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Growing for Tomorrow

AgriBank
FARM CREDIT BANK

AgriBank District 2024 Financial Information
Unaudited
AgriBank, FCB and District Associations

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unaudited

INTRODUCTION AND DISTRICT OVERVIEW

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

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

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

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

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

As of December 31,	**2024**	2023	2022
Total loans	**$180,569,737**	$165,792,497	$152,142,301
Allowance for credit losses on loans	**408,322**	335,014	320,963
Net loans	**180,161,415**	165,457,483	151,821,338
Total assets	**216,219,640**	199,626,825	179,360,653
Total shareholders' equity	**31,875,673**	29,865,972	28,078,287
For the year ended December 31,	**2024**	2023	2022
Net interest income	**$4,977,855**	$4,633,950	$3,972,157
Provision for credit losses	**302,569**	295,719	(56,931)
Net fee income	**114,635**	105,572	103,207
Net income	**3,147,007**	2,831,242	2,638,046
Net interest margin	**2.5 %**	2.5 %	2.4 %
Return on average assets	**1.5 %**	1.5 %	1.6 %
Return on average shareholders' equity	**10.2 %**	9.7 %	9.5 %
Operating and other expenses as a percentage of net interest income and non-interest income	**36.3 %**	37.9 %	40.7 %
Net loan (charge-offs) recoveries as a percentage of average loans	**(0.13)%**	(0.13)%	0.01 %
Average loans	**$170,506,893**	$155,998,610	$144,608,034
Average earning assets	**201,402,202**	183,856,076	166,859,193
Average assets	**205,524,059**	187,335,140	170,047,150

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $3.1 billion for the year ended December 31, 2024, an increase of $315.8 million, or 11.2 percent, compared to the same period of the prior year. Net interest income increased and was primarily driven by higher loan volume across the District, as well as, the benefit of equity financing, due to increased interest rates compared to the same period of the prior year. The agricultural industry continues to perform well with favorable commodity prices and an overall positive outlook in several sectors for 2025. Non-interest income decreased when compared to the same period of the prior year primarily as a result of losses on Rural Business Investment Company (RBIC) equity investments partially offset by an allocated insurance reserve accounts (AIRA) refund. Increased salaries, incentive compensation, and employee insurance expense, as well as purchased services, were somewhat offset by lower FCSIC insurance premiums but still resulted in an increase in non-interest expense.

Strong operating results allowed District Associations to issue cash patronage distributions of $1.2 billion during the year ended December 31, 2024.

Net Interest Income

Net interest income increased $343.9 million, or 7.4 percent, compared to the same period of the prior year. The increase was driven by the positive impact of higher loan volume and increased interest rates, which were somewhat offset by compressed spreads, compared to the same period of the prior year. The increase was also driven by the benefit of equity financing from increased interest rates when compared to the same period of the prior year.

Our ability to generate income through funding actions has been limited and has contributed to the decline in interest rate spreads due to the shape of the yield curve in the current interest rate environment coupled with the product mix of loan originations driving recent portfolio growth. Further, competitive market pressures in a rising interest rate environment have compressed interest rate spreads on the loan portfolios.

Spread income on investment securities was also lower when compared to the same period of the prior year as a result of the maturity of low yield debt outpacing the maturity of lower yielding investments, as well as reduced spreads on money market instruments.

Net interest margin was 2.5 percent for the year ended December 31, 2024, remaining steady compared to the same period of the prior year. The higher interest rates when compared to the same period of the prior year has led to a rise in yield on earning assets financed by equity, as the benefit of equity financing is greater in a rising interest rate environment. However, the impact of favorable equity financing has been more than offset by the overall decline in spreads.

Provision for Credit Losses

In general across District Associations, credit quality continues to be strong. The provision recorded for the year ended December 31, 2024, is a result of increases in collective reserves due to downgrades in credit quality and specific reserves established on a few credits participated across the District. These specific reserves were not concentrated in any one industry.

