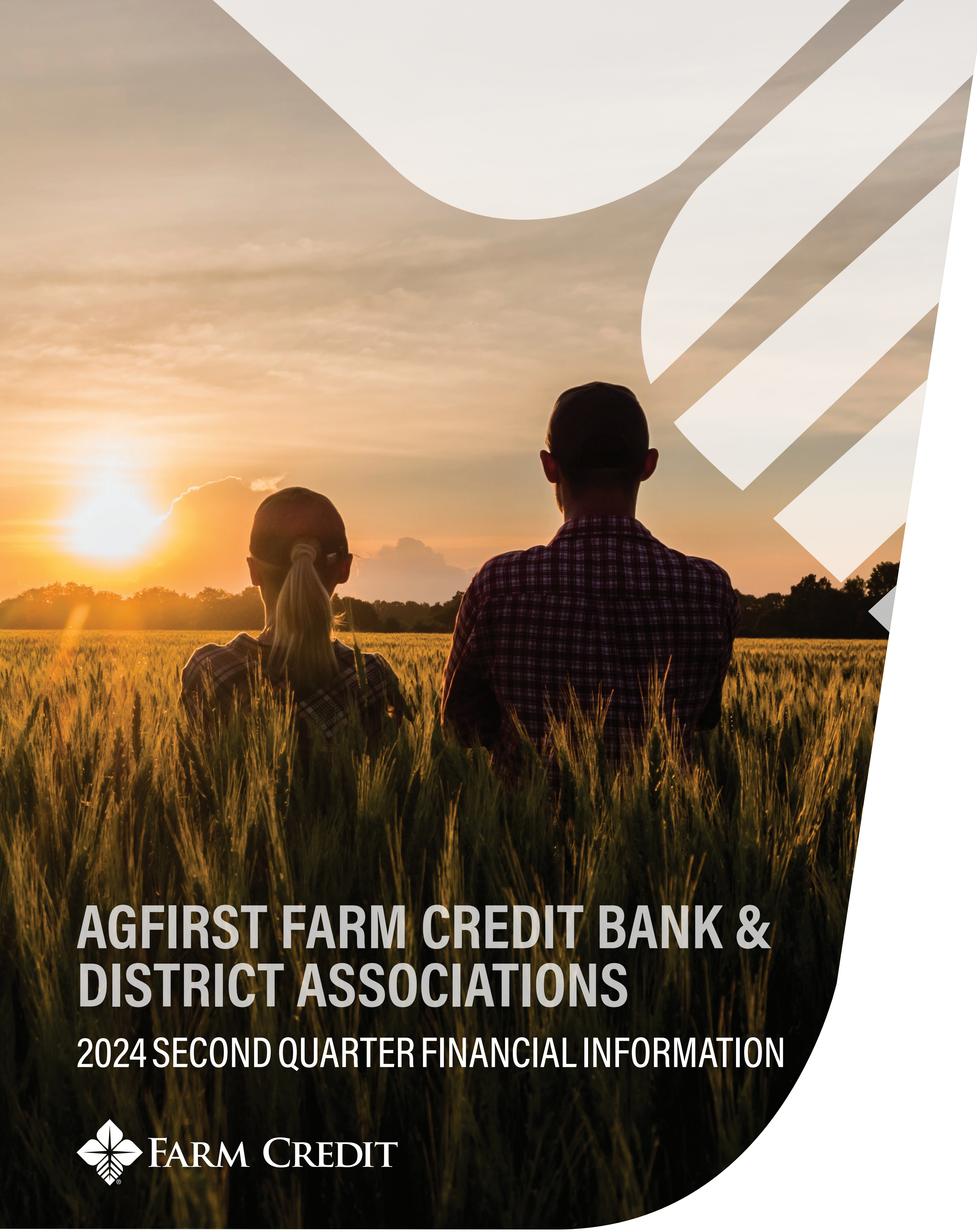

AGFIRST FARM CREDIT BANK & DISTRICT ASSOCIATIONS

2024 SECOND QUARTER FINANCIAL INFORMATION

FARM CREDIT

AgFirst Farm Credit Bank and District Associations June 30, 2024 Financial Information

(unaudited)

INTRODUCTION AND DISTRICT OVERVIEW

The following commentary reviews the Combined Financial Statements of Condition and Results of Operations of AgFirst Farm Credit Bank (AgFirst or the Bank) and the District Agricultural Credit Associations (Associations or District Associations), collectively referred to as the AgFirst District (District), for the three and six months ended June 30, 2024. AgFirst and the District Associations are part of the Farm Credit System (the System), a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. System institutions are generally organized as cooperatives. Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. The System was created to provide support for the agricultural sector because of its significance to the well-being of the U.S. economy and the U.S. consumer. The mission of the System is to support rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow. The System does this by making appropriately structured loans to qualified individuals and businesses at competitive rates and providing financial services and advice to those persons and businesses. AgFirst and each District Association are individually regulated by the Farm Credit Administration (FCA).

