



**proud partner serving**  
*agriculture*



## INTRODUCTION AND TEXAS FARM CREDIT DISTRICT OVERVIEW

*(Unaudited)*

The Farm Credit Bank of Texas (the Bank) and its affiliated associations, collectively referred to as the Texas Farm Credit District (the Texas District), are part of the Farm Credit System (the System). The System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. The Texas District's chartered territory includes the states of Texas, Alabama, Mississippi, Louisiana and most of New Mexico. As of June 30, 2024, the Bank served one Federal Land Credit Association (FLCA) and 12 Agricultural Credit Associations (ACAs) (collectively referred to as Associations). The Bank also serves certain Other Financing Institutions (OFIs), which are not part of the System.

The U.S. Congress authorized the creation of the first System institutions in 1916 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 System is a cooperative structure. Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services.

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). On behalf of the four System banks, the Funding Corporation issues a variety of Federal Farm Credit Banks Combined Systemwide Debt Securities with broad ranges of maturities and structures. Each System bank has exposure to Systemwide credit risks because it is jointly and severally liable for all debt issued by the Funding Corporation. The associations in each district receive funding from their System bank and, in turn, provide credit to their borrower-shareholders. The associations have specific lending authority within their chartered territories and are subject to examination and regulation by an independent federal agency, the Farm Credit Administration.

The following commentary reviews the combined financial statements of condition and results of operations of the Texas District for the three and six months ended June 30, 2024.

**COMBINED FINANCIAL HIGHLIGHTS**

| (in thousands)   | June 30, 2024 | December 31, 2023 |
|--|---------------|-------------------|
| Total loans  | \$ 38,242,294 | \$ 37,720,675     |
| Allowance for credit losses on loans   | 119,407       | 121,261           |
| Net loans  | 38,122,887    | 37,599,414        |
| Total assets   | 46,796,287    | 45,906,962        |
| Total members' equity  | 6,109,387     | 5,497,476         |
| <b>Six Months Ended June 30,</b>   | <b>2024</b>   | <b>2023</b>       |
| Net interest income  | \$ 584,247    | \$ 558,222        |
| Provision for credit losses on loans   | 18,518        | 42,396            |
| Net fee income   | 19,504        | 19,755            |
| Net income   | \$ 347,350    | \$ 291,858        |
| Net interest margin  | 2.60 %        | 2.53 %            |
| Net loan charge-offs (recoveries) as a percentage of average loans               | 0.11          | 0.08              |
| Return on average assets (ROA)   | 1.51          | 1.29              |
| Return on average shareholders' equity (ROE)                                     | 12.16         | 10.80             |
| Operating expenses as a percentage of net interest income and noninterest income | 41.89         | 44.36             |
| Average loans  | \$ 37,998,865 | \$ 37,154,223     |
| Average interest earning assets  | 45,136,940    | 44,497,232        |
| Average total assets   | 46,178,875    | 45,600,662        |

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*(dollars in thousands, except as noted)*

**CONDITIONS IN THE TEXAS DISTRICT**

The Texas District continues to fulfill its mission to support agriculture and rural communities by providing access to reliable and consistent credit in the midst of financial and macroeconomic volatility driven by factors such as elevated interest rates and inflationary pressures. Despite the challenging operating environment, credit quality at the Texas District has remained strong. Volatility in risk ratings is likely to remain a concern in the near future due to the persistence of inflationary pressure, the relatively high cost of debt and an underlying recession risk.

According to the U.S. Bureau of Labor Statistics (BLS), the Consumer Price Index for All Urban Consumers (CPI) increased by 3.0 percent for the 12-month period ending June 2024, remaining above the Federal Reserve's long-term target of approximately 2.0 percent. However, the rate of increase in the CPI decreased month-over-month (MOM) from 3.3 percent, remaining unchanged from the same period a year ago. Since July 2023, the Federal Open Market Committee (FOMC) has maintained the target federal funds rate within the 5.25 – 5.50 percent range. At the June 2024 meeting, the FOMC stated that it does not expect it will be appropriate to reduce the target federal funds rate until it has gained greater confidence that inflation is moving sustainably toward 2.0 percent. Participants were resolute in their commitment to bring inflation down to the 2.0 percent long-run objective while achieving maximum employment.

On June 27, 2024, the U.S. Bureau of Economic Analysis (BEA) released its third estimate of real gross domestic product (GDP) for the first quarter of 2024. U.S. real GDP increased at an annual rate of 1.4 percent, down from 3.4 percent during the previous quarter and down from 2.2 percent during the same period a year ago. The increase in real GDP during the first quarter of 2024 primarily reflected increases in consumer spending, housing investment, business investment and state and local government spending that were partly offset by a decrease in inventory investment. Within the Texas District, first quarter 2024 annualized real GDP growth rates ranged from a low of -0.2 percent in Louisiana to a high of 2.9 percent in Alabama. Texas real GDP grew at an annual rate of 2.5 percent during the first quarter, above the national average. According to the International Monetary Fund's latest World Economic Outlook report released in April 2024, U.S. real GDP growth is projected to be 2.7 percent in 2024, up from an estimated annual increase of 2.5 percent in 2023.

Data from the BLS indicates that the U.S. unemployment rate increased MOM to 4.1 percent in June 2024, up from 4.0 percent in May and up from 3.6 percent during the same period a year ago. The May state unemployment rates in the Texas District ranged from a low of 2.8 percent in Mississippi to a high of 4.1 percent in Louisiana. The West Texas Intermediate (WTI) crude oil futures price (front-month) increased from an average of nearly \$77 per barrel in the first quarter to an average of about \$81 per barrel during the second quarter of 2024. Additionally, the average WTI price increased by approximately 9.7 percent (about \$7 per barrel) compared to the same period a year ago. In the July 2024 edition of the Short-Term Energy Outlook (STEO), the U.S. Energy Information Administration (EIA) estimated that the monthly average WTI spot price would be nearly \$82 per barrel in 2024 and \$84 per barrel in 2025, lower than the estimates provided a quarter ago. The WTI spot price closed above \$81 per barrel in June 2024.

On June 28, 2024, the U.S. Department of Agriculture (USDA) released its 2024 Acreage report. This annual report states that farmers are estimated to plant 91.5 million acres of corn in 2024, down approximately 3.3 percent from last year but up about 1.4 million acres (1.6 percent) from the estimate provided in the March 2024 Prospective Plantings report. Soybean planted area for 2024 is estimated at 86.1 million acres, up 3.0 percent from last year but down from the estimate provided in the March Prospective Plantings report. All wheat planted area for 2024 is estimated at 47.2 million acres, down about 4.7 percent from 2023. All cotton planted area was estimated at 11.7 million acres, about 14.1 percent above last year and up about 1.0 million acres (9.3 percent) from the March Prospective Plantings report. Overall, estimates from the June 2024 Acreage report indicate that farmers are planting more corn and cotton and fewer soybean and wheat acres than USDA projected in the March 2024 Prospective Plantings report. These estimates are derived via a survey conducted from May 30 to June 16 and are subject to change throughout the season.