There was $302.6 million of provision for credit losses recognized during the year ended December 31, 2024. At the agricultural producer level, strong net farm income the past few years and positive working capital positions continue to support high District credit quality. Overall, commodity prices in certain sectors remain favorable and continue to have a generally positive impact on the crop, and certain livestock sectors, primarily cattle. Despite higher levels of stress in the crop sector due to a significant decline in prices in 2024, past strong net farm income continues to sustain the sector. Livestock and dairy producers continue to benefit from lower crop prices in the form of lower feed costs, while the hog industry has struggled with weak margins for more than a year, despite some improvement in the final quarter of 2024. Credit quality decreased slightly from prior year, primarily due to limited deterioration in the economic performance of certain borrowers. These downgrades are not concentrated to any one industry.

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

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

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

Non-interest Income

Non-interest income decreased slightly compared to the same period of the prior year. The decrease was largely due to losses on RBIC equity investments which were somewhat offset by the receipt of an AIRA refund from the FCSIC. The AIRA was established by the FCSIC when premiums collected increased the level of the Farm Credit System Insurance Fund (Insurance Fund) beyond the required two percent of insured debt.

Non-interest Expense

Non-interest expense increased compared to the same period of the prior year. This was due to higher salaries expense, a result of an increased workforce, combined with higher employee incentive levels and annual merit increases that took effect during the first quarter of 2024. Increased purchased services were driven by higher contractor expense for technology projects and higher consulting fees for additional strategic projects also contributed to the increase. These increases were somewhat offset by lower FCSIC insurance premiums. The Farm Credit System insurance expense decreased in 2024 primarily due to a decrease in the Insurance Fund premium rate on Systemwide adjusted insured debt. The premium rate, which is primarily impacted by System growth, was 18 basis points in 2023, compared to 10 basis points for the same period in 2024.

Loan Portfolio

District Loans by Loan Type

(in thousands)

December 31,	**2024**	2023	2022
Real estate mortgage	**$91,976,989**	$85,429,403	$81,922,794
Production and intermediate-term	**40,179,986**	36,286,577	32,877,711
Agribusiness:			
Loans to cooperatives	**2,007,276**	1,621,085	1,660,824
Processing and marketing	**25,111,669**	22,953,761	20,255,157
Farm-related businesses	**3,140,410**	2,612,569	2,126,236
Rural infrastructure:			
Power	**5,724,710**	4,635,968	2,867,872
Communications	**4,307,468**	4,035,598	3,347,274
Water/Wastewater	**994,954**	1,055,732	464,091
Rural residential real estate	**2,950,502**	2,733,813	2,635,874
Agricultural export finance	**560,943**	439,041	485,230
Lease receivables	**518,429**	386,530	296,771
Loans to other financing institutions	**615,714**	1,043,351	749,969
Mission related investments	**2,480,687**	2,559,069	2,452,498
Total	**$180,569,737**	$165,792,497	$152,142,301

District loans increased $14.8 billion, or 8.9 percent, from December 31, 2023. The increase in total loans was primarily due to growth in the real estate mortgage sector.

The increase in real estate mortgage loans was primarily due to new volume generated through real estate mortgage programs, as well as refinancing opportunities at District Associations. Additionally, the overall decrease in interest rates by the Fed in the last half of 2024 has had a generally positive impact on originations across the District.

The production and intermediate loan portfolio exhibits some seasonality relating to the patterns of operating loans made to crop producers. Operating loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. Additionally, operating loan balances tend to spike at the end of the calendar year as producers purchase inputs for the upcoming crop year, followed by sharp repayments in January. In the current year, lower commodity prices also drove increased line of credit usage by existing borrowers.

Also, contributing to the overall increase in the loans portfolio was an increase in the agribusiness sector. The increase in volume was primarily due to originations to new customers, as well as, new loans to existing customers in the meat processing and fats and oils industries. To a lesser extent, continued utilization of revolving lines of credit in the meat processing sector also contributed to the increase. Demand for credit has remained strong throughout the year in this sector as new borrowers are consistently added and drive overall sector growth.

Purchased participations from CoBank within the rural infrastructure sector further contributed to the portfolio loan growth during the year ended December 31, 2024. The increase in purchased participations in the power sector was due to continued growth of opportunities in solar, wind and natural gas systems.

