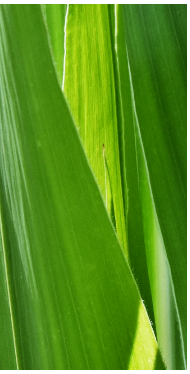
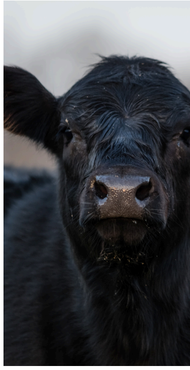
2025

Third Quarter Report








Texas Farm Credit District

Introduction and Texas Farm Credit District Overview

(Unaudited, dollars in thousands, except as noted)

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 September 30, 2025, the Bank served one Federal Land Credit Association (FLCA) and 11 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 cooperative's 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 nine months ended September 30, 2025.

Combined Financial Highlights

(dollars in thousands, except as noted)

		September 30, 2025		December 31, 2024
Total loans	$	**41,526,082**	$	39,797,143
Allowance for credit losses on loans		**171,412**		130,933
Net loans		**41,354,670**		39,666,210
Total assets		**50,438,561**		48,203,586
Total members' equity		**6,295,205**		5,809,862

Nine Months Ended September 30,		2025		2024
Net interest income	$	**927,111**	$	884,591
Provision for credit losses on loans		**106,882**		27,331
Net fee income		**39,089**		31,181
Net income		**490,517**		522,723
Net interest margin		**2.57 %**		2.60 %
Net loan charge-offs as a percentage of average loans		**0.21**		0.08
Return on average assets (ROA)		**1.33**		1.51
Return on average shareholders' equity (ROE)		**10.60**		11.93
Operating expenses as a percentage of net interest income and noninterest income		**40.49**		41.63
Average loans	$	**40,690,366**	$	38,141,627
Average interest earning assets		**48,324,259**		45,408,847
Average total assets		**49,376,132**		46,469,642

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. Despite the challenging operating environment, credit quality at the Texas District remains stable. Risk factors such as persistently high inflation, elevated cost of debt and uncertainty from an unprecedented trade policy are negatively impacting performance across many sectors.

The U.S. tariff landscape continues to be dynamic. On September 25, 2025, Reuters reported that the U.S. implemented a trade agreement with the European Union (EU), reducing tariffs on EU autos and auto parts from 25 to 15 percent, retroactive to August 1. Canada and Mexico trade remains largely governed by the United States-Mexico-Canada (USMCA) agreement, mostly tariff-free, but different tariffs apply to products outside the USMCA agreement. A suspension of reciprocal tariffs on China is in effect until November 10, 2025, as negotiations continue. Tariffs are exerting pressure on U.S. row crops by increasing production costs and dampening export demand. Through September 30, 2025, these effects have largely been offset through government support payments.

On October 1, 2025, the federal government of the United States began a shutdown. A government shutdown occurs when Congress fails to pass appropriations legislation (bills) for the upcoming fiscal year (e.g., 2026), which begins on October 1. The resulting impacts of the prolonged shutdown on the agricultural sector remain unclear at this time.

The percentage change in the Consumer Price Index (inflation) for All Urban Consumers increased month-over-month (MOM) for a second consecutive month in September to 3.0 percent from 2.9 percent in August 2025 and 2.7 percent in the prior quarter (June 2025). Year-over-year (YOY), inflation increased from 2.4 to 3.0 percent and remains above the Federal Reserve's long-term target of approximately 2.0 percent. The Federal Open Market Committee reduced the target federal funds range by another 25 basis points to 3.75-4.00 percent during the October 29, 2025 meeting, favoring the maximum employment goal of the dual mandate and judging that the downside risks to employment rose in recent months.

On September 25, 2025, the U.S. Bureau of Economic Analysis released its third estimate of real gross domestic product (GDP) for the second quarter of 2025. U.S. real GDP increased at an annual rate of 3.8 percent, up from a revised 0.6 percent decrease in the prior quarter and from a 3.6 percent increase in the year-ago period. The higher real GDP growth in the second quarter of 2025, primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending. These movements were partly offset by decreases in investment and exports. Within the Texas District, annualized real GDP growth in the second quarter of 2025, ranged from a decline of 0.9 percent in Mississippi to an increase of 6.8 percent in Texas. In general, real GDP increased quarter-over-quarter (QOQ) in all Texas District states, except for Mississippi. However, real GDP growth decelerated compared to the same period a year ago in all Texas District states, except for Texas.

The Bureau of Labor Statistics indicates that the U.S. unemployment rate was 4.3 percent in August 2025, slightly up from 4.2 percent reached in the previous month and during the same month last year. The August 2025 state unemployment rates in the Texas District ranged from a low of 2.9 percent in Alabama to a high of 4.4 percent in Louisiana. The Texas unemployment rate marginally declined YOY from 4.2 percent to 4.1 percent in August 2025. Overall, the unemployment rates in the Texas District remain relatively stable. September data has been delayed due to the government shutdown.

