CAPITALIZING on Opportunity

AgriBank 2024 Quarterly Report
June 30, 2024

AgriBank
FARM CREDIT BANK

Copies of Quarterly and Annual Reports are available upon request by contacting AgriBank, FCB, 30 E. 7th Street, Suite 1600, St. Paul, MN 55101 or by calling (651) 282-8800. Reports are also available at www.AgriBank.com.

Management's Discussion and Analysis

AgriBank, FCB

(Unaudited)

The following commentary is a review of the financial condition and results of operations of AgriBank, FCB (AgriBank, or the Bank). This information should be read in conjunction with the accompanying Financial Statements, the Notes to the Financial Statements and the 2023 Annual Report.

AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by 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 compose the AgriBank District. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

Forward-Looking Information

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2023 Annual Report. AgriBank undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial Overview

Our year-to-date return on assets (ROA) ratio was 46 basis points, shy of our target of 50 basis points, related to a slight decline in net income paired with growth in average assets during 2024. We adjusted our wholesale pricing effective July 1, 2024, and we expect to end the year at our targeted ROA level. Net interest income decreased compared to the prior year. Our ability to generate income through funding actions has been limited and has contributed to the decline in spread due to the shape of the yield curve in the current interest rate environment, coupled with the product mix of underlying Association loan originations driving recent wholesale portfolio growth.

Loan portfolio credit quality remained strong with 99.5 percent of our total loan portfolio in the acceptable category, which reflects the overall financial strength of District Associations and their underlying portfolios of retail loans. Credit quality of our retail loan portfolio (accounting for approximately 14 percent of our total loan portfolio) improved slightly to 96.3 percent acceptable as of June 30, 2024, compared to 96.2 percent acceptable at December 31, 2023. See the Loan Portfolio section for additional discussion about how other factors may impact our loan portfolio performance.

Strong capital levels ensure we are well-positioned to manage the cyclical characteristics of the agricultural market, as well as the challenges and uncertainty of the overall economic environment. Refer to the Loan Portfolio and Funding, Liquidity and Shareholders' Equity sections for further discussion.

Economic Conditions

Interest Rate Environment

In the July 2024 meeting, the Federal Open Market Committee (FOMC) maintained the fed funds rate at its target range of 5.25 to 5.50 percent and noted that while inflation has been declining it needed greater confidence that inflation is moving sustainably toward its 2 percent target before cutting rates. The FOMC released its quarterly "dot plot" in June. The median of the dot plot showed just one 25 basis point cut for 2024 (from 75 basis points in March) and the long-term fed funds rate rising by 20 basis points to 2.75 percent.

The Consumer Price Index (CPI) declined 0.10 percent in June from the prior month, driven by lower gasoline prices, the first decline since the onset of the COVID pandemic. The year-over-year increase in core CPI was 3.30 percent, the slowest pace in more than three years. This led to a sharp decline in rates and increase in market expectations for at least three rate cuts by Jan 2025.

The U.S. gross domestic product is expected to grow by 2.3 percent in 2024 and 1.8 percent in 2025. Broader economic activity appears to be slowing. The labor market is softening with unemployment rate increasing to 4.1 percent, but this mostly reflects normalization of an overheated labor market rather than a significant deterioration.

The U.S. Treasury yield curve remains inverted with short-term bond yields above longer-term bond yields. Economists expect the U.S. Treasury bond yield curve to remain inverted until 2025 as the FOMC maintains the fed funds target rate above longer-term U.S. Treasury yields to combat inflation.

We manage interest rate risk consistent with policies established by the board of directors and limits established by AgriBank's Asset/Liability Committee (ALCO). Many factors can impact our net interest income, including strategic interest rate risk management in collaboration with District Associations. Management expects financial performance will remain relatively consistent under most interest rate environments over the next 12 months.

Agricultural Conditions

On February 7, 2024, the U.S. Department of Agriculture's Economic Research Service (USDA-ERS) released its initial forecast of the U.S. aggregate farm income and financial conditions for 2024 and updated its 2023 forecast. The revised 2023 nominal net farm income (NFI) forecast of $155.9 billion represented a $29.7 billion decline from the record-high 2022 level, down 16.0 percent, following three-consecutive years with substantial increases. Although down, when adjusting for inflation, the 2023 real NFI forecast is $41.1 billion, or 34.8 percent, above the 20-year average (2003-2022) net farm income in 2024 dollars. The initial 2024 nominal NFI projection of $116.1 billion would represent a decline of $39.8 billion, or 25.5 percent, from the revised 2023 NFI forecast. Although NFI is forecast to decline significantly for the second-consecutive year, the 2024 forecast, if realized, would be just 1.8 percent, or $2.0 billion, below the 20-year average real net farm income.

The declining 2024 nominal income forecast is largely driven by an expected $21.2 billion decline in cash receipts, or 4.2 percent, combined with a $16.7 billion increase, or 3.8 percent, in total expenses compared to 2023. The lower cash receipts forecast is largely due to the expectation of a $16.7 billion, or 6.3 percent, decrease in crop receipts driven by lower prices for corn and soybeans, while animal and animal product cash receipts are forecast to decline $4.6 billion, or 1.9 percent, with mixed changes across the various sectors. On the expense side, USDA-ERS forecasts that higher intermediate product expenses, including seed, pesticides, fertilizer, livestock and marketing costs, along with rising labor expenses, are the main contributing factors behind the higher production cost expectations for 2024. The decline in sector income is forecast to reduce working capital levels by 16.6 percent in 2024 compared to the year prior on a nominal basis. However, at $101.7 billion, the 2024 working capital forecast remains above the recent 2016 through 2018 lows when adjusting for inflation. The lower sector income is forecast to have a minimal impact on the farm sector balance sheet. The USDA-ERS forecasts a 5.2 percent nominal increase in total farm debt, which is met with a 4.7 percent increase in farm sector assets, resulting in only fractional increases in the debt-to-asset and debt-to-equity solvency ratios.

Agricultural commodity markets experienced mixed price moves during the second quarter of 2024. After a brief rally in the spring due to delayed plantings and flooding concerns, crop prices declined during June and the first half of July as rising supply expectations have been negative for prices. The USDA June Acreage and quarterly Grain Stocks reports added additional downward pressure for crop prices in late June as the USDA estimated U.S. farmers planted 91.5 million acres of corn in 2024, up 1.4 million acres from the March 2024 Prospective Plantings survey, and above pre-report market expectations. USDA's June soybean acreage estimate was below market expectations, but at an estimated 86.1 million acres for 2024, soybean acreage was 2.5 million acres above 2023 acreage. The quarterly USDA Grain Stocks report estimated that total U.S. corn stocks as of June 1, 2024 were up 21.7 percent, when compared to June of the prior year, while soybean stocks were up 21.8 percent. After some early challenges, the 2024 growing season conditions have generally been favorable for many producers. Hurricane Beryl delivered moisture to dry areas of the eastern Corn Belt, and the USDA estimates that as of mid-July, 68 percent of the U.S. corn and soybean crops were in good to excellent condition, up over 10 percentage points from the year prior. The July 2024 USDA-WASDE report incorporated the June Acreage report estimates and trend line crop yield projections. The 2024 U.S. corn production forecast was 15.1 billion bushels, which would be the third largest corn crop, while 2024 soybean production was forecast to total 4.4 billion bushels, the second largest soybean crop. The large crop production expectations paired with higher beginning stocks have pressured crop prices lower to attract new demand. As of mid-2024, crop prices are below the cost of production for most producers. If these conditions hold through harvest, credit quality deterioration in the crops segment of the portfolio would likely start to materialize with line of credit renewals during the first half of 2025. However, many crop producers are favorably positioned moving into a down-cycle in earnings given the strong financial performance during the previous three years.

Livestock and dairy prices were generally higher during the second quarter of 2024 and most were above prior year levels. Those price increases along with falling feed costs should support stronger returns for many livestock producers and dairy farmers. Cattle prices increased to record-high levels during the second quarter of 2024 with support from strong domestic demand and tight cattle supplies. Hog prices increased into May, but failed to have the seasonal June rally that usually occurs. The USDA projects that hog prices will decline the second half of 2024 and will be below prior year levels. Lower hog price expectations will be partially offset by lower feed costs, which should limit potential losses. Dairy prices and margins have improved significantly in 2024. Constrained milk and cheddar production and stronger cheese exports have supported a rally in Class III milk prices. Despite the discovery of highly pathogenic avian influenza (HPAI) in dairies across 13 different states, the infections do not appear to be having a significant impact on the dairy market. Falling corn and lower hay prices have also supported positive dairy margins in 2024, and milk futures as of mid-2024 are offering producers the opportunity to profitably hedge production the second half of the year. HPAI infections continue at egg laying facilities, and the USDA estimates the table egg layer flock was down 3.1 percent in May 2024, compared to the same period of the prior year. Egg prices trended higher into June and were well above prior year levels. Broiler prices were higher during the second quarter of 2024; this increase combined with the lower feed cost environment should support favorable returns for many broiler integrators.

Despite declines in crop prices and lower net farm income expectations, the farm sector balance sheet remains strong. Many factors, including weather, trade, government and monetary policy, global agricultural production levels, 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.

Land Values

The AgriBank District continues to monitor agricultural land values. We conduct an annual Benchmark Survey based on values estimated as of June 30 each year. The valuations are completed by licensed real estate appraisers on representative benchmark properties in 34 regions of the District. The results of the Benchmark Survey are available in the third quarter. The most recent benchmark values from June 30, 2023, showed that agricultural land values increased on average 13.2 percent in the District. While all 34 benchmark regions were higher in 2023, there was a wide range of increases based on the regional availability of land, quality of land, and regional demand from producers and non-farmer/owners. Rural and farm land market participants continue to purchase land when available. However, higher interest rates, lower returns, and previous increases in land prices may ease demand for land purchases.

The Federal Reserve Banks of Chicago, Kansas City and Minneapolis reported on the change in farmland values from the end of the first quarter 2023 to the end of the first quarter 2024 in their respective districts. The Federal Reserve district reports indicated annual regional increases in non-irrigated farmland values ranging from 3.9 to 6.0 percent.

The USDA land value survey, which is conducted annually using June values and published in August of each year, is based on a survey of agricultural producers across the United States. Results of the 2023 survey showed increases of 8.3 percent for overall farm real estate values and 9.3 percent for cropland values specific to the AgriBank District.

AgriBank District credit risk policies focus on loan repayment capacity in addition to conservative loan-to-value levels on the collateral that secures loans. Although Farm Credit Administration (FCA) regulations allow real estate mortgage loans of up to 85 percent of appraised value, most District Associations generally limit lending to 65 percent or less at origination. While underwriting exceptions on loan-to-appraised-value are sometimes granted, in such cases, loans are typically structured with shorter amortization schedules and/or additional principal payments in the early years to reduce risk. With increased land values across the District, Associations continue to incorporate credit underwriting factors such as sustainable repayment capacity and lending caps per acre based on land's long-term, income-producing capacity. These proactive lending practices reduce the impact on District loan portfolios if land values materially decline.