Portfolio Diversification

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

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

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

Grain and livestock producers are somewhat subject to a counter-cyclical diversification effect. High grain prices are generally favorable to crop producers; however, livestock producers are adversely affected through higher feed costs. Conversely, low grain prices are generally negative to crop producers, but tend to improve the profitability for those livestock producers who purchase most or all of their feed. Severe fluctuations in commodity prices can negatively impact all District borrowers. While crop prices have declined significantly in 2024 and net farm income remains lower than the elevated levels in recent years; it is still well above the 10 year average.

Industry Distribution

December 31,	**2024**	2023	2022
Crops	**39 %**	39 %	41 %
Food products	**9 %**	9 %	8 %
Cattle	**9 %**	9 %	8 %
Investor and rural residential real estate	**9 %**	9 %	9 %
Dairy	**5 %**	6 %	6 %
Other	**29 %**	28 %	28 %
Total	**100 %**	100 %	100 %

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

Geographic Distribution			
December 31,	**2024**	**2023**	**2022**
Iowa	**9 %**	9 %	10 %
Illinois	**9 %**	9 %	10 %
Minnesota	**8 %**	7 %	8 %
Nebraska	**7 %**	7 %	7 %
Indiana	**6 %**	6 %	6 %
Michigan	**6 %**	6 %	6 %
Ohio	**5 %**	5 %	5 %
Wisconsin	**5 %**	5 %	5 %
South Dakota	**5 %**	5 %	5 %
Other	**40 %**	41 %	38 %
Total	**100 %**	100 %	100 %

Other states consist primarily of loans in Missouri, California, Tennessee, Arkansas, Texas, North Dakota, and Kentucky, none of which represented more than 5 percent of the District loan portfolio. Portions of our portfolio are purchased outside of our District to support rural America and diversify portfolio risk.

Loan Quality

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

- Acceptable – assets are expected to be fully collectible and represent the highest quality. They are expected to be fully collectible.
- Other Assets Especially Mentioned (special mention) – assets 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 to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

District Loan Quality by Origination Year

(in thousands)

Balance as of December 31, 2024	Acceptable	Special Mention	Substandard	Doubtful	Total by Year	Current Period Charge-offs
2024	**$28,845,093**	**$490,714**	**$358,861**	**$14,544**	**$29,709,212**	**$18,966**
2023	**22,031,100**	**492,311**	**322,367**	**8,874**	**22,854,652**	**29,897**
2022	**19,764,702**	**682,649**	**381,036**	**10,757**	**20,839,144**	**44,130**
2021	**20,160,726**	**425,078**	**642,212**	**—**	**21,228,016**	**28,555**
2020	**15,470,425**	**398,270**	**472,670**	**377**	**16,341,742**	**4,330**
Prior	**37,064,109**	**626,683**	**998,073**	**633**	**38,689,498**	**53,781**
Revolving loans	**28,502,589**	**1,167,788**	**954,800**	**9,632**	**30,634,809**	**72,025**
Revolving converted to term loans	**116,790**	**7,725**	**148,019**	**130**	**272,664**	**10,084**
Total	**$171,955,534**	**$4,291,218**	**$4,278,038**	**$44,947**	**$180,569,737**	**$261,768**

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

Overall, commodity prices in certain sectors remain favorable, while continued strong net farm income and positive farm sector working capital have supported positive credit quality for the year ended December 31, 2024. The crops sector continues to experience higher levels of stress due to lower crop prices in 2024. As such, the credit quality of the District loan portfolio associated with crop production is expected to gradually decline during 2025, but should still remain at an acceptable level for the foreseeable future. USDA forecasted net farm income for 2024 remains lower than the elevated levels in recent years; however it is still well above the 10 year average. The District has also maintained disciplined origination standards supporting high-quality loan portfolios.

Substandard/Doubtful loans, collectively called adverse loans, are loans AgriBank and District Associations have identified as showing some credit weakness according to established credit standards. No loans were categorized as loss as of December 31, 2024, December 31, 2023, or December 31, 2022.