According to USDA's July 2024 World Agricultural Supply and Demand Estimates (WASDE) report, average farm prices for corn, soybeans, wheat and cotton are estimated to have decreased during the 2023/24 season from a range of nearly 10.4 percent (cotton) to 28.9 percent (corn). Additionally, the prices of corn, soybeans, wheat and cotton are projected to continue to decrease but at a generally slower pace during the 2024/25 season. Projected declines range from about 7.5 percent for corn to 18.1 percent for wheat. Steer, barrow/gilt and broiler prices are projected to increase year-over-year (YOY) by 6.4 percent, 0.9 percent and 2.3 percent, respectively, in 2024, while turkey prices are projected to decline by an average of 31.7 percent. Subsequently, steer and turkey prices are projected to increase YOY in 2025 by about 2.2 percent and 11.8 percent, respectively. However, barrow/gilt and broiler prices are projected to decrease YOY by about 0.2 percent and 1.0 percent, respectively, in 2025. USDA estimates that after decreasing by nearly 20.0 percent in 2023, all-milk prices are projected to increase by 9.4 percent in 2024 from an average of \$20.3 per hundredweight (/cwt.) in 2023 to \$22.3/cwt. in 2024. All-milk prices are projected to continue increasing by about 1.1 percent in 2025. Front-month random length lumber futures

prices decreased during the second quarter of 2024 by about 17.8 percent, leading to a YOY decline of about 11.7 percent in June 2024.

According to a report issued in June 2024 by the Climate Prediction Center from the National Weather Service (NWS), La Niña is favored to develop with a 65 percent chance during July through September and to continue into winter 2024-25 (85 percent chance). Similarly, the seasonal temperature outlook indicates that above-normal temperatures are expected for most of the Texas District from July through September 2024. In terms of the precipitation outlook, Louisiana, Mississippi, Alabama and part of eastern Texas are expected to receive above normal precipitation, while West Texas and most of New Mexico are expected to experience below normal precipitation. Hurricane Beryl hit the Texas Gulf Coast, a major hub for the U.S. energy industry, on July 8. EIA's STEO report released on July 9 stated that they will continue to monitor the effects of Hurricane Beryl on critical energy infrastructure and will communicate important information in subsequent reports. Hurricane Beryl traveled up through East Texas, impacting crops, homes and agricultural infrastructure in its path. However, it is too early to know the magnitude of the impact. Agricultural producers and processors are expected to face several risk factors during 2024, including volatile commodity prices, high input costs, export market disruptions, geopolitical challenges and adverse weather conditions. The Texas District's loan portfolio is well-supported by industry diversification and conservative advance rates. Additionally, a high percentage of the Texas District's borrowers primarily rely on non-farm sources of income to repay their loans.

## **Results of Operations**

### *Net Income*

Net income for the Texas District was \$182.4 million for the three months ended June 30, 2024, an increase of \$34.4 million, or 23.21 percent, over the same period of 2023. The increase in net income was primarily driven by a \$11.5 million decrease in the provision for credit losses, a \$14.4 million increase in net interest income, a \$5.7 million increase in noninterest income and a \$2.9 million decrease in noninterest expense.

Net income for the Texas District was \$347.4 million for the six months ended June 30, 2023, an increase of \$55.5 million, or 19.01 percent, over the same period of 2023. The increase in net income was driven by a \$26.0 million increase in net interest income, a \$23.9 million decrease in the provision for credit losses, a \$2.8 million increase in noninterest income and a \$2.7 million decrease in noninterest expense.

### *Net Interest Income*

Net interest income for the three months ended June 30, 2024, was \$293.3 million, an increase of \$14.4 million, or 5.15 percent, over the same period of 2023, driven by a \$798.0 million increase in the Texas District's average earning assets. The net interest spread for the three months ended June 30, 2024, stayed consistent at 2.11 percent, attributable to a 57 basis point increase in the average yields on interest earning assets, offset by a 57 basis point increase in the average rate paid on interest-bearing liabilities. The net interest margin increased by 9 basis points to 2.60 percent compared to 2.51 percent for the same period of 2023. Net interest margin for the three months ended June 30, 2024 benefited from a 9 basis point increase in income earned on earning assets funded by noninterest-bearing sources.

Net interest income for the six months ended June 30, 2024 was \$584.2 million, an increase of \$26.0 million, or 4.66 percent, over the same period of 2023, driven by a \$639.7 million increase in District average earning assets, partially offset by a decrease in the net interest spread. The net interest spread for the six months ended June 30, 2024 decreased 3 basis points from 2.15 percent to 2.12 percent attributable to a 66 basis point increase in the average rate paid on interest-bearing liabilities, partially offset by a 63 basis point increase in the average yields on interest earning assets. The net interest margin increased by 7 basis points to 2.60 percent compared to 2.53 percent for the same period of 2023. Net interest margin for

the three months ended June 30, 2024 benefited from a 10 basis point increase in income earned on earning assets funded by noninterest-bearing sources.

#### *Provision for Credit Losses on Loans*

During the three months ended June 30, 2024, the provision for credit losses on loans totaled \$4.9 million, a decrease of \$11.5 million compared to \$16.4 million for the same period of 2023. The combined Associations recorded a provision for credit losses of \$1.8 million compared to \$6.7 million for the same period of 2023. The Bank recorded a provision for credit losses on loans of \$3.1 million compared to \$9.7 million for the same period of 2023.

The provision for credit losses on loans for the combined Associations during the three months ended June 30, 2024, is primarily due to increases in general reserves for new lending activities, partially offset by the reversal of specific reserves from higher underlying collateral valuations for an agribusiness loan that moved to other property owned.

The Bank's provision for credit losses on loans for the three months ended June 30, 2024, was due primarily to specific reserves and related charge-offs for certain agribusiness loans, partially offset by the reversal of specific reserves from higher underlying collateral valuations for an agribusiness loan that moved to other property owned.

The provision for credit losses on loans for the six months ended June 30, 2024 totaled \$18.5 million, a decrease of \$23.9 million from the provision for credit losses on loans of \$42.4 million recorded for the same period of 2023. The combined Associations recorded a provision for credit losses on loans of \$11.4 million for the six months ended June 30, 2024, as compared to \$10.3 million for the same period of 2023. The Bank recorded a provision for credit losses on loans of \$7.1 million compared to \$32.1 million for the same period of 2023.

The provision for credit losses on loans for the combined Associations during the six months ended June 30, 2024, reflects credit deterioration in a few select borrowers in the production and intermediate-term and agribusiness sectors as well as increases in general reserves for new lending activities and elevated economic scenario risk relative to December 31, 2023.

The Bank's provision for credit losses on loans for the six months ended June 30, 2024, reflects specific reserves and related charge-offs for certain agribusiness loans and an increase in general reserves due to higher qualitative reserves and elevated economic scenario risk relative to December 31, 2023.

