	$ 11,309
Collectively evaluated for impairment	40,096	20,404	10,719	821	3,027	422	16	-	122	75,627
Balance at September 30, 2019	$ 41,847	$ 23,666	$ 13,093	$ 821	$ 6,803	$ 459	$ 125	$ -	$ 122	$ 86,936
Recorded Investments in Loans Outstanding:										
Balance at September 30, 2019										
Loans individually evaluated for impairment	$ 107,937	$ 47,120	$ 14,825	$ -	$ 12,854	$ 984	$ 6,489	$ -	$ -	$ 190,209
Loans collectively evaluated for impairment	15,474,900	3,301,921	4,811,772	659,546	1,351,172	246,541	94,971	41,427	32,497	26,014,747
Loans acquired with deteriorated credit quality	180	-	-	-	-	-	-	-	-	180
Balance at September 30, 2019	$ 15,583,017	$ 3,349,041	$ 4,826,597	$ 659,546	$ 1,364,026	$ 247,525	$ 101,460	$ 41,427	$ 32,497	$ 26,205,136

*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 June 30, 2018	$ 38,378	$ 21,399	$ 13,623	$ 768	$ 6,864	$ 476	$ 141	$ -	$ 87	$ 81,736
Provision for (negative provision) loan losses	(73)	(275)	(360)	29	(68)	79	(5)	-	(2)	(675)
Recoveries	314	736	78	-	-	7	-	-	-	1,135
Charge-offs	74	(1,305)	-	-	-	(9)	-	-	-	(1,240)
Other*	(7)	276	252	6	77	(1)	3	-	-	606
Balance at September 30, 2018	$ 38,686	$ 20,831	$ 13,593	$ 803	$ 6,873	$ 552	$ 139	$ -	$ 85	$ 81,562
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	(2,544)	2,476	2,466	(191)	1,061	60	(84)	-	50	3,294
Recoveries	508	1,689	240	161	-	16	-	-	-	2,614
Charge-offs	(947)	(6,928)	-	-	-	(57)	-	-	-	(7,932)
Other*	39	381	(107)	7	(27)	1	23	-	-	318
Balance at September 30, 2018	$ 38,686	$ 20,831	$ 13,593	$ 803	$ 6,873	$ 552	$ 139	$ -	$ 85	$ 81,562
Individually evaluated for impairment	$ 1,684	$ 2,043	$ 4,315	$ -	$ 3,937	$ 176	$ 123	$ -	$ -	$ 12,278
Collectively evaluated for impairment	37,002	18,788	9,278	803	2,936	376	16	-	85	69,284
Balance at September 30, 2018	$ 38,686	$ 20,831	$ 13,593	$ 803	$ 6,873	$ 552	$ 139	$ -	$ 85	$ 81,562
Recorded Investments in Loans Outstanding:										
Balance at September 30, 2018										
Loans individually evaluated for impairment	$ 103,508	$ 30,001	$ 11,661	$ -	$ 13,705	$ 973	$ 6,879	$ -	$ 41	$ 166,768
Loans collectively evaluated for impairment	14,832,202	3,150,401	4,426,275	501,076	1,486,326	239,981	94,176	36,444	29,396	24,796,277
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-	-	-	-
Balance at September 30, 2018	$ 14,935,710	$ 3,180,402	$ 4,437,936	$ 501,076	$ 1,500,031	$ 240,954	$ 101,055	$ 36,444	$ 29,437	$ 24,963,045

