CAPITALIZING on Opportunity

AgriBank District 2023 Financial Information
Unaudited
AgriBank, FCB and District Associations

AgriBank
FARM CREDIT BANK

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unaudited

INTRODUCTION AND DISTRICT OVERVIEW

AgriBank, FCB (AgriBank or the Bank) and District Associations (Associations) are part of the Farm Credit System (System or Farm Credit), a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. The System provides loans, leases and financial services to farmers, ranchers and rural businesses across the United States and Puerto Rico. This focus on rural communities and agriculture is the reason Farm Credit was established in 1916, and the System has been delivering on that mission ever since – helping fund America's food, fuel and fiber and supporting the rural communities America's farmers and ranchers call home.

Farm Credit’s funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation) and insured by the Farm Credit System Insurance Corporation (FCSIC, or the Insurance Corporation). The Funding Corporation issues a variety of Federal Farm Credit Banks Combined Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the four System Banks. Each System Bank has exposure to Systemwide credit risk, because each Bank is joint and severally liable for all Systemwide debt issued. Farm Credit Associations receive funding through one of the System Banks. System entities have specific lending authorities within their chartered territories and are subject to examination and regulation by an independent federal agency, the Farm Credit Administration (FCA).

AgriBank is primarily owned by local Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. AgriBank and those Associations are collectively referred to as the District. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

The following commentary reviews the combined financial condition and results of operations of AgriBank and District Associations and provides additional specific information.

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

As of December 31,	**2023**	2022	2021
Total loans	**$165,792,497**	$152,142,301	$140,458,534
Allowance for credit losses on loans	**335,014**	320,963	372,359
Net loans	**165,457,483**	151,821,338	140,086,175
Total assets	**199,626,825**	179,360,653	164,442,280
Total shareholders' equity	**29,865,972**	28,078,287	27,327,290

For the year ended December 31,	**2023**	2022	2021
Net interest income	**$4,633,950**	$3,972,157	$3,596,644
Provision for credit losses	**295,719**	(56,931)	(121,203)
Net fee income	**105,572**	103,207	125,166
Net income	**2,831,242**	2,638,046	2,501,558
Net interest margin	**2.5 %**	2.4 %	2.4 %
Return on average assets	**1.5 %**	1.6 %	1.6 %
Return on average shareholders' equity	**9.7 %**	9.5 %	9.3 %
Operating and other expenses as a percentage of net interest income and non-interest income	**37.9 %**	40.7 %	39.6 %
Net loan (charge-offs) recoveries as a percentage of average loans	**(0.13)%**	0.01 %	(0.01)%
Average loans	**$155,998,610**	$144,608,034	$131,686,216
Average earning assets	**183,856,076**	166,859,193	152,779,015
Average assets	**187,335,140**	170,047,150	155,393,293

MANAGEMENT’S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $2.8 billion for the year ended December 31, 2023, an increase of $193.2 million, or 7.3 percent, compared to the same period of the prior year. Net interest income increased and was primarily driven by the benefit of equity financing, due to increased interest rates compared to the same period of the prior year. In general, the agricultural sector continues to perform well with a few exceptions, including the pork industry. Increased provision for credit losses in the current year were primarily related to a few largely participated credits in various agribusiness related industries and, to a lesser extent, stress in the pork industry. Additionally, portfolio growth and some credit quality erosion contributed to the recognition of provision for credit losses in the current year. The increase in non-interest expense was primarily due to higher salaries and employee benefits costs, including pension, and higher occupancy and equipment expense.

Strong operating results allowed District Associations to issue cash patronage distributions of $1.1 billion during the year ended December 31, 2023.

Net Interest Income

Net interest income increased $661.8 million, or 16.7 percent, compared to the same period of the prior year. The increase was primarily driven by the benefit of equity financing from increased interest rates compared to the the same period of the prior year. Higher earnings on investment securities as a result of widened credit spreads, also contributed to the increase. Additionally, the positive impact of higher loan volume on net interest income was substantially offset by compressed spreads, compared to the same period of the prior year, reflecting the competitive environment.

Overall, interest rate spreads across the District loan portfolio have decreased compared to the same period of the prior year. With interest rates and callable debt spreads remaining elevated into 2023, opportunities to call and refinance debt have been negligible and loan conversion activity near zero. Competitive market pressures in a rising interest rate environment have compressed interest rate spreads on all loan portfolios; however, AgriBank implemented temporary pricing changes during 2023 in an effort to combat this competitive pressure for District Associations. This pricing program ended in mid-January 2024.

Widened credit spreads positively impacting the investment portfolio offset the impact of loan portfolio spreads. Market opportunities and increased holdings in money market securities with favorable spreads have led to a year-over-year improvement in investment spread income.

Net interest margin was 2.5 percent for the year ended December 31, 2023, an increase compared to the same period of the prior year. The significant rise in interest rates since the beginning of 2022 has led to a rise in yield on earning assets financed by equity as the benefit of equity financing is greater in a rising interest rate environment. The favorable impact of equity financing from rising interest rates has more than offset the overall decline in spreads.

Provision for Credit Losses
Effective January 1, 2023, AgriBank and all District Associations adopted Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." Refer to the AgriBank and individual District Associations' quarterly reports for specific information about the implementation. As a result of this accounting change, the provision for credit losses comprises the provision for credit losses on loans, unfunded commitments, and investment securities for all periods beginning in 2023. For additional information regarding the impact of the adoption of this guidance, refer to the following Changes in Allowance for Credit Losses by Loan Type information.

