CAPITALIZING on Opportunity

AgriBank 2024 Quarterly Report
September 30, 2024

AgriBank
FARM CREDIT BANK

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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 51 basis points, slightly above our target of 50 basis points. Net interest income increased compared to the prior year. The increase was primarily driven by higher spread income on retail loans in our asset pool portfolio due to the purchase of a significant number of loan participations during the second half 2023. Additionally, the benefit of equity financing from higher interest rates compared to the same period of the prior year has also contributed to the increase in net interest income. These factors were offset by our limited ability to generate income through funding actions and reduced spread income on investment securities.

Loan portfolio credit quality remained strong with 99.4 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 15 percent of our total loan portfolio) decreased slightly to 96.0 percent acceptable as of September 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 September 2024 meeting, the Federal Open Market Committee (FOMC) lowered the target range for the federal funds rate by 50 bps to 4.75 percent to 5.00 percent and noted that the balance of risk has shifted from inflation to employment. The FOMC also released its quarterly economic projection (referred to as the "dot plot") in September. The median of the dot plot showed an additional 50 basis point cut for 2024 and 100 basis point cut in 2025 and the long-term fed funds rate at 2.875 percent. The pace of rate cuts will depend on incoming data, the evolving economic outlook, and the balance of risks between Fed's dual mandate - full employment and low inflation.

The headline Consumer Price Index (CPI) continued its downward trend with year over year change moving to 2.4 percent in September. Core CPI has moved lower to 3.3 percent in September. Monthly payroll additions have remained resilient with over 500 thousand total jobs added for the period from July through September.

The U.S. gross domestic product is expected to grow by 2.6 percent in 2024 and 1.8 percent in 2025. Broader economic activity while robust appears to be slowing down. 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 2- and 10-year portion of the U.S. Treasury yield curve has normalized with the 2 year US Treasury yield below the 10 year U.S. Treasury yield. Geopolitical risks show no signs of abating as there seems to be an escalation of conflict in the middle east, as well as in Ukraine.

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

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) updated its 2024 forecast of the U.S. aggregate farm income and financial conditions on September 5, 2024. The release also converted the 2023 forecasts to estimates. The 2023 U.S. net farm income (NFI) estimate of $146.5 billion was $9.4 billion below the previous early 2024 forecast due to higher than forecast expenses, which more than offset higher than forecast cash receipts for crops and animals and animal products. USDA-ERS estimates that 2023 NFI decreased by $35.6 billion, or 19.5 percent, from the 2022 level in nominal terms due to declining cash receipts and rising expenses. While NFI decreased in 2023, it followed the record-high 2022 level. When adjusting for inflation, the 2023 U.S. NFI estimate was still 21.1 percent, or $26.1 billion above the ten-year average level.

The 2024 NFI forecast was revised $23.9 billion higher than the initial February 2024 forecast to $140.0 billion, marking a $6.5 billion, or 4.4 percent, decline from the 2023 NFI estimate. The 2024 NFI forecast revision was driven by multiple factors including a small upward revision to the crop cash receipts forecast; however, the biggest influence on the upward NFI revision was due to the $27.6 billion upward revision in the forecast for animals and animal products cash receipts as most animal and animal product prices have exceeded early 2024 expectations. If realized, the $140.0 billion 2024 NFI forecast would mark an inflation-adjusted $53.5 billion or 27.6 percent decline in NFI from the record-high 2022 income, although it would still be $17.2 billion or 14.1 percent above the inflation-adjusted ten-year average NFI. While farm sector NFI is expected to remain above average during 2024, the aggregate farm sector NFI forecast understates the challenges that many crop producers are experiencing. USDA-ERS forecasts that the average net cash income of farm businesses specializing in corn and soybean production will decline by more than 35 percent in 2024. That contrasts with average net cash income gains of 12.5 percent for farms specializing in cattle and calves, 14.2 percent for hogs, and 50.9 percent for dairy producers. USDA-ERS projects that the farm sector balance sheet will remain strong in 2024 with assets increasing 5.2 percent, a slightly higher rate than the expected 4.2 percent increase in sector debt. The farm sector debt-to-asset ratio is forecast to decline to 12.8 percent, the fourth consecutive year with a decline and the lowest level since 2015.

Agricultural commodity prices were generally steady to lower during the third quarter of 2024 with the exception of increases in egg and milk prices. Corn and soybean prices continued to trend lower from the recent May 2024 highs as favorable growing conditions across key production regions removed weather risk price premiums and caused the USDA to raise crop yield and production forecasts. As of the October 2024 World Agricultural Supply and Demand Estimates (WASDE), USDA forecasts that the 2024 U.S. soybean crop will make a new record high, while 2024 U.S. corn production will only narrowly trail the record-high 2023 level. Corn and soybean prices bottomed in August and trended higher in September. Increased corn usage estimates across many demand categories for the 2023/2024 marketing year reduced the corn ending stocks estimate for the prior marketing year, while the lowered corn carryover stocks estimate and the higher export forecast reduced the USDA forecast for corn ending stocks during the 2024/2025 marketing year. Despite the upward corn demand projections and the reduction in the inventory forecast, USDA projects that 2024/2025 corn ending stocks will be nearly two billion bushels, up 13.6 percent from the year prior and the largest level in five years. USDA projects that 2024/2025 soybean ending stocks will increase by 60.8 percent due to the higher beginning stocks level and the record large 2024 production that is only partially offset by rising exports and soybean crush demand. USDA forecasts that average corn and soybean prices will decline to five-year lows during the 2024/2025 marketing year. The lower crop price environment and increases in production expenses in recent years are expected to result in negative margins for many crop producers; however, several years of elevated income and positive farm sector working capital have strengthened many producers' balance sheets heading into the lower crop price environment.