Loan Portfolio

Components of Loans

(in thousands)	June 30, 2024	December 31, 2023
Accrual loans:		
Wholesale loans	**$132,680,945**	$126,012,646
Retail loans:		
Real estate mortgage	**9,325,858**	9,410,643
Production and intermediate-term	**8,369,805**	8,938,319
Loans to other financing institutions (OFIs)	**758,546**	1,043,351
Other	**3,274,274**	3,250,150
Total retail loans	**21,728,483**	22,642,463
Nonaccrual loans	**122,144**	70,322
Total loans	**$154,531,572**	$148,725,431

The Other category was primarily composed of agribusiness and rural residential real estate loans.

Loans totaled $154.5 billion at June 30, 2024, an increase of $5.8 billion from December 31, 2023. Within total loans, an increase in wholesale loans was primarily driven by growth in real estate mortgage, agribusiness and rural infrastructure loans at AgriBank District Associations.

Retail loans decreased, primarily driven by declines in production and intermediate-term and real estate mortgage loans, largely related to paydowns in our asset pool programs as well as seasonal payments within our crop input financing portfolio. Additionally, a decrease in other financing institutions (OFIs), primarily attributable to a large pay-down by one institution during the second quarter, further contributed to the overall decrease.

Overall AgriBank credit quality remains strong. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong even as some District Associations may experience declines in their retail credit quality in the future. Each District Association has allowances for credit losses on loans, earnings and capital that absorb their credit losses before their losses would impact our wholesale loans.

The credit quality of our total loan portfolio remained strong and increased slightly at 99.5 percent in the acceptable category at June 30, 2024, compared to 99.4 percent at December 31, 2023. As of June 30, 2024, all outstanding wholesale loans were classified as acceptable. Adversely classified loans were 0.3 percent at both June 30, 2024, and December 31, 2023. Credit quality of our retail loan portfolio increased slightly to 96.3 percent acceptable as of June 30, 2024, compared to 96.2 percent acceptable at December 31, 2023. Included in total loans are loans classified as loans held for sale with a net book value of $218.2 million and $355.2 million as of June 30, 2024, and December 31, 2023, respectively. While credit quality is currently strong, many factors could impact borrowers and may result in changes to credit quality in our loan portfolio.

Components of Nonperforming Assets

(in thousands)	**June 30, 2024**	December 31, 2023
Nonaccrual loans	**$122,144**	$70,322
Accruing loans 90 days or more past due	**50,737**	1,334
Total nonperforming loans	**172,881**	71,656
Other property owned	**1,944**	80
Total nonperforming assets	**$174,825**	$71,736
As a percent of retail loans		
Nonperforming loans	**0.80 %**	0.32 %
Nonaccrual loans	**0.56 %**	0.31 %
Delinquencies	**1.05 %**	0.59 %
As a percent of loans		
Nonperforming loans	**0.11 %**	0.05 %
Nonaccrual loans	**0.08 %**	0.05 %
Delinquencies	**0.15 %**	0.09 %

Note: Total loans used to calculate the above ratios include $218.2 million and $355.2 million of loans classified as held for sale as of June 30, 2024, and December 31, 2023, respectively.

Due to the low level of nonperforming assets, movement of a single loan or borrower impacts the percent of nonperforming loans. Despite the increase compared to year-end, nonperforming assets remain at acceptable levels, and total nonperforming loans as a percentage of total loans remain within our established risk management guidelines. Nonperforming loans were primarily concentrated in the production and intermediate-term and real estate mortgage sectors. At June 30, 2024, 34.6 percent of nonaccrual loans were current as to principal and interest.

Increase in nonaccrual loans was primarily concentrated in our crop input financing portfolio, which is predominantly classified as production and intermediate-term loans, during the six months ended June 30, 2024.

The seasonality of our crop input financing portfolio was the primary driver of the increase within accruing loans 90 days or more past due category observed in our production and intermediate-term loans. The risk in the crop input financing portfolio is significantly mitigated by credit enhancements, including guarantees with third parties that are in a strong financial position. Our accounting policy requires loans past due 90 days to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, all accruing loans 90 days or more past due were eligible to remain in accruing status.

The increase in other property owned is primarily due to loans participated from a District Association, which were nonperforming. The properties held as collateral for this customer were transferred into other property owned during 2024. The properties are anticipated to be sold by the end of 2024.

Allowance Coverage Ratios

	June 30, 2024	December 31, 2023
Allowance for credit losses on loans as a percentage of:		
Loans	**0.02 %**	0.02 %
Retail loans	**0.17 %**	0.14 %
Nonaccrual loans	**30.11 %**	45.49 %
Total nonperforming loans	**21.27 %**	44.65 %
Adverse assets to capital and allowance for credit losses on loans	**4.72 %**	4.78 %

Note: The total loans used to calculate the Loans and Retail loans ratios in the above chart includes loans classified as held for sale as of June 30, 2024, and December 31, 2023.

The changes in the above ratios are mostly related to increases in nonaccrual loans and seasonal increases in accruing loans 90 days or more past due.

The allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates expected probabilities of default and severity of loss based on historical portfolio performance, forecasts of future economic conditions and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions.

As of June 30, 2024, the allowance increased $4.8 million, compared to December 31, 2023. This was mainly due to increases in specific reserves in our crop input financing and asset pool portfolios.

Funding, Liquidity and Shareholders’ Equity

We are responsible for meeting the District's funding, liquidity and asset/liability management needs. Access to the unsecured debt capital markets remains our primary source of liquidity. We also maintain a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets.

The System access to the debt capital markets is critical to support its mission of providing credit to farmers, ranchers and other eligible borrowers. For the six months ended June 30, 2024, investor demand for Systemwide Debt Securities remained sufficient to meet our funding needs.

Our liquidity policy and FCA regulations require maintaining minimum liquidity on a continuous basis of 120 days and 90 days, respectively. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments and cash. As of June 30, 2024, we had sufficient liquidity to fund all debt maturing within 157 days. At June 30, 2024, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

We maintain a Contingency Funding Plan (CFP) that helps inform our operating and funding needs and addresses actions we would consider in the event that there is not ready access to traditional funding sources. These potential actions include borrowing overnight via federal funds, using investment securities as collateral to borrow, using the proceeds from maturing investments and selling our liquid investments. We size our investment portfolio using the CFP to cover all operating and funding needs for a minimum of 30 days with a targeted $850 million buffer. The Funding Corporation, on behalf of the System Banks, may also incur other obligations, such as federal funds purchased, that would be the joint and several obligations of the System Banks and would be insured by the Insurance Corporation to the extent funds are available in the Insurance Fund.

We manage interest rate risk under policies established by our board and limits established by our ALCO. These policies and limits ensure that net interest income and economic value of equity at risk remain within the defined risk appetite of the board, including during periods of high interest rate volatility. Beginning in 2023, we made temporary strategic pricing changes, which ended in January 2024, in an effort to combat competitive pressure for District Associations.

Total shareholders’ equity at June 30, 2024, was $8.7 billion, a $160.9 million increase from December 31, 2023. The increase was driven primarily by our net income and capital stock issuances during the first half of 2024. Additionally, unrealized gains in our derivative portfolio added to the overall increase. Offsetting these were the redemption of $250 million of perpetual preferred stock, as well as cash patronage declared, consistent with AgriBank's capital plan. Unrealized losses in our investment portfolio also contributed to the offset. Based on our analysis, we have not recognized an allowance for credit losses related to our investment portfolio as the majority of our portfolio is guaranteed by the U.S. government or its agencies. Additionally, no investments were impaired as of June 30, 2024.

At June 30, 2024, we exceeded the regulatory minimum capital ratios. Refer to the Additional Regulatory Information section as well as Note 4 in the accompanying Financial Statements for further discussion of capital ratios.

Results of Operations

Net income for the six months ended June 30, 2024, was $406.6 million, a 3.7 percent decrease, compared to $422.4 million for the same period in 2023. ROA of 46 basis points through the six months ended June 30, 2024, was below AgriBank's 50 basis point target and was related to a slight decline in net income paired with growth in average assets during 2024. We adjusted our wholesale pricing effective July 1, 2024, and we expect to end the year at our targeted ROA level.

Changes in Significant Components of Net Income

(in thousands) **For the six months ended June 30,**	**2024**	2023	(Decrease) increase in Net Income
Net interest income	**$461,294**	$467,468	$(6,174)
Provision for credit losses	**8,000**	3,000	(5,000)
Non-interest income	**57,278**	50,948	6,330
Non-interest expense	**103,985**	92,995	(10,990)
Net income	**$406,587**	$422,421	$(15,834)

Net interest income

Changes in Net Interest Income

(in thousands) **For the six months ended June 30,**	**2024 vs 2023**		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$345,985**	**$422,275**	**$768,260**
Investments and other earning assets	**38,761**	**129,142**	**167,903**
Total interest income	**384,746**	**551,417**	**936,163**
Interest expense:			
Systemwide debt securities and other	**(274,083)**	**(668,254)**	**(942,337)**
Net change in net interest income	**$110,663**	**$(116,837)**	**$(6,174)**

Information regarding the year-to-date average daily balances (ADBs) and annualized average rates earned and paid on our portfolio follows:

(in thousands)

For the six months ended June 30,	**2024**			2023		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$128,522,477**	**3.87 %**	**$2,484,024**	$119,873,619	3.31 %	$1,964,751
Retail accrual loans	**21,363,224**	**5.49 %**	**582,883**	14,269,004	4.76 %	337,142
Retail nonaccrual loans	**83,942**	**16.93 %**	**7,087**	45,002	17.21 %	3,841
Investment securities and other earning assets	**25,767,761**	**4.63 %**	**595,074**	22,851,499	3.77 %	427,170
Total earning assets	**175,737,404**	**4.19 %**	**3,669,068**	157,039,124	3.51 %	2,732,904
Interest bearing liabilities	**167,389,553**	**3.84 %**	**3,207,774**	150,560,221	3.03 %	2,265,436
Interest rate spread		**0.35 %**			0.48 %	
Impact of equity financing	**$8,347,851**	**0.18 %**		$6,478,903	0.12 %	
Net interest margin		**0.53 %**			0.60 %	
Net interest income			**$461,294**			$467,468

Net interest income decreased slightly when compared to the same period of the prior year. Our ability to generate income through funding actions has been limited and has contributed to the decline in spread due to the shape of the yield curve in the current interest rate environment, coupled with the product mix of underlying Association loan originations driving recent wholesale portfolio growth. Additionally, we've placed a larger proportion of our equity at longer points on the yield curve, which is detrimental to short-term income, however it provides a level of protection against falling interest rates. Adding to the decline, spread income on investment securities was lower when compared to the same period of the prior year as a result of the maturity of low-yield debt outpacing the maturity of lower yielding investments, as well as reduced spreads on money market instruments. Offsetting these decreases is higher spread income on retail loans, when compared to the prior year, in our asset pool portfolio due to the purchase of a significant number of additional loan participations in the second half of 2023. Additionally, offsetting the decrease in net interest income is an increased benefit of equity financing from higher interest rates compared to the same period of the prior year. Equity financing represents the benefit of non-interest bearing funding. Net interest margin for the six months ended June 30, 2024, decreased compared to the same period of the prior year and was impacted by the compression of interest rate spreads as discussed above.