District Associations have experienced only minor credit deterioration during the year ended December 31, 2023. However, a few widely participated credits in deciduous tree fruits and various agribusiness related industries moved to nonaccrual during the year resulting in specific reserves across many District entities, which was the primary driver of the provision for credit losses during the year ended December 31, 2023. Additionally, specific reserves for certain borrowers within the pork industry contributed to the year-to-date provision.

There was $295.7 million of provision for credit losses recognized during the year ended December 31, 2023. At the agricultural producer level, strong net farm income and positive working capital positions continue to support strong District credit quality. Favorable commodity prices have continued throughout 2023, while generally lower from very strong prices experienced in 2022, and are having a generally positive impact on the crop and certain livestock sectors, primarily cattle. Lower commodity prices in the pork sector, coupled with the strong dollar continue to challenge producers and processors.

The allowance analyses performed at District Associations generally reflect the favorable positions for large portions of the respective portfolios. The year-over-year fluctuations for the District's provision for credit losses will be impacted by each institution's relative exposure to agricultural sectors and the current and expected related economic conditions. Further, the implementation of the Current Expected Credit Loss (CECL) model in 2023 will prohibit direct comparability year-over-year.

The performance of the broader economy, shifting global trade patterns, political instability abroad, and disruptive weather both domestically and internationally could create volatility in the agriculture sector. Each of these factors could translate into changes in credit quality, which may impact provision for credit losses across the District.

Non-interest Income
Non-interest income remained stable compared to the same period of the prior year. Non-interest income primarily includes income from financial related services such as crop insurance, fee income, and mineral income. While stable compared to the prior year, fee income and mineral income can be volatile due to the impact from interest rate changes and oil and gas prices, respectively.

Non-interest Expense
Non-interest expense increased compared to the same period of the prior year. This was due to higher salaries and benefits expense, a result of an increased workforce, higher employee incentive levels and annual merit increases that took effect during the first quarter of 2023 as well as increased pension interest cost, driven by higher discount rates compared to the prior year. Lastly, software costs also contributed to higher occupancy and equipment expense.

Loan Portfolio

District Loans by Loan Type

(in thousands)

December 31,	**2023**	2022	2021
Real estate mortgage	**$85,429,403**	$81,922,794	$78,221,408
Production and intermediate-term	**36,286,577**	32,877,711	31,324,281
Agribusiness:			
Loans to cooperatives	**1,621,085**	1,660,824	1,511,502
Processing and marketing	**22,953,761**	20,255,157	16,333,188
Farm-related businesses	**2,612,569**	2,126,236	1,719,434
Rural infrastructure:			
Power	**4,635,968**	2,867,872	1,879,594
Communications	**4,035,598**	3,347,274	2,757,668
Water/Wastewater	**1,055,732**	464,091	342,509
Rural residential real estate	**2,733,813**	2,635,874	2,691,710
Agricultural export finance	**439,041**	485,230	345,763
Lease receivables	**386,530**	296,771	234,992
Loans to other financing institutions	**1,043,351**	749,969	703,471
Mission related investments	**2,559,069**	2,452,498	2,393,014
Total	**$165,792,497**	$152,142,301	$140,458,534

District loans increased $13.7 billion, or 9.0 percent, from December 31, 2022. The increase in total loans was primarily due to increases in real estate mortgage, production and intermediate, agribusiness, and rural infrastructure sectors. As the Federal Reserve has paused on interest rate increases during the last half of the year and inflation continues to slow, growth in real estate mortgage originations across the District Associations has resumed with new originations outpacing early year repayments.

The production and intermediate loan portfolio exhibits some seasonality relating to the patterns of operating loans made to crop producers. Operating loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. Additionally, operating loan balances tend to spike at the end of the calendar year as producers purchase inputs for the upcoming crop year, followed by sharp repayments in January. While the seasonality is a recurring item, the District saw utilization of operating loans, above that of prior years, as purchased participations drove growth in this segment for some District Associations.

Also contributing to the overall increase in the loan portfolio was continued growth in the agribusiness sector. Demand remained strong in this area for many District Associations, particularly in the first quarter, with higher operating line usage for grain elevator, farm supply and renewable fuel customers due to higher prices in 2023. The second and third quarter growth was substantially offset by cyclical repayments. In the normal seasonal course of selling inventories, customer proceeds are typically used for repayments. Demand picked up during the fourth quarter with continued loan purchase opportunities in the marketplace to support food and agricultural processors.

Purchased participations from CoBank within the rural infrastructure sector further contributed to the portfolio loan growth during the year ended December 31, 2023. The increase in purchased participations in the energy sector was due to the high growth of opportunities in solar, wind and natural gas systems. Increasing market momentum around environmental investing, particularly renewables, has increased borrowing needs. Growth in communications loans across District Associations has remained steady as a result of the continued surge in the investment in data, digitization and advanced fiber networks for rural build outs. Growth in water/wastewater purchased participations was due to increased loan purchase opportunities and existing clients growing their borrowings to support rural infrastructure replacement and improvements.

Portfolio Diversification

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, or within close proximity, which could cause them to be similarly impacted by economic or other conditions. While the amounts represent the maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the District's lending activities is collateralized and, accordingly, the credit risk associated with lending activities is considerably less than the recorded loan principal and is considered in the allowance for loan losses.

