




2026
Third Quarter Report

FARM CREDIT
BANK OF TEXAS

Third Quarter 2026 Financial Report

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Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands, except as noted)

The following commentary is a discussion and analysis of the financial position and the results of operations of the Farm Credit Bank of Texas (the Bank) for the three and nine months ended September 30, 2026. The commentary should be read in conjunction with the accompanying financial statements, notes to the financial statements (notes), additional sections of this report, and the 2025 Annual Report to shareholders. The accompanying financial statements were prepared under the oversight of the Bank's audit committee.

The Bank is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The United States (U.S.) is currently served by three Farm Credit Banks (FCBs) and one Agricultural Credit Bank (ACB). Each of the FCBs has specific authority to fund affiliated associations and other financing institutions (OFIs) which make loans to agricultural producers, farm-related businesses and rural homeowners within a regional chartered territory (or district). The ACB has the same lending authority as the FCBs within its chartered territory and has additional authority to finance agricultural cooperatives and rural utilities nationwide. The FCBs and the ACB are collectively referred to as "System banks." The primary purpose of the System banks is to serve as a source of funding for System associations within their respective districts. The System associations make loans to or for the benefit of borrowers for qualified purposes. At September 30, 2026, the Bank provided financing to 12 associations within its chartered territory (District Associations) and certain OFIs.

The accompanying financial statements relate solely to the Bank and exclude financial information of the District Associations. The Bank and the District Associations are collectively referred to as the Texas District. The Bank separately publishes certain unaudited combined financial information of the Texas District, including the Combined Balance Sheets and Combined Statements of Income, which can be found on the Bank's website at *www.farmcreditbank.com*.

MATERIAL AND SIGNIFICANT EVENTS

Effective September 3, 2026, Kristy Vrabel was named the Bank's Chief Financial Officer.

On September 3, 2026, Nisha Rocap, the Bank's Chief Audit Executive, departed from the Bank. Thomas Ringler was promoted to the role of the Bank's Chief Risk Officer, who will oversee and coordinate all risk management functions.

During the quarter, Vicki Rodriguez, the Bank's Chief Accounting Officer, also announced her retirement effective the end of October 2026.

CONDITIONS IN THE TEXAS DISTRICT

The Bank 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 Bank remains stable.

On September 15-16, 2026, the Federal Open Market Committee (FOMC) decided to raise the target federal funds rate range by 25 basis points to 3.75-4.00 percent 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. The unemployment rate has changed little while 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 3.7 percent for the 12-month period ending in September 2026, higher than the 3.0 percent reached in September 2025. The largest year-over-year (YOY) increases were in the energy sector. The index for gasoline rose 34.2 percent while fuel oil rose by 74.2 percent over the 12-month period ending in September 2026. U.S. diesel prices reached record highs in September 2026. On October 19, 2026, President Trump and the U.S. Department of Agriculture (USDA) announced an $8 billion fuel relief program as one-time payments to American farmers this harvest season to provide relief during temporary market disruptions and increased input costs. Payments will be administered by the Farm Service Agency.

The Bureau of Labor Statistics reported that the U.S. unemployment rate ticked up month-over-month (MOM) to 4.2 percent in September 2026 from 4.1 percent in August 2026 but is down from 4.4 percent in the year-ago period. The U.S. Congressional Budget Office estimates that the natural or noncyclical unemployment rate is about 4.4 percent in 2026. State unemployment rates in the Texas District ranged from a low of 3.3 percent in Mississippi to a high of 4.7 percent in New Mexico as of September 2026. The Texas unemployment rate remained unchanged MOM from August to September 2026 at 4.4 percent but ticked up YOY from 4.3 percent in September 2025. Overall, the unemployment rates in the Texas District remain relatively stable.

On September 30, 2026, the U.S. Bureau of Economic Analysis (BEA) released its third estimate of real gross domestic product (GDP) for the second quarter of 2026. U.S. real GDP growth was revised up in the third estimate from an annual rate of 1.5 to 2.2 percent. This new estimate is down from a similarly upwardly revised 2.5 percent growth rate in the prior quarter and down from 4.0 percent in the year ago period. The contributors to the increase in real GDP in the second quarter were consumer spending, investment, and exports. Imports, which are a subtraction in the calculation of GDP, increased. Within the Texas District, annualized real GDP increased YOY in every state in the Texas District as of the second quarter; however, the growth rates decelerated compared to the same period a year ago in all Texas District states except for Mississippi. Overall, real GDP growth rates ranged from an increase of 0.4 percent in New Mexico to 2.6 percent in Alabama.

In terms of relevant Texas District commodities, the Energy Information Administration (EIA) indicated in its October 2026 edition of the Short-Term Energy Outlook that the West Texas Intermediate (WTI) crude oil spot price is expected to average nearly $88 per barrel in 2026 before declining to $80 per barrel in 2027, and up YOY from an average of $65 per barrel in 2025. Average WTI prices remain well above the level needed to profitably drill a new well ($65 per barrel) in the United States. 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 October 2026 forecast indicates that the natural gas price is expected to decrease by approximately 1.3 percent in 2026 and by 9.1 percent in 2027.

The September 2026 edition of S&P Global Agricultural Commodity Price Watch estimated that U.S. season average farm prices of key Texas District crops such as corn, soybeans, and wheat were expected to increase quarter-over-quarter (QOQ) in the third quarter of 2026 while the cotton price was expected to remain relatively stable in the upper $60s per hundredweight. Additionally, the quarterly average farm prices of these crops (corn, soybeans, wheat, and cotton) were estimated to

have experienced material increases (i.e., ranging from about 9 to 29 percent) YOY as of the third quarter. In terms of lumber prices, the quarterly average Chicago Mercantile Exchange physical cash price decreased QOQ and YOY by about 4 percent as of the third quarter of 2026.

S&P Global also estimates that the QOQ percentage changes in live and feeder cattle prices were down (Texas/Oklahoma live steers and Oklahoma City feeder steers) as of September 2026. Similarly, the quarterly average farm-level milk price as well as broilers and pork prices decreased QOQ in the third quarter of 2026. Quarterly average cattle prices were mixed YOY (down for live steers and up for feeder steers) while hog/pork and broiler prices declined YOY. The quarterly average farm-level milk price is estimated to have slightly increased YOY as of the third quarter.

The combined Drought Monitor for the five Texas District states indicates that drought area categorized as moderate, severe, extreme, and exceptional (D1-D4) more than doubled QOQ and YOY based on the respective drought maps dated September 29, 2026. However, the seasonal outlook released by the National Weather Service (NWS) on October 15, 2026 indicates that a strong El Niño and the likelihood for above normal precipitation during the 3-month period November-December-January is expected to bring drought improvements to all Texas District states. As of October 13, the combined drought area in the Texas District had already improved to about 72 percent from about 84 percent in September 2026 but still doubles the year-ago drought area.

On September 3, 2026, the USDA released its latest 2026 Farm Income Forecast. Net farm income (nominal), a broad measure of profits, is forecasted at $158.4 billion in 2026 after decreasing $4.3 billion or 2.6 percent relative to 2025. This follows a record high of $182.0 billion in calendar year 2022 and two consecutive declines in 2023 and 2024. Total crop receipts are forecasted to increase YOY by 6.1 percent to $253.0 billion in 2026, due to higher receipts for corn, soybeans, cotton and vegetables/melons. However, total animal and animal product receipts are projected to decrease YOY by 5.4 percent to $287.3 billion in 2026 following lower receipts primarily for chicken eggs. Total production expenses are forecasted to increase YOY by 4.5 percent to $492.8 billion in 2026. Farm sector solvency is forecasted to deteriorate in 2026 as debt is forecasted to grow faster than assets or equity. Direct government payments to U.S. farm producers are expected to reach a multi-year high, driven by higher payments as a function of commodity prices (e.g., price loss coverage, agriculture risk coverage, dairy margin coverage, etc.).

The Bank's loan portfolio is well-supported by industry diversification and conservative advance rates.

RESULTS OF OPERATIONS

Net Income

Net income for the three months ended September 30, 2026 was $74.7 million, an increase of $35.0 million, or 88.32 percent, over the same period of 2025. The increase in net income was driven by a decrease of $17.6 million in the provision for credit losses on loans, an increase of $10.5 million in net interest income, and an increase of $6.0 million in noninterest income.

Net income for the nine months ended September 30, 2026 was $212.3 million, an increase of $72.6 million, or 51.94 percent, over the same period of 2025. The increase in net income was driven by a decrease of $28.7 million in the provision for credit losses on loans, an increase of $27.6 million in net interest income and an increase of $20.8 million in noninterest income, partially offset by an increase of $4.5 million in noninterest expense.

Net Interest Income

Net interest income for the three months ended September 30, 2026 was $110.9 million, an increase of $10.5 million, or 10.50 percent, from the three months ended September 30, 2025. The increase in net interest income reflects the impact of a $496.4 million increase in the Bank's average interest earning assets and an 11 basis point increase in the net interest spread from 0.77 percent to 0.88 percent. The increase in the net interest spread reflects the impact of a 16 basis point decrease in the average rate paid on interest-bearing liabilities, partially offset by a 5 basis point decrease in the yield on average interest-earning assets. Net interest margin was 1.06 percent for the three months ended September 30, 2026, compared to 0.97 percent for the three months ended September 30, 2025.

Net interest income for the nine months ended September 30, 2026 was $323.6 million, an increase of $27.6 million, or 9.33 percent, from the nine months ended September 30, 2025. The increase in net interest income reflects the impact of a $1.27 billion increase in the Bank's average interest earning assets and a 7 basis point increase in the net interest spread from 0.80 percent to 0.87 percent. The increase in the net interest spread reflects the impact of a 14 basis point decrease in the average rate paid on interest-bearing liabilities, partially offset by a 7 basis point decrease in the yield on average interest-earning assets. Net interest margin was 1.04 percent for the nine months ended September 30, 2026, compared to 0.99 percent for the nine months ended September 30, 2025.

During the three months ended September 30, 2026, the Bank did not call any fixed rate debt. During the three months ended September 30, 2025, the Bank reduced its interest expense by calling and replacing fixed-rate debt totaling $2.21 billion and recognized accelerated concession expense of $4.1 million during the three months ended September 30, 2025.

During the nine months ended September 30, 2026 and September 30, 2025, the Bank reduced its interest expense by calling and replacing fixed-rate debt totaling $1.54 billion and $3.27 billion, respectively. As a result of this call activity, the Bank recognized accelerated concession expense of $2.8 million and $6.4 million during the nine months ended September 30, 2026 and 2025, respectively.

Provision for Credit Losses on Loans

During the three months ended September 30, 2026, the Bank recorded provision for credit losses on loans of $7.1 million compared to $24.7 million in the same period of 2025. The provision for credit losses on loans for the three months ended September 30, 2026 reflects higher general reserves due to isolated credit deterioration primarily in the communications loan sector and, to a lesser extent, the impact of a weaker macroeconomic outlook on modeled credit losses.

During the nine months ended September 30, 2026, the Bank recorded provision for credit losses on loans of $25.4 million compared to $54.1 million in the same period of 2025. The provision for credit losses on loans for the nine months ended September 30, 2026 primarily reflects higher general reserves due to isolated credit deterioration in the agribusiness and communications loan sectors and, to a lesser extent, the impact of a weaker macroeconomic outlook on modeled credit losses. The decrease in provisions compared to the prior year period was primarily attributable to lower specific reserves. Overall loan credit quality remained stable at 99.46 percent acceptable and special mention at September 30, 2026, compared to 99.62 percent at December 31, 2025.

Noninterest Income

Noninterest income for the three months ended September 30, 2026 was $12.8 million, an increase of $6.0 million, or 89.49 percent, from the same period of 2025. The increase compared to the prior year period was primarily attributable to the monthly fee for information technology services the Bank began assessing the Associations in January 2026, partially offset by the increase in losses on Rural Business Investment Companies (RBICs) of $772 thousand.

Noninterest income for the nine months ended September 30, 2026 was $47.2 million, an increase of $20.8 million, or 78.83 percent, from the same period of 2025. The increase compared to the prior year period was primarily attributable to the monthly fee for information technology services the Bank began assessing the Associations in January 2026 and an increase in the return of excess insurance funds from the Farm Credit System Insurance Corporation (FCSIC) of $4.9 million, partially offset by a write-down in value of the underlying collateral reflected in other property owned (OPO).

Noninterest Expense

Noninterest expense for the three months ended September 30, 2026 was $41.8 million, a decrease of $882 thousand, or 2.07 percent, from the same period of 2025.

Noninterest expense for the nine months ended September 30, 2026 was $133.1 million, an increase of $4.5 million, or 3.52 percent, from the same period of 2025. The increase was primarily driven by an increase in purchased services.

The expense for FCSIC premiums, which is included in noninterest expense, is directly impacted by the premium rate assessed by the FCSIC. 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 October 7, 2026, the FCSIC board announced that the FCSIC premium on adjusted insured debt would be set to zero basis points for the fourth quarter of 2026 while the assessment of 10 basis points on nonaccrual loans and impaired investments was unchanged for the remainder of 2026.

Key Results of Operations

	Annualized for the Nine Months Ended September 30,	
	2026	2025
Return on average assets	**0.68%**	0.46%
Return on average shareholders' equity	**12.89**	8.93
Net interest margin	**1.04**	0.99
Charge-offs, net of recoveries, to average loans	**—**	0.12
Operating expenses as a percentage of net interest income and noninterest income	**35.89**	39.88
Operating expenses as a percentage of average earning assets	**0.43**	0.43

Other Comprehensive Income (Loss)

Other comprehensive income consists of certain gains, losses, or costs for which values are included in assets or liabilities on the Balance Sheet but have not yet been recognized in earnings. On the Balance Sheet, they are included in accumulated other comprehensive loss in the statement of shareholders' equity. These elements include unrealized gains or losses on the Bank's available-for-sale (AFS) investment portfolio, changes in elements of the postretirement benefit plans, and changes in the value of cash flow derivative instruments.

The table below summarizes the changes in elements included in other comprehensive income (loss):

	Nine Months Ended September 30,	
	2026	2025
Change in net unrealized losses on AFS securities:		
Net (increase) decrease in unrealized losses on AFS securities	**$ (146,305)**	$ 113,788
Change in postretirement benefit plans:		
Amortization of actuarial gains	**(110)**	—
Amortization of prior service credits	**—**	(1)
Net change in postretirement benefit plans	**(110)**	(1)
Change in cash flow derivative instruments:		
Net increase (decrease) in unrealized gains on cash flow derivative instruments	**85,334**	(41,032)
Reclassification of losses recognized in interest expense	**109**	130
Net increase (decrease) in unrealized gains on cash flow derivative instruments	**85,443**	(40,902)
Other comprehensive (loss) income	**$ (60,972)**	$ 72,885

During the nine months ended September 30, 2026, the Bank recognized other comprehensive loss of $61.0 million compared to other comprehensive income of $72.9 million in the prior year period. The increase in other comprehensive loss was primarily driven by an increase in unrealized losses on the Bank's AFS securities, partially offset by an increase in unrealized gains on cash flow derivative instruments resulting from changes in the valuation of interest rate swaps held by the Bank due to increases in interest rates.

FINANCIAL CONDITION

Loan Portfolio

Gross loan volume at September 30, 2026 was $34.30 billion, an increase of $98.8 million, or 0.29 percent, compared to $34.20 billion at December 31, 2025. The increase was primarily due to an increase in direct note receivables from District Associations and OFIs of $417.5 million, partially offset by a decrease in the capital markets portfolio of $318.7 million.

The Bank's capital markets loan portfolio, also referred to as the 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 District Associations, which may exceed their hold limits, the Bank seeks the purchase of participations and syndications originated outside of 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 to other System entities.

The Bank has purchased loan participations and Federal Agricultural Mortgage Corporation (Farmer Mac) guaranteed agricultural mortgage-backed securities (AMBS) from District Associations in Capitalized Participation Pool (CPP) transactions. CPP loans held at September 30, 2026, totaled $38.1 million and were included in loans on the Balance Sheet. The balance of the AMBS CPP was $3.9 million at September 30, 2026, which was included in investment securities on the Balance Sheet.