Hog and broiler meat prices declined slightly during the third quarter of 2024, while cattle prices were mixed. However, any declines in livestock and poultry prices were offset by the falling feed cost environment. The cattle market remains tight and beef demand is strong. Retail beef prices reached a new record high during September 2024, while USDA forecasts that U.S. per capita beef consumption increased by 4.9 percent on a year-over-year basis during the third quarter of 2024. Hog prices declined slightly during the third quarter of 2024 and were 8.0 percent below the same period of the prior year, although lower feed costs have more than offset the decline in hog prices, supporting hog producer margin improvement relative to 2023 levels. Broiler prices were down slightly during the third quarter of 2024, although falling feed costs should have continued to support favorable returns for many broiler integrators.

Dairy prices and margins continued to increase during the third quarter of 2024. U.S. milk production remains constrained with production declining on an annual basis for 14 consecutive months through August 2024. Highly pathogenic avian influenza (HPAI) infection discoveries continue in the dairy herd with confirmations now occurring across 14 states. USDA expects 2025 milk production will increase by 0.8 percent while milk prices remain elevated. HPAI infections also continue at egg-laying facilities. The USDA estimates the table egg layer flock was down 3.2 percent as of August 2024, compared to the same period of the prior year. Egg prices spiked higher in August before declining in September to still elevated levels.

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 2024 benchmark values as of June 30, 2024, showed that agricultural land values increased nearly seven percent on average across the District, down from the 13.2 percent increase during 2023. A wide range of changes in benchmark values continued in 2024. Those discrepancies are due to the regional availability of land, quality of land, and regional demand from producers and non-farmer/owners. Rural and farmland market participants continue to purchase land when available. However, elevated interest rates, lower returns, and previous increases in land prices appear to be easing 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 second quarter 2023 to the end of the second quarter 2024 in their respective districts. The Federal Reserve district reports indicated annual regional increases in non-irrigated farmland values ranging from 2.0 to 4.2 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 2024 survey showed increases of 5.0 percent for overall farm real estate values and 5.5 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)	**September 30, 2024**	December 31, 2023
Accrual loans:		
Wholesale loans	**$135,112,962**	$126,012,646
Retail loans:		
Real estate mortgage	**9,677,029**	9,410,643
Production and intermediate-term	**9,111,725**	8,938,319
Loans to other financing institutions (OFIs)	**753,132**	1,043,351
Other	**4,145,594**	3,250,150
Total retail loans	**23,687,480**	22,642,463
Nonaccrual loans	**180,298**	70,322
Total loans	**$158,980,740**	$148,725,431

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

Loans totaled $159.0 billion at September 30, 2024, an increase of $10.3 billion from December 31, 2023. Within total loans, an increase in wholesale loans was primarily driven by growth in real estate mortgage and agribusiness loans at AgriBank District Associations.

Retail loans increased, primarily driven by agribusiness and real estate mortgage loan purchases in our asset pool programs during the current quarter. The increase in agribusiness and real estate mortgage loans was slightly off-set by a decrease in other financing institutions (OFIs), primarily attributable to a large repayment by one institution during the second quarter.

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 at 99.4 percent in the acceptable category as of September 30, 2024, and December 31, 2023. As of September 30, 2024, all outstanding wholesale loans were classified as acceptable. Adversely classified loans were 0.3 percent at both September 30, 2024, and December 31, 2023. Credit quality of our retail loan portfolio decreased slightly to 96.0 percent acceptable as of September 30, 2024, compared to 96.2 percent acceptable at December 31, 2023. All loans are classified as held to maturity as of September 30, 2024. Included in total loans are loans classified as loans held for sale with a net book value of $355.2 million as of December 31, 2023. 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)	**September 30, 2024**	December 31, 2023
Nonaccrual loans	**$180,298**	$70,322
Accruing loans 90 days or more past due	**53,011**	1,334
Total nonperforming loans	**233,309**	71,656
Other property owned	**1,129**	80
Total nonperforming assets	**$234,438**	$71,736
As a percent of retail loans		
Nonperforming loans	**0.98 %**	0.32 %
Nonaccrual loans	**0.76 %**	0.31 %
Delinquencies	**0.99 %**	0.59 %
As a percent of loans		
Nonperforming loans	**0.15 %**	0.05 %
Nonaccrual loans	**0.11 %**	0.05 %
Delinquencies	**0.15 %**	0.09 %

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

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, agribusiness and real estate mortgage sectors. At September 30, 2024, 52.8 percent of nonaccrual loans were current as to principal and interest.

Increase in nonaccrual loans was primarily driven by large agribusiness borrowers in the meat and food products sector, as well as real estate mortgage borrowers in the tree nuts industry moving to nonaccrual during the current quarter. To a lesser extent, nonaccrual growth was driven by various production and intermediate-term loans in the crops sector that were moved to nonaccrual during the second quarter of 2024 and remain in nonaccrual status as of September 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 or beginning of 2025.

Allowance Coverage Ratios

	September 30, 2024	December 31, 2023
Allowance for credit losses on loans as a percentage of:		
Loans	**0.02 %**	0.02 %
Retail loans	**0.13 %**	0.14 %
Nonaccrual loans	**17.48 %**	45.49 %
Total nonperforming loans	**13.51 %**	44.65 %
Adverse assets to capital and allowance for credit losses on loans	**5.50 %**	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 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 September 30, 2024, the allowance decreased $476 thousand, compared to December 31, 2023. This was mainly due to current quarter charge-offs reducing specific reserves in our crop input financing portfolio, which is predominantly classified as production and intermediate-term. The decrease in specific reserve was off-set by increase in general reserve related to current quarter purchases in 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 nine months ended September 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 September 30, 2024, we had sufficient liquidity to fund all debt maturing within 155 days. At September 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 September 30, 2024, was $9.2 billion, a $586.1 million increase from December 31, 2023. The increase was driven primarily by our net income and capital stock issuances. Offsetting these were cash patronage declared, consistent with AgriBank's capital plan and the redemption of $250 million of perpetual preferred stock. 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 September 30, 2024.

At September 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 nine months ended September 30, 2024, was $685.0 million, a 6.0 percent increase, compared to $646.4 million for the same period in 2023. ROA of 51 basis points through the nine months ended September 30, 2024. Wholesale pricing was adjusted effective July 1, 2024, raising ROA slightly above our 50 basis point target.