Non-interest income

Non-interest income increased for the six months ended June 30, 2024, compared to the same period of the prior year. The increase was related to an Allocated Insurance Reserve Accounts (AIRAs) distribution received from the Farm Credit System Insurance Corporation (FCSIC) during the second quarter of 2024. The AIRAs were established by the FCSIC when premiums collected increased the level of the insurance fund beyond the required secured base amount of 2 percent of insured debt. Additionally, mineral income increased for the six months ended June 30, 2024, compared to the same period of the prior year, related to a rise in gas and oil production, a result of an increase in new well activity during the first quarter of 2024.

Non-interest expense

Non-interest expense increased for the six months ended June 30, 2024, compared to the same period of the prior year mainly due to expected increases in loan servicing fees related to expansion in the asset pool programs in the second half of 2023 and continuing into the first half of 2024.

Other Matters

Our approval is required for significant structural changes at District Associations, including, but not limited to, merger, acquisition, liquidation or re-affiliation to another Farm Credit District.

The boards of directors of AgCountry Farm Credit Services, ACA, Farm Credit Services of America, ACA, and Frontier Farm Credit, ACA entered into an agreement with an effective date of December 29, 2023, and beginning April 15, 2024, the three Associations are jointly managed and share income and losses. 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 are jointly managed and will operate under jointly developed strategic business plans and supporting plans, they remain separate organizations with local representation through independent boards of directors and distinct patronage programs.

Certification

The undersigned have reviewed the June 30, 2024, Quarterly Report of AgriBank, FCB, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate and complete to the best of our knowledge and belief.

Stanley Claussen
Chair of the Board
AgriBank, FCB
August 9, 2024

Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB
August 9, 2024

Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB
August 9, 2024

Statements of Condition

AgriBank, FCB

(in thousands)	**June 30, 2024**	December 31, 2023
	(unaudited)	
Assets		
Loans held to maturity (Note 2)	**$154,313,387**	$148,370,212
Allowance for credit losses on loans	**36,776**	31,992
Net loans held to maturity	**154,276,611**	148,338,220
Loans held for sale (Note 2)	**218,185**	355,219
Net loans	**154,494,796**	148,693,439
Investment securities	**22,263,943**	22,112,428
Cash	**1,387,228**	1,642,497
Federal funds and securities purchased under resale agreements	**1,600,000**	1,700,000
Accrued interest receivable	**1,673,655**	1,590,342
Derivative assets	**97,414**	93,470
Other assets	**350,473**	590,827
Total assets	**181,867,509**	176,423,003
Liabilities		
Bonds and notes	**171,634,342**	166,310,329
Accrued interest payable	**1,153,889**	1,027,470
Derivative liabilities	**52,248**	75,356
Patronage payable and other payables	**255,536**	402,749
Other liabilities	**27,459**	23,921
Total liabilities	**173,123,474**	167,839,825
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**—**	250,000
Capital stock and participation certificates	**5,979,700**	5,845,718
Unallocated retained earnings	**3,319,705**	3,139,865
Accumulated other comprehensive loss	**(555,370)**	(652,405)
Total shareholders' equity	**8,744,035**	8,583,178
Total liabilities and shareholders' equity	**$181,867,509**	$176,423,003

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited) (in thousands)	Three months		Six months	
For the periods ended June 30,	**2024**	2023	**2024**	2023
Interest income				
Loans	**$1,569,991**	$1,217,725	**$3,073,994**	$2,305,734
Investments and other earning assets	**297,249**	238,580	**595,074**	427,170
Total interest income	**1,867,240**	1,456,305	**3,669,068**	2,732,904
Interest expense	**1,641,539**	1,211,912	**3,207,774**	2,265,436
Net interest income	**225,701**	244,393	**461,294**	467,468
Provision for credit losses	**7,000**	6,000	**8,000**	3,000
Net interest income after provision for credit losses	**218,701**	238,393	**453,294**	464,468
Non-interest income				
Mineral income	**20,784**	21,631	**44,948**	41,655
Business services income	**2,439**	2,276	**4,860**	4,444
Loan prepayment and fee income	**1,456**	464	**3,375**	3,209
Allocated Insurance Reserve Accounts income	**5,922**	—	**5,922**	—
Other (loss) income, net	**(1,953)**	(46)	**(1,827)**	1,640
Total non-interest income	**28,648**	24,325	**57,278**	50,948
Non-interest expense				
Salaries and employee benefits	**8,341**	8,099	**16,702**	15,925
Other operating expenses	**14,356**	13,114	**28,208**	25,139
Loan servicing and other expenses	**24,188**	19,742	**47,939**	38,887
Farm Credit System insurance expense	**5,368**	6,640	**10,907**	13,040
Other expenses, net	**228**	—	**229**	4
Total non-interest expense	**52,481**	47,595	**103,985**	92,995
Net income	**$194,868**	$215,123	**$406,587**	$422,421
Other comprehensive income				
Investment securities activity	**$2,130**	$(38,077)	**$(23,291)**	$91,397
Derivatives and hedging activity	**24,530**	104,738	**120,244**	26,693
Employee benefit plan activity	**41**	47	**82**	92
Total other comprehensive income	**26,701**	66,708	**97,035**	118,182
Comprehensive income	**$221,569**	$281,831	**$503,622**	$540,603

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

Statements of Changes in Shareholders' Equity

AgriBank, FCB

(unaudited) (in thousands)	Perpetual Preferred Stock	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2022	$250,000	$4,664,821	$3,139,365	$(868,630)	$7,185,556
Cumulative effect of change in accounting principle			8,815		8,815
Net income			422,421		422,421
Other comprehensive income				118,182	118,182
Cash patronage			(282,610)		(282,610)
Perpetual preferred stock dividends			(8,594)		(8,594)
Capital stock/participation certificates issued		237,432			237,432
Capital stock/participation certificates retired		(6,609)			(6,609)
Balance at June 30, 2023	$250,000	$4,895,644	$3,279,397	$(750,448)	$7,674,593
Balance at December 31, 2023	$250,000	$5,845,718	$3,139,865	$(652,405)	$8,583,178
Net income			**406,587**		**406,587**
Other comprehensive income				**97,035**	**97,035**
Cash patronage			**(226,747)**		**(226,747)**
Perpetual preferred stock redemption	**(250,000)**				**(250,000)**
Capital stock/participation certificates issued		**180,875**			**180,875**
Capital stock/participation certificates retired		**(46,893)**			**(46,893)**
Balance at June 30, 2024	**$—**	**$5,979,700**	**$3,319,705**	**$(555,370)**	**$8,744,035**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)

(in thousands)

For the six months ended June 30,	2024	2023
Cash flows from operating activities		
Net income	**$406,587**	$422,421
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**368**	300
Provision for credit losses	**8,000**	3,000
Loss on sale of investment securities, net	**139**	—
Amortization of discounts on investments, net	**(157,333)**	(93,841)
Amortization of discounts on debt and deferred debt issuance costs, net	**72,228**	68,187
Loss on derivative activities, net	**6,513**	9,938
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(2,466,371)**	(1,975,274)
(Increase) decrease in other assets	**(5,793)**	158,986
Increase in accrued interest payable	**126,419**	171,843
Decrease in other liabilities	**(4,411)**	(163,704)
Net cash used in operating activities	**(2,013,654)**	(1,398,144)
Cash flows from investing activities		
Increase in loans, net	**(3,427,299)**	(2,824,928)
Decrease (increase) in federal funds sold and securities purchased under resale agreements, net	**100,000**	(4,500,000)
Purchases of investment securities	**(3,443,803)**	(4,336,633)
Proceeds from investment securities	**3,196,335**	5,583,497
Proceeds from the sale of investment securities	**229,856**	—
Other investing activities, net	**(2,239)**	(635)
Net cash used in investing activities	**(3,347,150)**	(6,078,699)
Cash flows from financing activities		
Bonds and notes issued	**87,675,840**	59,142,066
Bonds and notes retired	**(82,414,425)**	(52,150,411)
Decrease (increase) in cash collateral posted with counterparties, net	**2,568**	(37,070)
Variation margin received on cleared derivatives, net	**77,049**	18,491
Patronage distributions paid	**(369,479)**	(191,298)
Preferred stock dividends paid	**—**	(8,594)
Capital stock and participation certificates issued, net	**133,982**	230,823
Net cash provided by financing activities	**5,105,535**	7,004,007
Net decrease in cash and cash equivalents	**(255,269)**	(472,836)
Cash and cash equivalents at beginning of period	**1,642,497**	1,356,976
Cash and cash equivalents at end of period	**$1,387,228**	$884,140

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)

(in thousands)

For the six months ended June 30,	2024	2023
Supplemental non-cash investing and financing activities		
(Decrease) increase in shareholders' equity from investment securities	**$(23,291)**	$91,397
Interest capitalized to loan principal	**2,383,058**	1,742,132
Patronage and preferred stock dividends accrued	**176,491**	168,455
Redemption of preferred stock	**(250,000)**	—
Supplemental non-cash fair value changes related to hedging activities		
Increase in derivative assets and liabilities, net	**$(104,101)**	$(12,631)
Decrease in bonds from derivative activity	**(9,630)**	(4,124)
Increase in shareholders' equity from cash flow derivatives	**120,244**	26,693
Supplemental Information		
Interest paid	**$3,002,324**	$2,015,087

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

Notes to Financial Statements

AgriBank, FCB

(Unaudited)

NOTE 1

Organization and Significant Accounting Policies

AgriBank, FCB (AgriBank) is one of the Banks of the Farm Credit System (the System), a nationwide network of cooperatively owned Banks and Associations, established by Congress and subject to the provisions of the Farm Credit Act of 1971, as amended. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes. AgriBank and its District Associations are collectively referred to as the District. Each parent ACA has wholly owned Federal Land Credit Association and Production Credit Association subsidiaries. AgriBank serves as the intermediary between the financial markets and the retail lending activities of the District Associations.

The accompanying Financial Statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to generally accepted accounting principles in the United States of America (GAAP) and prevailing practices within the financial services industry. The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Financial Statements include the accounts of AgriBank. The Financial Statements do not include the assets, obligations or results of operations of District Associations or service corporations. AgriBank operates as a single segment for reporting purposes.

A description of our organization and operations, significant accounting policies followed, financial condition, and results of operations as of and for the year ended December 31, 2023, are contained in the 2023 Annual Report.