The Bank also purchased loans from District Associations in Non-Capitalized Participation Pool (NCPP) transactions. The NCPP loans' balance was $126.6 million at September 30, 2026, and was included in loans on the Balance Sheet.

At September 30, 2026, and December 31, 2025, 99.46 percent and 99.62 percent, respectively, of the Bank's loans were classified as either acceptable or other assets especially mentioned under the Farm Credit Administration's Uniform Loan Classification System based on the amortized cost basis of the loans (principal balance adjusted for discounts, premiums, charge-offs, recoveries, and deferred loan fees or costs).

The table below summarizes the amortized cost of the Bank's nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned, at September 30, 2026, and December 31, 2025:

			Change	
	September 30, 2026	December 31, 2025	**$**	**%**
Nonaccrual loans	**$ 23,261**	$ 64,860	$ (41,599)	(64.14)%
Accruing loans 90 days or more past due	**—**	—	—	—
Total nonperforming loans	**23,261**	64,860	(41,599)	(64.14)
Other property owned	**23,188**	28,583	(5,395)	(18.87)
Total nonperforming assets	**$ 46,449**	$ 93,443	$ (46,994)	(50.29)%

Nonaccrual loans decreased during the nine months ended September 30, 2026 primarily due to repayments of $50.7 million in the agribusiness, real estate mortgage and production and intermediate-term loan sectors and the transfer of a $1.3 million real estate mortgage loan to other property owned (OPO), partially offset by advances on loans of $10.2 million. The Bank had no accruing loans 90 days or more past due at September 30, 2026 or December 31, 2025. OPO is held for sale and consists of real and personal property acquired through collection activities. At September 30, 2026, the Bank had $23.2 million in OPO as compared to $28.6 million at December 31, 2025. The decrease in OPO was due to the write-down in value of the underlying collateral included in OPO and the receipt of proceeds from the sale of underlying collateral, partially offset by the transfer of a real estate mortgage loan to OPO. At September 30, 2026, and December 31, 2025, total nonperforming assets represented 0.14 percent and 0.27 percent of total loans and OPO, respectively.

At September 30, 2026, the Bank had an allowance for credit losses totaling $75.3 million, with an allowance for credit losses on loans of $68.7 million and an allowance for credit losses on unfunded commitments of $6.6 million. The allowance for credit losses relates to the Bank's capital markets loan portfolio. The allowance for credit losses on loans of $68.7 million at September 30, 2026 equated to 20 basis points of total loans outstanding and 74 basis points of capital market loans outstanding, compared to 12 basis points and 44 basis points, respectively, at December 31, 2025. At December 31, 2025, the Bank had an allowance for credit losses totaling $49.2 million, with an allowance for credit losses on loans of $42.5 million and an allowance for credit losses on unfunded

commitments of $6.7 million. At September 30, 2026 and December 31, 2025, there was no allowance for credit losses associated with the direct note receivable portfolio.

The allowance for credit losses on loans as a percentage of nonperforming assets was 147.93 percent at September 30, 2026, compared to 45.49 percent at December 31, 2025.

Liquidity and Funding Sources

The Bank's primary source of liquidity is the ability to issue Systemwide debt securities, which are the general unsecured joint and several obligations of the System banks. The System continued to have reliable access to the debt capital markets to support its mission of providing credit to farmers, ranchers and other eligible borrowers. As a secondary source of liquidity, the Bank maintains an investment portfolio composed primarily of high-quality liquid securities. These securities provide a stable source of income for the Bank, and their high quality ensures the portfolio can quickly be converted to cash should the need arise.

Cash, federal funds sold, overnight investments, and investment securities totaled $7.49 billion, or 17.71 percent of total assets at September 30, 2026, compared to $7.40 billion, or 17.55 percent of total assets at December 31, 2025. At September 30, 2026, the Bank's cash balance was $22.9 million, of which $6.0 million was held at the Federal Reserve Bank.

Each System bank is required to maintain a minimum of 90 days of liquidity coverage on a continuous basis. The days of liquidity measurement refers to the number of days that maturing debt could be funded with eligible cash and investment securities. At September 30, 2026, the Bank exceeded all applicable regulatory liquidity requirements and had 166 days of liquidity.

Investments

The Bank's investments are classified as AFS and include a liquidity portfolio and a portfolio of other investments. The majority of the liquidity portfolio's mortgage-backed securities (MBS) includes Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC) securities. The Bank's liquidity portfolio and other investment holdings are summarized in the following table:

	September 30, 2026		December 31, 2025	
	Amortized Cost	**Fair Value**	Amortized Cost	Fair Value
Liquidity Portfolio:				
Certificates of deposit	**$ 350,000**	**$ 350,117**	$ 350,000	$ 350,188
Corporate debt	**15,000**	**15,029**	29,999	30,229
Federal agency collateralized mortgage-backed securities:				
GNMA	**2,863,264**	**2,435,407**	3,010,414	2,686,092
FNMA and FHLMC	**2,800,498**	**2,700,224**	2,733,377	2,665,847
U.S. Treasury securities	**1,290,865**	**1,282,920**	921,542	922,833
Asset-backed securities	**200,848**	**200,790**	233,399	233,870
Total liquidity investments	**7,520,475**	**6,984,487**	7,278,731	6,889,059
Other Investments:				
Agricultural mortgage-backed securities	**4,281**	**3,948**	4,953	4,609
Total investments	**$ 7,524,756**	**$ 6,988,435**	$ 7,283,684	$ 6,893,668

FCA regulations also define eligible investments by specifying credit criteria and the percentage of investment portfolio limit for each investment type. If an investment no longer meets the eligibility criteria, the investment becomes ineligible for inclusion in the liquidity portfolio. At September 30,

2026 and December 31, 2025, the Bank had no investments which were ineligible for liquidity purposes.

The Bank evaluates non-guaranteed investment securities with unrealized losses for impairment on a quarterly basis. As part of the assessment as of September 30, 2026 and December 31, 2025, the Bank evaluated and concluded that it does not intend to sell any securities or it is not more likely than not that it would be required to sell any securities, prior to recovery of the amortized cost basis. The Bank also evaluates whether credit impairment exists by comparing the present value of the expected cash flows to the securities' amortized cost. The Bank concluded that a credit impairment did not exist at September 30, 2026 or December 31, 2025.

Capital Resources

On September 30, 2026, the Bank's total shareholders' equity totaled $2.23 billion and consisted of $750.0 million of Class B noncumulative subordinated perpetual preferred stock, $724.4 million of capital stock, $1.18 billion of retained earnings, and $424.8 million of accumulated other comprehensive losses. Shareholders' equity at September 30, 2026 increased by $130.6 million from year-end 2025 due to net income of $212.3 million and net issuance of capital stock of $20.0 million, which reflects the semi-annual direct note stock equalization, partially offset by an increase in accumulated other comprehensive loss of $61.0 million, and preferred stock dividends of $40.5 million.

The net issuance of capital stock during the nine months ended September 30, 2025 of $153.1 million was significantly higher than the net issuance of capital stock of $20.0 million during the nine months ended September 30, 2026. The year ago period reflected the impact of the change in the investment requirement by the District Associations and qualifying OFIs from 2.00 percent of average borrowings from the Bank to 2.50 percent of average borrowings.

FCA regulations require the Bank to maintain minimum ratios, including capital conservation buffers, for various regulatory capital ratios. At September 30, 2026, the Bank exceeded all regulatory capital requirements including the capital conservation buffers. The following table reflects the Bank's regulatory capital ratios as of:

	September 30, 2026	December 31, 2025	Total Regulatory Requirements Including Capital Conservation Buffers
Permanent capital ratio	**14.08 %**	13.29 %	7.00 %
Common equity tier 1 ratio	**9.81**	9.08	7.00
Tier 1 capital ratio	**14.03**	13.25	8.50
Total capital ratio	**14.41**	13.59	10.50
Tier 1 leverage ratio	**5.97**	5.70	5.00
UREE leverage ratio	**2.16**	2.03	1.50

RATING AGENCY ACTIONS

In September 2026, Moody's affirmed the Bank's long-term and short-term issuer ratings at Aa3 and P-1, respectively, with a stable outlook.

In December 2025, Fitch Ratings affirmed the Bank's long-term and short-term issuer default ratings (IDR) at A+ and F1+, respectively, with a stable outlook.

DERIVATIVE PRODUCTS

Derivative products are a part of the Bank's interest rate risk management process and are used to manage interest rate and liquidity risks and to lower the overall cost of funds. The Bank does not

hold or enter into derivative transactions for trading purposes. At September 30, 2026, the notional amount of cleared cash flow hedges was $2.30 billion with associated posted initial margin of $44.3 million and variation margin settlements received of $109.9 million. At December 31, 2025, the notional amount of cleared cash flow hedges was $1.825 billion with associated posted initial margin of $37.4 million and variation margin settlements received of $23.5 million. Cleared derivatives require the payment of initial and variation margin as protection against default.

REGULATORY MATTERS

Regulatory matters that impact the Bank's financial statements and regulatory financial reporting are set forth below.

At September 30, 2026, there were no District Associations operating under written agreements with the Farm Credit Administration.

On September 14, 2026, the FCA issued an informational memorandum providing guidance on the electronic delivery of Annual Meeting Information Statements (AMIS) to shareholders. The guidance permits System institutions to send a postcard or one-page notice directing shareholders to the AMIS online, in lieu of mailing the full AMIS, provided specified information is included and shareholders are given instructions for requesting a hard copy.

On July 24, 2026, the FCA published a final rule on loan performance categories and financial reporting in the Federal Register. The rule amends the high-risk loan performance categories by removing formally restructured loans (TDRs) to ensure the regulations remain consistent with U.S. generally accepted accounting principles (U.S. GAAP). The amendment reflects changes in U.S. GAAP that eliminated the measurement guidance for TDRs and replaced it with enhanced disclosure requirements for certain loan modifications to borrowers experiencing financial difficulty. The regulation became effective on August 24, 2026.

On July 2, 2026, the FCA issued an informational memorandum providing guidance on the electronic delivery of annual reports to shareholders. The guidance allows System institutions to provide shareholders with a postcard notice instead of a printed annual report, directing them to a website where the report can be accessed electronically. System institutions may begin using this approach immediately, which is expected to reduce current printing and postage costs.

On April 23, 2026, the FCA published a proposed rule in the Federal Register to update how FCA administrative assessments are apportioned among System entities to reflect changes in the System’s composition, affecting the allocation among banks and associations but not the total assessment amount. The comment period ended on June 22, 2026.

On February 27, 2026, the FCA published a proposed rule in the Federal Register that would amend its permanent capital regulations and update other capital-related regulations. This rulemaking would replace references to permanent capital with references to tier 1 and tier 2 capital, simplify the calculation of the permanent capital ratio, eliminate permanent capital reporting requirements from published financial reports, and make other clarifications, corrections, and technical updates to capital-related regulations. The comment period ended on April 28, 2026.

On November 29, 2024, the FCA published a proposed rule on internal control over financial reporting (ICFR) in the Federal Register. The proposed rule would amend the financial reporting regulations to require System associations that meet certain asset thresholds or conditions, as well as the System banks, to obtain annual attestation reports from their external auditors that express an opinion on the effectiveness of ICFR (also known as integrated audit). An association would meet the requirement for an integrated audit if it represents 1 percent or more of total System assets, 15 percent or more of its System bank's direct loan to associations or if the FCA's Office of Examination

determines that a material weakness in the association's ICFR exists. The comment period ended on March 31, 2025.

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) exposures by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent to reflect their increased risk characteristics. The rule became effective on January 1, 2026.

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 Agriculture Improvement Act of 2018, which was extended three times through September 30, 2026. 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. Because the bill was passed using the budget reconciliation process, it could only include measures that directly affect federal spending or revenue.

On April 30, 2026, the House of Representatives passed a version of replacement legislation called the Farm, Food and National Security Act of 2026. The Farm Bill process then advanced to the Senate Agriculture Committee, which released its own version of the bill called the Agricultural Act of 2026 on June 23, 2026. The Senate Agriculture Committee held a business meeting to consider the bill on August 6, 2026 but recessed without final passage of a bill. On September 16, 2026, the Senate Agriculture Committee reconvened and successfully advanced the bill out of committee. Discussions among House and Senate Agriculture Committee leaders are ongoing to resolve differences between the House-passed and Senate Agriculture Committee-passed bills. If a compromise is reached, further consideration may occur during the remaining congressional session in 2026.

Report of Management

The undersigned certify that we have reviewed the September 30, 2026, quarterly report of the Farm Credit Bank of Texas, that the report has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information included herein is true, accurate and complete to the best of our knowledge and belief.

/s/ James F. Dodson
Chair of the Board
November 6, 2026

/s/ Brandon Blaut
Chief Executive Officer
November 6, 2026

/s/ Kristy Vrabel
Executive Vice President,
Chief Financial Officer
November 6, 2026

Evaluation of Disclosure Controls and Procedures

As of September 30, 2026, management of the Farm Credit Bank of Texas (the Bank) carried out an evaluation with the participation of the Bank's management, including the chief executive officer (CEO) and chief financial officer (CFO), of the effectiveness of the design and operation of the respective disclosure controls and procedures[1] with respect to this quarterly report. This evaluation is based on testing of the design and effectiveness of key internal controls, certifications and other information furnished to the principal executive officer and principal financial officer of the Bank, as well as incremental procedures performed by the Bank. Based upon and as of the date of the Bank's evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective in alerting them on a timely basis of any material information relating to the Bank that is required to be disclosed by the Bank in the quarterly stockholder reports it files or submits to the Farm Credit Administration.

There have been no significant changes in the Bank's internal control over financial reporting[2] that occurred during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.

/s/ Brandon Blaut
Chief Executive Officer
November 6, 2026

/s/ Kristy Vrabel
Executive Vice President,
Chief Financial Officer
November 6, 2026

[1] For purposes of this discussion, ''disclosure controls and procedures'' are defined as controls and procedures of the Bank that are designed to ensure that the financial information required to be disclosed by the Bank in this quarterly report is recorded, processed, summarized and reported within the time periods specified under the rules and regulations of the Farm Credit Administration.

[2] For purposes of this discussion, ''internal control over financial reporting'' is defined as a process designed by, or under the supervision of, the Bank's principal executive officer and principal financial officer, or persons performing similar functions, and effected by the Bank's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Bank's financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Bank's financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank's assets that could have a material effect on the Bank's financial statements.

