SECOND QUARTER 2026 QUARTERLY INFORMATION STATEMENT OF THE FARM CREDIT SYSTEM

Federal Farm Credit Banks Funding Corporation
30 Hudson Street, Floor 21 • Jersey City, New Jersey 07302 • 201-200-8000

AUGUST 7, 2026

This quarterly information statement provides important information for investors in the debt securities jointly issued by the four Farm Credit System Banks — AgFirst Farm Credit Bank, AgriBank, FCB, CoBank, ACB and Farm Credit Bank of Texas (collectively, the Banks). These debt securities, which we refer to as Systemwide Debt Securities, include:

- Federal Farm Credit Banks Consolidated Systemwide Bonds,
- Federal Farm Credit Banks Consolidated Systemwide Discount Notes,
- Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes, and
- any other debt securities that the Farm Credit System Banks may jointly issue from time to time.

This quarterly information statement does not constitute an offer to sell or a solicitation of an offer to buy Systemwide Debt Securities. Systemwide Debt Securities are offered by the Federal Farm Credit Banks Funding Corporation (Funding Corporation) on behalf of the Banks pursuant to offering circulars for each type of debt offering. The relevant offering circular as of this date is the Federal Farm Credit Banks Consolidated Systemwide Bonds and Discount Notes Offering Circular dated August 22, 2025.

The offering circular may be amended or supplemented from time to time and a new offering circular may be issued. Before purchasing Systemwide Debt Securities, you should carefully read the relevant offering circular and related supplements, the most recent annual and quarterly information statements and other current information released by the Funding Corporation regarding the Banks and/or Systemwide Debt Securities. At this time, no Systemwide Debt Securities are being offered under the Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Offering Circular dated July 19, 1993, as amended by supplements dated February 26, 1997 and June 11, 1999.

Systemwide Debt Securities are the joint and several obligations of the Banks and are not obligations of or guaranteed by the United States government. Systemwide Debt Securities are not required to be registered and have not been registered under the Securities Act of 1933. In addition, the Banks are not required to file and do not file periodic reports under the Securities Exchange Act of 1934. Systemwide Debt Securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of any offering material used in connection with the sale of such Systemwide Debt Securities.

Certification

The undersigned certify that (1) we have reviewed this quarterly information statement, (2) this quarterly information statement has been prepared in accordance with all applicable statutory or regulatory requirements, and (3) the information contained in this quarterly information statement is true, accurate, and complete to the best of the signatories' knowledge and belief.

Matthew D. Walther	Theresa E. McCabe	Karen R. Brenner
Chair of the Board	President and CEO	Managing Director — Financial Management Division

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

Farm Credit System quarterly and annual information statements and press releases relating to financial results or other developments affecting the System issued by the Funding Corporation, as well as offering circulars relating to Systemwide Debt Securities and links to each Bank's website, are available on the Funding Corporation's website located at farmcreditfunding.com. Other information regarding the System can be found at farmcredit.com.

Copies of quarterly and annual reports of each Bank may be obtained, by request, from each respective Bank. In addition, reports of each Bank combined with its affiliated Associations may be obtained from each individual Bank. Bank addresses and telephone numbers are listed on page S-5 of this quarterly information statement. These documents and further information on each Bank or each Bank combined with its affiliated Associations and links to a Bank's affiliated Associations' websites are also available on each Bank's website as follows:

- AgFirst Farm Credit Bank — agfirst.com
- AgriBank, FCB — agribank.com
- CoBank, ACB — cobank.com
- Farm Credit Bank of Texas — farmcreditbank.com

Information contained on these websites is not incorporated by reference into this quarterly information statement and you should not consider information contained on these websites to be part of this quarterly information statement.

BUSINESS

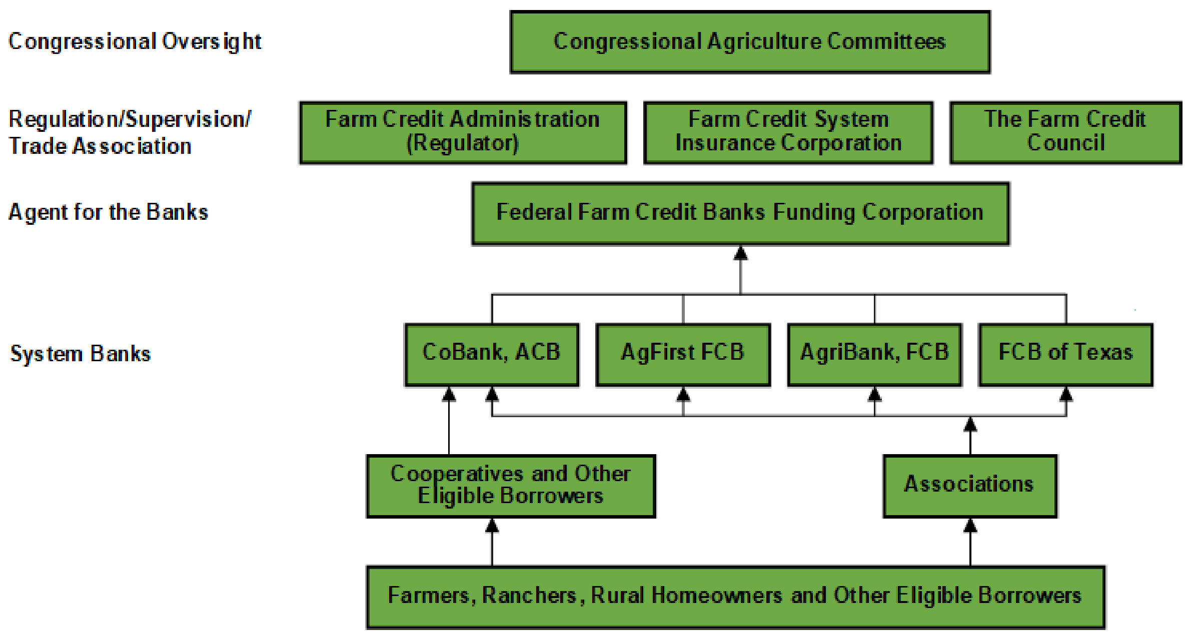
Overview of the Farm Credit System

The Farm Credit System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. The System's mission is to support rural communities and agriculture with reliable, consistent credit and financial services. This is accomplished by making appropriately structured loans to qualified individuals and businesses at competitive rates and providing financial services to those individuals and businesses. Consistent with the mission of supporting rural America, the System also makes rural residential real estate loans, finances rural power, communication and water infrastructures and makes loans to support agricultural exports and to finance other eligible entities. System institutions are federal instrumentalities.

Congress established the Farm Credit Administration as the System's independent federal regulator to examine and regulate System institutions, including their safety and soundness. Congress also established the Farm Credit System Insurance Corporation to enhance the financial integrity of the System by insuring the timely payment of principal and interest on Systemwide Debt Securities purchased by investors.

Structure/Ownership of the Farm Credit System

The following chart depicts the current overall structure and ownership of the System.



The Associations are cooperatives owned by their borrowers, and the Farm Credit Banks (AgFirst, AgriBank and Texas) are cooperatives primarily owned by their affiliated Associations. The Agricultural Credit Bank (CoBank) is a cooperative principally owned by cooperatives, other eligible borrowers and its affiliated Associations. The Banks and Associations each have their own board of directors and are not commonly owned. Each Bank and Association manages and controls its own business activities, operations and financial performance.

The Banks jointly own the Funding Corporation. The Funding Corporation, as agent for the Banks, issues and markets Systemwide Debt Securities in order to raise funds for the lending activities and operations of the Banks and Associations. The Funding Corporation also provides the Banks with certain accounting and financial reporting services, including the preparation of the System's quarterly and annual information statements and the System's combined financial statements contained in those information statements. As the System's financial spokesperson, the Funding Corporation is primarily responsible for financial disclosure and the release of public information concerning the financial condition and performance of the System.

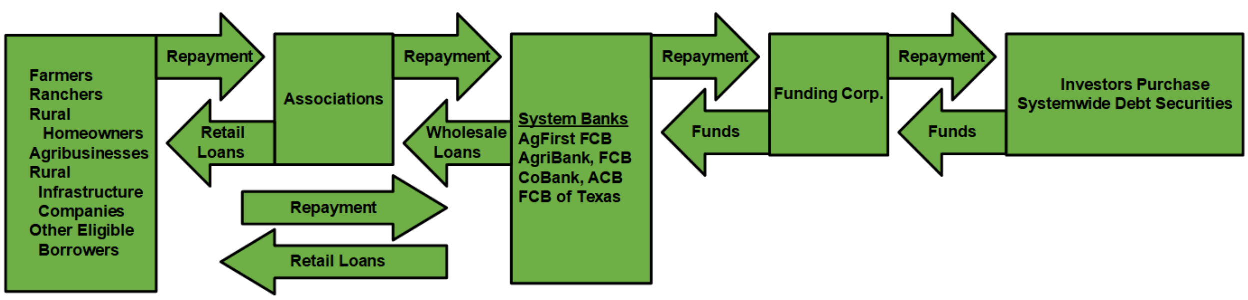
Systemwide Debt Securities are the general unsecured joint and several obligations of the Banks. Systemwide Debt Securities are not obligations of and are not guaranteed by the United States government. In addition, Systemwide Debt Securities are not the direct obligations of the Associations and, as a result, the capital of the Associations may not be available to support principal or interest payments on Systemwide Debt Securities.

Business Model

A Bank and its affiliated Associations are financially and operationally interdependent as the Bank is statutorily required to serve as an intermediary between the financial markets and the retail lending activities of its affiliated Associations. The Banks are the primary source of funds for the Associations. Associations are not legally authorized to accept deposits and may not borrow from other financial institutions without the approval of their affiliated Bank. The Banks are not legally authorized to accept deposits and they principally obtain their funds through the issuance of Systemwide Debt Securities. Other less significant sources of funding for the Banks and the Associations include internally generated earnings, the issuance of common and preferred stock and subordinated debt. As a result, the loans made by the Associations are primarily funded by the issuance of Systemwide Debt Securities by the Banks. In addition, CoBank makes retail loans and leases directly to agricultural and rural infrastructure cooperatives and businesses and other eligible entities. The Banks and Associations also purchase loan participations from other System entities and non-System lenders. Therefore, the repayment of Systemwide Debt Securities is dependent upon the ability of these borrowers to repay their loans.

Preferred stock and subordinated debt are the sole obligation of the issuing entity and are not guaranteed by any other System institution. Such obligations are not Systemwide Debt Securities and therefore are not subject to the joint and several obligations of the Banks and are not guaranteed or insured by the Insurance Fund.

The chart below illustrates the flow of funds from investors in Systemwide Debt Securities to the System's borrowers and the ultimate repayment of funds to investors resulting from borrower loan repayments.



Overview of the Business

As required by the Farm Credit Act, as amended (Farm Credit Act), the System specializes in providing financing and related services to eligible, creditworthy borrowers in the agricultural and rural sectors, to certain related entities, and to domestic or foreign parties in connection with the export of U.S. agricultural products. The System makes credit available in all 50 states, the Commonwealth of Puerto Rico, and, under conditions set forth in the Farm Credit Act, U.S. territories.

System institutions may also provide a variety of financially-related services to their borrowers designed to enhance their business, including acting as agent or broker for credit and mortgage-life insurance, disability insurance, various types of crop insurance and livestock risk protection. The insurance is made available through private insurers.

Other services offered by System institutions include estate planning, record keeping, tax planning and preparation, fee appraisal and cash management products and services. In addition, some System institutions provide leasing and related services to their customers.

Government-Sponsored Enterprise Status

In order to better accomplish its mission, Congress has granted the System certain attributes that result in government-sponsored enterprise status for the System. As a government-sponsored enterprise, the

System has historically been able to raise funds at competitive rates and terms, in varying economic environments. This ability to raise funds has generally allowed the System to make competitively priced loans to eligible borrowers through all economic cycles and thus accomplish its mission.

Agricultural Industry Overview

The agricultural sector has been and remains a key economic force in the U.S. economy and is strongly affected by domestic and global economic conditions, government policies and changing weather patterns. Global and domestic adverse weather events, food safety, disease, pandemics, geopolitical events and other unfavorable conditions also directly affect the agricultural sector.

The System was created to provide consistent support for the agricultural sector because of its significance to the well-being of the U.S. economy and the U.S. consumer. The U.S. agricultural sector is heavily influenced by domestic and global demand for agricultural products, and impacted by government policies and support programs, including crop insurance, which is available to producers of certain agricultural commodities. Further, off-farm income is important to the repayment ability of many agricultural producers. Accordingly, our business also may be impacted by the health of the general U.S. economy.

System Lending Institutions

The System conducts its lending business through its Banks and Associations.

Banks

At June 30, 2026, the System had four Banks (three Farm Credit Banks and one Agricultural Credit Bank). The Banks' lending operations include wholesale loans to their affiliated Associations and loan participations in eligible loans purchased from Associations, other Banks and non-System lenders. CoBank, as the Agricultural Credit Bank, also has additional nationwide authority to make retail loans directly to agricultural and rural infrastructure cooperatives and businesses and other eligible entities.

The Banks obtain a substantial majority of funds for their lending operations through the issuance of Systemwide Debt Securities, but also obtain some of their funds from internally generated earnings and from the issuance of common and preferred stock.

Associations

At June 30, 2026, the System was comprised of 55 Associations throughout the United States and the Commonwealth of Puerto Rico. There were 54 Agricultural Credit Associations with Production Credit Association and Federal Land Credit Association subsidiaries, and one Federal Land Credit Association. The Federal Land Credit Association makes real estate mortgage loans, including rural residential real estate loans. Agricultural Credit Associations may, directly or through their subsidiaries, make real estate mortgage loans, production and intermediate-term loans, agribusiness loans (processing and marketing loans, and certain farm-related business loans) and rural residential real estate loans. These retail loans are made to farmers, ranchers, producers or harvesters of aquatic products, farm-related businesses and rural homeowners. Associations may also purchase eligible loan participations from other System entities and non-System lenders.

The Associations obtain a substantial majority of the funds for their lending operations from borrowings from their affiliated Bank, but also obtain some of their funds from internally generated earnings, from the issuance of common and preferred stock and subordinated debt.

Farm Credit Insurance Fund

As more fully discussed on page 22 in the *2025 Annual Information Statement*, the Farm Credit System Insurance Corporation's primary purpose is to insure the timely payment of principal and interest on Systemwide Debt Securities. The Insurance Corporation maintains the Insurance Fund for this purpose and for certain other mandatory and discretionary purposes. In the event a Bank is unable to timely pay principal or interest on any insured debt obligation for which that Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the debt obligation cannot be invoked until the Insurance Fund is exhausted. The insurance provided through use of the Insurance Fund is not an obligation of and is not a guarantee by the U.S. government.

Disclosure Obligations

The Farm Credit Administration has promulgated regulations intended to ensure the appropriate disclosure of financial and other information concerning the System to investors in Systemwide Debt Securities and other interested parties. These disclosures are the responsibility of the System Disclosure Entities, which consist of the Banks and the Funding Corporation. For a description of the responsibilities of the System Disclosure Entities, see pages 17 and 18 of the *2025 Annual Information Statement*.

Governance — Code of Ethics

Each System institution is required by regulation to adopt a standards of conduct program, including a code of ethics that applies to every director and employee. The code of ethics reaffirms the high standards of business conduct required of, and provides guidance to, directors and employees.

In addition, each Bank and the Funding Corporation have either adopted a separate code of ethics or incorporated additional requirements in its code of ethics that apply to their chief executive officers, certain other executives, and finance and accounting senior professionals who are involved with the preparation of the System's financial statements and the maintenance of the financial records supporting the financial statements.

The Funding Corporation will disclose material amendments to or any waivers from a required provision of the codes of ethics for any individual involved in the financial statements covered by the Banks' or the Funding Corporation's codes of ethics by including that information in future information statements. No such amendments or waivers were made during the first six months of 2026. The Funding Corporation's and each of the Bank's codes of ethics are available and can be accessed through each respective website as listed on page 2.

Risk Factors

There have been no material changes to the risk factors previously disclosed in the System's *2025 Annual Information Statement*.

OTHER BUSINESS MATTERS

Legal Proceedings

At June 30, 2026, various lawsuits were pending or threatened against System institutions. Each System institution to which a pending or threatened lawsuit relates intends to vigorously defend against such action. In the opinion of management, based on information currently available and taking into account the advice of legal counsel, the ultimate liability, if any, of pending or threatened legal actions will not have a material adverse impact on the System's combined results of operations or financial condition.

SELECTED COMBINED FINANCIAL DATA AND KEY FINANCIAL RATIOS

The following selected combined financial data for each of the three years in the period ended December 31, 2025 has been derived from the audited combined financial statements of the Farm Credit System. The selected combined financial data and combined financial statements of the System combine the financial condition and operating results of each of the Banks, their affiliated Associations, the Funding Corporation, and the Farm Credit Insurance Fund, and reflect the investments in, and allocated earnings of, certain service organizations owned by the Banks or Associations. All significant intra-System transactions and balances have been eliminated in combination. Because System entities are financially and operationally interdependent, we believe providing the combined financial information is more meaningful to investors in Systemwide Debt Securities than financial information relating to the Banks on a stand-alone basis (i.e., without the Associations).

While this quarterly information statement reports on the combined financial condition and results of operations of the Banks, Associations, and other System entities specified above, only the Banks are jointly and severally liable for the repayment of Systemwide Debt Securities. See Note 14 to the accompanying condensed combined financial statements for combining Bank-only financial condition and results of operations. Also, copies of quarterly and annual reports of each Bank are available on each of their respective websites; see page 2 for a listing of their websites.

The selected combined financial data for the six months ended June 30, 2026 and 2025 has been derived from the System's unaudited condensed combined financial statements appearing elsewhere herein, which include all adjustments necessary for a fair statement of the results for these interim periods.

Combined Statement of Condition Data

	June 30,		December 31,		
	2026	2025	2025	2024	2023
	(unaudited)				
			(in millions)		
Loans	$ 459,052	$ 436,498	$ 456,860	$ 428,913	$ 398,176
Allowance for credit losses on loans	(2,534)	(2,099)	(2,209)	(1,799)	(1,617)
Net loans	456,518	434,399	454,651	427,114	396,559
Cash and cash equivalents, Federal funds sold, securities purchased under resale agreements and investments	107,958	103,697	107,541	98,773	93,487
Accrued interest receivable	5,392	5,121	5,709	5,264	4,726
Other property owned	70	58	95	72	58
Total assets	584,374	556,958	582,262	544,365	507,836
Systemwide bonds	466,113	436,390	452,486	428,454	396,348
Systemwide medium-term notes	61	61	61	61	61
Systemwide discount notes	14,087	22,497	27,304	19,346	19,124
Subordinated debt	348	398	398	398	398
Other bonds	5,057	5,521	4,942	5,139	6,288
Total liabilities	495,642	474,605	497,282	465,533	434,507
Capital	88,732	82,353	84,980	78,832	73,329

Combined Statement of Income Data

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2026	2025	2025	2024	2023
	(unaudited)				
			(in millions)		
Net interest income	$ 6,714	$ 6,252	$ 12,783	$ 12,035	$ 11,433
Provision for credit losses	(456)	(550)	(1,226)	(569)	(614)
Net noninterest expense	(1,842)	(1,709)	(3,435)	(3,508)	(3,194)
Income before income taxes	4,416	3,993	8,122	7,958	7,625
Provision for income taxes	(101)	(96)	(147)	(160)	(180)
Net income	$ 4,315	$ 3,897	$ 7,975	$ 7,798	$ 7,445

Combined Key Financial Ratios

Certain combined key financial ratios of the System are set forth below:

	For the Six Months Ended June 30,		For the Year Ended December 31,		
	2026	2025	2025	2024	2023
Return on average assets	1.48%	1.42%	1.43%	1.51%	1.53%
Return on average capital	9.93	9.65	9.63	10.12	10.41
Net interest income as a percentage of average earning assets	2.38	2.35	2.37	2.41	2.43
Operating expense as a percentage of net interest income and noninterest income	33.7	33.7	34.1	35.3	34.9
Annualized net loan charge-offs as a percentage of average loans	0.06	0.11	0.18	0.10	0.08

	June 30,		December 31,		
	2026	2025	2025	2024	2023
Nonperforming assets as a percentage of loans and other property owned	1.09%	1.02%	1.03%	0.81%	0.45%
Allowance for credit losses on loans as a percentage of loans outstanding	0.55	0.48	0.48	0.42	0.41
Capital as a percentage of total assets	15.2	14.8	14.6	14.5	14.4
Capital as a percentage of total assets (excluding restricted assets and capital — Insurance Fund)	13.9	13.5	13.3	13.2	13.2
Capital and allowance for credit losses on loans as a percentage of loans outstanding	19.9	19.3	19.1	18.8	18.8
Debt to capital	5.59:1	5.76:1	5.85:1	5.91:1	5.93:1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND QUARTERLY RESULTS OF OPERATIONS

The System's *2025 Annual Information Statement* contains the December 31, 2025 audited combined financial statements together with commentary that explains the principal aspects of the System's combined financial position and results of operations. The following commentary represents a quarterly supplement to that information statement and includes a discussion of significant financial developments for the six months ended June 30, 2026. This commentary should be read in conjunction with the *2025 Annual Information Statement* and with the condensed combined financial statements of the System beginning on page F-1 of this quarterly information statement.

Basis of Presentation

The accompanying condensed combined financial statements and related financial information contained in this quarterly information statement present the combined assets, liabilities, capital, income and expenses of the Banks, the Associations, the Federal Farm Credit Banks Funding Corporation and the Farm Credit Insurance Fund, and reflect the investments in and allocated earnings of certain service organizations owned by the Banks or Associations. All significant intra-System transactions and balances have been eliminated in combination. (See Note 1 to the accompanying condensed combined financial statements for additional information on organization and significant accounting policies and the Supplemental Combining Information on pages F-58 through F-64). This quarterly information statement has been prepared under the oversight of the System Audit Committee.

The System's financial statements are presented on a combined basis due to the financial and operational interdependence of System entities as discussed in the "Business" section in this quarterly information statement.

Each Bank is primarily liable for the payment of principal and interest on Systemwide Debt Securities issued to fund its respective operations. (See Note 8 to the accompanying condensed combined financial statements for information about the capital of the Banks, Note 14 for information related to the financial condition and results of operations of the Banks, and the Supplemental Combining Information on pages F-58 through F-60 for information related to the financial condition and results of operations of the combined Banks.) Because the Associations are not directly liable for the payment of principal or interest on Systemwide Debt Securities, their capital may not be available to support those payments. Under the Farm Credit Act, the timely payment of the principal and interest on Systemwide Debt Securities is insured by the Farm Credit System Insurance Corporation to the extent funds are available in the Insurance Fund. (See Note 6 to the accompanying condensed combined financial statements.)

Forward-Looking Information

Certain sections of this quarterly information statement contain forward-looking statements concerning financial information and statements about future economic performance and events, plans and objectives and assumptions underlying these projections and statements. These projections and statements are not based on historical facts but instead represent current assumptions and expectations regarding the System's business, the economy and other future conditions. However, actual results and developments may differ materially from these expectations and forecasts due to a number of risks and uncertainties, many of which are beyond the System's control. Forward-looking statements can be identified by words such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or other variations of these terms or other similar expressions that are intended to reference future periods.

These statements are not guarantees of future performance and involve certain risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various factors. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, financial market and economic conditions and/or developments in the United States and abroad, including wars and conflicts, inflation, labor conditions, changes to tariffs and global trade agreements and policies;
- economic fluctuations in the agricultural, rural infrastructure, international, and farm-related business sectors;
- global and domestic adverse weather-related events, food safety, disease, pandemics and other unfavorable conditions that periodically occur that impact agricultural productivity and income;
- changes in weather patterns;

- changes in U.S. government support of the agricultural industry and the System as a government-sponsored enterprise;
- investor and rating agency reactions to events involving the System, the U.S. government, other government-sponsored enterprises and other financial institutions;
- actions taken by the Federal Reserve System in implementing monetary policy;
- credit, interest rate and liquidity risks inherent in System institutions lending activities;
- changes in the interest rate environment;
- changes in assumptions for determining the allowance for credit losses and fair value measurements; and
- outlooks for agricultural conditions.

Overview

Business Outlook

The U.S. and global economies withstood significant trade barriers and elevated uncertainty throughout 2025 and are being impacted in 2026 by geopolitical tensions, the war in the Middle East and continued inflationary pressures. Although the U.S. economy has shown resiliency, the economic situation remains fluid and volatile, the result of which could be slowing growth and rising inflation. The economic impact of the war in the Middle East will most likely depend on numerous factors, including the duration, intensity and scope of the war.

U.S. farmers, who were already experiencing narrowing margins, credit quality deterioration and competition for agricultural exports, are facing additional challenges from the increases in fuel costs, and higher prices and the potential lack of availability of fertilizer, as a significant share of global fertilizer is produced in the Middle East region and transported through the Strait of Hormuz. In addition to contending with the war, the agricultural sector is facing a rise in the frequency and intensity of heat waves around the world that are impacting yields of agricultural commodities. Uncertainty about the long-term outlook for broader U.S. and global economies could also negatively impact our borrowers and our operating results.

General

The System's combined net income increased $418 million or 10.7% to $4.315 billion for the first six months of 2026, as compared with net income of $3.897 billion for the same period of 2025. The increase resulted from increases in net interest income of $462 million and noninterest income of $56 million and a decrease in provision for credit losses of $94 million, offset, in part, by increases in noninterest expense of $189 million and provision for income taxes of $5 million.

The System's net interest income increased 7.4% to $6.714 billion for the first six months of 2026, as compared to the same period of 2025, primarily from a higher level of average earning assets driven by increased loan volume and, to a lesser extent, growth in investments held for liquidity. The net interest margin increased three basis points to 2.38% for the first six months of 2026, as compared to the same period of the prior year. The increase in net interest margin resulted from an increase in net interest spread of six basis points to 1.89%, as compared to the first six months of 2025. The increase in net interest spread was primarily due to lower debt funding costs. The increase in net interest margin was partially offset by a three-basis point decrease in income earned on earning assets funded by noninterest-bearing sources (principally capital).

The System's loan portfolio increased $2.192 billion or 0.5% to $459.052 billion since year-end 2025. The increase primarily resulted from increases in real estate mortgage and power loans, offset in part by a decrease in production and intermediate-term loans and loans to cooperatives.

The System's nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) increased $327 million to $5.017 billion at June 30, 2026 and represented 1.09% of total loans and other property owned, as compared with nonperforming assets of $4.690 billion at December 31, 2025, representing 1.03% of total loans and other property owned. The increase was primarily due to an increase in nonaccrual loans resulting from credit quality deterioration impacting a limited number of borrowers.

Weather-Related Conditions

Agriculture is sensitive to weather events, including extreme temperatures, severe storms, widespread wildfires, flooding and drought. Agriculture also relies heavily on land, water and other natural resources that weather affects. While changes in weather patterns could lengthen the growing season or allow different crops to be grown in some regions, it can also increase operating costs and may make agricultural practices more difficult in other regions.

The effects of weather pattern changes on agriculture will depend on the rate and severity of the change, as well as the degree in which farmers and ranchers adapt to any such changes. The impact from weather volatility will vary depending on commodities produced in the areas most affected by extreme conditions. Crop insurance and advances in production practices may help to mitigate some of the impacts of severe weather events.

According to the U.S. Drought Monitor, as of June 30, 2026, approximately 48% of the United States was experiencing moderate to exceptional drought, concentrated mainly in the West, Southeast and High Plains regions. Conditions degraded in several regions compared to December 31, 2025 when approximately 43% of the United States was experiencing moderate to exceptional drought conditions. The impact from weather volatility will vary depending on commodities produced in the areas most affected by extreme conditions. Disaster assistance, crop insurance and advances in production practices have provided some relief from recent extreme weather events and may help to mitigate some of the impacts of future severe weather.

Agricultural Outlook

Overview

Production agriculture is a cyclical business that is heavily influenced by many factors, including commodity prices, input costs, weather, government policies (including, among other things, tax, trade, tariffs, immigration, military actions, crop insurance and ad hoc aid), interest rates, global agricultural production levels, pathogenic outbreaks in livestock and poultry and various other factors that affect supply and demand. The System utilizes the United States Department of Agriculture (USDA) analysis to provide a general understanding of the U.S. agricultural economic outlook; however, this outlook does not take into account all aspects of our business or events that occur subsequent to its issuance. References to USDA information in this section refer to U.S. agricultural market data and not System data.

The USDA's most recent forecast (February 2026) estimates net farm income (income after expenses from production; a broader measure of profits) of $153.4 billion, a $1.1 billion or 0.7% decrease from 2025 and $44.8 billion above the 10-year average in nominal dollars. The forecasted decrease in net farm income for 2026 is primarily due to an expected decrease in cash receipts for animals and animal products of $17.0 billion, a negative change in the value of inventory adjustment of $5.6 billion and an increase in cash expenses of $4.1 billion, mostly offset by increases in direct government payments of $13.8 billion, cash farm-related income of $9.2 billion and cash receipts for crops of $2.8 billion. The decrease in animals and animal products reflects anticipated falling receipts for eggs and milk due to lower prices, while beef cattle receipts are expected to continue growing in 2026. The increase in direct government payments to $44.3 billion is driven largely by elevated supplemental and ad hoc disaster assistance, including Farmer Bridge payments approved early in 2026 prior to the expected disbursements of the Farm Bill income-support program payments later in 2026, which are contingent on commodity price triggers.