#### *Noninterest Income*

Noninterest income for the three months ended June 30, 2024, was \$22.4 million, an increase of \$5.7 million, or 33.85 percent, compared to the same period of 2023. The increase is driven by a return of excess insurance funds from the Farm Credit System Insurance Corporation (FCSIC) in April 2024 of \$12.6 million, partially offset by the recognition of valuation losses on investments in certain Rural Business Investment Corporations (RBICs) and losses on loans sold and held for sale in the Bank's capital markets loan portfolio.

Noninterest income for the six months ended June 30, 2024 was \$45.4 million, an increase of \$2.8 million, or 6.50 percent, compared to the same period of 2023. The increase was driven by a return of excess insurance funds from FCSIC in April 2024 of \$12.6 million and an increase in patronage income of \$3.4 million, partially offset by the recognition of valuation losses on RBICs and losses on loans sold and held for sale in the Bank's capital markets loan portfolio.

*Noninterest Expense*

Noninterest expense for the three months ended June 30, 2024, totaled \$128.3 million, a decrease of \$2.9 million, or 2.20 percent, from the same period of 2023. The decrease was primarily driven by a decrease in Farm Credit System Insurance Corporation (FCSIC) premiums of \$6.7 million due to a decrease in the FCSIC premium rate assessed during 2024, partially offset by an increase in salaries and employee benefits of \$1.5 million, an increase in purchased services of \$1.6 million and an increase in occupancy and equipment of \$763 thousand.

Noninterest expense for the six months ended June 30, 2024, totaled \$263.8 million, a decrease of \$2.7 million, or 1.03 percent, from the same period of 2023. The decrease in noninterest expense for the six months ended June 30, 2024 was primarily driven by a \$13.5 million decrease in FCSIC premiums due to a decrease in the FCSIC premium rate assessed during 2024, partially offset by a \$3.9 million increase in salaries and employee benefits, a \$2.7 million increase in occupancy and equipment for software licensing and depreciation expense and a \$3.4 million increase in other operating expenses.

**Loan Portfolio**

The following table summarizes Texas District loans by loan type:

|  | June 30, 2024        | December 31, 2023    |
|--|----------------------|----------------------|
| Real estate mortgage                         | \$ 22,929,111        | \$ 22,507,216        |
| Production and intermediate-term             | 5,392,086            | 5,293,706            |
| Agribusiness:                                |                      |                      |
| Loans to cooperatives                        | 622,049              | 629,393              |
| Processing and marketing                     | 4,872,832            | 4,965,804            |
| Farm-related business                        | 683,075              | 579,206              |
| Communications                               | 1,092,109            | 1,180,113            |
| Energy (rural utilities)                     | 1,746,977            | 1,599,892            |
| Water and waste disposal                     | 373,641              | 423,731              |
| Rural residential real estate                | 255,148              | 263,188              |
| International                                | 165,429              | 157,693              |
| Mission-related                              | 26,837               | 29,869               |
| Loans to other financing institutions (OFIs) | 51,002               | 55,304               |
| Lease receivables                            | 31,998               | 35,560               |
| <b>Total loans</b>                           | <b>\$ 38,242,294</b> | <b>\$ 37,720,675</b> |

The Texas District loan portfolio consists of only retail loans. The Bank's loans to the Texas District Associations, also referred to as direct notes, have been eliminated in the combined financial statements. Total Texas District loan volume at June 30, 2024, was \$38.24 billion, an increase of \$521.6 million, or 1.38 percent, from the \$37.72 billion loan portfolio balance at December 31, 2023. The loan volume increase of \$521.6 million during the six months ended June 30, 2024, was driven by a \$671.0 million increase in the Texas District Associations' loan portfolios, partially offset by a \$149.3 million decrease in the Bank's capital markets loan portfolio.

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 Texas District Associations, which may exceed their hold limits, the Bank seeks the purchase of participations and syndications originated outside the Texas District's territory by other System institutions, commercial banks and other lenders. The Bank's capital markets loan portfolio depends to a significant degree on

other relationships with other Farm Credit institutions. These loans may be held as earning assets of the Bank or sub-participated to the Texas District Associations or other System entities.

### Loan Quality

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

- Acceptable – assets 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 the amortized cost of loans (principal balance adjusted for discounts, premiums, charge-offs, recoveries and deferred loan fees and costs) classified under the Uniform Loan Classification System by origination year as of June 30, 2024 and December 31, 2023:

| June 30, 2024                     | Acceptable   | OAEM (Special<br>Mention) | Substandard/<br>Doubtful | Total        | Gross Charge-offs<br>for the Six Months<br>Ended June 30, 2024 |
|-----------------------------------|--------------|---------------------------|--------------------------|--------------|--|
| 2024                              | \$2,583,681  | \$ 23,841                 | \$ 13,588                | \$ 2,621,110 | \$ 279   |
| 2023                              | 4,698,668    | 42,177                    | 56,780                   | 4,797,625    | 288  |
| 2022                              | 5,990,734    | 101,050                   | 48,567                   | 6,140,351    | 5  |
| 2021                              | 6,893,932    | 91,852                    | 40,864                   | 7,026,648    | 11,786   |
| 2020                              | 4,133,439    | 82,685                    | 75,426                   | 4,291,550    | 1  |
| Prior to 2020                     | 7,331,525    | 105,063                   | 74,620                   | 7,511,208    | 6,130  |
| Revolving loans                   | 5,392,566    | 142,456                   | 125,091                  | 5,660,113    | 3,872  |
| Revolving loans converted to term | 191,931      | 627                       | 1,131                    | 193,689      | —  |
| Total                             | \$37,216,476 | \$ 589,751                | \$ 436,067               | \$38,242,294 | \$ 22,362  |
| Percentage                        | 97.32 %      | 1.54 %                    | 1.14 %                   | 100.00 %     |  |

| December 31, 2023                 | Acceptable          | OAEM (Special Mention) | Substandard/Doubtful | Total               | Total gross charge-offs for the year ended December 31, 2023 |
|-----------------------------------|---------------------|------------------------|----------------------|---------------------|--|
| 2023                              | \$ 4,905,277        | \$ 42,717              | \$ 54,014            | \$ 5,002,008        | \$ 1,601   |
| 2022                              | 6,422,981           | 84,052                 | 52,414               | 6,559,447           | 5,972  |
| 2021                              | 7,277,276           | 95,811                 | 57,127               | 7,430,214           | 25   |
| 2020                              | 4,508,421           | 107,165                | 63,610               | 4,679,196           | 1  |
| 2019                              | 2,049,172           | 31,487                 | 51,445               | 2,132,104           | 9,008  |
| Prior to 2019                     | 6,000,062           | 66,687                 | 52,095               | 6,118,844           | 3,921  |
| Revolving loans                   | 5,233,151           | 108,312                | 79,653               | 5,421,116           | 8,345  |
| Revolving loans converted to term | 374,035             | 3,311                  | 400                  | 377,746             | —  |
| Total                             | <u>\$36,770,375</u> | <u>\$ 539,542</u>      | <u>\$ 410,758</u>    | <u>\$37,720,675</u> | <u>\$ 28,873</u>   |
| Percentage                        | <u>97.48 %</u>      | <u>1.43 %</u>          | <u>1.09 %</u>        | <u>100.00 %</u>     |  |

Overall credit quality in the Texas District and at the Texas District Associations remained strong at June 30, 2024. Loans classified as acceptable or OAEM as a percentage of total loans were 98.86 percent and 98.91 percent at June 30, 2024 and December 31, 2023, respectively.