Changes in Significant Components of Net Income

(in thousands)

For the nine months ended September 30,	2024	2023	Increase (decrease) in Net Income
Net interest income	**$768,474**	$721,868	$46,606
Provision for credit losses	**11,000**	8,000	(3,000)
Non-interest income	**85,889**	73,191	12,698
Non-interest expense	**158,363**	140,612	(17,751)
Net income	**$685,000**	$646,447	$38,553

Net interest income

Changes in Net Interest Income

(in thousands)

For the nine months ended September 30,	2024 vs 2023		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$530,733**	**$607,703**	**$1,138,436**
Investments and other earning assets	**48,886**	**150,195**	**199,081**
Total interest income	**579,619**	**757,898**	**1,337,517**
Interest expense:			
Systemwide debt securities and other	**(421,198)**	**(869,713)**	**(1,290,911)**
Net change in net interest income	**$158,421**	**$(111,815)**	**$46,606**

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 nine months ended September 30,	**2024**			2023		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$130,113,436**	**3.96 %**	**$3,877,221**	$121,150,478	3.42 %	$3,094,664
Retail accrual loans	**21,821,475**	**5.59 %**	**909,369**	15,021,598	4.98 %	559,655
Retail nonaccrual loans	**96,508**	**15.96 %**	**11,560**	50,709	14.22 %	5,395
Investment securities and other earning assets	**25,968,477**	**4.65 %**	**906,280**	23,463,867	4.03 %	707,197
Total earning assets	**177,999,896**	**4.27 %**	**5,704,430**	159,686,652	3.66 %	4,366,911
Interest bearing liabilities	**169,618,860**	**3.88 %**	**4,935,956**	153,074,177	3.18 %	3,645,043
Interest rate spread		**0.39 %**			0.48 %	
Impact of equity financing	**$8,381,036**	**0.19 %**		$6,612,475	0.12 %	
Net interest margin		**0.58 %**			0.60 %	
Net interest income			**$768,474**			$721,868

Net interest income increased when compared to the same period of the prior year. The increase was primarily driven by higher spread income on retail loans in our asset pool portfolio, when compared to the prior year, due to the purchase of a significant number of loan participations during the second half of 2023. Additionally, the benefit of equity financing from higher interest rates compared to the same period of the prior year has also contributed to the increase in net interest income. Equity financing represents the benefit of non-interest bearing funding. We typically experience slight net interest margin compression as fixed-rate assets age, usually offset by the margin from new volume. However, with the current inverted yield curve, new volume margins are not providing the typical offset. Additionally, spread income on investment securities has declined compared to the same period of the prior year due to the mix of investment securities and reduced spreads on money market instruments. Net interest margin for the nine months ended September 30, 2024, decreased slightly 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 nine months ended September 30, 2024, compared to the same period of the prior year. The increase was primarily 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 nine months ended September 30, 2024, compared to the same period of the prior year, related to a rise in 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 nine months ended September 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 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 Farm Credit Services of America, ACA, AgCountry Farm Credit Services, 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 September 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
November 7, 2024

Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB
November 7, 2024

Brad W. Hoffelt
Chief Financial Officer
AgriBank, FCB
November 7, 2024

Statements of Condition

AgriBank, FCB

(in thousands)	**September 30, 2024**	December 31, 2023
	(unaudited)	
Assets		
Loans held to maturity (Note 2)	**$158,980,740**	$148,370,212
Allowance for credit losses on loans	**31,516**	31,992
Net loans held to maturity	**158,949,224**	148,338,220
Loans held for sale (Note 2)	**—**	355,219
Net loans	**158,949,224**	148,693,439
Investment securities	**23,608,611**	22,112,428
Cash	**1,321,852**	1,642,497
Federal funds and securities purchased under resale agreements	**400,000**	1,700,000
Accrued interest receivable	**1,890,486**	1,590,342
Derivative assets	**90,402**	93,470
Other assets	**372,998**	590,827
Total assets	**186,633,573**	176,423,003
Liabilities		
Bonds and notes	**175,837,914**	166,310,329
Accrued interest payable	**1,204,315**	1,027,470
Derivative liabilities	**96,547**	75,356
Patronage payable and other payables	**313,145**	402,749
Other liabilities	**12,342**	23,921
Total liabilities	**177,464,263**	167,839,825
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**—**	250,000
Capital stock and participation certificates	**6,190,558**	5,845,718
Unallocated retained earnings	**3,468,890**	3,139,865
Accumulated other comprehensive loss	**(490,138)**	(652,405)
Total shareholders' equity	**9,169,310**	8,583,178
Total liabilities and shareholders' equity	**$186,633,573**	$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		Nine months	
For the periods ended September 30,	**2024**	2023	**2024**	2023
Interest income				
Loans	**$1,724,156**	$1,353,980	**$4,798,150**	$3,659,714
Investments and other earning assets	**311,206**	280,027	**906,280**	707,197
Total interest income	**2,035,362**	1,634,007	**5,704,430**	4,366,911
Interest expense	**1,728,182**	1,379,607	**4,935,956**	3,645,043
Net interest income	**307,180**	254,400	**768,474**	721,868
Provision for credit losses	**3,000**	5,000	**11,000**	8,000
Net interest income after provision for credit losses	**304,180**	249,400	**757,474**	713,868
Non-interest income				
Mineral income	**20,596**	20,157	**65,544**	61,812
Business services income	**2,453**	956	**7,313**	5,401
Loan prepayment and fee income	**2,506**	1,121	**5,881**	4,330
Allocated Insurance Reserve Accounts income	**—**	—	**5,922**	—
Other income, net	**3,056**	8	**1,229**	1,648
Total non-interest income	**28,611**	22,242	**85,889**	73,191
Non-interest expense				
Salaries and employee benefits	**8,883**	7,945	**25,585**	23,870
Other operating expenses	**13,960**	12,177	**42,169**	37,316
Loan servicing and other expenses	**25,752**	20,031	**73,689**	58,918
Farm Credit System insurance expense	**5,784**	7,443	**16,691**	20,483
Other expenses, net	**1**	20	**229**	25
Total non-interest expense	**54,380**	47,616	**158,363**	140,612
Net income	**$278,411**	$224,026	**$685,000**	$646,447
Other comprehensive income				
Investment securities activity	**$261,290**	$(110,144)	**$237,998**	$(18,747)
Derivatives and hedging activity	**(196,098)**	149,918	**(75,854)**	176,611
Employee benefit plan activity	**40**	46	**123**	138
Total other comprehensive income	**65,232**	39,820	**162,267**	158,002
Comprehensive income	**$343,643**	$263,846	**$847,267**	$804,449

