


2026

Second 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 June 30, 2026, 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 United States (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 six months ended June 30, 2026.

Combined Financial Highlights

(dollars in thousands, except as noted)

	June 30, 2026	December 31, 2025
Total loans	**$ 41,982,084**	$ 42,183,360
Allowance for credit losses on loans	**177,979**	139,750
Net loans	**41,804,105**	42,043,610
Total assets	**50,614,566**	50,991,438
Total members' equity	**6,556,227**	6,206,273

Six Months Ended June 30,	2026	2025
Net interest income	**$ 643,333**	$ 614,800
Provision for credit losses on loans	**38,687**	68,528
Net fee income	**25,420**	23,208
Net income	**391,537**	326,683
Net interest margin	**2.61 %**	2.59 %
Net loan charge-offs as a percentage of average loans	**—**	0.27
Return on average assets (ROA)	**1.55**	1.34
Return on average shareholders' equity (ROE)	**12.30**	10.95
Operating expenses as a percentage of net interest income and noninterest income	**40.30**	40.97
Average loans	**$ 42,197,402**	$ 40,417,648
Average interest earning assets	**49,758,130**	47,938,902
Average total assets	**50,859,097**	48,981,671

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. Persistent operating environment dynamics continue to present challenges. Driving factors such as geopolitical risk, commodity price volatility, elevated input and debt costs, and evolving trade policies are impacting performance across multiple sectors. Despite these challenges, overall credit quality at the Texas District remains stable.

After three consecutive 25 basis point cuts in the target federal funds rate in 2025, the Federal Open Market Committee (FOMC) has held the target federal funds range constant at the 3.50-3.75 percent range since December 2025. In its most recent meeting on June 16-17, 2026, the FOMC considered it necessary to maintain the target rate constant in support of the Federal Reserve's dual mandate (i.e., maximum employment and price stability). The FOMC stated that economic activity is expanding at a solid pace despite elevated uncertainty, in part due to the conflict in the Middle East. Inflation remains elevated relative to the FOMC's 2 percent goal. The percentage change in the Consumer Price Index (inflation) for All Urban Consumers increased by 3.5 percent in June 2026, down month-over-month (MOM) from an increase of 4.2 percent in May 2026. Inflation increased year-over-year (YOY) from 2.7 percent in June 2025 to 3.5 percent in June 2026. The energy index was the largest contributor to the monthly decrease.

The Bureau of Labor Statistics reported that the U.S. unemployment rate ticked down MOM to 4.2 percent in June 2026 but was marginally up from 4.1 percent in the year-ago period. State unemployment rates in the Texas District ranged from a low of 3.2 percent in Alabama to a high of 4.8 percent in New Mexico in June 2026. The Texas unemployment rate increased slightly MOM from 4.3 percent in May 2026 to 4.4 percent in June 2026. Similarly, the unemployment rate in Texas increased YOY from 4.1 percent in June 2025 to 4.4 percent in June 2026. Overall, the unemployment rates in the Texas District remain relatively stable. The unemployment rates in Alabama (3.2 percent) and Mississippi (3.8 percent) are below the national average with data as of June 2026.

On June 25, 2026, the U.S. Bureau of Economic Analysis (BEA) released its third estimate of real gross domestic product (GDP) for the first quarter of 2026. U.S. real GDP increased at an annual rate of 2.1 percent, up from 0.5 percent in the prior quarter and from -0.6 percent in the year ago period. The contributors to the increase in real GDP in the first quarter were increases in investment, exports, government spending, and consumer spending. Imports, which are a subtraction in the calculation of GDP, increased. Within the Texas District, annualized real GDP also increased YOY in every state of the Texas District as of the first quarter of 2026. Overall, real GDP growth rates ranged from an increase of 0.9 percent in Texas to an increase of 3.1 percent in New Mexico.

In terms of relevant Texas District commodities, the Energy Information Administration (EIA) indicated in its July 2026 edition of the Short-Term Energy Outlook that the West Texas Intermediate (WTI) crude oil spot price is expected to average about $76 per barrel in 2026 before declining to $61 per barrel in 2027, up YOY from an average of $65 per barrel in 2025. Average WTI prices are well above the level needed to profitably drill a new well ($65 per barrel) in the United States. Following the onset of military action in the Middle East ("Operation Epic Fury") that began on February 28, 2026, energy prices materially increased due to subsequent limited oil tanker traffic through the Strait of Hormuz as well as reduced production and exports from key Middle East countries. Oil tanker traffic temporarily resumed in June and prices declined; however, oil tanker traffic was halted again in July and volatility in energy prices persists as conflict risks remain active. The U.S. benchmark Henry Hub natural gas spot price averaged $3.53 per million British thermal units in 2025, after increasing 61 percent YOY. EIA's forecast as of July 2026 indicates that the natural gas price is currently expected to continue to increase by about 4 percent in 2026 before declining by 5 percent in 2027.

