

First Quarter Report 2021



TEXAS
FARM CREDIT
DISTRICT

INTRODUCTION AND TEXAS FARM CREDIT DISTRICT OVERVIEW

The Farm Credit Bank of Texas (bank) and its related associations collectively are referred to as the Texas Farm Credit District (district). The district is part of the Farm Credit System (the System), a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. The district serves Texas, Alabama, Mississippi, Louisiana and most of New Mexico. The bank provides funding to the district associations, which, in turn, provide credit to their borrower-shareholders. As of March 31, 2021, the bank served one Federal Land Credit Association (FLCA), 13 Agricultural Credit Associations (ACAs) and certain Other Financing Institutions (OFIs) which are not part of the System. The FLCA and ACAs are collectively referred to as associations. 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 (FCSIC). 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 joint 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).

Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. The System was created to provide support for the agricultural sector because of its significance to the well-being of the U.S. economy and the U.S. consumer. The mission of the System is to provide sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, and certain farm-related businesses. The System does this by making appropriately structured loans to qualified individuals and businesses at competitive rates and providing financial services and advice to those persons and businesses.

The following commentary reviews the combined financial statements of condition and results of operations of the district for the three months ended March 31, 2021.

COMBINED FINANCIAL HIGHLIGHTS

(in thousands)	March 31, 2021	December 31, 2020
Total loans	\$ 29,796,192	\$ 28,893,098
Allowance for loan losses	90,993	94,468
Net loans	29,705,199	28,798,630
Total assets	36,387,843	35,606,914
Total members' equity	5,341,962	4,986,742
Three Months Ended March 31,		
	2021	2020
Net interest income	\$ 247,320	\$ 210,771
(Loan loss reversal) provision for loan losses	(3,289)	2,463
Net fee income	11,283	9,636
Net income	163,883	127,202
Net interest margin	2.86%	2.63%
Net loan charge-offs (recoveries) as a percentage of average loans	-	-
Return on average assets (ROA)	1.81	1.50
Return on average shareholders' equity	12.46	10.34
Operating expenses as a percentage of net interest income and noninterest income	41.05	44.56
Average loans	\$ 29,415,484	\$ 26,412,356
Average earning assets	35,121,566	32,245,030
Average total assets	36,110,155	33,244,692

MANAGEMENT'S DISCUSSION AND ANALYSIS**Results of Operations***Net Income*

The district's net income of \$163.9 million for the three months ended March 31, 2021, reflected an increase of \$36.7 million, or 28.84%, over the same time period of 2020. The increase in net income was driven by a \$36.5 million increase in net interest income, a \$2.5 million increase in noninterest income and a \$5.8 million decrease in provision for loan losses, partially offset by a \$7.8 million increase in noninterest expense. The return on average assets increased to 1.82% for the three months ended March 31, 2021, compared to 1.50% reported for the same period of the prior year.

Net Interest Income

Net interest income for the three months ended March 31, 2021, was \$247.3 million, an increase of \$36.5 million, or 17.34%, over the same period of 2020, due to an increase in the net interest rate spread to 2.71% and a \$2.88 billion increase in combined district average earning assets. The increase in earning assets was driven by growth in the associations' loan portfolio as their borrowers took advantage of the low interest rate environment and growth in the bank's capital market loan portfolio.

The net interest rate margin increased by 23 basis points to 2.86% for the three months ended March 31, 2021, as compared to 2.63% for the same period of the prior year. The net interest rate spread increased by 38 basis points driven by a 112-basis-point decrease in the cost of average interest-bearing liabilities, offset by a 74-basis-point decrease in the yield of average interest earning assets. The improvement in interest rate spread and margin

reflects the positive aspects of the bank calling debt during the first quarter of 2021. During the first quarter of 2021, the bank called \$1.43 billion in debt resulting in \$1.9 million in accelerated concession expense recognition, as compared to \$6.48 billion in debt called and \$7.3 million in accelerated concession expense recognition, for the same period of 2020. In addition, an increase in loan volume contributed to the year-over-year increase in net interest income.