In terms of relevant Texas District commodities, the quarterly average West Texas Intermediate (WTI) crude oil spot price increased QOQ by nearly 2.0 percent but decreased YOY by about 14.0 percent as of the third quarter of 2025. The Energy Information Administration's October 2025 Short Term Energy Outlook indicates that the WTI crude oil spot price will average slightly above $65 per barrel in 2025 and about $48 per barrel in 2026. The crude oil price is expected to decline due to factors such as an expected increase in production from both the Organization of Petroleum Exporting Countries (OPEC+) and non-OPEC+ countries (e.g., Brazil, Canada, Guyana and the U.S.). The U.S. benchmark Henry Hub natural gas price averaged $3.66 per million British thermal units (MMBtu) in the first half of 2025, 67 percent higher than the 2024 annual average of $2.19/MMBtu.

The October 2025 edition of S&P Global Agricultural Commodity Price Watch estimated that U.S. average farm prices of key Texas District crops (e.g., cotton, corn, soybeans and wheat) decreased QOQ in the third quarter of 2025. Additionally, average soybeans, cotton and wheat farm prices also decreased YOY as of the third quarter of 2025, except for corn farm prices that increased YOY by about 1 percent. Quarterly average cattle and hog prices increased QOQ and YOY during the third quarter of 2025, as demand remains strong and supply is tight. Conversely, average broilers and dairy prices declined QOQ and YOY. In terms of lumber, the physical cash price, as compiled by Barchart, decreased QOQ in September 2025 but increased YOY by around 16 percent.

On September 3, 2025, the U.S. Department of Agriculture (USDA) released its latest 2025 Farm Income Forecast. Net farm income (nominal), a broad measure of profits, is forecasted at $179.8 billion in 2025 after increasing $52 billion or 40.7 percent relative to 2024. Total crop receipts are forecasted to decrease YOY by 2.5 percent to $236.6 billion in 2025, due to lower receipts for soybeans, corn and wheat. However, total animal and animal product receipts are projected to increase YOY by 11.2 percent to $298.6 billion in 2025, as receipts for cattle, eggs, hogs, broilers and turkeys are forecasted to rise. Total production expenses are forecasted to increase YOY by 2.6 percent to $467.4 billion in 2025. Farm sector assets and equity are both forecasted to increase by 4.7 percent. Farm sector debt is expected to increase by 5.0 percent in 2025.

The combined Drought Monitor for the five Texas District states as of October 14, 2025, indicates that drought area categorized as severe, extreme and exceptional improved from the prior quarter but remains slightly more severe (less than 5 percentage points) than the same period a year ago.

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.

Farm Bill

Approximately every five years, Congress considers legislation, commonly referred to as the “Farm Bill”, that sets national agriculture, nutrition, conservation and forestry policy. The last Farm Bill enacted was the Agricultural Improvement Act of 2018 that was extended twice to September 30, 2025. On July 4, 2025, the President signed H.R.1, known as the One Big Beautiful Bill Act into law, which enacted many of the provisions typically authorized and funded in a Farm Bill. This Act continues crucial commodities programs and increases spending for many agricultural programs over 10 years. Because the bill was passed using the budget reconciliation process, it could only include measures that directly affect federal spending or revenue. There is the potential for a separate, smaller Farm Bill being introduced before the end of 2025 to address outstanding issues.

RESULTS OF OPERATIONS

Net Income

Net income for the Texas District was $163.8 million for the three months ended September 30, 2025, a decrease of $11.5 million, or 6.58 percent, from the same period of 2024. The decrease in net income was primarily driven by a $29.5 million increase in the provision for credit losses on loans and a $3.8 million increase in noninterest expense, partially offset by a $12.0 million increase in net interest income and a $10.0 million increase in noninterest income.

Net income for the Texas District was $490.5 million for the nine months ended September 30, 2025, a decrease of $32.2 million, or 6.16 percent, from the same period of 2024. The decrease in net income was primarily driven by a $79.6 million increase in the provision for credit losses on loans and a $14.1 million increase in noninterest expense, partially offset by a $42.5 million increase in net interest income and an $18.9 million increase in noninterest income. The return on average assets decreased to 1.33 percent for the nine months ended September 30, 2025, from 1.51 percent for the nine months ended September 30, 2024.

Net Interest Income

Net interest income for the three months ended September 30, 2025, was $312.3 million, an increase of $12.0 million, or 3.98 percent, over the same period of 2024. The increase reflects the impact of a $3.14 billion increase in the Texas District's average interest earning assets. The net interest spread for the three months ended September 30, 2025 was 2.05 percent, a decrease of 4 basis points from the net interest spread for the three months ended September 30, 2024 of 2.09 percent. The decrease was attributable to a 19 basis points decrease in the average yields on interest earning assets, partially offset by a 15 basis point decrease in the average rate paid on interest-bearing liabilities. Net interest margin decreased by 8 basis points to 2.52 percent for the three months ended September 30, 2025, compared to 2.60 percent for the same period of 2024, reflecting lower net interest spread and a decrease of 4 basis points in earnings on assets funded by noninterest-bearing sources (principally capital).