Nonaccrual Loans

(in thousands)

December 31,	2024	2023	2022
Nonaccrual Loans:			
Real estate mortgage	**$451,514**	$347,109	$201,871
Production and intermediate-term	**433,639**	178,212	100,818
Agribusiness	**407,082**	121,061	94,060
Rural infrastructure	**31,718**	21,366	4,455
Rural residential real estate	**11,789**	9,421	10,859
Other	**7,358**	1,761	1,228
Total nonaccrual loans	**$1,343,100**	$678,930	$413,291

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

Nonaccrual loans increased at December 31, 2024, compared to the prior year end as the result of credit deterioration for a number of large borrowers within the agribusiness and production and intermediate-term sectors of the portfolio. The increase in nonaccrual loans in the agribusiness sector was primarily concentrated in the meat and food products industries. The increase in nonaccrual loans in the production and intermediate-term sector was primarily concentrated in the distilled and blended liquors and ornamental floriculture and nursery products industries. Somewhat offsetting the overall increase in nonaccrual loans, were repayments and charge-offs related to borrowers in the wine and spirits and food products industries and the movement of one large borrower to acquired property.

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

Aging Analysis of Loans

(in thousands) **As of December 31, 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$232,981**	**$241,745**	**$474,726**	**$91,502,264**	**$91,976,990**	**$27,419**
Production and intermediate-term	**259,092**	**250,383**	**509,475**	**39,670,511**	**40,179,986**	**34,182**
Agribusiness	**49,036**	**91,182**	**140,218**	**30,119,137**	**30,259,355**	**—**
Rural infrastructure	**4,141**	**—**	**4,141**	**11,022,992**	**11,027,133**	**—**
Rural residential real estate	**15,770**	**5,302**	**21,072**	**2,929,430**	**2,950,502**	**1,967**
Other	**176,042**	**119,392**	**295,434**	**3,880,337**	**4,175,771**	**113,370**
Total	**$737,062**	**$708,004**	**$1,445,066**	**$179,124,671**	**$180,569,737**	**$176,938**

As of December 31, 2023	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$233,374	$118,405	$351,779	$85,077,624	$85,429,403	$2,022
Production and intermediate-term	178,178	71,172	249,350	36,037,227	36,286,577	9,362
Agribusiness	68,643	35,606	104,249	27,083,166	27,187,415	—
Rural infrastructure	3,065	—	3,065	9,724,235	9,727,300	—
Rural residential real estate	12,639	2,547	15,186	2,718,627	2,733,813	315
Other	120,931	92,018	212,949	4,215,040	4,427,989	90,610
Total	$616,830	$319,748	$936,578	$164,855,919	$165,792,497	$102,309

As of December 31, 2022	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$129,765	$34,505	$164,270	$82,673,321	$82,837,591	$625
Production and intermediate-term	108,572	28,763	137,335	33,203,528	33,340,863	1,990
Agribusiness	49,953	1,863	51,816	24,120,531	24,172,347	—
Rural infrastructure	—	—	—	6,697,686	6,697,686	—
Rural residential real estate	11,095	2,870	13,965	2,632,286	2,646,251	79
Other	126,395	146,669	273,064	3,747,102	4,020,166	145,826
Total	$425,780	$214,670	$640,450	$153,074,454	$153,714,904	$148,520

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

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

Delinquencies at December 31, 2024, increased when compared to the year ended 2023. The increase in loans 30-89 days past due category was due to mission related loans. These assets are 100 percent guaranteed by the United States Department of Agriculture and full payment is expected.

The increase in loans 90 days or more past due was primarily due to a number of large nonaccrual borrowers, primarily in the production and intermediate-term and real estate mortgage loan categories. These borrowers were not concentrated in any one industry.