Provision for Loan Losses

The loan loss reversal for the three months ended March 31, 2021, totaled \$3.3 million, a decrease of \$5.8 million from the \$2.5 million provision for loan losses recorded for the same period of 2020. The decrease was due to a \$7.3 million decrease at the combined associations, offset by a \$1.5 million increase at the bank. The decrease at the combined associations was mainly due to improved prices in the corn, cotton, row crop, and cattle sectors which caused the loan loss reversal. The bank's increase in provision for loan losses was mainly driven by \$1.1 million in specific reserves on an electric generation loan.

Noninterest Income

Noninterest income for the three months ended March 31, 2021, was \$25.3 million, an increase of \$2.5 million, or 11.16%, compared to the same period of 2020. The increase was due to a \$6.5 million increase in Rural Business Investment Company (RBIC) related income and a \$1.6 million increase in fees for loan-related services, offset by a \$6.1 million decrease related to distribution refunds from the Farm Credit System Insurance Corporation (FCSIC) not received during 2021.

Noninterest Expense

Noninterest expense for the three months ended March 31, 2021, totaled \$111.9 million, increasing \$7.8 million, or 7.54%, from the same period of 2020. The increase in noninterest expense was driven by a \$5.9 million increase in FCSIC insurance expense due to an 8-basis-point increase in the premium rate, a \$3.2 million increase in occupancy and equipment, and a \$2.8 million increase in purchased services.

Loan Portfolio

District Loans by Loan Type		
(in thousands)	March 31, 2021	December 31, 2020
Real estate mortgage	\$ 18,239,644	\$ 17,674,977
Production and intermediate-term	3,542,888	3,518,445
Agribusiness:		
Loans to cooperatives	703,939	628,781
Processing and marketing	3,940,102	3,855,875
Farm-related business	469,594	446,451
Communications	880,079	856,600
Energy (rural utilities)	1,439,885	1,342,603
Water and waste disposal	164,367	163,366
Rural residential real estate	273,177	267,506
Mission-related	68,758	73,405
Loans to other financing institutions (OFIs)	39,966	31,597
Lease receivables	33,793	33,492
Total loans	\$ 29,796,192	\$ 28,893,098

The district loan portfolio consists of retail loans only. The bank's loans to its affiliated associations, also referred to as direct notes, have been eliminated in the combined financial statements. Total loan volume at March 31, 2021, was \$29.80 billion, an increase of \$903.1 million, or 3.13%, from the \$28.89 billion loan portfolio balance at December 31, 2020. The loan volume increase of \$903.1 million during the first three months of 2021 was driven by a \$378.4 million increase in the bank's capital markets loan portfolio and a \$524.7 million increase in the combined associations' loan portfolio. In the first quarter of 2021, two loans were transferred to held-for sale-classification. Loans held for sale are recorded at the lower of cost or fair market value and were included within other assets on the balance sheet. At March 31, 2021, the loans held for sale totaled \$29.2 million.

The bank's capital markets loan portfolio, also referred to as participations purchased loan portfolio, predominantly includes participations, syndications and purchased whole loans, along with other financing structures within our lending authorities. 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 sub-participated to the associations or 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 receivable classified under the Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable:

District Loan Quality		
	March 31, 2021	December 31, 2020
Acceptable	97.1%	97.0%
OAEM (special mention)	1.9	2.0
Substandard/doubtful	1.0	1.0
Total	100.0%	100.0%

Overall credit quality at the bank and at the district associations remained strong at March 31, 2021. Loans classified as acceptable or OAEM as a percentage of total loans and accrued interest receivable were 99.0% at March 31, 2021, compared to 99.0% at December 31, 2020.

Nonperforming Assets

(in thousands)	March 31, 2021	December 31, 2020
Nonaccrual loans:		
Real estate mortgage	\$ 67,637	\$ 65,493
Production and intermediate-term	22,884	25,454
Agribusiness	2,535	3,971
Energy (rural utilities)	10,321	1,936
Rural residential real estate	818	840
Mission-related	911	900
Total nonaccrual loans	\$ 105,106	\$ 98,594
Accruing restructured loans:		
Real estate mortgage	\$ 19,537	\$ 23,039
Production and intermediate-term	2,148	2,909
Rural residential real estate	138	141
Mission-related	5,198	5,123
Total accruing restructured loans	\$ 27,021	\$ 31,212
Accruing loans 90 days or more past due:		
Real estate mortgage	\$ 1,924	\$ 1,153
Production and intermediate-term	1,822	212
Agribusiness	5	5
Rural residential real estate	-	99
Total accruing loans 90 days or more past due	\$ 3,751	\$ 1,469
Total nonperforming loans	\$ 135,878	\$ 131,275
Other property owned	3,406	2,544
Total nonperforming assets	\$ 139,284	\$ 133,819