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			646,447		646,447
Other comprehensive income				158,002	158,002
Cash patronage			(438,737)		(438,737)
Perpetual preferred stock dividends			(12,891)		(12,891)
Capital stock/participation certificates issued		428,184			428,184
Capital stock/participation certificates retired		(6,609)			(6,609)
Balance at September 30, 2023	$250,000	$5,086,396	$3,342,999	$(710,628)	$7,968,767
Balance at December 31, 2023	$250,000	$5,845,718	$3,139,865	$(652,405)	$8,583,178
Net income			**685,000**		**685,000**
Other comprehensive income				**162,267**	**162,267**
Cash patronage			**(355,975)**		**(355,975)**
Perpetual preferred stock redemption	**(250,000)**				**(250,000)**
Capital stock/participation certificates issued		**391,733**			**391,733**
Capital stock/participation certificates retired		**(46,893)**			**(46,893)**
Balance at September 30, 2024	**$—**	**$6,190,558**	**$3,468,890**	**$(490,138)**	**$9,169,310**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)

(in thousands)

For the nine months ended September 30,	2024	2023
Cash flows from operating activities		
Net income	**$685,000**	$646,447
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**535**	484
Provision for credit losses	**11,000**	8,000
Loss on sale of investment securities, net	**294**	—
Amortization of discounts on investments, net	**(233,027)**	(159,265)
Amortization of discounts on debt and deferred debt issuance costs, net	**93,152**	104,833
Loss on derivative activities, net	**6,086**	14,908
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(3,961,097)**	(3,197,685)
Decrease in other assets	**6,357**	136,431
Increase in accrued interest payable	**176,845**	265,478
Decrease in other liabilities	**(33,861)**	(89,227)
Net cash used in operating activities	**(3,248,716)**	(2,269,596)
Cash flows from investing activities		
Increase in loans, net	**(6,606,832)**	(6,878,275)
Decrease (increase) in federal funds sold and securities purchased under resale agreements, net	**1,300,000**	(1,000,000)
Purchases of investment securities	**(5,805,110)**	(7,310,346)
Proceeds from investment securities	**4,316,946**	7,143,015
Proceeds from the sale of investment securities	**462,711**	—
Other investing activities, net	**(1,570)**	(876)
Net cash used in investing activities	**(6,333,855)**	(8,046,482)
Cash flows from financing activities		
Bonds and notes issued	**115,095,809**	88,712,909
Bonds and notes retired	**(105,694,648)**	(75,864,556)
Increase in cash collateral posted with counterparties, net	**(29,892)**	(29,132)
Variation margin (paid) received on cleared derivatives, net	**(33,129)**	157,199
Patronage distributions paid	**(421,054)**	(305,788)
Preferred stock dividends paid	**—**	(12,891)
Capital stock and participation certificates issued, net	**344,840**	421,575
Net cash provided by financing activities	**9,261,926**	13,079,316
Net (decrease) increase in cash and cash equivalents	**(320,645)**	2,763,238
Cash and cash equivalents at beginning of period	**1,642,497**	1,356,976
Cash and cash equivalents at end of period	**$1,321,852**	$4,120,214

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)

(in thousands)

For the nine months ended September 30,	2024	2023
Supplemental non-cash investing and financing activities		
Increase (decrease) in shareholders' equity from investment securities	**$237,998**	$(18,747)
Interest capitalized to loan principal	**3,660,953**	2,782,273
Patronage and preferred stock dividends accrued	**254,144**	210,092
Redemption of preferred stock	**(250,000)**	—
Supplemental non-cash fair value changes related to hedging activities		
Decrease (increase) in derivative assets and liabilities, net	**$48,668**	$(162,223)
Increase in bonds from derivative activity	**33,272**	520
(Decrease) increase in shareholders' equity from cash flow derivatives	**(75,854)**	176,611
Supplemental Information		
Interest paid	**$4,655,784**	$3,259,340

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 third quarter 2024 Financial Statements should be read in conjunction with the 2023 Annual Report. The results for the nine months ended September 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

Loans by Type

	September 30, 2024		December 31, 2023	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$135,112,962**	**85.0 %**	$126,012,646	84.7 %
Retail loans:				
Real estate mortgage	**9,732,005**	**6.1 %**	9,430,541	6.3 %
Production and intermediate-term	**9,168,147**	**5.8 %**	8,974,118	6.0 %
Loans to other financing institutions (OFIs)	**753,132**	**0.5 %**	1,043,351	0.7 %
Other	**4,214,494**	**2.6 %**	3,264,775	2.3 %
Total retail loans	**23,867,778**	**15.0 %**	22,712,785	15.3 %
Total loans	**$158,980,740**	**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 $1.8 billion and $1.5 billion as of September 30, 2024 and December 31, 2023, respectively 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)	**September 30, 2024**	December 31, 2023
Real estate mortgage	**$9,732,005**	$9,430,541
Production and intermediate-term	**9,168,147**	8,974,118
Other	**4,191,286**	3,248,451
Total loans	**$23,091,438**	$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 September 30, 2024, or December 31, 2023.