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

Changes in Allowance for Credit Losses by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for credit losses on loans:							
Balance at December 31, 2023	**$114,641**	**$74,556**	**$107,390**	**$21,582**	**$4,856**	**$11,989**	**$335,014**
Provision for credit losses	**5,555**	**119,692**	**164,844**	**14,243**	**(234)**	**(3,070)**	**301,030**
Loan recoveries	**1,248**	**30,736**	**600**	**—**	**160**	**—**	**32,744**
Loan charge-offs	**(16,597)**	**(85,585)**	**(150,773)**	**(8,377)**	**(229)**	**(207)**	**(261,768)**
Initial allowance for purchased credit deteriorated loans	**82**	**425**	**604**	**191**	**—**	**—**	**1,302**
Balance at December 31, 2024	**$104,929**	**$139,824**	**$122,665**	**$27,639**	**$4,553**	**$8,712**	**$408,322**
Allowance for unfunded commitments:							
Balance at December 31, 2023	**$4,718**	**$20,618**	**$20,285**	**$2,421**	**$113**	**$293**	**$48,448**
Provision for credit losses	**(230)**	**3,611**	**(2,193)**	**449**	**—**	**(98)**	**1,539**
Balance at December 31, 2024	**$4,488**	**$24,229**	**$18,092**	**$2,870**	**$113**	**$195**	**$49,987**

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

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

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

Charge-offs during the year ended December 31, 2024, were primarily related to a number of large borrowers with agribusiness, production and intermediate-term, and real estate mortgage loans, which were not concentrated in any particular industry.

Investments

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

The Bank typically holds high-quality investments and other short-term liquid assets on an available-for-sale basis. Refer to the AgriBank 2024 Annual Report for additional information about the Bank's investment portfolio. District Associations have regulatory authority to enter into certain U.S. government or agency guaranteed investments. District Associations' investments are typically held to maturity. Refer to individual District Associations' 2024 annual reports for specific information about the investments at the District Associations. Investment securities held by AgriBank and District Associations are primarily debt securities that decrease in value as interest rates rise.

The majority of District investments carry a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies. Therefore, AgriBank and District Associations have not recognized any allowances for credit losses on investments as of December 31, 2024.

AgriBank sold certain investments at an insignificant loss during the year ended December 31, 2024. Refer to the AgriBank 2024 Annual Report for additional information.

Investment Information				
(in thousands) **As of December 31, 2024**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$23,790,473**	**$26,909**	**$656,438**	**$23,160,944**
District Association investments	**6,330,044**	**26,948**	**133,201**	**6,223,791**
Total District investments	**$30,120,517**	**$53,857**	**$789,639**	**$29,384,735**
(in thousands) As of December 31, 2023	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$22,790,859	$30,939	$709,370	$22,112,428
District Association investments	4,472,725	25,916	110,390	4,388,251
Total District investments	$27,263,584	$56,855	$819,760	$26,500,679
(in thousands) As of December 31, 2022	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$21,019,681	$617	$926,375	$20,093,923
District Association investments	2,840,942	1,826	203,342	2,639,426
Total District investments	$23,860,623	$2,443	$1,129,717	$22,733,349

District Capital

AgriBank and District Associations believe a sound capital position is critical to long-term financial stability. AgriBank and District Associations maintain adequate capital to protect against unanticipated losses as well as to meet growth needs. Total shareholders' equity increased $2.0 billion, primarily resulting from net income for the year ended December 31, 2024, partially offset by patronage accruals at District Associations and preferred stock redemption at AgriBank.

Accumulated Other Comprehensive Loss			
(in thousands) **December 31,**	**2024**	2023	2022
Investment securities activity	**$(629,529)**	$(678,429)	$(925,758)
Derivatives and hedging activity	**196,491**	27,509	58,824
Employee benefit plans activity	**(358,017)**	(448,394)	(519,393)
Total accumulated other comprehensive loss	**$(791,055)**	$(1,099,314)	$(1,386,327)

The decrease in accumulated other comprehensive loss as of December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the increase in market value of derivatives, as well as an increase in unrealized gains on long-term pay-fixed swaps due to an increase in swap rates during the year. The decrease was also due to actuarial gains on pension plan assets related to increased discount rates.