These unaudited second quarter 2024 Financial Statements should be read in conjunction with the 2023 Annual Report. The results for the six months ended June 30, 2024, do not necessarily indicate the results to be expected for the year ending December 31, 2024.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business:

Standard and effective date	Description	Adoption status and financial statement impact
In November 2023, the FASB issued Accounting Standard Update (ASU) 2023-07 "Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures." The guidance is effective for public entities for fiscal years beginning after December 31, 2023, and interim periods within fiscal years beginning after December 15, 2024. The guidance must be retroactively applied to all prior periods presented and early adoption is permitted; however, we do not intend to early adopt.	The standard requires enhanced disclosures related to the revenues, expenses, and assets of reportable segments. It also requires disclosure of the title and position of the chief operating decision maker and relevant metrics used to evaluate reportable segments. Even if a public entity has a single reportable segment, it is required to present all disclosures set forth in the standards and all existing segment disclosures.	We expect to adopt the standard for our fiscal year ending December 31, 2024. We are currently assessing the impact of this standard on our disclosures.

NOTE 2

Loans and Allowance for Credit Losses

As of June 30, 2024, we had total loans of $154.5 billion, of which $218.2 million was classified as loans held for sale, resulting in $154.3 billion of loans shown as held to maturity on the Statement of Condition. Total loans presented throughout Note 2 include all loans held, regardless of classification. The outstanding loans held for sale were sold on August 1, 2024.

Loans by Type

	June 30, 2024		December 31, 2023	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$132,680,945**	**85.9 %**	$126,012,646	84.7 %
Retail loans:				
Real estate mortgage	**9,350,404**	**6.1 %**	9,430,541	6.3 %
Production and intermediate-term	**8,446,690**	**5.5 %**	8,974,118	6.0 %
Loans to other financing institutions (OFIs)	**758,546**	**0.5 %**	1,043,351	0.7 %
Other	**3,294,987**	**2.0 %**	3,264,775	2.3 %
Total retail loans	**21,850,627**	**14.1 %**	22,712,785	15.3 %
Total loans	**$154,531,572**	**100.0 %**	$148,725,431	100.0 %

The Other category was primarily composed of agribusiness and rural residential real estate loans.

Accrued interest receivable on loans of $1.6 billion as of both June 30, 2024, and December 31, 2023, have been excluded from the amortized cost of loans and reported separately in the Statements of Condition.

Participations

We may purchase participations from and sell participations to others, primarily District Associations. We had no purchases outside the System in the periods presented. From time to time, we may expand or change our asset pool programs. In such cases, in agreement with the participating District Associations, we offer to sell back existing participations and purchase participations under the new program. These purchases may include loans that were considered purchased credit deteriorated; however, these loans were not material to the financial statements.

Retail Loan Participations Purchased

(in thousands)	**June 30, 2024**	December 31, 2023
Real estate mortgage	**$9,350,404**	$9,430,541
Production and intermediate-term	**8,446,690**	8,974,118
Other	**3,273,782**	3,248,451
Total loans	**$21,070,876**	$21,653,110

Portfolio Performance

The primary credit quality indicator we use is the Farm Credit Administration (FCA) Uniform Loan Classification System, which categorizes loans into five credit quality categories:

- Acceptable – assets are non-criticized assets representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probability of default ratings.
- Other Assets Especially Mentioned (Special mention) – are currently collectible, but exhibit some potential weakness. These assets involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses as 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.

We had no loans categorized as loss at June 30, 2024, or December 31, 2023.

Credit Quality of Loans as a Percentage of Total Loans

As of June 30, 2024	**Acceptable**	**Special mention**	**Substandard/ Doubtful**	**Total**
Wholesale loans	**100.0 %**	**— %**	**— %**	**100.0 %**
Retail loans:				
Real estate mortgage	**97.5 %**	**1.2 %**	**1.3 %**	**100.0 %**
Production and intermediate-term	**95.8 %**	**2.1 %**	**2.1 %**	**100.0 %**
Loans to OFIs	**100.0 %**	**— %**	**— %**	**100.0 %**
Other	**93.7 %**	**2.9 %**	**3.4 %**	**100.0 %**
Total retail loans	**96.3 %**	**1.8 %**	**1.9 %**	**100.0 %**
Total loans	**99.5 %**	**0.2 %**	**0.3 %**	**100.0 %**
(in thousands)				
As of December 31, 2023				
Wholesale loans	100.0 %	0.0 %	— %	100.0 %
Retail loans:				
Real estate mortgage	98.0 %	0.8 %	1.2 %	100.0 %
Production and intermediate-term	94.3 %	3.4 %	2.3 %	100.0 %
Loans to OFIs	100.0 %	— %	— %	100.0 %
Other	94.8 %	2.3 %	2.9 %	100.0 %
Total retail loans	96.2 %	2.0 %	1.8 %	100.0 %
Total loans	99.4 %	0.3 %	0.3 %	100.0 %

Credit Quality and Origination Year of Loans

(in thousands)	Term Loans by Origination Year								
As of June 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Wholesale Loans									
Acceptable	$—	$—	$—	$—	$—	$—	$132,680,945	$—	$132,680,945
Total Wholesale Loans	$—	$—	$—	$—	$—	$—	$132,680,945	$—	$132,680,945
Retail Loans:									
Real estate mortgage									
Acceptable	$37,531	$745,788	$1,188,552	$1,684,223	$1,580,890	$3,770,953	$99,810	$1,789	$9,109,536
Special mention	4,278	8,209	18,427	16,545	15,671	49,703	3,526	—	116,359
Substandard/Doubtful	—	1,742	22,398	23,301	12,033	46,201	18,834	—	124,509
Total Real estate mortgage loans	$41,809	$755,739	$1,229,377	$1,724,069	$1,608,594	$3,866,857	$122,170	$1,789	$9,350,404
Production and intermediate-term									
Acceptable	$2,013,287	$2,007,078	$1,062,603	$1,117,774	$505,722	$245,929	$1,141,840	$801	$8,095,034
Special mention	32,170	46,255	25,310	15,250	9,046	4,629	41,183	584	174,427
Substandard/Doubtful	13,031	58,147	31,011	11,257	6,261	7,661	47,877	1,984	177,229
Total production and intermediate-term loans	$2,058,488	$2,111,480	$1,118,924	$1,144,281	$521,029	$258,219	$1,230,900	$3,369	$8,446,690
Loans to OFIs									
Acceptable	$22,235	$122,312	$130,878	$114,090	$119,785	$16,074	$233,172	$—	$758,546
Total loans to OFIs	$22,235	$122,312	$130,878	$114,090	$119,785	$16,074	$233,172	$—	$758,546
Other									
Acceptable	$155,837	$433,393	$593,738	$465,333	$281,545	$596,516	$560,197	$893	$3,087,452
Special mention	1,442	9,755	17,663	15,351	18,427	12,500	19,834	—	94,972
Substandard/Doubtful	1,527	4,405	9,002	31,637	34,649	11,373	19,941	29	112,563
Total other	$158,806	$447,553	$620,403	$512,321	$334,621	$620,389	$599,972	$922	$3,294,987
Total retail loans									
Acceptable	$2,228,890	$3,308,571	$2,975,771	$3,381,420	$2,487,942	$4,629,472	$2,035,019	$3,483	$21,050,568
Special mention	37,890	64,219	61,400	47,146	43,144	66,832	64,543	584	385,758
Substandard/Doubtful	14,558	64,294	62,411	66,195	52,943	65,235	86,652	2,013	414,301
Total Retail Loans	$2,281,338	$3,437,084	$3,099,582	$3,494,761	$2,584,029	$4,761,539	$2,186,214	$6,080	$21,850,627
Total loans									
Acceptable	$2,228,890	$3,308,571	$2,975,771	$3,381,420	$2,487,942	$4,629,472	$134,715,964	$3,483	$153,731,513
Special mention	37,890	64,219	61,400	47,146	43,144	66,832	64,543	584	385,758
Substandard/Doubtful	14,558	64,294	62,411	66,195	52,943	65,235	86,652	2,013	414,301
Total	$2,281,338	$3,437,084	$3,099,582	$3,494,761	$2,584,029	$4,761,539	$134,867,159	$6,080	$154,531,572
Charge-offs, for the six months ended June 30, 2024									
Real estate mortgage	$—	$—	$1	$5	$—	$1,007	$—	$—	$1,013
Production and intermediate-term	74	310	2,085	419	93	1,689	214	22	4,906
Other	—	1	—	315	—	10	53	—	379
Total	$74	$311	$2,086	$739	$93	$2,706	$267	$22	$6,298

(in thousands)	Term Loans by Origination Year								
As of December 31, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Wholesale Loans									
Acceptable	$—	$—	$—	$—	$—	$—	$126,012,646	$—	$126,012,646
Total Wholesale Loans	$—	$—	$—	$—	$—	$—	$126,012,646	$—	$126,012,646
Retail Loans:									
Real estate mortgage									
Acceptable	$391,225	$1,206,100	$1,744,294	$1,634,733	$727,951	$3,398,853	$146,622	$215	$9,249,993
Special mention	1,682	5,212	12,637	14,075	6,642	29,633	1,499	—	71,380
Substandard/Doubtful	383	16,386	16,467	9,151	12,033	36,214	18,534	—	109,168
Total Real estate mortgage loans	$393,290	$1,227,698	$1,773,398	$1,657,959	$746,626	$3,464,700	$166,655	$215	$9,430,541
Production and intermediate-term									
Acceptable	$2,971,582	$1,806,953	$1,400,847	$728,449	$214,972	$133,380	$1,200,286	$696	$8,457,165
Special mention	169,433	81,524	18,851	10,547	5,063	1,543	20,767	20	307,748
Substandard/Doubtful	95,352	53,225	11,953	6,311	6,755	3,509	31,638	462	209,205
Total production and intermediate-term loans	$3,236,367	$1,941,702	$1,431,651	$745,307	$226,790	$138,432	$1,252,691	$1,178	$8,974,118
Loans to OFIs									
Acceptable	$131,316	$144,737	$133,571	$149,915	$14,974	$11,423	$457,415	$—	$1,043,351
Total loans to OFIs	$131,316	$144,737	$133,571	$149,915	$14,974	$11,423	$457,415	$—	$1,043,351
Other									
Acceptable	$365,780	$677,207	$563,445	$303,415	$153,938	$537,837	$493,834	$675	$3,096,131
Special mention	5,771	3,731	26,227	20,674	504	5,000	12,174	1,149	75,230
Substandard/Doubtful	3,376	5,459	9,798	36,020	4,574	12,004	22,153	30	93,414
Total other	$374,927	$686,397	$599,470	$360,109	$159,016	$554,841	$528,161	$1,854	$3,264,775
Total retail loans									
Acceptable	$3,859,903	$3,834,997	$3,842,157	$2,816,512	$1,111,835	$4,081,493	$2,298,157	$1,586	$21,846,640
Special mention	176,886	90,467	57,715	45,296	12,209	36,176	34,440	1,169	454,358
Substandard/Doubtful	99,111	75,070	38,218	51,482	23,362	51,727	72,325	492	411,787
Total Retail Loans	$4,135,900	$4,000,534	$3,938,090	$2,913,290	$1,147,406	$4,169,396	$2,404,922	$3,247	$22,712,785
Total loans									
Acceptable	$3,859,903	$3,834,997	$3,842,157	$2,816,512	$1,111,835	$4,081,493	$128,310,803	$1,586	$147,859,286
Special mention	176,886	90,467	57,715	45,296	12,209	36,176	34,440	1,169	454,358
Substandard/Doubtful	99,111	75,070	38,218	51,482	23,362	51,727	72,325	492	411,787
Total	$4,135,900	$4,000,534	$3,938,090	$2,913,290	$1,147,406	$4,169,396	$128,417,568	$3,247	$148,725,431
Charge-offs, for the six months ended June 30, 2023									
Production and intermediate-term	$370	$167	$595	$108	$48	$366	$13	$—	$1,667
Total	$370	$167	$595	$108	$48	$366	$13	$—	$1,667