Credit Quality of Loans as a Percentage of Total Loans

As of September 30, 2024	Acceptable	Special mention	Substandard/ Doubtful	Total
Wholesale loans	**100.0 %**	**— %**	**— %**	**100.0 %**
Retail loans:				
Real estate mortgage	**96.9 %**	**1.3 %**	**1.8 %**	**100.0 %**
Production and intermediate-term	**95.7 %**	**2.3 %**	**2.0 %**	**100.0 %**
Loans to OFIs	**100.0 %**	**— %**	**— %**	**100.0 %**
Other	**94.0 %**	**2.5 %**	**3.5 %**	**100.0 %**
Total retail loans	**96.0 %**	**1.9 %**	**2.1 %**	**100.0 %**
Total loans	**99.4 %**	**0.3 %**	**0.3 %**	**100.0 %**
(in thousands)				
As of December 31, 2023				
Wholesale loans	100.0 %	— %	— %	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 September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
Wholesale Loans									
Acceptable	$—	$—	$—	$—	$—	$—	$135,112,962	$—	$135,112,962
Total Wholesale Loans	$—	$—	$—	$—	$—	$—	$135,112,962	$—	$135,112,962
Retail Loans:									
Real estate mortgage									
Acceptable	$195,339	$900,414	$1,238,119	$1,734,976	$1,589,791	$3,667,850	$105,827	$2,038	$9,434,354
Special mention	5,424	9,553	24,981	12,848	24,522	37,705	11,091	—	126,124
Substandard/Doubtful	808	6,794	25,134	25,824	14,433	78,697	19,827	10	171,527
Total Real estate mortgage loans	$201,571	$916,761	$1,288,234	$1,773,648	$1,628,746	$3,784,252	$136,745	$2,048	$9,732,005
Production and intermediate-term									
Acceptable	$2,873,742	$1,946,851	$981,137	$1,013,933	$435,258	$209,061	$1,308,326	$1,098	$8,769,406
Special mention	48,644	49,654	24,572	15,016	8,062	2,936	61,582	509	210,975
Substandard/Doubtful	28,542	47,854	24,988	11,836	6,154	7,068	59,413	1,911	187,766
Total production and intermediate-term loans	$2,950,928	$2,044,359	$1,030,697	$1,040,785	$449,474	$219,065	$1,429,321	$3,518	$9,168,147
Loans to OFIs									
Acceptable	$44,835	$120,263	$124,369	$107,576	$105,653	$10,828	$239,608	$—	$753,132
Total loans to OFIs	$44,835	$120,263	$124,369	$107,576	$105,653	$10,828	$239,608	$—	$753,132
Other									
Acceptable	$348,216	$677,177	$791,157	$453,682	$273,370	$636,433	$781,736	$1,105	$3,962,876
Special mention	6,000	12,276	12,375	17,793	21,024	10,204	25,488	—	105,160
Substandard/Doubtful	4,861	4,868	7,715	45,831	35,913	12,039	35,188	43	146,458
Total other	$359,077	$694,321	$811,247	$517,306	$330,307	$658,676	$842,412	$1,148	$4,214,494
Total retail loans									
Acceptable	$3,462,132	$3,644,705	$3,134,782	$3,310,167	$2,404,072	$4,524,172	$2,435,497	$4,241	$22,919,768
Special mention	60,068	71,483	61,928	45,657	53,608	50,845	98,161	509	442,259
Substandard/Doubtful	34,211	59,516	57,837	83,491	56,500	97,804	114,428	1,964	505,751
Total Retail Loans	$3,556,411	$3,775,704	$3,254,547	$3,439,315	$2,514,180	$4,672,821	$2,648,086	$6,714	$23,867,778
Total loans									
Acceptable	$3,462,132	$3,644,705	$3,134,782	$3,310,167	$2,404,072	$4,524,172	$137,548,459	$4,241	$158,032,730
Special mention	60,068	71,483	61,928	45,657	53,608	50,845	98,161	509	442,259
Substandard/Doubtful	34,211	59,516	57,837	83,491	56,500	97,804	114,428	1,964	505,751
Total	$3,556,411	$3,775,704	$3,254,547	$3,439,315	$2,514,180	$4,672,821	$137,761,048	$6,714	$158,980,740
Charge-offs, for the nine months ended September 30, 2024									
Real estate mortgage	$—	$—	$1	$6	$—	$1,061	$1	$—	$1,069
Production and intermediate-term	16	12,231	7,464	783	120	2,198	222	22	23,056
Other	—	80	357	3,608	—	125	782	1	4,953
Total	$16	$12,311	$7,822	$4,397	$120	$3,384	$1,005	$23	$29,078

(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 nine months ended September 30, 2023									
Real estate mortgage	$—	$—	$6	$—	$—	$205	$—	$—	$211
Production and intermediate-term	396	92	619	230	57	613	178	—	2,185
Other	125	—	—	6,669	—	3	94	—	6,891
Total	$521	$92	$625	$6,899	$57	$821	$272	$—	$9,287

Aging Analysis of Loans

(in thousands) **As of September 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	**$—**	**$—**	**$—**	**$135,112,962**	**$135,112,962**	**$—**
Retail loans:						
Real estate mortgage	**29,878**	**45,906**	**75,784**	**9,656,221**	**9,732,005**	**1,404**
Production and intermediate-term	**56,259**	**80,345**	**136,604**	**9,031,543**	**9,168,147**	**50,719**
Loans to OFIs	**—**	**—**	**—**	**753,132**	**753,132**	**—**
Other	**15,782**	**5,343**	**21,125**	**4,193,369**	**4,214,494**	**888**
Total retail loans	**101,919**	**131,594**	**233,513**	**23,634,265**	**23,867,778**	**53,011**
Total loans	**$101,919**	**$131,594**	**$233,513**	**$158,747,227**	**$158,980,740**	**$53,011**

(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 September 30, 2024		For the nine months ended September 30, 2024
	Amortized Cost	**Amortized Cost without Allowance**	**Interest Income Recognized**
Nonaccrual loans:			
Real estate mortgage	**$54,976**	**$53,843**	**$2,835**
Production and intermediate-term	**56,421**	**9,481**	**8,725**
Other	**68,901**	**42,854**	**—**
Total	**$180,298**	**$106,178**	**$11,560**

	As of December 31, 2023		For the nine months ended September 30, 2023
	Amortized Cost	Amortized Cost without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$19,899	$14,557	$2,050
Production and intermediate-term	35,799	11,074	3,345
Other	14,624	4,120	—
Total nonaccrual loans	$70,322	$29,751	$5,395

We had no wholesale loans classified as nonaccrual at September 30, 2024, or December 31, 2023. Reversals of interest income on retail loans that moved to nonaccrual status were not significant during the nine months ended September 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 September 30, 2024, or 2023, and activity on these loans during the nine months ended September 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 nine months ended September 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 September 30, 2024, or December 31, 2023. Similarly, the provision for credit losses on unfunded commitments for the nine months ended September 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 decreased slightly from December 31, 2023, related to current quarter charge-offs reducing specific reserves in our crop input financing portfolio, which is predominantly classified as production and intermediate-term. The decrease in specific reserve was off-set by an increase in general reserve related to current quarter purchases in asset pool portfolios.