While the District has concentrations in crops, these crops primarily represent staple commodities of agriculture – corn, soybeans and wheat. To some extent, there is further concentration in crops related to the investor real estate sector, as these loans are typically made for the purchase of land that is rented for crop production. However, crop production is geographically diversified across the District. While the commodity distribution represents the primary commodity of the borrower, many of the crop producers may also have livestock operations or other forms of diversification, including off-farm income.

Many District Associations have diversified the concentration in agricultural production loans through rural residential real estate and part-time farmer loans, as well as agribusiness loans. Rural residential real estate, investor real estate and part-time farmer borrowers generally have significant off-farm sources of income, and, therefore, are less subject to cycles in agriculture. These borrowers, as well as agribusiness borrowers, are typically more susceptible to changes in the general economy, and the condition of the general economy will influence the credit quality of these segments of the portfolio. Credit quality in these sectors has remained strong over the past three-year period.

Grain and livestock producers are somewhat subject to a counter-cyclical diversification effect. High grain prices are generally favorable to crop producers; however, livestock producers are adversely affected through higher feed costs. Conversely, low grain prices are generally negative to crop producers, but tend to improve the profitability for those livestock producers who purchase most or all of their feed. Severe fluctuations in commodity prices can negatively impact all District borrowers. While crop prices eased in 2023, net farm income also decreased from record high in 2022, but remained above the 20 year average.

Commodity Concentrations

December 31,	**2023**	2022	2021
Crops	**39 %**	41 %	43 %
Food products	**9 %**	8 %	7 %
Investor and rural residential real estate	**9 %**	9 %	9 %
Cattle	**9 %**	8 %	9 %
Dairy	**6 %**	6 %	6 %
Other	**28 %**	28 %	26 %
Total	**100 %**	100 %	100 %

Other commodities consist primarily of loans in the pork, timber, rural utilities, poultry, farm supply, and other livestock sectors, none of which represented more than 5 percent of the District loan portfolio.

Geographic Concentrations			
December 31,	**2023**	**2022**	**2021**
Iowa	**9 %**	10 %	10 %
Illinois	**9 %**	10 %	9 %
Minnesota	**7 %**	8 %	8 %
Nebraska	**7 %**	7 %	7 %
Michigan	**6 %**	6 %	6 %
Indiana	**6 %**	6 %	7 %
Ohio	**5 %**	5 %	5 %
Wisconsin	**5 %**	5 %	6 %
South Dakota	**5 %**	5 %	5 %
Other	**41 %**	38 %	37 %
Total	**100 %**	100 %	100 %

Other states consist primarily of loans in Missouri, California, Tennessee, Arkansas, Texas, North Dakota, Kentucky and Kansas, none of which represented more than 5 percent of the District loan portfolio.

Loan Quality

The primary credit quality indicator utilized by the Bank and Associations is the FCA Uniform Loan Classification System, which categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (Special Mention) – assets are currently collectible but exhibit some potential weakness.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

District Loan Quality by Origination Year

(in thousands)

Balance as of December 31, 2023	Acceptable	Special Mention	Substandard	Doubtful	Total by Year	Current Period Charge-offs
2023	**$25,924,082**	**$364,462**	**$275,269**	**$359**	**$26,564,172**	**$17,529**
2022	**24,057,096**	**296,828**	**544,298**	**350**	**24,898,572**	**23,459**
2021	**24,060,524**	**445,968**	**286,136**	**2,066**	**24,794,694**	**5,446**
2020	**18,076,637**	**450,304**	**305,046**	**363**	**18,832,350**	**64,975**
2019	**9,221,474**	**105,532**	**319,801**	**595**	**9,647,402**	**48,370**
Prior	**33,512,790**	**581,730**	**718,615**	**164**	**34,813,299**	**26,378**
Revolving loans	**24,843,340**	**543,477**	**675,921**	**5,369**	**26,068,107**	**45,064**
Revolving converted to term loans	**117,958**	**17,207**	**38,574**	**162**	**173,901**	**12,205**
Total	**$159,813,901**	**$2,805,508**	**$3,163,660**	**$9,428**	**$165,792,497**	**$243,426**

Favorable commodity prices in certain sectors have supported positive credit quality, net farm income and farm sector working capital throughout the year ended December 31, 2023. However, lower commodity prices in the pork sector continues to challenge producers and processors. Despite these challenges, credit quality is expected to remain relatively stable due to strong collateral positions across the District portfolio. The District has also maintained disciplined origination standards supporting high-quality loans. Substandard/Doubtful loans, collectively called adverse loans, are loans AgriBank and District Associations have identified as showing some credit weakness according to established credit standards. No loans were categorized as loss as of December 31, 2023 or December 31, 2022.

Charge-offs during the year ended December 31, 2023 were primarily concentrated in the pork sector as well as charge-offs on two borrowers broadly participated across the District that moved to nonaccrual during the first quarter of 2023.

Nonaccrual Loans

(in thousands)

December 31,	**2023**	2022	2021
Nonaccrual Loans:			
Real estate mortgage	**$347,109**	$201,871	$315,136
Production and intermediate-term	**178,212**	100,818	131,580
Agribusiness	**121,061**	94,060	35,037
Rural infrastructure	**21,366**	4,455	5,681
Rural residential real estate	**9,421**	10,859	13,954
Other	**1,761**	1,228	1,544
Total nonaccrual loans	**$678,930**	$413,291	$502,932

The Other category is composed of finance leases and certain assets originated under the Mission Related Investment authority.