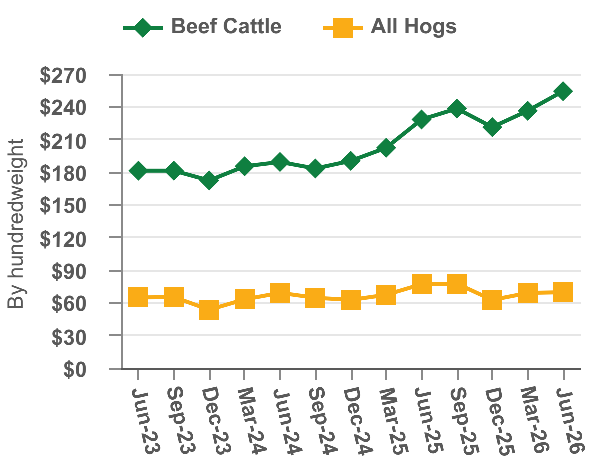
Commodity Review

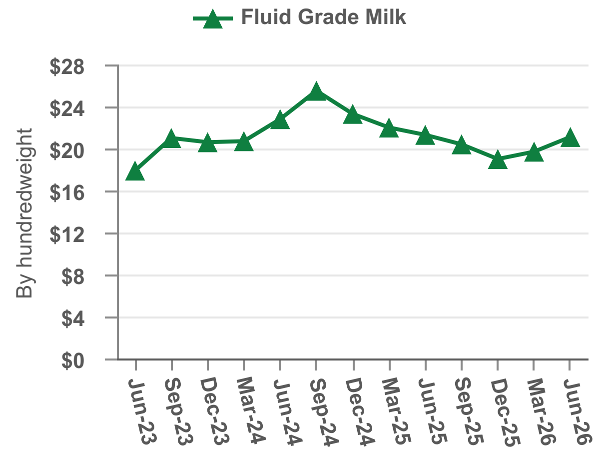
Expected agricultural commodity prices and input costs and availability can influence the production decisions of farmers and ranchers, including planted acreage and marketing of crops and livestock inventories, and therefore affect the supply of agricultural commodities. Actual production levels are sensitive to weather and other conditions that may impact production yields.

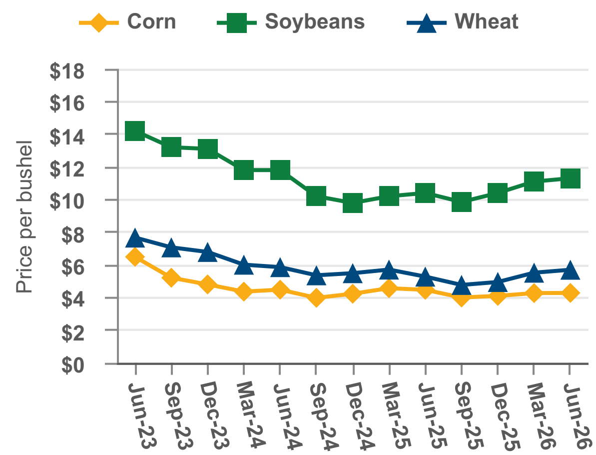
Global economic conditions, government actions (including tariffs and military actions) and weather volatility in key agricultural production regions can influence export and import flows of agricultural products between countries. U.S. exports and imports may periodically shift to reflect short-term disturbances to trade patterns and long-term trends in world population demographics, affecting the prices that U.S. producers receive. Soybeans remain especially vulnerable to trade given the larger proportion of production exported. U.S. soybean prices faced downward price pressure for much of 2025 due to trade tensions with China, the top U.S. soybean export destination. Trade tensions between the U.S. and China eased late in 2025, and China resumed U.S. soybean purchases pursuant to a trade deal that included a multi-year U.S. soybean purchase agreement by China, which, along with higher U.S. biomass-based diesel blending requirements, has supported an increase in U.S soybean prices in 2026. While this is a positive development for the oilseed market, the growth in Brazilian soybean production over the last several years, which has made Brazil the largest producer, will limit the upside price potential for U.S. soybeans. The U.S. corn market has benefited from a record-high export projection for the current marketing year, although the record-large 2025 U.S. corn crop has limited corn price gains and financial return potential.

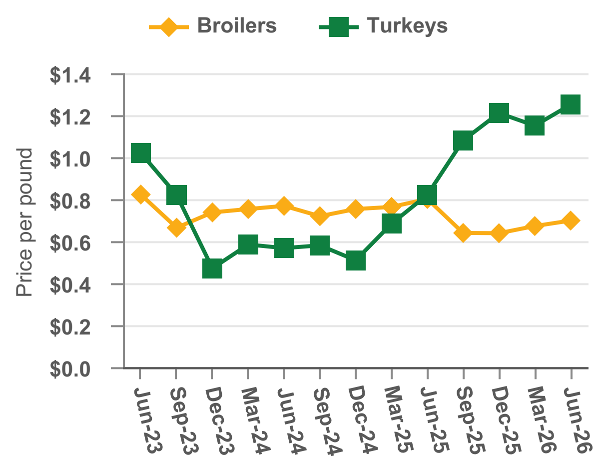
Also impacting U.S. agricultural trade are global agricultural commodity supplies and demand, access and availability of inputs, changes in the value of global currencies relative to the U.S. dollar and domestic government support for agriculture. Global oil and fertilizer prices declined in June after a ceasefire between Iran and its adversaries eased shipping disruptions through the Strait of Hormuz. However, rising tensions, reinstated restrictions on maritime shipments, and escalating conflict in the Black Sea region have renewed upward pressure on energy and fertilizer markets while raising concerns about future fertilizer availability. Given the timing and duration of the conflict with Iran, and the global disruption in fertilizer and oil supply chains, all crop producers are expected to experience a more significant impact on input prices for the 2027 crop.

The following charts set forth certain agricultural commodity prices, utilizing the average monthly price for the last month of each quarter by hundredweight for beef cattle, hogs and milk, per bushel for corn and wheat (grain crops) and soybeans (oilseed crop), and by pound for poultry, on certain dates during the period from June 30, 2023 to June 30, 2026:









Many factors, including weather, trade, government and monetary policy, global agricultural production levels, fuel prices and pathogenic outbreaks in livestock and poultry, may keep agriculture market volatility elevated for the next few years. Implementation of cost-saving technologies, marketing methods, and risk management strategies will continue to cause a wide range of results among the respective agricultural producers. If less favorable agriculture market conditions persist, the System's financial performance and credit quality measures will likely be negatively impacted. Some of the near-term impact for crop producers may be mitigated by strong localized production, existing government safety net programs (particularly for grain and oilseed producers), supplemental ad hoc disaster aid and economic assistance, crop insurance carried by most grain and oilseed crop producers, and the influence of off-farm income sources supporting agricultural-related debt. However, due to the geographic territories served by Banks and Associations, most institutions have higher geographic, commodity and borrower concentrations than does the System as a whole, which could result in more or less severe impact on financial performance of respective entities. In addition, agricultural producers who are more reliant on off-farm income sources may be more adversely impacted by a weakened general economy.

Results of Operations

Net Interest Income

Net interest income increased $239 million or 7.6% to $3.384 billion and $462 million or 7.4% to $6.714 billion for the three and six months ended June 30, 2026, as compared with $3.145 billion and $6.252 billion for the same periods of the prior year. The effects of changes in volume and interest rates on net interest income for the three and six months ended June 30, 2026, as compared with the corresponding periods of the prior year, are presented in the following table. The table distinguishes between the changes in interest income and interest expense related to average outstanding balances and the levels of average interest rates. The change in the benefit derived from funding earning assets with noninterest-bearing sources (principally capital) is reflected solely as an increase in volume.

	For the Three Months Ended June 30, 2026 vs. 2025			For the Six Months Ended June 30, 2026 vs. 2025		
	Increase (decrease) due to			Increase (decrease) due to		
	Volume	Rate	Total	Volume	Rate	Total
	(in millions)					
Interest income:						
Loans	$ 381	$ (250)	$ 131	$ 755	$ (461)	$ 294
Investments	59	(54)	5	150	(102)	48
Total interest income	440	(304)	136	905	(563)	342
Interest expense:						
Systemwide Debt Securities and other	244	(347)	(103)	518	(638)	(120)
Changes in net interest income	$ 196	$ 43	$ 239	$ 387	$ 75	$ 462

The changes in rates earned on interest-earning assets and rates paid on interest-bearing funds are further illustrated in the following presentation of interest rate spreads:

	Three Months Ended				Six Months Ended			
	June 30, 2026		June 30, 2025		June 30, 2026		June 30, 2025	
	Average Balance	Annualized Rate	Average Balance	Annualized Rate	Average Balance	Annualized Rate	Average Balance	Annualized Rate
	($ in millions)							
Assets								
Real estate mortgage loans	$198,927	5.76%	$188,739	5.63%	$197,987	5.73%	$187,768	5.62%
Production and intermediate-term loans	86,431	6.45	76,646	7.11	86,069	6.44	76,176	6.95
Agribusiness loans	87,533	6.02	83,527	6.69	88,164	6.03	84,986	6.65
Rural infrastructure loans	63,363	5.55	60,663	5.88	62,694	5.53	59,882	5.85
Rural residential real estate loans	7,809	5.21	7,601	4.95	7,815	5.18	7,577	4.91
Agricultural export finance loans	6,020	4.56	7,833	5.17	6,120	4.59	7,869	5.23
Lease receivables	4,741	5.37	4,639	5.14	4,761	5.38	4,659	5.12
Loans to other financing institutions	749	4.31	999	4.24	867	4.22	958	4.12
Nonaccrual loans	4,586	2.88	3,845	3.02	4,460	2.56	3,517	3.07
Total loans	460,159	5.85	434,492	6.08	458,937	5.83	433,392	6.04
Federal funds sold, investments and other interest-earning assets	106,259	3.82	100,260	4.03	106,173	3.81	98,475	4.01
Total earning assets	566,418	5.47	534,752	5.69	565,110	5.45	531,867	5.66
Allowance for credit losses on loans	(2,440)		(1,994)		(2,334)		(1,902)	
Other noninterest-earning assets	20,565		19,566		20,911		19,607	
Total assets	$584,543		$552,324		$583,687		$549,572	
Liabilities and Capital								
Systemwide bonds and medium-term notes	$466,795	3.55%	$434,192	3.81%	$461,928	3.54%	$432,109	3.78%
Systemwide discount notes	15,145	3.70	21,245	4.26	18,983	3.70	20,549	4.30
Other interest-bearing liabilities	7,407	4.59	7,719	5.44	7,316	4.62	7,617	5.54
Total interest-bearing liabilities	489,347	3.57	463,156	3.86	488,227	3.56	460,275	3.83
Noninterest-bearing liabilities	7,378		7,521		8,510		8,565	
Capital	87,818		81,647		86,950		80,732	
Total liabilities and capital	$584,543		$552,324		$583,687		$549,572	
Net interest spread(1)		1.90		1.83		1.89		1.83
Impact of noninterest-bearing sources		0.49		0.52		0.49		0.52
Net interest margin(2)		2.39%		2.35%		2.38%		2.35%

(1) Net interest spread is the difference between the rate earned on total earning assets and the rate paid on total interest-bearing liabilities.

(2) Net interest margin is net interest income divided by average earning assets.

As illustrated in the preceding tables, net interest income increased in the three and six months ended June 30, 2026, as compared with the same periods of the prior year. The increase primarily resulted from a higher level of average earning assets, driven by increased loan volume and, to a lesser extent, growth in investments held for liquidity.

Average earning assets increased $31.666 billion or 5.9% to $566.418 billion for the three months ended June 30, 2026 and increased $33.243 billion or 6.3% to $565.110 billion for the six months ended June 30, 2026, as compared with the same periods of 2025.

The net interest margin was 2.39% for the three months ended June 30, 2026, as compared with 2.35% for the same period of 2025. The increase in net interest margin was due to a seven-basis point increase in net interest spread to 1.90%, partially offset by a three-basis point decrease in income earned on earning assets funded by non-interest bearing sources (principally capital). For the six-month period ended June 30, 2026, the net interest margin was 2.38%, as compared with 2.35% for the same period of 2025. The net interest margin was positively impacted by an increase in the net interest spread of six basis points to 1.89% for the six months ended June 30, 2026, as compared to the same period of the prior year and was negatively impacted by a three-basis point decrease in income earned on earning assets funded by noninterest-bearing sources. The increase in the net interest spread was primarily due to lower debt funding costs.

Provision for Credit Losses

The System recognized provisions for credit losses of $223 million and $456 million for the three and six months ended June 30, 2026, as compared with provisions for credit losses of $300 million and $550 million for the three and six months ended June 30, 2025. The provision for credit losses for the first six months of 2026 primarily reflected higher specific reserves associated with a limited number of customers and, to a lesser extent, a modest deterioration in credit quality. The provision for credit losses for the six months ended June 30, 2025 primarily reflected higher specific reserves, deterioration in credit quality, weakening macroeconomic forecasts impacting modeled credit losses and, to a lesser extent, higher loan volume.

Noninterest Income

Noninterest income consisted of the following:

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
	(in millions)			
Loan-related fee income	$ 144	$ 124	$ 265	$ 244
Income earned on Insurance Fund assets	82	75	162	148
Financially-related services income	70	56	137	117
Mineral income	27	22	49	44
Operating lease income	9	8	17	17
Net gains (losses) on rural business investment companies		1		(14)
Gains (losses) on extinguishment of debt	3	5	(5)	2
Net (losses) gains on derivative, investment and other transactions	(10)	4	(9)	10
Other noninterest income	15	13	40	32
Total noninterest income	$ 340	$ 308	$ 656	$ 600

Noninterest income increased $32 million or 10.4% to $340 million and $56 million or 9.3% to $656 million for the three and six months ended June 30, 2026, as compared with the same periods of the prior year. The increases for the three- and six-month periods were primarily due to increases in loan-related fee income of $20 million and $21 million, financially-related services income of $14 million and $20 million, and income earned on Insurance Fund assets of $7 million and $14 million. Higher noninterest income for the six-month period also included an absence of net losses on investments in rural business investment companies, as compared with net losses of $14 million for the same period of the prior year. Partially offsetting the increases in noninterest income were net losses on derivative, investment and other transactions of $10 million and $9 million for the three and six months ended June 30, 2026, as compared to net gains of $4 million and $10 million for the same periods of the prior year.

Noninterest Expense

Noninterest expense increased $98 million or 8.5% to $1.257 billion, and $189 million or 8.2% to $2.498 billion for the three and six months ended June 30, 2026, as compared with the same periods of the prior year. Noninterest expense consisted of the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Salaries and employee benefits	$ 788	$ 713	$ 1,553	$ 1,426
Occupancy and equipment expense	91	95	189	189
Purchased services	85	78	155	154
Other operating expense	291	273	588	539
Total operating expense	1,255	1,159	2,485	2,308
Net losses on other property owned	2		13	1
Total noninterest expense	$ 1,257	$ 1,159	$ 2,498	$ 2,309

The increases in noninterest expense for the three and six months ended June 30, 2026 were primarily due to increases in salaries and employee benefits and other operating expense. Salaries and employee benefits increased $75 million and $127 million for the three and six months ended June 30, 2026, as compared with the same periods of the prior year, primarily due to annual merit increases, higher staffing levels and higher accrued incentive compensation at certain System institutions as well as increased employee medical insurance costs. Other operating expense increased $18 million and $49 million for the three and six months ended June 30, 2026, as compared to the same periods of the prior year, primarily due to technology and other miscellaneous expenses.

Operating expense statistics are as follows:

	For the Six Months Ended June 30,	
	2026	2025
	($ in millions)	
Excess of net interest income over operating expense	$ 4,229	$ 3,944
Operating expense as a percentage of net interest income and noninterest income	33.7%	33.7%
Annualized operating expense as a percentage of average earning assets	0.88%	0.87%

Provision for Income Taxes

Provisions for income taxes were $50 million and $101 million for the three and six months ended June 30, 2026, as compared with $53 million and $96 million for the same periods of the prior year. The effective tax rate decreased slightly to 2.3% for the first six months of 2026 from 2.4% for the first six months of 2025 due to higher levels of patronage partially offset by increased earnings attributable to taxable business activities.

Risk Management

Overview

The System is in the business of making agricultural and other loans that require us to take certain risks. Management of risks inherent in our business is essential for our current and long-term financial performance. Prudent and disciplined risk management includes an enterprise risk management structure to identify emerging risks and evaluate risk implications of decisions and actions taken. Each System institution's goal is to mitigate risk, where appropriate, and to properly and effectively identify, measure, price, monitor and report risks in our business activities. Stress testing represents a component of each institution's risk management process. Each System institution is required by regulation to perform stress tests; however, the depth and frequency of these stress tests may vary by institution size and complexity.

The major types of risk for which we have exposure are structural risk, credit risk, interest rate risk, liquidity risk, operational risk, reputational risk and political risk.

Structural Risk Management

Structural risk results from the fact that the System is comprised of Banks and Associations that are cooperatively owned, directly or indirectly, by their borrowers. While System institutions are financially and operationally interdependent, they are not commonly owned. Each System institution is responsible for its own risk management and there are no formal processes or procedures in place to mandate Systemwide risk mitigation actions, including, but not limited to, reducing credit risk concentration, interest rate and counterparty credit risk across the System. This structure at times requires action by consensus or contractual agreement. Further, there is structural risk in that only the Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities. Although capital at the Association level reduces a Bank's credit exposure with respect to its wholesale loans to its affiliated Associations, this capital may not be available to support the payment of principal and interest on Systemwide Debt Securities. (See Notes 8 and 14 to the accompanying condensed combined financial statements for additional information.)

In order to monitor the financial strength of each Bank and mitigate the risks of non-performance by each Bank of its obligations under the Systemwide Debt Securities, we utilize two integrated intra-System financial performance agreements — the Amended and Restated Contractual Interbank Performance Agreement, or CIPA, and the Third Amended and Restated Market Access Agreement, or MAA. Under provisions of the CIPA, a score (CIPA score) is calculated quarterly to measure the financial condition and performance of each District (a Bank and its affiliated Associations) using various ratios that take into account the District's and Bank's capital, asset quality, earnings, interest-rate risk and liquidity. The CIPA score is then compared against the agreed-upon standard of financial condition and performance that each District must achieve and maintain. The measurement standard established under the CIPA is intended to provide an early-warning mechanism to assist in monitoring the financial condition of each District. The performance standard under the CIPA is based on the average CIPA score over a four-quarter period.

The MAA is designed to provide for the timely identification and resolution of individual Bank financial issues and establishes performance criteria and procedures for the Banks that provide operational oversight and control over a Bank's access to System funding. The performance criteria set forth in the MAA are as follows:

- the defined CIPA scores,
- the Tier 1 Leverage ratio of a Bank, and
- the Total Capital ratio of a Bank.

For additional information on the regulatory capital ratios, see page 33.

If a Bank fails to meet the MAA performance criteria, it will be placed into one of three categories. Each category gives the other System Banks and the Funding Corporation (collectively, the MAA Committee) progressively more control over a Bank that has declining financial performance under the MAA performance criteria. A "Category I" Bank is subject to additional monitoring and reporting requirements; a "Category II" Bank's ability to participate in issuances of Systemwide Debt Securities may, subject to the discretion of the MAA Committee, be limited to refinancing maturing debt obligations; and a "Category III" Bank may, subject to the discretion of the MAA Committee, not be permitted to participate in issuances of Systemwide Debt Securities. Decisions by the MAA Committee to permit, limit or prohibit a "Category II" or "Category III" Bank to participate in the issuance of Systemwide Debt Securities are subject to oversight and override by the Farm Credit Administration. A Bank exits these categories by returning to compliance with the agreed-upon performance criteria.

The criteria for the Tier 1 Leverage ratio and the Total Capital ratio are:

	Tier 1 Leverage Ratio	Total Capital Ratio
Category I	<5.0%	<10.5%
Category II	<4.0%	<8.0%
Category III	<3.0%	<7.0%

During the first six months of 2026, all Banks met the agreed-upon standards of financial condition and performance required by the CIPA and none of the Banks were placed in any of the three categories designated for Banks failing to meet MAA's specified financial criteria. (See Note 14 for each Bank's Tier 1 Leverage and Total Capital ratios.) For additional information regarding the CIPA or the MAA, see pages 21, 22, 48 and 49 in the *2025 Annual Information Statement.*

Credit Risk Management

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit, unfunded loan commitments, investment portfolios and derivative counterparty credit exposures. (See pages 27 and 28 for a discussion regarding derivative counterparty exposure.)

System institutions manage credit risk associated with their retail lending activities through an analysis of the credit risk profile of an individual borrower. Each Bank and Association has its own set of underwriting standards and lending policies, approved by its board of directors, that provides direction to its loan officers. Underwriting standards include, among other things, an evaluation of:

- character — borrower integrity and credit history,
- capacity — repayment capacity of the borrower based on cash flows from operations or other sources of income,
- collateral — protects the lender in the event of default and represents a potential secondary source of loan repayment,
- capital — ability of the operation to survive unanticipated risks, and
- conditions — intended use of the loan funds.

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 certain 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.

Although System institutions monitor credit risk individually, the System has established a quarterly process to report System large loan exposures (outstanding loan amounts plus any unfunded loan commitments). A System risk management committee reviews and monitors large loan exposures to existing individual customers. The threshold for monitoring large loan exposures is $1.75 billion and reflects the System's risk-bearing capacity. In certain limited circumstances, a threshold of $2.25 billion for monitoring large loan exposures may be considered. Because it is possible that one or more System institutions may simultaneously make credit available to a customer that may, in the aggregate, exceed these limits, the process provides for quarterly data to be compiled on existing large loan exposures with notice provided to the Banks and Associations of the largest loan exposures, including all loan exposures to a borrower greater than 75% of the $1.75 billion level or $1.313 billion. While this process captures information regarding large loan exposures, any credit decision resides with the individual System institutions. At June 30, 2026 and December 31, 2025 no exposure was above $1.75 billion. Additionally, nine exposures at both June 30, 2026 and December 31, 2025 exceeded $1.313 billion.

For a detailed discussion of our credit risk management practices, see pages 49 through 51 in the *2025 Annual Information Statement.*

Loan Portfolio

The System's loan portfolio consists only of retail loans. For additional information on the types of loans we make, see pages 8 and 9 in the *2025 Annual Information Statement*. Bank loans to affiliated Associations have been eliminated in the condensed combined financial statements. Loans outstanding consisted of the following:

	June 30, 2026	December 31, 2025
	(in millions)	
Real estate mortgage	$ 202,376	$ 198,954
Production and intermediate-term	88,317	90,367
Agribusiness:		
Processing and marketing	54,535	54,017
Loans to cooperatives	21,020	22,538
Farm-related business	9,590	9,054
Rural infrastructure:		
Power	42,575	41,004
Communication	16,111	15,855
Water/waste facilities	5,061	4,748
Rural residential real estate	7,915	7,902
Agricultural export finance	6,031	6,462
Lease receivables	4,803	4,870
Loans to other financing institutions	718	1,089
Total loans	$ 459,052	$ 456,860

Loan volume increased $2.192 billion or 0.5% to $459.052 billion at June 30, 2026, as compared with $456.860 billion at December 31, 2025, primarily as a result of increases in real estate mortgage and power loans, offset in part by decreases in production and intermediate-term loans and loans to cooperatives.

Real estate mortgage loans increased $3.422 billion or 1.7% during the first six months of 2026 primarily driven by increased loan demand from new and existing customers.

Production and intermediate-term loans decreased $2.050 billion or 2.3%, as compared with December 31, 2025, primarily from seasonal repayments.

Loans to cooperatives decreased $1.518 billion or 6.7%, as compared with December 31, 2025, primarily due to lower levels of seasonal financing requirements at farm supply and marketing cooperatives, which typically reach a low in summer or early fall.

Power loans increased $1.571 billion or 3.8%, as compared with December 31, 2025, primarily due to strong financing activity in the rural electric utility and electric distribution sectors.

System institutions reduce credit risk through certain federal government guarantee programs, such as the Farm Service Agency, Small Business Administration and General Sales Manager Program of the USDA. As of June 30, 2026, $10.597 billion of loans had varying levels of federal government guarantees, as compared with $10.638 billion of loans as of December 31, 2025. System institutions also limit, to some extent, the credit risk of certain real estate mortgage loans by entering into agreements with others that provide long-term standby commitments to purchase System loans and other credit guarantees. The amount of loans under these other credit guarantees was $3.737 billion at June 30, 2026, of which $3.369 billion was provided by Farmer Mac, as compared with total credit guarantees of $3.709 billion at December 31, 2025, of which $3.322 billion was provided by Farmer Mac. For additional information on Farmer Mac, see page 12 in the *2025 Annual Information Statement*.

Nonperforming Assets

Nonperforming assets and related credit quality statistics are as follows:

	June 30, 2026	December 31, 2025
	(in millions)	
Nonaccrual loans:		
Real estate mortgage	$ 1,996	$ 1,830
Production and intermediate-term	1,409	1,109
Agribusiness	925	1,001
Rural infrastructure	171	274
Rural residential real estate	59	55
Lease receivables	51	44
Total nonaccrual loans	4,611	4,313
Accruing loans 90 days or more past due:		
Real estate mortgage	191	187
Production and intermediate-term	116	84
Agribusiness	25	6
Rural residential real estate	2	2
Lease receivables	2	3
Total accruing loans 90 days or more past due	336	282
Total nonperforming loans	4,947	4,595
Other property owned	70	95
Total nonperforming assets	$ 5,017	$ 4,690

	June 30, 2026	December 31, 2025
Nonaccrual loans as a percentage of total loans	1.00%	0.94%
Nonperforming assets as a percentage of total loans and other property owned	1.09	1.03
Nonperforming assets as a percentage of capital	5.65	5.52

The following table presents the nonaccrual loan activity:

	For the Six Months Ended June 30, 2026	2025
	(in millions)	
Balance at beginning of period	$ 4,313	$ 3,171
Additions:		
Gross amounts transferred into nonaccrual	1,510	1,949
Recoveries	56	43
Advances	324	224
Reductions:		
Charge-offs	(202)	(272)
Transfers to other property owned (book value)	(32)	(6)
Returned to accrual status	(84)	(133)
Repayments	(1,247)	(1,040)
Other, net	(27)	(20)
Balance at end of period	$ 4,611	$ 3,916

Nonaccrual loans increased $298 million or 6.9% during the first six months of 2026, primarily due to credit quality deterioration impacting certain borrowers in the horticulture, cash grains, forestry, and vegetables and melons sectors. Nonaccrual loans that were current as to principal and interest were 42.0% of total nonaccrual loans at June 30, 2026, as compared with 52.1% at December 31, 2025. Accruing loans 90 days or more past due increased $54 million to $336 million at June 30, 2026. These loans are considered well secured and in the process of collection. A portion of these loans are concentrated in USDA guaranteed loans and loans for crop inputs that generally contain recourse agreements with third parties.

Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans was 0.49% at June 30, 2026, as compared with 0.47% at June 30, 2025. Loans classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans are as follows:

	June 30, 2026	December 31, 2025
Acceptable	93.2%	94.0%
Other assets especially mentioned	3.3	3.1
Substandard/doubtful	3.5	2.9
Total	100.0%	100.0%

Allowance for Credit Losses

The System's combined allowance for credit losses (ACL) was $2.730 billion at June 30, 2026, as compared with $2.411 billion at December 31, 2025. The increase was due to provision for credit losses of $456 million, offset in part by net charge-offs of $140 million during the first six months of 2026.

As previously described, production agriculture is a cyclical business and therefore System borrowers face challenges from time to time due to reduced net farm income and volatility in commodity prices. During the past few years, the farm sector financial performance generally has been favorable. As a result, System borrowers are generally positioned to continue to manage their businesses even as some agricultural segments are experiencing a period of lower net farm income and reduced commodity prices. System underwriting standards require strong collateral support for real estate mortgage loans. By regulation, real estate mortgage loans must have a loan-to-value ratio of 85% or less at origination or up to 97% if guaranteed by federal, state or other governmental agency. Most of the System's real estate mortgage loans at origination had a loan-to-value ratio below the statutory maximum of 85%. These factors help to mitigate the System's exposure to loan losses. At June 30, 2026 and December 31, 2025, $2.287 billion and $2.177 billion of the System's $4.611 billion and $4.313 billion of nonaccrual loans had specific reserves. The remaining nonaccrual loans for each period were evaluated and determined not to need a specific reserve.

The following table presents the activity in the allowance for credit losses:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
	(in millions)			
Allowance for credit losses on loans - beginning of period	$ 2,421	$ 2,001	$ 2,209	$ 1,799
Charge-offs:				
Real estate mortgage	(11)	(23)	(19)	(33)
Production and intermediate-term	(30)	(101)	(86)	(148)
Agribusiness	(58)	(53)	(62)	(63)
Rural infrastructure	(32)	(14)	(33)	(29)
Lease receivables	(1)		(2)	(1)
Total charge-offs	(132)	(191)	(202)	(274)
Recoveries:				
Real estate mortgage	4	1	5	2
Production and intermediate-term	12	3	51	35
Agribusiness	2	2	3	8
Rural infrastructure	2		3	1
Total recoveries	20	6	62	46
Net charge-offs	(112)	(185)	(140)	(228)
Provision for credit losses on loans	222	282	462	527
Other	3	1	3	1
Allowance for credit losses on loans - end of period	$ 2,534	$ 2,099	$ 2,534	$ 2,099
Allowance for credit losses on unfunded commitments - beginning of period	$ 193	$ 178	$ 200	$ 173
Provision for credit losses (credit loss reversal) on unfunded commitments	2	18	(5)	23
Allowance for credit losses on unfunded commitments - end of period	$ 195	$ 196	$ 195	$ 196
Allowance for credit losses on investments - beginning of period	$ 2	$ 1	$ 2	$ 1
Credit loss reversal on investments	(1)		(1)	
Allowance for credit losses on investments - end of period	$ 1	$ 1	$ 1	$ 1
Total allowance for credit losses	$ 2,730	$ 2,296	$ 2,730	$ 2,296

Allowance for credit losses on loans are as follows:

	June 30, 2026		December 31, 2025	
	Amount	%	Amount	%
	($ in millions)			
Real estate mortgage	$ 612	24.1%	$ 502	22.7%
Production and intermediate-term	581	22.9	488	22.0
Agribusiness	859	33.9	757	34.3
Rural infrastructure	395	15.6	376	17.0
Rural residential real estate	16	0.6	16	0.7
Agricultural export finance	17	0.7	21	1.0
Lease receivables	53	2.1	48	2.2
Loans to other financing institutions	1	0.1	1	0.1
Total	$ 2,534	100.0%	$ 2,209	100.0%

The allowance for credit losses on loans as a percentage of total loans outstanding and as a percentage of certain other credit quality indicators are shown below:

	June 30, 2026	December 31, 2025
Allowance for credit losses on loans as a percentage of:		
Total loans	0.55%	0.48%
Nonperforming assets	50.5	47.1
Nonaccrual loans	55.0	51.2

	June 30, 2026	June 30, 2025
Annualized net charge-offs as a percentage of average loans outstanding during the six months ended	0.06%	0.11%

Interest Rate Risk Management

Interest rate risk is the risk of loss of future earnings or long-term market value of equity that may result from changes in interest rates. This risk can produce variability in the System's net interest income and the long-term value of the System's capital position. The System actively manages the following risks:

- Yield curve risk — results from changes in the level, shape, and implied volatility of the yield curve. Changes in the yield curve often arise due to the market's expectation of future interest rates at different points along the yield curve.
- Repricing risk — results from the timing differences (mismatches) between interest-bearing assets and liabilities that limit the ability to alter or adjust the rates earned on assets or paid on liabilities in response to changes in market interest rates.
- Option risk — results from "embedded options" that are present in many financial instruments, including the right to prepay loans before the contractual maturity date. Loan features that provide the borrower with flexibility frequently introduce a risk exposure to the lender. For example, a fixed-rate loan may provide a potential borrower with a rate guarantee, an option to lock-in the loan rate for a period of time prior to closing, which protects the borrower from an increase in interest rates between the time loan terms are negotiated and the loan closes. If interest rates increase while the rate guarantee is in effect and no measures are taken to hedge the rate guarantee, System institutions may realize a lower spread than expected when the loan is funded.