Aging Analysis of Loans

(in thousands) As of June 30, 2024	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
Wholesale loans	$—	$—	$—	$132,680,945	$132,680,945	$—
Retail loans:						
Real estate mortgage	34,712	13,029	47,741	9,302,663	9,350,404	1,098
Production and intermediate-term	65,194	104,274	169,468	8,277,222	8,446,690	49,052
Loans to OFIs	—	—	—	758,546	758,546	—
Other	4,975	6,427	11,402	3,283,585	3,294,987	587
Total retail loans	104,881	123,730	228,611	21,622,016	21,850,627	50,737
Total loans	$104,881	$123,730	$228,611	$154,302,961	$154,531,572	$50,737

(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 Loans	Accruing Loans 90 Days or More Past Due
Wholesale loans	$—	$—	$—	$126,012,646	$126,012,646	$—
Retail loans:						
Real estate mortgage	25,622	5,869	31,491	9,399,050	9,430,541	279
Production and intermediate-term	74,643	14,288	88,931	8,885,187	8,974,118	884
Loans to OFIs	—	—	—	1,043,351	1,043,351	—
Other	9,048	3,579	12,627	3,252,148	3,264,775	171
Total retail loans	109,313	23,736	133,049	22,579,736	22,712,785	1,334
Total loans	$109,313	$23,736	$133,049	$148,592,382	$148,725,431	$1,334

Additional Nonaccrual Loans Information

	As of June 30, 2024		For the six months ended June 30, 2024
	Amortized Cost	**Amortized Cost without Allowance**	**Interest Income Recognized**
Nonaccrual loans:			
Real estate mortgage	**$24,546**	**$23,262**	**$1,645**
Production and intermediate-term	**76,884**	**8,779**	**5,441**
Other	**20,714**	**5,652**	**—**
Total	**$122,144**	**$37,693**	**$7,086**

	As of December 31, 2023		For the six months ended June 30, 2023
	Amortized Cost	Amortized Cost without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$19,899	$14,557	$1,460
Production and intermediate-term	35,799	11,074	2,382
Other	14,624	4,120	—
Total nonaccrual loans	$70,322	$29,751	$3,842

We had no wholesale loans classified as nonaccrual at June 30, 2024, or December 31, 2023. Reversals of interest income on retail loans that moved to nonaccrual status were not significant during the six months ended June 30, 2024, or 2023.

Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications. Loan modifications may be granted to borrowers experiencing financial difficulty. Our loans classified as modified loans at June 30, 2024, or 2023, and activity on these loans during the six months ended June 30, 2024, or 2023, were not material. We did not have any material commitments to lend to borrowers whose loans have been modified during the six months ended June 30, 2024, or during the year ended December 31, 2023.

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

The “Provision for credit losses” in the Statements of Comprehensive Income may include a provision or reversal of credit losses on loans and unfunded commitments. The allowance for credit losses on unfunded commitments are recorded in “Other liabilities” in the Statements of Condition. Typically, the allowance for credit losses on unfunded commitments is relieved and replaced with an allowance for credit losses on loans as the related commitments are funded. The allowance for credit losses on unfunded commitments was not significant as of June 30, 2024, or December 31, 2023. Similarly, the provision for credit losses on unfunded commitments for the six months ended June 30, 2024, and 2023, was not significant.

Our loan portfolio is divided into segments primarily based on loan type which are the segments used to estimate the allowance for credit losses. As Farm Credit lending authorities limit the types of loans we can participate in, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of U.S. net farm income, U.S. real gross domestic product, and U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and credit losses on unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and credit losses on unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

The allowance for credit losses on loans increased from December 31, 2023, related to increases in specific reserves in our crop input financing and asset pool portfolios during the six months ended June 30, 2024.

Changes in Allowance for Credit Losses on Loans by Loan Type

(in thousands)	**Wholesale loans**	**Real estate mortgage**	**Production and intermediate-term**	**Loans to OFIs**	**Other**	**Total**
Allowance for credit losses on loans:						
Balance as of December 31, 2023	**$—**	**$5,968**	**$11,647**	**$617**	**$13,760**	**$31,992**
Provision for credit losses on loans	**—**	**(911)**	**12,179**	**(234)**	**(2,034)**	**9,000**
Charge-offs	**—**	**(1,013)**	**(4,906)**	**—**	**(379)**	**(6,298)**
Recoveries	**—**	**32**	**1,949**	**—**	**3**	**1,984**
Initial allowance for purchased credit deteriorated loans	**—**	**—**	**98**	**—**	**—**	**98**
Balance as of June 30, 2024	**$—**	**$4,076**	**$20,967**	**$383**	**$11,350**	**$36,776**

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate-term	Loans to OFIs	Other	Total
Allowance for credit losses on loans:						
Balance as of December 31, 2022	$—	$3,932	$22,350	$305	$5,152	$31,739
Cumulative effect of change in accounting principle	—	(768)	(14,927)	582	5,298	(9,815)
Provision for credit losses on loans	—	(1,036)	3,276	(132)	892	3,000
Charge-offs	—	—	(1,667)	—	—	(1,667)
Recoveries	—	2	1,182	—	23	1,207
Balance as of June 30, 2023	$—	$2,130	$10,214	$755	$11,365	$24,464

NOTE 3

Investment Securities

All investment securities are classified as available-for-sale (AFS).

Investment Securities

AFS Investment Securities

(in thousands) **June 30, 2024**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Commercial paper and other	**$8,825,517**	**$22**	**$2,616**	**$8,822,923**	**5.7%**
U.S. Treasury securities	**6,507,939**	**4,017**	**53,516**	**6,458,440**	**4.0%**
Mortgage-backed securities	**7,321,109**	**3,965**	**653,340**	**6,671,734**	**3.8%**
Asset-backed securities	**311,098**	**800**	**1,052**	**310,846**	**4.7%**
Total	**$22,965,663**	**$8,804**	**$710,524**	**$22,263,943**	**4.6%**

(in thousands) December 31, 2023	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper and other	$10,597,202	$185	$2,663	$10,594,724	5.8%
U.S. Treasury securities	5,041,883	27,688	63,818	5,005,753	3.0%
Mortgage-backed securities	6,890,862	938	641,835	6,249,965	3.4%
Asset-backed securities	260,912	2,128	1,054	261,986	4.7%
Total	$22,790,859	$30,939	$709,370	$22,112,428	4.4%

The commercial paper and other category was composed of corporate commercial paper and certificates of deposit.

Accrued interest receivable on investments securities of $84.8 million and $58.8 million as of June 30, 2024, and December 31, 2023, respectively, have been excluded from the amortized cost of investment securities and reported separately in the Statements of Condition.

Contractual Maturities of AFS Investment Securities

	Year of Maturity				
(in thousands) **As of June 30, 2024**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Commercial paper and other	**$8,822,923**	**$—**	**$—**	**$—**	**$8,822,923**
U.S. Treasury securities	**1,834,306**	**4,624,134**	**—**	**—**	**6,458,440**
Mortgage-backed securities	**61**	**104,925**	**77,782**	**6,488,966**	**6,671,734**
Asset-backed securities	**—**	**310,846**	**—**	**—**	**310,846**
Total fair value	**$10,657,290**	**$5,039,905**	**$77,782**	**$6,488,966**	**$22,263,943**
Total amortized cost	**$10,676,715**	**$5,077,699**	**$83,724**	**$7,127,525**	**$22,965,663**
Weighted average yield	**5.2 %**	**4.4 %**	**1.9 %**	**3.8 %**	**4.6 %**

The expected average life is 1.3 years for asset-backed securities and 5.6 years for mortgage-backed securities at June 30, 2024. Expected maturities differ from contractual maturities, because borrowers may have the right to prepay obligations.

A summary of the investment securities in an unrealized loss position presented by the length of time that the securities have been in a continuous unrealized loss position follows:

	Less than 12 months		**More than 12 months**	
(in thousands)	**Fair**	**Unrealized**	**Fair**	**Unrealized**
As of June 30, 2024	**Value**	**Losses**	**Value**	**Losses**
Commercial paper and other	**$7,472,890**	**$2,616**	**$—**	**$—**
U.S. Treasury securities	**3,429,130**	**14,055**	**1,364,869**	**39,461**
Mortgage-backed securities	**756,048**	**5,225**	**5,246,825**	**648,115**
Asset-backed securities	**103,828**	**364**	**44,507**	**688**
Total	**$11,761,896**	**$22,260**	**$6,656,201**	**$688,264**

	Less than 12 months		More than 12 months	
(in thousands)	Fair	Unrealized	Fair	Unrealized
As of December 31, 2023	Value	Losses	Value	Losses
Commercial paper and other	$7,826,371	$2,663	$—	$—
U.S. Treasury securities	271,022	1,017	2,098,742	62,801
Mortgage-backed securities	976,536	8,066	4,868,635	633,769
Asset-backed securities	—	—	58,694	1,054
Total	$9,073,929	$11,746	$7,026,071	$697,624

We sold $230.0 million of U.S. Treasury securities during the six months ended June 30, 2024. There were no AFS investment securities sold during the six months ended June 30, 2023.