Net interest income for the nine months ended September 30, 2025, was $927.1 million, an increase of $42.5 million, or 4.81 percent, over the same period of 2024. The increase reflects the impact of a $2.92 billion increase in the Texas District's average interest earning assets. The net interest spread for the nine months ended September 30, 2025, was 2.10 percent, a decrease of 2 basis points from the net interest spread for the nine months ended September 30, 2024, of 2.12 percent. The decrease was attributable to a 13 basis points decrease in the yield on average interest-earning assets, partially offset by an 11 basis points decrease in the average rate paid on interest-bearing liabilities. Net interest margin decreased by 3 basis points to 2.57 percent for the nine months ended September 30, 2025, compared to 2.60 percent for the same period of 2024.

Provision for Credit Losses on Loans

During the three months ended September 30, 2025, the provision for credit losses on loans totaled $38.4 million, an increase of $29.5 million compared to the same period of 2024. The combined Associations recorded a provision for credit losses on loans of $13.6 million for the three months ended September 30, 2025, compared to $3.9 million for the same period of 2024. The provision for credit losses on loans for the combined Associations during the three months ended September 30, 2025, reflects specific reserves for certain loans in the agribusiness and real estate mortgage loan sectors.

The Bank recorded a provision for credit losses on loans of $24.7 million for the three months ended September 30, 2025, compared to $4.9 million for the same period of 2024. The Bank's provision for credit losses on loans for the three months ended September 30, 2025, primarily reflects an increase in specific reserves for certain loans in the real estate mortgage and agribusiness loan sectors.

During the nine months ended September 30, 2025, the provision for credit losses on loans totaled $106.9 million, an increase of $79.6 million compared to the same period of 2024. The combined Associations recorded a provision for credit losses on loans of $52.8 million for the nine months ended September 30, 2025, compared to $15.3 million for the same period of 2024. The provision for credit losses on loans for the combined Associations during the nine months ended September 30, 2025, reflects specific reserves for certain loans in the production and intermediate-term, agribusiness and real estate mortgage loan sectors.

The Bank recorded a provision for credit losses on loans of $54.1 million for the nine months ended September 30, 2025, compared to $12.0 million for the same period of 2024. The Bank's provision for credit losses on loans for the nine months ended September 30, 2025, reflects increases in specific reserves for certain loans in the agribusiness, production and intermediate-term and real estate mortgage loan sectors and higher general reserves due to credit deterioration for select borrowers in the agribusiness loan sector.

Noninterest Income

Noninterest income for the three months ended September 30, 2025, was $22.5 million, an increase of $10.0 million, or 80.49 percent, compared to the same period of 2024. The increase compared to the prior year period was primarily attributable to an increase in fees for insurance services and lower losses on the valuations of certain Rural Business Investment Companies (RBICs).

Noninterest income for the nine months ended September 30, 2025, was $76.8 million, an increase of $18.9 million, or 32.74 percent, compared to the same period of 2024. The increase compared to the prior year period was primarily attributable to lower losses on the valuations of certain RBICs and the absence of losses on loans held for sale within the Bank's loan participation portfolio that were recognized in the nine months ended September 30, 2024. The increase was partially offset by a decrease in the return of excess insurance funds from the FCSIC of $5.1 million, as the Texas District received $7.5 million during the nine months ended September 30, 2025, compared to $12.6 million received during the nine months ended September 30, 2024.

Noninterest Expense

Noninterest expense for the three months ended September 30, 2025, totaled $132.4 million, an increase of $3.8 million, or 2.99 percent, from the same period of 2024. The increase in noninterest expense was primarily driven by an increase of $1.5 million in other expenses, largely driven by higher public and members relations expenses, an increase of $851 thousand in FCSIC expenses, an increase of $748 thousand in salary and employee benefits and an increase of $513 thousand in occupancy and equipment expenses.

Noninterest expense for the nine months ended September 30, 2025, totaled $406.5 million, an increase of $14.1 million, or 3.59 percent, from the same period of 2024. The increase in noninterest expense was primarily driven by an $8.9 million increase in salary and employee benefits, an increase of $2.0 million in FCSIC expenses, an increase of $1.6 million in public and members relations expenses, and an increase of $1.4 million in occupancy and equipment expenses.

The expense for FCSIC premiums is directly impacted by the premium rate assessed by FCSIC. The FCSIC board meets periodically throughout the year to review premium rates. On July 10, 2025, the FCSIC board announced that the FCSIC premium on adjusted insured debt would remain unchanged at 10 basis points for the remainder of 2025. Additionally, the assessment of 10 basis points continued on nonaccrual loans and impaired investments. The premium rates for 2024 were the same as applied for 2025. The increase in FCSIC expenses during the three and nine months ended September 30, 2025 was due to an increase in adjusted insured debt.