The July 2026 edition of S&P Global Agricultural Commodity Price Watch estimated that U.S. average farm prices of key Texas District crops such as cotton, corn, soybeans and wheat increased quarter-over-quarter (QOQ) in the second quarter of 2026. Similarly, cotton, soybeans and wheat quarterly average farm prices were estimated to have increased YOY as of the second quarter 2026, while corn average farm prices decreased YOY. In terms of lumber prices, the quarterly average physical cash price increased QOQ and YOY by less than 3 percent as of the second quarter of 2026.

Beginning in early June, the first U.S. confirmed cases of New World screwworm in 60 years were reported in South Texas and New Mexico. In response, the Texas Animal Health Commission has implemented localized quarantine zones, and the U.S. Department of Agriculture has launched aggressive sterile fly dispersal flights over affected regions. U.S. producers and animal health officials have been preparing for a potential outbreak following the initial detection of the parasite in Mexico in November 2024. Effective treatments are available. S&P Global estimates of the percentage change in Live and Feeder Cattle quarterly average prices were mixed (positive for Texas/Oklahoma live steer and negative for Oklahoma City feeder steers) as of June 2026. Average farm-level milk prices as well as hogs and broilers quarterly average prices increased QOQ in the second quarter 2026. Cattle prices experienced double-digit YOY increases while hog prices remained relatively stable YOY. Broilers and farm-level milk prices were estimated to have decreased YOY as of the second quarter of 2026.

The combined Drought Monitor for the five Texas District states indicates that the drought area categorized as moderate, severe, extreme, and exceptional (D1-D4) declined QOQ by more than half, as indicated by the drought maps dated March 31, 2026 and June 30, 2026. However, the combined drought area in these four categories remains higher than the same period a year ago. As of July 16, 2026, the Seasonal Drought Outlook of the National Weather Service (NWS) indicates that periods of heavy rainfall during the past month have resulted in large drought reductions but also a risk for widespread flooding across central and southern Texas. NWS indicates that there is a slight dry signal in the August-September-October (ASO) seasonal outlook across eastern Texas and western Louisiana. Drought persistence is maintained for most of the Southern region outside of southern Texas. El Niño conditions are present and favored to impact climate conditions during the ASO period.

On June 30, 2026, the U.S. Department of Agriculture (USDA) released its 2026 Acreage report. Corn acreage is estimated to decrease YOY in all five Texas District states as well as at the national level. The Texas District plants about 5 percent of the U.S. corn crop. Texas plants more than 50 percent of the Texas District's corn. Texas District's soybean planted area is estimated to increase by 10 percent in 2026. Mississippi plants about 60 percent of the soybeans in the Texas District. The Texas District's wheat area planted is estimated to slightly decline YOY in 2026. Texas plants more than 90 percent of the wheat area planted in the Texas District. The cotton area planted in the Texas District states is estimated to increase by about 5 percent. Overall, estimates from the June 2026 Acreage report indicate that farmers are planting more soybeans and cotton, but less corn and wheat than last year. These estimates were derived from a USDA survey conducted from May 28 to June 19 and are subject to change throughout the season.

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 $177.7 million for the three months ended June 30, 2026, an increase of $28.7 million, or 19.29 percent, from the same period of 2025. The increase in net income was primarily driven by a $26.7 million decrease in the provision for credit losses on loans, a $13.6 million increase in net interest income and a $1.9 million increase in noninterest income, partially offset by a $13.5 million increase in noninterest expense.

Net income for the Texas District was $391.5 million for the six months ended June 30, 2026, an increase of $64.9 million, or 19.85 percent, from the same period of 2025. The increase in net income was primarily driven by a $29.8 million decrease in the provision for credit losses on loans, a $28.5 million increase in net interest income and a $22.9 million increase in noninterest income, partially offset by a $16.3 million increase in noninterest expense. The return on average assets increased to 1.55 percent for the six months ended June 30, 2026, from 1.34 percent for the six months ended June 30, 2025.