Based on our analysis, we have not recognized an allowance for credit losses related to our investment portfolio as of June 30, 2024, or December 31, 2023. This is due to the fact that a substantial majority of our portfolio is guaranteed by the U.S. government or its agencies. Additionally, no investments were impaired as of June 30, 2024, or December 31, 2023.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	June 30, 2024	December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 capital ratio	**16.0 %**	15.5 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**16.0 %**	15.9 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**16.0 %**	16.0 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**16.0 %**	15.9 %	7.0 %	— %	7.0 %
Non-risk-adjusted:					
Tier 1 leverage ratio	**5.1 %**	5.2 %	4.0 %	1.0 %	5.0 %
UREE[1] leverage	**1.8 %**	2.0 %	1.5 %	— %	1.5 %

[1]Unallocated retained earnings and equivalents

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Effective January 1, 2024, our bylaws were amended and shares identified as Class P Common Stock, Series A Participation Certificates, Series C Participation Certificates and Class F Common Stock were re-designated as Class A Common Stock. Only Class A Common Stock and Class B Common Stock will be issued henceforth. Additionally, the amended bylaws provide that Class A Common Stock is issued to System institutions, OFIs or other FCA-supervised institutions with which AgriBank has a loan participation relationship, and such other AgriBank customers, in an amount required by our capital plan. Class B Common Stock is available to be issued in an unlimited amount in exchange for a holder's Class A Common Stock within two years following AgriBank's cessation of business with such holder, if not previously retired, and in an amount up to 500 million shares to any person or entity eligible to hold Class A Common Stock for such other purposes as approved by the board, consistent with the Farm Credit Act and the FCA regulations. Class B Common Stock may be converted into Class A Common Stock upon the reestablishment of a borrowing relationship between AgriBank and the stockholder. An Association that borrows from AgriBank and holds Class A Common Stock shall have voting rights as provided in the AgriBank bylaws. Holders of Class B Common Stock shall have no voting rights except as set forth in FCA regulations.

Perpetual Preferred Stock
On January 1, 2024, AgriBank redeemed, in whole, its $250 million of Series A Preferred Stock and has no outstanding preferred stock after this date.

On February 16, 2024, AgriBank held a special meeting of its voting shareholders, who 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 billion outstanding at any one time for a period commencing on March 1, 2024 and ending on the 10th anniversary of this date. This preferred stock issuance would be subject to approval by AgriBank's board and subject to FCA's review and clearance.

NOTE 5

Employee Benefit Plans

We participate in Districtwide employee benefit plans. The funded status of the post-employment benefit plans is recorded at the District level.

District Components of Net Periodic Benefit Cost

(in thousands)	Pension Benefits		Other Benefits	
For the six months ended June 30,	**2024**	2023	**2024**	2023
Net periodic benefit cost:				
Service cost	**$9,759**	$10,952	**$58**	$61
Interest cost	**30,750**	30,984	**391**	382
Expected return on plan assets	**(36,123)**	(34,877)	**—**	—
Amortization of prior service credit	**(1,324)**	(1,387)	**—**	—
Amortization of net loss (gain)	**20,826**	27,396	**(563)**	(794)
Net periodic benefit cost	**$23,888**	$33,068	**$(114)**	$(351)

Certain employees in the AgriBank District participate in the AgriBank District Retirement Plan, a governmental defined benefit retirement plan. The employers contribute amounts in accordance with the governing body's funding policy to provide the plan with sufficient assets to meet the benefits to be paid to participants. Refer to the 2023 Annual Report for a more complete description of the Employee Benefit Plans.

For the six months ended June 30, 2024, District employers have contributed $41.9 million to fund pension benefits. District employers anticipate contributing an additional $20.2 million to fund pension benefits in 2024. The Plan Sponsor Committee of the AgriBank District Retirement Plan determines the funding frequency of the plan. The Nonqualified Pension plan is funded as benefits are paid.

NOTE 6

Commitments and Contingencies

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Financial Statements. We do not anticipate any material losses because of the contingencies or commitments.

From time to time, we may be named as defendants in certain lawsuits or legal actions in the normal course of business. At the date of these Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

While we are primarily liable for our portion of Systemwide bonds and notes, we are jointly and severally liable for the Systemwide bonds and notes of the other System Banks. The total bonds and notes of the System at June 30, 2024, was $420.7 billion.

NOTE 7

Fair Value Measurements

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities measured at fair value on a recurring and non-recurring basis consist of federal funds, securities purchased under resale agreements, investments available-for-sale, derivative assets and liabilities, certain loans, other property owned, and collateral assets and liabilities. The fair value is also calculated and disclosed for other financial instruments that are not measured at fair value on the Statements of Condition. These other financial instruments consist of cash, loans, bonds, and notes and commitments to extend credit and letters of credit. Refer to the 2023 Annual Report for descriptions of the valuation methodologies we use for asset and liabilities recorded at fair value on a recurring or non-recurring basis and for estimating fair value for financial instruments not recorded at fair value.

A fair value hierarchy is used for disclosure of fair value measurements to maximize the use of observable inputs. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Refer to the 2023 Annual Report for a more complete description of these input levels.

Recurring Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in thousands)	**Fair Value Measurement Using**			**Total Fair**
As of June 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds sold and securities purchased under resale agreements	—	1,600,000	—	1,600,000
Investments available-for-sale:				
Commercial paper and other	—	8,822,923	—	8,822,923
U.S. Treasury securities	—	6,458,440	—	6,458,440
Mortgage-backed securities	—	6,671,734	—	6,671,734
Asset-backed securities	—	310,846	—	310,846
Total investments available-for-sale	—	22,263,943	—	22,263,943
Cash collateral posted with counterparties	114,930	—	—	114,930
Derivative assets	—	97,414	—	97,414
Total assets	$114,930	$23,961,357	$—	$24,076,287
Liabilities:				
Cash collateral posted by counterparties	$5,670	$—	$—	$5,670
Derivative liabilities	—	52,248	—	52,248
Total liabilities	$5,670	$52,248	$—	$57,918

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2023	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds sold and securities purchased under resale agreements	$—	$1,700,000	$—	$1,700,000
Investments available-for-sale:				
Commercial paper and other	$—	$10,594,724	$—	$10,594,724
U.S. Treasury securities	—	5,005,753	—	5,005,753
Mortgage-backed securities	—	6,249,965	—	6,249,965
Asset-backed securities	—	261,986	—	261,986
Total investments available-for-sale	—	22,112,428	—	22,112,428
Cash collateral posted with counterparties	112,948	—	—	112,948
Derivative assets	—	93,470	—	93,470
Total assets	$112,948	$23,905,898	$—	$24,018,846
Liabilities:				
Cash collateral posted by counterparties	$1,120	$—	$—	$1,120
Derivative liabilities	—	75,356	—	75,356
Total liabilities	$1,120	$75,356	$—	$76,476

We had no level 3 assets measured at fair value on a recurring basis at June 30, 2024, or December 31, 2023.

Non-recurring Measurements

Certain loans are individually evaluated for credit losses and are deemed to be collateral dependent. The carrying value amount of these loans is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less costs to sell, is less than the amortized cost basis of the loan, a specific allowance for expected credit losses is established. Costs to sell represent transaction costs and are not included as a component of the collateral's estimated fair value. Typically, the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

We had $41.7 million and $26.9 million of collateral dependent loans measured at fair value on a non-recurring basis at June 30, 2024, and December 31, 2023, respectively.

Loans held for sale as of June 30, 2024, and December 31, 2023, totaled $218.2 million and $355.2 million, respectively, and were related to the expected sale of participation interests to District Associations. Fair value is estimated based on expected future cash flows utilizing assumptions of market interest rates and credit risk for loans with similar characteristics. The estimates involve significant inputs based on management's knowledge and judgment, and therefore, are classified as Level 3 fair value measurements. Book value approximated fair value; therefore, no gain or loss was recognized related to these loans.

Other Financial Instrument Measurements

Financial Instruments Not Measured at Fair Value on the Statements of Condition

(in thousands) **As of June 30, 2024**	**Total Carrying Amount**	**Fair Value Measurement Using**			**Total Fair Value**
		Level 1	**Level 2**	**Level 3**	
Assets:					
Cash	**$1,387,228**	**$1,387,228**	**$—**	**$—**	**$1,387,228**
Net loans held to maturity	**154,455,060**	**—**	**—**	**146,186,918**	**146,186,918**
Total assets	**$155,842,288**	**$1,387,228**	**$—**	**$146,186,918**	**$147,574,146**
Liabilities:					
Bonds and notes	**$171,634,342**	**$—**	**$—**	**$164,420,521**	**$164,420,521**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(3,332)**	**$(3,332)**

(in thousands) As of December 31, 2023	Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash	$1,642,497	$1,642,497	$—	$—	$1,642,497
Net loans held to maturity	148,312,576	—	—	140,953,392	140,953,392
Total assets	$149,955,073	$1,642,497	$—	$140,953,392	$142,595,889
Liabilities:					
Bonds and notes	$166,310,329	$—	$—	$159,425,165	$159,425,165
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		$—	$—	$(3,339)	$(3,339)

NOTE 8

Derivative and Hedging Activity

Use of Derivatives

We 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. Our goals are 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 net interest margin. As a result of interest rate fluctuations, fixed-rate liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by our gains or losses on the derivative instruments that are linked to fixed-rate liabilities. Another result of interest rate fluctuations is that the interest expense of floating-rate liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by our gains and losses on the derivative instruments that are linked to these floating-rate liabilities. We consider the use of derivatives to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

All of our derivative activities are monitored by the Asset/Liability Committee (ALCO) as part of the committee's oversight of our asset/liability and treasury functions. ALCO ensures that the Bank's derivative hedging strategies are implemented in line with the board's risk appetite and are incorporated into our overall asset/liability risk-management framework.

Interest Rate Risk Management

We primarily enter into derivative transactions, particularly interest rate swaps, to reduce funding costs, improve liquidity, manage interest rate sensitivity and basis risk. 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 and are often more cost effective than issuing debt directly. Under interest rate swap arrangements, we agree with other parties 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.

Other Derivative Uses

Other uses for derivatives are as follows:

- We also facilitate interest rate swaps to qualified borrowers of the District Associations. These swaps allow qualified borrowers to manage their interest rate risk and lock in a fixed interest rate similar to a fixed-rate loan. We manage the interest rate risk from customer swaps with the execution of offsetting interest rate swap transactions.
- We may utilize commodity derivative instruments to manage mineral income volatility. We may purchase commodity put options to protect against a decline in oil prices, which could significantly impact our mineral income. There were no commodity derivative instruments outstanding as of June 30, 2024, or December 31, 2023.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2022	$3,526	$4,865	$3,800	$120	$12,311
Additions	1,250	3,476	—	—	4,726
Maturities/amortization	—	(3,254)	(2,650)	(4)	(5,908)
As of June 30, 2023	$4,776	$5,087	$1,150	$116	$11,129
As of December 31, 2023	$4,376	$6,543	$1,950	$113	$12,982
Additions	**12,250**	**775**	**12,000**	**—**	**25,025**
Maturities/amortization	**(2,800)**	**(3,054)**	**(8,000)**	**(4)**	**(13,858)**
As of June 30, 2024	**$13,826**	**$4,264**	**$5,950**	**$109**	**$24,149**

Other Derivatives consisted of retail customer derivative products.

Credit Risk Management
By using derivative instruments, we are subject to credit and market risk. If a counterparty is unable to perform under a derivative contract, our credit risk equals the net amount due to us. Generally, when the fair value of a derivative contract is positive, we have credit exposure to the counterparty, creating credit risk for us. When the fair value of the derivative contract is negative, we do not have credit exposure.