The table below summarizes the amortized cost of the Texas District's nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned, at June 30, 2024 and December 31, 2023.

|  | June 30, 2024     | December 31, 2023 |
|--|-------------------|-------------------|
| <b>Nonaccrual loans:</b>                             |                   |                   |
| Real estate mortgage                                 | \$ 50,766         | \$ 39,118         |
| Production and intermediate-term                     | 5,780             | 45,073            |
| Agribusiness   | 55,014            | 40,558            |
| Energy and water/waste disposal                      | 5,096             | 5,801             |
| Rural residential real estate                        | 517               | 342               |
| <b>Total nonaccrual loans</b>                        | <u>117,173</u>    | <u>130,892</u>    |
| <b>Accruing loans 90 days or more past due</b>       |                   |                   |
| Real estate mortgage                                 | 2,379             | 1,193             |
| Production and intermediate-term                     | 532               | 339               |
| Agribusiness   | 39,559            | —                 |
| Mission-related                                      | 295               | 1,101             |
| <b>Total accruing loans 90 days or more past due</b> | <u>42,765</u>     | <u>2,633</u>      |
| <b>Total nonperforming loans</b>                     | <u>159,938</u>    | <u>133,525</u>    |
| <b>Other property owned</b>                          | <u>36,851</u>     | <u>37,032</u>     |
| <b>Total nonperforming assets</b>                    | <u>\$ 196,789</u> | <u>\$ 170,557</u> |

The Texas District's nonaccrual loans decreased by \$13.7 million, or 10.48 percent, from \$130.9 million at December 31, 2023, to \$117.2 million at June 30, 2024. The decrease reflects the move of a large production and intermediate-term loan to other property owned (OPO) and associated charge-offs, partially offset by credit deterioration among select borrowers in the real estate mortgage and agribusiness loan sectors. OPO is held for sale and consists of real and personal property acquired through collection activities. The increase in the District's accruing loans 90 days or more past compared to December 31, 2023 is due to the increase in the agribusiness loan sector.

At June 30, 2024, \$58.3 million, or 49.76 percent, of nonaccrual loans were current as to principal and interest, compared to \$44.8 million, or 34.26 percent, of nonaccrual loans at December 31, 2023.

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment:

| <b>June 30, 2024</b>                | <b>30-89 Days<br/>Past Due</b> | <b>90 Days or<br/>More Past<br/>Due</b> | <b>Total Past Due</b> | <b>Not Past Due or<br/>Less Than 30<br/>Days Past Due</b> | <b>Total Loans</b>   | <b>Accruing<br/>Loans 90 Days<br/>or More Past<br/>Due</b> |
|-------------------------------------|--------------------------------|---|-----------------------|---|----------------------|--|
| Real estate mortgage                | \$ 145,875                     | \$ 30,222                               | \$ 176,097            | \$ 22,753,014   | \$ 22,929,111        | \$ 2,379   |
| Production and<br>intermediate-term | 12,836                         | 2,042                                   | 14,878                | 5,377,208   | 5,392,086            | 532  |
| Agribusiness                        | 2,752                          | 57,814                                  | 60,566                | 6,117,390   | 6,177,956            | 39,559   |
| Communications                      | —                              | —                                       | —                     | 1,092,109   | 1,092,109            | —  |
| Energy and water/waste<br>disposal  | —                              | 431                                     | 431                   | 2,120,187   | 2,120,618            | —  |
| Rural residential real<br>estate    | 2,062                          | 13                                      | 2,075                 | 253,073   | 255,148              | —  |
| International                       | —                              | —                                       | —                     | 165,429   | 165,429              | —  |
| Mission-related                     | 2,261                          | 295                                     | 2,556                 | 24,281  | 26,837               | 295  |
| Loans to OFIs                       | —                              | —                                       | —                     | 51,002  | 51,002               | —  |
| Lease receivables                   | —                              | —                                       | —                     | 31,998  | 31,998               | —  |
| <b>Total loans</b>                  | <b>\$ 165,786</b>              | <b>\$ 90,817</b>                        | <b>\$ 256,603</b>     | <b>\$ 37,985,691</b>                                      | <b>\$ 38,242,294</b> | <b>\$ 42,765</b>   |

| <b>December 31, 2023</b>            | <b>30-89 Days<br/>Past Due</b> | <b>90 Days or<br/>More Past Due</b> | <b>Total Past Due</b> | <b>Not Past Due or<br/>Less Than 30<br/>Days Past Due</b> | <b>Total Loans</b>   | <b>Accruing<br/>Loans 90 Days<br/>or More Past<br/>Due</b> |
|-------------------------------------|--------------------------------|-------------------------------------|-----------------------|---|----------------------|--|
| Real estate mortgage                | \$ 128,365                     | \$ 11,150                           | \$ 139,515            | \$ 22,367,701   | \$ 22,507,216        | \$ 1,193   |
| Production and<br>intermediate-term | 58,982                         | 8,500                               | 67,482                | 5,226,224   | 5,293,706            | 339  |
| Agribusiness                        | 3,237                          | 28,410                              | 31,647                | 6,142,756   | 6,174,403            | —  |
| Communications                      | —                              | —                                   | —                     | 1,180,113   | 1,180,113            | —  |
| Energy and water/waste<br>disposal  | —                              | —                                   | —                     | 2,023,623   | 2,023,623            | —  |
| Rural residential real<br>estate    | 2,180                          | 138                                 | 2,318                 | 260,870   | 263,188              | —  |
| International                       | —                              | —                                   | —                     | 157,693   | 157,693              | —  |
| Mission-related                     | 2,418                          | 1,101                               | 3,519                 | 26,350  | 29,869               | 1,101  |
| Loans to OFIs                       | —                              | —                                   | —                     | 55,304  | 55,304               | —  |
| Lease receivables                   | 1,507                          | —                                   | 1,507                 | 34,053  | 35,560               | —  |
| <b>Total loans</b>                  | <b>\$ 196,689</b>              | <b>\$ 49,299</b>                    | <b>\$ 245,988</b>     | <b>\$ 37,474,687</b>                                      | <b>\$ 37,720,675</b> | <b>\$ 2,633</b>  |