  Borrowers may also have the option to repay a loan's principal ahead of schedule. If interest rates fall, System institutions may be forced to reinvest principal repaid from higher rate loans at a lower rate, which may reduce the interest rate spread unless the underlying debt can be similarly refinanced.

  Interest rate caps are another form of embedded options that may be present in certain investments and floating- and adjustable-rate loans. Interest rate caps typically prevent the investment or loan rate from increasing above a defined limit. In a rising interest rate environment, the spread may be reduced if caps limit upward adjustments to floating investment or loan rates while debt costs continue to increase.

  Interest rate floors are also embedded options that may be present in certain investments and floating- and adjustable-rate loans. Interest rate floors prevent the loan or investment rate from decreasing below a certain defined limit. In a declining rate environment, the spread may be widened if the floor limits the downward adjustments to a floating-rate investment or loan rate as underlying debt costs continue to decrease below the floor rate.
- Basis risk — results from unexpected changes in the relationships among interest rates and interest rate indexes. Basis risk can produce volatility in the spread earned on a loan or an investment relative to its cost of funds. This risk arises when the floating-rate index tied to a loan or investment differs from the index on the Systemwide Debt Security issued to fund the loan or investment.

The goal in managing interest rate risk is to maintain stable earnings and preserve the long-term market value of equity. In most cases, the wholesale funding provided by a Bank to an Association matches the terms and embedded options of the Association's retail loans. This funding approach shifts the majority of the interest rate risk associated with retail loans from the Association to its funding Bank where interest rate risk is generally managed centrally. The Banks manage the District interest rate risk through its direct loan pricing and funding processes. However, a limited number of Associations are managing their own interest rate risk associated with their retail loans and investments as part of the Associations' asset/ liability management (ALM) processes. These Associations order and manage the desired mix of debt from their funding Bank and are referred to herein as ALM Associations. As of June 30, 2026, ALM Associations had combined assets of approximately 10% of System total assets.

All Banks and Associations are responsible for developing ALM policies and strategies to manage interest rate risk that are commensurate with the complexity of their business activities and for monitoring and reporting this risk on a regular basis. These policies include guidelines for measuring and evaluating exposures to interest rate risk. In addition, the policies establish limits for interest rate risk and define the role of the board of directors in delegating day-to-day responsibility for interest rate risk management to Bank or Association management. That authority generally is delegated to an ALM committee, made up of senior Bank or Association managers. The policies define the composition of the committee and its responsibilities. Interest rate risk management is also subject to certain intra-System agreements, including the CIPA and MAA, and regulatory oversight by the Farm Credit Administration.

One of the primary benefits of our status as a government-sponsored enterprise debt issuer is that, through the Funding Corporation and its selling group, the System has daily access to the debt markets and, under normal market conditions, significant flexibility in structuring the maturity and types of debt securities we issue to match asset cash flows. This ability to access the debt markets helps us minimize the risk that interest rates might change between the time loan commitments are made and the time they are funded.

Flexibility in structuring debt enables us to issue Systemwide Debt Securities that offset most of the primary interest rate risk exposures embedded in our loans. For example, by issuing floating-rate Systemwide Debt Securities we are able to minimize the basis risk exposure presented by similarly-indexed, floating-rate loans. As discussed above, some of our fixed-rate loans may provide borrowers with the option to prepay their loans. In most interest rate environments, we are able to significantly offset the risk created by a prepayment option by funding prepayable fixed-rate loans with callable debt. Callable debt provides us with the option to retire debt early to offset prepayment risk in earning assets or refinance debt in a declining interest rate environment.

Approximately 76% of our fixed-rate loans at June 30, 2026 provide the borrowers with the option to prepay their loan at any time without fees, and the remainder of the System’s fixed-rate loans contain provisions requiring prepayment fees to partially or fully compensate the System for the cost of retiring the debt prior to the maturity date, some of which may be non-callable.

The Banks participate in the derivatives markets to manage interest rate risk. Our use of derivatives is detailed later in this section.

Interest Rate Risk Measurements

Each Bank and Association is required to assess and manage interest rate risk. For Banks and ALM Associations, the primary approaches to managing interest rate risk are interest rate gap analysis, net interest income sensitivity analysis, market value of equity sensitivity analysis and duration gap analysis. These measures are calculated using sophisticated simulation models that are periodically back tested and reviewed by third parties for reasonableness. On a monthly basis, the asset/liability models are updated with information on loans, investment securities, Systemwide debt securities and derivatives. This "current position" is the starting point for all interest rate risk measurements. The current position is then combined with assumptions and market implied forward rates to derive the estimates of future net interest income. Generally, the assumptions on pricing, maturity characteristics and funding mix are set using trend analysis of actual asset and liability data. Balance sheets can be repositioned as a result of anticipated interest rate changes as necessary.

Interest Rate Risk Management Results

Interest Rate Gap Analysis

The interest rate gap analysis is a static indicator, which does not reflect the dynamics of balance sheet, cash flows, interest rate and spread changes and financial instrument optionality, and may not necessarily indicate the sensitivity of net interest income in a changing interest rate environment. Within the gap analysis, gaps are created when an institution uses its capital to fund assets. Capital serves as a noninterest-bearing source of funding for the balance sheet and thus requires the Banks and Associations to make decisions about the maturity mix of assets funded by it. Using capital to fund short-term assets results in increased volatility of net interest income, whereas using capital to fund long-term assets results in increased volatility in the market value of equity. Capital reduces the amount of debt that otherwise would be required to fund a certain level of assets. The quantity of earning assets will exceed the quantity of interest-bearing liabilities in any repricing interval where capital provides part of the funding. The gap table includes anticipated cash flows on interest sensitive assets and liabilities given the current level of interest rates. The interest rate gap analysis below presents a comparison of interest-sensitive assets and liabilities in defined time segments as of June 30, 2026.

	Repricing Intervals				
	0-6 Months	6 Months to 1 Year	1-5 Years	Over 5 Years	Total
	($ in millions)				
Floating-rate loans:					
Indexed/adjustable-rate loans	$ 104,876	$ 189	$ 801	$ 759	$ 106,625
Administered-rate loans	85,723				85,723
Fixed-rate loans:					
Fixed-rate with prepayment or conversion fees	5,840	5,737	29,402	18,611	59,590
Fixed-rate without prepayment or conversion fees	43,235	19,754	86,591	52,923	202,503
Nonaccrual loans				4,611	4,611
Total gross loans	239,674	25,680	116,794	76,904	459,052
Federal funds sold, securities purchased under resale agreements, investments and other interest-earning assets	46,577	8,199	31,903	19,945	106,624
Total earning assets	286,251	33,879	148,697	96,849	565,676
Interest-bearing liabilities:					
Callable bonds and notes	40,248	23,288	71,309	46,713	181,558
Noncallable bonds and notes	225,664	13,393	48,294	11,352	298,703
Subordinated debt			348		348
Other interest-bearing liabilities	6,500			894	7,394
Total interest-bearing liabilities	272,412	36,681	119,951	58,959	488,003
Effect of interest rate swaps and other derivatives	(23,382)	3,933	6,676	12,773	
Total interest-bearing liabilities adjusted for swaps and other derivatives	249,030	40,614	126,627	71,732	488,003
Interest rate sensitivity gap (total earning assets less total interest-bearing liabilities adjusted for swaps and other derivatives)	$ 37,221	$ (6,735)	$ 22,070	$ 25,117	$ 77,673
Cumulative gap	$ 37,221	$ 30,486	$ 52,556	$ 77,673	
Cumulative gap as a percentage of total earning assets	6.58%	5.39%	9.29%	13.73%	

As illustrated above, the System had a positive gap position between its earning assets and interest-bearing liabilities for the zero to six months repricing interval as measured on June 30, 2026 and reflects the System's asset-sensitive position during this time period.

Typically, the net interest income of an institution that is asset sensitive will be favorably impacted in a rising rate environment and unfavorably impacted in a declining rate environment. However, the System's net interest income benefits in a declining interest rate environment due to its ability to exercise call options on callable debt.

The System's net interest spread, a component of its net interest margin, may also react in a different manner due to certain conditions at the time an earning asset or interest-bearing liability reprices. These conditions include competitive pressures on spreads or rates, the shape of the yield curve and how capital is deployed to fund earning assets. In addition, a significant portion of the System's floating-rate loans are administered-rate loans that, unlike indexed loans, require definitive action by management to change the interest rate. The interest rates charged on administered-rate loans may reflect managements' assessments of whether rate changes are feasible or warranted in view of market conditions. Therefore, the actual interest rates charged on administered-rate loans may not reflect the movement of interest rates in the markets, thereby creating volatility in net interest income.

The System's cumulative gap position in the zero to six months repricing interval increased to 6.58% at June 30, 2026 from 6.37% at December 31, 2025.

Sensitivity Analysis

In addition to the static view of interest rate sensitivity shown by the gap analysis, each Bank and ALM Association conducts simulations of net interest income and market value of equity under different interest rate scenarios. Market value of equity is the net present value of all future cash flows discounted to a valuation date, using discounting factors derived from observed market rates on the same valuation date. In all cases, the underlying assumptions are held constant so that results are comparable from scenario to scenario. However, actual results would differ to the extent that changes in strategy were undertaken to mitigate the unfavorable impact of interest rate changes.

The sensitivity analysis incorporates the effects of leverage and the optionality of interest sensitive assets and liabilities due to interest rate changes. The two primary scenarios used for the analysis reflect the impact of interest rate shocks upward and downward (i.e., immediate, parallel changes upward and downward in the yield curve) on projected net interest income and on market value of equity. The Banks and ALM Associations also use other types of measures to manage interest rate risk including rate ramps (gradual change in rates) and yield curve slope changes.

The upward and downward shocks are generally based on movements of 100 and 200 basis points in interest rates, which are considered significant enough to capture the effects of embedded options and convexity within the assets and liabilities so that underlying risk may be revealed. However, in the current interest rate environment, the downward shock is based on one-half of the three-month Treasury bill rate, which was 191 basis points at June 30, 2026 and 182 basis points at December 31, 2025. Under these simulations, based on the aggregate District changes in net interest income and market value of equity, the System's aggregate sensitivity to interest rate changes are as follows:

	June 30, 2026			
	-191	**-100**	**+100**	**+200**
Change in net interest income	-1.90%	-1.25%	2.48%	3.74%
Change in market value of equity	6.82%	3.59%	-3.29%	-6.41%
	December 31, 2025			
	-182	**-100**	**+100**	**+200**
Change in net interest income	-2.81%	-1.48%	3.13%	4.87%
Change in market value of equity	5.84%	3.38%	-3.20%	-6.14%

Each Bank's and ALM Association's interest rate risk management policy establishes limits for changes in interest rate sensitivity under these simulations in accordance with its asset/liability management policies. District measurements are presented in the Supplemental Financial Information on page F-66.

In addition to the interest rate scenarios required for reporting and regulatory purposes, the Banks and ALM Associations periodically perform additional scenario analyses to study the effects of changes in critical modeling assumptions — for example, the impact of increased/decreased prepayments, changes in the relationship of the System's funding cost to other benchmark interest rates, additional non-parallel shifts in the yield curve, and changes in market volatility. (For a more detailed discussion of sensitivity analysis and prepayment modeling assumptions, see pages 68 and 69 in the *2025 Annual Information Statement*.)

Duration Gap Analysis

Another risk measurement is duration, which we calculate using a simulation model and apply the same interest rate methods, prepayment models and volatility assumptions as used in our sensitivity analysis. Duration is the weighted average maturity (typically measured in months or years) of an instrument's cash flows, weighted by the present value of those cash flows. As such, duration provides an estimate of an instrument's sensitivity to small changes in market interest rates. The duration gap is the difference between the estimated durations of assets and liabilities. All else being equal, an institution with a small duration gap has less exposure to interest rate risk than an institution with a large duration gap.

The System's aggregate duration gap was a positive 2.3 months at June 30, 2026 and a positive 2.4 months at December 31, 2025. Generally, a duration gap within the range of a positive six months to a negative six months indicates a small exposure to changes in interest rates.

Duration gap provides a relatively concise and static measure of the interest rate risk inherent in the balance sheet, but it is not directly linked to expected future earnings performance. An institution's overall exposure to interest rate risk is a function not only of the duration gap, but also of the financial leverage inherent in the institution's capital structure. For the same duration gap, an institution with more capital will have a lower overall percentage exposure to interest rate risk than one with less capital and more leverage.

There are some limitations to duration analysis as balance sheets are dynamic. Durations change over time and as the composition of a portfolio changes.

Derivative Products

Derivative products are a part of our interest rate risk management process and supplement our issuance of debt securities in the capital markets. Derivative financial instruments are used as hedges to manage interest rate and liquidity risks and to lower the overall cost of funds. System institutions do not hold or enter into derivative transactions for trading purposes. Derivative products are subject to regulatory compliance obligations, including, among other things, accounting, reporting, clearing and margining. Clearing and margining are discussed in more detail below.

The primary types of derivative products used and hedging strategies employed are described on page 70 of the *2025 Annual Information Statement*. For additional information on derivative products and hedging activities, see Note 11 to the accompanying condensed combined financial statements.

The aggregate notional amount of the System's derivative products, most of which consisted of interest rate swaps, decreased $1.479 billion to $175.878 billion at June 30, 2026, as compared with $177.357 billion at December 31, 2025. The aggregate notional amount of these instruments, which is not included in the Condensed Combined Statement of Condition, is indicative of the System's activities in derivative financial instruments, but is not an indicator of the level of credit risk associated with these instruments. The exposure to credit risk is a small fraction of the aggregate notional amount.

In addition, the System had put option contracts with a total notional amount of 720,000 barrels of oil at June 30, 2026 to protect against a decline in oil prices impacting mineral income. No such contracts were outstanding as of December 31, 2025.

By using derivative instruments, System institutions are exposed to counterparty credit risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the credit risk exposure will equal the fair value gain in a derivative. When the fair value of a derivative is positive, the counterparty would owe us money on early termination of the derivative, thus creating credit risk. When the fair value of the derivative is negative, we would owe the counterparty money on early termination of the derivative, and, therefore, assume no credit risk.

System institutions clear a significant portion of derivative transactions through a futures commission merchant, with a clearinghouse (i.e. a central counterparty). Cleared derivatives require the payment of initial and variation margin as a protection against default. To minimize the risk of credit losses for non-cleared derivatives, credit standing and levels of exposure to individual counterparties are monitored and derivative transactions are almost exclusively entered into with non-customer counterparties that have an investment grade or better credit rating from a Nationally Recognized Statistical Rating Organization such as Moody's Ratings, S&P Global Ratings or Fitch Ratings. Nonperformance by any of these counterparties is not anticipated. System institutions typically enter into master agreements that govern all derivative transactions with a counterparty and contain netting provisions. These provisions require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts and also include bilateral collateral agreements requiring the exchange of collateral to offset credit risk exposure. In some instances, the bilateral exchange of collateral is required by regulation, whereas in other instances it is based on dollar thresholds of exposure that consider a counterparty's creditworthiness. For additional information related to derivatives, see pages 71 through 73 in the *2025 Annual Information Statement*.

The Banks may enter into derivatives with their customers, including Associations, as a service to enable customers to transfer, modify or reduce their interest rate risk by transferring this risk to the Banks. The Banks substantially offset the interest rate risk by concurrently entering into offsetting agreements with non-System institutional derivative counterparties.

The exposure on derivatives by counterparty credit rating (Moody's) that would be owed to us due to a default or early termination by our counterparties at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026					December 31, 2025				
	Number of Counterparties	Notional Principal	Credit Exposure	Collateral Held	Exposure, Net of Collateral	Number of Counterparties	Notional Principal	Credit Exposure	Collateral Held	Exposure, Net of Collateral
	($ in millions)									
Cleared derivatives(1)	2	$145,475	$ 80		$ 80	2	$146,808	$ 51		$ 51
Bilateral derivatives:										
Aa2	4	5,579	105	$ 81	24	4	6,382	86	$ 68	18
Aa3	1	11				1	11			
A1	2	3,951	49	47	2	2	4,129	31	31	
A2	1	1,049	30	29	1	1	1,506	25	25	
A3	1	1,198	18	16	2	1	975	7	7	
Total	11	$157,263	$ 282	$ 173	$ 109	11	$159,811	$ 200	$ 131	$ 69

(1) Represents derivative transactions cleared with central counterparties, which are not rated. Excluded from the table is initial margin posted by three Banks totaling $963 million and $909 million at June 30, 2026 and December 31, 2025 related to cleared derivative transactions.

Note: Due to grouping of counterparties by credit rating, exposure, net of collateral may not represent the difference between credit exposure and collateral held. The above table excludes $18.614 billion and $17.546 billion in notional amount of derivative financial instruments at June 30, 2026 and December 31, 2025 related to interest rate swaps that two Banks entered into with certain of their customers. Also excluded is $1 million in notional amount of derivative financial instruments at June 30, 2026 related to forward commitments that one Bank has entered into to hedge interest rate risk on interest rate locks.

At June 30, 2026, the Banks' counterparties posted $145 million of cash and $28 million in securities as collateral with us, as compared with $104 million of cash and $27 million in securities at December 31, 2025. None of the Banks had posted collateral with respect to their obligations under these agreements at both June 30, 2026 and December 31, 2025.

Liquidity Risk Management

General

Liquidity risk management is necessary to ensure our ability to meet our financial obligations. These obligations include the repayment of Systemwide Debt Securities as they mature, the ability to fund new and existing loans and other funding commitments, and the ability to fund operations all within a cost-effective manner. A primary objective of liquidity risk management is to plan for unanticipated changes in the capital markets. The Banks and Funding Corporation have established a Contingency Funding Program to provide for contingency financing mechanisms and procedures to address potential disruptions in the System's communications, operations and payments systems, as well as the ability to handle events that threaten continuous market access by the Banks or disrupt the Funding Corporation's normal operations. Under this Contingency Funding Program, the Funding Corporation has the option to finance maturing Systemwide Debt Securities through the issuance of Systemwide discount notes either directly to institutional investors or through the selling group. In addition, the Funding Corporation, in consultation with the Banks, may also issue Systemwide bonds directly to institutional investors. The Funding Corporation, on behalf of the Banks, may also incur other obligations, such as Federal funds purchased, that would be the joint and several obligations of the Banks and would be insured by the Insurance Corporation to the extent funds are available in the Insurance Fund.

In addition, each Bank maintains contingency funding plans that address actions each Bank would consider in the event that there is not ready access to traditional funding sources. These potential actions include drawing on existing uncommitted lines of credit with various financial institutions, borrowing overnight via federal funds, using investment securities as collateral to borrow cash, selling investment securities under repurchase agreements, using the proceeds from maturing investments and selling liquid investments.

The System does not have a guaranteed line of credit from the U.S. Treasury or the Federal Reserve. However, the Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation under certain limited circumstances. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System Banks in exigent market circumstances that threaten the Banks' ability to pay maturing debt obligations. The agreement provides for advances of up to $10 billion and will remain in full force and effect until terminated by either the Insurance Corporation or the Federal Financing Bank. The decision whether to seek funds from the Federal Financing Bank is at the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

Funding Sources

Our primary source of liquidity is from the ability to issue Systemwide Debt Securities, which are the general unsecured joint and several obligations of the Banks. The Banks continually raise funds to support the mission to provide credit and related services to the agricultural and rural sectors, repay maturing Systemwide Debt Securities, build liquidity and meet other obligations. As government-sponsored enterprises, the Banks have had access to the global capital markets. This access has traditionally provided a dependable source of competitively priced debt that is critical to support our mission of providing funding to the agricultural and rural sectors. The U.S. government does not guarantee, directly or indirectly, the payment of principal or interest on any Systemwide Debt Securities issued by the Banks.

Federal Funds and Available-for-Sale Investments

As more fully described on page 74 in the *2025 Annual Information Statement*, by regulation a Bank is authorized to hold eligible investments in an amount not to exceed 35% of a Bank's average loans outstanding for the quarter. Investments are utilized for the purposes of maintaining a diverse source of liquidity, managing short-term surplus funds and managing interest rate risk and, in so doing, they may enhance profitability. At June 30, 2026, no Bank exceeded the 35% limit.

In addition, the Associations are authorized to hold securities as eligible risk management investments that are issued by, or are unconditionally guaranteed or insured as to the timely payment of principal and interest by, the U.S. government or its agencies with the approval of its affiliated Bank, in an amount not to exceed 10% of its total average 90-day outstanding loan balance. Associations may also hold the guaranteed portions of USDA Guaranteed Loans purchased in the secondary market as eligible risk management investments. At June 30, 2026, no Association exceeded the 10% limit.

Bank eligible investments (carried at fair value) must comply with the regulatory eligibility criteria to be included in the liquidity investment portfolio and for reporting purposes are shown by credit ratings issued by Moody's Ratings, S&P Global Ratings, or Fitch Ratings as follows:

June 30, 2026	Eligible Investments AAA/Aaa	A1/P1/F1	Split Rated[1]	AA/Aa	A/A	Total
	(in millions)					
Federal funds sold and securities purchased under resale agreements[2]		$ 3,503				$ 3,503
Commercial paper, bankers' acceptances, certificates of deposit and other securities		5,633	$ 2,382	$ 15	$ 22	8,052
U.S. Treasury securities				32,569		32,569
U.S. agency securities				2,090		2,090
Mortgage-backed securities:						
Agency collateralized				39,822		39,822
Agency whole-loan pass through				1,677		1,677
Private label-FHA/VA				12		12
Asset-backed securities	$ 790			5,097		5,887
Total	$ 790	$ 9,136	$ 2,382	$ 81,282	$ 22	$ 93,612

December 31, 2025	Eligible Investments AAA/Aaa	A1/P1/F1	Split Rated[1]	AA/Aa	A/A	Total
	(in millions)					
Federal funds sold and securities purchased under resale agreements[2]		$ 5,316				$ 5,316
Commercial paper, bankers' acceptances, certificates of deposit and other securities		4,308	$ 1,381	$ 15	$ 23	5,727
U.S. Treasury securities				32,508		32,508
U.S. agency securities				2,223		2,223
Mortgage-backed securities:						
Agency collateralized				39,752		39,752
Agency whole-loan pass through				1,797		1,797
Private label-FHA/VA				13		13
Asset-backed securities	$ 902			5,023		5,925
Total	$ 902	$ 9,624	$ 1,381	$81,331	$ 23	$ 93,261

[1]Investment that received the highest credit rating from at least one rating organization.
[2]Includes $120 million at June 30, 2026 and $100 million at December 31, 2025 of securities purchased under resale agreements that are unrated.

If a Bank held investment no longer meets the regulatory eligibility criteria referred to above, the investment becomes ineligible for regulatory liquidity calculation purposes. Under Farm Credit Administration regulations, if an investment held by a Bank is eligible when purchased but no longer satisfies the eligibility criteria referred to above, the Bank may continue to hold it subject to the following requirements:

- the Bank must notify the Farm Credit Administration within 15 calendar days after such determination,
- the Bank must not use the investment to satisfy its liquidity requirement,

- the Bank must continue to include the investment in the investment portfolio limit calculation,
- the Bank may continue to include the investment as statutory collateral at lower of cost or market, and
- the Bank must develop a plan to reduce the risk posed by the investment.

The Farm Credit Administration has the authority to require a Bank to divest of any investment at any time for failure to comply with its regulation or for safety and soundness reasons. As of June 30, 2026, the Farm Credit Administration has not required disposition of any of these securities. Bank managements do not believe that events will occur that would require them to dispose of any of these securities.

Ineligible securities (carried at fair value) held by the Banks totaled $342 million at June 30, 2026 and $366 million at December 31, 2025 and represented 0.4% of Federal funds and available-for-sale investments at both June 30, 2026 and December 31, 2025.

The types of mortgage-backed and asset-backed securities that are included in the Banks' investment portfolio are as follows:

	June 30, 2026			December 31, 2025		
	Amortized Cost	Fair Value	Unrealized Losses	Amortized Cost	Fair Value	Unrealized Gains/(Losses)
	(in millions)					
Mortgage-backed securities:						
Agency collateralized	$ 41,295	$ 39,822	$ (1,473)	$ 41,042	$ 39,752	$ (1,290)
Agency whole-loan pass through	1,956	1,677	(279)	2,073	1,797	(276)
Private label-FHA/VA	54	49	(5)	58	52	(6)
Total mortgage-backed securities	$ 43,305	$ 41,548	$ (1,757)	$ 43,173	$ 41,601	$ (1,572)
Asset-backed securities:						
Small business loans	$ 5,385	$ 5,097	$ (288)	$ 5,311	$ 5,023	$ (288)
Equipment loans	357	357		381	384	3
Auto loans	247	247		330	331	1
Credit card receivables	119	119		118	119	1
Other	67	67		67	68	1
Total asset-backed securities	$ 6,175	$ 5,887	$ (288)	$ 6,207	$ 5,925	$ (282)

Other Investments

As mentioned above, Associations are permitted to hold investments but they are limited to securities that are issued by, or are unconditionally guaranteed or insured as to the timely payment of principal and interest, the U.S. government or its agencies. Mortgage-backed securities issued by Farmer Mac are also considered allowable investments for both Banks and Associations but are excluded from the Banks' eligible investment limitation and the Banks' liquidity calculations. These Farmer Mac securities are backed by farm and ranch loans or USDA-guaranteed portions of loans.

Other investments outstanding that are classified as held-to-maturity (carried at amortized cost) are as follows:

	June 30, 2026	December 31, 2025
	(in millions)	
Small Business Administration and other government guaranteed securities	$ 7,839	$ 7,028
Farmer Mac securities	644	651
Rural America bonds and Agricultural Rural Community bonds	24	24
Total	$ 8,507	$ 7,703

Other investments outstanding that are classified as available-for-sale (carried at fair value) are as follows:

	June 30, 2026	December 31, 2025
	(in millions)	
U.S. Treasury securities	$ 2,568	$ 2,378
Small Business Administration and other government guaranteed securities	235	247
Rural home loan securities	84	90
Farmer Mac securities	4	5
Other securities	17	8
Total	$ 2,908	$ 2,728

Liquidity Standard

The Farm Credit Administration regulations on liquidity set forth requirements for the Banks to:

- maintain board policies and management procedures to monitor, measure, manage and mitigate liquidity and other related risks;
- maintain a three-tiered liquidity reserve. The first tier of the liquidity reserve must consist of a sufficient amount of cash and/or cash-like instruments to cover each Bank's principal portion of maturing obligations and other borrowings for 15 days. The second and third tiers of the liquidity reserve must contain cash, cash-like instruments, and/or eligible highly liquid instruments that are sufficient to cover the Bank's obligations for the next 15 and subsequent 60 days, respectively;
- establish a supplemental liquidity buffer, in addition to the three tiers set forth immediately above, that would provide a longer term, stable source of funding beyond the 90-day minimum and is comprised of cash and eligible investments; and
- maintain a Contingency Funding Plan to ensure sources of liquidity are sufficient to fund normal operations under a variety of stress events.

The number of days of liquidity is calculated by comparing the principal portion of maturing Systemwide Debt Securities and other borrowings of each Bank with the total amount of cash, cash equivalents and eligible investments maintained by that Bank. For purposes of calculating liquidity, liquid assets are reflected at fair value discounted for potential exposure to adverse market value changes that might be recognized upon liquidation or sale and include only the eligible investments of the Banks.

At June 30, 2026, each Bank met the individual tiers' regulatory minimums of the liquidity reserve and exceeded the aggregate regulatory minimum 90 days of liquidity. Each Bank's aggregate liquidity position, which includes the liquidity reserve plus the supplemental buffer, ranged from 149 to 189 days at June 30, 2026. The Banks' aggregate liquidity position was 170 days at June 30, 2026, as compared with 167 days at December 31, 2025. (See Note 14 to the accompanying condensed combined financial statements for each Bank's liquidity position at June 30, 2026 and December 31, 2025.)

Cash provided by the System's operating activities (primarily generated from net interest income in excess of operating expenses) of $5.420 billion and $3.719 billion for the first six months of 2026 and 2025 provides an additional source of liquidity for the System that is not reflected in the individual Bank's calculation of days of liquidity under the standard. Further, funds in the Insurance Fund would be used to repay maturing Systemwide Debt Securities, to the extent available, if no other sources existed to repay the debt.

Capital Adequacy and the Ability to Repay Systemwide Debt Securities

Capital serves to support asset growth and provide protection against unexpected credit and interest rate risk and operating losses. Capital is also needed for future growth and investment in new products and services. We believe a sound capital position is critical to providing protection to investors in Systemwide Debt Securities and our long-term financial success.

The primary source of capital formation in the System is net income earned and retained. Capital accumulated through earnings has been partially offset by cash patronage distributions to stockholders. Retained earnings and additional paid-in-capital are the most significant components of capital. As of June 30, 2026, retained earnings and additional paid-in-capital totaled $76.0 billion and represented 85.6% of capital, as compared with $72.8 billion and 85.7% at December 31, 2025. Capital as a percentage of assets increased to 15.2% at June 30, 2026, as compared with 14.6% at December 31, 2025.