Certification

I, Brandon Blaut, certify that:

1. I have reviewed this quarterly report of the Bank.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bank as of, and for, the periods presented in this report.
4. The Bank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Bank and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank is made known to us, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.
5. The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the Bank's Audit Committee:
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ Brandon Blaut
Chief Executive Officer
November 6, 2026

Certification

I, Kristy Vrabel, certify that:

1. I have reviewed this quarterly report of the Bank.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Bank as of, and for, the periods presented in this report.
4. The Bank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Bank and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank is made known to us, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting.
5. The Bank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the Bank's Audit Committee:
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ Kristy Vrabel
Executive Vice President, Chief Financial Officer
November 6, 2026

Balance Sheets

(Unaudited, dollars in thousands)

	September 30, 2026	December 31, 2025
Assets		
Cash	**$ 22,924**	$ 43,385
Federal funds sold and overnight investments	**475,456**	461,098
Investment securities	**6,988,435**	6,893,668
Loans	**34,295,901**	34,197,105
Less allowance for credit losses on loans	**68,712**	42,505
Net loans	**34,227,189**	34,154,600
Accrued interest receivable	**175,990**	169,470
Premises and equipment, net	**77,614**	89,915
Other assets	**306,492**	342,699
Total assets	**$ 42,274,100**	$ 42,154,835
Liabilities and shareholders' equity		
Liabilities		
Bonds and notes, net	**$ 39,615,618**	$ 39,497,774
Accrued interest payable	**280,878**	255,838
Allowance for credit losses on unfunded commitments	**6,592**	6,706
Preferred stock dividends payable	**13,488**	13,488
Patronage payable	**—**	115,791
Other liabilities	**126,991**	165,284
Total liabilities	**$ 40,043,567**	$ 40,054,881
Commitments and contingencies (Note 5)		
Shareholders' equity		
Preferred stock	**$ 750,000**	$ 750,000
Capital stock	**724,358**	704,331
Allocated retained earnings	**116,454**	116,483
Unallocated retained earnings	**1,064,548**	892,995
Accumulated other comprehensive loss	**(424,827)**	(363,855)
Total shareholders' equity	**2,230,533**	2,099,954
Total liabilities and shareholders' equity	**$ 42,274,100**	$ 42,154,835

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income

(Unaudited, dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Interest income				
Loans	**$ 394,180**	$ 389,564	**$ 1,163,824**	$ 1,131,953
Investment securities	**65,530**	70,404	**191,077**	204,238
Total interest income	**459,710**	459,968	**1,354,901**	1,336,191
Interest expense				
Bonds and notes	**348,795**	359,592	**1,031,333**	1,040,234
Net interest income	**110,915**	100,376	**323,568**	295,957
Provision for credit losses on loans	**7,140**	24,729	**25,419**	54,092
Net interest income after provision for credit losses on loans	**103,775**	75,647	**298,149**	241,865
Noninterest income				
Patronage income	**3,262**	3,147	**10,270**	10,295
Fees for services to District Associations	**8,063**	870	**27,349**	5,650
Fees for loan-related services	**3,279**	3,030	**9,783**	8,921
Refunds from Farm Credit System Insurance Corporation (FCSIC)	**—**	—	**7,519**	2,616
Loss on Rural Business Investment Companies (RBICs)	**(1,038)**	(266)	**(1,225)**	(864)
Loss on Other Property Owned (OPO), net	**(317)**	—	**(5,851)**	—
Other (loss) income, net	**(462)**	(33)	**(624)**	(213)
Total noninterest income	**12,787**	6,748	**47,221**	26,405
Noninterest expense				
Salaries and employee benefits	**19,145**	19,359	**54,918**	55,898
Occupancy and equipment	**9,486**	9,472	**31,281**	30,473
FCSIC premiums	**3,072**	3,300	**9,169**	9,519
Other components of net periodic postretirement benefit cost	**104**	142	**312**	426
Other operating expenses	**10,021**	10,437	**37,409**	32,244
Total noninterest expense	**41,828**	42,710	**133,089**	128,560
Net income	**74,734**	39,685	**212,281**	139,710
Other comprehensive (loss) income				
Change in postretirement benefit plans	**(37)**	(1)	**(110)**	(1)
Change in unrealized losses on investments	**(112,698)**	23,611	**(146,305)**	113,788
Change in cash flow derivative instruments	**52,731**	(4,816)	**85,443**	(40,902)
Total other comprehensive (loss) income	**(60,004)**	18,794	**(60,972)**	72,885
Comprehensive Income	**$ 14,730**	$ 58,479	**$ 151,309**	$ 212,595

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

(Unaudited, dollars in thousands)

	Preferred Stock	Capital Stock	Retained Earnings		Accumulated Other Comprehensive Loss	Total Shareholders' Equity
			Allocated	Unallocated		
Balance at December 31, 2024	$ 750,000	$ 522,918	$ 109,027	$ 864,193	$ (466,147)	$ 1,779,991
Net income	—	—	—	139,710	—	139,710
Other comprehensive income	—	—	—	—	72,885	72,885
Capital stock and allocated retained earnings issued	—	153,716	—	—	—	153,716
Capital stock and allocated retained earnings retired	—	(641)	—	—	—	(641)
Preferred stock issued	350,000	—	—	—	—	350,000
Preferred stock retired	(350,000)	—	—	—	—	(350,000)
Issuance costs on preferred stock	—	—	—	(3,900)	—	(3,900)
Preferred stock dividends	—	—	—	(42,543)	—	(42,543)
Patronage distributions						
Cash	—	—	—	(242)	—	(242)
Shareholders' equity	—	—	(72)	72	—	—
Balance at September 30, 2025	$ 750,000	$ 675,993	$ 108,955	$ 957,290	$ (393,262)	$ 2,098,976
Balance at December 31, 2025	**$ 750,000**	**$ 704,331**	**$ 116,483**	**$ 892,995**	**$ (363,855)**	**$ 2,099,954**
Net income	**—**	**—**	**—**	**212,281**	**—**	**212,281**
Other comprehensive loss	**—**	**—**	**—**	**—**	**(60,972)**	**(60,972)**
Capital stock and allocated retained earnings issued	**—**	**23,786**	**—**	**—**	**—**	**23,786**
Capital stock and allocated retained earnings retired	**—**	**(3,759)**	**—**	**—**	**—**	**(3,759)**
Preferred stock dividends	**—**	**—**	**—**	**(40,463)**	**—**	**(40,463)**
Patronage distributions						
Cash	**—**	**—**	**—**	**(294)**	**—**	**(294)**
Shareholders' equity	**—**	**—**	**(29)**	**29**	**—**	**—**
Balance at September 30, 2026	**$ 750,000**	**$ 724,358**	**$ 116,454**	**$ 1,064,548**	**$ (424,827)**	**$ 2,230,533**

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

(Unaudited, dollars in thousands)

	Nine Months Ended September 30,	
	2026	2025
Cash Flows From Operating Activities		
Net income	**$ 212,281**	$ 139,710
Reconciliation of net income to net cash provided by operating activities:		
Provision for credit losses on loans	**25,419**	54,092
Depreciation and amortization on premises and equipment	**12,698**	12,911
Premium amortization on loans	**(6,352)**	(6,682)
Amortization and accretion on debt instruments	**(6,156)**	5,112
(Discount accretion) premium amortization on investments	**(3,004)**	169
Loss (gain) on sales of loans	**317**	(143)
Loss on OPO	**5,534**	—
Allocated equity patronage from System bank distributed	**(3,459)**	(3,400)
(Gain) loss on disposals of premises and equipment	**(24)**	46
Increase in accrued interest receivable	**(6,520)**	(15,596)
Decrease in other assets, net	**27,377**	37,168
Increase in accrued interest payable	**25,040**	28,205
Decrease in other liabilities, net	**(12,059)**	(7,591)
Net cash provided by operating activities	**271,092**	244,001
Cash Flows From Investing Activities		
Net increase in federal funds sold and overnight investments	**(14,358)**	(79,653)
Investment securities		
Purchases	**(1,531,469)**	(1,627,432)
Proceeds from maturities, calls and prepayments	**1,293,401**	1,367,723
Increase in loans, net	**(224,874)**	(1,965,404)
Proceeds from sales of loans	**113,536**	129,264
Proceeds from disposal of other property owned	**1,390**	1,391
Proceeds from sales of premises and equipment	**98**	63
Expenditures for premises and equipment	**(471)**	(1,450)
Decrease in equity investments	**4,123**	723
Net cash used in investing activities	**(358,624)**	(2,174,775)
Cash Flows From Financing Activities		
Bonds and notes issued	**14,618,000**	16,985,000
Bonds and notes retired	**(14,494,000)**	(14,984,301)
Increase in initial margin	**(6,875)**	(2,274)
Increase (decrease) in variation margin settlements	**86,467**	(39,730)
Preferred stock issued	**—**	350,000
Preferred stock retired	**—**	(350,000)
Issuance costs on preferred stock	**—**	(3,900)
Capital stock issued	**23,786**	153,716
Capital stock retired and allocated retained earnings distributed	**(3,759)**	(641)
Cash dividends on preferred stock	**(40,463)**	(41,405)
Cash patronage distributions paid	**(116,085)**	(148,096)
Net cash provided by financing activities	**67,071**	1,918,369
Net decrease in cash	**(20,461)**	(12,405)
Cash at beginning of year	**43,385**	39,640
Cash at end of quarter	**$ 22,924**	$ 27,235
Supplemental Schedule of Noncash Investing and Financing Activities		
Loans transferred to OPO	**$ 1,530**	$ —
Net (increase) decrease in unrealized losses on investment securities	**(146,305)**	113,788
Preferred stock dividends payable	**13,488**	13,488
Patronage distribution stock adjustment	**29**	72
Supplemental Information		
Interest paid	**$ 1,006,293**	$ 1,012,029

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

(Unaudited, dollar amounts in thousands, except as noted)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Farm Credit Bank of Texas (the Bank) is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions. At September 30, 2026, the Bank provided financing to 12 associations within its chartered territory (District Associations) and certain OFIs. These financial statements relate solely to the Bank and exclude financial information of the District Associations.

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements for the year ended December 31, 2025, as contained in the 2025 annual report to shareholders (2025 Annual Report).

Certain amounts in the prior period's financial statements have been reclassified to conform to the current period’s financial statement presentation.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods have been made. The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2026. Descriptions of the significant accounting policies are included in the 2025 Annual Report. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with U.S. GAAP and prevailing practices within the banking industry.

Recently Issued or Adopted Accounting Pronouncements

In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-11 Interim Reporting (Topic 270): Narrow-Scope Improvements. The update provides narrow-scope improvements to interim reporting guidance to enhance clarity, navigability, and completeness of interim financial statements and disclosures, without fundamentally changing reporting requirements. Key changes include clarifying who is subject to interim reporting requirements, adding comprehensive lists of required disclosures from other Codification topics, and establishing a principle to disclose events that have material impact on the entity since the end of the last annual reporting period. This update is effective for public business entities for interim reporting periods within annual reporting periods beginning after December 15, 2027, and for other entities after December 15, 2028, with early adoption permitted. The Bank is currently evaluating the potential impact of adoption on the Bank's financial condition, results of operations, and cash flows.

In November 2025, the FASB issued ASU 2025-09 Derivatives and Hedging (Topic 815): Hedge Accounting Improvements. This update simplifies hedge accounting by allowing broader grouping of forecasted transactions with "similar risk exposure" (not identical), provides a new model for hedging "choose-your-rate" debt, expanding nonfinancial component hedging, and clarifying the use of net written options as instruments, aiming to reduce complexity and better align accounting

with actual risk management. This update is effective for public business entities for annual periods (including interim periods within those annual periods) starting after December 15, 2026, with early adoption permitted. The Bank is currently evaluating the potential impact of adoption on the Bank's financial condition, results of operations, and cash flows.

In November 2025, the FASB issued ASU 2025-08 Financial Instruments – Credit Losses (Topic 326) – Purchased Loans. This update simplifies accounting for purchased loans by expanding the "gross-up" method to "purchased seasoned loans" (PSLs). This eliminates the Day 1 credit loss expense for most acquired loans, improves comparability, and reduces earnings volatility by creating a more consistent accounting approach similar to that used for previously purchased credit-deteriorated (PCD) loans. This update is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The Bank is currently evaluating the potential impact of adoption on the Bank's financial condition, results of operations, and cash flows.

In September 2025, the FASB issued ASU 2025-07 Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers. This amendment updates the accounting rules for businesses by providing a scope exception for certain derivative contracts that are based on operations or activities specific to one of the parties, and clarifies that the revenue accounting guidance applies to share-based noncash consideration received from customers. This update is effective for annual periods starting after December 15, 2026, with early adoption permitted. The Bank is currently evaluating the potential impact of adoption on the Bank's financial condition, results of operations, and cash flows.

In September 2025, the FASB issued ASU 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This update introduces several key changes: (1) eliminates the stage-based rules for capitalization; (2) replaces these rules with a principles-based framework where (a) capitalization occurs when management has authorized and committed to funding, and (b) it is probable that the project will be completed and the software used as intended; (3) clarifies website development costs; and (4) modifies the disclosure requirements for capitalized software costs. This update is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The Bank is currently evaluating the potential impact of adoption on the Bank's financial condition, results of operations, and cash flows.

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provided all entities with a practical expedient which would allow all entities when developing reasonable and supportable forecasts as part of estimating credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The update also provided entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under revenue recognition guidance. The Bank adopted this guidance effective January 1, 2026 and elected to apply the practical expedient, as applicable. The adoption of this update did not have a material impact on the Bank's financial condition, results of operations, and cash flows.

In November 2024, the FASB issued ASU 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This update applies to all public business entities, and requires disclosure, in

the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity:

- Disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion and amortization recognized as part of oil and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a) through (e).
- Include certain amounts that are already required to be disclosed under current U.S. GAAP in the same disclosure as the other disaggregation requirements.
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The update is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this update, or (2) retrospectively to any or all periods presented in the financial statements. The Bank is currently evaluating the potential impact of this update on its disclosures; however, adoption will not have an impact on the Bank's financial condition, results of operations, or cash flows.

NOTE 2 — INVESTMENT SECURITIES

The Bank’s available-for-sale (AFS) investments include a liquidity portfolio and a portfolio of other investments. The liquidity portfolio consists primarily of agency-guaranteed debt instruments, mortgage-backed securities (MBS), U.S. Treasury securities, asset-backed securities (ABS), corporate debt, and certificates of deposit. The liquidity portfolio’s MBS were federal agency-guaranteed collateralized MBS, including Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC) securities. The Bank’s other investments portfolio consists of Federal Agricultural Mortgage Corporation (Farmer Mac) guaranteed agricultural mortgage-backed securities (AMBS) purchased from District Associations.

There were no investments in a held-to-maturity (HTM) portfolio at September 30, 2026, and December 31, 2025.

A summary of the amortized cost and fair value of the AFS investment securities in the liquidity portfolio and other investment portfolio at September 30, 2026, and December 31, 2025, is included in the following tables:

September 30, 2026	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Liquidity Portfolio:					
Certificates of deposit	**$ 350,000**	**$ 117**	**$ —**	**$ 350,117**	**4.28%**
Corporate debt	**15,000**	**29**	**—**	**15,029**	**4.90**
Federal agency collateralized mortgage-backed securities:					
GNMA	**2,863,264**	**1**	**(427,858)**	**2,435,407**	**2.56**
FNMA and FHLMC	**2,800,498**	**1,399**	**(101,673)**	**2,700,224**	**3.76**
U.S. Treasury securities	**1,290,865**	**284**	**(8,229)**	**1,282,920**	**4.05**
Asset-backed securities	**200,848**	**253**	**(311)**	**200,790**	**4.33**
Total liquidity investments	**7,520,475**	**2,083**	**(538,071)**	**6,984,487**	**3.39**
Other Investments:					
Agricultural mortgage-backed securities	**4,281**	**—**	**(333)**	**3,948**	**6.01**
Total investments	**$ 7,524,756**	**$ 2,083**	**$ (538,404)**	**$ 6,988,435**	

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Liquidity Portfolio:					
Certificates of deposit	$ 350,000	$ 188	$ —	$ 350,188	4.09%
Corporate debt	29,999	265	(35)	30,229	2.85
Federal agency collateralized mortgage-backed securities:					
GNMA	3,010,414	4,367	(328,689)	2,686,092	2.52
FNMA and FHLMC	2,733,377	8,539	(76,069)	2,665,847	3.72
U.S. Treasury securities	921,542	1,336	(45)	922,833	3.82
Asset-backed securities	233,399	680	(209)	233,870	4.18
Total liquidity investments	7,278,731	15,375	(405,047)	6,889,059	3.26
Other Investments:					
Agricultural mortgage-backed securities	4,953	—	(344)	4,609	5.93
Total investments	$ 7,283,684	$ 15,375	$ (405,391)	$ 6,893,668	

Accrued interest receivable of $22.4 million and $19.6 million as of September 30, 2026, and December 31, 2025, respectively, has been excluded from the amortized cost basis of AFS investments.

The following table summarizes the contractual maturity, estimated fair value, amortized cost and weighted average yield of AFS investments by type at September 30, 2026:

	Due in One Year Or Less	Due After One Year Through Five Years	Due After Five Years Through Ten Years	Due After Ten Years	Total
Liquidity Portfolio:					
Certificates of deposit	$ 350,117	$ —	$ —	$ —	$ 350,117
Corporate debt	15,029	—	—	—	15,029
Federal agency collateralized mortgage-backed securities:					
GNMA	—	3,074	13,357	2,418,976	2,435,407
FNMA and FHLMC	13,012	1,176,640	632,295	878,277	2,700,224
U.S. Treasury securities	448,769	834,151	—	—	1,282,920
Asset-backed securities	—	79,356	61,758	59,676	200,790
Total fair value	$ 826,927	$ 2,093,221	$ 707,410	$ 3,356,929	$ 6,984,487
Total amortized cost	$ 826,917	$ 2,109,249	$ 734,151	$ 3,850,158	$ 7,520,475
Weighted average yield	4.20%	4.15%	3.53%	2.78%	3.39%
Other Investments:					
Fair value of agricultural mortgage-backed securities	$ —	$ 3,948	$ —	$ —	$ 3,948
Total amortized cost	$ —	$ 4,281	$ —	$ —	$ 4,281
Weighted average yield	—%	6.01%	—%	—%	6.01%

A large portion of mortgage-backed securities have contractual maturities in excess of ten years. However, expected and actual maturities for mortgage-backed securities will typically be shorter than contractual maturities because borrowers generally have the right to prepay the underlying mortgage obligations with or without prepayment penalties.