Nonperforming loans are composed of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due, and are also referred to as impaired loans. Nonperforming assets consist of nonperforming loans and other property owned (OPO). Total nonaccrual loans increased by \$6.5 million, mainly driven by an \$8.4 million energy loan held by the bank and several associations. Total nonperforming assets have increased by \$5.5 million, or 4.08%, from \$133.8 million at December 31, 2020, to \$139.3 million at March 31, 2021.

At March 31, 2021, \$58.7 million, or 55.84%, of loans classified as nonaccrual were current as to principal and interest, compared to \$58.1 million, or 58.93%, of nonaccrual loans at December 31, 2020.

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

Aging Analysis of Loans (in thousands)

	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
March 31, 2021					
Real estate mortgage	\$ 76,561	\$ 26,792	\$ 103,353	\$ 18,279,205	\$ 18,382,558
Production and intermediate-term	17,693	6,277	23,970	3,544,719	3,568,689
Agribusiness	2,508	314	2,822	5,131,869	5,134,691
Communications	-	-	-	880,374	880,374
Energy (rural utilities)	-	1,918	1,918	1,443,919	1,445,837
Water and waste disposal	-	-	-	165,161	165,161
Rural residential real estate	1,096	177	1,273	272,774	274,047
Mission-related	-	910	910	68,709	69,619
Loans to OFIs	-	-	-	40,025	40,025
Lease receivables	1,669	-	1,669	32,320	33,989
Total loans	\$ 99,527	\$ 36,388	\$ 135,915	\$ 29,859,075	\$ 29,994,990

	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
December 31, 2020					
Real estate mortgage	\$ 90,611	\$ 25,962	\$ 116,573	\$ 17,710,722	\$ 17,827,295
Production and intermediate-term	27,608	3,683	31,291	3,513,820	3,545,111
Agribusiness	367	312	679	4,948,503	4,949,182
Communications	-	-	-	856,769	856,769
Energy (rural utilities)	1,924	-	1,924	1,345,098	1,347,022
Water and waste disposal	-	-	-	164,253	164,253
Rural residential real estate	2,384	328	2,712	265,622	268,334
Mission-related	1,889	900	2,789	71,357	74,146
Loans to OFIs	-	-	-	31,653	31,653
Lease receivables	-	-	-	33,655	33,655
Total loans	\$ 124,783	\$ 31,185	\$ 155,968	\$ 28,941,452	\$ 29,097,420

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 December 31, 2020	\$ 49,204	\$ 24,214	\$ 16,354	\$ 864	\$ 2,867	\$ 391	\$ 124	\$ -	\$ 450	\$ 94,468
Provision for loan losses (loan loss reversal)	(2,192)	(4,870)	(361)	34	4,165	(7)	3	-	(61)	(3,289)
Recoveries	20	560	-	-	-	-	-	-	-	580
Charge-offs	(18)	(171)	(789)	-	-	-	-	-	-	(978)
Other*	17	(20)	258	5	(47)	-	-	-	(1)	212
Balance at March 31, 2021	\$ 47,031	\$ 19,713	\$ 15,462	\$ 903	\$ 6,985	\$ 384	\$ 127	\$ -	\$ 388	\$ 90,993
Individually evaluated for impairment	\$ 1,998	\$ 1,900	\$ 368	\$ -	\$ 3,486	\$ 32	\$ 120	\$ -	\$ -	\$ 7,904
Collectively evaluated for impairment	45,033	17,813	15,094	903	3,499	352	7	-	388	83,089
Balance at March 31, 2021	\$ 47,031	\$ 19,713	\$ 15,462	\$ 903	\$ 6,985	\$ 384	\$ 127	\$ -	\$ 388	\$ 90,993

Recorded Investments in Loans Outstanding:

Balance at March 31, 2021

Loans individually evaluated for impairment	\$ 86,577	\$ 26,606	\$ 3,050	\$ -	\$ 11,575	\$ 852	\$ 6,108	\$ -	\$ -	\$ 134,768
Loans collectively evaluated for impairment	18,295,981	3,542,083	5,131,641	880,374	1,599,423	273,195	63,511	40,025	33,989	29,860,222
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-	-	-	-
Balance at March 31, 2021	\$ 18,382,558	\$ 3,568,689	\$ 5,134,691	\$ 880,374	\$ 1,610,998	\$ 274,047	\$ 69,619	\$ 40,025	\$ 33,989	\$ 29,994,990

*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 December 31, 2019	\$ 44,263	\$ 24,200	\$ 15,029	\$ 609	\$ 5,082	\$ 422	\$ 124	\$ -	\$ 130	\$ 89,859
Provision for loan losses (loan loss reversal)	1,690	1,716	(282)	29	(674)	(7)	(5)	-	(4)	2,463
Recoveries	163	1,202	1	-	-	10	-	-	-	1,376
Charge-offs	(47)	(1,305)	-	-	(130)	(23)	-	-	-	(1,505)
Other*	6	(304)	144	(4)	34	-	-	-	-	(124)
Balance at March 31, 2020	\$ 46,075	\$ 25,509	\$ 14,892	\$ 634	\$ 4,312	\$ 402	\$ 119	\$ -	\$ 126	\$ 92,069
Individually evaluated for impairment	\$ 2,477	\$ 2,192	\$ 2,374	\$ -	\$ 2,801	\$ 55	\$ 113	\$ -	\$ -	\$ 10,012
Collectively evaluated for impairment	43,598	23,317	12,518	634	1,511	347	6	-	126	82,057
Balance at March 31, 2020	\$ 46,075	\$ 25,509	\$ 14,892	\$ 634	\$ 4,312	\$ 402	\$ 119	\$ -	\$ 126	\$ 92,069

Recorded Investments in Loans Outstanding:

Balance at March 31, 2020

Loans individually evaluated for impairment	\$ 123,257	\$ 41,690	\$ 14,729	\$ -	\$ 12,366	\$ 989	\$ 6,701	\$ -	\$ -	\$ 199,732
Loans collectively evaluated for impairment	16,014,058	3,232,713	5,265,478	789,820	1,420,272	252,460	70,298	42,886	31,386	27,119,371
Loans acquired with deteriorated credit quality	110	-	-	-	-	-	-	-	-	110
Balance at March 31, 2020	\$ 16,137,425	\$ 3,274,403	\$ 5,280,207	\$ 789,820	\$ 1,432,638	\$ 253,449	\$ 76,999	\$ 42,886	\$ 31,386	\$ 27,319,213

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

Loans, net of the allowance for loan losses, represented 81.63% of total assets at March 31, 2021, and 80.88% as of December 31, 2020.

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 2020 annual 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)		Amortized		Unrealized		Unrealized		Fair
March 31, 2021		Cost		Gains		Losses		Value
Bank investments	\$	5,401,240	\$	69,926	\$	(11,350)	\$	5,459,816
District association investments		93,323		768		(47)		94,044
Total district investments	\$	5,494,563	\$	70,694	\$	(11,397)	\$	5,553,860

December 31, 2020		Amortized		Unrealized		Unrealized		Fair
		Cost		Gains		Losses		Value
Bank investments	\$	5,468,160	\$	82,825	\$	(2,818)	\$	5,548,167
District association investments		87,681		598		(87)		88,192
Total district investments	\$	5,555,841	\$	83,423	\$	(2,905)	\$	5,636,359

The district association investments in the preceding table include held-to-maturity securities with an amortized cost of \$7.8 million, an unrealized gain of \$122 thousand, and a fair value of \$7.9 million as of March 31, 2021, and an amortized cost of \$8.3 million, an unrealized gain of \$184 thousand, and a fair value of \$8.5 million as of December 31, 2020. These securities are reported at amortized cost and included in investment securities on the balance sheets.