LOAN PORTFOLIO

The following table summarizes Texas District loans by loan type:

	September 30, 2025	December 31, 2024
Real estate mortgage	$ 24,466,827	$ 23,526,342
Production and intermediate-term	6,156,867	5,828,651
Agribusiness:		
Loans to cooperatives	645,596	571,612
Processing and marketing	5,568,594	5,423,930
Farm-related business	662,220	533,116
Communications	1,140,235	1,169,983
Energy (rural utilities)	2,063,820	1,776,002
Water and waste disposal	231,607	374,046
Rural residential real estate	251,839	251,242
International	221,641	229,549
Mission-related	31,167	30,512
Loans to other financing institutions (OFIs)	65,213	56,397
Lease receivables	20,456	25,761
Total	$ 41,526,082	$ 39,797,143

The Texas District loan portfolio consists predominantly of 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 September 30, 2025 was $41.53 billion, an increase of $1.73 billion, or 4.34 percent, from the $39.80 billion loan portfolio balance at December 31, 2024. The loan volume increase of $1.73 billion during the nine months ended September 30, 2025 was driven by a $1.41 billion, or 4.62 percent, increase in the Texas District Associations' loan portfolios and a $309.1 million, or 3.37 percent, increase 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 relationships with other Farm Credit institutions. These loans may be held as interest earning assets of the Bank or sub-participated to 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 or collateral pledged on the loan. Substandard classification is divided between viable and non-viable based on extent of weaknesses and likelihood of collection in full;
- 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 tables show 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 September 30, 2025 and December 31, 2024:

September 30, 2025	Acceptable	OAEM (Special Mention)	Substandard	Doubtful	Total	Gross Charge-offs for the Nine Months Ended September 30, 2025
2025	$ 5,062,329	$ 88,552	$ 54,862	$ —	$ 5,205,743	$ 3,136
2024	5,270,557	95,406	42,701	3,409	5,412,073	8,654
2023	3,695,859	110,079	83,404	337	3,889,679	1,563
2022	4,616,846	162,290	57,999	733	4,837,868	675
2021	5,374,511	69,125	100,385	—	5,544,021	125
2020 and prior	9,125,716	126,012	205,309	131	9,457,168	5,810
Revolving loans	6,581,638	247,336	125,232	1,240	6,955,446	45,784
Revolving loans converted to term loans	212,508	11,335	241	—	224,084	—
Total	$39,939,964	$ 910,135	$ 670,133	$ 5,850	$41,526,082	$ 65,747
Percentage	96.19 %	2.19 %	1.61 %	0.01 %	100.00 %	

December 31, 2024	Acceptable	OAEM (Special Mention)	Substandard	Doubtful	Total	Gross Charge-offs for the year ended December 31, 2024
2024	$ 5,684,316	$ 60,450	$ 40,600	$ —	$ 5,785,366	$ 146
2023	4,346,134	52,601	52,492	—	4,451,227	288
2022	5,414,618	149,932	28,236	4,579	5,597,365	5,633
2021	6,213,444	93,322	67,210	815	6,374,791	11,966
2020	3,829,858	79,368	77,932	—	3,987,158	542
2019 and prior	6,609,656	133,950	59,822	—	6,803,428	11,463
Revolving loans	6,278,482	282,281	130,936	1,380	6,693,079	9,835
Revolving loans converted to term loans	96,755	1,861	6,113	—	104,729	—
Total	$ 38,473,263	$ 853,765	$ 463,341	$ 6,774	$ 39,797,143	$ 39,873
Percentage	96.67 %	2.15 %	1.16 %	0.02 %	100.00 %	

Overall credit quality in the Texas District remained strong at September 30, 2025. Loans classified as acceptable or OAEM as a percentage of total loans were 98.38 percent and 98.82 percent at September 30, 2025 and December 31, 2024, respectively.

The table below summarizes the amortized cost of the Texas District's nonperforming assets:

	September 30, 2025	December 31, 2024
Nonaccrual loans:		
Real estate mortgage	**$ 190,408**	$ 59,931
Production and intermediate-term	**30,929**	69,411
Agribusiness	**109,274**	23,686
Energy and water/waste disposal	**1,416**	1,663
Rural residential real estate	**900**	466
Leases	**1,310**	386
Total nonaccrual loans	**334,237**	155,543
Accruing loans 90 days or more past due:		
Real estate mortgage	**5,635**	2,765
Production and intermediate-term	**306**	823
Agribusiness	**3,524**	—
Rural residential real estate	**—**	188
Mission-related	**1,320**	282
Total accruing loans 90 days or more past due	**10,785**	4,058
Total nonperforming loans	**345,022**	159,601
Other property owned	**6,319**	8,813
Total nonperforming assets	**$ 351,341**	$ 168,414

The Texas District's nonperforming loans are composed of nonaccrual loans and accruing loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and other property owned (OPO). Total nonperforming assets have increased by $182.9 million, or 108.62 percent, from $168.4 million at December 31, 2024, to $351.3 million at September 30, 2025. The increase was driven by a $178.7 million increase in nonaccrual loans and a $6.7 million increase in accruing loans 90 days or more past due, partially offset by a $2.5 million decrease in OPO. The increase in nonaccrual loans of $178.7 million, or 114.88 percent, reflects the credit deterioration among select borrowers in the real estate mortgage and agribusiness loan sectors, partially offset by repayments in the agribusiness loan sector and charge-offs primarily in the production and intermediate-term, agribusiness and real estate mortgage loan sectors. Loans that are accruing 90 days or more past due at September 30, 2025, are adequately secured and in the process of collection. OPO is held for sale and consists of real and personal property acquired through collection activities.