A summary of changes in the allowance for credit losses on loans and the allowance for credit losses on unfunded commitments are as follows:

|   | Real Estate<br>Mortgage | Production and<br>Intermediate-<br>Term | Agri-<br>business | Communi-<br>cations | Energy and<br>Water/Waste<br>Disposal | Rural<br>Residential<br>Real Estate | Inter-<br>national | Mission-<br>Related | Loans to<br>OFIs | Lease<br>Receivables | Total             |
|---|-------------------------|---|-------------------|---------------------|---------------------------------------|-------------------------------------|--------------------|---------------------|------------------|----------------------|-------------------|
| <b>Allowance for Credit Losses on loans:</b>  |                         |   |                   |                     |                                       |                                     |                    |                     |                  |                      |                   |
| <b>Balance at March 31, 2024</b>  | \$ 53,290               | \$ 30,220                               | \$ 32,625         | \$ 2,584            | \$ 5,810                              | \$ 636                              | \$ 162             | \$ 13               | \$ —             | \$ 740               | \$ 126,080        |
| Charge-offs   | 2                       | (6,742)                                 | (6,040)           | —                   | —                                     | —                                   | —                  | —                   | —                | —                    | (12,780)          |
| Recoveries  | 1                       | 150                                     | 2                 | —                   | —                                     | —                                   | —                  | 106                 | —                | —                    | 259               |
| Provision for credit losses<br>(credit loss reversal)                               | 1,452                   | (6,002)                                 | 10,664            | 18                  | (226)                                 | 43                                  | (11)               | (107)               | —                | 18                   | 5,849             |
| <b>Balance at June 30, 2024</b>   | <b>\$ 54,745</b>        | <b>17,626</b>                           | <b>\$37,251</b>   | <b>\$2,602</b>      | <b>\$5,584</b>                        | <b>\$679</b>                        | <b>\$151</b>       | <b>\$12</b>         | <b>\$ —</b>      | <b>\$758</b>         | <b>\$ 119,408</b> |
| <b>Balance at December 31, 2023</b>   | <b>\$ 54,375</b>        | <b>\$ 25,677</b>                        | <b>\$ 32,207</b>  | <b>\$ 2,337</b>     | <b>\$ 5,227</b>                       | <b>\$ 670</b>                       | <b>\$ 119</b>      | <b>\$ 12</b>        | <b>\$ —</b>      | <b>\$ 637</b>        | <b>\$ 121,261</b> |
| Charge-offs   | (139)                   | (7,218)                                 | (14,994)          | —                   | —                                     | (11)                                | —                  | —                   | —                | —                    | (22,362)          |
| Recoveries  | 54                      | 534                                     | 188               | —                   | —                                     | —                                   | —                  | 106                 | —                | 333                  | 1,215             |
| Provision for credit losses/<br>(Credit loss reversal) on loans                     | 455                     | (1,367)                                 | 19,850            | 265                 | 357                                   | 20                                  | 32                 | (106)               | —                | (212)                | 19,294            |
| <b>Balance at June 30, 2024</b>   | <b>\$ 54,745</b>        | <b>\$ 17,626</b>                        | <b>\$ 37,251</b>  | <b>\$ 2,602</b>     | <b>\$ 5,584</b>                       | <b>\$ 679</b>                       | <b>\$ 151</b>      | <b>\$ 12</b>        | <b>\$ —</b>      | <b>\$ 758</b>        | <b>\$ 119,408</b> |
| <b>Balance at March 31, 2023</b>  | <b>\$ 51,288</b>        | <b>\$ 11,284</b>                        | <b>\$ 37,478</b>  | <b>\$ 1,599</b>     | <b>\$ 5,866</b>                       | <b>\$ 713</b>                       | <b>\$ 108</b>      | <b>\$ 18</b>        | <b>\$ —</b>      | <b>\$ 658</b>        | <b>\$ 109,012</b> |
| Charge-offs   | (15)                    | —                                       | (1,018)           | —                   | —                                     | —                                   | —                  | —                   | —                | (334)                | (1,367)           |
| Recoveries  | (16)                    | 122                                     | 6                 | —                   | 48                                    | —                                   | —                  | 10                  | —                | —                    | 170               |
| Provision for credit losses<br>(credit loss reversal)                               | (795)                   | 12,318                                  | 5,265             | 79                  | (410)                                 | (36)                                | (18)               | (14)                | —                | 265                  | 16,654            |
| <b>Balance at June 30, 2023</b>   | <b>\$ 50,462</b>        | <b>\$ 23,724</b>                        | <b>\$ 41,731</b>  | <b>\$ 1,678</b>     | <b>\$ 5,504</b>                       | <b>\$ 677</b>                       | <b>\$ 90</b>       | <b>\$ 14</b>        | <b>\$ —</b>      | <b>\$ 589</b>        | <b>\$ 124,469</b> |
| <b>Balance at December 31, 2022</b>   | <b>\$ 44,759</b>        | <b>\$ 13,539</b>                        | <b>\$ 21,628</b>  | <b>\$ 959</b>       | <b>\$ 3,700</b>                       | <b>\$ 319</b>                       | <b>\$ 80</b>       | <b>\$ 63</b>        | <b>\$ —</b>      | <b>\$ 470</b>        | <b>\$ 85,517</b>  |
| Adjustment in beginning balance<br>due to change in accounting<br>for credit losses | 5,969                   | (3,237)                                 | 5,286             | 382                 | 623                                   | 375                                 | 15                 | (10)                | —                | 208                  | 9,612             |
| Balance at January 1, 2023  | 50,728                  | 10,302                                  | 26,915            | 1,341               | 4,323                                 | 694                                 | 95                 | 53                  | —                | 678                  | 95,129            |
| Charge-offs   | (75)                    | (1,783)                                 | (12,141)          | —                   | —                                     | —                                   | —                  | —                   | —                | (710)                | (14,710)          |
| Recoveries  | 67                      | 183                                     | 8                 | —                   | 48                                    | —                                   | —                  | 16                  | —                | —                    | 322               |
| Provision for credit losses<br>(credit loss reversal)                               | (258)                   | 15,022                                  | 26,950            | 337                 | 1,133                                 | (17)                                | (5)                | (55)                | —                | 621                  | 43,728            |
| <b>Balance at June 30, 2023</b>   | <b>\$ 50,462</b>        | <b>\$ 23,724</b>                        | <b>\$ 41,731</b>  | <b>\$ 1,678</b>     | <b>\$ 5,504</b>                       | <b>\$ 677</b>                       | <b>\$ 90</b>       | <b>\$ 14</b>        | <b>\$ —</b>      | <b>\$ 589</b>        | <b>\$ 124,469</b> |
| <b>Allowance for credit losses on unfunded commitments*</b>                         |                         |   |                   |                     |                                       |                                     |                    |                     |                  |                      |                   |
| <b>Balance at March 31, 2024</b>  | <b>\$ 362</b>           | <b>\$ 1,378</b>                         | <b>\$ 4,799</b>   | <b>\$ 136</b>       | <b>\$ 721</b>                         | <b>\$ 1</b>                         | <b>\$ 64</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 7,461</b>   |
| (Credit loss reversal)/Provision<br>for credit losses on loans                      | 121                     | 127                                     | (1,143)           | (16)                | (21)                                  | (1)                                 | (8)                | —                   | —                | —                    | (941)             |
| <b>Balance at June 30, 2024</b>   | <b>\$ 483</b>           | <b>\$ 1,505</b>                         | <b>\$ 3,656</b>   | <b>\$ 120</b>       | <b>\$ 700</b>                         | <b>\$ —</b>                         | <b>\$ 56</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 6,520</b>   |
| <b>Balance at December 31, 2023</b>   | <b>\$ 486</b>           | <b>\$ 1,129</b>                         | <b>\$ 4,749</b>   | <b>\$ 151</b>       | <b>\$ 714</b>                         | <b>\$ 1</b>                         | <b>\$ 66</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 7,296</b>   |
| (Credit loss reversal)/Provision<br>for credit losses on loans                      | (3)                     | 376                                     | (1,093)           | (31)                | (14)                                  | —                                   | (10)               | —                   | —                | —                    | (776)             |
| <b>Balance at June 30, 2024</b>   | <b>\$ 483</b>           | <b>\$ 1,505</b>                         | <b>\$ 3,656</b>   | <b>\$ 120</b>       | <b>\$ 700</b>                         | <b>\$ 1</b>                         | <b>\$ 56</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 6,520</b>   |
| <b>Balance at March 31, 2023</b>  | <b>\$ 459</b>           | <b>\$ 1,015</b>                         | <b>\$ 4,326</b>   | <b>\$ 164</b>       | <b>\$ 809</b>                         | <b>\$ —</b>                         | <b>\$ 59</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 6,832</b>   |
| Provision for credit losses/<br>(Credit loss reversal)                              | 32                      | 8                                       | (253)             | (35)                | (8)                                   | —                                   | 6                  | —                   | —                | —                    | (250)             |
| <b>Balance at June 30, 2023</b>   | <b>\$ 491</b>           | <b>\$ 1,023</b>                         | <b>\$ 4,073</b>   | <b>\$ 129</b>       | <b>\$ 801</b>                         | <b>\$ —</b>                         | <b>\$ 65</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 6,582</b>   |
| <b>Balance at December 31, 2022</b>   | <b>\$ 664</b>           | <b>\$ 1,935</b>                         | <b>\$ 2,221</b>   | <b>\$ 53</b>        | <b>\$ 307</b>                         | <b>\$ 1</b>                         | <b>\$ 32</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 5,213</b>   |
| Adjustment in beginning balance<br>due to change in accounting<br>for credit losses | 177                     | (897)                                   | 2,800             | 100                 | 489                                   | (1)                                 | 33                 | —                   | —                | —                    | 2,701             |
| Balance at January 1, 2023  | 841                     | 1,038                                   | 5,021             | 153                 | 796                                   | —                                   | 65                 | —                   | —                | —                    | 7,914             |
| (Credit loss reversal)/Provision<br>for credit losses                               | (350)                   | (15)                                    | (948)             | (24)                | 5                                     | —                                   | —                  | —                   | —                | —                    | (1,332)           |
| <b>Balance at June 30, 2023</b>   | <b>\$ 491</b>           | <b>\$ 1,023</b>                         | <b>\$ 4,073</b>   | <b>\$ 129</b>       | <b>\$ 801</b>                         | <b>\$ —</b>                         | <b>\$ 65</b>       | <b>\$ —</b>         | <b>\$ —</b>      | <b>\$ —</b>          | <b>\$ 6,582</b>   |