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

Loans, net of the allowance for loan losses, represented 79.2 percent of total assets at September 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 third 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) **September 30, 2019**		**Amortized Cost**		**Unrealized Gains**		**Unrealized Losses**		**Fair Value**
Bank investments	**$**	**5,527,784**	**$**	**32,981**	**$**	**(16,274)**	**$**	**5,544,491**
District association investments		**93,130**		**253**		**(10)**		**93,373**
Total district investments	**$**	**5,620,914**	**$**	**33,234**	**$**	**(16,284)**	**$**	**5,637,864**
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 September 30, 2019, including $720.0 million in preferred stock, $66.9 million in capital stock and participation certificates, $4.0 billion in retained earnings and $224.6 million in additional paid-in-capital, offset by accumulated other comprehensive losses of $129.2 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 September 30, 2019, reflects an increase of 6.7 percent over the December 31, 2018, capital position of $4.5 billion. This increase is attributable to year-to-date net income of $356.3 million and a decrease of $33.7 million in accumulated other comprehensive loss, offset by $44.6 million in capital stock and allocated equities retired, dividends accrued and paid on preferred stock totaling $35.8 million, and cash patronage of $13.1 million.

Accumulated other comprehensive loss totaled $129.2 million at September 30, 2019, a decrease of $33.7 million from December 31, 2018. The decrease in accumulated other comprehensive losses included a $91.4 million decrease in net unrealized losses on the bank's available-for-sale investments and a $7.4 million increase in unrealized gains on pension and other post-employment benefits (OPEB), offset by a $65.1 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)		**September 30, 2019**		December 31, 2018
Unrealized gains (losses) on investment securities	$	16,870	$	(74,541)
Derivatives and hedging activity		(72,272)		(7,125)
Employee benefit plan activity		(73,838)		(81,231)
Total Accumulated Other Comprehensive Loss	$	(129,240)	$	(162,897)

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

Regulatory Capital Requirements and Ratios

As of September 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%	9.8%	12.1% - 21.4%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	6.0%	8.5%	16.0%	12.1% - 21.4%
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%	16.1%	13.5% - 21.9%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	16.0%	13.2% - 21.5%
Non-risk adjusted:					
Tier 1 leverage ratio **	Tier 1 capital	4.0%	5.0%	7.2%	10.4% - 20.6%
UREE leverage ratio	URE and URE equivalents	1.5%	1.5%	3.0%	8.5% - 21.9%

* 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)	**September 30, 2019**	December 31, 2018
ASSETS		
Cash	**$ 48,936**	$ 139,489
Federal funds sold and overnight investments	**282,176**	281,131
Investment securities	**5,637,783**	5,730,295
Loans	**25,945,457**	24,852,133
Less allowance for loan losses	**86,936**	82,069
Net loans	**25,858,521**	24,770,064
Accrued interest receivable	**272,883**	229,386
Premises and equipment, net	**202,482**	168,030
Other assets	**328,867**	250,763
Total assets	**$ 32,631,648**	$ 31,569,158
LIABILITIES		
Bonds and notes	**$ 27,182,941**	$ 26,347,363
Accrued interest payable	**99,878**	96,164
Patronage distributions payable	**40,999**	185,669
Preferred stock dividends payable	**21,613**	21,613
Other liabilities	**451,594**	387,250
Total liabilities	**$ 27,797,025**	$ 27,038,059
MEMBERS' EQUITY		
Preferred stock	**$ 720,000**	$ 720,000
Capital stock and participation certificates	**66,946**	66,178
Allocated retained earnings	**708,285**	746,248
Unallocated retained earnings	**3,244,007**	2,936,945
Additional paid-in-capital	**224,625**	224,625
Accumulated other comprehensive loss	**(129,240)**	(162,897)
Total members' equity	**$ 4,834,623**	$ 4,531,099
Total liabilities and members' equity	**$ 32,631,648**	$ 31,569,158

Combined Statements of Income
(Unaudited)