At September 30, 2025, $138.6 million, or 41.47 percent, of loans classified as nonaccrual were current as to principal and interest, compared to $88.6 million, or 56.95 percent, of nonaccrual loans at December 31, 2024.

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

September 30, 2025	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans
Real estate mortgage	**$ 198,469**	**$ 100,477**	**$ 298,946**	**$ 24,167,881**	**$ 24,466,827**
Production and intermediate-term	**39,718**	**23,884**	**63,602**	**6,093,265**	**6,156,867**
Agribusiness	**24,608**	**54,115**	**78,723**	**6,797,687**	**6,876,410**
Communications	**—**	**—**	**—**	**1,140,235**	**1,140,235**
Energy (rural utilities)	**—**	**429**	**429**	**2,063,391**	**2,063,820**
Water and waste disposal	**—**	**—**	**—**	**231,607**	**231,607**
Rural residential real estate	**2,649**	**297**	**2,946**	**248,893**	**251,839**
International	**—**	**—**	**—**	**221,641**	**221,641**
Mission-related	**1,456**	**1,320**	**2,776**	**28,391**	**31,167**
Loans to OFIs	**—**	**—**	**—**	**65,213**	**65,213**
Lease receivables	**87**	**—**	**87**	**20,369**	**20,456**
Total	**$ 266,987**	**$ 180,522**	**$ 447,509**	**$ 41,078,573**	**$ 41,526,082**

December 31, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans
Real estate mortgage	$ 178,601	$ 33,517	$ 212,118	$ 23,314,224	$ 23,526,342
Production and intermediate-term	26,825	2,361	29,186	5,799,465	5,828,651
Agribusiness	23,624	5,035	28,659	6,499,999	6,528,658
Communications	—	—	—	1,169,983	1,169,983
Energy (rural utilities)	—	—	—	1,776,002	1,776,002
Water and waste disposal	—	—	—	374,045	374,045
Rural residential real estate	3,510	188	3,698	247,545	251,243
International	—	—	—	229,549	229,549
Mission-related	1,534	282	1,816	28,696	30,512
Loans to OFIs	—	—	—	56,397	56,397
Lease receivables	386	—	386	25,375	25,761
Total	$ 234,480	$ 41,383	$ 275,863	$ 39,521,280	$ 39,797,143

A summary of changes in the allowance for credit losses on loans and the allowance for credit losses on unfunded commitments for the three and nine months ended September 30, 2025 are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Credit Losses on Loans:											
Balance at June 30, 2025	**$ 60,843**	**$ 20,642**	**$ 51,153**	**$ 2,777**	**$ 4,765**	**$ 636**	**$ 258**	**$ 9**	**—**	**$ 2,404**	**$ 143,487**
Charge-offs	**(136)**	**(427)**	**(9,637)**	**—**	**—**	**(3)**	**—**	**—**	**—**	**—**	**(10,203)**
Recoveries	**74**	**225**	**5**	**—**	**—**	**2**	**—**	**—**	**—**	**—**	**306**
Provision for credit losses/(Loan loss reversal)	**14,339**	**2,166**	**21,723**	**(221)**	**177**	**(31)**	**18**	**1**	**—**	**(350)**	**37,822**
Balance at September 30, 2025	**$ 75,120**	**$ 22,606**	**$ 63,244**	**$ 2,556**	**$ 4,942**	**$ 604**	**$ 276**	**$ 10**	**$ —**	**$ 2,054**	**$ 171,412**
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at June 30, 2025	**$ 876**	**$ 1,956**	**$ 4,095**	**$ 308**	**$ 1,838**	**$ 2**	**$ 55**	**$ —**	**$ —**	**$ —**	**$ 9,130**
Provision for credit losses/(Loan loss reversal)	**(50)**	**148**	**284**	**103**	**47**	**—**	**—**	**—**	**—**	**—**	**532**
Balance at September 30, 2025	**$ 826**	**$ 2,104**	**$ 4,379**	**$ 411**	**$ 1,885**	**$ 2**	**$ 55**	**$ —**	**$ —**	**$ —**	**$ 9,662**