The Associations are structured as cooperatives, and each Association is owned by its borrowers. AgFirst also operates as a cooperative. The District Associations, certain Other Financing Institutions (OFIs), and other System institutions jointly own AgFirst. As such, the benefits of ownership flow to the same farmer/rancher-borrowers that the System was created to serve.

As of June 30, 2024, the District consisted of the Bank and sixteen District Associations. All sixteen were structured as Agricultural Credit Association (ACA) holding companies, with Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries. PCAs originate and service short- and intermediate-term loans; FLCAs originate and service long-term real estate mortgage loans; and ACAs originate and service both long-term real estate mortgage loans and short- and intermediate-term loans.

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). The Funding Corporation issues a variety of Federal Farm Credit Banks Consolidated Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the System banks. Each System bank has exposure to Systemwide credit risk because each bank is jointly and severally liable for all Systemwide debt issued.

AgFirst provides funding and related services to the District Associations, which, in turn, provide loans and related services to agricultural and rural borrowers. AgFirst has in place with each of the District Associations, a revolving line of credit, referred to as a "Direct Note", which eliminates in this combined District report. Each Association primarily funds its lending and general corporate activities by borrowing through its Direct Note. Virtually all assets of the Associations secure the Direct Notes. Lending terms are specified in a separate General Financing Agreement (GFA) between AgFirst and each Association, including the subsidiaries of the Associations.

AgFirst and the Associations are chartered to serve eligible borrowers in Alabama, Delaware, Florida, Georgia, Maryland, Mississippi, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia, Puerto Rico, and portions of Kentucky, Louisiana, Ohio, and Tennessee. Two other Farm Credit Banks (FCBs) and an Agricultural Credit Bank (ACB), through a number of associations, provide loans and related services to eligible borrowers primarily in the remaining portion of the United States. While owned by its related associations, each FCB manages and controls its own business activities and operations. The ACB is owned by its related associations as well as other agricultural and rural institutions, including agricultural cooperatives. Associations are not commonly owned or controlled and each manages and controls its own business activities and operations.

While combined District statements reflect the financial and operational interdependence of AgFirst and its Associations, AgFirst does not own or control the Associations. AgFirst publishes Bank-only audited financial statements (electronic version of which is available on AgFirst's website at **www.agfirst.com**) that may be referred to for a more complete analysis of AgFirst's financial condition and results of operations.

Financial Highlights

(dollars in thousands)	June 30, 2024	December 31, 2023
Total loans	**$ 41,411,334**	$ 40,750,224
Allowance for loan losses	**(143,072)**	(150,498)
Net loans	**$ 41,268,262**	$ 40,599,726
Total assets	**$ 52,044,222**	$ 51,826,565
Total shareholders' equity	**7,081,476**	6,808,874

	For the Six Months Ended June 30,	
	2024	**2023**
Net interest income	**$ 650,227**	$ 671,278
(Reversal of) provision for credit losses	**(1,434)**	43,280
Noninterest expense, net	**(309,876)**	(330,293)
Net income	**$ 341,785**	$ 297,705
Net interest income as a percentage of average earning assets	**2.60 %**	2.80 %
Net (charge-offs) recoveries to average loans	**(0.03)%**	(0.07)%
Return on average assets	**1.34 %**	1.22 %
Return on average shareholders' equity	**9.86 %**	8.80 %
Operating expense as a percentage of net interest income and noninterest income	**51.16 %**	51.62 %
Average loans	**$ 40,798,121**	$ 38,608,447
Average earning assets	**50,372,510**	48,414,169
Average assets	**51,276,223**	49,328,834

Management's Discussion & Analysis of Financial Condition & Results of Operations

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2024, was $341.8 million compared to $297.7 million for the same period in 2023, an increase of $44.1 million or 14.81 percent. Net income for the three months ended June 30, 2024, was $185.3 million compared to $161.2 million for the three months ended June 30, 2023, an increase of $24.2 million, or 14.98 percent. See below for further discussion of the change in net income by major components.