Capital Resources

District members' equity totaled \$5.34 billion at March 31, 2021, including \$970.0 million in preferred stock, \$70.1 million in capital stock and participation certificates, \$4.19 billion in retained earnings and \$224.6 million in additional paid-in-capital, offset by accumulated other comprehensive loss of \$120.5 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 \$5.34 billion capital position of the district at March 31, 2021, reflected an increase of 7.12% over the December 31, 2020, capital position of \$4.99 billion. This increase was attributable to year-to-date net income of \$163.9 million, preferred stock issuance of \$200.0 million, a \$20.9 million decrease in accumulated other comprehensive loss, and \$948 thousand in capital stock and allocated equities issued, offset by dividends accrued and paid on preferred stock totaling \$13.7 million, estimated patronage payments of \$12.2 million, and preferred stock issuance costs of \$4.6 million.

Accumulated other comprehensive loss totaled \$120.5 million at March 31, 2021, a decrease of \$20.9 million from December 31, 2020. The decrease in accumulated other comprehensive losses was driven by a \$38.0 million decrease in unrealized losses on cash flow derivatives hedges resulting from changes in the valuation of interest rate swaps the bank held during 2021 as a result of increases in interest rates, and a \$4.1 million decrease in unrealized losses on pension and other postretirement benefit plans, offset by a \$21.2 million decrease in unrealized gains on the bank's available-for-sale investments primarily attributable to increases in interest rates.

Following is a summary of the components of accumulated other comprehensive loss:

Accumulated Other Comprehensive Loss		
(in thousands)	March 31, 2021	December 31, 2020
Unrealized gains on investment securities	\$ 59,176	\$ 80,334
Derivatives and hedging position	(69,986)	(107,943)
Employee benefit plan position	(109,723)	(113,787)
Total Accumulated Other Comprehensive Loss	\$ (120,533)	\$ (141,396)

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

On January 19, 2021, one association issued \$200 million of Class A noncumulative subordinated perpetual preferred stock, Series 1 (Class A-1 preferred stock), for net proceeds of \$195.5 million with issuance costs of \$4.5 million. Dividends on the Class A-1 preferred stock, if declared by the board of directors at its sole discretion, are noncumulative and are payable quarterly in arrears on the fifteenth day of March, June, September and December in each year, commencing March 15, 2021, at an annual fixed rate of 5.00% up to, but excluding, March 15, 2026, from and after which date will be paid at an annual rate of the five-year Treasury rate as of the most recent five-year reset dividend determination date plus 4.52%. The Class A-1 preferred stock is not mandatorily redeemable at any time, but may be redeemed in whole or part at the option of the association, with prior approval from the FCA, on any dividend payment date on or after March 15, 2026. For regulatory purposes, the Class A-1 preferred stock will be included in permanent capital, total capital and tier 1 capital within certain limitations.

Regulatory Capital Requirements and Ratios

As of March 31, 2021	Primary Components of Numerator	Regulatory Minimums 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	7.00%	9.02%	11.42% - 19.95%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	8.50%	14.96%	11.42% - 19.95%
Total capital ratio	Tier 1 capital, allowance for loan losses ² , common cooperative equities ³ and term preferred stock and subordinated debt ⁴	10.50%	15.03%	12.15% - 20.38%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.00%	14.97%	11.84% - 20.03%
Non-risk adjusted:				
Tier 1 leverage ratio *	Tier 1 capital	5.00%	6.67%	10.67% - 18.16%
UREE leverage ratio	URE and URE equivalents	1.50%	2.54%	7.07% - 19.28%

* 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)	March 31, 2021	December 31, 2020
ASSETS		
Cash	\$ 93,403	\$ 130,559
Federal funds sold and overnight investments	196,434	208,229
Investment securities	5,553,738	5,636,175
Loans	29,796,192	28,893,098
Less allowance for loan losses	90,993	94,468
Net loans	29,705,199	28,798,630
Accrued interest receivable	208,323	214,068
Premises and equipment, net	257,670	250,342
Other assets	373,076	368,911
Total assets	\$ 36,387,843	\$ 35,606,914
LIABILITIES		
Bonds and notes	\$ 30,432,037	\$ 29,723,429
Accrued interest payable	60,011	61,063
Patronage distributions payable	17,218	208,730
Preferred stock dividends payable	11,600	11,600
Other liabilities	525,015	615,350
Total liabilities	\$ 31,045,881	\$ 30,620,172
MEMBERS' EQUITY		
Preferred stock	\$ 970,000	\$ 770,000
Capital stock and participation certificates	70,083	69,229
Allocated retained earnings	876,798	876,706
Unallocated retained earnings	3,320,989	3,187,578
Additional paid-in-capital	224,625	224,625
Accumulated other comprehensive loss	(120,533)	(141,396)
Total members' equity	\$ 5,341,962	\$ 4,986,742
Total liabilities and members' equity	\$ 36,387,843	\$ 35,606,914