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

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Credit Losses on Loans:											
Balance at December 31, 2024	**$ 59,970**	**$ 32,981**	**$ 29,389**	**$ 2,501**	**$ 3,719**	**$ 659**	**$ 298**	**$ 12**	**—**	**$ 1,404**	**$ 130,933**
Charge-offs	**(7,739)**	**(46,987)**	**(10,983)**	**—**	**—**	**(38)**	**—**	**—**	**—**	**—**	**(65,747)**
Recoveries	**170**	**373**	**821**	**—**	**—**	**2**	**—**	**—**	**—**	**—**	**1,366**
Provision for credit losses/(Loan loss reversal)	**22,719**	**36,239**	**44,017**	**55**	**1,223**	**(19)**	**(22)**	**(2)**	**—**	**650**	**104,860**
Balance at September 30, 2025	**$ 75,120**	**$ 22,606**	**$ 63,244**	**$ 2,556**	**$ 4,942**	**$ 604**	**$ 276**	**$ 10**	**$ —**	**$ 2,054**	**$ 171,412**
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at December 31, 2024	**$ 949**	**$ 1,787**	**$ 3,802**	**$ 201**	**$ 850**	**$ 1**	**$ 50**	**$ —**	**$ —**	**$ —**	**$ 7,640**
Provision for credit losses/(Loan loss reversal)	**(123)**	**317**	**577**	**210**	**1,035**	**1**	**5**	**—**	**—**	**—**	**2,022**
Balance at September 30, 2025	**$ 826**	**$ 2,104**	**$ 4,379**	**$ 411**	**$ 1,885**	**$ 2**	**$ 55**	**$ —**	**$ —**	**$ —**	**$ 9,662**

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

A summary of changes in the allowance for credit losses on loans and the allowance for credit losses on unfunded commitments for the three and nine months ended September 30, 2024 are as follows:

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Credit Losses on Loans:											
Balance at June 30, 2024	$ 54,745	$ 17,626	$ 37,251	$ 2,602	$ 5,584	$ 679	$ 151	$ 12	—	$ 758	$ 119,408
Charge-offs	(177)	(553)	(13)	—	—	—	—	—	—	—	(743)
Recoveries	36	179	199	—	—	—	—	—	—	(333)	81
Provision for credit losses/(Loan loss reversal)	1,176	1,260	5,871	323	(872)	(18)	(38)	—	—	746	8,448
Balance at September 30, 2024	$ 55,780	$ 18,512	$ 43,308	$ 2,925	$ 4,712	$ 661	$ 113	$ 12	$ —	$ 1,171	$ 127,194
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at June 30, 2024	$ 483	$ 1,505	$ 3,656	$ 120	$ 700	$ —	$ 56	$ —	$ —	$ —	$ 6,520
Provision for credit losses/(Loan loss reversal)	(19)	286	(60)	19	144	1	(6)	—	—	—	365
Balance at September 30, 2024	$ 464	$ 1,791	$ 3,596	$ 139	$ 844	$ 1	$ 50	$ —	$ —	$ —	$ 6,885

	Real Estate Mortgage	Production and Intermediate-Term	Agri-business	Communi-cations	Energy and Water/Waste Disposal	Rural Residential Real Estate	Inter-national	Mission-Related	Loans to OFIs	Lease Receivables	Total
Allowance for Credit Losses on Loans:											
Balance at December 31, 2023	$ 54,375	$ 25,677	$ 32,207	$ 2,337	$ 5,227	$ 670	$ 119	$ 12	—	$ 637	$ 121,261
Charge-offs	(316)	(7,771)	(15,007)	—	—	(11)	—	—	—	—	(23,105)
Recoveries	90	713	387	—	—	—	—	106	—	—	1,296
Provision for credit losses/(Loan loss reversal)	1,631	(107)	25,721	588	(515)	2	(6)	(106)	—	534	27,742
Balance at September 30, 2024	$ 55,780	$ 18,512	$ 43,308	$ 2,925	$ 4,712	$ 661	$ 113	$ 12	$ —	$ 1,171	$ 127,194
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at December 31, 2023	$ 486	$ 1,129	$ 4,749	$ 151	$ 714	$ 1	$ 66	$ —	$ —	$ —	$ 7,296
Provision for credit losses/(Loan loss reversal)	(22)	662	(1,153)	(12)	130	—	(16)	—	—	—	(411)
Balance at September 30, 2024	$ 464	$ 1,791	$ 3,596	$ 139	$ 844	$ 1	$ 50	$ —	$ —	$ —	$ 6,885

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

Loans, net of the allowance for credit losses on loans, represented 81.99 percent of total assets at September 30, 2025 and 82.29 percent at December 31, 2024, 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 Bank'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 2024 Annual Report for additional descriptions 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
September 30, 2025				
Bank investments	**$ 7,434,277**	**$ 12,491**	**$ (430,956)**	**$ 7,015,812**
Texas District Association investments	**321,174**	**827**	**(1,276)**	**320,725**
Total	**$ 7,755,451**	**$ 13,318**	**$ (432,232)**	**$ 7,336,537**
December 31, 2024				
Bank investments	$ 7,174,737	$ 4,472	$ (536,725)	$ 6,642,484
Texas District Association investments	251,587	1,066	(1,038)	251,615
Total	$ 7,426,324	$ 5,538	$ (537,763)	$ 6,894,099

The Texas District Associations' investments in the preceding table include held-to-maturity securities with an amortized cost of $73.4 million (unrealized net losses of $610 thousand and a fair value of $72.8 million) as of September 30, 2025. As of December 31, 2024, the investments in the preceding table include held-to-maturity securities with an amortized cost of $35.8 million (unrealized net losses of $243 thousand and a fair value of $35.6 million). These securities are reported at amortized cost and are included in investment securities on the Combined Balance Sheets.