Farm Credit Administration Capital Requirements

The following sets forth the regulatory capital ratio requirements and ratios at June 30, 2026:

Ratio	Primary Components of Numerator	Denominator	Minimum Requirement	Minimum with Buffer	Banks*	Associations
Common Equity Tier 1 (CET1) Capital	Unallocated retained earnings (URE) and common cooperative equities (qualifying capital stock and allocated equity)[1]	Risk-weighted assets	4.5%	7.0%	9.4% - 16.2%	9.5% - 35.8%
Tier 1 Capital	CET1 Capital and non-cumulative perpetual preferred stock	Risk-weighted assets	6.0%	8.5%	13.5% - 16.2%	11.6% - 35.8%
Total Capital	Tier 1 Capital, adjusted allowance for credit losses[2], other common cooperative equities[3], and term preferred stock and subordinated debt[4]	Risk-weighted assets	8.0%	10.5%	13.9% - 16.3%	11.9% - 36.8%
Tier 1 Leverage	Tier 1 Capital (at least 1.5% must be URE and URE equivalents (UREE))	Total assets	4.0%	5.0%	5.2% - 6.8%	10.6% - 34.9%
Permanent Capital	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	Risk-weighted assets	7.0%	N/A	13.6% - 16.2%	11.6% - 36.1%
Unallocated Retained Earnings and UREE Leverage	URE and UREE	Total assets	1.5%	N/A	1.9% - 4.3%	3.8% - 34.6%

* See Note 14 to the accompanying condensed combined financial statements for each Bank's Total Capital ratio and Tier 1 Leverage ratio at June 30, 2026 and December 31, 2025.

1 Equities subject to a minimum redemption or revolvement period of 7 or more years.

2 Capped at 1.25% of risk-weighted assets and includes allowance for credit losses on loans and unfunded commitments.

3 Equities subject to a minimum redemption or revolvement period of 5 or more, but less than 7 years.

4 Equities subject to a minimum redemption or revolvement period of 5 or more years.

Interdependency of the Banks and the Associations

Understanding the System's structure and the interdependent nature of the Banks and the Associations is critical to understanding our capital adequacy.

As previously discussed, each Bank is primarily liable for the repayment of Systemwide Debt Securities issued on its behalf, as well as being liable for Systemwide Debt Securities issued on behalf of the other Banks. The Banks, through the issuance of Systemwide Debt Securities, generally finance the wholesale loans to their affiliated Associations who lend the proceeds to their customers. CoBank, as an Agricultural Credit Bank, makes loans to agricultural and rural infrastructure cooperatives and businesses, and other eligible borrowers, as well as Associations. Each Bank's ability to repay Systemwide Debt Securities is due, in large part, to each of its Association's ability to repay its loan from the Bank. As a result, the Banks continually monitor the risk-bearing capabilities of each affiliated Association through various mechanisms, including testing the reliability of each Association's credit classifications and prior-approval of certain Association loan transactions. Capital, allowance for credit losses on loans and earnings at the Association level also reduce the credit exposure that each Bank has with respect to the loans between the Bank and its affiliated Associations.

Since an Association's ability to obtain funds from sources other than its affiliated Bank is significantly limited, the financial well-being of the Bank and its ability to continue to provide funds is very important to the Association. In addition to the equity the Associations are required to purchase in connection with their direct loans from their affiliated Bank, under each Bank's bylaws, the Bank is authorized, under certain circumstances, to require its affiliated Associations and certain other equity holders to purchase additional Bank equity subject to certain limits or conditions. Further, the Banks generally possess indirect access to certain financial resources of their affiliated Associations through loan-pricing provisions and through Bank-influenced operating and financing policies and agreements for its District. (See Notes 8 and 14 to the accompanying condensed combined financial statements for further discussion of Bank and Association capital.)

Notwithstanding the foregoing, only the Banks, and not the Associations, are jointly and severally liable for the repayment of Systemwide Debt Securities. Other than as described above, and subject to various regulatory and contractual conditions and limitations, the Banks do not have direct access to the capital of their affiliated Associations. In addition, any indirect access that the Banks may have to the capital of the Associations may be limited during stressed conditions in a deteriorating agricultural economic environment. Moreover, capital in one Association is not typically available to address capital needs of another Association or of a non-affiliated Bank.

Insurance Fund

An additional layer of protection for Systemwide Debt Security holders is the Insurance Fund that insures the timely payment of principal and interest on these securities.

The primary sources of funds for the Insurance Fund are:

- premiums paid by the Banks, the cost of which may be passed on to the Associations, and
- earnings on assets in the Insurance Fund.

In the event a Bank is unable to timely pay Systemwide Debt Securities for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the debt obligations. However, because of other mandatory and discretionary uses of the Insurance Fund, all of which benefit the Banks and Associations, or the magnitude of the default, there is no assurance that amounts in the Insurance Fund will be available and sufficient to fund the timely payment of principal and interest on Systemwide Debt Securities in the event of a default by a Bank.

Due to the restricted use of funds in the Insurance Fund as set forth in the Farm Credit Act, the assets of the Insurance Fund have been included as a restricted asset and the capital of the Insurance Fund as restricted capital in the System's condensed combined financial statements. As of June 30, 2026, the assets in the Insurance Fund totaled $8.734 billion. (See Note 6 to the accompanying condensed combined financial statements and the Supplemental Combining Information on pages F-58 and F-60 for condensed combining statements of condition and income that illustrate the impact of including the Insurance Fund in the System's condensed combined financial statements.)

The Insurance Corporation assesses premiums to ensure the amounts in the Insurance Fund for which no specific use has been identified or designated are maintained at the "secure base amount." The Farm Credit Act requires the secure base amount to be maintained at 2% of aggregate outstanding insured debt (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or such other percentage of aggregate outstanding insured debt as the Insurance Corporation in its sole discretion determines to be actuarially sound. Insurance premiums are established by the Insurance Corporation with the objective of maintaining the secure base amount at the level required by the Farm Credit Act.

As required by the Farm Credit Act, if at the end of any calendar year, the aggregate amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to transfer the excess funds above the secure base, less the Insurance Corporation's projected annual operating expenses and estimated insurance obligations, to the Allocated Insurance Reserves Accounts for each Bank. At December 31, 2025, the Insurance Fund exceeded the secure base amount by $224 million (after deduction of prospective operating expenses for 2026) and the excess was transferred to the Allocated Insurance Reserves Accounts. In February 2026, the Insurance Corporation's board of directors approved and distributed the $224 million of excess funds to System institutions.

At June 30, 2026, as determined by the Insurance Corporation, the Insurance Fund for which no specific use has been identified or designated was 2.09% of adjusted insured obligations, as compared with 2.00% at December 31, 2025. The Insurance Fund with the allocated amount was 2.05% of the adjusted insured obligations at December 31, 2025. No amounts were allocated as of June 30, 2026.

Joint and Several Liability

The provisions of joint and several liability of the Banks with respect to Systemwide Debt Securities would be invoked if the available amounts in the Insurance Fund were exhausted. Once joint and several liability is triggered, the Farm Credit Administration is required to make "calls" to satisfy the liability first on all non-defaulting Banks in the proportion that each non-defaulting Bank's available collateral (collateral in excess of the aggregate of the Bank's collateralized obligations) bears to the aggregate available collateral of all non-defaulting Banks. If these calls do not satisfy the liability, then a further call would be made in proportion to each non-defaulting Bank's remaining assets. On making a call on non-defaulting Banks with respect to a Systemwide Debt Security issued on behalf of a defaulting Bank, the Farm Credit Administration is required to appoint the Insurance Corporation as the receiver for the defaulting Bank, and the receiver must expeditiously liquidate the Bank.

System Capitalization

The changes in capital for the six months ended June 30, 2026 are as follows:

	Capital				
	Combined Banks	Combined Associations	Insurance Fund	Combination Entries	System Combined
			(in millions)		
Balance at December 31, 2025	$ 28,404	$ 59,678	$ 8,587	$ (11,689)	$ 84,980
Net income	1,811	3,255	371	(1,122)	4,315
Change in accumulated other comprehensive loss	(85)	(51)		45	(91)
Preferred stock issued	495	3			498
Preferred stock dividends	(89)	(38)			(127)
Capital stock and participation certificates issued	239	50		(239)	50
Capital stock, participation certificates and retained earnings retired	(100)	(52)		60	(92)
Distributions by Insurance Fund to System institutions			(224)	224	
Patronage	(773)	(722)		694	(801)
Balance at June 30, 2026	$ 29,902	$ 62,123	$ 8,734	$ (12,027)	$ 88,732

Note: System combined capital reflected eliminations of approximately $11.2 billion and $11.0 billion of Bank equities held by Associations as of June 30, 2026 and December 31, 2025. System combined capital also reflected net eliminations of transactions between System entities, primarily related to accruals, and retained earnings allocations by certain Banks to their Associations. (See Notes 8 and 14 to the accompanying condensed combined financial statements.)

During the first six months of 2026, one Bank issued $500 million of preferred stock. (See Note 8 of the accompanying condensed combined financial statements for additional information.)

Preferred stock is the sole obligation of the issuing entity and is not guaranteed by any other System institution. Such obligations are not Systemwide Debt Securities and therefore are not subject to the joint and several obligations of the Banks and are not guaranteed or insured by the Insurance Fund.

Combined Bank-only information is considered meaningful because only the Banks are jointly and severally liable for payment of principal and interest on Systemwide Debt Securities. Amounts in the Insurance Fund are included in the System's combined financial statements because, under the Farm Credit Act, these amounts can only be used for the benefit of the Banks and Associations. Before joint and several liability can be invoked, available amounts in the Insurance Fund would be used to make principal and interest payments on Systemwide Debt Securities. Combined Bank capital and the Insurance Fund increased $1.645 billion since December 31, 2025 to $38.636 billion at June 30, 2026, primarily due to income earned and retained. Combined Bank-only capital as a percentage of combined Bank-only assets was 5.7% at June 30, 2026 and 5.5% at December 31, 2025.

Combined Bank-only net income was $1.811 billion and $1.424 billion for the six months ended June 30, 2026 and 2025. The combined Bank-only net income reflects the earnings from investments, Bank wholesale loans to Associations, and retail loans, the majority of which consist of CoBank's loans to cooperatives and other eligible borrowers and loans to finance agricultural export transactions. The Banks' wholesale loans to Associations represented 57% and 56% of the assets on the combined Bank-only balance sheet at June 30, 2026 and December 31, 2025. These loans carry less risk than retail loans because the Associations operate under General Financing Agreements with their affiliated Banks and a regulatory framework that includes maintaining certain minimum capital standards, adequate reserves, and prudent underwriting standards. Based on the lower risk of loans to the Associations, the Banks typically operate with more leverage and lower earnings than would be expected from a retail bank.

Combined Association capital increased $2.445 billion since December 31, 2025 to $62.123 billion at June 30, 2026. The growth in Association capital resulted primarily from income earned and retained. Combined Association capital as a percentage of combined Association assets was 17.1% at June 30, 2026 and 16.6% at December 31, 2025. Capital at the Association level reduces the Banks' credit exposure with respect to wholesale loans between the Banks and each of their affiliated Associations.

Accumulated other comprehensive loss, net of tax, at June 30, 2026 and December 31, 2025 was comprised of the following components:

	June 30, 2026	December 31, 2025
	(in millions)	
Unrealized losses on investments available-for-sale, net	$ (2,281)	$ (1,740)
Unrealized gains on cash flow hedges, net	473	59
Pension and other benefit plans	(648)	(684)
	$ (2,456)	$ (2,365)

Accumulated other comprehensive loss increased $91 million during the first six months of 2026, as a result of an increase in interest rates that decreased the fair value of fixed-rate investment securities, which was partially offset by an increase in the fair value of derivatives. Investment securities are primarily comprised of U.S. Treasury and U.S. agency debt securities.

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events, including the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and the risk of fraud by employees or persons outside the System. Each Bank's and Association's board of directors is required, by regulation, to adopt an internal control policy that provides adequate direction to the institution in establishing effective control over and accountability for operations, programs and resources. The policy must include, at a minimum, the following items:

- direction to management that assigns responsibility for the internal control function to an officer of the institution,
- adoption of internal audit and control procedures,
- direction for the operation of a program to review and assess its assets,
- adoption of loan, loan-related assets and appraisal review standards, including standards for scope of review selection and work papers and supporting documentation,
- adoption of asset quality classification standards,
- adoption of standards for assessing credit administration, including the appraisal of collateral, and
- adoption of standards for the training required to initiate a program.

In general, System institutions address operational risk through the organization's internal control framework. Exposure to operational risk is typically identified by senior management with the assistance of internal audit, and higher risk areas receive more scrutiny.

However, no control system, no matter how well designed and operated, can provide absolute assurance that the objectives of the control systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or errors can be detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and the breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by individual acts, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may be inadequate because of changes in conditions, or the compliance with the policies or procedures may deteriorate.

Reputational Risk Management

Reputation risk is defined as the negative impact resulting from events, real or perceived, that shape the image of the System or any of its entities. The System could be harmed if its reputation were impacted by negative publicity about the System as a whole, an individual System entity, the agricultural industry in general, or government sponsored enterprises.

Given the unique structure of the System, managing reputational risk is the direct responsibility of each System entity. (See "Structural Risk Management" on pages 17 and 18 of this Quarterly Information Statement for a discussion on the structure of the System).

Committees or entities that serve the System at the national level, including the Presidents' Planning Committee and The Farm Credit Council, will communicate guidance to the System for reputational issues that have broader consequences for the System as a whole. These committees and entities support those business and other practices that are consistent with our mission. (See pages 12, 14 and 15 in the *2025 Annual Information Statement* for additional information).

Political Risk Management

Political risk to the System is the risk that actions taken by the U.S. government may negatively impact the System or the agriculture industry. System institutions are instrumentalities of the federal government and are intended to further governmental policy concerning the extension of credit to or for the benefit of agriculture and rural America. The System may be significantly affected by federal legislation, such as changes to the Farm Credit Act, or indirectly, such as agricultural appropriations bills. In addition, our borrowers may also be significantly affected by changes in federal farm policy, agricultural appropriations bills and U.S. trade and tax policies.

We manage political risk by actively supporting The Farm Credit Council, which is a full-service, federated trade association located in Washington, D.C. representing the System before Congress, the Executive Branch, and others. The Farm Credit Council provides the mechanism for grassroots involvement in the development of System positions and policies with respect to federal legislation and government actions that impact the System. In addition, each District has a District Farm Credit Council that is a regional trade association dedicated to promoting the interests of cooperative farm lending institutions and their borrowers in their respective Districts.

Regulatory Matters

As of June 30, 2026, the Farm Credit Administration had entered into a written agreement with an Association with assets less than $200 million. Generally, written agreements require the Associations to take corrective actions with respect to one or more of the following: asset quality, capital, portfolio management and corporate governance.

Regulatory matters that impact System institutions financial statements and regulatory and financial reporting are set forth below.

On July 24, 2026, the Farm Credit Administration 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 generally accepted accounting principles (GAAP). The amendment reflects changes in 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 will be effective 30 days after publication during which either or both Houses of Congress are in session.

On February 27, 2026, the Farm Credit Administration published a proposed rule on Permanent Capital Revisions in the Federal Register. The proposed rule would reduce the role of permanent capital as a measure of capital adequacy, simplify the permanent capital ratio calculation, eliminate permanent capital disclosure requirements from shareholder and investor reporting, and make other clarifications, corrections, and updates to capital-related regulations. The comment period ended on April 28, 2026.

On November 29, 2024, the Farm Credit Administration 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 Banks, to obtain annual attestation reports from their external auditors that express an opinion on the effectiveness of ICFR (also known as an integrated audit). Associations would meet the requirement for an integrated audit if it represents 1% or more of total System assets; 15% or more of its District Bank's direct loans to Associations or if the Farm Credit Administration'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 Farm Credit Administration 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% risk-weighting to such exposures, instead of the current 100% to reflect their increased risk characteristics. The rule further ensures comparability between the Farm Credit Administration's risk-weightings and the federal banking regulators, with deviations as appropriate to accommodate the different regulatory, operational and credit considerations of the System. The final rule excludes certain acquisition, development and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated for less than $500,000. The final rule became effective on January 1, 2025, however, System institutions adopted the rule on January 1, 2026, following the one-year extension granted by the Farm Credit Administration.

Farm Bill

Approximately every five years, Congress considers legislation, commonly referred to as the "Farm Bill," that sets national agriculture, nutrition, conservation and forestry policy. The last Farm Bill enacted was the Agricultural Improvement Act of 2018, which was extended three times to 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 and will return in September to continue consideration. There is potential for a final, five-year Farm Bill to be enacted in 2026.

Recently Issued or Adopted Accounting Pronouncements

See pages F-8 and F-10 to the accompanying condensed combined financial statements for the recently issued or adopted accounting pronouncements.

INDEX TO CONDENSED COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL COMBINING AND FINANCIAL INFORMATION
June 30, 2026

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CONDITION
(in millions)

	June 30, 2026 (unaudited)	December 31, 2025
A S S E T S		
Cash and cash equivalents	$ 2,589	$ 3,483
Federal funds sold and securities purchased under resale agreements	3,503	5,316
Investments (Note 2)		
Available-for-sale (amortized cost of $92,777 and $90,094, respectively)	90,451	88,311
Other investments held-to-maturity (fair value of $8,412 and $7,623, respectively)	8,507	7,703
Other investments available-for-sale (amortized cost of $2,944 and $2,722, respectively)	2,908	2,728
Loans (Note 3)	459,052	456,860
Less: allowance for credit losses on loans (Note 4)	(2,534)	(2,209)
Net loans	456,518	454,651
Accrued interest receivable	5,392	5,709
Premises and equipment	2,042	2,006
Other assets (Note 5)	3,730	3,768
Restricted assets (Note 6)	8,734	8,587
Total assets	$ 584,374	$ 582,262
L I A B I L I T I E S A N D C A P I T A L		
Systemwide Debt Securities		
Due within one year:		
Systemwide discount notes	$ 14,087	$ 27,304
Systemwide bonds and medium-term notes	169,560	160,103
	183,647	187,407
Due after one year:		
Systemwide bonds and medium-term notes	296,614	292,444
Total Systemwide Debt Securities (Note 7)	480,261	479,851
Subordinated debt (Note 7)	348	398
Other bonds	5,057	4,942
Notes payable and other interest-bearing liabilities	2,337	1,936
Accrued interest payable	2,998	2,985
Other liabilities (Note 5)	4,641	7,170
Total liabilities	495,642	497,282
Commitments and contingencies (Note 13)		
Capital (Note 8)		
Preferred stock	4,180	3,677
Capital stock and participation certificates	2,286	2,274
Additional paid-in-capital	7,385	7,385
Restricted capital (Note 6)	8,734	8,587
Accumulated other comprehensive loss, net of tax	(2,456)	(2,365)
Retained earnings	68,603	65,422
Total capital	88,732	84,980
Total liabilities and capital	$ 584,374	$ 582,262

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF INCOME
(in millions)

	For the Three Months Ended June 30, 2026	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
	(unaudited)			
Interest income				
Investments, Federal funds sold and securities purchased under resale agreements	$ 1,016	$ 1,011	$ 2,022	$ 1,974
Loans	6,731	6,600	13,385	13,091
Total interest income	7,747	7,611	15,407	15,065
Interest expense				
Systemwide bonds and medium-term notes	4,138	4,135	8,173	8,160
Systemwide discount notes	140	226	351	442
Other interest-bearing liabilities	85	105	169	211
Total interest expense	4,363	4,466	8,693	8,813
Net interest income	3,384	3,145	6,714	6,252
Provision for credit losses	223	300	456	550
Net interest income after provision for credit losses	3,161	2,845	6,258	5,702
Noninterest income				
Loan-related fee income	144	124	265	244
Income earned on Insurance Fund assets	82	75	162	148
Financially-related services income	70	56	137	117
Gains (losses) on extinguishment of debt	3	5	(5)	2
Net (losses) gains on derivative, investment and other transactions	(10)	4	(9)	10
Other income	51	44	106	79
Total noninterest income	340	308	656	600
Noninterest expense				
Salaries and employee benefits	788	713	1,553	1,426
Occupancy and equipment expense	91	95	189	189
Purchased services	85	78	155	154
Other expense	293	273	601	540
Total noninterest expense	1,257	1,159	2,498	2,309
Income before income taxes	2,244	1,994	4,416	3,993
Provision for income taxes	50	53	101	96
Net income	$ 2,194	$ 1,941	$ 4,315	$ 3,897

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2026	2025	2026	2025
	(unaudited)			
Net income	$ 2,194	$ 1,941	$ 4,315	$ 3,897
Other comprehensive income (loss), net of tax:				
Change in unrealized gains/losses on investments available-for-sale, including reclassification adjustments	(245)	361	(541)	1,160
Change in unrealized gains/losses on cash flow hedges, including reclassification adjustments	252	(116)	414	(414)
Change in net periodic pension benefit cost, including reclassification adjustments	16	16	36	32
Total other comprehensive income (loss)	23	261	(91)	778
Comprehensive income	$ 2,217	$ 2,202	$ 4,224	$ 4,675

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CHANGES IN CAPITAL
(in millions)

	For the Six Months Ended June 30						
	Preferred Stock	Capital Stock and Participation Certificates	Additional Paid-in-Capital	Restricted Capital Farm Credit Insurance Fund	Accumulated Other Comprehensive Loss, Net of Tax	Retained Earnings	Total Capital
				(unaudited)			
Balance at December 31, 2024	$ 3,680	$ 2,201	$ 7,379	$ 7,960	$ (3,813)	$ 61,425	$ 78,832
Comprehensive income					778	3,897	4,675
Transfer of Insurance Fund premiums and other income from retained earnings to restricted capital				346		(346)	
Distributions by Insurance Fund to System institutions				(77)		77	
Preferred stock retired by Banks	(300)						(300)
Preferred stock issued by Associations	5						5
Preferred stock retired by Associations	(3)						(3)
Preferred stock dividends						(102)	(102)
Capital stock and participation certificates issued		40					40
Capital stock and participation certificates retired		(78)					(78)
Additional paid-in-capital			6				6
Patronage:							
Cash						(722)	(722)
Capital stock, participation certificates and retained earnings allocations		56				(56)	
Balance at June 30, 2025	$ 3,382	$ 2,219	$ 7,385	$ 8,229	$ (3,035)	$ 64,173	$ 82,353
Balance at December 31, 2025	$ 3,677	$ 2,274	$ 7,385	$ 8,587	$ (2,365)	$ 65,422	$ 84,980
Comprehensive income					(91)	4,315	4,224
Transfer of Insurance Fund premiums and other income from retained earnings to restricted capital				371		(371)	
Distributions by Insurance Fund to System institutions				(224)		224	
Preferred stock issued by Banks	500					(5)	495
Preferred stock issued by Associations	3						3
Preferred stock dividends						(127)	(127)
Capital stock and participation certificates issued		50					50
Capital stock and participation certificates retired		(92)					(92)
Patronage:							
Cash						(801)	(801)
Capital stock, participation certificates and retained earnings allocations		54				(54)	
Balance at June 30, 2026	$ 4,180	$ 2,286	$ 7,385	$ 8,734	$ (2,456)	$ 68,603	$ 88,732

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CASH FLOWS
(in millions)

	For the Six Months Ended June 30, 2026	2025
	(unaudited)	
Cash flows from operating activities		
Net income	$ 4,315	$ 3,897
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	456	550
Depreciation and amortization on premises and equipment	100	102
Net losses (gains) on derivative, investment and other transactions	9	(10)
Decrease in accrued interest receivable	317	143
Increase (decrease) in accrued interest payable	13	(21)
Other, net	210	(942)
Net cash provided by operating activities	5,420	3,719
Cash flows from investing activities		
Increase in loans, net	(2,360)	(7,819)
Decrease in Federal funds sold and securities purchased under resale agreements, net	1,813	2,084
Investments available-for-sale:		
Purchases	(20,412)	(13,375)
Proceeds from maturities and payments	16,679	7,925
Proceeds from sales	1,031	398
Other investments held-to-maturity:		
Purchases	(1,634)	(1,649)
Proceeds from maturities and payments	776	673
Other investments available-for-sale:		
Purchases	(368)	(748)
Proceeds from maturities and payments	147	440
Proceeds from sales		5
Increase in investments held in the Insurance Fund, net	(404)	(376)
Distributions by Insurance Fund to System institutions	224	77
Other, net	(88)	(122)
Net cash used in investing activities	(4,596)	(12,487)
Cash flows from financing activities		
Systemwide bonds issued	115,356	95,114
Systemwide bonds and medium-term notes retired	(101,646)	(87,278)
Systemwide discount notes issued	107,647	46,101
Systemwide discount notes retired	(120,783)	(42,930)
Subordinated debt retired	(50)	
Other bonds issued, net	115	382
Increase in notes payable and other interest-bearing liabilities, net	401	399
Increase (decrease) in collateral held from derivative counterparties	41	(177)
Preferred stock issued by Banks	495	
Preferred stock retired by Banks		(300)
Preferred stock issued by Associations	3	5
Preferred stock retired by Associations		(3)
Capital stock and participation certificates issued	50	40
Capital stock, participation certificates and retained earnings retired	(201)	(114)
Preferred stock dividends paid	(117)	(103)
Cash patronage paid	(3,029)	(2,978)
Net cash (used in) provided by financing activities	(1,718)	8,158
Net decrease in cash	(894)	(610)
Cash at beginning of period	3,483	3,504
Cash at end of period	$ 2,589	$ 2,894

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CASH FLOWS - (continued)
(in millions)

	For the Six Months Ended June 30,	
	2026	2025
	(unaudited)	
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other property owned	$ 31	$ 5
Patronage and dividends distributions payable	990	939
Investments available-for-sale sold (purchased) but not yet settled, net	37	(66)
Supplemental non-cash fair value changes related to hedging activities:		
(Decrease) increase in Systemwide bonds and medium-term notes	(88)	102
Other, net	(85)	(257)
Supplemental disclosure of cash flow information:		
Cash paid during the six months for:		
Interest	8,829	8,851
Taxes, net of refunds	73	88

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

FARM CREDIT SYSTEM

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
(unaudited)
(dollars in millions, except as noted)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Farm Credit System (System) condensed combined financial statements include financial information of: (1) three Farm Credit Banks (AgFirst Farm Credit Bank; AgriBank, FCB; and Farm Credit Bank of Texas) and their affiliated Associations, (2) one Agricultural Credit Bank (CoBank, ACB) and its affiliated Associations, (3) the Federal Farm Credit Banks Funding Corporation (Funding Corporation) and (4) various service and other organizations. Substantially all Associations are structured as Agricultural Credit Associations (ACA) parent companies, with Federal Land Credit Associations (FLCA) and Production Credit Associations (PCA) subsidiaries. ACA parent companies provide financing and related services to customers through their FLCA and PCA subsidiaries. Generally, FLCAs make long-term loans secured by agricultural real estate or rural home loans. PCAs make short- and intermediate-term loans for agricultural production or operating purposes.

The accompanying unaudited condensed combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, these statements should be read in conjunction with the audited combined financial statements for the year ended December 31, 2025, contained in the System's *2025 Annual Information Statement*, as these statements do not include all of the disclosures required by GAAP for annual financial statements.

The accompanying condensed combined financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operation of the System. All significant intra-System transactions and balances have been eliminated in combination. Certain amounts in prior years' condensed combined financial statements have been reclassified to conform to the current year presentation. Segment guidance and disclosures do not have an impact on the System's condensed combined statements of financial condition, results of operations or cash flows, as there is no chief operating decision maker at the System level.

A more complete description of System institutions, the significant accounting policies followed by System entities, and the System's combined financial condition and combined results of operations as of and for the year ended December 31, 2025 are contained in the *2025 Annual Information Statement*.

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 (ASC 270) 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 ASC 270, adding comprehensive lists of required disclosures from other codification topics, and establishing a principle to disclose events that have a material impact on the entity since the end of the last annual reporting period. The standard 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 System is currently evaluating the potential impact of adoption on the System'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. The amendment 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. The standard is effective for public business entities for annual periods (including interim periods within those annual periods) starting after December 15, 2026, and for other entities a year later (after December 15, 2027), with early adoption permitted. The System is currently evaluating the potential impact of adoption on the System'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. The amendment 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 loans. The standard is effective for annual periods beginning after December 15, 2026, including interim periods within those years. Early adoption is permitted. The System is currently evaluating the potential impact of adoption on the System's financial condition, results of operations and cash flows.

In September 2025, FASB issued ASU 2025-07 Derivatives and Hedging and Revenue from Contracts with Customers. The 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 guidance in ASC 606 applies to share-based noncash consideration received from customers. The standard is effective for annual periods starting after December 15, 2026, with early adoption permitted. The System is currently evaluating the potential impact of adoption on the System'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. The amendment introduces several key changes: (1) it 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 developments costs, and (4) modifies the disclosure requirements for capitalized software costs. The standard is effective for annual periods starting after December 15, 2027, with early adoption permitted as of the beginning of any annual reporting period. The System is currently evaluating the potential impact of adoption on the System's financial condition, results of operations and cash flows.

In July 2025, the FASB issued ASU 2025-05 Financial Instruments – Credit Losses – Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this update provide all entities with a practical expedient, which would allow all entities when developing reasonable and supportable forecasts as part of estimating expected credit losses to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments also provide entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivables and current contract assets arising from transactions accounted for under Topic 606. The amendments became effective for annual and interim reporting periods in January 2026 under a prospective approach. The adoption did not have an impact on the System'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: Disaggregation of Income Statement Expenses. The amendments in this ASU apply to all public business entities, and require 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 (DD&A) (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)–(e).
- Include certain amounts that are already required to be disclosed under 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.

(dollars in millions, except as noted)

- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments are 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 ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The System is currently assessing the potential impact on disclosures; however, the adoption of ASU 2024-03 will not have an impact on the System's combined financial condition, results of operations or cash flows.

NOTE 2 — INVESTMENTS

Available-for-Sale

The following is a summary of available-for-sale investments held by the Banks for maintaining a liquidity reserve, managing short-term surplus funds and managing interest rate risk:

	June 30, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 8,361	$ 1	$ (5)	$ 8,357	4.01%
U.S. Treasury securities	32,822	33	(286)	32,569	3.74
U.S. agency securities	2,114	11	(35)	2,090	3.52
Mortgage-backed securities	43,305	71	(1,828)	41,548	3.68
Asset-backed securities	6,175	9	(297)	5,887	3.70
Total	$ 92,777	$ 125	$ (2,451)	$ 90,451	3.73

	December 31, 2025				
	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 6,055	$ 3	$ (4)	$ 6,054	4.08%
U.S. Treasury securities	32,439	229	(160)	32,508	3.74
U.S. agency securities	2,220	33	(30)	2,223	3.48
Mortgage-backed securities	43,173	172	(1,744)	41,601	3.71
Asset-backed securities	6,207	17	(299)	5,925	3.78
Total	$ 90,094	$ 454	$ (2,237)	$ 88,311	3.75

[1]Amortized cost is presented net of applicable allowance for credit losses (ACL) of $1 million at December 31, 2025.