\*Allowance for credit losses on unfunded commitments are recorded in other liabilities.

Loans, net of the allowance for credit losses on loans, represented 81.47 percent of total assets at June 30, 2024 and 81.90 percent as of December 31, 2023, respectively.

## Investments

The Bank is responsible for meeting the Texas District's funding, liquidity and asset/liability management needs. While access to the unsecured debt capital markets remains the Texas 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. The Bank holds these investments on an available-for-sale

basis. Refer to the Bank's 2023 Annual Report for additional description of the types of investments and maturities. Additionally, the Texas District Associations have regulatory authority to enter into certain guaranteed investments that are typically mortgage-backed or asset-backed securities.

The Texas District's investment portfolio is summarized in the following table:

|  | Amortized Cost      | Unrealized Gains | Unrealized Losses   | Fair Value          |
|--|---------------------|------------------|---------------------|---------------------|
| <b>June 30, 2024</b>                   |                     |                  |                     |                     |
| Bank investments                       | \$ 7,428,542        | \$ 4,311         | \$ (580,105)        | \$ 6,852,748        |
| Texas District Association investments | 198,003             | 1,338            | (409)               | 198,933             |
| Total Texas District investments       | <u>\$ 7,626,545</u> | <u>\$ 5,649</u>  | <u>\$ (580,514)</u> | <u>\$ 7,051,681</u> |
| <b>December 31, 2023</b>               |                     |                  |                     |                     |
| Bank investments                       | \$ 7,178,757        | \$ 1,953         | \$ (570,281)        | \$ 6,610,429        |
| Texas District Association investments | 191,764             | 1,161            | (630)               | 192,295             |
| Total Texas District investments       | <u>\$ 7,370,521</u> | <u>\$ 3,114</u>  | <u>\$ (570,911)</u> | <u>\$ 6,802,724</u> |

The Texas District Associations' investments in the preceding tables include held-to-maturity securities with an amortized cost of \$2.0 million (unrealized net losses of \$41 thousand and a fair value of \$2.0 million) as of June 30, 2024, and an amortized cost of \$2.4 million (unrealized net losses of \$71 thousand and a fair value of \$2.4 million) as of December 31, 2023. These securities are reported at amortized cost and are included in investment securities on the balance sheets.

The Texas District evaluated its investment securities with unrealized losses for impairment during the six months ended June 30, 2024. As a result of the assessment, the Texas District concluded that it does not intend to sell any securities and it is more likely than not that it would not be required to sell any securities prior to recovery of the amortized cost basis. The Texas District concluded that a credit impairment did not exist at June 30, 2024.

### Capital Resources

The Texas District's equity totaled \$6.11 billion at June 30, 2024, including \$1.33 billion in preferred stock, \$72.9 million in capital stock and participation certificates, \$4.97 billion in retained earnings and \$254.9 million in additional paid-in-capital, partially offset by accumulated other comprehensive loss of \$519.9 million. On May 20, 2024, the Bank issued \$300.0 million of Class B perpetual non-cumulative subordinated preferred stock, Series 5 (Class B-5), representing 300,000 shares at \$1,000 per share par value, for net proceeds of \$296.8 million, with estimated issuance costs of \$3.2 million.

Borrower equity purchases required by Texas District Association capitalization bylaws, combined with a history of growth in retained earnings at Texas District Associations, have resulted in Texas District Associations being able to maintain strong capital positions. The \$6.11 billion equity position of the Texas District at June 30, 2024, increased by \$611.9 million compared to \$5.50 billion at December 31, 2023. The increase since December 31, 2023, was driven by the Bank's \$300.0 million issuance of preferred stock, a \$287.4 million increase in unallocated retained earnings, and a \$24.4 million decrease in accumulated other comprehensive loss.