The following table shows investment securities by gross unrealized losses and fair value, aggregated by investment category and length of time that the securities have been in a continuous unrealized loss position at September 30, 2026. The continuous loss position is based on the date the impairment was first identified. An investment is considered impaired if its fair value is less than its cost.

	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Liquidity Portfolio:						
Federal agency collateralized mortgage-backed securities:						
GNMA	$ 678,378	$ (20,001)	$ 1,756,529	$ (407,857)	$ 2,434,907	$ (427,858)
FNMA and FHLMC	916,750	(10,933)	1,365,267	(90,740)	2,282,017	(101,673)
U.S. Treasury securities	882,545	(8,229)	—	—	882,545	(8,229)
Asset-backed securities	61,779	(263)	31,716	(48)	93,495	(311)
Total liquidity investments	2,539,452	(39,426)	3,153,512	(498,645)	5,692,964	(538,071)
Other Investments:						
Agricultural mortgage-backed securities	—	—	3,948	(333)	3,948	(333)
Total investments	$ 2,539,452	$ (39,426)	$ 3,157,460	$ (498,978)	$ 5,696,912	$ (538,404)

At September 30, 2026, and December 31, 2025, U.S. Treasury and agency-guaranteed debt and all (or substantially all) mortgage-backed securities had a zero loss assumption. The Bank does not consider these unrealized losses to be credit-related, and therefore, an allowance for credit losses is not necessary. The Bank evaluates non-guaranteed investment securities with unrealized losses for impairment on a quarterly basis. As a result of the assessment as of September 30, 2026, and December 31, 2025, the Bank concluded that it does not intend to sell any securities and it is not more likely than not that it would be required to sell any securities, prior to recovery of the amortized cost basis. If it is determined that a security is impaired, the Bank will evaluate whether credit impairment exists by comparing the present value of the expected cash flows to the security's amortized cost basis. Credit impairment is recorded as an allowance for credit losses (ACL) for debt securities. The Bank concluded that a credit impairment did not exist at September 30, 2026, and December 31, 2025.

NOTE 3 — LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans

Loans comprised the following categories at:

	September 30, 2026	December 31, 2025
Direct notes receivable from District Associations and OFIs	**$ 24,965,521**	$ 24,547,988
Capital markets loan portfolio	**9,330,380**	9,649,117
Total	**$ 34,295,901**	$ 34,197,105

A summary of the amortized cost of the Bank's loans by types follows:

	September 30, 2026	December 31, 2025
Direct notes receivable from District Associations	**$ 24,906,868**	$ 24,479,816
Real estate mortgage	**1,228,566**	1,304,095
Production and intermediate-term	**1,310,928**	1,451,568
Agribusiness		
Loans to cooperatives	**649,455**	553,188
Processing and marketing	**3,078,717**	3,263,403
Farm-related business	**329,935**	284,963
Communications	**748,998**	717,916
Energy (rural utilities)	**1,723,123**	1,813,074
Water and waste disposal	**169,725**	148,077
Rural home	**767**	791
International	**85,539**	106,776
Mission-related	**1,773**	1,885
Lease receivables	**2,854**	3,381
Loans to OFIs	**58,653**	68,172
Total	**$ 34,295,901**	$ 34,197,105

The Bank's capital markets loan portfolio predominantly includes participations, syndications and purchased whole loans, along with other financing structures within our lending authorities. The Bank also refers to the capital markets portfolio as participations purchased. In addition to purchasing loans from our District Associations, which may exceed their hold limits, the Bank seeks the purchase of participations and syndications originated outside of the Texas District's territory by other System institutions, commercial banks and other lenders. Our capital markets loan portfolio depends to a significant degree on our 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. The Bank purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with FCA regulations.

The following table presents information on loan participations and their related amortized cost, excluding syndications, at September 30, 2026:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 1,383,986	$ 247,701	$ —	$ —	$ 1,383,986	$ 247,701
Production and intermediate-term	3,667,038	2,397,459	7,957	28,793	3,674,995	2,426,252
Agribusiness	3,298,060	1,083,516	37,882	—	3,335,942	1,083,516
Communications	963,204	213,169	—	—	963,204	213,169
Energy (rural utilities)	1,839,268	116,067	—	—	1,839,268	116,067
Water and waste disposal	193,848	24,018	—	—	193,848	24,018
Rural home	767	—	—	—	767	—
International	181,022	95,419	—	—	181,022	95,419
Mission-related	1,773	—	—	—	1,773	—
Lease receivables	3,573	720	—	—	3,573	720
Direct notes receivable from District Associations	—	4,350,000	—	—	—	4,350,000
Total	$ 11,532,539	$ 8,528,069	$ 45,839	$ 28,793	$ 11,578,378	$ 8,556,862

The Bank has purchased loan participations and Farmer Mac guaranteed AMBS from District Associations in Capitalized Participation Pool (CPP) transactions. As a condition of the transactions, the Bank redeemed common stock in the amount of 2.0 percent of the par value of the loans and AMBS purchased, and the District Associations bought Bank stock equal to 8.0 percent of the purchased loans' par value and 1.6 percent of the AMBS's par value. CPP loans held at September 30, 2026, totaled $38.1 million and were included in loans on the Balance Sheet. The balance of the AMBS CPP was $3.9 million at September 30, 2026, and was included in investment securities on the Balance Sheet.

The Bank also purchased loans from District Associations in Non-Capitalized Participation Pool (NCPP) transactions. As a condition of the transactions, the Bank redeemed common stock in the amount of 2.0 percent of the par value of the loans purchased. The NCPP loans balance was $126.6 million at September 30, 2026, and was included in loans on the Balance Sheet.

As part of its capital markets loan portfolio, the Bank purchases and sells numerous participations, syndications or whole loans during the year. The majority of these transactions are sold at par value, with no recognition of gain or loss as they are purchased or sold close to the origination date. During the nine months ended September 30, 2026, the Bank sold 31 loans at other than par value with an amortized cost of $113.9 million, which resulted in the recognition of a loss of $317 thousand. There were no loans held for sale at September 30, 2026, or December 31, 2025.

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The Bank manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller

loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by FCA regulations, institutions that make loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85 percent of the original appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgages may be made on a secured or unsecured basis.

The Bank uses a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point risk rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default rating is management's assumption of the probability that a borrower will experience a default within 12 months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management's assumption as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The Bank reviews, at least on an annual basis or when a credit action is taken, the probability of default category.

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

- *Acceptable* – assets are expected to be fully collectible and represent the highest quality;
- *Other assets especially mentioned (OAEM)* – assets are currently collectible but exhibit some potential weakness;
- *Substandard* – assets exhibit some serious weakness in repayment capacity, equity 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 table presents the amortized cost of loans classified under the Uniform Loan Classification System as a percentage of the amortized cost of total loans:

	September 30, 2026	December 31, 2025
Acceptable	**98.80 %**	98.60 %
OAEM	**0.66**	1.02
Substandard	**0.54**	0.38
Doubtful	**—**	—
Total	**100.00 %**	100.00 %

There were no loans classified as loss at September 30, 2026, and December 31, 2025.

The following table presents credit quality indicators by loan type and the related amortized cost loan balance for the loan portfolio as of September 30, 2026:

	Term Loans by Origination Year								
	2026	2025	2024	2023	2022	2021 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	$ 31,918	$ 228,363	$ 61,561	$ 43,089	$ 136,439	$ 494,468	$ 120,060	$ 63,231	$ 1,179,129
OAEM	—	1,268	—	—	33,263	1,619	—	3,512	39,662
Substandard	—	464	—	—	557	6,688	2,066	—	9,775
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 31,918	$ 230,095	$ 61,561	$ 43,089	$ 170,259	$ 502,775	$ 122,126	$ 66,743	$ 1,228,566
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Production and intermediate-term									
Acceptable	$ 77,205	$ 81,092	$ 48,060	$ 17,472	$ 9,378	$ 55,596	$ 938,310	$ 45,928	$ 1,273,041
OAEM	912	3,029	—	—	—	8,838	1,067	—	13,846
Substandard	—	3,149	—	101	—	—	20,791	—	24,041
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 78,117	$ 87,270	$ 48,060	$ 17,573	$ 9,378	$ 64,434	$ 960,168	$ 45,928	$ 1,310,928
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Agribusiness									
Acceptable	$ 326,050	$ 726,372	$ 595,712	$ 231,968	$ 362,947	$ 468,836	$ 1,100,605	$ 8,910	$ 3,821,400
OAEM	—	—	29,627	3,966	20,289	5,497	34,537	—	93,916
Substandard	1,100	2,040	9,812	44,348	5,349	30,411	49,731	—	142,791
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 327,150	$ 728,412	$ 635,151	$ 280,282	$ 388,585	$ 504,744	$ 1,184,873	$ 8,910	$ 4,058,107
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Communications									
Acceptable	$ 67,808	$ 190,809	$ 169,223	$ 119,426	$ 13,299	$ 71,055	$ 52,897	$ —	$ 684,517
OAEM	—	—	—	—	—	63,639	842	—	64,481
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 67,808	$ 190,809	$ 169,223	$ 119,426	$ 13,299	$ 134,694	$ 53,739	$ —	$ 748,998
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Energy and water/waste disposal									
Acceptable	$ 160,736	$ 419,942	$ 345,905	$ 167,500	$ 124,899	$ 446,071	$ 170,117	$ 33,057	$ 1,868,227
OAEM	—	—	—	9,711	—	5,735	—	—	15,446
Substandard	—	—	—	—	8,213	962	—	—	9,175
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 160,736	$ 419,942	$ 345,905	$ 177,211	$ 133,112	$ 452,768	$ 170,117	$ 33,057	$ 1,892,848
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rural home									
Acceptable	$ —	$ —	$ —	$ —	$ 237	$ 530	$ —	$ —	$ 767
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ 237	$ 530	$ —	$ —	$ 767
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans by Origination Year								
	2026	2025	2024	2023	2022	2021 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
International									
Acceptable	$ —	$ 31,872	$ —	$ 47,331	$ —	$ —	$ 6,336	$ —	$ 85,539
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ 31,872	$ —	$ 47,331	$ —	$ —	$ 6,336	$ —	$ 85,539
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Mission-related									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ 1,773	$ —	$ —	$ 1,773
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 1,773	$ —	$ —	$ 1,773
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease receivables									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ 2,854	$ —	$ —	$ 2,854
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 2,854	$ —	$ —	$ 2,854
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Direct notes to District Associations									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,906,868	$ —	$ 24,906,868
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,906,868	$ —	$ 24,906,868
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loans to other financing institutions									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ —	$ 58,653	$ —	$ 58,653
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 58,653	$ —	$ 58,653
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total loans									
Acceptable	$ 663,717	$ 1,678,450	$ 1,220,461	$ 626,786	$ 647,199	$ 1,541,183	$ 27,353,846	$ 151,126	$ 33,882,768
OAEM	912	4,297	29,627	13,677	53,552	85,328	36,446	3,512	227,351
Substandard	1,100	5,653	9,812	44,449	14,119	38,061	72,588	—	185,782
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 665,729	$ 1,688,400	$ 1,259,900	$ 684,912	$ 714,870	$ 1,664,572	$ 27,462,880	$ 154,638	$ 34,295,901
Gross charge-offs for the nine months ended September 30, 2026	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The following table presents credit quality indicators by loan type and the related amortized cost loan balance for the loan portfolio as of December 31, 2025:

	Term Loans by Origination Year								
	2025	2024	2023	2022	2021	2020 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	$ 242,231	$ 67,035	$ 51,515	$ 134,794	$ 203,758	$ 300,428	$ 128,104	$ 61,838	$ 1,189,703
OAEM	1,291	—	12,996	34,763	800	10,259	34,490	3,514	98,113
Substandard	478	2,073	11,603	—	842	490	734	—	16,220
Doubtful	—	—	—	—	—	59	—	—	59
Total	$ 244,000	$ 69,108	$ 76,114	$ 169,557	$ 205,400	$ 311,236	$ 163,328	$ 65,352	$ 1,304,095
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ 22,484	$ —	$ —	$ 22,484
Production and intermediate-term									
Acceptable	$ 83,976	$ 54,137	$ 51,914	$ 47,070	$ 19,019	$ 78,799	$ 1,054,674	$ 7,871	$ 1,397,460
OAEM	17,478	—	642	—	471	1,639	30,412	—	50,642
Substandard	3,038	—	118	—	—	—	42	—	3,198
Doubtful	—	—	—	5	—	1	262	—	268
Total	$ 104,492	$ 54,137	$ 52,674	$ 47,075	$ 19,490	$ 80,439	$ 1,085,390	$ 7,871	$ 1,451,568
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ 1,600	$ 279	$ —	$ 26	$ 19,577	$ —	$ 21,482
Agribusiness									
Acceptable	$ 646,316	$ 657,832	$ 353,454	$ 496,394	$ 224,479	$ 369,580	$ 1,071,578	$ 8,786	$ 3,828,419
OAEM	8,793	35,096	29,563	32,530	18,309	—	39,540	1,663	165,494
Substandard	2,302	1,871	5,442	12,723	16,570	17,280	51,255	198	107,641
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 657,411	$ 694,799	$ 388,459	$ 541,647	$ 259,358	$ 386,860	$ 1,162,373	$ 10,647	$ 4,101,554
Gross charge-offs for the year ended December 31, 2025	$ —	$ 10,648	$ —	$ —	$ 4,672	$ —	$ 5,064	$ —	$ 20,384
Communications									
Acceptable	$ 133,619	$ 210,151	$ 115,520	$ 58,147	$ 69,799	$ 72,058	$ 47,240	$ —	$ 706,534
OAEM	—	3,162	—	—	—	6,821	1,399	—	11,382
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 133,619	$ 213,313	$ 115,520	$ 58,147	$ 69,799	$ 78,879	$ 48,639	$ —	$ 717,916
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Energy and water/waste disposal									
Acceptable	$ 455,662	$ 383,774	$ 202,901	$ 179,911	$ 54,847	$ 427,032	$ 196,996	$ 34,381	$ 1,935,504
OAEM	—	—	10,280	8,245	—	5,756	—	—	24,281
Substandard	—	—	—	—	—	1,366	—	—	1,366
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 455,662	$ 383,774	$ 213,181	$ 188,156	$ 54,847	$ 434,154	$ 196,996	$ 34,381	$ 1,961,151
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rural home									
Acceptable	$ —	$ —	$ —	$ 240	$ —	$ 551	$ —	$ —	$ 791
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ 240	$ —	$ 551	$ —	$ —	$ 791
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans by Origination Year								
	2025	2024	2023	2022	2021	2020 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
International									
Acceptable	$ 31,872	$ 15,044	$ 47,321	$ —	$ —	$ —	$ 12,539	$ —	$ 106,776
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 31,872	$ 15,044	$ 47,321	$ —	$ —	$ —	$ 12,539	$ —	$ 106,776
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Mission-related									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ 1,885	$ —	$ —	$ 1,885
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 1,885	$ —	$ —	$ 1,885
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Lease receivables									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ 3,381	$ —	$ —	$ 3,381
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ 3,381	$ —	$ —	$ 3,381
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Direct notes to District Associations									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,479,816	$ —	$ 24,479,816
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,479,816	$ —	$ 24,479,816
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loans to other financing institutions									
Acceptable	$ —	$ —	$ —	$ —	$ —	$ —	$ 68,172	$ —	$ 68,172
OAEM	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 68,172	$ —	$ 68,172
Gross charge-offs for the year ended December 31, 2025	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total loans									
Acceptable	$ 1,593,676	$ 1,387,973	$ 822,625	$ 916,556	$ 571,902	$ 1,253,714	$ 27,059,119	$ 112,876	$ 33,718,441
OAEM	27,562	38,258	53,481	75,538	19,580	24,475	105,841	5,177	349,912
Substandard	5,818	3,944	17,163	12,723	17,412	19,136	52,031	198	128,425
Doubtful	—	—	—	5	—	60	262	—	327
Total	$ 1,627,056	$ 1,430,175	$ 893,269	$ 1,004,822	$ 608,894	$ 1,297,385	$ 27,217,253	$ 118,251	$ 34,197,105
Gross charge-offs for the year ended December 31, 2025	$ —	$ 10,648	$ 1,600	$ 279	$ 4,672	$ 22,510	$ 24,641	$ —	$ 64,350

Accrued interest receivable on loans of $144.4 million and $141.9 million at September 30, 2026 and December 31, 2025, respectively, has been excluded from the amortized cost of loans and is reported separately in the Balance Sheet. During the three months ended September 30, 2026, the Bank did not reverse any accrued interest receivable against interest income. During the nine months ended September 30, 2026, the Bank reversed $2 thousand in accrued interest receivable against interest income. During the three and nine months ended September 30, 2025, the Bank reversed $1.7 million and $2.1 million in accrued interest receivable against interest income, respectively.