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**	**$31,992**
Provision for credit losses on loans	**—**	**1,063**	**5,624**	**(124)**	**5,437**	**12,000**
Charge-offs	**—**	**(1,069)**	**(23,056)**	**—**	**(4,953)**	**(29,078)**
Recoveries	**—**	**35**	**15,260**	**—**	**3**	**15,298**
Initial allowance for purchased credit deteriorated loans	**—**	**82**	**425**	**—**	**797**	**1,304**
Balance as of September 30, 2024	**$—**	**$6,079**	**$9,900**	**$493**	**$15,044**	**$31,516**

(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	—	46	6,816	101	1,037	8,000
Charge-offs	—	(211)	(2,185)	—	(6,891)	(9,287)
Recoveries	—	2	1,667	—	113	1,782
Initial allowance for purchased credit deteriorated loans	—	61	848	—	844	1,753
Balance as of September 30, 2023	$—	$3,062	$14,569	$988	$5,553	$24,172

NOTE 3

Investment Securities

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

Investment Securities

AFS Investment Securities

(in thousands) **September 30, 2024**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Commercial paper and other	**$9,532,508**	**$827**	**$664**	**$9,532,671**	**5.5%**
U.S. Treasury securities	**6,900,028**	**74,992**	**19,886**	**6,955,134**	**4.1%**
Mortgage-backed securities	**7,285,306**	**18,058**	**517,479**	**6,785,885**	**3.8%**
Asset-backed securities	**331,200**	**3,984**	**263**	**334,921**	**4.7%**
Total	**$24,049,042**	**$97,861**	**$538,292**	**$23,608,611**	**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 $87.1 million and $58.8 million as of September 30, 2024, and December 31, 2023, respectively, has 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 September 30, 2024**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Commercial paper and other	**$9,532,671**	**$—**	**$—**	**$—**	**$9,532,671**
U.S. Treasury securities	**2,012,969**	**4,942,165**	**—**	**—**	**6,955,134**
Mortgage-backed securities	**224**	**91,164**	**74,216**	**6,620,281**	**6,785,885**
Asset-backed securities	**5**	**334,916**	**—**	**—**	**334,921**
Total fair value	**$11,545,869**	**$5,368,245**	**$74,216**	**$6,620,281**	**$23,608,611**
Total amortized cost	**$11,544,929**	**$5,312,983**	**$78,054**	**$7,113,076**	**$24,049,042**
Weighted average yield	**5.2 %**	**4.2 %**	**1.9 %**	**3.9 %**	**4.6 %**

The expected average life is 1.3 years for asset-backed securities and 4.6 years for mortgage-backed securities at September 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:

(in thousands)	**Less than 12 months**		**More than 12 months**	
As of September 30, 2024	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Commercial paper and other	**$6,848,050**	**$664**	**$—**	**$—**
U.S. Treasury securities	**349,846**	**60**	**872,667**	**19,826**
Mortgage-backed securities	**180,371**	**177**	**5,218,404**	**517,302**
Asset-backed securities	**24,989**	**6**	**35,787**	**257**
Total	**$7,403,256**	**$907**	**$6,126,858**	**$537,385**

(in thousands)	Less than 12 months		More than 12 months	
As of December 31, 2023	Fair Value	Unrealized Losses	Fair Value	Unrealized 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 $463.0 million of U.S. Treasury securities during the nine months ended September 30, 2024. There were no AFS investment securities sold during the nine months ended September 30, 2023.

Based on our analysis, we have not recognized an allowance for credit losses related to our investment portfolio as of September 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 September 30, 2024, or December 31, 2023.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	September 30, 2024	December 31, 2023	**Regulatory Minimums**	**Capital Conservation Buffer**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**15.8 %**	15.5 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**15.8 %**	15.9 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**15.9 %**	16.0 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**15.8 %**	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	**1.9 %**	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 nine months ended September 30,	**2024**	2023	**2024**	2023
Net periodic benefit cost:				
Service cost	**$14,639**	$16,442	**$87**	$92
Interest cost	**46,124**	46,494	**586**	573
Expected return on plan assets	**(54,184)**	(52,316)	**—**	—
Amortization of prior service credit	**(1,986)**	(2,024)	**—**	—
Amortization of net loss (gain)	**31,239**	41,094	**(844)**	(1,191)
Net periodic benefit cost	**$35,832**	$49,690	**$(171)**	$(526)

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 nine months ended September 30, 2024, District employers have contributed $52.0 million to fund pension benefits. District employers anticipate contributing an additional $10.1 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 September 30, 2024, was $431.9 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 September 30, 2024	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds sold and securities purchased under resale agreements	**$—**	**$400,000**	**$—**	**$400,000**
Investments available-for-sale:				
Commercial paper and other	**—**	**9,532,671**	**—**	**9,532,671**
U.S. Treasury securities	**—**	**6,955,134**	**—**	**6,955,134**
Mortgage-backed securities	**—**	**6,785,885**	**—**	**6,785,885**
Asset-backed securities	**—**	**334,921**	**—**	**334,921**
Total investments available-for-sale	**—**	**23,608,611**	**—**	**23,608,611**
Cash collateral posted with counterparties	**150,440**	**—**	**—**	**150,440**
Derivative assets	**—**	**90,402**	**—**	**90,402**
Total assets	**$150,440**	**$24,099,013**	**$—**	**$24,249,453**
Liabilities:				
Cash collateral posted by counterparties	**$—**	**$—**	**$—**	**$—**
Derivative liabilities	**—**	**96,547**	**—**	**96,547**
Total liabilities	**$—**	**$96,547**	**$—**	**$96,547**

(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 September 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 $46.5 million and $26.9 million of collateral dependent loans measured at fair value on a non-recurring basis at September 30, 2024, and December 31, 2023, respectively.