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

|  | June 30, 2024       | December 31, 2023   |
|--|---------------------|---------------------|
| Unrealized losses on investment securities | \$ (574,867)        | \$ (567,798)        |
| Derivatives and hedging position           | 76,131              | 44,892              |
| Pension and postretirement plan position   | (21,170)            | (21,440)            |
| Total accumulated other comprehensive loss | <u>\$ (519,906)</u> | <u>\$ (544,346)</u> |

Accumulated other comprehensive loss totaled \$519.9 million at June 30, 2024, a decrease of \$24.4 million from December 31, 2023. The decrease in accumulated other comprehensive loss reflects a \$31.2 million increase in unrealized gains on derivatives related to changes in the valuation of interest rate swaps at the Bank, partially offset by an increase of \$7.1 million in unrealized losses on the Bank's available-for-sale investments. All changes are primarily attributable to changes in interest rates.

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

| June 30, 2024                      | Primary Components of Numerator   | Regulatory Minimums with Capital Conservation Buffers | Bank   | Texas District Associations |
|------------------------------------|---|---|--------|-----------------------------|
| <b>Risk adjusted:</b>              |   |   |        |                             |
| Common equity tier 1 capital ratio | Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity) <sup>1</sup>                                   | 7.00%   | 8.57%  | 10.95% - 18.38%             |
| Tier 1 capital ratio               | CET1 capital, noncumulative perpetual preferred stock   | 8.50%   | 14.00% | 11.69% - 18.38%             |
| Total capital ratio                | Tier 1 capital, allowance for credit losses <sup>2</sup> , common cooperative equities <sup>3</sup> and term preferred stock and subordinated debt <sup>4</sup> | 10.50%  | 14.22% | 12.05% - 18.70%             |
| Permanent capital ratio            | Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits                                       | 7.00%   | 14.02% | 11.73% - 18.44%             |
| <b>Non-risk adjusted:</b>          |   |   |        |                             |
| Tier 1 leverage ratio*             | Tier 1 capital  | 5.00%   | 6.01%  | 10.37% - 17.39%             |
| UREE leverage ratio                | URE and URE equivalents   | 1.50%   | 2.11%  | 3.98% - 17.10%              |

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

<sup>1</sup> Equities outstanding 7 or more years

<sup>2</sup> Capped at 1.25% of risk-adjusted assets

<sup>3</sup> Outstanding 5 or more years, but less than 7 years

<sup>4</sup> Outstanding 5 or more years

**Combined Balance Sheets**  
(Unaudited)

| (in thousands)                               | June 30, 2024 | December 31, 2023 |
|--|---------------|-------------------|
| <b>ASSETS</b>                                |               |                   |
| Cash   | \$ 61,082     | \$ 78,513         |
| Federal funds sold and overnight investments | 339,032       | 312,399           |
| Investment securities                        | 7,051,681     | 6,802,724         |
| Loans  | 38,242,294    | 37,720,675        |
| Less allowance for credit losses on loans    | 119,407       | 121,261           |
| Net loans                                    | 38,122,887    | 37,599,414        |
| Accrued interest receivable                  | 415,393       | 401,520           |
| Premises and equipment, net                  | 319,969       | 306,669           |
| Other assets                                 | 486,243       | 405,723           |
| Total assets                                 | \$ 46,796,287 | \$ 45,906,962     |
| <b>LIABILITIES</b>                           |               |                   |
| Bonds and notes                              | \$ 40,065,755 | \$ 39,483,325     |
| Accrued interest payable                     | 261,403       | 227,680           |
| Patronage distributions payable              | 2,048         | 288,004           |
| Preferred stock dividends payable            | 22,690        | 13,798            |
| Other liabilities                            | 335,004       | 396,679           |
| Total liabilities                            | 40,686,900    | 40,409,486        |
| <b>MEMBERS' EQUITY</b>                       |               |                   |
| Preferred stock                              | 1,330,000     | 1,030,000         |
| Capital stock and participation certificates | 72,851        | 72,834            |
| Allocated retained earnings                  | 1,091,946     | 1,091,910         |
| Unallocated retained earnings                | 3,879,600     | 3,592,182         |
| Additional paid-in-capital                   | 254,896       | 254,896           |
| Accumulated other comprehensive loss         | (519,906)     | (544,346)         |
| Total members' equity                        | 6,109,387     | 5,497,476         |
| Total liabilities and members' equity        | \$ 46,796,287 | \$ 45,906,962     |

**Combined Statements of Income***(Unaudited)*

| (in thousands)   | <b>Three Months Ended June 30,</b> |                   | <b>Six Months Ended June 30,</b> |                   |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
|  | <b>2024</b>                        | <b>2023</b>       | <b>2024</b>                      | <b>2023</b>       |
| <b>Interest income</b>   |                                    |                   |                                  |                   |
| Investment securities  | \$ 70,260                          | \$ 61,932         | \$ 135,259                       | \$ 115,677        |
| Loans  | 618,502                            | 553,388           | 1,223,659                        | 1,079,939         |
| <b>Total interest income</b>   | <b>688,762</b>                     | <b>615,320</b>    | <b>1,358,918</b>                 | <b>1,195,616</b>  |
| <b>Interest expense</b>  |                                    |                   |                                  |                   |
| Bonds and notes  | 327,603                            | 274,085           | 638,868                          | 518,419           |
| Notes payable and other  | 67,835                             | 62,278            | 135,803                          | 118,975           |
| <b>Total interest expense</b>  | <b>395,438</b>                     | <b>336,363</b>    | <b>774,671</b>                   | <b>637,394</b>    |
| <b>Net interest income</b>   | <b>293,324</b>                     | <b>278,957</b>    | <b>584,247</b>                   | <b>558,222</b>    |
| Provision for credit losses on loans   | 4,908                              | 16,404            | 18,518                           | 42,396            |
| <b>Net interest income after (credit loss reversal) provision for credit losses on loans</b> | <b>288,416</b>                     | <b>262,553</b>    | <b>565,729</b>                   | <b>515,826</b>    |
| <b>Noninterest income</b>  |                                    |                   |                                  |                   |
| Patronage income   | 6,476                              | 4,888             | 19,757                           | 16,331            |
| Fees for loan-related services   | 10,711                             | 10,238            | 19,504                           | 19,755            |
| Refunds from Farm Credit System Insurance Corporation  | 12,615                             | —                 | 12,615                           | —                 |
| Other income, net  | (7,440)                            | 1,581             | (6,505)                          | 6,514             |
| <b>Total noninterest income</b>  | <b>22,362</b>                      | <b>16,707</b>     | <b>45,371</b>                    | <b>42,600</b>     |
| <b>Noninterest expense</b>   |                                    |                   |                                  |                   |
| Salaries and employee benefits   | 72,653                             | 71,163            | 145,815                          | 141,950           |
| Occupancy and equipment  | 16,239                             | 15,476            | 37,127                           | 34,454            |
| Purchased services   | 10,701                             | 9,107             | 20,181                           | 19,396            |
| Farm Credit System Insurance Corporation expense   | 8,738                              | 15,465            | 17,566                           | 31,035            |
| Other operating expenses   | 19,972                             | 19,983            | 43,145                           | 39,738            |
| <b>Total noninterest expense</b>   | <b>128,303</b>                     | <b>131,194</b>    | <b>263,834</b>                   | <b>266,573</b>    |
| <b>Income before income taxes</b>  | <b>182,475</b>                     | <b>148,066</b>    | <b>347,266</b>                   | <b>291,853</b>    |
| Provision for income taxes (benefit from income taxes)                                       | 52                                 | 13                | (84)                             | (5)               |
| <b>Net income</b>  | <b>\$ 182,423</b>                  | <b>\$ 148,053</b> | <b>\$ 347,350</b>                | <b>\$ 291,858</b> |