The following table reflects nonperforming assets, which consist of nonaccrual participation loans, accruing participation loans 90 days or more past due and other property owned. No direct notes to District Associations were nonperforming at September 30, 2026, and December 31, 2025.

	September 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	**$ 473**	$ 14,901
Production and intermediate-term	**—**	3,365
Agribusiness	**21,826**	45,228
Energy and water/waste disposal	**962**	1,366
Total nonaccrual loans	**23,261**	64,860
Total accruing loans 90 days or more past due	**—**	—
Other property owned	**23,188**	28,583
Total nonperforming assets	**$ 46,449**	$ 93,443
Nonaccrual loans as a percentage of total loans	**0.07 %**	0.19 %
Nonperforming assets as a percentage of total loans and other property owned	**0.14**	0.27
Nonperforming assets as a percentage of capital	**2.08**	4.45

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans, as well as interest income recognized on nonaccrual loans during the period:

	Balance at September 30, 2026				
	Amortized Cost with Allowance	**Amortized Cost without Allowance**	**Total**	**Interest Income Recognized for the Three Months Ended September 30, 2026**	**Interest Income Recognized for the Nine Months Ended September 30, 2026**
Nonaccrual loans:					
Real estate mortgage	**$ —**	**$ 473**	**$ 473**	**$ 1,010**	**$ 1,010**
Agribusiness	**6,111**	**15,715**	**21,826**	**—**	**—**
Energy and water/waste disposal	**962**	**—**	**962**	**—**	**—**
Total	**$ 7,073**	**$ 16,188**	**$ 23,261**	**$ 1,010**	**$ 1,010**

	Balance at December 31, 2025				
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	Interest Income Recognized for the Three Months Ended September 30, 2025	Interest Income Recognized for the Nine Months Ended September 30, 2025
Nonaccrual loans:					
Real estate mortgage	$ —	$ 14,901	$ 14,901	$ —	$ —
Production and intermediate-term	—	3,365	3,365	—	—
Agribusiness	29,554	15,674	45,228	—	50
Energy and water/waste disposal	1,366	—	1,366	—	—
Total	$ 30,920	$ 33,940	$ 64,860	$ —	$ 50

At September 30, 2026, the Bank had specific reserves included in the allowance for credit losses of $5.5 million, associated with the nonaccrual loan balance of $7.1 million. At December 31, 2025, the Bank had specific reserves included in the allowance for credit losses of $8.7 million, associated with the nonaccrual loan balance of $30.9 million.

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

September 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	Amortized Cost Greater Than 90 Days Past Due and Accruing
Real estate mortgage	$ 1,040	$ —	$ 1,040	$ 1,227,526	$ 1,228,566	$ —
Production and intermediate-term	—	—	—	1,310,928	1,310,928	—
Agribusiness	83	19,704	19,787	4,038,320	4,058,107	—
Energy & water/waste disposal	2,604	430	3,034	1,889,814	1,892,848	—
Rural home	—	—	—	767	767	—
Lease receivables	—	—	—	2,854	2,854	—
Communications	—	—	—	748,998	748,998	—
Direct notes to District Associations	—	—	—	24,906,868	24,906,868	—
Loans to OFIs	—	—	—	58,653	58,653	—
International	—	—	—	85,539	85,539	—
Mission-related	—	—	—	1,773	1,773	—
Total	$ 3,727	$ 20,134	$ 23,861	$ 34,272,040	$ 34,295,901	$ —

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	Amortized Cost Greater Than 90 Days Past Due and Accruing
Real estate mortgage	$ 8,787	$ 490	$ 9,277	$ 1,294,818	$ 1,304,095	$ —
Production and intermediate-term	—	28	28	1,451,540	1,451,568	—
Agribusiness	—	15,757	15,757	4,085,797	4,101,554	—
Energy & water/waste disposal	—	429	429	1,960,722	1,961,151	—
Rural home	—	—	—	791	791	—
Lease receivables	—	—	—	3,381	3,381	—
Communications	—	—	—	717,916	717,916	—
Direct notes to District Associations	—	—	—	24,479,816	24,479,816	—
Loans to OFIs	—	—	—	68,172	68,172	—
International	—	—	—	106,776	106,776	—
Mission-related	—	—	—	1,885	1,885	—
Total	$ 8,787	$ 16,704	$ 25,491	$ 34,171,614	$ 34,197,105	$ —

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. Collateral dependent loans are primarily production and intermediate-term, agribusiness, energy and water/waste disposal and real estate mortgage loans.

Loan Modifications to Borrowers Experiencing Financial Difficulties

Upon the adoption of the guidance, Financial Instruments – Credit Losses, Troubled Debt Restructurings and Vintage Disclosure, creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty.

For loan modifications granted to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026, the following tables show the amortized cost of outstanding balances as reflected in our Balance Sheet, disaggregated by loan type and type of modification granted:

	Three Months Ended September 30, 2026			
	Term Extension	Payment Deferral	Total	Percentage of Total by Loan Type
Production and intermediate-term	13,018	—	13,018	0.99 %
Agribusiness	11,967	2,722	14,689	0.36
Total	$ 24,985	$ 2,722	$ 27,707	0.08 %

	Nine Months Ended September 30, 2026			
	Term Extension	Payment Deferral	Total	Percentage of Total by Loan Type
Production and intermediate-term	13,018	—	13,018	0.99 %
Agribusiness	37,453	2,722	40,175	0.99
Total	$ 50,471	$ 2,722	$ 53,193	0.16 %

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2026 totaled $134 thousand and $306 thousand, respectively, which has been excluded from the amortized cost of loans in the table above and is reported separately on the Balance Sheet. Additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the nine months ended September 30, 2026, totaled $24.1 million.

There were no loan modifications granted to borrowers experiencing financial difficulty during the three months ended September 30, 2025.

For loan modifications granted to borrowers experiencing financial difficulty during the nine months ended September 30, 2025, the following table shows the amortized cost of outstanding balances as reflected in our Balance Sheet, disaggregated by loan type and type of modification granted:

	Nine Months Ended September 30, 2025	
	Term Extension	Percentage of Total by Loan Type
Agribusiness	$ 2,765	0.07 %
Total	$ 2,765	0.01

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty during the nine months ended September 30, 2025, totaled $26 thousand which has been excluded from the amortized cost of loans in the table above and is reported separately on the Balance Sheet. There were no additional commitments to lend to borrowers experiencing financial difficulty whose loans were modified during the nine months ended September 30, 2025.

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended September 30, 2026:

	Financial Effect - Term Extension
	Three Months Ended
	September 30, 2026
Production and intermediate-term	Added a weighted average of 1.97 months to the life of the loan
Agribusiness	Added a weighted average of 1.00 year to the life of the loan

	Financial Effect - Payment Deferral
	Three Months Ended
	September 30, 2026
Agribusiness	Added a weighted average of 0.46 months to the life of the loan

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the nine months ended September 30, 2026 and September 30, 2025:

	Financial Effect - Term Extension	
	Nine Months Ended	
	September 30, 2026	September 30, 2025
Production and intermediate-term	Added a weighted average of 2.96 months to the life of the loan	—
Agribusiness	Added a weighted average of 1.75 years to the life of the loan	Added a weighted average of 11.97 months to the life of the loan

	Financial Effect - Payment Deferral	
	Nine Months Ended	
	September 30, 2026	September 30, 2025
Agribusiness	Added a weighted average of 0.46 months to the life of the loan	—

During the three and nine months ended September 30, 2026, and September 30, 2025, there were no defaults on loans to borrowers experiencing financial difficulty that had received a modification in the twelve months before default.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 30, 2026:

	Payment Status of Loans Modified in the Past 12 Months			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Production and intermediate-term	$ 13,018	$ —	$ —	$ 13,018
Agribusiness	69,419	—	—	69,419
Total	$ 82,437	$ —	$ —	$ 82,437

The Bank had $18.5 million in agribusiness loans that were modified in the twelve months prior to September 30, 2025, all of which were current in all required payments.

Allowance for Credit Losses on Loans and Allowance for Credit Losses on Unfunded Commitments

The credit risk rating methodology is a key component of the Bank's allowance for credit losses evaluation and is generally incorporated into the Bank's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Bank to manage credit exposure. The regulatory limit to a single borrower

or lessee is 15 percent of the Bank's lending and leasing limit base, but the Bank's board of directors have generally established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2026 is as follows:

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Comm-unications	Energy and Water/ Waste Disposal	Rural Home	Inter-national	Mission-Related	Lease Receivables	Direct Notes to District Associations	Loans to OFIs	Total
Allowance for credit losses on loans:												
Balance at June 30, 2026	$ 4,446	$ 2,657	$ 47,532	$ 3,109	$ 3,493	$ 2	$ 52	$ 5	$ —	$ —	$ —	$ 61,296
Charge-offs	—	—	—	—	—	—	—	—	—	—	—	—
Recoveries	—	—	374	—	—	—	—	—	—	—	—	374
Provision for credit losses on loans (credit loss reversal)	(548)	214	(4,208)	11,808	(233)	—	9	—	—	—	—	7,042
Balance at September 30, 2026	$ 3,898	$ 2,871	$ 43,698	$ 14,917	$ 3,260	$ 2	$ 61	$ 5	$ —	$ —	$ —	$ 68,712
Allowance for credit losses on unfunded commitments:												
Balance at June 30, 2026	$ 486	$ 839	$ 4,021	$ 414	$ 645	$ —	$ 89	$ —	$ —	$ —	$ —	$ 6,494
Provision for credit losses (credit loss reversal)	38	93	(128)	71	45	—	(21)	—	—	—	—	98
Balance at September 30, 2026	$ 524	$ 932	$ 3,893	$ 485	$ 690	$ —	$ 68	$ —	$ —	$ —	$ —	$ 6,592

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Comm-unications	Energy and Water/ Waste Disposal	Rural Home	Inter-national	Mission-Related	Lease Receivables	Direct Notes to District Associations	Loans to OFIs	Total
Allowance for credit losses on loans:												
Balance at December 31, 2025	$ 4,691	$ 3,061	$ 29,382	$ 1,822	$ 3,244	$ 2	$ 297	$ 5	$ 1	$ —	$ —	$ 42,505
Charge-offs	—	—	—	—	—	—	—	—	—	—	—	—
Recoveries	—	299	375	—	—	—	—	—	—	—	—	674
Provision for credit losses on loans (credit loss reversal)	(793)	(489)	13,941	13,095	16	—	(236)	—	(1)	—	—	25,533
Balance at September 30, 2026	$ 3,898	$ 2,871	$ 43,698	$ 14,917	$ 3,260	$ 2	$ 61	$ 5	$ —	$ —	$ —	$ 68,712
Allowance for credit losses on unfunded commitments:												
Balance at December 31, 2025	$ 589	$ 675	$ 3,240	$ 278	$ 1,858	$ —	$ 66	$ —	$ —	$ —	$ —	$ 6,706
Provision for credit losses (credit loss reversal)	(65)	257	653	207	(1,168)	—	2	—	—	—	—	(114)
Balance at September 30, 2026	$ 524	$ 932	$ 3,893	$ 485	$ 690	$ —	$ 68	$ —	$ —	$ —	$ —	$ 6,592

A summary of changes in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2025 is as follows:

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Comm-unications	Energy and Water/ Waste Disposal	Rural Home	Inter-national	Mission-Related	Lease Receivables	Direct Notes to District Associations	Loans to OFIs	Total
Allowance for credit losses on loans:												
Balance at June 30, 2025	$ 4,651	$ 1,573	$ 27,897	$ 1,773	$ 4,012	$ 2	$ 198	$ 4	$ —	$ —	$ —	$ 40,110
Charge-offs	—	—	(7,849)	—	—	—	—	—	—	—	—	(7,849)
Recoveries	—	—	2	—	—	—	—	—	—	—	—	2
Provision for credit losses on loans (credit loss reversal)	12,671	228	11,368	(180)	186	(1)	8	1	—	—	—	24,281
Balance at September 30, 2025	$ 17,322	$ 1,801	$ 31,418	$ 1,593	$ 4,198	$ 1	$ 206	$ 5	$ —	$ —	$ —	$ 56,544
Allowance for credit losses on unfunded commitments:												
Balance at June 30, 2025	$ 638	$ 500	$ 3,412	$ 267	$ 1,807	$ —	$ 39	$ —	$ —	$ —	$ —	$ 6,663
Provision for credit losses (credit loss reversal)	(54)	176	173	96	52	—	5	—	—	—	—	448
Balance at September 30, 2025	$ 584	$ 676	$ 3,585	$ 363	$ 1,859	$ —	$ 44	$ —	$ —	$ —	$ —	$ 7,111

	Real Estate Mortgage	Production and Intermediate-term	Agri-business	Comm-unications	Energy and Water/ Waste Disposal	Rural Home	Inter-national	Mission-Related	Lease Receivables	Direct Notes to District Associations	Loans to OFIs	Total
Allowance for credit losses on loans:												
Balance at December 31, 2024	$ 3,835	$ 11,022	$ 14,588	$ 1,633	$ 3,272	$ 2	$ 239	$ 6	$ —	$ —	$ —	$ 34,597
Charge-offs	(2,835)	(19,882)	(7,849)	—	—	—	—	—	—	—	—	(30,566)
Recoveries	—	—	262	—	—	—	—	—	—	—	—	262
Provision for credit losses on loans (credit loss reversal)	16,322	10,661	24,417	(40)	926	(1)	(33)	(1)	—	—	—	52,251
Balance at September 30, 2025	$ 17,322	$ 1,801	$ 31,418	$ 1,593	$ 4,198	$ 1	$ 206	$ 5	$ —	$ —	$ —	$ 56,544
Allowance for credit losses on unfunded commitments:												
Balance at December 31, 2024	$ 777	$ 508	$ 2,983	$ 157	$ 818	$ —	$ 27	$ —	$ —	$ —	$ —	$ 5,270
Provision for credit losses (credit loss reversal)	(193)	168	602	206	1,041	—	17	—	—	—	—	1,841
Balance at September 30, 2025	$ 584	$ 676	$ 3,585	$ 363	$ 1,859	$ —	$ 44	$ —	$ —	$ —	$ —	$ 7,111

Discussion of Changes in Allowance for Credit Losses

The ACL increased $26.1 million to $75.3 million at September 30, 2026, as compared to $49.2 million at December 31, 2025. The increase was driven by an increase in the provision for credit losses on loans resulting from higher general reserves due to isolated credit deterioration in the agribusiness and communications loan sectors and, to a lesser extent, the impact of a weaker macroeconomic outlook on modeled credit losses.

The Bank's macroeconomic forecast includes a weighted average selection of a third-party vendor's economic scenarios over a reasonable and supportable forecast period of two years. The economic scenarios utilized in the September 30, 2026 estimate for the allowance for credit losses were based on the following: a baseline scenario, which represents a relatively stable economic environment; a downside scenario reflecting an economic recession during the forecast period; and an upside scenario that considers the potential for economic improvement relative to the baseline scenario. The economic forecasts incorporate macroeconomic variables, including the U.S. unemployment rate, Dow Jones Total Stock Market Index, and U.S. corporate bond spreads. The macroeconomic forecasts for these variables deteriorated resulting in a modest increase in the provision for credit losses on loans during the three and nine months ended September 30, 2026.