(dollars in millions, except as noted)

A summary of the fair value and amortized cost of investments available-for-sale at June 30, 2026 by contractual maturity is as follows:

	Due in 1 Year or Less		Due After 1 Year Through 5 Years		Due After 5 Years Through 10 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 8,028		$ 329						$ 8,357	4.01%
U.S. Treasury securities	11,525		13,970		$ 7,074				32,569	3.74
U.S. agency securities	496		1,444		127		$ 23		2,090	3.52
Mortgage-backed securities	452		12,253		12,844		15,999		41,548	3.68
Asset-backed securities	1		1,030		2,323		2,533		5,887	3.70
Total fair value	$20,502	3.81%	$29,026	3.65%	$22,368	4.12%	$18,555	3.32%	$90,451	3.73
Total amortized cost	$20,519		$29,446		$22,687		$20,125		$92,777	

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.

Other Investments Held-to-Maturity

The Banks and Associations may hold other investments for managing risk. The following is a summary of other investments held-to-maturity:

	June 30, 2026				
	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$ 702	$ 2	$ (47)	$ 657	4.47%
Asset-backed securities	7,781	18	(67)	7,732	4.73
Other securities	24		(1)	23	5.76
Total	$ 8,507	$ 20	$ (115)	$ 8,412	4.71

	December 31, 2025				
	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$ 697	$ 4	$ (39)	$ 662	4.11%
Asset-backed securities	6,982	23	(67)	6,938	5.18
Other securities	24		(1)	23	5.76
Total	$ 7,703	$ 27	$ (107)	$ 7,623	5.08

[1]Amortized cost is presented net of applicable ACL of $1 million at both June 30, 2026 and December 31, 2025.

(dollars in millions, except as noted)

A summary of the fair value and amortized cost of other investments held-to-maturity at June 30, 2026 by contractual maturity is as follows:

	Due in 1 Year or Less		Due After 1 Year Through 5 Years		Due After 5 Years Through 10 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
Mortgage-backed securities	$ 8		$ 2		$ 36		$ 656		$ 702	4.47%
Asset-backed securities			80		2,450		5,251		7,781	4.73
Other securities					1		23		24	5.76
Total amortized cost	$ 8	4.83%	$ 82	6.62%	$ 2,487	4.90%	$ 5,930	4.61%	$ 8,507	4.71
Total fair value	$ 8		$ 83		$ 2,475		$ 5,846		$ 8,412	

Other Investments Available-for-Sale

The following is a summary of other investments available-for-sale:

	June 30, 2026				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
U.S. Treasury securities	$ 2,590	$ 3	$ (25)	$ 2,568	3.89%
Mortgage-backed securities	99		(11)	88	2.64
Asset-backed securities	235	1	(1)	235	6.31
Other securities	20		(3)	17	5.97
Total	$ 2,944	$ 4	$ (40)	$ 2,908	4.06

	December 31, 2025				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
U.S. Treasury securities	$ 2,360	$ 25	$ (7)	$ 2,378	3.86%
Mortgage-backed securities	105		(10)	95	2.77
Asset-backed securities	247	1	(1)	247	6.83
Other securities	10		(2)	8	4.56
Total	$ 2,722	$ 26	$ (20)	$ 2,728	4.09

(dollars in millions, except as noted)

A summary of the fair value and amortized cost of other investments available-for-sale at June 30, 2026 by contractual maturity is as follows:

	Due in 1 Year or Less		Due After 1 Year Through 5 Years		Due After 5 Years Through 10 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
U.S. Treasury securities	$ 223		$ 1,193		$ 1,152				$ 2,568	3.89%
Mortgage-backed securities			4				$ 84		88	2.64
Asset-backed securities			5		37		193		235	6.31
Other securities							17		17	5.97
Total fair value	$ 223	3.62%	$ 1,202	3.80%	$ 1,189	4.16%	$ 294	5.08%	$ 2,908	4.06
Total amortized cost	$ 224		$ 1,212		$ 1,201		$ 307		$ 2,944	

Impaired Investments Evaluation

The following tables show the gross unrealized losses and fair value of the System's available-for-sale investment securities that have been in a continuous unrealized loss position. An investment is considered impaired if its fair value is less than its cost. The continuous loss position is based on the date the impairment was first identified.

	Less Than 12 Months		12 Months or More	
June 30, 2026	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 5,228	$ (2)	$ 160	$ (6)
U.S. Treasury securities	20,245	(160)	4,192	(151)
U.S. agency securities	473	(2)	927	(33)
Mortgage-backed securities	10,435	(75)	20,481	(1,764)
Asset-backed securities	1,740	(8)	2,903	(290)
Total	$ 38,121	$ (247)	$ 28,663	$ (2,244)

	Less Than 12 Months		12 Months or More	
December 31, 2025	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper, bankers' acceptances, certificates of deposit and other securities			$ 206	$ (6)
U.S. Treasury securities	$ 2,434	$ (8)	5,914	(159)
U.S. agency securities			1,037	(30)
Mortgage-backed securities	2,904	(13)	22,878	(1,741)
Asset-backed securities	779	(3)	3,143	(297)
Total	$ 6,117	$ (24)	$ 33,178	$ (2,233)

(dollars in millions, except as noted)

As more fully discussed in Note 2 — Summary of Significant Accounting Policies in the *2025 Annual Information Statement*, the Banks and Associations evaluate investment securities with unrealized losses for impairment on a quarterly basis. As part of the assessment, the Banks and Associations, on an individual security basis, evaluated and concluded that they do not intend to sell any impaired security or it is more likely than not that they would be required to sell the security, prior to recovery of the amortized cost basis. The Banks and Associations also evaluate whether credit impairment exists by comparing the present value of the expected cash flows to the security's amortized cost basis. Credit impairment, if any, is recorded as an ACL for debt securities. At June 30, 2026, Banks and Associations do not consider unrealized losses on U.S. Treasury, U.S. agency and mortgage-backed securities to be credit-related and therefore an ACL is not necessary.

NOTE 3 — LOANS

The System is limited by statute to providing credit and related services to farmers, ranchers, producers and harvesters of aquatic products, rural homeowners, certain farm-related businesses, agricultural and aquatic cooperatives (or to other entities for the benefit of the cooperatives) and their customers, rural infrastructure, other eligible borrowers, and entities engaging in certain agricultural export finance transactions.

Loans outstanding consisted of the following:

	June 30, 2026	December 31, 2025
Real estate mortgage	$ 202,376	$ 198,954
Production and intermediate-term*	93,120	95,237
Agribusiness	85,145	85,609
Rural infrastructure	63,747	61,607
Rural residential real estate	7,915	7,902
Other**	6,749	7,551
Total loans	$ 459,052	$ 456,860

* Includes lease receivables.
** Includes agricultural export finance loans and loans to other financing institutions.

Banks and Associations may purchase and sell loan participations with other System institutions or non-System lenders to diversify risk, manage loan volume or comply with the limitations of Farm Credit Administration regulations. Purchases and sales among System institutions are not captured in the following table as they offset one another in combination.

The table presents information regarding outstanding balances of loan participations purchased from non-System lenders:

	June 30, 2026	December 31, 2025
Real estate mortgage	$ 7,977	$ 7,874
Production and intermediate-term	9,143	8,168
Agribusiness	1,150	1,438
Rural residential real estate	201	209
Total loans	$ 18,471	$ 17,689

Outstanding balances of loan participations sold to non-System lenders at June 30, 2026 and December 31, 2025 were not significant to the overall portfolio.

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. System institutions manage credit risk associated with their retail lending activities through an analysis of the credit risk profile of an individual borrower. Each Bank and Association has 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 Farm Credit Administration regulations, each institution that makes 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% of the original appraised value of the property taken as security or up to 97% 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.

System institutions use a two-dimensional loan risk rating model based on internally generated combined System risk rating guidance that incorporates a 14-point probability of default 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 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 of 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. System institutions review, at least on an annual basis, or when a credit action is taken, the probability of default category.

The model's probability of default rating scale provides for nine acceptable, one other especially mentioned, two substandard, one doubtful and one loss category. These 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 facts, conditions and values that make collection in full highly questionable, and
- loss — assets are considered uncollectible.

Each of the probability of default rating categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) or doubtful rating indicates that the probability of default is almost certain.

(dollars in millions, except as noted)

The following table presents credit quality indicators by loan type at June 30, 2026:

	Term Loans at Amortized Cost by Origination Year								
	2026	2025	2024	2023	2022	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	$ 15,040	$ 28,455	$ 21,184	$ 14,806	$ 18,491	$ 87,870	$ 5,116	$ 640	$ 191,602
OAEM	199	405	418	511	657	2,434	229	35	4,888
Substandard/doubtful	112	332	478	563	862	3,349	125	65	5,886
Total	$ 15,351	$ 29,192	$ 22,080	$ 15,880	$ 20,010	$ 93,653	$ 5,470	$ 740	$ 202,376
Gross charge-offs[1]			$ 3	$ 1	$ 1	$ 13	$ 1		$ 19
Production and intermediate-term									
Acceptable	$ 8,762	$ 12,213	$ 6,639	$ 4,388	$ 3,359	$ 4,937	$ 43,995	$ 289	$ 84,582
OAEM	395	414	285	156	488	203	2,169	37	4,147
Substandard/doubtful	341	577	402	451	162	244	1,858	356	4,391
Total	$ 9,498	$ 13,204	$ 7,326	$ 4,995	$ 4,009	$ 5,384	$ 48,022	$ 682	$ 93,120
Gross charge-offs[1]	$ 1	$ 6	$ 33	$ 12	$ 3	$ 7	$ 22	$ 4	$ 88
Agribusiness									
Acceptable	$ 4,108	$ 10,983	$ 9,162	$ 5,850	$ 6,350	$ 11,778	$ 27,500	$ 270	$ 76,001
OAEM	267	295	616	476	652	591	1,620	31	4,548
Substandard/doubtful	76	195	440	535	532	989	1,752	77	4,596
Total	$ 4,451	$ 11,473	$ 10,218	$ 6,861	$ 7,534	$ 13,358	$ 30,872	$ 378	$ 85,145
Gross charge-offs[1]		$ 1	$ 41	$ 2	$ 4	$ 12	$ 1	$ 1	$ 62
Rural infrastructure									
Acceptable	$ 3,640	$ 9,637	$ 10,230	$ 10,965	$ 6,219	$ 15,593	$ 4,924	$ 40	$ 61,248
OAEM	5	16		220	100	1,157	44		1,542
Substandard/doubtful	6		45	694	59	148	5		957
Total	$ 3,651	$ 9,653	$ 10,275	$ 11,879	$ 6,378	$ 16,898	$ 4,973	$ 40	$ 63,747
Gross charge-offs[1]	$ 1	$ 2		$ 26	$ 4				$ 33
Rural residential real estate									
Acceptable	$ 396	$ 874	$ 912	$ 611	$ 774	$ 3,982	$ 250		$ 7,799
OAEM		1	2	1	3	24	1		32
Substandard/doubtful		2	5	7	6	63	1		84
Total	$ 396	$ 877	$ 919	$ 619	$ 783	$ 4,069	$ 252	$ 0	$ 7,915
Gross charge-offs[1]									$ 0
Other									
Acceptable	$ 67	$ 443	$ 33	$ 878	$ 170	$ 115	$ 4,960	$ 83	$ 6,749
OAEM									
Substandard/doubtful									
Total	$ 67	$ 443	$ 33	$ 878	$ 170	$ 115	$ 4,960	$ 83	$ 6,749
Gross charge-offs[1]									$ 0
Total loans									
Acceptable	$ 32,013	$ 62,605	$ 48,160	$ 37,498	$ 35,363	$124,275	$ 86,745	$ 1,322	$ 427,981
OAEM	866	1,131	1,321	1,364	1,900	4,409	4,063	103	15,157
Substandard/doubtful	535	1,106	1,370	2,250	1,621	4,793	3,741	498	15,914
Total	$ 33,414	$ 64,842	$ 50,851	$ 41,112	$ 38,884	$133,477	$ 94,549	$ 1,923	$ 459,052
Total gross charge-offs[1]	$ 2	$ 9	$ 77	$ 41	$ 12	$ 32	$ 24	$ 5	$ 202

[1]For the six months ended June 30, 2026.

(dollars in millions, except as noted)

The following table presents credit quality indicators by loan type at December 31, 2025:

	Term Loans at Amortized Cost by Origination Year								
	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term Loans	Total
Real estate mortgage									
Acceptable	$ 29,365	$ 22,895	$ 16,005	$ 19,779	$ 26,569	$ 68,475	$ 5,263	$ 720	$ 189,071
OAEM	342	411	597	702	457	1,824	297	31	4,661
Substandard/doubtful	210	304	480	747	704	2,560	134	83	5,222
Total	$ 29,917	$ 23,610	$ 17,082	$ 21,228	$ 27,730	$ 72,859	$ 5,694	$ 834	$ 198,954
Gross charge-offs[1]	$ 1	$ 1	$ 6	$ 32	$ 16	$ 47	$ 19		$ 122
Production and intermediate-term									
Acceptable	$ 16,165	$ 8,571	$ 5,304	$ 4,122	$ 2,537	$ 3,973	$ 46,506	$ 201	$ 87,379
OAEM	661	369	207	535	104	166	2,443	20	4,505
Substandard/doubtful	551	322	429	162	106	166	1,330	287	3,353
Total	$ 17,377	$ 9,262	$ 5,940	$ 4,819	$ 2,747	$ 4,305	$ 50,279	$ 508	$ 95,237
Gross charge-offs[1]	$ 2	$ 16	$ 53	$ 15	$ 16	$ 41	$ 104	$ 57	$ 304
Agribusiness									
Acceptable	$ 12,903	$ 9,733	$ 6,749	$ 7,597	$ 4,183	$ 8,961	$ 26,530	$ 269	$ 76,925
OAEM	254	719	422	798	414	241	1,535	31	4,414
Substandard/doubtful	557	286	396	519	418	539	1,501	54	4,270
Total	$ 13,714	$ 10,738	$ 7,567	$ 8,914	$ 5,015	$ 9,741	$ 29,566	$ 354	$ 85,609
Gross charge-offs[1]	$ 6	$ 107	$ 25	$ 17	$ 25	$ 14	$ 162	$ 2	$ 358
Rural infrastructure									
Acceptable	$ 8,723	$ 10,495	$ 12,179	$ 6,826	$ 4,022	$ 13,874	$ 4,480	$ 59	$ 60,658
OAEM	30	47	49	114	1	227	30		498
Substandard/doubtful	5	46	176	33	23	134	29	5	451
Total	$ 8,758	$ 10,588	$ 12,404	$ 6,973	$ 4,046	$ 14,235	$ 4,539	$ 64	$ 61,607
Gross charge-offs[1]	$ 1	$ 9	$ 5	$ 36	$ 22	$ 4	$ 3		$ 80
Rural residential real estate									
Acceptable	$ 850	$ 995	$ 677	$ 819	$ 1,028	$ 3,209	$ 206		$ 7,784
OAEM	2	2	2	3	2	20	7		38
Substandard/doubtful	1	4	6	8	8	53			80
Total	$ 853	$ 1,001	$ 685	$ 830	$ 1,038	$ 3,282	$ 213	$ 0	$ 7,902
Gross charge-offs[1]						$ 1			$ 1
Other									
Acceptable	$ 159	$ 141	$ 1,089	$ 262	$ 150	$ 49	$ 5,682	$ 19	$ 7,551
OAEM									
Substandard/doubtful									
Total	$ 159	$ 141	$ 1,089	$ 262	$ 150	$ 49	$ 5,682	$ 19	$ 7,551
Gross charge-offs[1]									$ 0
Total loans									
Acceptable	$ 68,165	$ 52,830	$ 42,003	$ 39,405	$ 38,489	$ 98,541	$ 88,667	$ 1,268	$ 429,368
OAEM	1,289	1,548	1,277	2,152	978	2,478	4,312	82	14,116
Substandard/doubtful	1,324	962	1,487	1,469	1,259	3,452	2,994	429	13,376
Total	$ 70,778	$ 55,340	$ 44,767	$ 43,026	$ 40,726	$104,471	$ 95,973	$ 1,779	$ 456,860
Total gross charge-offs[1]	$ 10	$ 133	$ 89	$ 100	$ 79	$ 107	$ 288	$ 59	$ 865

[1]For the year ended December 31, 2025.

(dollars in millions, except as noted)

The following table reflects nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned):

	June 30, 2026	December 31, 2025
Nonaccrual loans:		
Real estate mortgage	$ 1,996	$ 1,830
Production and intermediate-term	1,460	1,153
Agribusiness	925	1,001
Rural infrastructure	171	274
Rural residential real estate	59	55
Total nonaccrual loans	4,611	4,313
Accruing loans 90 days or more past due:		
Real estate mortgage	191	187
Production and intermediate-term	118	87
Agribusiness	25	6
Rural residential real estate	2	2
Total accruing loans 90 days or more past due	336	282
Total nonperforming loans	4,947	4,595
Other property owned	70	95
Total nonperforming assets	$ 5,017	$ 4,690

The following table reflects certain related credit quality statistics:

	June 30, 2026	December 31, 2025
Nonaccrual loans as a percentage of total loans	1.00%	0.94%
Nonperforming assets as a percentage of total loans and other property owned	1.09	1.03
Nonperforming assets as a percentage of capital	5.65	5.52

(dollars in millions, except as noted)

The following tables provide 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:

	June 30, 2026			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2026	For the Six Months Ended June 30, 2026
Nonaccrual loans:					
Real estate mortgage	$ 574	$ 1,422	$ 1,996	$ 20	$ 31
Production and intermediate-term	791	669	1,460	11	22
Agribusiness	757	168	925	1	2
Rural infrastructure	161	10	171	1	1
Rural residential real estate	4	55	59		1
Total nonaccrual loans	$ 2,287	$ 2,324	$ 4,611	$ 33	$ 57

	December 31, 2025			Interest Income Recognized	
	Amortized Cost with Allowance	Amortized Cost without Allowance	Total	For the Three Months Ended June 30, 2025	For the Six Months Ended June 30, 2025
Nonaccrual loans:					
Real estate mortgage	$ 503	$ 1,327	$ 1,830	$ 16	$ 28
Production and intermediate-term	642	511	1,153	9	19
Agribusiness	771	230	1,001	4	6
Rural infrastructure	258	16	274		
Rural residential real estate	3	52	55		1
Total nonaccrual loans	$ 2,177	$ 2,136	$ 4,313	$ 29	$ 54

Accrued interest receivable on loans of $4.847 billion at June 30, 2026 and $5.157 billion at December 31, 2025 have been excluded from the amortized cost of loans and reported separately in the Condensed Combined Statement of Condition. The System wrote-off accrued interest receivable of $19 million and $29 million during the three and six months ended June 30, 2026 by reversing interest income, as compared with $13 million and $18 million during the three and six months ended June 30, 2025.

(dollars in millions, except as noted)

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

	June 30, 2026					
	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Amortized Cost >90 Days and Accruing
Real estate mortgage	$ 1,034	$ 1,275	$ 2,309	$ 200,067	$ 202,376	$ 191
Production and intermediate-term	677	993	1,670	91,450	93,120	118
Agribusiness	320	342	662	84,483	85,145	25
Rural infrastructure	83	96	179	63,568	63,747	
Rural residential real estate	42	25	67	7,848	7,915	2
Other				6,749	6,749	
Total	$ 2,156	$ 2,731	$ 4,887	$ 454,165	$ 459,052	$ 336

	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 >90 Days and Accruing
Real estate mortgage	$ 843	$ 1,005	$ 1,848	$ 197,106	$ 198,954	$ 187
Production and intermediate-term	565	694	1,259	93,978	95,237	87
Agribusiness	133	227	360	85,249	85,609	6
Rural infrastructure	57	68	125	61,482	61,607	
Rural residential real estate	77	25	102	7,800	7,902	2
Other				7,551	7,551	
Total	$ 1,675	$ 2,019	$ 3,694	$ 453,166	$ 456,860	$ 282

FARM CREDIT SYSTEM

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS - (continued)
(unaudited)
(dollars in millions, except as noted)

The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026, disaggregated by loan type and type of modification granted:

	For the Three Months Ended June 30, 2026							
	Interest Rate Reduction	Term Extension	Payment Extension	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 5	$ 16	$ 60				$ 81	0.04%
Production and intermediate-term	3	221	26		$ 4	$ 170	424	0.46
Agribusiness	4	449	43			40	536	0.63
Rural infrastructure		2					2	0.00
Rural residential real estate						1	1	0.01
Total	$ 12	$ 688	$ 129	$ 0	$ 4	$ 211	$1,044	0.23

	For the Six Months Ended June 30, 2026							
	Interest Rate Reduction	Term Extension	Payment Extension	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 14	$ 30	$ 77		$ 1	$ 1	$ 123	0.06%
Production and intermediate-term	12	425	33	$ 5	9	207	691	0.74
Agribusiness	5	473	63		18	44	603	0.71
Rural infrastructure		9					9	0.01
Rural residential real estate					1	2	3	0.04
Total	$ 31	$ 937	$ 173	$ 5	$ 29	$ 254	$1,429	0.31

Accrued interest receivable at the end of reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2026 was $9 million and $17 million.

(dollars in millions, except as noted)

The following tables show the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2025, disaggregated by loan type and type of modification granted:

	For the Three Months Ended June 30, 2025							
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Extension	Combination - Term Extension and Payment Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 26	$ 23	$ 121	$ 5	$ 16	$ 10	$ 201	0.10%
Production and intermediate-term	10	162	11	14	2	62	261	0.31
Agribusiness	1	98	15	21		58	193	0.23
Rural infrastructure		1	13				14	0.02
Rural residential real estate		1	1	1		1	4	0.05
Total	$ 37	$ 285	$ 161	$ 41	$ 18	$ 131	$ 673	0.15

	For the Six Months Ended June 30, 2025							
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Extension	Combination Term Extension and Payment Extension	Total	Percentage of Total by Loan Type
Real estate mortgage	$ 51	$ 30	$ 294	$ 8	$ 18	$ 14	$ 415	0.22%
Production and intermediate-term	11	279	23	18	2	138	471	0.56
Agribusiness	1	182	25	21	8	72	309	0.37
Rural infrastructure		1	13				14	0.02
Rural residential real estate		1	1	1		1	4	0.05
Total	$ 63	$ 493	$ 356	$ 48	$ 28	$ 225	$1,213	0.28

Accrued interest receivable at the end of reporting period related to loan modifications granted to borrowers experiencing financial difficulty during the three and six months ended June 30, 2025 was $10 million and $20 million.

(dollars in millions, except as noted)

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

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 3.99% to 3.61%
Production and intermediate-term	Reduced weighted average contractual interest rate from 6.38% to 4.92%
Agribusiness	Reduced weighted average contractual interest rate from 8.27% to 8.00%

	Term Extension
	Financial Effect
Real estate mortgage	Added a weighted average 9.2 years to the life of loans
Production and intermediate-term	Added a weighted average 7.1 months to the life of loans
Agribusiness	Added a weighted average 9.0 months to the life of loans
Rural infrastructure	Added a weighted average 3.1 years to the life of loans

	Payment Extension
	Financial Effect
Real estate mortgage	Provided a weighted average 7.4 months of payment deferrals
Production and intermediate-term	Provided a weighted average 2.9 years of payment deferrals
Agribusiness	Provided a weighted average 7.8 months of payment deferrals

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Production and intermediate-term	Reduced weighted average contractual interest rate from 8.94% to 5.32% and added a weighted average 1.7 years to the life of loans

	Combination - Term Extension and Payment Extension
	Financial Effect
Production and intermediate-term	Added a weighted average 1.1 years to the life of loans and provided a weighted average 1.0 year of payment deferrals
Agribusiness	Added a weighted average 9.4 months to the life of loans and provided a weighted average 8.7 months of payment deferrals
Rural residential real estate	Added a weighted average 9.7 years to the life of loans and provided a weighted average 5.8 months of payment deferrals

(dollars in millions, except as noted)

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

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 7.68% to 7.04%
Production and intermediate-term	Reduced weighted average contractual interest rate from 8.70% to 7.79%
Agribusiness	Reduced weighted average contractual interest rate from 8.20% to 7.86%

	Term Extension
	Financial Effect
Real estate mortgage	Added a weighted average 11.1 years to the life of loans
Production and intermediate-term	Added a weighted average 7.5 months to the life of loans
Agribusiness	Added a weighted average 1.2 years to the life of loans
Rural infrastructure	Added a weighted average 11.0 months to the life of loans

	Payment Extension
	Financial Effect
Real estate mortgage	Provided a weighted average 1.1 years of payment deferrals
Production and intermediate-term	Provided a weighted average 2.7 years of payment deferrals
Agribusiness	Provided a weighted average 10.5 months of payment deferrals

	Principal Forgiveness
	Financial Effect
Production and intermediate-term	Reduced the amortized cost basis of the loans by $8 million

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 7.49% to 5.96% and added a weighted average 24.8 years to the life of loans
Production and intermediate-term	Reduced weighted average contractual interest rate from 11.56% to 7.81% and added a weighted average 1.9 years to the life of loans
Agribusiness	Reduced weighted average contractual interest rate from 8.71% to 5.56% and added a weighted average 4.2 years to the life of loans
Rural residential real estate	Reduced weighted average contractual interest rate from 7.42% to 6.28% and added a weighted average 23.1 years to the life of loans

	Combination - Term Extension and Payment Extension
	Financial Effect
Real estate mortgage	Added a weighted average 4.7 years to the life of loans and provided a weighted average 9.7 months of payment deferrals
Production and intermediate-term	Added a weighted average 1.2 years to the life of loans and provided a weighted average 1.1 years of payment deferrals
Agribusiness	Added a weighted average 1.6 years to the life of loans and provided a weighted average 1.5 years of payment deferrals
Rural residential real estate	Added a weighted average 10.9 years to the life of loans and provided a weighted average 6.2 months of payment deferrals

(dollars in millions, except as noted)

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 10.71% to 6.79%
Production and intermediate-term	Reduced weighted average contractual interest rate from 8.50% to 7.16%
Agribusiness	Reduced weighted average contractual interest rate from 8.00% to 7.00%

	Term Extension
	Financial Effect
Real estate mortgage	Added a weighted average 9.6 years to the life of loans
Production and intermediate-term	Added a weighted average 7.5 months to the life of loans
Agribusiness	Added a weighted average 1.3 years to the life of loans
Rural infrastructure	Added a weighted average 6.0 months to the life of loans
Rural residential real estate	Added a weighted average 16.9 years to the life of loans

	Payment Extension
	Financial Effect
Real estate mortgage	Provided a weighted average 1.5 years of payment deferrals
Production and intermediate-term	Provided a weighted average 2.8 years of payment deferrals
Agribusiness	Provided a weighted average 1.4 years of payment deferrals
Rural infrastructure	Provided a weighted average 2.0 years of payment deferrals
Rural residential real estate	Provided a weighted average 4.6 months of payment deferrals

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 7.84% to 7.39% and added a weighted average 20.6 years to the life of loans
Production and intermediate-term	Reduced weighted average contractual interest rate from 11.35% to 7.86% and added a weighted average 1.3 years to the life of loans
Agribusiness	Reduced weighted average contractual interest rate from 5.93% to 3.78% and added a weighted average 3.2 years to the life of loans
Rural residential real estate	Reduced weighted average contractual interest rate from 7.60% to 5.00% and added a weighted average 11.1 years to the life of loans

	Combination - Interest Rate Reduction and Payment Extension
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 9.89% to 6.69% and provided a weighted average 5.0 months of payment deferrals
Production and intermediate-term	Reduced weighted average contractual interest rate from 11.01% to 8.16% and provided a weighted average 1.5 years of payment deferrals

	Combination - Term Extension and Payment Extension
	Financial Effect
Real estate mortgage	Added a weighted average 1.5 years to the life of loans and provided a weighted average 1.1 years of payment deferrals
Production and intermediate-term	Added a weighted average 1.1 years to the life of loans and provided a weighted average 1.9 years of payment deferrals
Agribusiness	Added a weighted average 1.2 years to the life of loans and provided a weighted average 1.6 years of payment deferrals
Rural residential real estate	Added a weighted average 12.0 years to the life of loans and provided a weighted average 7.3 months of payment deferrals

(dollars in millions, except as noted)

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2025:

	Interest Rate Reduction
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 9.36% to 7.10%
Production and intermediate-term	Reduced weighted average contractual interest rate from 8.94% to 7.60%
Agribusiness	Reduced weighted average contractual interest rate from 8.00% to 7.00%

	Term Extension
	Financial Effect
Real estate mortgage	Added a weighted average 11.0 years to the life of loans
Production and intermediate-term	Added a weighted average 11.2 months to the life of loans
Agribusiness	Added a weighted average 1.4 years to the life of loans
Rural infrastructure	Added a weighted average 6.0 months to the life of loans
Rural residential real estate	Added a weighted average 17.5 years to the life of loans

	Payment Extension
	Financial Effect
Real estate mortgage	Provided a weighted average 1.5 years of payment deferrals
Production and intermediate-term	Provided a weighted average 1.4 years of payment deferrals
Agribusiness	Provided a weighted average 8.6 months of payment deferrals
Rural infrastructure	Provided a weighted average 2.0 years of payment deferrals
Rural residential real estate	Provided a weighted average 4.7 months of payment deferrals

	Combination - Interest Rate Reduction and Term Extension
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 6.78% to 6.43% and added a weighted average 16.2 years to the life of loans
Production and intermediate-term	Reduced weighted average contractual interest rate from 12.75% to 9.05% and added a weighted average 2.1 years to the life of loans
Agribusiness	Reduced weighted average contractual interest rate from 5.95% to 3.79% and added a weighted average 3.2 years to the life of loans
Rural residential real estate	Reduced weighted average contractual interest rate from 7.60% to 5.00% and added a weighted average 11.1 years to the life of loans

	Combination - Interest Rate Reduction and Payment Extension
	Financial Effect
Real estate mortgage	Reduced weighted average contractual interest rate from 10.41% to 6.93% and provided a weighted average 6.9 months of payment deferrals
Production and intermediate-term	Reduced weighted average contractual interest rate from 11.08% to 8.22% and provided a weighted average 1.5 years of payment deferrals
Agribusiness	Reduced weighted average contractual interest rate from 8.52% to 7.50% and provided a weighted average 17.3 years of payment deferrals

	Combination - Term Extension and Payment Extension
	Financial Effect
Real estate mortgage	Added a weighted average 3.2 years to the life of loans and provided a weighted average 2.0 years of payment deferrals
Production and intermediate-term	Added a weighted average 1.1 years to the life of loans and provided a weighted average 1.6 years of payment deferrals
Agribusiness	Added a weighted average 1.3 years to the life of loans and provided a weighted average 1.6 years of payment deferrals
Rural residential real estate	Added a weighted average 12.0 years to the life of loans and provided a weighted average 7.3 months of payment deferrals

(dollars in millions, except as noted)

The following tables set forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three and six months ended June 30, 2026 and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted — For the Three Months Ended June 30, 2026				
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Extension
Real estate mortgage		$ 2	$ 3		
Production and intermediate-term	$ 1	26	2		$ 2
Agribusiness		8			2
Rural residential real estate					
Total	$ 1	$ 36	$ 5	$ 0	$ 4

	Modified Loans that Subsequently Defaulted — For the Six Months Ended June 30, 2026				
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Extension
Real estate mortgage	$ 1	$ 8	$ 10		
Production and intermediate-term	1	39	2	$ 5	$ 4
Agribusiness		11			2
Rural residential real estate		1			1
Total	$ 2	$ 59	$ 12	$ 5	$ 7

(dollars in millions, except as noted)

The following tables set forth the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the three and six months ended June 30, 2025 and received a modification in the twelve months before default:

	Modified Loans that Subsequently Defaulted					
	For the Three Months Ended June 30, 2025					
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Extension	Combination - Term Extension and Payment Extension
Real estate mortgage			$ 4			
Production and intermediate-term	$ 1	$ 24	1	$ 3		$ 4
Agribusiness			12			
Total	$ 1	$ 24	$ 17	$ 3	$ 0	$ 4

	Modified Loans that Subsequently Defaulted					
	For the Six Months Ended June 30, 2025					
	Interest Rate Reduction	Term Extension	Payment Extension	Combination - Interest Rate Reduction and Term Extension	Combination - Interest Rate Reduction and Payment Extension	Combination - Term Extension and Payment Extension
Real estate mortgage		$ 2	$ 23		$ 1	
Production and intermediate-term	$ 1	$ 33	10	$ 6		$ 8
Agribusiness		1	12			
Rural residential real estate				1		
Total	$ 1	$ 36	$ 45	$ 7	$ 1	$ 8

(dollars in millions, except as noted)

The following tables set forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the prior twelve months:

	Payment Status of Loans Modified in the Past Twelve Months			
June 30, 2026	**Current**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total**
Real estate mortgage	$ 231	$ 10	$ 20	$ 261
Production and intermediate-term	802	63	33	898
Agribusiness	947	17	5	969
Rural infrastructure	32			32
Rural residential real estate	10	1	2	13
Total	$ 2,022	$ 91	$ 60	$ 2,173

	Payment Status of Loans Modified in the Past Twelve Months			
June 30, 2025	**Current**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total**
Real estate mortgage	$ 390	$ 22	$ 53	$ 465
Production and intermediate-term	459	71	54	584
Agribusiness	438	50	15	503
Rural infrastructure	54			54
Rural residential real estate	7			7
Total	$ 1,348	$ 143	$ 122	$ 1,613

Additional commitments to lend to borrowers experiencing financial difficulties whose loans have been modified during the six months ended June 30, 2026 were $382 million and during the year ended December 31, 2025 were $355 million.