With the exception of retail customer swaps, to minimize the risk of credit losses, we deal only with counterparties that have an investment-grade or better credit rating from a rating agency, and we monitor the credit standing and levels of exposure to individual counterparties. As of June 30, 2024, we do not anticipate nonperformance by any of these counterparties. We typically enter into master agreements that contain netting provisions. These provisions allow us to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. All such derivative contracts are supported by bilateral collateral agreements with counterparties requiring collateral to be posted in the event certain dollar thresholds of exposure of one party to the other are reached. These thresholds vary depending on the counterparty's current credit rating.

Bilateral Derivatives

(in thousands)	**June 30, 2024**	December 31, 2023
Notional amount	**$6,259,648**	$2,263,254
Cash collateral posted by counterparties	**$(5,670)**	$(1,120)

We also clear derivative transactions through a futures commission merchant (FCM) with a clearinghouse or 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 daily from each counterparty for changes in the value of cleared derivatives. The margin collected from both parties to the swap protects against credit risk in the event a counterparty defaults. The initial and variation margin requirements 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. Typically, daily variation margin payments are recognized as settlements rather than collateral posted. Initial margin requirements consider volume of notional outstanding, duration of outstanding derivatives and market volatility.

Centrally Cleared Derivatives

(in thousands)	**June 30, 2024**	December 31, 2023
Notional Amount	**$17,889,648**	$10,718,254
Initial margin posted with counterparties	**$114,930**	$112,948

Accounting for Derivatives
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 gain or loss on the hedged item attributable to the hedged risk are recognized in current earnings. We include the gain or loss on the derivative in the same line item ("Interest expense") on the Statements of Comprehensive Income as the offsetting gain or loss on the related hedged item.

Cash Flow Hedges: For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative is reported as a component of "Other comprehensive income" until earnings are affected by the variability of the cash flows of the hedged transaction. When reclassified to earnings, we include the gain or loss on the derivative in the "Interest expense" line item on the Statements of Comprehensive Income.

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 "Other (loss) income, net" on the Statements of Comprehensive Income.

Financial Statement Impact of Derivatives

The fair value of our derivative contracts are presented as “Derivative assets” and “Derivative liabilities” on the Statements of Condition.

	June 30, 2024		December 31, 2023	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$74**	**$27,341**	$11,510	$29,986
Pay-fixed swaps	**176,772**	**12,548**	89,706	34,187
Floating-for-floating swaps	**7,921**	**2,468**	3,932	3,111
Total derivatives designated as hedging instruments	**184,767**	**42,357**	105,148	67,284
Derivatives not designated as hedging instruments:				
Receive-fixed swaps	**56**	**522**	—	—
Pay-fixed swaps	**10,279**	**—**	9,081	—
Floating-for-floating swaps	**34**	**—**	—	—
Other derivative products	**—**	**9,369**	18	8,072
Total derivatives not designated as hedging instruments	**10,369**	**9,891**	9,099	8,072
Variation margin settled	**(97,614)**	**—**	(20,565)	—
Credit valuation adjustments	**(108)**	**—**	(212)	—
Total gross amounts of derivatives	**$97,414**	**$52,248**	$93,470	$75,356

(in thousands)	**June 30, 2024**	December 31, 2023
Derivative assets	**$97,414**	$93,470
Derivative liabilities	**(52,248)**	(75,356)
Accrued interest receivable (payable) on derivatives, net	**(2,133)**	(2,476)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted by counterparties	**(5,670)**	(1,120)
Cash collateral posted with counterparties	**114,930**	112,948
Net exposure amounts	**$152,293**	$127,466

The fair value of derivatives includes a credit valuation adjustment (CVA). The CVA reflects credit risk of each derivative counterparty to which we have exposure, net of any collateral posted by the counterparty, and an adjustment for our credit worthiness where the counterparty has exposure to us. The CVA was not material in any of the periods presented. The change in the CVA for the period is included in “Interest expense” on the Statements of Comprehensive Income.

In relation to our cash flow hedges, the following table presents the amount of other comprehensive income (OCI) recognized on derivatives and the amount reclassified from accumulated other comprehensive income (AOCI) into earnings on effective cash flow hedges. During the next 12 months, $49.4 million of net gains in AOCI on derivative instruments that qualified as cash flow hedges are expected to be reclassified into earnings.

Cash Flow Hedging Relationships

(in thousands) **For the six months ended June 30, 2024**	**Amount of Gain Recognized in OCI on Derivatives**	**Amount of Gain (Loss) Reclassified from AOCI into Income**
Pay-fixed swaps	**$149,291**	**$33,679**
Floating-for-floating swaps	**3,293**	**(1,339)**
Total	**$152,584**	**$32,340**

(in thousands) For the six months ended June 30, 2023	Amount of Gain (Loss) Recognized in OCI on Derivatives	Amount of Gain (Loss) Reclassified from AOCI into Income
Pay-fixed swaps	$41,850	$12,346
Floating-for-floating swaps	(5,076)	(2,265)
Total	$36,774	$10,081

The following table shows the effect of fair value and cash flow hedge accounting as well as economic hedges on the Statements of Comprehensive Income for the six months ended June 30, 2024.

(in thousands)	**Other (Loss) Income, Net**		**Interest Expense**	
For the six months ended June 30,	**2024**	2023	**2024**	2023
Total amount of income and expense line items presented in the Statements of Comprehensive Income in which the effects of the fair value, cash flow and economic hedges are recorded:	**$(1,827)**	$1,640	**$3,207,774**	$2,265,436
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**5,540**	3,548
Bonds and notes	**—**	—	**(9,630)**	(4,124)
Cash flow hedges:				
Interest rate derivatives	**—**	—	**(32,340)**	(10,081)
Economic hedges:				
Interest rate derivatives	**(548)**	(152)	**—**	—

Note: We do not exclude components from effectiveness testing for fair value or cash flow hedges.

The following table shows the cumulative hedging adjustment (fair value adjustment) for fair value hedges that are included in the carrying amount of the hedged assets (liabilities):

	Carrying Amount of the Hedged Item		**Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item**	
(in thousands)	**June 30, 2024**	December 31, 2023	**June 30, 2024**	December 31, 2023
Line Item on the Statements of Condition				
Bonds and notes	**$3,794,261**	$4,352,972	**$(28,811)**	$(19,182)

Note: AgriBank did not have any material hedging adjustments for discontinued fair value hedges.

NOTE 9

Accumulated Other Comprehensive Loss

Changes in Components of Accumulated Other Comprehensive Income (Loss)

(in thousands)	Investment Securities Activity	Derivatives and Hedging Activity	Employee Benefits Activity	Total
Balance at December 31, 2022	$(925,758)	$58,824	$(1,696)	$(868,630)
Other comprehensive income before reclassifications	91,397	36,774	—	128,171
Amounts reclassified from accumulated other comprehensive loss	—	(10,081)	92	(9,989)
Net other comprehensive income	91,397	26,693	92	118,182
Balance at June 30, 2023	$(834,361)	$85,517	$(1,604)	$(750,448)
Balance at December 31, 2023	$(678,429)	$27,509	$(1,485)	$(652,405)
Other comprehensive (loss) income before reclassifications	**(23,430)**	**152,584**	**—**	**129,154**
Amounts reclassified from accumulated other comprehensive loss	**139**	**(32,340)**	**82**	**(32,119)**
Net other comprehensive (loss) income	**(23,291)**	**120,244**	**82**	**97,035**
Balance at June 30, 2024	**$(701,720)**	**$147,753**	**$(1,403)**	**$(555,370)**

The derivatives and hedging activity and employee benefit activity reclassified from AOCI is included in "Interest expense" and "Other operating expenses" respectively, on the Statements of Comprehensive Income. Investments activity reclassified from AOCI is included in "Other (loss) income, net" on the Statements of Comprehensive Income.

NOTE 10

Subsequent Events

We have evaluated subsequent events through August 9, 2024, which is the date the Financial Statements were available to be issued.

On August 1, 2024, we sold loans totaling $217.1 million back to the originating District Association. Additionally, on August 1, 2024, we purchased loan participation interests and unfunded commitments totaling $1.3 billion, with funded balances of $1.0 billion, as part of asset pool programs with District Associations.

There have been no other material subsequent events that would require recognition in the Quarterly Financial Statements or disclosure in the Notes to these Financial Statements.

NOTE 11

AgriBank and District Associations

The accompanying Financial Statements exclude financial information of District Associations. AgriBank and District Associations are collectively referred to as the “District.” We separately publish certain unaudited combined AgriBank District financial information, including a condensed statement of condition and statement of income, which can be found on our website at www.AgriBank.com.

The boards of directors of AgCountry Farm Credit Services, ACA, Farm Credit Services of America, ACA, and Frontier Farm Credit, ACA entered into an agreement with an effective date of December 29, 2023, and beginning April 15, 2024, the three Associations are jointly managed and share income and losses. 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 are jointly managed and will operate under jointly developed strategic business plans and supporting plans, they remain separate organizations with strong local representation through independent boards of directors and distinct patronage programs.

Additional Regulatory Information

AgriBank, FCB

(Unaudited)

Regulatory Capital Disclosures

The following information contains quarterly regulatory disclosures as required under FCA Regulations 628.62 and 628.63 for risk-adjusted ratios, common equity tier 1, tier 1 capital and total capital ratios. Refer to Note 4 of the accompanying Financial Statements for information regarding the statutorily required permanent capital ratio. These disclosures should be read in conjunction with our 2023 Annual Report, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in the 2023 Annual Report. As required by FCA regulations, these disclosures, including regulatory capital ratios, are made available for at least three years and can be accessed in our financial reports at www.AgriBank.com.

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

Disclosure Requirement	Description	Second Quarter 2024 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	37
Capital Structure	Regulatory capital components	37
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	38
Capital Buffers	Quantitative disclosures	38
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	39
Counterparty Credit Risk-Related Exposures	Counterparty exposures	41
Credit Risk Mitigation	Exposures with reduced capital requirements	41
Securitization	Securitization exposures	42
Equities	Equity exposures	42
Interest Rate Risk for Non-trading Activities	Interest rate sensitivity	43

Scope of Application

AgriBank is primarily owned by Farm Credit Associations (District Associations). District Associations are composed of Agricultural Credit Associations, each of which has wholly owned Farm Land Credit Association and Production Credit Association subsidiaries. AgriBank is the primary funding source for all District Associations. AgriBank has no subsidiaries; therefore, the Financial Statements are only those of AgriBank and are not consolidated with any other entity.