NOTE 4 — LEASES

The Bank maintains a lease for its headquarters facility in Austin, Texas, which expires in December 2034. This lease is for approximately 111,500 square feet of office space ranging from $18 to $38 per square foot during the term of the lease. Lease expense for the headquarters facility includes certain operating expenses passed through from the landlord.

The Bank entered into a desk sharing agreement in Washington, D.C., as of January 1, 2026, with the National Council of Farmer Cooperatives for legislative affairs purposes. The lease will expire on December 31, 2026. In addition, on November 1, 2025, the Bank entered into a sublease for additional space in the same building with Faith in Public Life, Inc. for legislative affairs purposes which expired on October 31, 2026.

The Bank currently holds leases for postage machines, copiers, coffee machines, and ice machines. The postage machines lease has an expiration date of April 2027. The lease for copiers expired in August 2026 and was extended to May 2029. The leases for the coffee machines and ice machines are currently month-to-month leases.

Lease expenses, which are included as a component of occupancy and equipment expense in the Statements of Comprehensive Income, totaled $1.2 million and $3.8 million for the three and nine

months ended September 30, 2026, respectively, and $1.3 million and $3.8 million for the three and nine months ended September 30, 2025, respectively.

Other information related to leases includes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows for operating leases	**$ 934**	$ 891	**$ 2,733**	$ 2,673

At September 30, 2026, the weighted-average remaining lease term for the building, copier, and postage machine leases was 8.32 years, and the weighted-average discount rate was 2.42 percent. At December 31, 2025, the weighted-average remaining lease term for the building, copier and postage machine leases was 9.06 years, and the weighted-average discount rate was 2.42 percent. The discount rates were determined using the Bank's incremental borrowing rate for bonds with terms similar to the lease terms. The following are the undiscounted cash flows for operating leases at September 30, 2026:

	Maturities of Lease Liabilities
Remainder of 2026	**$ 3,561**
2027	**3,624**
2028	**3,646**
2029	**3,708**
2030	**3,768**
Thereafter	**20,001**
Total undiscounted cash flows	**38,308**
Less interest expense	**5,291**
Lease liability	**$ 33,017**

The lease expense for leases with terms of 12 months or less was $12 thousand and $54 thousand for the three and nine months ended September 30, 2026, respectively, compared with $6 thousand and $14 thousand for the three and nine months ended September 30, 2025, respectively.

NOTE 5 — COMMITMENTS AND CONTINGENCIES

The Bank has various outstanding commitments and contingent liabilities as discussed elsewhere in these notes.

The Bank is primarily liable for its portion of Systemwide debt obligations. Additionally, the Bank is jointly and severally liable for the consolidated Systemwide bonds and notes of the other System banks. The total Bank and consolidated Systemwide debt obligations of the System at September 30, 2026, were approximately $483.224 billion.

In the normal course of business, the Bank incurs a certain amount of claims, litigation, and other legal and administrative proceedings, all of which are considered incidental to the normal conduct of business. The Bank believes it has meritorious defenses to the claims currently asserted against it, and, with respect to such legal proceedings, intends to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interest of the Bank and its shareholders.

On at least a quarterly basis, the Bank assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it

is probable that the Bank would incur a loss and the amount of the loss could be reasonably estimated, the Bank would record a liability in its financial statements. These liabilities would be increased or decreased to reflect any relevant developments on a quarterly basis. For other matters, where a loss is not probable or the amount of the loss is not estimable, the Bank does not record a liability.

To the extent any other actions are pending against the Bank, upon the basis of current information, management and legal counsel are of the opinion that any resulting losses are not probable, and that the ultimate liability, if any, resulting from a lawsuit and other pending actions will not be material in relation to the financial position, results of operations or cash flows of the Bank.

NOTE 6 — FAIR VALUE MEASUREMENTS

Authoritative accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, "Summary of Significant Accounting Policies" in the 2025 Annual Report and "Valuation Techniques" at the end of this note for additional information.

Assets and liabilities measured at fair value on a recurring basis at September 30, 2026, for each of the fair value hierarchy levels are summarized below:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Federal funds sold and other overnight funds	$ 475,456	$ —	$ 475,456	$ —
Available-for-sale investments				
Certificates of deposit	350,117	—	350,117	—
Corporate debt	15,029	—	15,029	—
Mortgage-backed securities	5,135,631	—	5,076,314	59,317
U.S. Treasury securities	1,282,920	—	1,282,920	—
Asset-backed securities	200,790	—	200,790	—
Agricultural mortgage-backed securities	3,948	—	—	3,948
Derivative assets	1	—	1	—
Assets held in nonqualified benefit trusts	4,180	4,180	—	—
Total assets	$ 7,468,072	$ 4,180	$ 7,400,627	$ 63,265
Liabilities:				
Derivative liabilities	$ 79	$ —	$ 79	$ —
Letters of credit	1,675	—	—	1,675
Total liabilities	$ 1,754	$ —	$ 79	$ 1,675

Derivative assets as of September 30, 2026 reflects the fair value of the interest rate caps. Derivative liabilities as of September 30, 2026, reflects the gross fair value of the pay-fixed interest rate swaps of $109.8 million before variation margin settlements received of $109.9 million.

The table below represents a reconciliation of all Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended September 30, 2026:

	Assets		Liabilities	
	Mortgage-Backed Securities	Agricultural Mortgage-Backed Securities	Letters of Credit	Total
Balance at June 30, 2026	$ —	$ 4,124	$ 2,164	$ 1,960
Net losses included in other comprehensive income	(395)	(52)	—	(447)
Purchases	59,712	—	—	59,712
Settlements	—	(124)	(489)	365
Balance at September 30, 2026	$ 59,317	$ 3,948	$ 1,675	$ 61,590
The amount of gains/losses for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2026	$ (395)	$ (52)	$ —	$ (447)

The table below represents a reconciliation of all Level 3 assets and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2026:

	Assets		Liabilities	
	Mortgage-Backed Securities	Agricultural Mortgage-Backed Securities	Letters of Credit	Total
Balance at December 31, 2025	$ —	$ 4,609	$ 2,537	$ 2,072
Net (losses) gains included in other comprehensive income	(395)	11	—	(384)
Purchases	59,712	—	—	59,712
Settlements	—	(672)	(862)	190
Balance at September 30, 2026	$ 59,317	$ 3,948	$ 1,675	$ 61,590
The amount of gains/losses for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2026	$ (395)	$ 11	$ —	$ (384)

MBS were included in Level 3 due to their valuation being based on Level 3 criteria (broker quotes). AMBS were included in Level 3 due to limited activity or less transparency around inputs to their valuation. The liability for letters of credit was included in Level 3 because the valuation, based on fees charged for similar agreements, may not closely correlate to a fair value for instruments not regularly traded in the secondary market.

Assets and liabilities measured at fair value on a nonrecurring basis at September 30, 2026, for each of the fair value hierarchy levels are summarized below:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans	$ 1,559	$ —	$ —	$ 1,559
Other property owned	23,188	—	—	23,188
Total assets	$ 24,747	$ —	$ —	$ 24,747

Assets and liabilities measured at fair value on a recurring basis at December 31, 2025, for each of the fair value hierarchy levels are summarized below:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Federal funds sold and other overnight funds	$ 461,098	$ —	$ 461,098	$ —
Available-for-sale investments				
Certificates of deposit	350,188	—	350,188	—
Corporate debt	30,229	—	30,229	—
Mortgage-backed securities	5,351,939	—	5,351,939	—
U.S. Treasury securities	922,833	—	922,833	—
Asset-backed securities	233,870	—	233,870	—
Agricultural mortgage-backed securities	4,609	—	—	4,609
Derivative assets	2,464	—	2,464	—
Assets held in nonqualified benefit trusts	3,082	3,082	—	—
Total assets	$ 7,360,312	$ 3,082	$ 7,352,621	$ 4,609
Liabilities:				
Derivative liabilities	$ 1,415	$ —	$ 1,415	$ —
Letters of credit	2,537	—	—	2,537
Total liabilities	$ 3,952	$ —	$ 1,415	$ 2,537

The table below represents a reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended September 30, 2025:

	Assets		Liabilities	
	Certificates of Deposit	Agricultural Mortgage-Backed Securities	Letters of Credit	Total
Balance at June 30, 2025	$ 49,984	$ 5,774	$ 2,455	$ 53,303
Net gains (losses) included in other comprehensive income	—	132	—	132
Settlements	—	(831)	4	(835)
Transfers out of Level 3	(49,984)	—	—	(49,984)
Balance at September 30, 2025	$ —	$ 5,075	$ 2,459	$ 2,616
The amount of gains/losses for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2025	$ —	$ 132	$ —	$ 132

The table below represents a reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2025:

	Assets			Liabilities	
	Certificates of Deposit	Agricultural Mortgage-Backed Securities	Loans Held for Sale	Letters of Credit	Total
Balance at December 31, 2024	$ —	$ 6,553	$ 7,981	$ 3,563	$ 10,971
Net gains (losses) included in other comprehensive income	(16)	250	—	—	234
Settlements	—	(1,728)	—	(1,104)	(624)
Purchases	50,000	—	—	—	50,000
Sales	—	—	(7,981)	—	(7,981)
Transfers out of Level 3	(49,984)	—	—	—	(49,984)
Balance at September 30, 2025	$ —	$ 5,075	$ —	$ 2,459	$ 2,616
The amount of gains/losses for the period included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2025	$ (16)	$ 250	$ —	$ —	$ 234

Certificates of deposit were included in Level 3 due to their valuation being based on Level 3 criteria (broker quotes). Loans held for sale were also included in Level 3 due to their valuation being based on Level 3 criteria (broker quotes) prior to the completion of the sale in the second quarter of 2025. AMBS were included in Level 3 due to limited activity or less transparency around inputs to their valuation. The liability for letters of credit was included in Level 3 because the valuation, based on fees charged for similar agreements, may not closely correlate to a fair value for instruments not regularly traded in the secondary market.

Assets and liabilities measured at fair value on a nonrecurring basis at December 31, 2025, for each of the fair value hierarchy levels are summarized below:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Loans	$ 22,266	$ —	$ —	$ 22,266
Other property owned	28,583	—	—	28,583
Total assets	$ 50,849	$ —	$ —	$ 50,849

The fair value of financial instruments measured at carrying amounts on the Balance Sheet for each of the fair value hierarchy values are summarized as follows:

	September 30, 2026				
	Total Carrying Amount	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Assets:					
Cash	**$ 22,924**	**$ 22,924**	**$ —**	**$ —**	**$ 22,924**
Cash collateral posted with derivative counterparties	**44,310**	**44,310**	**—**	**—**	**44,310**
Net loans	**34,227,189**	**—**	**—**	**32,796,386**	**32,796,386**
Total assets	**$ 34,294,423**	**$ 67,234**	**$ —**	**$ 32,796,386**	**$ 32,863,620**
Liabilities:					
Systemwide debt securities	**$ 39,615,618**	**$ —**	**$ —**	**$ 38,399,702**	**$ 38,399,702**
Total liabilities	**$ 39,615,618**	**$ —**	**$ —**	**$ 38,399,702**	**$ 38,399,702**

	December 31, 2025				
	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:					
Cash	$ 43,385	$ 43,385	$ —	$ —	$ 43,385
Cash collateral posted with derivative counterparties	37,435	37,435	—	—	37,435
Net loans	34,154,600	—	—	33,278,115	33,278,115
Total assets	$ 34,235,420	$ 80,820	$ —	$ 33,278,115	$ 33,358,935
Liabilities:					
Systemwide debt securities	$ 39,497,774	$ —	$ —	$ 38,962,801	$ 38,962,801
Total liabilities	$ 39,497,774	$ —	$ —	$ 38,962,801	$ 38,962,801

Valuation Techniques

As more fully discussed in Note 2, "Summary of Significant Accounting Policies" in the 2025 Annual Report, authoritative accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction.

Uncertainty of Fair Value Measurements

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable input used in the fair value measurement of the AMBS are prepayment rates.

Quoted market prices may not be available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. Significant increases (decreases) in any of those inputs in isolation would have resulted in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss given default and a directionally opposite change in the assumption used for prepayment rates. These estimates involve uncertainties and matters of judgment, and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Information About Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value at		Valuation Technique(s)	Unobservable Input	Range of Inputs / Weighted Average of Inputs	
	September 30, 2026	December 31, 2025			**September 30, 2026**	December 31, 2025
Agricultural mortgage-backed securities	**$ 3,948**	$ 4,609	Discounted cash flow	Prepayment rates	**3.96% - 44.50% / 11.35%**	3.78% - 33.69% / 11.28%
Mortgage-backed securities	**59,317**	—	Broker quotes	—	**—**	—

In regard to nonperforming loans and other property owned (OPO), it is not practicable to provide specific information on inputs as each collateral property is unique. The Bank utilizes appraisals to value these loans and OPO and considers unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

Information about Recurring and Nonrecurring Level 2 Fair Value Measurements

	Valuation Technique(s)	Input
Federal funds sold	Carrying value	Par/principal
Available-for-sale investment securities	Quoted prices Discounted cash flow	Price for similar security Constant prepayment rate Appropriate interest rate yield curve
Interest rate caps	Discounted cash flow	Appropriate interest rate yield curve Annualized volatility
Interest rate swaps	Discounted cash flow	Benchmark yield curve Counterparty credit risk Volatility

Information about Other Financial Instrument Fair Value Measurements

	Valuation Technique(s)	Input
Cash	Carrying value	Actual balance
Loans	Discounted cash flow	Prepayment forecasts Appropriate interest rate yield curve Probability of default Loss given default
Systemwide debt securities	Discounted cash flow	Benchmark yield curve Derived yield spread Own credit risk

NOTE 7 — ASSET/LIABILITY OFFSETTING

Most derivative transactions with swap dealers are cleared through a Futures Commission Merchant (FCM). Cleared derivative contracts require the payment of initial and variation margin as a protection against default and the Derivatives Clearing Organization (DCO) takes on the obligation of both sides of the transaction. The Bank's interest rate cap derivatives are under bilateral collateral and netting agreements that require the net settlement of covered contracts.

Notwithstanding collateral and netting provisions, our derivative assets and liabilities are not offset on the accompanying Balance Sheet. The amount of collateral received or pledged is calculated on a net basis by counterparty.

The following table summarizes overnight investments, derivative assets and liabilities and amounts of collateral exchanged pursuant to our agreements:

September 30, 2026	Gross Amounts of Assets/Liabilities Presented on the Balance Sheet	Amounts Not Offset on the Balance Sheet: Cash Collateral Posted - Initial Margin	Amounts Not Offset on the Balance Sheet: Investment Securities Received/Pledged as Collateral	Net Amount
Assets:				
Interest rate swaps and other derivatives	**$ 1**	**$ 44,310**	**$ —**	**$ 44,311**
Federal funds sold and overnight investments	**475,456**	**—**	**—**	**475,456**
Liabilities:				
Interest rate swaps and other derivatives	**79**	**—**	**—**	**79**

December 31, 2025	Gross Amounts of Assets/Liabilities Presented on the Balance Sheet	Amounts Not Offset on the Balance Sheet: Cash Collateral Posted - Initial Margin	Amounts Not Offset on the Balance Sheet: Investment Securities Received/ Pledged as Collateral	Net Amount
Assets:				
Interest rate swaps and other derivatives	$ 2,464	$ 37,435	$ —	$ 39,899
Federal funds sold and overnight investments	461,098	—	(100,000)	361,098
Liabilities:				
Interest rate swaps and other derivatives	1,415	—	—	1,415

NOTE 8 — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Bank maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Bank's goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain Balance Sheet liabilities so that movements in interest rates do not adversely affect the net interest margin. The Bank considers the strategic use of derivatives to be a prudent method of managing interest rate sensitivity as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

The Bank may enter into derivative transactions to lower funding costs, diversify sources of funding, alter interest rate exposures arising from mismatches between assets and liabilities, or better manage liquidity. Interest rate swaps allow the Bank to raise borrowings in the government-sponsored enterprises market and modify the repricing characteristics of that debt to better match those of the earning assets. Under interest rate swap arrangements, the Bank agrees with other parties to exchange, at specified intervals, payment streams calculated on a specified notional amount, with at least one stream based on a specified floating-rate index. The Bank may purchase interest rate options, such as caps and floors, in order to reduce the impact of rising interest rates on its floating-rate debt.