Nonaccrual loans increased at December 31, 2023, compared to the prior year as the result of credit deterioration of borrowers in the tree fruits and nuts industries. Further contributing to the change has been stress in the pork industry for both producers and processors. While the number of loans experiencing this deterioration has been low, the loans are broadly participated across the District. In the second half of the year, charge-offs related to several of these borrowers partially offset the overall increase.

Despite the increase in nonaccrual loans, loan performance has been positively impacted by working capital and commodity prices for some sectors.

Aging Analysis of Loans

(in thousands) **As of December 31, 2023**	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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$233,374**	**$118,405**	**$351,779**	**$85,077,624**	**$85,429,403**	**$2,022**
Production and intermediate-term	**178,178**	**71,172**	**249,350**	**36,037,227**	**36,286,577**	**9,362**
Agribusiness	**68,643**	**35,606**	**104,249**	**27,083,166**	**27,187,415**	**—**
Rural infrastructure	**3,065**	**—**	**3,065**	**9,724,235**	**9,727,300**	**—**
Rural residential real estate	**12,639**	**2,547**	**15,186**	**2,718,627**	**2,733,813**	**315**
Other	**120,931**	**92,018**	**212,949**	**4,215,040**	**4,427,989**	**90,610**
Total	**$616,830**	**$319,748**	**$936,578**	**$164,855,919**	**$165,792,497**	**$102,309**

As of December 31, 2022	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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$129,765	$34,505	$164,270	$82,673,321	$82,837,591	$625
Production and intermediate-term	108,572	28,763	137,335	33,203,528	33,340,863	1,990
Agribusiness	49,953	1,863	51,816	24,120,531	24,172,347	—
Rural infrastructure	—	—	—	6,697,686	6,697,686	—
Rural residential real estate	11,095	2,870	13,965	2,632,286	2,646,251	79
Other	126,395	146,669	273,064	3,747,102	4,020,166	145,826
Total	$425,780	$214,670	$640,450	$153,074,454	$153,714,904	$148,520

As of December 31, 2021	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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$131,944	$56,108	$188,052	$78,818,252	$79,006,304	$1,648
Production and intermediate-term	82,740	42,576	125,316	31,527,220	31,652,536	2,531
Agribusiness	4,282	2,105	6,387	19,623,111	19,629,498	—
Rural infrastructure	—	—	—	4,987,654	4,987,654	—
Rural residential real estate	10,277	3,159	13,436	2,688,549	2,701,985	—
Other	178,405	85,305	263,710	3,439,870	3,703,580	83,909
Total	$407,648	$189,253	$596,901	$141,084,656	$141,681,557	$88,088

Note: Prior to the adoption of CECL effective January 1, 2023, accruing loans included accrued interest receivable.

The Other category is composed of certain assets originated under the Mission Related Investment authority, loans to other financing institutions, agricultural export finance and finance leases.

Delinquencies at December 31, 2023 increased in all loan types with the exception of mission related loans when compared to the year ended 2022. The increase in the 30-89 days past due category was primarily due to real estate mortgage and production and intermediate term loans at one association that became past due at the end of 2023. The increase in loans 90 days or more past due was mainly due to deterioration in the real estate mortgage loan category during the third quarter and, to a lesser extent, production and intermediate term loans. Delinquencies were related to large borrowers mainly in the tree nuts and pork industries.

The decrease in accruing loans 90 days or more past due at December 31, 2023, when compared to December 31, 2022, was largely due to the cycle of delinquencies and subsequent collection of USDA guarantees for loans issued under District Associations' Mission Related Investment authorities, included in the Other category. All of the loans within the Other category, which were accruing loans 90 days or more past due as of December 31, 2023, were 100 percent secured by federal government guarantees.

Refer to the AgriBank and District Associations' annual reports for information regarding management's method for developing each entity's allowance for credit losses and information used for developing each entity's current estimate of expected credit losses.

Changes in Allowance for Credit Losses by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for credit losses on loans:							
Balance at December 31, 2022	**$86,370**	**$92,404**	**$121,822**	**$14,184**	**$3,221**	**$2,962**	**$320,963**
Cumulative effect of change in accounting principle	**22,704**	**(47,260)**	**(43,277)**	**(4,183)**	**2,613**	**5,320**	**(64,083)**
Provision for credit losses	**19,251**	**128,568**	**115,133**	**15,713**	**(951)**	**4,689**	**282,403**
Loan recoveries	**2,749**	**31,307**	**1,609**	**—**	**137**	**18**	**35,820**
Loan charge-offs	**(16,602)**	**(132,082)**	**(89,378)**	**(4,202)**	**(162)**	**(1,000)**	**(243,426)**
Adjustment due to merger	**(482)**	**(111)**	**(220)**	**(4)**	**(10)**	**—**	**(827)**
Initial allowance for purchased credit deteriorated loans	**652**	**1,738**	**1,694**	**73**	**7**	**—**	**4,164**
Balance at December 31, 2023	**$114,642**	**$74,564**	**$107,383**	**$21,581**	**$4,855**	**$11,989**	**$335,014**
Allowance for unfunded commitments:							
Balance at December 31, 2022	**$4,413**	**$13,142**	**$10,289**	**$328**	**$—**	**$120**	**$28,292**
Cumulative effect of change in accounting principle	**(228)**	**(1,552)**	**7,361**	**977**	**98**	**184**	**6,840**
Provision for credit losses	**532**	**9,026**	**2,636**	**1,118**	**15**	**(11)**	**13,316**
Balance at December 31, 2023	**$4,717**	**$20,616**	**$20,286**	**$2,423**	**$113**	**$293**	**$48,448**