Combined Statements of Income
(Unaudited)

(in thousands)	March 31, 2021	March 31, 2020
INTEREST INCOME		
Investment securities	\$ 20,022	\$ 30,024
Loans	301,156	326,607
Total interest income	\$ 321,178	\$ 356,631
INTEREST EXPENSE		
Bonds and notes	66,498	124,074
Notes payable and other	7,360	21,786
Total interest expense	\$ 73,858	\$ 145,860
Net interest income	\$ 247,320	\$ 210,771
(Loan loss reversal) provision for loan losses	(3,289)	2,463
Net interest income after (loan loss reversal) provision for loan losses	\$ 250,609	\$ 208,308
NONINTEREST INCOME		
Patronage income	5,869	5,142
Fees for loan-related services	11,283	9,636
Refunds from Farm Credit System Insurance Corporation	-	6,135
Other income, net	8,125	1,827
Total noninterest income	\$ 25,277	\$ 22,740
NONINTEREST EXPENSE		
Salaries and employee benefits	60,356	60,920
Occupancy and equipment	15,057	11,835
Purchased services	12,187	9,405
Farm Credit System Insurance Corporation expense	10,625	4,761
Other operating expenses	13,666	17,124
Total noninterest expense	\$ 111,891	\$ 104,045
Income before income taxes	163,995	127,003
Provision for (benefit from) income taxes	112	(199)
Net income	\$ 163,883	\$ 127,202

Select information on district associations

(in thousands) As of March 31, 2021	Direct Notes	% of Total Direct Notes	Total Assets	Total Allowance and Capital	Total Capital Ratio	Nonperforming Loans as a % of Total Loans	Annualized ROA
Ag New Mexico, Farm Credit Services, ACA	\$ 266,679	1.38%	\$ 321,192	\$ 48,935	12.73%	0.73%	1.46%
AgTexas Farm Credit Services	2,015,830	10.47%	2,355,259	315,397	12.71%	0.74%	1.95%
Alabama Ag Credit, ACA	998,911	5.19%	1,215,819	213,358	16.00%	0.90%	1.72%
Alabama Farm Credit, ACA	920,229	4.78%	1,063,341	139,618	12.54%	0.71%	1.81%
Capital Farm Credit, ACA	7,401,207	38.43%	9,146,179	1,639,965	15.79%	0.70%	3.05%
Central Texas Farm Credit, ACA	482,736	2.51%	607,804	120,180	17.70%	0.12%	1.52%
Heritage Land Bank, ACA	542,840	2.82%	644,734	98,268	14.29%	0.08%	1.52%
Legacy Ag Credit, ACA	253,995	1.32%	318,009	62,866	20.38%	0.97%	1.26%
Lone Star, ACA	1,678,640	8.72%	2,070,549	382,200	16.56%	0.28%	2.01%
Louisiana Land Bank, ACA	783,462	4.07%	962,394	172,467	15.94%	0.73%	1.75%
Mississippi Land Bank, ACA	716,122	3.72%	874,514	144,530	14.68%	0.09%	1.61%
Plains Land Bank, FLCA	697,805	3.62%	844,837	137,300	14.46%	0.12%	1.52%
Southern AgCredit, ACA	1,042,564	5.41%	1,254,286	190,928	14.26%	0.30%	1.89%
Texas Farm Credit Services	1,459,247	7.58%	1,715,552	234,229	12.15%	0.50%	2.38%
Totals	\$ 19,260,267	100.00%	\$ 23,394,469	\$ 3,900,241			

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	1616 S. Kentucky Street, Suite C-250, Amarillo, TX 79102	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