At September 30, 2026, the Bank held interest rate caps with a notional amount of $75.0 million and a net fair value asset of $1 thousand, and pay-fixed interest rate swaps with a notional amount of $2.30 billion and a gross fair value asset before variation margin settlements received of $109.8 million. At September 30, 2026, the Bank had received $109.9 million in variation margin settlements from a counterparty on the pay-fixed interest rate swaps. After considering the variation margin settlements, the pay-fixed swaps were presented as a net derivative liability of $79 thousand at September 30, 2026. At December 31, 2025, the Bank held interest rate caps with a notional amount of $75.0 million and a net fair value asset of $4 thousand, and pay-fixed interest

rate swaps with a notional amount of $1.825 billion and a gross fair value asset before variation margin settlements received of $24.5 million. At December 31, 2025, the Bank had received $23.5 million in variation margin settlements from a counterparty on the pay-fixed interest rate swaps.

The primary type of derivative instruments used and the activity (notional amount of derivatives) during the nine months ended September 30, 2026, are summarized in the following table.

	Pay-Fixed Swaps	Interest Rate Caps	Total
Balance at December 31, 2025	$ 1,825,000	$ 75,000	$ 1,900,000
Additions	475,000	—	475,000
Balance at September 30, 2026	$ 2,300,000	$ 75,000	$ 2,375,000

By using derivative instruments, the Bank exposes itself to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Bank's credit risk will equal the fair value gain of the derivative. Generally, when the fair value of a derivative contract is positive, this indicates that the counterparty owes the Bank, thus creating a repayment risk for the Bank. When the fair value of the derivative contract is negative, the Bank owes the counterparty and, therefore, assumes no repayment risk.

To minimize the risk of credit losses from derivatives, all interest rate swap derivative contracts have been moved to clearing and are cleared through an FCM. Cleared derivative contracts require the payment of initial and variation margin as a protection against default and the DCO takes on the obligation of both sides of the transaction. Interest rate cap derivatives are supported by bilateral collateral agreements with counterparties requiring the posting of collateral in the event certain dollar thresholds of exposure of one party to the other are reached; thresholds may vary depending on the counterparty's credit rating from a major rating agency. The Bank also monitors the credit standing of, and levels of exposure to, individual counterparties. Interest rate caps are under master agreements that contain netting provisions. These provisions allow the Bank to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. At September 30, 2026, the Bank had posted $44.3 million of cash as collateral as initial margin, compared to $37.4 million at December 31, 2025. At September 30, 2026, the Bank had a gross derivative asset value before variation margin settlements received of $109.8 million and had received $109.9 million in variation margin settlements, resulting in a net derivative liability of $79 thousand. At December 31, 2025, the Bank had a derivative asset value of $25.9 million and had received $23.5 million in variation margin settlements.

The credit exposure represents the exposure to credit loss on derivative instruments, which is estimated by calculating the cost, on a present value basis, to replace all outstanding derivative contracts in a gain position.

Derivative – Counterparty Exposure

The following table represents the credit ratings of counterparties to whom the Bank had credit exposure at September 30, 2026:

	Remaining Years to Maturity					
	Less Than One Year to Five Years	More Than Five Years	Total Gains (Losses)*	Exposure	Collateral Held**	Exposure Net of Collateral
Moody's Credit Rating:						
Aa2	$ 1	$ —	$ 1	$ 1	$ —	$ 1
Aa3	630	878	1,508	1,508	—	1,508
Total	$ 631	$ 878	$ 1,509	$ 1,509	$ —	$ 1,509

*Represents gain or loss positions on derivative instruments with individual counterparties. Net gains or losses represent the exposure to credit losses estimated by calculating the cost, on a present value basis, to replace all outstanding derivative contracts within a maturity category. Within each maturity category, contracts in a loss position are netted against contracts in a gain position with the same counterparty.

**Excluded from the table is initial margin posted by the Bank totaling $44.3 million at September 30, 2026, related to cleared derivative transactions.

The Bank's derivative activities are monitored by the Asset-Liability Management Committee (ALCO) as part of its asset/liability and treasury functions. The ALCO is responsible for approving hedging strategies that are developed through its analysis of data derived from financial simulation models and other internal and industry sources. The resulting hedging strategies are then incorporated into the Bank's overall interest rate risk management strategies.

Fair Value Hedges

At September 30, 2026, and December 31, 2025, the Bank did not have any fair value hedged items. For derivative instruments that would be designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedge risk would be recognized in current earnings. The gain or loss on the hedged items would be included in the same line item as the offsetting loss or gain on the related receive-fixed interest rate swaps.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

The Bank clears all cash flow swap hedges through an FCM, with a clearinghouse or central counterparty (CCP). At September 30, 2026, the Bank had a notional amount of cleared cash flow hedges of $2.30 billion with associated initial margin of $44.3 million. At December 31, 2025, the notional amount of cleared cash flow hedges was $1.825 billion with associated initial margin of $37.4 million.

The Bank's derivative instruments at September 30, 2026, and December 31, 2025, which are designated and qualify as cash flow hedges, met the standards for hedge accounting treatment. Thus, the effective portion of the gain or loss on the derivative was reported as a component of other comprehensive income. In the next 12 months, we expect to reclassify $95 thousand of losses recorded in accumulated other comprehensive loss (AOCL) as of September 30, 2026 to earnings. These amounts will offset the cash flows associated with the hedged forecasted transactions. For cash flow hedges with any ineffectiveness, the ineffectiveness is recognized as interest expense into

current period earnings. During the three months ended September 30, 2026, there was no ineffectiveness for cash flow hedges. During the nine months ended September 30, 2026, there was ineffectiveness for cash flow hedges of $5 thousand. During the three and nine months ended September 30, 2025, there was ineffectiveness for cash flow hedges of $4 thousand.

The following table represents the fair value of cash flow derivative instruments, inclusive of posted or received variation margin settlements for cleared pay-fixed swap activity as of September 30, 2026, and December 31, 2025:

		Fair Value at			Fair Value at	
	Balance Sheet Location	**September 30, 2026**	December 31, 2025	**Balance Sheet Location**	**September 30, 2026**	December 31, 2025
Interest rate caps	Other assets	**$ 1**	$ 4	Other liabilities	**$ —**	$ —
Pay-fixed swaps	Other assets	**—**	2,460	Other liabilities	**79**	1,415
		$ 1	$ 2,464		**$ 79**	$ 1,415

The following table sets forth the effect of derivative (loss) gain recognized in AOCL for the nine months ended September 30, 2026 and September 30, 2025:

	Gain (Loss) Recognized in AOCL on Derivatives			Gain (Loss) Reclassified from AOCL into Income		
	Nine Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025		**2026**	2025	
Interest rate caps	**$ (3)**	$ (98)	Interest expense	**$ (109)**	$ (130)	
Pay-fixed swaps	**85,337**	(40,934)	Other income, net	**—**	—	
	$ 85,334	$ (41,032)		**$ (109)**	$ (130)	

NOTE 9 — CAPITAL

The FCA sets minimum regulatory capital requirements, including capital conservation buffers, for banks and associations. These requirements are split into minimum requirements for risk-adjusted ratios and non-risk-adjusted ratios. The risk-adjusted ratios include common equity tier 1, tier 1 capital, total capital and permanent capital ratios. The non-risk-adjusted ratios include tier 1 leverage and unallocated retained earnings (URE) and URE equivalents (UREE) leverage ratios that are applicable to both the banks and associations. As of September 30, 2026, the Bank exceeded all regulatory capital requirements, including the capital conservation buffers.

The following table reflects the Bank's capital ratios:

	Regulatory Requirements Including Capital Conservation Buffers	**As of September 30, 2026**	As of December 31, 2025
Risk-adjusted:			
Common equity tier 1 ratio	7.00 %	**9.81 %**	9.08 %
Tier 1 capital ratio	8.50	**14.03**	13.25
Total capital ratio	10.50	**14.41**	13.59
Permanent capital ratio	7.00	**14.08**	13.29
Non-risk-adjusted:			
Tier 1 leverage ratio	5.00 %	**5.97 %**	5.70 %
UREE leverage ratio	1.50	**2.16**	2.03

Risk-adjusted assets have been defined by FCA regulations as the Balance Sheet assets and off-balance sheet commitments adjusted by various percentages ranging from 0 to 1,250 percent, depending on the level of risk inherent in the various types of assets.

If the capital ratios fall below the minimum regulatory requirements, capital distributions (equity redemptions, dividends and patronage) and discretionary bonus payments to senior officers are restricted or prohibited without prior FCA approval.

The components of the Bank's risk-adjusted capital, based on 90-day average balances, were as follows at September 30, 2026:

	Common Equity Tier 1 Ratio	Tier 1 Capital Ratio	Total Capital Ratio	Permanent Capital Ratio
Numerator:				
Unallocated retained earnings	$ 1,045,672	$ 1,045,672	$ 1,045,672	$ 1,045,672
Adjustments for patronage or dividend accrued receivables and payables	(2,382)	(2,382)	(2,382)	(2,382)
Common Cooperative Equities:				
Purchased other required stock ≥ 7 years	688,497	688,497	688,497	688,497
Allocated stock ≥ 7 years	36,042	36,042	36,042	36,042
Allocated equities:				
Allocated equities held ≥ 7 years	116,454	116,454	116,454	116,454
Noncumulative perpetual preferred stock	—	750,000	750,000	750,000
Allowance for credit losses on loans and allowance for credit losses on unfunded commitments subject to certain limitations	—	—	67,872	—
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(142,629)	(142,629)	(142,629)	(142,629)
Other regulatory required deductions	(84)	(84)	(84)	(84)
Total	$ 1,741,570	$ 2,491,570	$ 2,559,442	$ 2,491,570
Denominator:				
Risk-adjusted assets excluding allowance	$ 17,759,768	$ 17,759,768	$ 17,759,768	$ 17,759,768
Regulatory Adjustments and Deductions:				
Allowance for credit losses on loans	—	—	—	(61,377)
Total	$ 17,759,768	$ 17,759,768	$ 17,759,768	$ 17,698,391

The components of the Bank's non-risk-adjusted capital, based on 90-day average balances, were as follows at September 30, 2026:

	Tier 1 Leverage Ratio	UREE Leverage Ratio
Numerator:		
Unallocated retained earnings	**$ 1,045,672**	**$ 1,045,672**
Adjustments for patronage or dividend accrued receivables and payables	**(2,382)**	**(2,382)**
Common Cooperative Equities:		
Purchased other required stock ≥ 7 years	**688,497**	**—**
Allocated stock ≥ 7 years	**36,042**	**—**
Allocated equities:		
Allocated equities held ≥ 7 years	**116,454**	**—**
Noncumulative perpetual preferred stock	**750,000**	**—**
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	**(142,629)**	**(142,629)**
Other regulatory required deductions	**(84)**	**(84)**
Total	**$ 2,491,570**	**$ 900,577**
Denominator:		
Total assets	**$ 41,913,676**	**$ 41,913,676**
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	**(151,398)**	**(151,398)**
Total	**$ 41,762,278**	**$ 41,762,278**

The components of the Bank's risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2025:

	Common Equity Tier 1 Ratio	Tier 1 Capital Ratio	Total Capital Ratio	Permanent Capital Ratio
Numerator:				
Unallocated retained earnings	$ 992,788	$ 992,788	$ 992,788	$ 992,788
Adjustments for patronage or dividend accrued receivables and payables	(4,919)	(4,919)	(4,919)	(4,919)
Common Cooperative Equities:				
Purchased other required stock ≥ 7 years	640,569	640,569	640,569	640,569
Allocated stock ≥ 7 years	36,042	36,042	36,042	36,042
Allocated equities:				
Allocated equities held ≥ 7 years	109,037	109,037	109,037	109,037
Noncumulative perpetual preferred stock	—	750,000	750,000	750,000
Allowance for credit losses on loans and allowance for credit losses on unfunded commitments subject to certain limitations	—	—	62,489	—
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(139,170)	(139,170)	(139,170)	(139,170)
Other regulatory required deductions	(115)	(115)	(115)	(115)
Total	$ 1,634,232	$ 2,384,232	$ 2,446,721	$ 2,384,232
Denominator:				
Risk-adjusted assets excluding allowance	$ 17,997,675	$ 17,997,675	$ 17,997,675	$ 17,997,675
Regulatory Adjustments and Deductions:				
Allowance for credit losses on loans	—	—	—	(55,383)
Total	$ 17,997,675	$ 17,997,675	$ 17,997,675	$ 17,942,292

The components of the Bank's non-risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2025:

	Tier 1 Leverage Ratio	UREE Leverage Ratio
Numerator:		
Unallocated retained earnings	$ 992,788	$ 992,788
Adjustments for patronage or dividend accrued receivables and payables	(4,919)	(4,919)
Common Cooperative Equities:		
Purchased other required stock ≥ 7 years	640,569	—
Allocated stock ≥ 7 years	36,042	—
Allocated equities:		
Allocated equities held ≥ 7 years	109,037	—
Noncumulative perpetual preferred stock	750,000	—
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(139,170)	(139,170)
Other regulatory required deductions	(115)	(115)
Total	$ 2,384,232	$ 848,584
Denominator:		
Total assets	$ 42,009,628	$ 42,009,628
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(150,654)	(150,654)
Total	$ 41,858,974	$ 41,858,974

NOTE 10 — EMPLOYEE BENEFIT PLANS

In addition to pension benefits, the Bank provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multiemployer, and consequently, the liability for these benefits is included in other liabilities on the Balance Sheet. Bank employees hired after January 1, 2004, may be eligible for retiree medical benefits for themselves and their spouses at their expense and will be responsible for 100 percent of the related premiums. The following table summarizes the components of net periodic benefit costs for the Bank's other postretirement benefit costs for the nine months ended September 30, 2026 and September 30, 2025:

	2026	2025
Service cost	**$ 63**	$ 79
Interest cost	**422**	427
Amortization of:		
Prior service credits	**—**	(1)
Net actuarial gains	**(110)**	—
Total	**$ 375**	$ 505

The components of net periodic benefit cost other than the service cost component are included in other components of net periodic postretirement benefit cost on the Statements of Comprehensive Income.

The structure of the Texas District's defined benefit pension plan is characterized as multiemployer, since neither the assets, liabilities nor cost of any plan is segregated or separately accounted for by participating employers (Bank and District Associations).

NOTE 11 — ACCUMULATED OTHER COMPREHENSIVE LOSS

AOCL includes the accumulated balance of certain gains, losses or costs for which values are included in assets or liabilities on the Balance Sheet, but which have not yet been recognized in earnings. For the Bank, these elements include unrealized gains or losses on the Bank's AFS investment portfolio, amortization of postretirement benefit elements and changes in the value of cash flow derivative instruments.