All loans are classified as held to maturity as of September 30, 2024. Loans held for sale as of December 31, 2023, totaled $355.2 million, and were related to the expected sale of participation interests to District Associations which were sold on August 1, 2024. 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 September 30, 2024**	**Total Carrying Amount**	**Fair Value Measurement Using**			**Total Fair Value**
		Level 1	**Level 2**	**Level 3**	
Assets:					
Cash	**$1,321,852**	**$1,321,852**	**$—**	**$—**	**$1,321,852**
Net loans held to maturity	**158,887,815**	**—**	**—**	**153,359,328**	**153,359,328**
Total assets	**$160,209,667**	**$1,321,852**	**$—**	**$153,359,328**	**$154,681,180**
Liabilities:					
Bonds and notes	**$175,837,914**	**$—**	**$—**	**$171,154,198**	**$171,154,198**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(3,815)**	**$(3,815)**

(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 September 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	1,500	4,675	400	—	6,575
Maturities/amortization	(350)	(3,505)	(2,650)	(6)	(6,511)
As of September 30, 2023	$4,676	$6,035	$1,550	$114	$12,375
As of December 31, 2023	$4,376	$6,543	$1,950	$113	$12,982
Additions	**14,249**	**1,700**	**12,000**	**25**	**27,974**
Maturities/amortization	**(13,475)**	**(3,055)**	**(12,000)**	**(5)**	**(28,535)**
As of September 30, 2024	**$5,150**	**$5,188**	**$1,950**	**$133**	**$12,421**

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 September 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)	**September 30, 2024**	December 31, 2023
Notional amount	**$2,282,828**	$2,263,254
Cash collateral posted by counterparties	**$—**	$(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. From time to time we may have variation margin payments posted in excess of our net exposure to cleared derivative transactions due to timing differences of changes in the fair value of the derivatives and settlement of the margin payments. Such additional variation margin is classified within "Other assets" in the Statements of Condition. Initial margin requirements consider volume of notional outstanding, duration of outstanding derivatives and market volatility.

Centrally Cleared Derivatives

(in thousands)	**September 30, 2024**	December 31, 2023
Notional Amount	**$10,137,828**	$10,718,254
Initial margin posted with counterparties	**$141,720**	$112,948
Additional variation margin posted with counterparties	**8,720**	—
Total margin posted with counterparties, net	**$150,440**	$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 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.

	September 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	**$18,196**	**$2,593**	$11,510	$29,986
Pay-fixed swaps	**61,160**	**85,681**	89,706	34,187
Floating-for-floating swaps	**847**	**6,044**	3,932	3,111
Total derivatives designated as hedging instruments	**80,203**	**94,318**	105,148	67,284
Derivatives not designated as hedging instruments:				
Receive-fixed swaps	**3,173**	**—**	—	—
Pay-fixed swaps	**6,675**	**259**	9,081	—
Other derivative products	**532**	**5,814**	18	8,072
Total derivatives not designated as hedging instruments	**10,380**	**6,073**	9,099	8,072
Variation margin settled	**—**	**(3,844)**	(20,565)	—
Credit valuation adjustments	**(181)**	**—**	(212)	—
Total gross amounts of derivatives	**$90,402**	**$96,547**	$93,470	$75,356

(in thousands)	**September 30, 2024**	December 31, 2023
Derivative assets	**$90,402**	$93,470
Derivative liabilities	**(96,547)**	(75,356)
Accrued interest receivable (payable) on derivatives, net	**8,573**	(2,476)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted by counterparties	**—**	(1,120)
Cash collateral posted with counterparties	**150,440**	112,948
Net exposure amounts	**$152,868**	$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, $3.8 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 nine months ended September 30, 2024**	**Amount of Loss Recognized in OCI on Derivatives**	**Amount of Gain (Loss) Reclassified from AOCI into Income**
Pay-fixed swaps	**$(18,867)**	**$50,969**
Floating-for-floating swaps	**(6,373)**	**(355)**
Total	**$(25,240)**	**$50,614**

(in thousands) For the nine months ended September 30, 2023	Amount of Gain (Loss) Recognized in OCI on Derivatives	Amount of Gain (Loss) Reclassified from AOCI into Income
Pay-fixed swaps	$201,862	$26,948
Floating-for-floating swaps	(1,673)	(3,370)
Total	$200,189	$23,578

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 nine months ended September 30, 2024.

(in thousands)	**Other Income, Net**		**Interest Expense**	
For the nine months ended September 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:	**$1,229**	$1,648	**$4,935,956**	$3,645,043
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**(31,269)**	(1,244)
Bonds and notes	**—**	—	**33,272**	520
Cash flow hedges:				
Interest rate derivatives	**—**	—	**(50,614)**	(23,578)
Economic hedges:				
Interest rate derivatives	**3,281**	(189)	**—**	—

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:

	Carrying Amount of the Hedged Item		**Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item**	
(in thousands)	**September 30, 2024**	December 31, 2023	**September 30, 2024**	December 31, 2023
Line Item on the Statements of Condition				
Bonds and notes	**$3,162,674**	$4,352,972	**$14,091**	$(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 (loss) income before reclassifications	(18,747)	200,189	—	181,442
Amounts reclassified from accumulated other comprehensive loss	—	(23,578)	138	(23,440)
Net other comprehensive (loss) income	(18,747)	176,611	138	158,002
Balance at September 30, 2023	$(944,505)	$235,435	$(1,558)	$(710,628)
Balance at December 31, 2023	$(678,429)	$27,509	$(1,485)	$(652,405)
Other comprehensive income (loss) before reclassifications	**237,706**	**(25,240)**	—	**212,466**
Amounts reclassified from accumulated other comprehensive loss	**292**	**(50,614)**	**123**	**(50,199)**
Net other comprehensive income (loss)	**237,998**	**(75,854)**	**123**	**162,267**
Balance at September 30, 2024	**$(440,431)**	**$(48,345)**	**$(1,362)**	**$(490,138)**

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 income, net" on the Statements of Comprehensive Income.