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for credit losses on loans:							
Balance at December 31, 2021	$140,904	$123,613	$90,460	$9,551	$4,194	$3,637	$372,359
Provision for credit losses	(53,508)	(39,481)	32,666	4,889	(825)	(672)	(56,931)
Loan recoveries	1,366	16,827	165	188	192	—	18,738
Loan charge-offs	(2,107)	(6,655)	(100)	—	(340)	—	(9,202)
Adjustment due to merger	(285)	(1,821)	(1,369)	(444)	—	(3)	(3,922)
Reclassification (to) from reserve for unfunded commitments*	—	(79)	—	—	—	—	(79)
Balance at December 31, 2022	$86,370	$92,404	$121,822	$14,184	$3,221	$2,962	$320,963

*Represents reclassifications between the allowance for loan losses and the reserve for unfunded commitments as a result of advances on or repayments of seasonal lines of credit or other loans.

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for credit losses on loans:							
Balance at December 31, 2020	$251,097	$169,467	$71,727	$9,188	$5,953	$3,707	$511,139
Provision for credit losses	(108,625)	(38,570)	26,468	1,233	(1,639)	(70)	(121,203)
Loan recoveries	2,066	12,855	2,763	—	315	—	17,999
Loan charge-offs	(3,634)	(21,284)	(10,498)	(870)	(435)	—	(36,721)
Reclassification (to) from reserve for unfunded commitments*	—	1,145	—	—	—	—	1,145
Balance at December 31, 2021	$140,904	$123,613	$90,460	$9,551	$4,194	$3,637	$372,359

*Represents reclassifications between the allowance for loan losses and the reserve for unfunded commitments as a result of advances on or repayments of seasonal lines of credit or other loans.

Investments

AgriBank is responsible for meeting the District's funding, liquidity and asset/liability management needs. While access to the unsecured debt capital markets remains the District's primary source of liquidity, the Bank also maintains a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets.

The Bank typically holds high-quality investments and other short-term liquid assets on an available-for-sale basis. Refer to the AgriBank 2023 Annual Report for additional information about the Bank's investment portfolio. District Associations have regulatory authority to enter into certain U.S. government or agency guaranteed investments and are primarily held to maturity. Refer to individual District Associations' 2023 annual reports for specific information about the investments at the District Associations. Investment securities held by AgriBank and District Associations are primarily debt securities that decrease in value as interest rates rise.

The majority of District investments carry a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies. Therefore, AgriBank and District Associations have not recognized any allowances for credit losses on investments as of December 31, 2023.

AgriBank sold certain investments during the year ended December 31, 2023. Refer to the AgriBank 2023 Annual Report for additional information.

Investment Information

(in thousands) **As of December 31, 2023**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$22,790,859**	**$30,939**	**$709,370**	**$22,112,428**
District Association investments	**4,472,725**	**25,916**	**110,390**	**4,388,251**
Total District investments	**$27,263,584**	**$56,855**	**$819,760**	**$26,500,679**
(in thousands) As of December 31, 2022	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$21,019,681	$617	$926,375	$20,093,923
District Association investments	2,840,942	1,826	203,342	2,639,426
Total District investments	$23,860,623	$2,443	$1,129,717	$22,733,349
(in thousands) As of December 31, 2021	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$18,470,968	$28,438	$106,778	$18,392,628
District Association investments	2,021,166	30,394	20,513	2,031,047
Total District investments	$20,492,134	$58,832	$127,291	$20,423,675

District Capital

AgriBank and District Associations believe a sound capital position is critical to long-term financial stability. AgriBank and District Associations maintain adequate capital to protect against unanticipated losses as well as to meet growth needs. Total shareholders' equity increased $1.8 billion, primarily resulting from net income for the year ended December 31, 2023, partially offset by patronage accruals.

Accumulated Other Comprehensive Loss			
(in thousands)			
December 31,	**2023**	2022	2021
Investment securities activity	**$(678,429)**	$(925,758)	$(78,338)
Derivatives and hedging activity	**27,509**	58,824	(130,663)
Employee benefit plans activity	**(448,394)**	(519,393)	(433,328)
Total accumulated other comprehensive loss	**$(1,099,314)**	$(1,386,327)	$(642,329)

The decrease in accumulated other comprehensive loss as of December 31, 2023 compared to the year ended December 31, 2022 was primarily related to the investment portfolio market value change and the annual remeasurement of the AgriBank District qualified pension plan. As interest rates in the middle of the yield curve have declined, the unrealized losses on the AgriBank investment portfolio have also declined. Gains on pension plan assets benefited the annual remeasurement of the AgriBank qualified pension plan.

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations.