## Select Information on Texas District Associations

(Unaudited)

(in thousands)

As of June 30, 2024

|                                | Direct<br>Notes | % of Total<br>Direct<br>Notes | Total<br>Assets | Total<br>Allowance<br>and Capital | Total<br>Capital<br>Ratio | Nonperforming<br>Loans as a % of<br>Total Loans | Annualized<br>ROA |
|--------------------------------|-----------------|-------------------------------|-----------------|-----------------------------------|---------------------------|---|-------------------|
| AgTexas Farm Credit Services   | \$ 2,769,330    | 10.62%                        | \$ 3,279,755    | \$ 473,626                        | 12.86%                    | 0.28%   | 2.04%             |
| AgTrust Farm Credit, ACA       | 2,595,394       | 9.95%                         | 3,066,145       | 496,021                           | 14.51%                    | 0.05%   | 2.15%             |
| Alabama Ag Credit, ACA         | 1,125,636       | 4.32%                         | 1,374,335       | 249,754                           | 15.90%                    | 0.51%   | 1.36%             |
| Alabama Farm Credit, ACA       | 986,922         | 3.79%                         | 1,149,649       | 159,514                           | 12.05%                    | 0.62%   | 1.21%             |
| Capital Farm Credit, ACA       | 10,937,532      | 41.96%                        | 12,999,437      | 1,963,833                         | 12.65%                    | 0.45%   | 2.25%             |
| Central Texas Farm Credit, ACA | 579,136         | 2.22%                         | 718,678         | 135,136                           | 16.66%                    | 0.09%   | 1.88%             |
| Heritage Land Bank, ACA        | 600,240         | 2.30%                         | 713,293         | 111,356                           | 13.83%                    | 1.65%   | 1.28%             |
| Legacy Ag Credit, ACA          | 316,614         | 1.21%                         | 388,418         | 70,434                            | 18.70%                    | 0.18%   | 1.30%             |
| Louisiana Land Bank, ACA       | 856,875         | 3.29%                         | 1,066,929       | 204,457                           | 17.27%                    | 0.28%   | 1.81%             |
| Mississippi Land Bank, ACA     | 886,960         | 3.40%                         | 1,080,291       | 175,585                           | 14.52%                    | 0.04%   | 1.57%             |
| Plains Land Bank, FLCA         | 926,839         | 3.55%                         | 1,107,213       | 177,009                           | 14.03%                    | 0.30%   | 2.09%             |
| Southern AgCredit, ACA         | 1,321,308       | 5.07%                         | 1,574,334       | 232,878                           | 13.47%                    | 0.01%   | 1.77%             |
| Texas Farm Credit Services     | 2,170,589       | 8.32%                         | 2,501,471       | 311,768                           | 12.49%                    | 0.54%   | 2.01%             |
| Totals                         | \$26,073,375    | 100.00%                       | \$31,019,948    | \$4,761,371                       |                           |   |                   |

## Texas District Contact Information

| Name of Entity                 | Headquarters Location   | Contact<br>Number | Website  |
|--------------------------------|---|-------------------|--|
| AgTexas Farm Credit Services   | 5004 N. Loop 289, Lubbock, Texas 79416                          | 806-687-4068      | <a href="http://www.agtexas.com">www.agtexas.com</a>                               |
| AgTrust Farm Credit, ACA       | 1611 Summit Avenue, Suite 325, Fort Worth, Texas 76102          | 817-332-6565      | <a href="http://www.agtrustaca.com">www.agtrustaca.com</a>                         |
| Alabama Ag Credit, ACA         | 7480 Halcyon Pointe Drive, Suite 201, Montgomery, Alabama 36117 | 334-270-8687      | <a href="http://www.alabamaagcredit.com">www.alabamaagcredit.com</a>               |
| Alabama Farm Credit, ACA       | 300 2nd Avenue SW, Cullman, Alabama 35055                       | 256-737-7128      | <a href="http://www.alabamafarmcredit.com">www.alabamafarmcredit.com</a>           |
| Capital Farm Credit, ACA       | 3000 Briarcrest Drive, Suite 601, Bryan, Texas 77802            | 979-822-3018      | <a href="http://www.capitalfarmcredit.com">www.capitalfarmcredit.com</a>           |
| Central Texas Farm Credit, ACA | 1026 Early Boulevard, Early, Texas 76802                        | 325-643-5563      | <a href="http://www.centraltexasfarmcredit.com">www.centraltexasfarmcredit.com</a> |
| Farm Credit Bank of Texas      | 4801 Plaza on the Lake Drive, Austin, Texas 78746               | 512-465-0400      | <a href="http://www.farmcreditbank.com">www.farmcreditbank.com</a>                 |
| Heritage Land Bank, ACA        | 4608 Kinsey Drive, Suite 100, Tyler, Texas 75703                | 903-534-4975      | <a href="http://www.heritagelandbank.com">www.heritagelandbank.com</a>             |
| Legacy Ag Credit, ACA          | 303 Connally Street, Sulphur Springs, Texas 75482               | 903-885-9566      | <a href="http://www.legacyaca.com">www.legacyaca.com</a>                           |
| Louisiana Land Bank, ACA       | 2413 Tower Drive, Monroe, Louisiana 71201                       | 318-387-7535      | <a href="http://www.louisianalandbank.com">www.louisianalandbank.com</a>           |
| Mississippi Land Bank, ACA     | 5509 Highway 51 North, Senatobia, Mississippi 38668             | 662-562-9671      | <a href="http://www.mslandbank.com">www.mslandbank.com</a>                         |
| Plains Land Bank, FLCA         | 5625 Fulton Drive, Amarillo, Texas 79109                        | 806-353-6688      | <a href="http://www.plainslandbank.com">www.plainslandbank.com</a>                 |
| Southern AgCredit, ACA         | 306 Commerce Center Drive, Ridgeland, Mississippi 39157         | 601-499-2820      | <a href="http://www.southernagcredit.com">www.southernagcredit.com</a>             |
| Texas Farm Credit Services     | 545 S. Highway 77, Robstown, Texas 78380                        | 361-387-8563      | <a href="http://www.texasfarmcredit.com">www.texasfarmcredit.com</a>               |