NOTE 10

Subsequent Events

We have evaluated subsequent events through November 7, 2024, which is the date the Financial Statements were available to be issued.

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 Farm Credit Services of America, ACA, AgCountry Farm Credit Services, 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.

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 September 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	**3,848,883**
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	**3,412,604**
Paid-in capital	**—**
Regulatory adjustments and deductions made to CET1	**(10,361)**
Total CET1	**$9,447,213**
Tier 1 Capital	
Non-cumulative perpetual preferred stock	**$—**
Regulatory adjustments and deductions made to tier 1 capital	**—**
Total additional tier 1 capital	**—**
Total Tier 1 Capital	**$9,447,213**
Total Capital	
Common Cooperative Equities not included in CET1	**$—**
Subordinated debt	**—**
Adjusted allowance for credit losses[1]	**36,345**
Regulatory adjustments and deductions made to total capital	**—**
Total Tier 2 capital	**36,345**
Total Capital	**$9,483,558**

[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 September 30, 2024	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**771,967**
Government-sponsored enterprises[1]	**28,210,287**
Depository institutions and credit unions[2]	**67,461**
Public sector entities	**—**
Corporate, including borrower loans	**27,603,038**
Residential mortgage	**1,801,796**
Past due and nonaccrual	**310,182**
Securitization exposures	**493,980**
Cleared transactions	**1,606**
Unsettled transactions	**—**
All other assets	**411,461**
Deductions:	
Regulatory adjustments and deductions made to CET1	**10,361**
Regulatory adjustments and deductions made to AT1[3]	**—**
Regulatory adjustments and deductions made to T2[4]	**—**
Total standardized risk-weighted assets	**$59,661,417**

[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 September 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 $874.4 million as of September 30, 2024.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	Required Buffer	As of September 30, 2024	Calculated Buffer
Common equity tier 1 capital ratio	4.5 %	2.5 %	**15.8 %**	**11.3 %**
Tier 1 capital ratio	6.0 %	2.5 %	**15.8 %**	**9.8 %**
Total capital ratio	8.0 %	2.5 %	**15.9 %**	**7.9 %**
Capital conservation buffer				**7.9 %**
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 September 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 September 30, 2024**	End of Period	3-month Average Daily Balance
Loans	**$158,980,740**	**$156,110,149**
Investments[1]	**24,008,611**	**24,905,420**
Loan and other commitments	**31,481,311**	**31,763,756**
Letters of credit	**250,118**	**247,211**

[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 September 30, 2024**	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	**$10,137,828**	**$—**	**$14,026,582**	**$37,521**
Bilateral derivatives	**2,282,828**	**13,470**	**5,619,136**	**18,434**

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

Loan and Commitment Geographic Distribution

As of September 30, 2024

Wholesale Portfolio		Retail Portfolio	
Illinois	**9 %**	Iowa	**11 %**
Iowa	**9 %**	Minnesota	**10 %**
Minnesota	**7 %**	Nebraska	**9 %**
Nebraska	**7 %**	Illinois	**7 %**
Indiana	**6 %**	South Dakota	**5 %**
Michigan	**6 %**	Indiana	**5 %**
Ohio	**5 %**	Ohio	**5 %**
Wisconsin	**5 %**	Tennessee	**5 %**
Missouri	**5 %**	Other	**43 %**
Other	**41 %**		
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 Industry Distribution

As of September 30, 2024

Retail Portfolio	
Crops	**48 %**
Cattle	**11 %**
Loans to OFIs	**8 %**
Investor and Rural residential real estate	**7 %**
Food Products	**6 %**
Other	**20 %**
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 September 30, 2024**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$27,454,391**	**$109,054,593**	**$—**	**$136,508,984**
Retail loans[1]	**5,956,994**	**6,812,228**	**11,481,129**	**24,250,351**
Investments[2]	**11,945,870**	**5,368,244**	**6,694,497**	**24,008,611**
Wholesale loan commitments	**7,568,242**	**17,775,500**	**—**	**25,343,742**
Retail loan and other commitments [3]	**2,702,340**	**3,085,422**	**349,808**	**6,137,570**
Cleared derivative notional	**4,050,000**	**2,471,716**	**3,616,112**	**10,137,828**
Bilateral derivative notional	**100,000**	**1,871,716**	**311,112**	**2,282,828**

[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 September 30, 2024**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed		
Loans	**$147**	**$—**
Conditionally guaranteed		
Loans	**6,672**	**1,334**
Commitments	**39**	**4**
Total	**$6,858**	**$1,338**

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 September 30, 2024**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$14,041,604**	**$—**
Conditionally guaranteed	**1,191,870**	**238,374**
Total	**$15,233,474**	**$238,374**

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 September 30, 2024.

Securitization

For the three months ended September 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 September 30, 2024**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$53,775**	**100%**	**$53,775**
> 100% and < 1,250%	**266,264**	**165%**	**440,205**
1250%	**—**	**1250%**	**—**
Total risk-weighted securitization assets	**$320,039**	**154%**	**$493,980**

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 September 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 September 30, 2024**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings[1]**
RBIC	**$22,952**	**$9,917**

[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 September 30, 2024, the down scenario was not limited.

NII Sensitivity Analysis

	Basis Point Interest Rate Change			
As of September 30, 2024	**Down 200**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
NII sensitivity	**(7.2)%**	**(3.6)%**	**0.5 %**	**(0.7)%**
Board policy	**(15.0)%**			**(15.0)%**
Gradual Change (Ramp):				
NII sensitivity			**0.6 %**	**0.9 %**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change			
As of September 30, 2024	**Down 200**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
EVE sensitivity	**9.6 %**	**3.7 %**	**(3.0)%**	**(6.5)%**
Board policy	**(12.0)%**			**(12.0)%**

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