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

Regulatory Capital Requirements and Ratios						
As of December 31, 2024	**Primary Components of Numerator**	**Regulatory Minimums**	**Minimum with Buffer**	**Bank**	**District Associations**	
Risk adjusted:						
Common equity tier 1 capital ratio (CET1)	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)(1)	4.5 %	7.0 %	**16.0 %**	**12.3 % -**	**19.2 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**16.0 %**	**12.7 % -**	**19.2 %**
Total capital ratio	Tier 1 capital, allowance for loan losses(2), common cooperative equities(3) and term preferred stock and subordinated debt(4)	8.0 %	10.5 %	**16.1 %**	**13.7 % -**	**19.6 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**16.0 %**	**13.4 % -**	**19.3 %**
Non-risk adjusted:						
Tier 1 leverage ratio*	Tier 1 capital	4.0 %	5.0 %	**5.2 %**	**12.5 % -**	**21.8 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**1.9 %**	**11.7 % -**	**21.6 %**

(*) Includes the regulatory minimum requirement of 1.5% for the URE and UREE Leverage ratio.
(1) Equities outstanding 7 or more years
(2) Capped at 1.25% of risk-adjusted assets
(3) Outstanding 5 or more years, but less than 7 years
(4) Outstanding 5 or more years

Employee Benefit Plans

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

District Retirement Plans

(in thousands)	Pension Benefits		Other Benefits
December 31, 2024	Qualified	Non-qualified	
Projected benefit obligation	**$1,096,603**	**$49,604**	**$13,574**
Fair value of plan assets	**1,152,001**	**—**	**—**
Funded (unfunded) status	**55,398**	**(49,604)**	**(13,574)**
Accumulated benefit obligation	**$1,011,357**	**$39,543**	**N/A**
Assumptions used to determine benefit obligations:			
Discount rate	**5.7%**	**5.2%**	**4.8% - 5.6%**
Rate of compensation increase[(1)(2)]	**7.2%**	**7.2%**	**N/A**
Assumptions used to determine net periodic benefit cost:			
Expected long-term rate of return	**6.8%**	**N/A**	**N/A**

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

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

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

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

Other Matters

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

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

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

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

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 are deploying 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. In October 2024, the AgCountry Farm Credit Services, ACA Board of Directors approved a Board Reduction Plan that will reduce the Board size by six elected Director positions by August 31, 2028. When completed, the Board will be comprised of eleven stockholder-elected Directors and two outside appointed Directors.

Select Information on AgriBank District Associations

(in thousands)

As of December 31, 2024	Wholesale Loan Amount	% of Wholesale Portfolio	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Nonperforming [1] as a % of Total Loans	Return on Assets
Farm Credit Services of America	$38,721,450	27.4%	$47,665,241	$8,052,598	14.0%	0.7%	2.0%
Farm Credit Mid-America[2]	32,471,877	23.0%	39,559,382	6,482,657	14.8%	1.3%	1.5%
Compeer Financial	28,666,750	20.3%	34,717,429	5,248,357	13.7%	1.2%	1.5%
AgCountry Farm Credit Services[2]	12,737,672	9.0%	15,893,725	2,835,012	14.2%	0.5%	1.8%
GreenStone Farm Credit Services	11,202,663	7.9%	14,097,102	2,646,305	15.8%	0.5%	2.2%
FCS Financial	6,091,777	4.3%	7,535,857	1,294,901	14.5%	0.6%	1.9%
Farm Credit Illinois	5,590,220	4.0%	6,992,068	1,299,862	16.1%	0.5%	1.6%
AgHeritage Farm Credit Services	2,048,804	1.5%	2,591,152	510,701	16.1%	0.2%	2.0%
Farm Credit Services of Western Arkansas	1,587,877	1.1%	2,058,823	407,817	18.0%	0.5%	1.7%
Farm Credit Services of Mandan	1,204,940	0.9%	1,607,873	375,703	19.6%	0.6%	1.8%
Farm Credit Southeast Missouri	783,712	0.6%	1,021,387	219,873	18.5%	0.2%	1.9%
Total	$141,107,742	100.0%	$173,740,039	$29,373,786			

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

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

Combined Balance Sheets

AgriBank, FCB and District Associations

(unaudited)

(in thousands)