Regulatory Capital Requirements and Ratios

As of December 31, 2023	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer	Bank	District Associations	
Risk adjusted:						
Common equity tier 1 capital ratio (CET1)	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.5 %	7.0 %	**15.5 %**	**12.6 % -**	**18.5 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**15.9 %**	**13.1 % -**	**18.5 %**
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.0 %	10.5 %	**16.0 %**	**14.1 % -**	**18.8 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**15.9 %**	**13.9 % -**	**18.5 %**
Non-risk adjusted:						
Tier 1 leverage ratio	Tier 1 capital	4.0 %	5.0 %	**5.2 %**	**13.1 % -**	**21.0 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.0 %**	**11.9 % -**	**20.9 %**

[1] Equities outstanding 7 or more years
[2] Capped at 1.25% of risk-adjusted assets
[3] Outstanding 5 or more years, but less than 7 years
[4] Outstanding 5 or more years

Employee Benefit Plans

Eligible employees of AgriBank, District service organizations, and certain District Associations participate in various defined benefit retirement plans. The retirement plans are noncontributory, and the benefits are based on salary and years of service. As of January 1, 2007, District entities froze participation in their defined benefit pension plans and offered defined contribution retirement plans to all employees hired subsequent to the freeze. In addition, most District entities provide certain healthcare and other postretirement benefits to eligible retired employees. Employees may become eligible for healthcare and other postretirement benefits if they reach normal retirement age while working for District entities.

District Retirement Plans

(in thousands) **December 31, 2023**	Pension Benefits Qualified	 Non-qualified	Other Benefits
Projected benefit obligation	**$1,245,052**	**$66,134**	**$16,665**
Fair value of plan assets	**1,213,987**	**—**	**—**
Unfunded status	**(31,065)**	**(66,134)**	**(16,665)**
Accumulated benefit obligation	**$1,140,936**	**$54,916**	**N/A**
Assumptions used to determine benefit obligations:			
Discount rate	**5.0%**	**5.3%**	**5.0%**
Expected long-term rate of return	**6.0%**	**N/A**	**N/A**
Rate of compensation increase(1)(2)	**7.2%**	**7.2%**	**N/A**

(in thousands) December 31, 2022	Pension Benefits Qualified	 Non-qualified	Other Benefits
Projected benefit obligation	$1,204,130	$65,459	$15,713
Fair value of plan assets	1,116,442	—	—
Unfunded status	(87,688)	(65,459)	(15,713)
Accumulated benefit obligation	$1,083,610	$52,357	N/A
Assumptions used to determine benefit obligations:			
Discount rate	5.2%	4.8%	5.1% - 5.2%
Expected long-term rate of return	6.3%	N/A	N/A
Rate of compensation increase(1)(2)	7.2%	7.2%	N/A

(in thousands) December 31, 2021	Pension Benefits Qualified	 Non-qualified	Other Benefits
Projected benefit obligation	$1,500,238	$68,112	$21,215
Fair value of plan assets	1,453,817	—	—
Unfunded status	(46,421)	(68,112)	(21,215)
Accumulated benefit obligation	$1,384,554	$47,825	N/A
Assumptions used to determine benefit obligations:			
Discount rate	2.9%	2.3%	1.3% - 2.8%
Expected long-term rate of return	4.8%	N/A	N/A
Rate of compensation increase	4.6%	4.6%	N/A

(1) The rate of compensation increase for the pension benefits utilizes to an age-based scale beginning at 7.50%, decreasing ultimately to 4.00%

(2) The AgriBank District Pension Restoration Plan (non-qualified) generally follows the same rate of compensation increase assumption as the AgriBank District Retirement Plan unless an alternative assumption is deemed necessary for an individual participating entity. Alternative assumption elections were not material to the District combined non-qualified plan.

Other Matters

On August 1, 2023, Fitch Ratings lowered the U.S. sovereign's long-term Issuer Default Rating to AA+ from AAA; the F1+ short-term rating was affirmed. The outlook on the long-term debt rating was revised to stable. On August 2, 2023, Fitch Ratings lowered the long-term debt rating for the Farm Credit System to AA+ from AAA; the A-1+ short-term rating was affirmed. The outlook on the long-term debt rating was revised to stable. As a government-sponsored entity, the Farm Credit System benefits from the implicit government support and, therefore, the ratings are directly linked to the U.S. sovereign rating.

On August 2, 2023, Fitch Ratings lowered the long-term debt rating for the Farm Credit Banks, including AgriBank, to A+ from AA-; the F1+ short-term rating was affirmed. The outlook on the long-term debt rating was revised to stable. The reduction in the credit rating by Fitch Ratings for the Farm Credit Banks, including AgriBank, could result in higher funding costs. However, to date we have noticed no significant impact as a result of this rating change.

On November 15, 2023, Compeer redeemed $100.0 million of Series A-1 non-cumulative perpetual preferred stock, in accordance with the terms of the preferred stock.

On January 1, 2024 AgriBank redeemed all of its issued and outstanding shares of Series A Non-cumulative Perpetual Preferred Stock, par value $100 per share, in accordance with the terms of the preferred stock.

The capitalization provisions of AgriBank's bylaws were amended, effective January 1, 2024, to make certain changes to the capital stock of AgriBank, including: (1) to issue Class A Common Stock (rather than designating it as Class P Common Stock, Series A Participation Certificates, Series C Participation Certificates or Class F Common Stock); and (2) to establish new Class B Common Stock. Refer to the AgriBank 2023 Annual Report for additional information.

On February 16, 2024, AgriBank's voting shareholders voted to authorize AgriBank to issue (and reissue) one or more series of preferred stock in an amount with an aggregate par value of up to $3.0 billion outstanding at any one time for a period commencing on March 1, 2024 and ending on the 10th anniversary of this date.

AgriBank's approval is required for significant structure changes at District Associations, including, but not limited to: merger, acquisition, liquidation or reaffiliation to another Farm Credit District.