Loans held for sale were $29 million and $35 million at June 30, 2026 and December 31, 2025. Such loans are included in other assets and are carried at the lower of cost or fair value.

(dollars in millions, except as noted)

NOTE 4 — ALLOWANCE FOR CREDIT LOSSES

A summary of changes in the allowance for credit losses (ACL) by portfolio segment for the three and six months ended June 30, 2026 follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Rural residential real estate	Other	Total
Allowance for Credit Losses on Loans:							
Balance at March 31, 2026	$ 552	$ 586	$ 879	$ 369	$ 16	$ 19	$2,421
Charge-offs	(11)	(31)	(58)	(32)			(132)
Recoveries	4	12	2	2			20
Provision for credit losses (credit loss reversal)	66	66	35	56		(1)	222
Other	1	1	1				3
Balance at June 30, 2026	$ 612	$ 634	$ 859	$ 395	$ 16	$ 18	$2,534
Balance at December 31, 2025	$ 502	$ 536	$ 757	$ 376	$ 16	$ 22	$2,209
Charge-offs	(19)	(88)	(62)	(33)			(202)
Recoveries	5	51	3	3			62
Provision for credit losses (credit loss reversal)	123	134	160	49		(4)	462
Other	1	1	1				3
Balance at June 30, 2026	$ 612	$ 634	$ 859	$ 395	$ 16	$ 18	$2,534
Allowance for Credit Losses on Unfunded Commitments:							
Balance at March 31, 2026	$ 11	$ 67	$ 78	$ 34	$ 1	$ 2	$ 193
Provision for credit losses (credit loss reversal)	10	(9)	4	(2)	(1)		2
Balance at June 30, 2026	$ 21	$ 58	$ 82	$ 32	$ 0	$ 2	$ 195
Balance at December 31, 2025	$ 14	$ 62	$ 80	$ 41	$ 1	$ 2	$ 200
Provision for credit losses (credit loss reversal)	7	(4)	2	(9)	(1)		(5)
Balance at June 30, 2026	$ 21	$ 58	$ 82	$ 32	$ 0	$ 2	$ 195
Allowance for Credit Losses on Investments:							
Balance at March 31, 2026	N/A	N/A	N/A	N/A	N/A	N/A	$ 2
Credit loss reversal	N/A	N/A	N/A	N/A	N/A	N/A	(1)
Balance at June 30, 2026	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Balance at December 31, 2025	N/A	N/A	N/A	N/A	N/A	N/A	$ 2
Credit loss reversal	N/A	N/A	N/A	N/A	N/A	N/A	(1)
Balance at June 30, 2026	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Total Allowance for Credit Losses:							
Balance at June 30, 2026	$ 633	$ 692	$ 941	$ 427	$ 16	$ 20	$2,730

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS - (continued)
(unaudited)
(dollars in millions, except as noted)

A summary of changes in the ACL by portfolio segment for the three and six months ended June 30, 2025 follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Rural infrastructure	Rural residential real estate	Other	Total
Allowance for Credit Losses on Loans:							
Balance at March 31, 2025	$ 445	$ 525	$ 642	$ 353	$ 16	$ 20	$2,001
Charge-offs	(23)	(101)	(53)	(14)			(191)
Recoveries	1	3	2				6
Provision for credit losses (credit loss reversal)	46	108	114	16	1	(3)	282
Other			1				1
Balance at June 30, 2025	$ 469	$ 535	$ 706	$ 355	$ 17	$ 17	$2,099
Balance at December 31, 2024	$ 413	$ 434	$ 568	$ 350	$ 16	$ 18	$1,799
Charge-offs	(33)	(149)	(63)	(29)			(274)
Recoveries	2	35	8	1			46
Provision for credit losses (credit loss reversal)	87	215	192	33	1	(1)	527
Other			1				1
Balance at June 30, 2025	$ 469	$ 535	$ 706	$ 355	$ 17	$ 17	$2,099
Allowance for Credit Losses on Unfunded Commitments:							
Balance at March 31, 2025	$ 11	$ 57	$ 75	$ 34		$ 1	$ 178
Provision for credit losses	2	2	11	2	$ 1		18
Balance at June 30, 2025	$ 13	$ 59	$ 86	$ 36	$ 1	$ 1	$ 196
Balance at December 31, 2024	$ 11	$ 54	$ 77	$ 30		$ 1	$ 173
Provision for credit losses	2	5	9	6	1		23
Balance at June 30, 2025	$ 13	$ 59	$ 86	$ 36	$ 1	$ 1	$ 196
Allowance for Credit Losses on Investments:							
Balance at March 31, 2025	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Provision for credit losses	N/A	N/A	N/A	N/A	N/A	N/A	
Balance at June 30, 2025	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Balance at December 31, 2024	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Provision for credit losses	N/A	N/A	N/A	N/A	N/A	N/A	
Balance at June 30, 2025	N/A	N/A	N/A	N/A	N/A	N/A	$ 1
Total Allowance for Credit Losses:							
Balance at June 30, 2025	$ 482	$ 594	$ 792	$ 391	$ 18	$ 18	$2,296

Discussion of Changes in Allowance for Credit Losses

The ACL increased $319 million to $2.730 billion at June 30, 2026, as compared to $2.411 billion at December 31, 2025. This increase was mainly due to specific reserves associated with a limited number of customers and, to a lesser extent, a modest deterioration in credit quality.

The ACL takes into consideration relevant information about past events, current conditions and reasonable and supportable macroeconomic forecasts of future conditions. System institutions may utilize either a single economic scenario or multiple scenarios over their determined reasonable and supportable forecast period, generally between 12 and 36 months. All sources are from public published indices.

The following table sets forth certain significant macroeconomic variables by loan type:

Portfolio Segment	Macroeconomic Variable
Real estate mortgage	Net farm income, Unemployment rates, Home price index
Production and intermediate-term	Net farm income, Export of agricultural goods, USDA year-over-year percentage change in total livestock cash receipts
Agribusiness	Unemployment rates, Dow Jones Stock Market Index, U.S. Real Gross Domestic Product (GDP), Export of agricultural goods
Rural infrastructure	Unemployment rates, GDP, Real disposable personal income
Rural residential real estate	Unemployment rates, Net farm income, Home Price Index, U.S. median house price
Other	Unemployment rates, GDP, Real disposable personal income

(dollars in millions, except as noted)

NOTE 5 — OTHER ASSETS AND OTHER LIABILITIES

Other assets consisted of the following:

	June 30, 2026	December 31, 2025
Investments in rural business investment companies	$ 659	$ 642
Equipment held for lease	584	606
Interest rate swaps and other derivatives	468	528
Accounts receivable	460	479
Assets held in non-qualified benefits trusts	324	316
Initial margin (cash) posted on cleared derivatives	276	288
Prepaid expenses	237	206
Pension assets	159	146
Equity investments in other System institutions	150	137
Operating lease right-of-use assets	121	124
Other property owned	70	95
Net deferred tax assets	41	33
Loans held for sale	29	35
Other	152	133
Total	$ 3,730	$ 3,768

Other liabilities consisted of the following:

	June 30, 2026	December 31, 2025
Patronage and dividends payable	$ 888	$ 3,044
Net deferred tax liabilities	606	611
Interest rate swaps and other derivatives	568	638
Accounts payable	464	610
Accrued salaries and employee benefits	455	632
Pension and other postretirement benefit plan liabilities	439	463
Liabilities held in non-qualified benefit trusts	231	228
Allowance for credit losses on unfunded commitments	195	200
Operating lease liabilities	145	138
Collateral held from derivative counterparties	145	104
Bank drafts payable	129	134
Other	376	368
Total	$ 4,641	$ 7,170

NOTE 6 — FARM CREDIT INSURANCE FUND

The assets in the Insurance Fund are designated as restricted assets and the related capital is designated as restricted capital. The classification of the Insurance Fund as restricted assets (and as restricted capital) in the System's condensed combined financial statements is based on the statutory requirement that the amounts in the Insurance Fund are to be used solely for purposes specified in the Farm Credit Act of 1971, as amended (Farm Credit Act), all of which benefit the Banks and Associations. The Insurance Fund is under the direct control of the Farm Credit System Insurance Corporation (Insurance Corporation), an independent U.S. government-controlled corporation, and not under the control of any System institution. A board of directors consisting of the Farm Credit Administration Board directs the Insurance Corporation.

The System does not have a guaranteed line of credit from the U.S. Treasury or the Federal Reserve. However, the Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation under certain limited circumstances. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System Banks in exigent market circumstances that threaten the Banks' ability to pay maturing debt obligations. The agreement provides for advances of up to $10 billion and will remain in full force and effect until terminated by either the Insurance Corporation or the Federal Financing Bank. The decision whether to seek funds from the Federal Financing Bank is at the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the

(dollars in millions, except as noted)

System.

At June 30, 2026, assets in the Insurance Fund totaled $8.734 billion and consisted of cash and cash equivalents, investments, accrued interest receivable and operating lease right-of-use assets of $8.522 billion and of premiums receivable from System institutions of $212 million accrued on the basis of adjusted outstanding insured debt during the first six months of 2026. Investments held by the Insurance Fund must be obligations of the United States or obligations guaranteed as to principal and interest by the United States. During the first six months of 2026, income earned on assets in the Insurance Fund and premiums accrued by the Insurance Corporation totaled $371 million, net of administrative expenses.

As further discussed in the *2025 Annual Information Statement*, pursuant to the Farm Credit Act, as amended, the Insurance Corporation may distribute excess funds above the secure base amount to System institutions. At December 31, 2025, the Insurance Fund exceeded the secure base amount by $224 million (after deduction of prospective operating expenses for 2026) and the excess was transferred to the Allocated Insurance Reserves Accounts. In February 2026, the Insurance Corporation's board of directors approved and distributed the $224 million of excess funds to System institutions.

At June 30, 2026, as determined by the Insurance Corporation, the Insurance Fund for which no specific use has been identified or designated was 2.09% of adjusted insured obligations, as compared with 2.00% at December 31, 2025. The Insurance Fund with the allocated amount was 2.05% of the adjusted insured obligations at December 31, 2025. No amounts were allocated as of June 30, 2026.

NOTE 7 — SYSTEMWIDE DEBT SECURITIES AND SUBORDINATED DEBT

Aggregate maturities and the weighted average interest rate of Systemwide Debt Securities were as follows at June 30, 2026:

	Bonds		Medium-term Notes		Discount Notes		Total	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Due in 1 year or less	$ 169,560	3.54%			$ 14,087	3.61%	$ 183,647	3.55%
Due after 1 year through 2 years	150,208	3.63					150,208	3.63
Due after 2 years through 3 years	42,607	3.54	$ 61	5.75%			42,668	3.54
Due after 3 years through 4 years	21,826	3.19					21,826	3.19
Due after 4 years through 5 years	17,931	2.65					17,931	2.65
Due after 5 years	63,981	3.76					63,981	3.76
Total	$ 466,113	3.55	$ 61	5.75	$ 14,087	3.61	$ 480,261	3.55

The Farm Credit Act and Farm Credit Administration regulations require each Bank to maintain specified eligible assets (referred to in the Farm Credit Act as "collateral") at least equal in value to the total amount of debt securities outstanding for which it is primarily liable as a condition for participation in the issuance of Systemwide Debt Securities. The collateral must consist of notes and other obligations representing loans or real or personal property acquired in connection with loans made under the authority of the Farm Credit Act, obligations of the United States or any agency thereof directly or fully guaranteed, and other Farm Credit Administration approved Bank assets, including eligible marketable securities, or cash. Each Bank was in compliance with these requirements as of June 30, 2026 and December 31, 2025. At June 30, 2026, the combined Banks had specified eligible assets of $517.5 billion and $488.3 billion of Systemwide Debt Securities, other bonds and accrued interest payable, as compared with $516.4 billion of specified eligible assets and $487.8 billion of Systemwide Debt Securities, other bonds and accrued interest payable at December 31, 2025. The specified eligible asset requirement does not provide holders of the securities with a security interest in any assets of the Banks.

During the second quarter of 2026, one Association redeemed $50 million of its 2.75% subordinated debt at par.

(dollars in millions, except as noted)

NOTE 8 — CAPITAL STRUCTURE

Capital consisted of the following at June 30, 2026:

	Combined Banks	Combined Associations	Combination Entries	System Combined
Preferred stock	$ 3,175	$ 1,005		$ 4,180
Capital stock and participation certificates	12,980	467	$ (11,161)	2,286
Additional paid-in-capital	64	7,321		7,385
Restricted capital — Farm Credit Insurance Fund			8,734	8,734
Accumulated other comprehensive loss	(1,825)	(59)	(572)	(2,456)
Retained earnings	15,508	53,389	(294)	68,603
Total capital	$ 29,902	$ 62,123	$ (3,293)	$ 88,732

Preferred stock issued and outstanding reflects the issuance by two Banks and five Associations. Combined System retained earnings reflected net eliminations of $294 million representing transactions between the Banks, the Associations and/or the Insurance Fund. Capital stock and participation certificates of the Banks amounting to $11.2 billion were owned by the Associations. These amounts have been eliminated in the accompanying condensed combined financial statements. Restricted capital is only available for statutorily authorized purposes and is not available for payment of dividends or patronage distributions.

During the second quarter of 2026, CoBank issued $500 million of non-cumulative perpetual preferred stock. Dividends on preferred stock, if declared by CoBank's board of directors in its sole discretion, are non-cumulative and are payable quarterly at a fixed annual rate of 6.75% until July 1, 2031, after which the dividend rate will reset to a rate equal to the five year Treasury rate plus 2.62%. The preferred stock issuance is redeemable at par value, in whole or in part, at CoBank's option beginning on July 1, 2031. Proceeds from this preferred stock issuance were used for general corporate purposes.

During the first quarter of 2025, CoBank redeemed all outstanding shares of its $300 million 6.20% non-cumulative perpetual preferred stock at par.

Preferred stock is the sole obligation of the issuing entity and is not guaranteed by any other System institution and is not considered a Systemwide Debt Security subject to the provisions of joint and several liability. Preferred stock is not guaranteed or insured by the Insurance Fund.

Accumulated other comprehensive loss was comprised of the following components:

	June 30, 2026			December 31, 2025		
	Before Tax	Deferred Tax	Net of Tax	Before Tax	Deferred Tax	Net of Tax
Unrealized losses on investments available-for-sale, net	$ (2,353)	$ 72	$ (2,281)	$ (1,769)	$ 29	$ (1,740)
Unrealized gains on cash flow hedges, net	483	(10)	473	44	15	59
Pension and other benefit plans	(658)	10	(648)	(694)	10	(684)
Total	$ (2,528)	$ 72	$ (2,456)	$ (2,419)	$ 54	$ (2,365)

(dollars in millions, except as noted)

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component for the three and six months ended June 30, 2026 and 2025:

	Unrealized losses on investments available-for-sale, net	Unrealized gains on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at March 31, 2026	$ (2,036)	$ 221	$ (664)	$ (2,479)
Other comprehensive income (loss) before reclassifications	(245)	251		6
Amounts reclassified from accumulated other comprehensive loss to income		1	16	17
Net current period other comprehensive income (loss)	(245)	252	16	23
Balance at June 30, 2026	$ (2,281)	$ 473	$ (648)	$ (2,456)

	Unrealized losses on investments available-for-sale, net	Unrealized gains on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at March 31, 2025	$ (2,629)	$ 124	$ (791)	$ (3,296)
Other comprehensive income (loss) before reclassifications	354	(109)		245
Amounts reclassified from accumulated other comprehensive loss to income	7	(7)	16	16
Net current period other comprehensive income (loss)	361	(116)	16	261
Balance at June 30, 2025	$ (2,268)	$ 8	$ (775)	$ (3,035)

	Unrealized losses on investments available-for-sale, net	Unrealized gains on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at December 31, 2025	$ (1,740)	$ 59	$ (684)	$ (2,365)
Other comprehensive (loss) income before reclassifications	(541)	412		(129)
Amounts reclassified from accumulated other comprehensive loss to income		2	36	38
Net current period other comprehensive (loss) income	(541)	414	36	(91)
Balance at June 30, 2026	$ (2,281)	$ 473	$ (648)	$ (2,456)

	Unrealized losses on investments available-for-sale, net	Unrealized gains on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at December 31, 2024	$ (3,428)	$ 422	$ (807)	$ (3,813)
Other comprehensive income (loss) before reclassifications	1,151	(400)		751
Amounts reclassified from accumulated other comprehensive loss to income	9	(14)	32	27
Net current period other comprehensive income (loss)	1,160	(414)	32	778
Balance at June 30, 2025	$ (2,268)	$ 8	$ (775)	$ (3,035)

(dollars in millions, except as noted)

Only the Banks are statutorily liable for the payment of principal and interest on Federal Farm Credit Banks Consolidated Systemwide Bonds, Federal Farm Credit Banks Consolidated Systemwide Discount Notes, Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes and other debt securities issued under Section 4.2(d) of the Farm Credit Act (collectively, Systemwide Debt Securities). Under each Bank's bylaws, the Bank is authorized under certain circumstances to require its affiliated Associations and certain other equity holders to purchase additional Bank equities. In most cases, the Banks are limited as to the amounts of these purchases that may be required, generally with reference to a percentage of the Association's or other equity holder's direct loan from the Bank, and calls for additional equity investments may be subject to other limits or conditions. However, the Banks also generally possess indirect access to certain financial resources of their affiliated Associations through loan-pricing provisions and through Bank-influenced District operating and financing policies and agreements.

Capital regulations issued by the System's regulator, the Farm Credit Administration, require that the Banks and Associations maintain regulatory minimums for the following capital ratios:

Ratio	Minimum Requirement	Minimum Requirement with Buffer
Common Equity Tier 1 Capital	4.5%	7.0%
Tier 1 Capital	6.0%	8.5%
Total Capital	8.0%	10.5%
Tier 1 Leverage*	4.0%	5.0%
Unallocated Retained Earnings (URE) and URE Equivalents (UREE) Leverage	1.5%	N/A
Permanent Capital	7.0%	N/A

* Must include the regulatory minimum requirement for the URE and UREE Leverage ratio.

At June 30, 2026, all System institutions complied with these standards.

NOTE 9 — EMPLOYEE BENEFIT PLANS

The Banks and substantially all Associations participate in defined benefit retirement plans. The Banks and Associations, except for CoBank and certain affiliated Associations, generally have governmental plans that cover many System institutions and as such cannot be attributed to any individual entity. Thus, these plans are generally recorded at the combined District level. Although these plans are aggregated in the System's combined financial statements, the plan assets are particular to each plan's obligations. These retirement plans are noncontributory and benefits are based on salary and years of service. The Banks and Associations have closed their defined benefit pension plans to new participants and offer defined contribution retirement plans to all employees hired subsequent to the close of their respective defined benefit pension plans. In addition, certain System institutions provide healthcare and other postretirement benefits to eligible retired employees. Employees of System institutions may become eligible for healthcare and other postretirement benefits if they reach normal retirement age while working for the System.

The following table summarizes the components of net periodic benefit cost for the three months ended June 30:

	Pension Benefits		Other Benefits	
	2026	2025	2026	2025
Service cost	$ 7	$ 9	$ 1	
Interest cost	40	43	3	$ 3
Expected return on plan assets	(49)	(49)		
Net amortization and deferral	16	16		
Net periodic benefit cost	$ 14	$ 19	$ 4	$ 3

(dollars in millions, except as noted)

The following table summarizes the components of net periodic benefit cost for the six months ended June 30:

	Pension Benefits		Other Benefits	
	2026	2025	2026	2025
Service cost	$ 14	$ 17	$ 1	$ 1
Interest cost	80	86	7	7
Expected return on plan assets	(99)	(98)		
Net amortization and deferral	32	33	(1)	(1)
Curtailments and settlements	5			
Net periodic benefit cost	$ 32	$ 38	$ 7	$ 7

The components of net periodic benefit cost other than the service cost component are included in the line item other expense in the Condensed Combined Statement of Income.

As of June 30, 2026, $37 million and $8 million of contributions have been made to pension and other postretirement benefit plans. System institutions presently anticipate contributing an additional $14 million to fund their pension plans and $6 million to fund their other postretirement benefit plans during the remainder of 2026.

NOTE 10 — FAIR VALUE MEASUREMENTS

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 Information Statement* for additional information.

Assets and liabilities measured at fair value on a recurring basis at June 30, 2026 and December 31, 2025 for each of the fair value hierarchy levels are summarized below:

	Fair Value Measurement Using			
June 30, 2026	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Federal funds sold and securities purchased under resale agreements		$ 3,503		$ 3,503
Commercial paper, bankers' acceptances, certificates of deposit and other securities		8,357	$ 17	8,374
U.S. Treasury securities		35,137		35,137
U.S. agency securities		2,090		2,090
Mortgage-backed securities		41,595	41	41,636
Asset-backed securities		6,122		6,122
Derivative assets		468		468
Assets held in non-qualified benefits trusts	$ 324			324
Total assets	$ 324	$ 97,272	$ 58	$ 97,654
Liabilities:				
Derivative liabilities		$ 568		$ 568
Collateral liabilities		145		145
Standby letters of credit			$ 28	28
Total liabilities	$ 0	$ 713	$ 28	$ 741

(dollars in millions, except as noted)

December 31, 2025	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Federal funds sold and securities purchased under resale agreements		$ 5,316		$ 5,316
Commercial paper, bankers' acceptances, certificates of deposit and other securities		6,054	$ 8	6,062
U.S. Treasury securities		34,886		34,886
U.S. agency securities		2,223		2,223
Mortgage-backed securities		41,652	44	41,696
Asset-backed securities		6,172		6,172
Derivative assets		528		528
Assets held in non-qualified benefits trusts	$ 316			316
Total assets	$ 316	$ 96,831	$ 52	$ 97,199
Liabilities:				
Derivative liabilities		$ 638		$ 638
Collateral liabilities		104		104
Standby letters of credit			$ 26	26
Total liabilities	$ 0	$ 742	$ 26	$ 768

The tables below summarize the activity of all Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended June 30, 2026 and 2025:

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	Mortgage-backed securities	Standby letters of credit
Balance at March 31, 2026	$ 18	$ 42	$ 26
Total gains or (losses) realized/unrealized:			
Included in other comprehensive income/loss	(1)	1	
Issuances			8
Settlements		(2)	(6)
Balance at June 30, 2026	$ 17	$ 41	$ 28
The amount of gains/losses for the period included in other comprehensive income/loss attributable to the change in unrealized gains or losses relating to assets or liabilities still held at June 30, 2026	$ (1)	$ 1	$ 0

(dollars in millions, except as noted)

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	Mortgage-backed securities	Standby letters of credit
Balance at March 31, 2025	$ 8	$ 49	$ 25
Purchases	50		
Issuances			8
Settlements		(2)	(9)
Balance at June 30, 2025	$ 58	$ 47	$ 24
The amount of gains/losses for the period included in other comprehensive income/loss attributable to the change in unrealized gains or losses relating to assets or liabilities still held at June 30, 2025	$ 0	$ 0	$ 0

The tables below summarize the activity of all Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2026 and 2025:

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	Mortgage-backed securities	Standby letters of credit
Balance at December 31, 2025	$ 8	$ 44	$ 26
Total gains or (losses) realized/unrealized:			
Included in other comprehensive income/loss	(1)	1	
Purchases	10		
Issuances			15
Settlements		(4)	(13)
Balance at June 30, 2026	$ 17	$ 41	$ 28
The amount of gains/losses for the period included in other comprehensive income/loss attributable to the change in unrealized gains or losses relating to assets or liabilities still held at June 30, 2026	$ (1)	$ 1	$ 0

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	Mortgage-backed securities	Standby letters of credit
Balance at December 31, 2024	$ 8	$ 51	$ 25
Purchases	50		
Issuances			14
Settlements		(4)	(15)
Balance at June 30, 2025	$ 58	$ 47	$ 24
The amount of gains/losses for the period included in other comprehensive income/loss attributable to the change in unrealized gains or losses relating to assets or liabilities still held at June 30, 2025	$ 0	$ 0	$ 0

(dollars in millions, except as noted)

There were no losses included in earnings during the first six months of 2026 and 2025 that were attributable to the change in unrealized gains or losses relating to assets or liabilities still held at June 30, 2026 and 2025.

There were no transfers between levels during the first six months of 2026 and 2025.

Level 3 assets measured at fair value on a non-recurring basis included loans of $1.386 billion and other property owned of $78 million at June 30, 2026, as compared to $1.547 billion and $102 million at December 31, 2025.

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the Condensed Combined Statement of Condition for each of the fair value hierarchy levels are summarized as follows:

	June 30, 2026				
	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	$ 2,589	$ 2,589			$ 2,589
Other investments held-to-maturity	8,507		$ 7,729	$ 683	8,412
Net loans	456,518			451,727	451,727
Total assets	$ 467,614	$ 2,589	$ 7,729	$ 452,410	$ 462,728
Liabilities:					
Systemwide Debt Securities	$ 480,261			$ 471,830	$ 471,830
Subordinated debt	348			306	306
Other bonds	5,057			5,057	5,057
Other interest bearing liabilities	2,337		$ 39	1,815	1,854
Total liabilities	$ 488,003	$ 0	$ 39	$ 479,008	$ 479,047
Other financial instruments:					
Commitments to extend credit				$ 332	$ 332

(dollars in millions, except as noted)

	December 31, 2025				
	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	$ 3,483	$ 3,483			$ 3,483
Other investments held-to-maturity	7,703		$ 6,925	$ 698	7,623
Net loans	454,651			452,205	452,205
Total assets	$ 465,837	$ 3,483	$ 6,925	$ 452,903	$ 463,311
Liabilities:					
Systemwide Debt Securities	$ 479,851			$ 473,357	$ 473,357
Subordinated debt	398			352	352
Other bonds	4,942			4,942	4,942
Other interest bearing liabilities	1,936		$ 34	1,772	1,806
Total liabilities	$ 487,127	$ 0	$ 34	$ 480,423	$ 480,457
Other financial instruments:					
Commitments to extend credit				$ 356	$ 356

Uncertainty of Fair Value Measurements

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default, and loss severity in the event of default. 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 severity and a directionally opposite change in the assumption used for prepayment rates.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(dollars in millions, except as noted)

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value		Valuation Technique(s)	Unobservable Input	Range of Inputs	
	June 30, 2026	December 31, 2025			June 30, 2026	December 31, 2025
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 17	$ 8	Discounted cash flow	Prepayment rate	0.0%	0.0%
Mortgage-backed securities	$ 4	$ 5	Discounted cash flow	Prepayment rate	4.0%-44.7%	3.8%-33.7%
	37	39	Vendor priced			
	$ 41	$ 44				
Standby letters of credit	$ 28	$ 26	Discounted cash flow	Rate of funding	50.0%	50.0%
				Risk-adjusted spread	0.1%-1.5%	0.1%-1.6%

With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and take into account 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 and securities purchased under resale agreements	Carrying value	Par/principal and appropriate interest yield
Investment securities available-for-sale	Discounted cash flow	Constant prepayment rate Probability of default Loss severity
	Quoted prices	Price for similar security
Interest rate swaps, caps and floors	Discounted cash flow	Annualized volatility Counterparty credit risk Company's own credit risk

Valuation Techniques

As more fully discussed in Note 2 — Summary of Significant Accounting Policies, in the *2025 Annual Information Statement*, FASB 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. The following represents a brief summary of the valuation techniques used by the System for assets and liabilities measured at fair value:

Investment Securities

Where quoted prices are available in an active market, available-for-sale securities would be classified as Level 1. If quoted prices are not available in an active market, the fair value of securities is estimated using pricing models that utilize observable inputs, quoted prices for similar securities received from pricing services or discounted cash flows. Generally, these securities would be classified as Level 2. This would include, but not limited to, U.S. Treasury, U.S. agency and the substantial majority of mortgage-backed and asset-backed securities. Where there is limited activity or less transparency around inputs to the valuation, the securities are classified as Level 3. Securities classified within Level 3 primarily consist of certain mortgage-backed securities including those issued by Farmer Mac and private label-FHA/VA securities.