(in thousands)	Three Months Ended September 30, **2019**	Three Months Ended September 30, 2018	Nine Months Ended September 30, **2019**	Nine Months Ended September 30, 2018
INTEREST INCOME				
Investment securities	**$ 35,635**	$ 33,963	**$ 111,847**	$ 90,103
Loans	**334,735**	305,751	**988,914**	883,400
Total interest income	**$ 370,370**	$ 339,714	**$ 1,100,761**	$ 973,503
INTEREST EXPENSE				
Bonds and notes	**137,033**	113,994	**408,924**	310,172
Notes payable and other	**27,312**	26,310	**86,554**	72,637
Total interest expense	**$ 164,345**	$ 140,304	**$ 495,478**	$ 382,809
Net interest income	**$ 206,025**	$ 199,410	**$ 605,283**	$ 590,694
(Loan loss reversal) provision for loan losses	**(463)**	(675)	**8,605**	3,294
Net interest income after provision for loan losses	**$ 206,488**	$ 200,085	**$ 596,678**	$ 587,400
NONINTEREST INCOME				
Patronage income	**3,685**	5,917	**11,806**	14,515
Fees for loan-related services	**7,483**	9,629	**18,948**	20,998
Refunds from Farm Credit System Insurance Corporation	**-**	-	**6,469**	19,269
Net gains on sale of investments	**-**	-	**7,516**	-
Other income, net	**(515)**	2,907	**4,294**	4,012
Total noninterest income	**$ 10,653**	$ 18,453	**$ 49,033**	$ 58,794
NONINTEREST EXPENSE				
Salaries and employee benefits	**54,157**	50,603	**166,806**	159,396
Occupancy and equipment	**9,433**	8,286	**29,295**	25,480
Purchased services	**10,121**	10,248	**27,866**	29,237
Farm Credit System Insurance Corporation expense	**5,496**	5,041	**15,651**	14,722
Other operating expenses	**16,361**	14,146	**49,913**	44,984
Total noninterest expense	**$ 95,568**	$ 88,324	**$ 289,531**	$ 273,819
Income before income taxes	**121,573**	130,214	**356,180**	372,375
(Benefit from) provision for income taxes	**(26)**	286	**(72)**	253
Net income	**$ 121,599**	$ 129,928	**$ 356,252**	$ 372,122

Select information on district associations

(in thousands) As of September 30, 2019	Direct Notes	% of Total Direct Notes	Total Assets	Total Allowance and Capital	Total Capital Ratio	Nonperforming Loans as a % of Total Loans	ROA
Ag New Mexico, Farm Credit Services, ACA	$ 230,630	1.38%	$ 278,079	$ 44,170	14.32%	0.07%	1.28%
AgTexas Farm Credit Services	1,866,321	11.18%	2,177,898	289,677	13.51%	0.92%	1.58%
Alabama Ag Credit, ACA	897,783	5.38%	1,100,967	202,187	16.95%	0.88%	1.58%
Alabama Farm Credit, ACA	753,617	4.52%	887,577	132,305	15.14%	0.84%	1.72%
Capital Farm Credit, ACA	6,534,871	39.15%	7,988,642	1,357,740	15.19%	1.07%	2.30%
Central Texas Farm Credit, ACA	420,929	2.52%	543,265	118,824	19.41%	0.28%	1.80%
Heritage Land Bank, ACA	469,399	2.81%	562,492	91,162	15.50%	0.12%	1.42%
Legacy Ag Credit, ACA	223,638	1.34%	285,267	61,214	21.86%	1.64%	1.42%
Lone Star, ACA	1,283,494	7.69%	1,662,986	372,242	20.17%	0.26%	1.82%
Louisiana Land Bank, ACA	685,294	4.11%	854,923	166,822	17.83%	0.92%	1.69%
Mississippi Land Bank, ACA	610,252	3.66%	756,552	134,110	15.95%	0.15%	1.64%
Plains Land Bank, FLCA	589,218	3.53%	719,783	129,350	16.12%	0.30%	2.12%
Southern AgCredit, ACA	969,215	5.81%	1,170,668	178,338	14.42%	0.48%	1.76%
Texas Farm Credit Services	1,155,715	6.92%	1,388,617	221,386	14.20%	1.00%	2.17%
Totals	$ 16,690,376	100.00%	$ 20,377,716	$ 3,499,527			

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