The Texas District evaluated its non-guaranteed investment securities with unrealized losses for impairment at the end of the three months ended September 30, 2025. As part of the assessment, the Texas District evaluated and concluded that it does not intend to sell any securities or it is more likely than not that it would be required to sell any securities prior to recovery of the amortized cost basis. The Texas District also evaluates whether credit impairment exists by comparing the present value of the expected cash flows to the security's amortized cost basis. The Texas District concluded that a credit impairment did not exist at September 30, 2025.

CAPITAL RESOURCES

The Texas District's equity totaled $6.30 billion at September 30, 2025, including $1.03 billion in preferred stock, $74.0 million in capital stock and participation certificates, $5.25 billion in retained earnings and $347.9 million in additional paid-in-capital, partially offset by accumulated other comprehensive loss of $409.1 million.

The $6.30 billion capital position of the Texas District at September 30, 2025 reflected an increase of $485.3 million compared to the capital position of $5.81 billion at December 31, 2024. The increase since December 31, 2024 primarily reflects net income of $490.5 million and a $71.7 million decrease in accumulated other comprehensive loss, partially offset by patronage payments of $20.1 million and preferred stock dividend payments of $53.5 million.

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

	September 30, 2025	December 31, 2024
Unrealized losses on investment securities	**$ (418,914)**	$ (532,225)
Derivatives and hedging position	**24,185**	65,086
Pension and postretirement plan position	**(14,380)**	(13,631)
Total	**$ (409,109)**	$ (480,770)

Accumulated other comprehensive loss totaled $409.1 million at September 30, 2025, a decrease of $71.7 million from December 31, 2024. The decrease in accumulated other comprehensive loss reflects a decrease of $113.3 million in unrealized losses on the Bank's available-for-sale investments, partially offset by a $40.9 million decrease in the valuation of interest rate swaps at the Bank. All changes are primarily attributable to changes in interest rates.

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

September 30, 2025	**Primary Components of Numerator**	**Regulatory Minimums with Capital Conservation Buffers**	**Bank**	**Texas 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%	9.08%	10.02% - 16.97%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	8.50%	14.73%	11.55% - 16.97%
Total capital ratio	Tier 1 capital, allowance for credit losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	10.50%	14.99%	11.90% - 17.30%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.00%	14.76%	11.59% - 17.03%
Non-risk adjusted:				
Tier 1 leverage ratio*	Tier 1 capital	5.00%	6.33%	10.62% - 17.10%
UREE leverage ratio	URE and URE equivalents	1.50%	2.00%	3.75% - 16.82%

* 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, dollars in thousands)

	September 30, 2025	December 31, 2024
Assets		
Cash	$ 26,969	$ 39,935
Federal funds sold and overnight investments	534,976	455,323
Investment securities	7,336,537	6,894,099
Loans	41,526,082	39,797,143
Less allowance for credit losses on loans	171,412	130,933
Net loans	41,354,670	39,666,210
Accrued interest receivable	486,324	432,335
Premises and equipment, net	317,160	319,002
Other assets	381,925	396,682
Total assets	$ 50,438,561	$ 48,203,586
Liabilities and members' equity		
Liabilities		
Bonds and notes, net	$ 43,514,581	$ 41,508,770
Accrued interest payable	283,355	256,764
Patronage distributions payable	—	285,646
Preferred stock dividends payable	14,638	13,500
Other liabilities	330,782	329,044
Total liabilities	44,143,356	42,393,724
Members' Equity		
Preferred stock	1,030,000	1,030,000
Capital stock and participation certificates	73,972	73,182
Allocated retained earnings	1,113,745	1,113,807
Unallocated retained earnings	4,138,671	3,725,717
Additional paid-in-capital	347,926	347,926
Accumulated other comprehensive loss	(409,109)	(480,770)
Total members' equity	6,295,205	5,809,862
Total liabilities and members' equity	$ 50,438,561	$ 48,203,586