Net Interest Income

Net interest income for the three months ended June 30, 2026 was $322.8 million, an increase of $13.6 million, or 4.41 percent, over the same period of 2025. The increase reflects the impact of a $1.29 billion increase in the Texas District's average interest earning assets. The net interest spread for the three months ended June 30, 2026 was 2.16 percent, an increase of 5 basis points from the net interest spread for the three months ended June 30, 2025 of 2.11 percent. The average rate paid on interest-bearing liabilities decreased by 22 basis points, partially offset by a 17 basis points decrease in the average yields on interest-earning assets. Net interest margin increased by 4 basis points to 2.60 percent for the three months ended June 30, 2026, compared to 2.56 percent for the same period of 2025, reflecting a higher net interest spread and a decrease of 1 basis point in earnings on assets funded by noninterest-bearing sources (principally capital).

Net interest income for the six months ended June 30, 2026 was $643.3 million, an increase of $28.5 million, or 4.64 percent, over the same period of 2025. The increase reflects the impact of a $1.82 billion increase in the Texas District's average interest earning assets. The net interest spread for the six months ended June 30, 2026 was 2.17 percent, an increase of 4 basis points from the net interest spread for the six months ended June 30, 2025 of 2.13 percent. The average rate paid on interest-bearing liabilities decreased by 19 basis points, partially offset by a 15 basis points decrease in the average yields on interest-earning assets. Net interest margin increased by 2 basis points to 2.61 percent for the six months ended June 30, 2026, compared to 2.59 percent for the same period of 2025, reflecting a higher net interest spread and a decrease of 2 basis points in earnings on assets funded by noninterest-bearing sources (principally capital).

Provision for Credit Losses on Loans

During the three months ended June 30, 2026, the provision for credit losses on loans totaled $17.4 million, a decrease of $26.7 million compared to the same period of 2025.

The combined Associations recorded a provision for credit losses on loans of $10.6 million for the three months ended June 30, 2026, compared to $29.3 million for the same period of 2025. The provision for credit losses on loans for the combined Associations during the three months ended June 30, 2026, reflects higher general and specific reserves due to credit deterioration for select borrowers in the production and intermediate-term and agribusiness loan sectors as well as higher general reserves related to loan growth.

The Bank recorded a provision for credit losses on loans of $6.8 million for the three months ended June 30, 2026, compared to $14.7 million for the same period of 2025. The Bank's provision for credit losses on loans for the three months ended June 30, 2026, primarily reflects higher general reserves due to isolated credit deterioration in the agribusiness loan sector and, to a lesser extent, a more pessimistic economic outlook impacting modeled credit losses.

During the six months ended June 30, 2026, the provision for credit losses on loans totaled $38.7 million, a decrease of $29.8 million compared to the same period of 2025.

The combined Associations recorded a provision for credit losses on loans of $20.4 million for the six months ended June 30, 2026, compared to $39.2 million for the same period of 2025. The provision for credit losses on loans for the combined Associations during the six months ended June 30, 2026, reflects higher general and specific reserves due to credit deterioration for select borrowers in the production and intermediate-term and real estate mortgage loan sectors, as well as higher general reserves related to loan growth.

The Bank recorded a provision for credit losses on loans of $18.3 million for the six months ended June 30, 2026, compared to $29.4 million for the same period of 2025. The Bank's provision for credit losses on loans for the six months ended June 30, 2026, primarily reflects higher general reserves due to isolated credit deterioration in the agribusiness loan sector and, to a lesser extent, a more pessimistic economic outlook impacting modeled credit losses.

Noninterest Income

Noninterest income for the three months ended June 30, 2026 was $22.0 million, an increase of $1.9 million, or 9.60 percent, compared to the same period of 2025. The increase was primarily attributable to an increase in patronage income of $1.1 million.

Noninterest income for the six months ended June 30, 2026 was $77.2 million, an increase of $22.9 million, or 42.27 percent, compared to the same period of 2025. The increase was primarily attributable to an increase of $14.4 million in the return of excess insurance funds from the Farm Credit System Insurance Corporation (FCSIC), an increase in patronage income of $4.7 million and an increase in fees for loan-related services of $2.2 million.