To estimate the fair value of the majority of the investments held, the Banks and Associations obtain prices from third party pricing services. For the valuation of securities not actively traded, including certain mortgage-backed securities, the Banks and Associations utilize either a third party cash flow model or an internal model. The significant inputs for the valuation models include yields, probability of default, loss severity and prepayment rates.

Derivatives

Exchange-traded derivatives valued using quoted prices would be classified within Level 1 of the valuation hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the majority of the derivative positions are valued using internally developed models that use as their basis readily observable market parameters and are classified within Level 2 of the valuation hierarchy. Such derivatives include basic interest rate swaps and options.

The models used to determine the fair value of derivative assets and liabilities use an income approach based on observable market inputs, including the SOFR and Overnight Index Swap curves and volatility assumptions about future interest rate movements.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the market-place.

Standby Letters of Credit

The fair value of letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans are collateral-dependent for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but, in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Collateral Liabilities

Derivative contracts are supported by bilateral collateral agreements with counterparties requiring the posting of collateral in the event certain dollar thresholds of credit exposure are reached or are cleared through a futures commission merchant, with a clearinghouse (i.e., a central counterparty). The market value of collateral liabilities is its face value plus accrued interest that approximates fair value.

NOTE 11 — DERIVATIVE PRODUCTS AND HEDGING ACTIVITIES

The Banks and Associations maintain an overall interest rate risk management strategy that incorporates the use of derivative products to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets and liabilities so that movements in interest rates do not adversely affect the net interest margin. As a result of interest rate fluctuations, hedged fixed-rate assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by the gains or losses on the derivative instruments that are linked to these hedged assets and liabilities. Another result of interest rate fluctuations is that the interest income and interest expense of hedged floating-rate assets and liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by the gains and losses on the derivative instruments that are linked to these hedged assets and liabilities. The strategic use of derivatives is considered to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk resulting from changes in interest rates.

In addition, derivative transactions, particularly interest rate swaps, are entered into 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 are efficient tools to synthetically modify the fixed or floating rate mix of our debt portfolio for strategic interest rate risk management purposes. Under interest rate swap arrangements, the parties agree to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index.

The Banks may enter into derivatives with their customers, including Associations, as a service to enable customers to transfer, modify or reduce their interest rate risk by transferring this risk to the Bank. The Banks substantially offset the market risk by concurrently entering into offsetting agreements with non-System institutional counterparties.

A substantial amount of the System's assets are interest-earning assets (principally loans and investments) that tend to be medium-term floating-rate instruments, while a portion of the related interest-bearing liabilities tend to be short- or medium-term fixed-rate obligations. Given the potential for an asset-liability mismatch, interest rate swaps that pay floating rate and receive fixed rate (receive-fixed swaps) are used to reduce the impact of market fluctuations on net interest income. Because the size of swap positions needed to reduce the impact of market fluctuations varies over time, swaps that receive floating rate and pay fixed rate (pay-fixed swaps) are used to reduce net positions.

Interest rate options may be purchased in order to reduce the impact of rising interest rates on floating-rate debt (interest rate caps) or to reduce the impact of falling interest rates on floating-rate assets (interest rate floors).

In addition, the System had put option contracts with a total notional amount of 720,000 barrels of oil at June 30, 2026 to protect against a decline in oil prices impacting mineral income. No such contracts were outstanding as of December 31, 2025.

(dollars in millions, except as noted)

The primary types of derivative instruments used and the amount of activity (notional amount of derivatives) during the six months ended June 30, 2026 and 2025 are summarized in the following tables:

	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for-Floating	Interest Rate Caps and Floors	Other Derivatives	Total
Balance at December 31, 2025	$ 17,743	$ 136,617	$ 2,850	$ 2,551	$ 17,596	$177,357
Additions	3,516	266,623		100	95,076	365,315
Maturities/amortization	(8,118)	(263,394)	(550)	(313)	(93,031)	(365,406)
Terminations	(66)	(661)			(661)	(1,388)
Balance at June 30, 2026	$ 13,075	$ 139,185	$ 2,300	$ 2,338	$ 18,980	$175,878

	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for-Floating	Interest Rate Caps and Floors	Other Derivatives	Total
Balance at December 31, 2024	$ 26,665	$ 37,828	$ 5,950	$ 2,897	$ 13,958	$ 87,298
Additions	5,699	219,732	400	338	46,759	272,928
Maturities/amortization	(11,809)	(143,536)	(4,000)	(250)	(50,179)	(209,774)
Terminations		(356)		(20)	(356)	(732)
Balance at June 30, 2025	$ 20,555	$ 113,668	$ 2,350	$ 2,965	$ 10,182	$149,720

Use of derivatives creates exposure to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, credit risk will equal the fair value gain in a derivative. Generally, when the fair value of a derivative contract is positive, this indicates that the counterparty owes us, thus creating a repayment (credit) risk. When the fair value of the derivative contract is negative, we owe the counterparty and, therefore, assume no repayment risk.

System institutions clear a significant portion of derivative transactions through a futures commission merchant (FCM) with a clearinghouse (i.e., a central counterparty (CCP)). When the swap is cleared by the two parties, the single bilateral swap is divided into two separate swaps with the CCP becoming the counterparty to both of the initial parties to the swap. CCPs have several layers of protection against default including margin, member capital contributions, and FCM guarantees of their customers' transactions with the CCP. FCMs also pre-qualify the counterparties to all swaps that are sent to the CCP from a credit perspective, setting limits for each counterparty and collecting initial and variation margin for changes in the value of cleared derivatives. The initial margin and other amounts collected from both parties to the swap protects against credit risk in the event a counterparty defaults. The initial margin and other amounts are set by and held for the benefit of the CCP. Additional initial margin may be required and held by the FCM, due to its guarantees of its customers' trades with the CCP.

To minimize the risk of credit losses for non-cleared derivative transactions, credit standing and levels of exposure to individual counterparties are monitored and derivative transactions are almost exclusively entered into with non-customer counterparties that have an investment grade or better credit rating from a major rating agency. Nonperformance by any of these counterparties is not anticipated. System institutions typically enter into master agreements that govern all transactions with a counterparty, and contain netting provisions. These provisions require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts and also include bilateral collateral agreements requiring the exchange of collateral to offset credit risk exposure. In some instances, the bilateral exchange of collateral is required by regulation, whereas in other instances it is based on dollar thresholds of exposure that consider a counterparty's creditworthiness.

(dollars in millions, except as noted)

The System had a net exposure to counterparties of $109 million at June 30, 2026 and $69 million at December 31, 2025.

Derivative activities are monitored by an Asset-Liability Management Committee (ALCO) at the various System institutions as part of its oversight of asset/liability and treasury functions. Each ALCO is responsible for approving hedging strategies that are developed within parameters established by the board of directors through analysis of data derived from financial simulation models and other internal and industry sources. The resulting hedging strategies are then incorporated into the overall interest rate risk management strategies.

Fair Value Hedges

For derivative instruments that are 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 (principally, debt securities) attributable to the hedged risk are recognized in current earnings. The System includes the gain or loss on the hedged items in the same line item (interest expense) as the offsetting loss or gain on the related interest rate swaps.

As of June 30, 2026 and December 31, 2025, the following amounts were recorded on the Condensed Combined Statement of Condition related to cumulative basis adjustments for fair value hedges:

	Carrying Amount of the Hedged Item	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Item
	June 30, 2026	June 30, 2026
Available-for-sale investments	$ 523	$ (1)
Systemwide Debt Securities	11,731	(4)

	Carrying Amount of the Hedged Item	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Item
	December 31, 2025	December 31, 2025
Systemwide Debt Securities	$ 16,699	$ 85

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, 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. For cash flow hedges in which the forecasted transaction is not probable of occurring, the amounts reclassified from accumulated other comprehensive income (loss) are reflected in current period earnings. The gains/losses within other comprehensive income related to cash flow hedges that are expected to be reclassified to earnings from accumulated other comprehensive income/loss are not expected to be material for the next twelve months.

Derivatives not Designated as Hedges

For derivatives not designated as a hedging instrument, the related change in fair value is recorded in current period earnings in "Net (losses) gains on derivative, investment and other transactions" in the Condensed Combined Statement of Income.

(dollars in millions, except as noted)

Fair Values of Derivative Instruments

The following table represents the fair value of derivative instruments:

	Balance Sheet Classification Assets	Fair Value at June 30, 2026	Fair Value at December 31, 2025	Balance Sheet Classification Liabilities	Fair Value at June 30, 2026	Fair Value at December 31, 2025
Derivatives designated as hedging instruments:						
Receive-fixed swaps	Other assets	$ 15	$ 94	Other liabilities	$ 22	$ 7
Pay-fixed and amortizing pay-fixed swaps	Other assets	224	130	Other liabilities	9	59
Interest rate caps and floors	Other assets	26	25			
Floating-for-floating and amortizing floating-for-floating swaps	Other assets	1		Other liabilities	3	9
Foreign exchange contracts	Other assets	3				
Other derivative products	Other assets	3				
Total derivatives designated as hedging instruments		272	249		34	75
Derivatives not designated as hedging instruments:						
Pay-fixed and amortizing pay-fixed swaps	Other assets	6	5			
Derivatives entered into on behalf of customers	Other assets	819	615	Other liabilities	534	563
Total derivatives not designated as hedging instruments		825	620		534	563
Variation margin settlement		(629)	(341)			
Total derivatives		$ 468	$ 528		$ 568	$ 638

The following table sets forth the effect of derivative instruments in cash flow hedging relationships:

Derivatives — Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives June 30, 2026	June 30, 2025	Location of Gain or (Loss) Reclassification from AOCI into Income	Amount of Gain or (Loss) Reclassified from AOCI into Income June 30, 2026	June 30, 2025
Pay-fixed and amortizing pay-fixed swaps	$ 404	$ (368)	Interest expense	$ 4	$ 25
Floating-for-floating and amortizing floating-for-floating swaps	4	(7)	Interest expense	(2)	(1)
Interest rate caps and floors	1	(19)	Interest expense/ interest income	(4)	(6)
Foreign exchange contracts	3	(6)	Interest income		(4)
Total	$ 412	$ (400)		$ (2)	$ 14

(dollars in millions, except as noted)

The following table sets forth the effect of fair value and cash flow hedge accounting on the Condensed Combined Statement of Income:

	Location and Amount of Gain or Loss Recognized in Income on Fair Value and Cash Flow Hedging Relationships			
	For the Six Months Ended June 30, 2026		For the Six Months Ended June 30, 2025	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amount of income and expense line items in which the effects of fair value or cash flow hedges are recorded	$ 15,407	$ 8,693	$ 15,065	$ 8,813
Effects of fair value and cash flow hedging:				
Fair value hedges:				
Receive-fixed swaps	(1)	92	2	(96)
Systemwide Debt Securities		(88)		97
Cash flow hedges:				
Pay-fixed and amortizing pay-fixed swaps		(4)		(25)
Floating-for-floating and amortizing floating-for-floating swaps		2		1
Derivatives entered into on behalf of customers		1		(1)
Interest rate caps and floors		4		6
Foreign exchange contracts			(4)	
Amount excluded from effectiveness testing recognized in earnings based on change in fair value	1		1	

The following table sets forth the amount of gains or losses recognized in the Condensed Combined Statement of Income related to derivatives not designated as hedging instruments:

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss)	For the Six Months Ended June 30, 2026	For the Six Months Ended June 30, 2025
Pay-fixed and amortizing pay-fixed swaps	Noninterest income	$ 1	$ (3)
Derivatives entered into on behalf of customers	Noninterest income	(17)	19
Total		$ (16)	$ 16

(dollars in millions, except as noted)

NOTE 12 — ASSET/LIABILITY OFFSETTING

The following tables represent the offsetting of financial assets and liabilities:

June 30, 2026	Gross Amounts Presented in the Condensed Combined Statement of Condition	Gross Amounts Not Offset in the Condensed Combined Statement of Condition			Net Amount
		Securities Received/ Pledged	Cash Collateral Received/Pledged	Cleared Derivative Initial Margin Pledged	
Assets:					
Interest rate swaps and other derivatives	$ 468	$ (28)	$ (145)	$ 229	$ 524
Federal funds sold and securities purchased under resale agreements	3,503	(1,230)			2,273
Liabilities:					
Interest rate swaps and other derivatives	568			(734)	(166)

December 31, 2025	Gross Amounts Presented in the Condensed Combined Statement of Condition	Gross Amounts Not Offset in the Condensed Combined Statement of Condition			Net Amount
		Securities Received/ Pledged	Cash Collateral Received/Pledged	Cleared Derivative Initial Margin Pledged	
Assets:					
Interest rate swaps and other derivatives	$ 528	$ (27)	$ (104)	$ 251	$ 648
Federal funds sold and securities purchased under resale agreements	5,316	(2,940)			2,376
Liabilities:					
Interest rate swaps and other derivatives	638			(658)	(20)

NOTE 13 — COMMITMENTS AND CONTINGENCIES

At June 30, 2026, various lawsuits were pending or threatened against System institutions. Each System institution to which a pending or threatened lawsuit relates intends to vigorously defend against such action. In the opinion of management, based on information currently available and taking into account the advice of legal counsel, the ultimate liability, if any, of pending or threatened legal actions will not have a material adverse impact on the System's combined results of operations or financial condition.

The Banks and Associations may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of their borrowers and to manage their exposure to interest-rate risk. In the normal course of business, various commitments and contingent liabilities are made to customers, such as commitments to extend credit, letters of credit, which represent credit-related financial instruments with off-balance-sheet risk and equity investment commitments in rural business investment companies. Most of these commitments are expected to expire without being drawn upon and do not necessarily represent future cash requirements.

A summary of the contractual amount of credit-related instruments is as follows:

	June 30, 2026
Commitments to extend credit	$ 151,625
Standby letters of credit	4,865
Commercial and other letters of credit	451
Equity investment commitments	442

(dollars in millions, except as noted)

NOTE 14 — COMBINING BANK-ONLY INFORMATION

The following condensed combining statements include the statement of condition, statement of comprehensive income and statement of changes in capital for the combined Banks without the affiliated Associations or other System institutions.

Combining Bank-Only Statement of Condition

June 30, 2026

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Assets						
Cash and cash equivalents	$ 735	$ 1,277	$ 30	$ 326		$ 2,368
Federal funds sold and securities purchased under resale agreements	660		526	2,317		3,503
Investments (Note 2)	8,095	26,484	6,757	49,229		90,565
Loans						
To Associations(1)	28,840	154,476	24,537	88,031		295,884
To others(2)	12,371	26,589	9,371	76,404	$ (245)	124,490
Less: allowance for credit losses on loans	(57)	(88)	(62)	(769)		(976)
Net loans	41,154	180,977	33,846	163,666	(245)	419,398
Accrued interest receivable	191	1,883	172	1,082		3,328
Other assets	377	515	389	1,597	(147)	2,731
Total assets	$ 51,212	$ 211,136	$ 41,720	$ 218,217	$ (392)	$ 521,893
Liabilities and Capital						
Systemwide Debt Securities (Note 7):						
Due within one year	$ 15,937	$ 63,046	$ 15,071	$ 89,593		$ 183,647
Due after one year	32,489	131,247	24,029	108,849		296,614
Total Systemwide Debt Securities	48,426	194,293	39,100	198,442		480,261
Accrued interest payable	337	1,212	250	1,195		2,994
Other liabilities	86	4,792	141	3,756	$ (39)	8,736
Total liabilities	48,849	200,297	39,491	203,393	(39)	491,991
Capital						
Preferred stock			750	2,425		3,175
Capital stock and participation certificates	741	7,163	821	4,625	(370)	12,980
Additional paid-in-capital	64					64
Accumulated other comprehensive loss	(648)	(255)	(365)	(547)	(10)	(1,825)
Retained earnings	2,206	3,931	1,023	8,321	27	15,508
Total capital	2,363	10,839	2,229	14,824	(353)	29,902
Total liabilities and capital	$ 51,212	$ 211,136	$ 41,720	$ 218,217	$ (392)	$ 521,893

(dollars in millions, except as noted)

Combining Bank-Only
Statement of Condition

December 31, 2025

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Assets						
Cash and cash equivalents	$ 706	$ 1,407	$ 44	$ 972		$ 3,129
Federal funds sold and securities purchased under resale agreements	900		461	3,955		5,316
Investments (Note 2)	8,040	24,001	6,893	49,489		88,423
Loans						
To Associations(1)	27,707	150,812	24,480	88,715		291,714
To others(2)	12,286	27,075	9,717	78,165	$ (268)	126,975
Less: allowance for credit losses on loans	(49)	(73)	(43)	(725)		(890)
Net loans	39,944	177,814	34,154	166,155	(268)	417,799
Accrued interest receivable	186	1,945	169	1,118		3,418
Other assets	379	541	434	1,788	(245)	2,897
Total assets	$ 50,155	$ 205,708	$ 42,155	$ 223,477	$ (513)	$ 520,982
Liabilities and Capital						
Systemwide Debt Securities (Note 7):						
Due within one year	$ 16,952	$ 60,500	$ 15,005	$ 94,950		$ 187,407
Due after one year	30,443	129,138	24,494	108,369		292,444
Total Systemwide Debt Securities	47,395	189,638	39,499	203,319		479,851
Accrued interest payable	286	1,190	255	1,251		2,982
Other liabilities	339	4,394	301	4,869	$ (158)	9,745
Total liabilities	48,020	195,222	40,055	209,439	(158)	492,578
Capital						
Preferred stock			750	1,925		2,675
Capital stock and participation certificates	716	7,031	801	4,599	(371)	12,776
Additional paid-in-capital	64					64
Accumulated other comprehensive loss	(646)	(263)	(364)	(457)	(10)	(1,740)
Retained earnings	2,001	3,718	913	7,971	26	14,629
Total capital	2,135	10,486	2,100	14,038	(355)	28,404
Total liabilities and capital	$ 50,155	$ 205,708	$ 42,155	$ 223,477	$ (513)	$ 520,982

(1) These loans represent direct loans to Associations, not retail loans to borrowers. Since the Associations operate under regulations that require maintenance of certain minimum capital levels, adequate reserves, and prudent underwriting standards, these loans are considered to carry less risk. Accordingly, these loans typically have little or no associated allowance for credit losses. The majority of the credit risk resides with the Banks' and Associations' retail loans to borrowers. Association retail loans are not reflected in the combining Bank-only financial statements.

Further, the loans to the Associations are risk-weighted at 20% of the loan amount in the computation of each Bank's regulatory risk-adjusted capital ratios. Based upon the lower risk-weighting of these loans to the Associations, the Banks, especially AgFirst, AgriBank and Texas, typically operate with more leverage and lower earnings than would be expected from a traditional retail bank. In the case of CoBank, approximately 50% of its loans are retail loans to cooperatives and other eligible borrowers.

(2) Loans to others represent retail loans held by the Banks. The Banks may purchase participations in loans to eligible borrowers made by Associations, other Banks and non-System lenders.

FARM CREDIT SYSTEM

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS - (continued)
(unaudited)
(dollars in millions, except as noted)

Combining Bank-Only
Statement of Comprehensive Income

For the Six Months Ended June 30,

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
2026						
Interest income	$ 1,079	$ 4,066	$ 895	$ 4,820	$ (2)	$ 10,858
Interest expense	(849)	(3,396)	(685)	(3,703)	28	(8,605)
Net interest income	230	670	210	1,117	26	2,253
Provision for credit losses	(9)	(16)	(18)	(42)		(85)
Noninterest income	114	76	34	265	(75)	414
Noninterest expense	(117)	(125)	(89)	(321)	(30)	(682)
Provision for income taxes				(89)		(89)
Net income	218	605	137	930	(79)	1,811
Other comprehensive (loss) income	(2)	8	(1)	(90)		(85)
Comprehensive income	$ 216	$ 613	$ 136	$ 840	$ (79)	$ 1,726
2025						
Interest income	$ 1,015	$ 3,896	$ 876	$ 4,915	$ (5)	$ 10,697
Interest expense	(827)	(3,347)	(683)	(3,880)	26	(8,711)
Net interest income	188	549	193	1,035	21	1,986
Provision for credit losses	(25)	(21)	(30)	(99)		(175)
Noninterest income	79	55	15	254	(84)	319
Noninterest expense	(113)	(113)	(78)	(304)	(23)	(631)
Provision for income taxes				(75)		(75)
Net income	129	470	100	811	(86)	1,424
Other comprehensive income	153	37	54	462	1	707
Comprehensive income	$ 282	$ 507	$ 154	$ 1,273	$ (85)	$ 2,131

(dollars in millions, except as noted)

Combining Bank-Only
Statement of Changes in Capital

For the Six Months Ended June 30

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Balance at December 31, 2024	$ 1,731	$ 9,463	$ 1,780	$ 12,862	$ (336)	$ 25,500
Comprehensive income	282	507	154	1,273	(85)	2,131
Preferred stock retired				(300)		(300)
Preferred stock dividends			(25)	(59)		(84)
Capital stock and participation certificates issued		221	154			375
Capital stock, participation certificates, and retained earnings retired		(8)	(1)	(50)	9	(50)
Patronage	(11)	(252)		(436)	81	(618)
Balance at June 30, 2025	$ 2,002	$ 9,931	$ 2,062	$ 13,290	$ (331)	$ 26,954
Balance at December 31, 2025	$ 2,135	$ 10,486	$ 2,100	$ 14,038	$ (355)	$ 28,404
Comprehensive income	216	613	136	840	(79)	1,726
Preferred stock issued, net				495		495
Preferred stock dividends			(27)	(62)		(89)
Capital stock and participation certificates issued	26	189	24			239
Capital stock, participation certificates, and retained earnings retired	(1)	(57)	(4)	(48)	10	(100)
Patronage	(13)	(392)		(439)	71	(773)
Balance at June 30, 2026	$ 2,363	$ 10,839	$ 2,229	$ 14,824	$ (353)	$ 29,902

(dollars in millions, except as noted)

Certain Bank-only ratios and other information is as follows:

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB
For the six months ended:				
June 30, 2026				
Return on average assets	0.87%	0.58%	0.66%	0.84%
Return on average capital	19.09%	11.39%	12.68%	12.97%
June 30, 2025				
Return on average assets	0.55%	0.49%	0.50%	0.77%
Return on average capital	13.57%	9.74%	10.19%	12.51%
For the period ended:				
June 30, 2026				
Nonperforming assets as a percentage of loans and other property owned	0.32%	0.18%	0.16%	0.28%
Allowance for credit losses on loans as a percentage of loans	0.14%	0.05%	0.18%	0.47%
Capital as a percentage of total assets	4.61%	5.13%	5.34%	6.79%
Tier 1 Leverage ratio	5.73%	5.24%	5.79%	6.81%
Total Capital ratio	14.6%	16.3%	13.9%	14.2%
Permanent Capital ratio	14.4%	16.2%	13.6%	13.6%
Liquidity in days	176	149	166	189
Average liquidity in days during 2026	174	152	167	183
December 31, 2025				
Nonperforming assets as a percentage of loans and other property owned	0.28%	0.14%	0.27%	0.37%
Allowance for credit losses on loans as a percentage of loans	0.12%	0.04%	0.13%	0.43%
Capital as a percentage of total assets	4.26%	5.10%	4.98%	6.28%
Tier 1 Leverage ratio	5.89%	5.28%	5.70%	6.82%
Total Capital ratio	15.1%	16.1%	13.6%	14.5%
Permanent Capital ratio	14.9%	16.0%	13.3%	13.9%
Liquidity in days	161	147	180	174
Average liquidity in days during 2025	166	156	200	190

Bank-only information is considered meaningful because only the Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities. That means that each Bank is primarily liable for the payment of principal and interest on Systemwide Debt Securities issued to fund its lending activities and is also jointly and severally liable with respect to Systemwide Debt Securities issued to fund the other Banks.

The Associations are the primary owners of the Farm Credit Banks. The Agricultural Credit Bank (CoBank) is principally owned by cooperatives, other eligible borrowers and its affiliated Associations. Due to the financial and operational interdependence of the Banks and Associations, capital at the Association level reduces the Banks' credit exposure with respect to the direct loans between the Banks and each of their affiliated Associations. However, capital of the Associations may not be available if the provisions of joint and several liability were to be invoked. There are various limitations and conditions with respect to each Bank's access to the capital of its affiliated Associations, as more fully discussed in Note 8.

In the event a Bank is unable to timely pay principal or interest on an insured debt obligation for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the insured debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the obligation cannot be invoked until the amounts in the Insurance Fund have been exhausted. However, because of other mandatory and discretionary uses of the Insurance Fund, there is no assurance that there will be sufficient funds to pay the principal or interest on the insured debt obligation.

Once joint and several liability is triggered, the Farm Credit Administration is required to make "calls" to satisfy the liability first on all non-defaulting Banks in the proportion that each non-defaulting Bank's available collateral (collateral in excess of the aggregate of the Bank's collateralized obligations) bears to the aggregate available collateral of all non-defaulting Banks. If these calls do not satisfy the liability, then a further call would be made in proportion to each non-defaulting Bank's remaining assets. On making a call on non-defaulting Banks with respect to a Systemwide Debt Security issued on behalf of a defaulting Bank, the Farm Credit Administration is required to appoint the Insurance Corporation as the receiver for the defaulting Bank. The receiver would be required to expeditiously liquidate the Bank.

NOTE 15 — SUBSEQUENT EVENTS

The Banks and Associations have evaluated subsequent events through August 7, 2026, which is the date the financial statements were issued and determined that there were no other events requiring disclosure.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION
(unaudited)

The following condensed Combining Statements of Condition and Comprehensive Income present Combined Bank-only and Insurance Fund information, as well as information related to the other entities included in the System's combined financial statements.

As part of the combining process, all significant transactions between the Banks and the Associations, including loans made by the Banks to the Associations and the interest income/interest expense related thereto, and investments of the Associations in the Banks and the earnings related thereto, have been eliminated. These supplemental schedules have been prepared in accordance with the Farm Credit Administration regulations and are not intended to be presented in accordance with GAAP due to the exclusion of all required disclosures.

COMBINING STATEMENT OF CONDITION — (Condensed)
June 30, 2026
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	System Combined
Cash, cash equivalents and investments	$ 96,436	$ 11,522		$107,958		$107,958
Loans	420,374	334,550	$ (295,872)	459,052		459,052
Less: allowance for credit losses on loans	(976)	(1,558)		(2,534)		(2,534)
Net loans	419,398	332,992	(295,872)	456,518		456,518
Other assets	6,059	19,773	(14,668)	11,164		11,164
Restricted assets					$ 8,734	8,734
Total assets	$521,893	$ 364,287	$ (310,540)	$575,640	$ 8,734	$584,374
Systemwide Debt Securities and subordinated debt	$480,261	$ 348		$480,609		$480,609
Other liabilities	11,730	301,816	$ (298,513)	15,033		15,033
Total liabilities	491,991	302,164	(298,513)	495,642		495,642
Capital						
Preferred stock	3,175	1,005		4,180		4,180
Capital stock and participation certificates	12,980	467	(11,161)	2,286		2,286
Additional paid-in-capital	64	7,321		7,385		7,385
Restricted capital					$ 8,734	8,734
Accumulated other comprehensive loss	(1,825)	(59)	(572)	(2,456)		(2,456)
Retained earnings	15,508	53,389	(294)	68,603		68,603
Total capital	29,902	62,123	(12,027)	79,998	8,734	88,732
Total liabilities and capital	$521,893	$ 364,287	$ (310,540)	$575,640	$ 8,734	$584,374

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

COMBINING STATEMENT OF CONDITION — (Condensed)
December 31, 2025
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	System Combined
Cash, cash equivalents and investments	$ 96,868	$ 10,701	$ (28)	$107,541		$107,541
Loans	418,689	329,782	(291,611)	456,860		456,860
Less: allowance for credit losses on loans	(890)	(1,319)		(2,209)		(2,209)
Net loans	417,799	328,463	(291,611)	454,651		454,651
Other assets	6,315	20,404	(15,236)	11,483		11,483
Restricted assets					$ 8,587	8,587
Total assets	$520,982	$ 359,568	$ (306,875)	$573,675	$ 8,587	$582,262
Systemwide Debt Securities and subordinated debt	$479,851	$ 398		$480,249		$480,249
Other liabilities	12,727	299,492	$ (295,186)	17,033		17,033
Total liabilities	492,578	299,890	(295,186)	497,282		497,282
Capital						
Preferred stock	2,675	1,002		3,677		3,677
Capital stock and participation certificates	12,776	469	(10,971)	2,274		2,274
Additional paid-in-capital	64	7,321		7,385		7,385
Restricted capital					$ 8,587	8,587
Accumulated other comprehensive loss	(1,740)	(8)	(617)	(2,365)		(2,365)
Retained earnings	14,629	50,894	(101)	65,422		65,422
Total capital	28,404	59,678	(11,689)	76,393	8,587	84,980
Total liabilities and capital	$520,982	$ 359,568	$ (306,875)	$573,675	$ 8,587	$582,262

In the event a Bank is unable to timely pay principal or interest on an insured debt obligation for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent necessary to insure the timely payment of principal and interest on the insured debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the obligation cannot be invoked until the amounts in the Insurance Fund have been exhausted. However, because of other mandatory and discretionary uses of the Insurance Fund, there is no assurance that there will be sufficient funds to timely pay the principal or interest on the insured debt obligation.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

COMBINING STATEMENT OF COMPREHENSIVE INCOME — (Condensed)
For the Six Months Ended June 30, 2026
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	Combination Entries	System Combined
Net interest income	$ 2,253	$ 4,471	$ (10)	$ 6,714			$ 6,714
Provision for credit losses	(85)	(371)		(456)			(456)
Noninterest income	414	1,443	(1,138)	719	$ 373	$(436) (a)(b)	656
Noninterest expense	(682)	(2,276)	250	(2,708)	(2)	212 (a)	(2,498)
Provision for income taxes	(89)	(12)		(101)			(101)
Net income	1,811	3,255	(898)	4,168	371	(224)	4,315
Other comprehensive (loss) income	(85)	(51)	45	(91)			(91)
Comprehensive income	$ 1,726	$ 3,204	$ (853)	$ 4,077	$ 371	$(224)	$ 4,224

For the Six Months Ended June 30, 2025
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	Combination Entries	System Combined
Net interest income	$ 1,986	$ 4,267	$ (1)	$ 6,252			$ 6,252
Provision for credit losses	(175)	(375)		(550)			(550)
Noninterest income	319	1,184	(974)	529	$ 348	$(277) (a)(b)	600
Noninterest expense	(631)	(2,113)	237	(2,507)	(2)	200 (a)	(2,309)
Provision for income taxes	(75)	(21)		(96)			(96)
Net income	1,424	2,942	(738)	3,628	346	(77)	3,897
Other comprehensive income	707	58	13	778			778
Comprehensive income	$ 2,131	$ 3,000	$ (725)	$ 4,406	$ 346	$ (77)	$ 4,675

Combination entry (a) eliminates the Insurance Fund premiums, expensed by the Banks in the first six months of 2026 and 2025 of $212 million and $200 million and the related income recognized by the Insurance Corporation.