December 31,	**2024**	2023	2022
Assets			
Cash	**$1,573,223**	$1,715,488	$1,453,504
Federal funds and securities purchased under resale agreements	**400,000**	1,700,000	—
Investments	**29,490,988**	26,585,153	22,934,865
Loans	**180,569,737**	165,792,497	152,142,301
Allowance for credit losses on loans	**408,322**	335,014	320,963
Net loans	**180,161,415**	165,457,483	151,821,338
Accrued interest receivable	**2,560,105**	2,195,771	1,645,338
Premises and equipment, net	**859,691**	788,855	727,362
Other assets	**1,174,218**	1,184,075	778,246
Total assets	**$216,219,640**	$199,626,825	$179,360,653
Liabilities			
Bonds and notes	**$176,903,963**	$162,353,014	$145,035,837
Subordinated notes	**200,000**	200,000	200,000
Member investment bonds	**3,891,764**	3,957,315	3,193,161
Accrued interest payable	**1,202,489**	1,028,189	644,677
Patronage distribution payable	**1,216,541**	1,203,376	1,128,598
Other liabilities	**929,210**	1,018,959	1,080,093
Total liabilities	**184,343,967**	169,760,853	151,282,366
Shareholders' equity			
Preferred stock	**100,000**	350,000	450,000
Capital stock and participation certificates	**423,417**	400,964	380,375
Capital stock and participation certificates receivable	**(158,875)**	(147,134)	(132,504)
Additional paid-in capital	**2,663,018**	2,663,018	2,443,241
Allocated retained earnings	**110,331**	162,937	215,380
Unallocated retained earnings	**29,350,686**	27,381,347	25,972,986
Accumulated other comprehensive loss	**(791,055)**	(1,099,314)	(1,386,327)
Noncontrolling interest	**178,151**	154,154	135,136
Total shareholders' equity	**31,875,673**	29,865,972	28,078,287
Total liabilities and shareholders' equity	**$216,219,640**	$199,626,825	$179,360,653

Combined Statements of Income

AgriBank, FCB and District Associations

(unaudited)

(in thousands)

For the year ended December 31,	**2024**	2023	2022
Interest Income			
Loans	**$10,125,162**	$8,605,331	$5,881,075
Investment securities and other earning assets	**1,502,456**	1,203,747	353,444
Total interest income	**11,627,618**	9,809,078	6,234,519
Interest Expense	**6,649,763**	5,175,128	2,262,362
Net interest income	**4,977,855**	4,633,950	3,972,157
Provision for credit losses	**302,569**	295,719	(56,931)
Net interest income after provision for credit losses	**4,675,286**	4,338,231	4,029,088
Non-interest income			
Net fee income	**114,635**	105,572	103,207
Financially related services income	**224,223**	234,765	229,863
Net gains on sales of investments and other assets	**1,579**	4,181	(3,275)
Mineral income	**87,651**	86,599	89,636
Allocated Insurance Reserve Accounts	**47,159**	—	—
Other (loss) income, net	**(8,134)**	42,739	43,265
Total non-interest income	**467,113**	473,856	462,696
Non-interest expense			
Salaries and employee benefits	**1,134,732**	1,033,035	966,694
Occupancy and equipment	**196,921**	188,878	167,084
Purchased services	**161,622**	131,615	124,203
Farm Credit System Insurance Corporation expense	**148,365**	240,572	244,068
Other expense	**337,275**	340,158	301,700
Total non-interest expense	**1,978,915**	1,934,258	1,803,749
Income before income taxes	**3,163,484**	2,877,829	2,688,035
Provision for income taxes	**16,477**	46,587	49,989
Net income	**$3,147,007**	$2,831,242	$2,638,046

District Associations

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

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

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

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

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

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

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1100 Farm Credit Drive
Mahomet, IL 61853
(217) 590-2200
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12501 Lakefront Place
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www.fcma.com

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5015 S. 118th St.
Omaha, NE 68137
(402) 348-3333
www.fcsamerica.com

Farm Credit Services of Mandan, ACA
1600 Old Red Trail
Mandan, ND 58554
(701) 663-6487
www.farmcreditmandan.com

Farm Credit Services of Western Arkansas, ACA
5177 US Highway 64 W
Russellville, AR 72802
(479) 968-1434
www.myaglender.com

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