Noninterest Expense

Noninterest expense for the three months ended June 30, 2026, totaled $149.7 million, an increase of $13.5 million, or 9.88 percent, from the same period of 2025. The increase in noninterest expense was primarily driven by an increase of $7.7 million in other operating expenses, largely driven by higher losses on other property owned (OPO) of $5.3 million, an increase of $3.5 million in purchased services and an increase of $1.4 million in salary and employee benefits.

Noninterest expense for the six months ended June 30, 2026, totaled $290.4 million, an increase of $16.3 million, or 5.94 percent, from the same period of 2025. The increase in noninterest expense was primarily driven by an increase of $7.4 million in other operating expenses, largely driven by higher losses on OPO of $5.2 million, an increase of $5.5 million in purchased services, an increase of $1.8 million in occupancy and equipment expenses and an increase of $1.4 million in salary and employee benefits.

The expense for FCSIC premiums is directly impacted by the premium rate assessed by the FCSIC, which is consistent for 2026 and 2025 resulting in similar expenses for the periods presented. The FCSIC board meets periodically throughout the year to review premium rates. The premium rates for 2026 as set by the FCSIC board in February 2026 were 10 basis points on adjusted insured debt and an additional 10 basis points on nonaccrual loans and impaired investments. The premium rates for 2025 as set by the FCSIC board were 10 basis points. On July 8, 2026, the FCSIC board announced that the FCSIC premium on adjusted insured debt would remain unchanged at 10 basis points for the remainder of 2026. Additionally, the assessment of 10 basis points continued on nonaccrual loans and impaired investments.

LOAN PORTFOLIO

The following table summarizes Texas District loans by loan type:

		June 30, 2026		December 31, 2025
Real estate mortgage	**$**	**24,925,132**	$	24,731,999
Production and intermediate-term		**6,364,434**		6,588,066
Agribusiness:				
Loans to cooperatives		**800,357**		741,577
Processing and marketing		**5,149,941**		5,348,712
Farm-related business		**712,328**		655,692
Communications		**1,178,334**		1,148,405
Energy (rural utilities)		**2,072,542**		2,167,719
Water and waste disposal		**219,600**		205,032
Rural residential real estate		**245,199**		254,160
International		**193,987**		222,449
Mission-related		**30,221**		31,557
Loans to other financing institutions (OFIs)		**72,615**		68,172
Lease receivables		**17,394**		19,820
Total	**$**	**41,982,084**	$	42,183,360

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 June 30, 2026 was $41.98 billion, a decrease of $201.3 million, or 0.48 percent, from the $42.18 billion loan portfolio balance at December 31, 2025. The loan volume decrease of $201.3 million during the six months ended June 30, 2026 was driven by a $350.8 million, or 3.64 percent, decrease in the Bank's capital markets loan portfolio, partially offset by a $145.1 million, or 0.45 percent, increase in the Texas District Associations' loan portfolios.

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 June 30, 2026, and December 31, 2025:

June 30, 2026	Acceptable	OAEM (Special Mention)	Substandard	Doubtful	Total	Gross Charge-offs for the Six Months Ended June 30, 2026
2026	$ 3,040,334	$ 45,091	$ 37,312	$ —	$ 3,122,737	$ 120
2025	6,536,133	76,637	70,442	—	6,683,212	164
2024	4,527,200	81,519	68,668	694	4,678,081	1,019
2023	2,899,714	95,775	182,629	337	3,178,455	880
2022	3,744,247	144,724	61,142	756	3,950,869	311
2021 and prior	12,357,799	299,782	236,623	—	12,894,204	256
Revolving loans	6,880,868	213,036	144,286	27	7,238,217	123
Revolving converted to term loans	220,700	13,629	1,980	—	236,309	—
Total	$40,206,995	$ 970,193	$ 803,082	$ 1,814	$41,982,084	$ 2,873
Percentage	95.78 %	2.31 %	1.91 %	— %	100.00 %	

December 31, 2025	Acceptable	OAEM (Special Mention)	Substandard	Doubtful	Total	Gross Charge-offs for the year ended December 31, 2025
2025	$ 6,821,786	$ 105,093	$ 58,463	$ —	$ 6,985,342	$ 1,360
2024	5,023,289	100,923	46,881	694	5,171,787	11,460
2023	3,334,737	132,309	94,626	337	3,562,009	5,140
2022	4,330,489	151,337	65,367	733	4,547,926	974
2021	5,203,758	57,728	102,019	—	5,363,505	8,085
2020 and prior	8,626,981	102,651	152,574	131	8,882,337	25,535
Revolving loans	6,947,784	233,355	111,337	1,116	7,293,592	66,525
Revolving converted to term loans	363,060	12,604	1,198	—	376,862	—
Total	$ 40,651,884	$ 896,000	$ 632,465	$ 3,011	$ 42,183,360	$ 119,079
Percentage	96.37 %	2.12 %	1.50 %	0.01 %	100.00 %	