Combination entry (b) eliminates $224 million and $77 million of income recognized by System institutions for excess funds that were returned from the Insurance Corporation during the first six months of 2026 and 2025.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

The Banks and their affiliated Associations are referred to as Districts. Each District operates in such an interdependent manner that we believe the financial results of the Banks combined with their affiliated Associations are more meaningful to investors in Systemwide Debt Securities than providing financial information of the Banks and Associations on a stand-alone basis. For the purpose of additional analysis, the following presentation reflects each District, the Insurance Fund and combination entries. These schedules are not intended to be presented in accordance with GAAP due to the exclusion of all required disclosures.

STATEMENT OF CONDITION — (Condensed)
June 30, 2026
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Cash, cash equivalents and investments	$ 9,800	$ 35,712	$ 7,620	$ 54,826		$ 107,958
Loans	48,275	197,076	41,982	178,155	$ (6,436)	459,052
Less: allowance for credit losses on loans	(215)	(784)	(178)	(1,357)		(2,534)
Net loans	48,060	196,292	41,804	176,798	(6,436)	456,518
Other assets	1,096	5,003	1,191	4,393	(519)	11,164
Restricted assets					8,734	8,734
Total assets	$ 58,956	$ 237,007	$ 50,615	$ 236,017	$ 1,779	$ 584,374
Systemwide Debt Securities and subordinated debt	$ 48,426	$ 194,443	$ 39,100	$ 198,640		$ 480,609
Other liabilities	2,479	6,792	4,959	6,957	$ (6,154)	15,033
Total liabilities	50,905	201,235	44,059	205,597	(6,154)	495,642
Capital						
Preferred stock		400	1,030	2,750		4,180
Capital stock and participation certificates	202	461	171	2,090	(638)	2,286
Additional paid-in-capital	517	2,668	348	3,852		7,385
Restricted capital					8,734	8,734
Accumulated other comprehensive loss	(794)	(531)	(372)	(737)	(22)	(2,456)
Retained earnings	8,126	32,774	5,379	22,465	(141)	68,603
Total capital	8,051	35,772	6,556	30,420	7,933	88,732
Total liabilities and capital	$ 58,956	$ 237,007	$ 50,615	$ 236,017	$ 1,779	$ 584,374

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

STATEMENT OF CONDITION — (Condensed)
December 31, 2025
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Cash, cash equivalents and investments	$ 9,903	$ 32,747	$ 7,717	$ 57,174		$ 107,541
Loans	46,963	194,001	42,184	180,106	$ (6,394)	456,860
Less: allowance for credit losses on loans	(195)	(682)	(140)	(1,192)		(2,209)
Net loans	46,768	193,319	42,044	178,914	(6,394)	454,651
Other assets	1,066	5,216	1,230	4,651	(680)	11,483
Restricted assets					8,587	8,587
Total assets	$ 57,737	$ 231,282	$ 50,991	$ 240,739	$ 1,513	$ 582,262
Systemwide Debt Securities and subordinated debt	$ 47,395	$ 189,838	$ 39,499	$ 203,517		$ 480,249
Other liabilities	2,602	7,168	5,286	8,248	$ (6,271)	17,033
Total liabilities	49,997	197,006	44,785	211,765	(6,271)	497,282
Capital						
Preferred stock		400	1,030	2,247		3,677
Capital stock and participation certificates	203	466	171	2,072	(638)	2,274
Additional paid-in-capital	517	2,668	348	3,852		7,385
Restricted capital					8,587	8,587
Accumulated other comprehensive loss	(800)	(557)	(370)	(615)	(23)	(2,365)
Retained earnings	7,820	31,299	5,027	21,418	(142)	65,422
Total capital	7,740	34,276	6,206	28,974	7,784	84,980
Total liabilities and capital	$ 57,737	$ 231,282	$ 50,991	$ 240,739	$ 1,513	$ 582,262

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

STATEMENT OF COMPREHENSIVE INCOME — (Condensed)
For the Six Months Ended June 30,
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
2026						
Net interest income	$ 750	$ 2,779	$ 643	$ 2,515	$ 27	$ 6,714
Provision for credit losses	(27)	(170)	(39)	(220)		(456)
Noninterest income	82	295	77	404	(202)	656
Noninterest expense	(373)	(1,071)	(289)	(943)	178	(2,498)
Provision for income taxes	(1)	(10)		(90)		(101)
Net income	431	1,823	392	1,666	3	4,315
Other comprehensive (loss) income	6	26	(2)	(122)	1	(91)
Comprehensive income	$ 437	$ 1,849	$ 390	$ 1,544	$ 4	$ 4,224
2025						
Net interest income	$ 681	$ 2,576	$ 615	$ 2,360	$ 20	$ 6,252
Provision for credit losses	(60)	(192)	(68)	(230)		(550)
Noninterest income	41	187	54	396	(78)	600
Noninterest expense	(365)	(969)	(274)	(874)	173	(2,309)
Provision for income taxes	(1)	(18)		(77)		(96)
Net income	296	1,584	327	1,575	115	3,897
Other comprehensive income	163	53	54	509	(1)	778
Comprehensive income	$ 459	$ 1,637	$ 381	$ 2,084	$ 114	$ 4,675

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION - (continued)
(unaudited)

STATEMENT OF CHANGES IN CAPITAL — (Condensed)
For the Six Months Ended June 30
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Balance at December 31, 2024	$ 7,118	$ 31,876	$ 5,810	$ 26,827	$ 7,201	$ 78,832
Comprehensive income	459	1,637	381	2,084	114	4,675
Preferred stock retired, net				(298)		(298)
Capital stock and participation certificates issued	12	34	6	4	(16)	40
Capital stock, participation certificates, and retained earnings retired	(8)	(23)	(5)	(54)	12	(78)
Additional paid-in-capital		6				6
Patronage and dividends	(36)	(339)	(53)	(546)	150	(824)
Balance at June 30, 2025	$ 7,545	$ 33,191	$ 6,139	$ 28,017	$ 7,461	$ 82,353
Balance at December 31, 2025	$ 7,740	$ 34,276	$ 6,206	$ 28,974	$ 7,784	$ 84,980
Comprehensive income	437	1,849	390	1,544	4	4,224
Preferred stock issued, net				498		498
Capital stock and participation certificates issued	14	32	5	4	(5)	50
Capital stock, participation certificates, and retained earnings retired	(15)	(37)	(5)	(51)	16	(92)
Patronage and dividends	(125)	(348)	(40)	(549)	134	(928)
Balance at June 30, 2026	$ 8,051	$ 35,772	$ 6,556	$ 30,420	$ 7,933	$ 88,732

FARM CREDIT SYSTEM

SUPPLEMENTAL FINANCIAL INFORMATION
(unaudited)

COMBINED BANK AND ASSOCIATION (DISTRICT)

SELECTED KEY FINANCIAL RATIOS

The following combined key financial ratios related to each District are intended for the purpose of additional analysis.

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined
For the six months ended:				
June 30, 2026				
Return on average assets	1.49%	1.56%	1.54%	1.39%
Return on average capital	10.81%	10.42%	12.20%	11.21%
Net interest margin	2.63%	2.42%	2.59%	2.14%
Annualized net loan charge-offs as a % of average loans	0.02%	0.08%	0.00%	0.07%
Operating expense as a % of net interest income and noninterest income	44.86%	34.63%	39.56%	32.23%
June 30, 2025				
Return on average assets	1.09%	1.45%	1.33%	1.39%
Return on average capital	7.98%	9.72%	10.86%	11.50%
Net interest margin	2.55%	2.41%	2.56%	2.11%
Annualized net loan charge-offs as a % of average loans	0.02%	0.06%	0.27%	0.13%
Operating expense as a % of net interest income and noninterest income	50.67%	35.06%	40.95%	31.67%
At the period ended:				
June 30, 2026				
Nonperforming assets as a % of loans and other property owned	0.96%	1.05%	0.76%	1.22%
Allowance for credit losses on loans as a % of loans	0.45%	0.40%	0.42%	0.76%
Capital as a % of total assets	13.66%	15.09%	12.95%	12.89%
Capital and allowance for credit losses on loans as a % of loans	17.12%	18.55%	16.04%	17.84%
Debt to capital	6.32:1	5.63:1	6.72:1	6.76:1
December 31, 2025				
Nonperforming assets as a % of loans and other property owned	0.79%	0.94%	0.77%	1.21%
Allowance for credit losses on loans as a % of loans	0.42%	0.35%	0.33%	0.66%
Capital as a % of total assets	13.41%	14.82%	12.17%	12.04%
Capital and allowance for credit losses on loans as a % of loans	16.90%	18.02%	15.04%	16.75%
Debt to capital	6.46:1	5.75:1	7.22:1	7.31:1

The table below reflects the combined results of each District's measurement under market value of equity and net interest income sensitivity analysis in accordance with their respective asset/liability management policies and District limits. The upward and downward shocks are generally based on movements of 100 and 200 basis points in interest rates, which are considered significant enough to capture the effects of embedded options and convexity within the assets and liabilities so that underlying risk may be revealed. However, in the current interest rate environment, the downward shock is based on one-half of the three-month Treasury bill rate, which was 191 basis points at June 30, 2026 and 182 basis points at December 31, 2025.

	Change in Market Value of Equity				Change in Net Interest Income			
	June 30, 2026				June 30, 2026			
District	**-191**	**-100**	**+100**	**+200**	**-191**	**-100**	**+100**	**+200**
AgFirst	5.92%	2.04%	-1.48%	-2.89%	-1.33%	-1.95%	2.84%	4.34%
AgriBank	5.64	2.85	-2.86	-5.62	-3.87	-1.96	4.01	5.66
Texas	8.40	4.14	-3.16	-6.02	-1.39	-1.49	2.02	3.72
CoBank	6.82	3.59	-3.29	-6.41	0.00	-0.18	0.78	1.43

	Change in Market Value of Equity				Change in Net Interest Income			
	December 31, 2025				December 31, 2025			
District	**-182**	**-100**	**+100**	**+200**	**-182**	**-100**	**+100**	**+200**
AgFirst	10.38%	5.16%	-2.83%	-5.09%	1.00%	0.60%	3.38%	5.34%
AgriBank	4.35	2.21	-2.32	-4.77	-5.25	-2.88	4.68	6.42
Texas	11.15	5.89	-4.17	-7.60	-1.17	-0.77	2.71	5.14
CoBank	5.83	3.38	-3.20	-6.14	-1.60	-0.71	1.46	2.98

SELECTED ASSOCIATION KEY FINANCIAL INFORMATION

The Banks serve as financial intermediaries between the capital markets and the retail lending activities of their affiliated Associations. Accordingly, in addition to the supplemental District information provided on pages F-61 to F-64, selected financial information regarding Associations with asset size greater than $2 billion is provided below for the purpose of additional analysis.

	At June 30, 2026					For the Six Months Ended June 30, 2026		
	Total Assets	Gross Loans	Allowance for Credit Losses on Loans as a % of Gross Loans	Nonperforming Assets as a % of Gross Loans and Other Property Owned	Total Capital Ratio	Return on Average Assets	Return on Average Capital	Net Interest Margin
	($ in millions)							
AgFirst District								
Horizon Farm Credit, ACA	$ 8,425	$ 8,193	0.44%	0.69%	14.16%	1.71%	10.28%	2.75%
AgSouth Farm Credit, ACA	5,715	5,408	0.43	1.22	13.58	2.12	13.65	3.30
AgCredit, ACA	3,968	3,724	0.34	0.80	18.47	1.86	11.90	2.55
First South Farm Credit, ACA	3,775	3,607	0.47	1.02	16.42	1.51	7.79	2.74
AgCarolina Farm Credit, ACA	3,122	3,006	0.54	1.43	16.16	2.03	11.31	3.28
Farm Credit of the Virginias, ACA	2,636	2,560	0.30	1.20	17.81	1.56	7.82	2.95
AgriBank District								
Farm Credit Services of America, ACA	52,170	47,332	0.27	0.82	13.47	1.85	11.07	2.40
Farm Credit Mid-America, ACA	44,079	38,944	0.36	1.12	14.11	1.54	9.54	2.27
Compeer Financial, ACA	36,660	32,061	0.67	1.51	14.44	1.68	10.50	2.31
AgCountry Farm Credit Services, ACA	17,352	16,068	0.38	0.83	13.85	1.58	9.16	2.53
GreenStone Farm Credit Services, ACA	15,312	14,606	0.45	0.49	15.13	2.10	11.27	2.65
FCS Financial, ACA	8,051	7,283	0.34	1.05	13.90	1.77	10.53	2.43
Farm Credit Illinois, ACA	7,726	6,800	0.29	0.60	15.63	1.74	9.39	2.38
AgHeritage Farm Credit Services, ACA	2,725	2,578	0.82	2.39	16.35	1.74	8.59	2.98
Farm Credit Services of Western Arkansas, ACA	2,319	2,183	0.31	0.63	16.04	1.63	8.59	2.99
Texas District								
Capital Farm Credit, ACA	13,543	12,969	0.41	1.30	12.54	1.96	13.06	2.71
AgTexas Farm Credit Services	3,715	3,317	0.49	0.95	12.21	1.66	12.22	2.40
AgTrust, ACA	3,564	3,438	0.24	0.11	13.94	1.86	12.19	2.88
Texas Farm Credit Services	3,518	3,363	0.24	0.66	13.10	1.74	13.48	2.76
CoBank District								
AgWest Farm Credit, ACA	37,105	32,910	0.81	2.28	15.59	1.89	10.82	2.74
American AgCredit, ACA	23,380	22,046	0.48	2.22	14.20	2.05	12.02	2.94
Farm Credit East, ACA	15,307	14,758	0.70	0.75	15.72	2.62	14.51	3.07
Yosemite Farm Credit, ACA	5,295	5,082	0.51	2.18	14.42	2.07	12.06	2.84
Frontier Farm Credit, ACA	3,663	3,391	0.43	0.66	14.91	1.75	9.58	2.59
Golden State Farm Credit, ACA	2,836	2,682	0.94	2.35	15.18	1.15	6.54	2.82
Oklahoma AgCredit, ACA	2,540	2,407	0.31	1.08	14.27	1.60	9.89	2.69
High Plains Farm Credit, ACA	2,296	2,140	0.31	0.91	13.88	2.24	12.56	3.08
Farm Credit of Western Oklahoma, ACA	2,164	2,038	0.31	0.36	16.80	1.77	10.19	2.97

FARM CREDIT SYSTEM

SUPPLEMENTAL FINANCIAL INFORMATION - (continued)
(unaudited)

SELECTED ASSOCIATION KEY FINANCIAL INFORMATION

	At December 31, 2025					For the Six Months Ended June 30, 2025		
	Total Assets	Gross Loans	Allowance for Credit Losses on Loans as a % of Gross Loans	Nonperforming Assets as a % of Gross Loans and Other Property Owned	Total Capital Ratio	Return on Average Assets	Return on Average Capital	Net Interest Margin
	($ in millions)							
AgFirst District								
Horizon Farm Credit, ACA	$ 8,047	$ 7,804	0.41%	0.78%	14.76%	1.55%	8.97%	2.77%
AgSouth Farm Credit, ACA	5,457	5,173	0.42	0.90	15.06	1.74	10.17	3.60
AgCredit, ACA	3,992	3,741	0.29	0.92	18.63	1.87	12.11	2.56
First South Farm Credit, ACA	3,576	3,401	0.50	0.36	17.00	1.57	7.84	2.84
AgCarolina Farm Credit, ACA	3,107	2,982	0.55	0.78	16.52	2.03	11.23	3.43
Farm Credit of the Virginias, ACA	2,552	2,472	0.25	0.78	18.65	1.54	7.37	2.98
AgriBank District								
Farm Credit Services of America, ACA	51,279	46,674	0.25	0.84	13.70	1.72	10.17	2.44
Farm Credit Mid-America, ACA	42,067	36,978	0.25	1.05	14.82	1.42	8.64	2.33
Compeer Financial, ACA	36,067	31,557	0.67	1.46	14.27	1.39	9.23	2.37
AgCountry Farm Credit Services, ACA	17,359	16,054	0.39	0.62	13.57	1.49	8.33	2.64
GreenStone Farm Credit Services, ACA	15,025	14,298	0.35	0.57	15.67	1.85	9.73	2.70
FCS Financial, ACA	8,327	7,636	0.33	0.78	13.99	1.65	9.69	2.52
Farm Credit Illinois, ACA	7,570	6,643	0.34	0.42	15.79	1.38	7.27	2.46
AgHeritage Farm Credit Services, ACA	2,636	2,464	0.47	1.06	16.62	2.09	10.74	3.02
Farm Credit Services of Western Arkansas, ACA	2,190	2,057	0.25	0.60	17.27	1.52	7.79	3.05
Texas District								
Capital Farm Credit, ACA	13,884	13,268	0.32	1.07	12.28	1.73	12.10	2.75
AgTexas Farm Credit Services	3,754	3,331	0.43	0.91	12.34	1.95	13.63	2.55
AgTrust, ACA	3,467	3,341	0.20	0.15	13.71	2.00	12.73	2.91
Texas Farm Credit Services	3,369	3,221	0.22	0.77	13.63	1.94	14.81	2.86
CoBank District								
AgWest Farm Credit, ACA	37,479	33,245	0.63	2.16	15.52	2.07	11.87	2.76
American AgCredit, ACA	23,694	22,326	0.39	2.04	13.94	1.88	11.35	2.83
Farm Credit East, ACA	14,816	14,256	0.68	0.80	16.19	2.71	14.77	3.14
Yosemite Farm Credit, ACA	5,433	5,162	0.38	1.77	14.39	2.26	13.09	2.89
Frontier Farm Credit, ACA	3,594	3,315	0.41	0.99	15.00	1.60	8.75	2.60
Golden State Farm Credit, ACA	2,947	2,754	0.32	1.18	15.05	1.82	10.50	2.95
Oklahoma AgCredit, ACA	2,518	2,382	0.21	0.89	14.58	1.63	9.52	2.71
High Plains Farm Credit, ACA	2,338	2,119	0.12	0.71	13.81	2.78	15.42	3.06
Farm Credit of Western Oklahoma, ACA	2,250	2,116	0.19	0.22	16.34	2.02	11.63	2.98

INDEX TO SUPPLEMENTAL INFORMATION

CONTROLS AND PROCEDURES

As of June 30, 2026, managements of System institutions carried out an evaluation with the participation of the Funding Corporation's management, including the President and CEO and the Managing Director — Financial Management Division, of the effectiveness of the design and operation of their respective disclosure controls and procedures[(1)] with respect to the System's quarterly information statement. This evaluation is based on testing of the design and effectiveness of key internal controls, certifications and other information furnished by the principal executive officer and principal financial officer of each System institution, as well as incremental procedures performed by the Funding Corporation over the combining process. Based upon and as of the date of the Funding Corporation's evaluation, the President and CEO and the Managing Director — Financial Management Division concluded that the disclosure controls and procedures are effective in alerting them on a timely basis of any material information relating to the System that is required to be disclosed by the System in the annual and quarterly information statements it files or submits to the Farm Credit Administration.

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

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(1) For purposes of this discussion, "disclosure controls and procedures" are defined as controls and procedures of the System that are designed to ensure that the financial information required to be disclosed by the System in this quarterly information statement 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 System's principal executive officers and principal financial officers, or persons performing similar functions, and effected by the System's boards of directors, managements and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the System's condensed combined 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 System; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the System's condensed combined financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the System are being made only in accordance with authorizations of managements and directors of the System; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the System's assets that could have a material effect on the System's condensed combined financial statements.

CERTIFICATION

I, Theresa E. McCabe, certify that:

1. I have reviewed the *Second Quarter 2026 Quarterly Information Statement of the Farm Credit System*.

2. Based on my knowledge, this quarterly information statement 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 quarterly information statement.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly information statement, fairly present in all material respects the financial condition, results of operations and cash flows of the System as of, and for, the periods presented in this quarterly information statement.

4. The System's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures[1] and internal control over financial reporting[2] for the System 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 System, including its combined entities, is made known to us by others within those entities, particularly during the period in which this quarterly information statement 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 System's disclosure controls and procedures and presented in this quarterly information statement our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly information statement based on such evaluation; and

    (d) disclosed in this quarterly information statement any change in the System's internal control over financial reporting that occurred during the System's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the System's internal control over financial reporting.

5. The System's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the System's registered public accounting firm and the System 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 System'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 System's internal control over financial reporting.

Theresa E. McCabe

Theresa E. McCabe
President and CEO

Date: August 7, 2026

(1) See footnote 1 on page S-2.

(2) See footnote 2 on page S-2.

CERTIFICATION

I, Karen R. Brenner, certify that:

1. I have reviewed the *Second Quarter 2026 Quarterly Information Statement of the Farm Credit System*.

2. Based on my knowledge, this quarterly information statement 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 quarterly information statement.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly information statement, fairly present in all material respects the financial condition, results of operations and cash flows of the System as of, and for, the periods presented in this quarterly information statement.

4. The System's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures(1) and internal control over financial reporting(2) for the System 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 System, including its combined entities, is made known to us by others within those entities, particularly during the period in which this quarterly information statement 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 System's disclosure controls and procedures and presented in this quarterly information statement our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly information statement based on such evaluation; and

(d) disclosed in this quarterly information statement any change in the System's internal control over financial reporting that occurred during the System's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the System's internal control over financial reporting.

5. The System's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the System's registered public accounting firm and the System 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 System'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 System's internal control over financial reporting.

Karen R. Brenner

Karen R. Brenner
Managing Director — Financial
Management Division

Date: August 7, 2026

(1) See footnote 1 on page S-2.

(2) See footnote 2 on page S-2.

FARM CREDIT SYSTEM ENTITIES (As of June 30, 2026)

BANKS

AgFirst Farm Credit Bank
P.O. Box 1499
Columbia, SC 29202-1499
(803) 799-5000

AgriBank, FCB
30 East 7th Street
Suite 1600
St. Paul, MN 55101-4914
(651) 282-8800

CoBank, ACB
P.O. Box 5110
Denver, CO 80217-5110
(303) 740-4000

Farm Credit Bank of Texas
P.O. Box 202590
Austin, TX 78720-2590
(512) 465-0400

CERTAIN OTHER ENTITIES

Farm Credit Leasing Services Corporation
1665 Utica Avenue South, Suite 400
Minneapolis, MN 55416
(952) 417-7800

Federal Farm Credit Banks
Funding Corporation
30 Hudson Street, Floor 21
Jersey City, NJ 07302
(201) 200-8000

FCS Building Association
1501 Farm Credit Drive
McLean, VA 22102-5090
(703) 883-4000

The Farm Credit Council
50 F Street, N.W., Suite 900
Washington, DC 20001-1530
(202) 626-8710

ASSOCIATIONS

AgFirst District

AgCarolina Farm Credit, ACA
636 Rock Spring Road
Greenville, NC 27834

AgCredit, ACA
610 W. Lytle Street
Fostoria, OH 44830-3422

AgGeorgia Farm Credit, ACA
468 Perry Parkway
Perry, GA 31069

AgSouth Farm Credit, ACA
146 Victory Lane
Statesville, NC 28625

ArborOne, ACA
800 Woody Jones Blvd.
Florence, SC 29501

Central Kentucky, ACA
2429 Members Way
Lexington, KY 40504

Colonial Farm Credit, ACA
7104 Mechanicsville Turnpike
Mechanicsville, VA 23111

Farm Credit of Central Florida, ACA
204 E. Orange Street, Suite 200
Lakeland, FL 33801

Farm Credit of Florida, ACA
11903 Southern Blvd.
Suite 200
West Palm Beach, FL 33411

Farm Credit of Northwest Florida, ACA
5052 Highway 90 East
Marianna, FL 32446

Farm Credit of the Virginias, ACA
102 Industry Way
Staunton, VA 24401

First South Farm Credit, ACA
618 Crescent Blvd
Ridgeland, MS 39157

Horizon Farm Credit, ACA
300 Winding Creek Blvd
Mechanicsburg, PA 17050

Puerto Rico Farm Credit, ACA
URB Baldrich
213 Calle Manuel Domenech
San Juan, PR 00918

River Valley AgCredit, ACA
2731 Olivet Church Road
Paducah, KY 42001

Southwest Georgia Farm Credit, ACA
305 Colquitt Highway
Bainbridge, GA 39817

AgriBank District

AgCountry Farm Credit Services, ACA
1900 44th Street South, #6020
Fargo, ND 58108

AgHeritage Farm Credit Services, ACA
119 East Third Street, Suite 200
Little Rock, AR 72201

Compeer Financial, ACA
2600 Jenny Wren Trail
Sun Prairie, WI 53590

FCS Financial, ACA
1934 East Miller Street
Jefferson City, MO 65101

Farm Credit Illinois, ACA
1100 Farm Credit Drive
Mahomet, IL 61853

Farm Credit Mid-America, ACA
12501 Lakefront Place
Louisville, KY 40299

Farm Credit Services of America, ACA
5015 South 118th Street
Omaha, NE 68137

Farm Credit Services of Mandan, ACA
1600 Old Red Trail
Mandan, ND 58554

Farm Credit Services of Western Arkansas, ACA
5177 US Highway 64 W
Russellville, AR 72802

Farm Credit Southeast Missouri, ACA
1116 N. Main Street
Sikeston, MO 63801

GreenStone Farm Credit Services, ACA
3515 West Road
East Lansing, MI 48823

CoBank District

AgWest Farm Credit, ACA
2001 South Flint Road
Spokane, WA 99224

American AgCredit, ACA
4845 Old Redwood Hwy
Santa Rosa, CA 95403

Farm Credit East, ACA
240 South Road
Enfield, CT 06082

Farm Credit of Southern Colorado, ACA
5110 Edison Avenue
Colorado Springs, CO 80915

Farm Credit of Western Kansas, ACA
1190 South Range Avenue
Colby, KS 67701

Farm Credit of Western Oklahoma, ACA
3302 Williams Avenue
Woodward, OK 73801

Farm Credit Services of Colusa-Glenn, ACA
2970 Davison Court
Colusa, CA 95932

Fresno-Madera Farm Credit, ACA
4635 West Spruce Ave.
Fresno, CA 93722

Frontier Farm Credit, ACA
2009 Vanesta Place
Manhattan, KS 66503

Golden State Farm Credit, ACA
3013 Ceres Avenue
Chico, CA 95973

High Plains Farm Credit, ACA
605 Main
Larned, KS 67550

Idaho AgCredit, ACA
188 West Judicial Street
Blackfoot, ID 83221

Oklahoma AgCredit, ACA
3033 Progressive Drive
Edmond, OK 73034

Premier Farm Credit, ACA
202 Poplar Street
Sterling, CO 80751

Western AgCredit, ACA
10980 South Jordan Gateway
South Jordan, UT 84095

Yosemite Farm Credit, ACA
806 West Monte Vista Avenue
Turlock, CA 95382

Texas District

AgTexas Farm Credit Services
5004 N. Loop 289
Lubbock, TX 79416

AgTrust, ACA
5600 Clearfork Main Street, Suite 600
Fort Worth, TX 76109

Alabama Ag Credit, ACA
7480 Halcyon Pointe Drive, Suite 201
Montgomery, AL 36117

Alabama Farm Credit, ACA
300 2nd Avenue SW
Cullman, AL 35055

Capital Farm Credit, ACA
3902 South Traditions Drive
College Station, TX 77845

Central Texas Farm Credit, ACA
1026 Early Boulevard
Early, TX 76802

Legacy Ag Credit, ACA
303 Connally Street
Sulphur Springs, TX 75482

Louisiana Land Bank, ACA
2413 Tower Drive
Monroe, LA 71201

Mississippi Land Bank, ACA
5509 Highway 51 North
Senatobia, MS 38668

Plains Land Bank, FLCA
600 S. Tyler St., Suite 700
Amarillo, TX 79101

Southern AgCredit, ACA
306 Commerce Center Drive
Ridgeland, MS 39157

Texas Farm Credit Services
545 South Highway 77
Robstown, TX 78380