Capital Structure

Regulatory Capital Structure

(in thousands) **As of June 30, 2024**	**3-month Average Daily Balance**
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	**$20**
Other required member purchased stock	**3,650,593**
Allocated equities:	
Allocated stock subject to retirement	**2,196,067**
Qualified allocated equities subject to retirement	**—**
Nonqualified allocated equities subject to retirement	**—**
Nonqualified allocated equities not subject to retirement	**—**
Unallocated retained earnings	**3,295,819**
Paid-in capital	**—**
Regulatory adjustments and deductions made to CET1	**(10,556)**
Total CET1	**$9,131,943**
Tier 1 Capital	
Non-cumulative perpetual preferred stock	**$—**
Regulatory adjustments and deductions made to tier 1 capital	**—**
Total additional tier 1 capital	**—**
Total Tier 1 Capital	**$9,131,943**
Total Capital	
Common Cooperative Equities not included in CET1	**$—**
Subordinated debt	**—**
Adjusted allowance for credit losses[1]	**32,619**
Regulatory adjustments and deductions made to total capital	**—**
Total Tier 2 capital	**32,619**
Total Capital	**$9,164,562**

[1] Adjusted allowance for credit losses includes the allowance for credit losses on loans and allowance for credit losses on unfunded commitments.

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

(Risk-weighted 3-month average daily balance in thousands)

As of June 30, 2024	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**729,013**
Government-sponsored enterprises[1]	**27,671,232**
Depository institutions and credit unions[2]	**91,336**
Public sector entities	**—**
Corporate, including borrower loans	**25,809,863**
Residential mortgage	**1,730,771**
Past due and nonaccrual	**263,078**
Securitization exposures	**551,869**
Cleared transactions	**3,280**
Unsettled transactions	**—**
All other assets	**326,127**
Deductions:	
Regulatory adjustments and deductions made to CET1	**10,556**
Regulatory adjustments and deductions made to AT1[3]	**—**
Regulatory adjustments and deductions made to T2[4]	**—**
Total standardized risk-weighted assets	**$57,166,013**

[1] Includes exposures to Farm Credit System entities

[2] Includes exposures to Loans to other financing institutions (OFIs) that are risk-weighted as U.S. depository institutions and credit unions

[3] AT1 capital is additional tier 1 capital

[4] T2 is tier 2 capital

As of June 30, 2024, the Bank was well-capitalized and exceeded all capital requirements to which it was subject, including applicable capital buffers. Because capital exceeded the buffer requirements, the Bank currently has no limitations on its distributions and discretionary bonus payments. The aggregate amount of eligible retained income, as regulatorily calculated, was $1.1 billion as of June 30, 2024.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	**Required Buffer**	**As of June 30, 2024**	**Calculated Buffer**
Common equity tier 1 capital ratio	4.5 %	2.5 %	**16.0 %**	**11.5 %**
Tier 1 capital ratio	6.0 %	2.5 %	**16.0 %**	**10.0 %**
Total capital ratio	8.0 %	2.5 %	**16.0 %**	**8.0 %**
Capital conservation buffer				**8.0 %**
Tier 1 leverage ratio	4.0 %	1.0 %	**5.1 %**	**1.1 %**
Leverage buffer				**1.1 %**

Credit Risk

Refer to Note 2 of the accompanying Financial Statements for amounts of nonaccrual loans without related allowance, loans in nonaccrual status and greater than 90 days past due, loans past due greater than 90 days and still accruing, the allowance at the end of each reporting period, charge-offs during the period, and changes in components of our allowance for credit losses. The allowance for credit losses on loans is determined individually or by a pooled approach for loans that share similar risk characteristics, including, but not limited to, probability of default (PD) and loss given default (LGD). Allowance needs by geographic region are only considered in rare circumstances, for example flooding, drought, etc., that may not otherwise be reflected in the PD and LGD. There was no allowance attributed to a geographic area as of June 30, 2024. All nonaccrual loans, past-due loans and allowance are within our retail portfolio. The retail portfolio is substantially concentrated in our chartered territory and has not changed significantly since December 31, 2023. Refer to Note 3 of the accompanying Financial Statements for a summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type.

Refer to the Capital Adequacy and Capital Buffers section for information regarding types of credit risk exposures.

Credit Exposures - Lending and Investments

(in thousands) **As of June 30, 2024**	End of Period	3-month Average Daily Balance
Loans	**$154,531,572**	**$152,034,926**
Investments[1]	**23,863,943**	**23,883,386**
Loan and other commitments	**30,204,286**	**30,848,473**
Letters of credit	**243,019**	**239,102**

[1] Includes federal funds and securities purchased under resale agreements

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of June 30, 2024**	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	**$17,889,648**	**$23,108**	**$15,142,952**	**$149,586**
Bilateral derivatives	**6,259,648**	**29,959**	**6,260,754**	**34,631**

The following tables include distributions for the wholesale and retail loan portfolio as well as related commitments.

Loan and Commitment Geographic Distribution

As of June 30, 2024

Wholesale Portfolio		Retail Portfolio	
Illinois	**10 %**	Iowa	**11 %**
Iowa	**9 %**	Nebraska	**10 %**
Minnesota	**8 %**	Minnesota	**8 %**
Nebraska	**7 %**	Illinois	**6 %**
Indiana	**6 %**	South Dakota	**6 %**
Michigan	**6 %**	Indiana	**5 %**
Ohio	**5 %**	Ohio	**5 %**
Wisconsin	**5 %**	Tennessee	**5 %**
Other	**44 %**	Other	**44 %**
Total	**100 %**	Total	**100 %**

Wholesale loan and commitment portfolio distribution is based on the underlying District Associations' retail portfolios. For additional information regarding the geographic distribution of the retail loans held at District Associations, refer to the 2023 Annual Report. Current period distribution has not materially changed from December 31, 2023.

Loan and Commitment Commodity Distribution

As of June 30, 2024

Retail Portfolio	
Crops	**49 %**
Cattle	**12 %**
Investor and Rural residential real estate	**8 %**
Loans to OFIs	**7 %**
Food Products	**6 %**
Other	**18 %**
Total	**100 %**

Maturities in the following table are reflective of the wholesale loan agreements and retail loan agreements, respectively, and are based on the final maturity without consideration for amortization payments. Loan exposures include accrued interest receivable, as applicable, and investment exposures are at fair value.

Exposures by Final Contractual Maturity

(in thousands) **As of June 30, 2024**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$—**	**$133,961,356**	**$—**	**$133,961,356**
Retail loans[1]	**4,684,570**	**6,617,022**	**10,838,482**	**22,140,074**
Investments[2]	**12,257,289**	**5,039,905**	**6,566,749**	**23,863,943**
Wholesale loan commitments	**—**	**24,871,708**	**—**	**24,871,708**
Retail loan and other commitments [3]	**2,307,091**	**2,794,009**	**231,478**	**5,332,578**
Cleared derivative notional	**12,475,000**	**2,197,322**	**3,217,326**	**17,889,648**
Bilateral derivative notional	**4,000,000**	**1,897,322**	**362,326**	**6,259,648**

[1] Includes loans to OFIs and service entities

[2] Includes federal funds and securities purchased under resale agreements

[3] Includes commitments to OFIs and service entities

Note: Accruing loans include accrued interest receivable.

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

Refer to the Derivative Financial Instruments section of the 2023 Annual Report in the Management's Discussion and Analysis and Note 8 of the accompanying Financial Statements for more information on credit risk mitigation related to derivatives.

We have not entered into any credit default swap agreements to mitigate our credit exposure to counterparties. Refer to Note 8 of the accompanying Financial Statements for the gross positive fair value of contracts, collateral held and the net unsecured credit exposure. The derivative portfolio is not covered by guarantees.

Current credit exposure is the greater of $0 or the fair market value of a single derivative contract. The net current credit exposure is the greater of the net sum of all positive and negative fair market value of the individual derivative contracts subject to the qualifying master netting agreement or $0. The net current credit exposure is equal to the gross positive fair values as disclosed in Credit Exposures - Derivatives table in the Credit Risk section.

Credit Risk Mitigation Related to Loans

Financial collateral is not used to mitigate credit risk in our loan portfolio.

Loan and Commitment Exposures Covered by Guarantees

(in thousands) **As of June 30, 2024**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed		
Loans	**$101**	**$—**
Conditionally guaranteed		
Loans	**18,303**	**3,661**
Commitments	**150**	**14**
Total	**$18,554**	**$3,675**

Credit Risk Mitigation Related to Investments

Financial collateral is not used to mitigate credit risk in our investment portfolio.

Investment Exposures Covered by Guarantees

(in thousands) **As of June 30, 2024**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$13,433,434**	**$—**
Conditionally guaranteed	**1,253,286**	**250,657**
Total	**$14,686,720**	**$250,657**

Credit risk in our investment portfolio is largely mitigated by investing primarily in securities issued or guaranteed by the U.S. government or one of its agencies. Credit risk in our investment portfolio primarily exists in investment securities that are not guaranteed by the U.S. government or one of its agencies, which include our certificates of deposit, commercial paper, non-agency mortgage-backed securities and asset-backed securities, all of which were of high credit quality and met eligibility requirements as of June 30, 2024.

Securitization

For the three months ended June 30, 2024, we did not hold any off-balance sheet securitization exposures, retain any resecuritization exposures, nor were any securitization exposures deducted from capital.

Securitization Exposures

(3-month average daily balance in thousands) **As of June 30, 2024**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$17,254**	**100%**	**$17,254**
> 100% and < 1,250%	**300,570**	**178%**	**534,615**
1250%	**—**	**1250%**	**—**
Total risk-weighted securitization assets	**$317,824**	**174%**	**$551,869**

Equities

We are a limited partner in certain Rural Business Investment Companies (RBICs) for various relationship and strategic reasons. These are not publicly traded, and the book value approximates fair value. There have been no sales or liquidations of these investments during the period. As of June 30, 2024, all RBICs were accounted for under the equity method; therefore, no unrealized gains (losses) exist for these exposures. Further, we do not believe any significant latent revaluation gains (losses) exist for these exposures. No RBIC exposures are included in tier 1 or tier 2 capital.

Equity Investments included in Capital Ratios

(in thousands) **As of June 30, 2024**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings[1]**
RBIC	**$23,833**	**$9,011**

[1] Retained earnings is included in common equity tier 1, tier 1 and total capital ratios

Interest Rate Risk

Our policies establish a maximum variance from our base case in a plus or minus 200 basis point change in rates, except when the U.S. Treasury three-month rate is below 4 percent, at which time the minus scenario is limited to one-half of the U.S. Treasury three-month rate. Due to interest rate levels as of June 30, 2024, the down scenario was not limited.

NII Sensitivity Analysis

	Basis Point Interest Rate Change			
As of June 30, 2024	**Down 200**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
NII sensitivity	(2.6)%	(0.1)%	(1.6)%	(3.5)%
Board policy	(15.0)%			(15.0)%
Gradual Change (Ramp):				
NII sensitivity			(0.1)%	(0.3)%

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change			
As of June 30, 2024	**Down 200**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
EVE sensitivity	6.9 %	2.6 %	(4.3)%	(8.6)%
Board policy	(12.0)%			(12.0)%

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