Overall credit quality in the Texas District remained strong at June 30, 2026. Loans classified as acceptable or OAEM as a percentage of total loans were 98.09 percent and 98.49 percent at June 30, 2026, and December 31, 2025, respectively.

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

	June 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	**$ 150,463**	$ 140,494
Production and intermediate-term	**66,525**	53,980
Agribusiness	**60,606**	86,582
Energy (rural utilities)	**1,064**	1,366
Rural residential real estate	**1,412**	1,181
Leases	**1,161**	1,260
Total nonaccrual loans	**281,231**	284,863
Accruing loans 90 days or more past due:		
Real estate mortgage	**3,644**	7,712
Production and intermediate-term	**6,126**	1,709
Agribusiness	**111**	—
Rural residential real estate	**—**	140
Mission-related	**237**	1,313
Total accruing loans 90 days or more past due	**10,118**	10,874
Total nonperforming loans	**291,349**	295,737
Other property owned	**28,290**	30,162
Total nonperforming assets	**$ 319,639**	$ 325,899

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 decreased by $6.3 million, or 1.92 percent, from $325.9 million at December 31, 2025, to $319.6 million at June 30, 2026. The decrease was driven by a $3.6 million decrease in nonaccrual loans, a $1.9 million decrease in OPO and a $756 thousand decrease in accruing loans 90 days or more past due. The decrease in nonaccrual loans of $3.6 million, or 1.28 percent, was driven by repayments of $91.9 million, the transfer of $6.0 million to

OPO, charge-offs of $2.9 million and the reinstatement of $2.5 million to accrual, partially offset by transfers to nonaccrual of $90.7 million and advances on nonaccrual loans of $10.3 million. Loans that are accruing 90 days or more past due at June 30, 2026, 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. The decrease in OPO was primarily driven by a write-down in value of the underlying collateral on one property held by the Bank.

At June 30, 2026, $86.4 million, or 30.72 percent, of loans classified as nonaccrual were current as to principal and interest, compared to $121.1 million, or 42.52 percent, of nonaccrual loans at December 31, 2025.

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

June 30, 2026	**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	**$ 239,215**	**$ 74,924**	**$ 314,139**	**$ 24,610,993**	**$ 24,925,132**
Production and intermediate-term	**53,147**	**63,053**	**116,200**	**6,248,234**	**6,364,434**
Agribusiness	**4,632**	**49,345**	**53,977**	**6,608,649**	**6,662,626**
Communications	**—**	**—**	**—**	**1,178,334**	**1,178,334**
Energy (rural utilities)	**—**	**429**	**429**	**2,072,113**	**2,072,542**
Water and waste disposal	**—**	**—**	**—**	**219,600**	**219,600**
Rural residential real estate	**1,968**	**695**	**2,663**	**242,536**	**245,199**
International	**—**	**—**	**—**	**193,987**	**193,987**
Mission-related	**1,748**	**237**	**1,985**	**28,236**	**30,221**
Loans to OFIs	**—**	**—**	**—**	**72,615**	**72,615**
Lease receivables	**126**	**—**	**126**	**17,268**	**17,394**
Total	**$ 300,836**	**$ 188,683**	**$ 489,519**	**$ 41,492,565**	**$ 41,982,084**

December 31, 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	$ 171,924	$ 59,869	$ 231,793	$ 24,500,206	$ 24,731,999
Production and intermediate-term	54,764	45,989	100,753	6,487,313	6,588,066
Agribusiness	9,722	48,759	58,481	6,687,500	6,745,981
Communications	—	—	—	1,148,405	1,148,405
Energy (rural utilities)	14,393	429	14,822	2,152,897	2,167,719
Water and waste disposal	—	—	—	205,032	205,032
Rural residential real estate	3,656	635	4,291	249,869	254,160
International	—	—	—	222,449	222,449
Mission-related	923	1,313	2,236	29,321	31,557
Loans to OFIs	—	—	—	68,172	68,172
Lease receivables	2,206	—	2,206	17,614	19,820
Total	$ 257,588	$ 156,994	$ 414,582	$ 41,768,778	$ 42,183,360