Combined Statements of Income

(Unaudited, dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	**2025**	2024
Interest Income				
Investment securities	**$ 74,179**	$ 75,553	**$ 214,726**	$ 210,812
Loans	**659,152**	631,525	**1,935,678**	1,855,184
Total interest income	**733,331**	707,078	**2,150,404**	2,065,996
Interest Expense				
Bonds and notes	**361,361**	338,347	**1,045,633**	977,215
Notes payable and other	**59,659**	68,387	**177,660**	204,190
Total interest expense	**421,020**	406,734	**1,223,293**	1,181,405
Net interest income	**312,311**	300,344	**927,111**	884,591
Provision for credit losses on loans	**38,354**	8,813	**106,882**	27,331
Net interest income after provision for credit losses on loans	**273,957**	291,531	**820,229**	857,260
Noninterest Income				
Patronage income	**4,960**	4,595	**24,659**	24,352
Fees for loan-related services	**15,881**	11,677	**39,089**	31,181
Refunds from Farm Credit System Insurance Corporation (FCSIC)	**—**	—	**7,544**	12,615
Loss on Rural Business Investment Companies	**(553)**	(4,390)	**(1,419)**	(10,835)
Other income, net	**2,188**	571	**6,885**	511
Total noninterest income	**22,476**	12,453	**76,758**	57,824
Noninterest Expense				
Salaries and employee benefits	**75,729**	74,981	**229,733**	220,796
Occupancy and equipment	**17,297**	16,784	**55,300**	53,911
Purchased services	**9,618**	9,379	**29,020**	29,560
FCSIC expense	**9,899**	9,048	**28,639**	26,614
Other operating expenses	**19,826**	18,335	**63,771**	61,480
Total noninterest expense	**132,369**	128,527	**406,463**	392,361
Income before income taxes	**164,064**	175,457	**490,524**	522,723
Provision for income taxes	**230**	84	**7**	—
Net Income	**$ 163,834**	$ 175,373	**$ 490,517**	$ 522,723

Select Information on Texas District Associations

(Unaudited, dollars in thousands)

As of September 30, 2025	Direct Notes	% of Total Direct Notes	Total Assets	Total Allowance and Capital	Total Capital Ratio	Nonperforming Loans as a % of Total Loans	Annualized ROA
AgTexas Farm Credit Services	$ 3,037,034	10.69%	$ 3,597,218	$ 519,669	12.81 %	0.63 %	1.85 %
AgTrust Farm Credit, ACA	2,907,061	10.23%	3,441,205	537,323	13.73	0.23	1.92
Alabama Ag Credit, ACA	1,319,693	4.65%	1,584,544	264,950	14.57	1.37	1.22
Alabama Farm Credit, ACA	1,153,578	4.06%	1,336,855	177,492	11.97	0.64	1.55
Capital Farm Credit, ACA	11,605,761	40.84%	13,787,286	2,102,687	11.90	1.10	1.74
Central Texas Farm Credit, ACA	597,920	2.10%	743,507	141,466	16.60	0.05	1.46
Legacy Ag Credit, ACA	350,798	1.23%	426,164	73,633	17.30	0.06	1.13
Louisiana Land Bank, ACA	989,811	3.48%	1,214,081	216,765	15.98	0.17	1.56
Mississippi Land Bank, ACA	1,004,265	3.53%	1,214,006	191,170	14.01	0.05	1.48
Plains Land Bank, FLCA	1,064,188	3.74%	1,267,909	198,226	13.57	0.14	2.04
Southern AgCredit, ACA	1,546,964	5.45%	1,819,718	250,167	13.20	0.35	1.50
Texas Farm Credit Services	2,841,414	10.00%	3,278,459	455,776	13.41	0.79	1.90
Totals	**$28,418,487**	**100.00%**	**$33,710,952**	**$5,129,324**			

Texas District Contact Information

Name of Entity	Headquarters Location	Contact Number	Website
AgTexas Farm Credit Services	5004 N. Loop 289, Lubbock, Texas 79416	806-687-4068	*www.agtexas.com*
AgTrust Farm Credit, ACA	5600 Clearfork Main Street, Suite 600, Fort Worth, Texas 76109	817-332-6565	*www.agtrustaca.com*
Alabama Ag Credit, ACA	7480 Halcyon Pointe Drive, Suite 201, Montgomery, Alabama 36117	334-270-8687	*www.alabamaagcredit.com*
Alabama Farm Credit, ACA	300 2nd Avenue SW, Cullman, Alabama 35055	256-737-7128	*www.alabamafarmcredit.com*
Capital Farm Credit, ACA	3902 South Traditions Drive, College Station, TX 77845	979-822-3018	*www.capitalfarmcredit.com*
Central Texas Farm Credit, ACA	1026 Early Boulevard, Early, Texas 76802	325-643-5563	*www.centraltexasfarmcredit.com*
Farm Credit Bank of Texas	4801 Plaza on the Lake Drive, Austin, Texas 78746	512-465-0400	*www.farmcreditbank.com*
Legacy Ag Credit, ACA	303 Connally Street, Sulphur Springs, Texas 75482	903-885-9566	*www.legacyaca.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	600 S. Tyler Street, Suite 700, Amarillo, Texas 79101	806-353-6688	*www.plainslandbank.com*
Southern AgCredit, ACA	306 Commerce Center Drive, 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*

Texas
Farm Credit
District