The following is a summary of the components of AOCL and the changes that occurred during the nine months ended September 30, 2026:

	Total	Investments	Postretirement Benefit Plans	Cash Flow Derivative Instruments
Balance at December 31, 2025	$ (363,855)	$ (390,016)	$ 1,851	$ 24,310
Change in net unrealized losses on AFS securities:				
Net change in unrealized losses on AFS securities	(146,305)	(146,305)		
Net change in unrealized losses on AFS securities	(146,305)	(146,305)		
Change in postretirement benefit plans:				
Amounts amortized into net periodic expense:				
Amortization of actuarial gains	(110)		(110)	
Net change in postretirement benefit plans	(110)		(110)	
Change in cash flow derivative instruments:				
Net change in unrealized gains on cash flow derivative instruments	85,334			85,334
Reclassification of loss recognized in interest expense	109			109
Net change in cash flow derivative instruments	85,443			85,443
Total other comprehensive income (loss)	(60,972)	(146,305)	(110)	85,443
Balance at September 30, 2026	$ (424,827)	$ (536,321)	$ 1,741	$ 109,753

The following is a summary of the components of AOCL and the changes that occurred during the nine months ended September 30, 2025:

	Total	Investments	Postretirement Benefit Plans	Cash Flow Derivative Instruments
Balance at December 31, 2024	$ (466,147)	$ (532,253)	$ 1,019	$ 65,087
Change in net unrealized losses on AFS securities:				
Net change in unrealized losses on AFS securities	113,788	113,788		
Net change in unrealized losses on AFS securities	113,788	113,788		
Change in postretirement benefit plans:				
Amounts amortized into net periodic expense:				
Amortization of prior service credits and actuarial gains	(1)		(1)	
Net change in postretirement benefit plans	(1)		(1)	
Change in cash flow derivative instruments:				
Net change in unrealized gains on cash flow derivative instruments	(41,032)			(41,032)
Reclassification of loss recognized in interest expense	130			130
Net change in cash flow derivative instruments	(40,902)			(40,902)
Total other comprehensive income (loss)	72,885	113,788	(1)	(40,902)
Balance at September 30, 2025	$ (393,262)	$ (418,465)	$ 1,018	$ 24,185

The following table summarizes reclassifications out of AOCL to current earnings for the nine months ended September 30, 2026 and September 30, 2025:

Description	Amount Reclassified from AOCL 2026	Amount Reclassified from AOCL 2025	Location of Gain or Loss Recognized on the Statements of Comprehensive Income
Amortization of net credits on postretirement benefit plan	**$ (110)**	$ (1)	Salaries and employee benefits
Amortization of cash flow hedges	**109**	130	Interest expense
Total	**$ (1)**	$ 129	

NOTE 12 — SEGMENT REPORTING

The Bank's operations fall under one reportable segment. As per regulation and as discussed in Note 1, “Organization and Operations” in the 2025 Annual Report, our business activities are primarily focused on providing financial services and credit to borrowers in the farming, ranching, agribusiness and rural community sectors. The Bank provides funding either by directly financing the eligible borrowers through affiliated District Associations or indirectly financing through the purchase of participation loans in collaboration with District Associations, other Farm Credit entities and financial institutions. The Bank also provides other services to its affiliated District Associations in credit, accounting, technology, compliance, risk management, human resources and other areas.

The Bank’s major customer includes a District Association with revenue in excess of 10 percent of the Bank’s total revenue, which includes interest income and noninterest income. For the three and nine months ended September 30, 2026, the Bank’s revenue included $97.4 million and $292.8 million, respectively, from this District Association. For the three and nine months ended September 30, 2025, the Bank’s revenue included $97.0 million and $282.3 million, respectively, from this District Association.

The accounting policies for this segment are the same as those discussed in Note 2, “Summary of Significant Policies” in the 2025 Annual Report. The Bank's chief operating decision maker (CODM) is its chief executive officer who uses net income, as presented on the Statements of Comprehensive Income, as the reportable measure of segment profit or loss, to monitor actual versus plan results and benchmarking the Bank’s performance with peers. The benchmarking analysis along with the monitoring of actual versus plan results are used in assessing the performance of the Bank and in establishing recommendations on management’s compensation. The measure of segment assets is reported on the Balance Sheet as total assets. There is no separate segment financial information as the Bank only has one segment.

NOTE 13 — SUBSEQUENT EVENTS

The Bank has evaluated subsequent events through November 6, 2026, which is the date the financial statements were issued. There are no subsequent events requiring disclosure as of November 6, 2026.

NOTE 14 — COMBINED DISTRICTWIDE FINANCIAL STATEMENTS

The accompanying financial statements relate solely to the Bank and exclude financial information of the District Associations. The Bank separately publishes certain unaudited combined financial information of the Texas District, including the Combined Balance Sheets and Combined Statements of Income, which can be found on the Bank’s website at *www.farmcreditbank.com*.

Additional Regulatory Information

(Unaudited, dollar amounts in thousands, except as otherwise noted)

Disclosure Map

The following table summarizes the interim disclosure requirements and indicates where each matter is disclosed in this quarterly report.

Disclosure Requirement	Description	September 30, 2026 Quarterly Report Reference
Scope of Application	Corporate entity and structure	Page 55
Capital Structure	Regulatory capital components	Page 56
Capital Adequacy	Risk-weighted assets	Page 57
	Regulatory capital ratios	Page 57
Capital Buffers	Quantitative disclosures	Page 57
Credit Risk	Summary of exposures	Page 58
	Industry distribution	Page 58
	Contractual maturity	Page 59
	Geographic distribution	Page 59
	Nonperforming loans	Note 3 on Page 33
	Allowance for credit losses on loans	Note 3 on Pages 36-38
Counterparty Credit Risk-Related Exposures	Counterparty exposures	Page 59
Credit Risk Mitigation	Exposures with reduced capital requirements	Page 60
Securitization	Securitization exposures	Page 60
Equities	General description	Page 60
Interest Rate Risk for Nontrading Activities	Interest rate sensitivity	Page 61

SCOPE OF APPLICATION

The following disclosures contain regulatory disclosures as required under FCA Regulation §628.63 for risk-adjusted ratios: common equity tier 1, tier 1 capital and total capital. Refer to Note 9 of the accompanying financial statements for information regarding the statutorily required permanent capital ratio. As required, these disclosures are made available for at least three years and can be accessed at Farm Credit Bank of Texas' website at *www.farmcreditbank.com*. FCA Regulation §628.62(a) requires each System bank to provide timely public disclosures at the end of each calendar quarter. Qualitative disclosures that typically do not change each quarter may be disclosed annually after the end of the fourth quarter, provided that any significant changes are disclosed in the interim.

The disclosures herein relate solely to the Bank and exclude financial information of the District Associations. The Bank has no subsidiaries; therefore, the financial statements are only those of the Bank and are not consolidated with any other entity.

CAPITAL STRUCTURE

The following table provides a summary of the Bank's capital structure at September 30, 2026:

	Three-Month Average Daily Balance
Common equity tier 1 capital (CET1):	
Common cooperative equities:	
Purchased other required stock ≥ 7 years	$ 688,497
Allocated stock ≥ 7 years	36,042
Allocated equities:	
Qualified allocated equities subject to retirement	116,454
Nonqualified allocated equities subject to retirement	—
Nonqualified allocated equities not subject to retirement	—
Unallocated retained earnings	1,045,672
Adjustments for patronage or dividend accrued receivables and payables	(2,382)
Paid-in capital	—
Regulatory adjustments and deductions made to CET1	(142,713)
Total CET1 capital	$ 1,741,570
Additional tier 1 capital (AT1):	
Noncumulative perpetual preferred stock	$ 750,000
Regulatory adjustments and deductions made to AT1 capital	—
Total AT1 capital	750,000
Total tier 1 capital	$ 2,491,570
Tier 2 capital (T2):	
Common cooperative equities not included in CET1	$ —
T2 capital elements (allowance for credit losses on loans)	67,872
Regulatory adjustments and deductions made to T2 capital	—
Total T2 Capital	67,872
Total capital	$ 2,559,442

Capital Adequacy and Capital Buffers

The Bank's risk-adjusted regulatory capital ratios are calculated by dividing the relevant total capital elements by risk-weighted assets. The following table provides the Bank's risk-weighted assets at September 30, 2026:

	Three-Month Average Daily Balance
On-Balance Sheet Assets:	
Exposures to sovereign entities	$ —
Exposures to supranational entities and Multilateral Development Banks	—
Exposures to government-sponsored entities (direct notes to District Associations)	**4,942,729**
Exposures to depository institutions, foreign banks and credit unions	**2,669**
Exposures to public sector entities	—
Corporate exposures, including borrower loans and exposures to other financing institutions	**9,237,060**
High volatility commercial real estate (HVCRE) exposures	**39,129**
Residential mortgage exposures	—
Past due and nonaccrual exposures	**44,952**
Securitization exposures	**76,341**
Exposures to other assets	**592,416**
Total Risk-Weighted Assets, On-Balance Sheet Assets	$ **14,935,296**
Off-Balance Sheet Assets:	
Letters of credit	$ **154,322**
Commitments	**2,596,285**
HVCRE exposures	**52,636**
Repo-styled transactions	**79**
Over-the-counter derivatives	**20,500**
Unsettled transactions	—
Cleared transactions	—
All other off-Balance Sheet exposures	**650**
Total Risk-Weighted Assets, Off-Balance Sheet Assets	**2,824,472**
Total Risk-Weighted Assets Before Adjustments	$ **17,759,768**
Additions:	
Intra-system equity investments	$ **142,713**
Deductions:	
Regulatory capital deductions	**(142,713)**
Total Standardized Risk-Weighted Assets	$ **17,759,768**

Capital and Leverage Ratios

As of September 30, 2026, the Bank was well-capitalized and exceeded all capital requirements. The Bank currently has no limitations on its distributions and discretionary bonus payments as the capital and leverage ratios exceeded the minimum regulatory requirements of 8.00 percent and 4.00 percent, respectively.

	Regulatory Minimums	Capital Conservation Buffers	Ratios as of September 30, 2026	Calculated Buffers
Common equity tier 1 capital ratio	4.50 %	2.50 %	**9.81 %**	5.31 %
Tier 1 capital ratio	6.00	2.50	**14.03**	8.03
Total capital ratio	8.00	2.50	**14.41**	6.41
Tier 1 leverage ratio	4.00	1.00	**5.97**	1.97

CREDIT RISK

System entities have specific lending authorities within their chartered territories. The Bank is chartered to serve its District Associations in Alabama, Mississippi, New Mexico, Louisiana and Texas. Our chartered territory is referred to as the Texas District. The Bank serves its chartered territory by lending to the Federal Land Credit Association (FLCA) and Agricultural Credit Associations (ACAs). The allowance for credit losses on loans (ACLL) is estimated using a probability of default (PD) and loss given default (LGD) model where impairment is calculated by multiplying the PD (probability the loan will default in a given timeframe) by the LGD (percentage of the loan expected to be collected at default.) Allowance needs by geographic region are only considered in circumstances that may not otherwise be reflected in the PD and LGD, such as flooding or drought. There was no allowance attributed to a geographic area as of September 30, 2026.

Refer to the Risk-Adjusted Asset table above for the Bank's total and average loans, investment securities, off-balance sheet commitments and over-the-counter (OTC) derivatives. The following table illustrates the Bank's total exposure (including commitments) by loan type as of September 30, 2026.

	Total Exposure
Direct notes receivable from District Associations	$ 30,241,637
Real estate mortgage	1,394,629
Production and intermediate-term	2,004,467
Agribusiness	
Loans to cooperatives	1,476,666
Processing and marketing	4,671,584
Farm-related business	570,065
Communications	1,004,743
Energy (rural utilities)	2,867,739
Water and waste disposal	314,178
Mission-related	1,773
Rural home	767
International	216,676
Leases	2,854
Loans to other financing institutions	90,000
Total	$ 44,857,778

The following table provides an overview of the remaining contractual maturity of the Bank's credit risk portfolio categorized by exposure at September 30, 2026. The remaining contractual maturity for the Bank's direct notes from the District Associations is included in the loans line item based on the contractual terms of the underlying association retail loans. Unfunded commitments for direct notes from District Associations reflects the aggregate remaining amount that the District Associations can borrow from the Bank and is included in the unfunded commitments line item within the due in one year or less column.

	Due in one year or less	Due after one year through five years	Due after five years	Total
Loans	$ 6,995,207	$ 9,933,579	$ 17,367,115	$ 34,295,901
Off-Balance Sheet commitments:				
Financial letters of credit	79,403	115,211	—	194,614
Performance letters of credit	880	7,802	—	8,682
Commercial letters of credit	1,222	2,716	—	3,938
Unfunded commitments	6,489,433	3,563,330	301,880	10,354,643
Equity investment commitments	2,680	—	—	2,680
Investments	826,927	2,097,169	4,064,339	6,988,435
Derivatives (notional)	200,000	1,400,000	775,000	2,375,000
Total	$ 14,595,752	$ 17,119,807	$ 22,508,334	$ 54,223,893

The following table illustrates the Bank's total exposure (including commitments) by geographic distribution as of September 30, 2026:

State*	Percentage
Texas	59 %
Mississippi	7
Alabama	7
Louisiana	4
California	2
All other states	21
Total	100 %

*The geographic distribution is based on the state in which the borrower is headquartered and may not be representative of their operations or business activities.

Refer to Note 3 of the accompanying financial statements for amounts of loans in nonaccrual status and greater than 90 days past due and still accruing, nonaccrual loans with or without a related allowance for credit losses, the allowance at the end of each reporting period, charge-offs during the period, and changes in components of our allowance for credit losses.

Counterparty Credit Risk and Credit Risk Mitigation

The table below shows the notional value of derivatives, segregated by interest rate caps and pay-fixed swaps, which are traded in OTC markets as of September 30, 2026, and the fair value of these derivatives with excess variation margin for cleared activities.

	Notional Amount	Fair Value Positive (Negative)
Interest rate caps	$ 75,000	$ 1
Pay-fixed swaps	2,300,000	(79)
Total	$ 2,375,000	$ (78)

The following table provides the total exposure covered by guarantees for each separately disclosed credit risk portfolio and the risk-weighted asset amount associated with that exposure. The Bank did not hold eligible financial collateral for its loan, investment and derivative portfolios at September 30, 2026.

Government-Guaranteed Asset Type	90-Day Average Balance	Risk Weighting	Risk-Weighted Amount
Investments	$ 5,250,592	0%	$ —
Loans	1,675	0%	—
Total	$ 5,252,267		$ —

SECURITIZATION

The Bank currently only participates in credit-related securitizations as an investor through the purchase of highly rated asset-backed securities (ABS) as included in its investment portfolio. The Bank also holds securitization exposures through the purchase of U.S. government and agency guaranteed securities. The Bank has not transferred any exposures that it has originated or purchased from a third party in connection with a securitization of assets as of September 30, 2026, nor does it have any outstanding exposures that it intends to be securitized at September 30, 2026. The Bank did not recognize any gain or loss on securitized assets for the nine months ended September 30, 2026.

Below is an overview of the Bank's purchased securitization exposures held as of September 30, 2026, by exposure type and categorized by risk-weighting band and risk-based capital approach. Refer to Note 2 of the accompanying financial statements for additional information.

Description of Securitization	Risk-Based Capital Approach	Exposure Amount	Risk Weighting
Agency MBS:			
GNMA	Standardized risk weighting	$ 2,863,264	0%
FNMA and FHLMC	Standardized risk weighting	2,800,498	0%-20%
Total		$ 5,663,762	
Asset-backed securities:			
Small Business Administration	Standardized risk weighting	$ 126,234	0%
Asset-backed securities	Gross-up	74,614	20%-100%
Total		$ 200,848	

EQUITIES

The Bank has certain exposure to equity investments. The Bank is a limited partner in certain Rural Business Investment Companies (RBICs) for various relationship and strategic reasons. These RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. There have been no sales or liquidations of these investments during the period. The Bank has no intent to continue to invest in RBICs in the future.

As of September 30, 2026	Disclosed in Other Assets	Life-to-Date Losses Recognized in Retained Earnings*
RBICs	$ 14,923	$ 15,579

*Retained earnings is included in common equity tier 1 and total capital ratios.

The Bank is also involved in an unincorporated business entity (UBE), as defined by FCA regulation. The Bank held this investment to manage an unusual and complex collateral associated with a loan

workout. As of September 30, 2026, the collateral has been fully liquidated, and we anticipate the UBE will be dissolved by the end of the year.

The investments in the RBICs and UBE are not publicly traded and are accounted for under the equity method. The book value approximates fair value. The Bank had no unrealized gains or losses either carried on the Balance Sheet or recognized through earnings.

INTEREST RATE RISK

The following table sets forth the Bank's projected annual net interest income and market value of equity sensitivities for interest rate movements as prescribed by policy, based on the Bank's interest-earning assets and interest-bearing liabilities at September 30, 2026.

	+200	+100	-100	-200
Change in net interest income	3.77%	2.17%	(3.01%)	(3.67%)
Change in market value of equity	(7.16)	(4.00)	4.81	14.92

OUR MISSION is to serve as a dependable provider of credit and other financial services to agriculture and rural communities.

FARM CREDIT
BANK OF TEXAS

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