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 six months ended June 30, 2026 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 March 31, 2026	$ 66,445	$ 29,178	$ 55,707	$ 2,595	$ 3,539	$ 623	$ 297	$ 10	—	$ 1,792	$ 160,186
Charge-offs	(1,848)	(159)	—	—	—	—	—	—	—	—	(2,007)
Recoveries	—	2,100	3	—	—	—	—	—	—	—	2,103
Provision for credit losses/(Loan loss reversal)	(82)	3,158	10,581	3,052	1,321	(37)	(181)	—	—	(115)	17,697
Balance at June 30, 2026	$ 64,515	$ 34,277	$ 66,291	$ 5,647	$ 4,860	$ 586	$ 116	$ 10	$ —	$ 1,677	$ 177,979
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at March 31, 2026	$ 890	$ 2,528	$ 5,187	$ 585	$ 742	$ 1	$ 117	$ —	$ —	$ —	$ 10,050
Provision for credit losses/(Loan loss reversal)	(16)	254	(346)	(125)	(80)	(1)	—	—	—	—	(314)
Balance at June 30, 2026	$ 874	$ 2,782	$ 4,841	$ 460	$ 662	$ —	$ 117	$ —	$ —	$ —	$ 9,736

	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, 2025	$ 60,090	$ 21,255	$ 48,466	$ 2,827	$ 4,174	$ 629	$ 366	$ 10	—	$ 1,933	$ 139,750
Charge-offs	(2,326)	(473)	(74)	—	—	—	—	—	—	—	(2,873)
Recoveries	81	2,753	10	—	—	—	—	—	—	—	2,844
Provision for credit losses/(Loan loss reversal)	6,670	10,742	17,889	2,820	686	(43)	(250)	—	—	(256)	38,258
Balance at June 30, 2026	$ 64,515	$ 34,277	$ 66,291	$ 5,647	$ 4,860	$ 586	$ 116	$ 10	$ —	$ 1,677	$ 177,979
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at December 31, 2025	$ 906	$ 1,965	$ 4,145	$ 324	$ 1,883	$ 1	$ 83	$ —	$ —	$ —	$ 9,307
Provision for credit losses/(Loan loss reversal)	(32)	817	696	136	(1,221)	(1)	34	—	—	—	429
Balance at June 30, 2026	$ 874	$ 2,782	$ 4,841	$ 460	$ 662	$ —	$ 117	$ —	$ —	$ —	$ 9,736

*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 six months ended June 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 March 31, 2025	$ 58,741	$ 48,838	$ 35,601	$ 2,742	$ 5,459	$ 646	$ 416	$ 11	—	$ 1,879	$ 154,333
Charge-offs	(7,321)	(46,185)	(1,346)	—	—	(35)	—	—	—	—	(54,887)
Recoveries	7	53	56	—	—	—	—	—	—	—	116
Provision for credit losses/(Loan loss reversal)	9,416	17,936	16,842	35	(694)	25	(158)	(2)	—	525	43,925
Balance at June 30, 2025	$ 60,843	$ 20,642	$ 51,153	$ 2,777	$ 4,765	$ 636	$ 258	$ 9	$ —	$ 2,404	$ 143,487
Allowance for Credit Losses on Unfunded Commitments*:											
Balance at March 31, 2025	$ 822	$ 1,986	$ 3,924	$ 265	$ 1,976	$ 2	$ 44	$ —	$ —	$ —	$ 9,019
Provision for credit losses/(Loan loss reversal)	54	(30)	171	43	(138)	—	11	—	—	—	111
Balance at June 30, 2025	$ 876	$ 1,956	$ 4,095	$ 308	$ 1,838	$ 2	$ 55	$ —	$ —	$ —	$ 9,130

	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	(7,603)	(46,560)	(1,346)	—	—	(35)	—	—	—	—	(55,544)
Recoveries	96	148	816	—	—	—	—	—	—	—	1,060
Provision for credit losses/(Loan loss reversal)	8,380	34,073	22,294	276	1,046	12	(40)	(3)	—	1,000	67,038
Balance at June 30, 2025	$ 60,843	$ 20,642	$ 51,153	$ 2,777	$ 4,765	$ 636	$ 258	$ 9	$ —	$ 2,404	$ 143,487
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)	(73)	169	293	107	988	1	5	—	—	—	1,490
Balance at June 30, 2025	$ 876	$ 1,956	$ 4,095	$ 308	$ 1,838	$ 2	$ 55	$ —	$ —	$ —	$ 9,130

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

Loans, net of the allowance for credit losses on loans, represented 82.59 percent of total assets at June 30, 2026, and 82.45 percent at December 31, 2025.