Effective December 29, 2023, Farm Credit Services of America, ACA, Frontier Farm Credit, ACA, and AgCountry Farm Credit Services, ACA entered into an agreement that provides for contractual collaboration among the three Farm Credit Associations. Subject to completion of certain shareholder engagement activities and consent from the Associations' respective supervisory Banks, the Agreement provides that the three Associations will be jointly managed and will commence sharing income and losses on April 1, 2024, or as soon as reasonably practical thereafter. The Associations will deploy a common business approach to the development and delivery of products and services and use common technology platforms that accommodate differences in local marketplace conditions. While the Associations will be jointly managed and operate under jointly developed strategic business plans and supporting plans, they will remain separate organizations with strong local representation through independent boards of directors and distinct patronage programs.

Effective April 1, 2023, two District Associations, Farm Credit Midsouth, ACA and Farm Credit Mid-America, ACA, merged and are doing business as Farm Credit Mid-America, ACA, headquartered in Louisville, Kentucky.

In 2021, Delta, ACA's (Delta's) board of directors determined that it was in the best interests of Delta to voluntarily dissolve and approved a preliminary resolution to proceed with a plan to voluntarily liquidate and dissolve the Association (the Plan). On March 17, 2022, the FCA preliminarily approved the Plan. On April 14, 2022, Delta's stockholders approved the Plan, which includes an agreement to sell the loan portfolio to another District Association. Subsequently, on April 19, 2022, the FCA provided final approval of the Plan. The sale of Delta's entire loan portfolio to AgHeritage Farm Credit Services, ACA occurred on May 1, 2022. All employees were terminated effective May 31, 2022. The remaining stock in AgriBank of $1.4 million was retired in November 2023. Effective December 31, 2023, the FCA cancelled Delta's charter.

Select Information on AgriBank District Associations

(in thousands)

As of December 31, 2023	Wholesale Loan Amount	% of Wholesale Portfolio	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Nonperforming [1] as a % of Total Loans	Return on Assets
Farm Credit Services of America	$33,516,275	26.7%	$41,946,122	$7,578,984	14.4%	0.3%	1.9%
Farm Credit Mid-America[2][3]	29,297,849	23.3%	35,992,705	6,162,150	15.8%	0.6%	1.6%
Compeer Financial	26,133,298	20.7%	31,900,047	4,941,206	14.1%	0.8%	1.6%
AgCountry Farm Credit Services[2]	10,977,502	8.7%	13,919,233	2,677,266	15.3%	0.4%	2.0%
GreenStone Farm Credit Services	10,501,604	8.3%	13,221,130	2,466,450	15.2%	0.4%	2.1%
Farm Credit Illinois	5,445,487	4.3%	6,785,104	1,231,006	16.1%	0.3%	1.8%
FCS Financial	5,080,272	4.0%	6,419,024	1,202,749	15.7%	0.3%	1.9%
AgHeritage Farm Credit Services	1,754,863	1.4%	2,257,088	471,317	16.4%	0.4%	2.0%
Farm Credit Services of Western Arkansas	1,445,252	1.1%	1,883,076	387,716	18.2%	0.8%	1.7%
Farm Credit Services of Mandan	1,131,728	0.9%	1,520,052	360,714	18.8%	0.6%	1.9%
Farm Credit Southeast Missouri	728,516	0.6%	955,571	208,456	18.5%	0.4%	2.1%
Total	$126,012,646	100.0%	$156,799,152	$27,688,014			

[1] Nonperforming loans are composed of nonaccrual loans and accruing loans 90 days or more past due.

[2] Loan amounts do not include fair value adjustments due to merger.

[3] Effective April 1, 2023, Farm Credit Midsouth merged with Farm Credit Mid-America.

Combined Balance Sheets

AgriBank, FCB and District Associations

(unaudited)

(in thousands)

December 31,	2023	2022	2021
Assets			
Cash	**$1,715,488**	$1,453,504	$1,376,581
Federal funds and securities purchased under resale agreements	**1,700,000**	—	—
Investments	**26,585,153**	22,934,865	20,413,794
Loans	**165,792,497**	152,142,301	140,458,534
Allowance for credit losses on loans	**335,014**	320,963	372,359
Net loans	**165,457,483**	151,821,338	140,086,175
Accrued interest receivable	**2,195,771**	1,645,338	1,271,385
Premises and equipment, net	**788,855**	727,362	702,637
Other assets	**1,184,075**	778,246	591,708
Total assets	**$199,626,825**	$179,360,653	$164,442,280
Liabilities			
Bonds and notes	**$162,353,014**	$145,035,837	$132,665,518
Subordinated notes	**200,000**	200,000	200,000
Member investment bonds	**3,957,315**	3,193,161	2,037,089
Accrued interest payable	**1,028,189**	644,677	261,016
Patronage distribution payable	**1,203,376**	1,128,598	1,043,699
Other liabilities	**1,018,959**	1,080,093	907,668
Total liabilities	**169,760,853**	151,282,366	137,114,990
Shareholders' equity			
Preferred stock	**350,000**	450,000	450,000
Capital stock and participation certificates	**400,964**	380,375	362,995
Capital stock and participation certificates receivable	**(147,134)**	(132,504)	(118,179)
Additional paid-in capital	**2,663,018**	2,443,241	2,084,988
Allocated retained earnings	**162,937**	215,380	269,317
Unallocated retained earnings	**27,381,347**	25,972,986	24,802,092
Accumulated other comprehensive loss	**(1,099,314)**	(1,386,327)	(642,329)
Noncontrolling interest	**154,154**	135,136	118,406
Total shareholders' equity	**29,865,972**	28,078,287	27,327,290
Total liabilities and shareholders' equity	**$199,626,825**	$179,360,653	$164,442,280