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 2025 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
June 30, 2026				
Bank investments	**$ 7,180,906**	**$ 4,830**	**$ (428,453)**	**$ 6,757,283**
Texas District Association investments	**305,035**	**1,358**	**(600)**	**305,793**
Total	**$ 7,485,941**	**$ 6,188**	**$ (429,053)**	**$ 7,063,076**
December 31, 2025				
Bank investments	$ 7,283,684	$ 15,375	$ (405,391)	$ 6,893,668
Texas District Association investments	317,646	1,371	(749)	318,268
Total	$ 7,601,330	$ 16,746	$ (406,140)	$ 7,211,936

The Texas District Associations' investments in the preceding table include held-to-maturity securities with an amortized cost of $70.3 million (unrealized net loss of $481 thousand and a fair value of $69.8 million) as of June 30, 2026. As of December 31, 2025, the investments in the preceding table include held-to-maturity securities with an amortized cost of $70.7 million (unrealized net losses of $396 thousand and a fair value of $70.3 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 June 30, 2026. 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 June 30, 2026.

CAPITAL RESOURCES

The Texas District's equity totaled $6.56 billion at June 30, 2026, including $1.03 billion in preferred stock, $74.2 million in capital stock and participation certificates, $5.48 billion in retained earnings, and $347.9 million in additional paid-in-capital, partially offset by accumulated other comprehensive loss of $371.7 million.

Borrower equity purchases required by Texas District Association capitalization bylaws, combined with a history of growth in retained earnings at Texas District institutions, have resulted in Texas District institutions being able to maintain adequate capital positions. The $6.56 billion capital position of the Texas District at June 30, 2026, reflected an increase of $350.0 million compared to the capital position of $6.21 billion at December 31, 2025. The increase since December 31, 2025, primarily reflects net income of $391.5 million, partially offset by a $1.5 million increase in accumulated other comprehensive loss, patronage payments of $4.1 million and preferred stock dividend payments of $35.9 million.

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

	June 30, 2026	December 31, 2025
Unrealized losses on investment securities	**$ (422,865)**	$ (389,394)
Derivatives and hedging position	**57,023**	24,310
Employee benefit plan position	**(5,861)**	(5,079)
Total	**$ (371,703)**	$ (370,163)

Accumulated other comprehensive loss totaled $371.7 million at June 30, 2026, an increase of $1.5 million from December 31, 2025. The increase in accumulated other comprehensive loss reflects an increase of $33.5 million in unrealized losses on the Bank's available-for-sale investments, partially offset by a $32.7 million increase 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.

June 30, 2026	**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%	9.35%	9.52% - 16.41%
Tier 1 capital ratio	CET1 capital, noncumulative perpetual preferred stock	8.50%	13.55%	11.55% - 16.41%
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%	13.89%	11.89% - 16.73%
Permanent capital ratio	Retained earnings, common stock, noncumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.00%	13.59%	11.59% - 16.46%
Non-risk adjusted:				
Tier 1 leverage ratio*	Tier 1 capital	5.00%	5.79%	10.61% - 16.11%
UREE leverage ratio	URE and URE equivalents	1.50%	2.04%	3.75% - 15.85%

* 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)

		June 30, 2026		December 31, 2025
Assets				
Cash	**$**	**30,211**	$	43,730
Federal funds sold and overnight investments		**526,081**		461,098
Investment securities		**7,063,076**		7,211,936
Loans		**41,982,084**		42,183,360
Less allowance for credit losses on loans		**177,979**		139,750
Net loans		**41,804,105**		42,043,610
Accrued interest receivable		**453,336**		475,556
Premises and equipment, net		**307,294**		313,519
Other assets		**430,463**		441,989
Total assets	**$**	**50,614,566**	$	50,991,438
Liabilities and members' equity				
Liabilities				
Bonds and notes, net	**$**	**43,449,955**	$	43,847,774
Accrued interest payable		**265,108**		273,013
Patronage distributions payable		**10**		283,581
Preferred stock dividends payable		**14,638**		14,638
Other liabilities		**328,628**		366,159
Total liabilities		**44,058,339**		44,785,165
Members' Equity				
Preferred stock		**1,030,000**		1,030,000
Capital stock and participation certificates		**74,243**		74,278
Allocated retained earnings		**1,193,663**		1,193,719
Unallocated retained earnings		**4,282,098**		3,930,513
Additional paid-in-capital		**347,926**		347,926
Accumulated other comprehensive loss		**(371,703)**		(370,163)
Total members' equity		**6,556,227**		6,206,273
Total liabilities and members' equity	**$**	**50,614,566**	$	50,991,438

Combined Statements of Income

(Unaudited, dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	**2026**	2025
Interest Income				
Investment securities	**$ 65,878**	$ 72,756	**$ 131,903**	$ 140,547
Loans	**651,445**	646,058	**1,300,906**	1,276,526
Total interest income	**717,323**	718,814	**1,432,809**	1,417,073
Interest Expense				
Bonds and notes	**343,301**	350,752	**686,091**	684,272
Notes payable and other	**51,263**	58,925	**103,385**	118,001
Total interest expense	**394,564**	409,677	**789,476**	802,273
Net interest income	**322,759**	309,137	**643,333**	614,800
Provision for credit losses on loans	**17,383**	44,036	**38,687**	68,528
Net interest income after provision for credit losses on loans	**305,376**	265,101	**604,646**	546,272
Noninterest Income				
Patronage income	**6,675**	5,558	**24,448**	19,699
Fees for loan-related services	**12,264**	12,201	**25,420**	23,208
Refunds from Farm Credit System Insurance Corporation (FCSIC)	**—**	—	**21,929**	7,544
Gain (loss) on Rural Business Investment Companies	**356**	(237)	**360**	(866)
Other income, net	**2,700**	2,547	**5,069**	4,697
Total noninterest income	**21,995**	20,069	**77,226**	54,282
Noninterest Expense				
Salaries and employee benefits	**78,255**	76,823	**155,410**	154,004
Occupancy and equipment	**18,218**	17,642	**39,753**	38,003
Purchased services	**13,494**	9,964	**24,857**	19,402
Farm Credit System Insurance Corporation expense	**9,926**	9,740	**18,971**	18,740
Other operating expenses	**29,825**	22,092	**51,387**	43,945
Total noninterest expense	**149,718**	136,261	**290,378**	274,094
Income before income taxes	**177,653**	148,909	**391,494**	326,460
Benefit for income taxes	**(59)**	(69)	**(43)**	(223)
Net Income	**$ 177,712**	$ 148,978	**$ 391,537**	$ 326,683

Select Information on Texas District Associations

(Unaudited, dollars in thousands)

As of June 30, 2026	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	$ 3,135,878	10.86%	$ 3,715,250	$ 532,405	12.21 %	0.95 %	1.66 %
AgTrust Farm Credit, ACA	3,007,825	10.41	3,563,992	555,429	13.94	0.11	1.86
Alabama Ag Credit, ACA	1,377,140	4.77	1,648,524	267,766	14.15	0.92	1.11
Alabama Farm Credit, ACA	1,218,598	4.22	1,408,274	184,593	11.89	0.65	1.23
Capital Farm Credit, ACA	11,295,540	39.10	13,543,190	2,166,076	12.54	1.26	1.96
Central Texas Farm Credit, ACA	675,224	2.34	821,059	142,012	15.06	0.04	1.49
Legacy Ag Credit, ACA	361,985	1.25	438,061	75,117	16.73	0.39	1.22
Louisiana Land Bank, ACA	983,208	3.40	1,209,364	220,984	16.14	0.09	1.43
Mississippi Land Bank, ACA	996,970	3.45	1,212,664	198,626	14.62	0.33	1.37
Plains Land Bank, FLCA	1,097,064	3.80	1,309,013	207,296	14.19	0.33	2.04
Southern AgCredit, ACA	1,676,273	5.80	1,954,195	256,370	12.40	0.24	1.39
Texas Farm Credit Services	3,062,917	10.60	3,518,017	467,763	13.10	0.66	1.74
Totals	**$28,888,622**	**100.00%**	**$34,341,603**	**$5,274,437**			

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