Combined Statements of Income

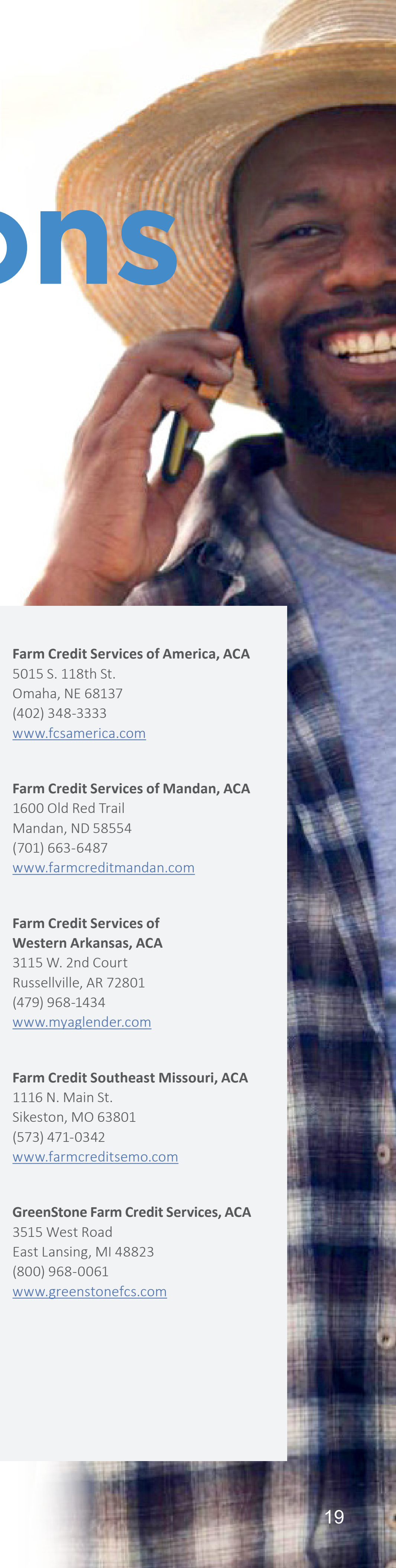
AgriBank, FCB and District Associations

(unaudited)

(in thousands)

For the year ended December 31,	**2023**	2022	2021
Interest Income			
Loans	**$8,605,331**	$5,881,075	$4,650,752
Investment securities and other earning assets	**1,203,747**	353,444	147,504
Total interest income	**9,809,078**	6,234,519	4,798,256
Interest Expense	**5,175,128**	2,262,362	1,201,612
Net interest income	**4,633,950**	3,972,157	3,596,644
Provision for credit losses	**295,719**	(56,931)	(121,203)
Net interest income after provision for credit losses	**4,338,231**	4,029,088	3,717,847
Non-interest income			
Net fee income	**105,572**	103,207	125,166
Financially related services income	**234,765**	229,863	201,703
Net gains (losses) on sales of investments and other assets	**4,181**	(3,275)	2,164
Mineral income	**86,599**	89,636	54,487
Other income, net	**42,739**	43,265	46,224
Total non-interest income	**473,856**	462,696	429,744
Non-interest expense			
Salaries and employee benefits	**1,033,035**	966,694	885,591
Occupancy and equipment	**188,878**	167,084	156,951
Purchased services	**131,615**	124,203	112,678
Farm Credit System Insurance Corporation expense	**240,572**	244,068	176,894
Other expense	**340,158**	301,700	261,111
Total non-interest expense	**1,934,258**	1,803,749	1,593,225
Income before income taxes	**2,877,829**	2,688,035	2,554,366
Provision for income taxes	**46,587**	49,989	52,808
Net income	**$2,831,242**	$2,638,046	$2,501,558

District Associations



Farm Credit Associations in the AgriBank District provide farmers, ranchers and other rural borrowers in their local communities with the capital they need to make their businesses successful.

AgriBank supports our Association-owners, which serve rural communities and agriculture in the 15 states of the AgriBank District. Under our cooperative structure, the farmers, ranchers and agribusinesses that Farm Credit serves own these Associations, which in turn are the primary customers and owners of AgriBank.

AgCountry Farm Credit Services, ACA
1900 44th St. S., #6020
Fargo, ND 58108
(701) 282-9494
www.agcountry.com

AgHeritage Farm Credit Services, ACA
119 E. Third St., Suite 200
Little Rock, AR 72201
(800) 299-2290
www.agheritagefcs.com

Compeer Financial, ACA
2600 Jenny Wren Trail
Sun Prairie, WI 53590
(844) 426-6733
www.compeer.com

FCS Financial, ACA
1934 E. Miller St.
Jefferson City, MO 65101
(573) 635-7956
www.myfcsfinancial.com

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1100 Farm Credit Drive
Mahomet, IL 61853
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www.farmcreditil.com

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www.fcma.com

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www.fcsamerica.com

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1600 Old Red Trail
Mandan, ND 58554
(701) 663-6487
www.farmcreditmandan.com

Farm Credit Services of Western Arkansas, ACA
3115 W. 2nd Court
Russellville, AR 72801
(479) 968-1434
www.myaglender.com

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1116 N. Main St.
Sikeston, MO 63801
(573) 471-0342
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