Net Interest Income

Net interest income decreased $9.9 million, or 2.97 percent, to $323.3 million, for the three months ended June 30, 2024, compared to the same period in the prior year. For the six months ended June 30, 2024, net interest income decreased $21.1 million, or 3.14 percent to $650.2 million compared to the same period in the prior year. The net interest margin, which is net interest income as a percentage of average earning assets, was 2.58 percent and 2.60 percent, a decrease of 17 basis points and 20 basis points for the three and six months ended June 30, 2024, respectively, compared to the same periods in the prior year.

A significant volume of the District's assets have long-term, fixed-rate, prepayable payment structures. To mitigate interest rate risk exposure, the Bank funds such assets predominately with fixed-rate, callable debt having maturities similar to the assets funded. When interest rates fall, as they did during 2020, the Bank quickly calls and replaces any debt securities that result in cost savings. This temporarily increases net interest margin, which returns to a level of income without the benefit of called debt over time as the assets reprice.

When compared to the same periods in the prior year, net interest income declined primarily as the result of the contraction in net interest margin following the decrease in rates during 2020, partially offset by higher loan growth.

The effects of changes in volume and interest rates on net interest income for the three and six months ended June 30, 2024, as compared with the corresponding periods in 2023, are presented in the following table. The table distinguishes between the changes in interest income and interest expense related to average outstanding balances and to the levels of average interest rates. Accordingly, the benefit derived from funding earning assets with interest-free funds (principally capital) is reflected solely as a volume increase.

	For the Three Months Ended June 30, 2024 vs. June 30, 2023			For the Six Months Ended June 30, 2024 vs. June 30, 2023		
	Increase (decrease) due to changes in:			Increase (decrease) due to changes in:		
(dollars in thousands)	Volume	Rate	Total	Volume	Rate	Total
Interest Income:						
Loans	$ 35,482	$ 38,757	$ 74,239	$ 70,115	$ 109,592	$ 179,707
Investments & Cash Equivalents	(5,136)	10,431	5,295	(5,612)	24,979	19,367
Other	1,004	428	1,432	1,598	1,129	2,727
Total Interest Income	31,350	49,616	80,966	66,101	135,700	201,801
Interest Expense:						
Interest-Bearing Liabilities	14,181	76,670	90,851	32,454	190,398	222,852
Changes in Net Interest Income	$ 17,169	$ (27,054)	$ (9,885)	$ 33,647	$ (54,698)	$ (21,051)

Provision for Credit Losses

AgFirst and the District Associations measure risks inherent in their individual loan portfolios on an ongoing basis and, as necessary, recognize provision for credit loss expense so that appropriate allowances for credit losses (ACL) are maintained. Provision for credit losses, which includes the provision for loan loss and the provision for unfunded commitments, was a provision reversal of $8.4 million and $1.4 million for the three and six months ended June 30, 2024, respectively, compared to a provision expense of $6.1 million and $43.3 million for the corresponding periods in 2023, as reflected in the table below.

	For the three months ended							
(dollars in thousands)	June 30, 2024				June 30, 2023			
Provision for (reversal of) allowance for credit losses:	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**
Asset-specific component	$ (1,341)	$ (45)	$ (1,407)	$ (2,793)	$ 663	$ 95	$ 2,087	$ 2,845
Pooled component	1,081	(9,692)	2,977	(5,634)	1,206	(5,507)	6,472	2,171
Unfunded Commitments	336	—	(259)	77	413	—	682	1,095
Total	$ 76	$ (9,737)	$ 1,311	$ (8,350)	$ 2,282	$ (5,412)	$ 9,241	$ 6,111

	For the six months ended							
(dollars in thousands)	June 30, 2024				June 30, 2023			
Provision for (reversal of) allowance for credit losses:	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**	**Bank's Capital Markets Portfolio**	**Bank's Correspondent Lending Portfolio**	**District Associations Combined**	**District Total**
Asset-specific component	$ (2,200)	$ 64	$ 1,997	$ (139)	$ 14,667	$ 101	$ 21,701	$ 36,469
Pooled component	2,465	(11,145)	7,158	(1,522)	(2,224)	683	7,943	6,402
Unfunded Commitments	336	—	(109)	227	(941)	—	1,350	409
Total	$ 601	$ (11,081)	$ 9,046	$ (1,434)	$ 11,502	$ 784	$ 30,994	$ 43,280

There was a reversal of credit losses for the three and six months ended June 30, 2024 primarily as a result of provision reversals in the second quarter of 2024 in the pooled component of the Bank's Correspondent Lending portfolio. This was due to an update in the model used to calculate loss given default (LGD) that incorporates additional data that more closely aligns with the agency underwriting standards. This was partially offset by increases in the Bank's Capital Markets and the Combined Association portfolios due to macroeconomic outlooks projecting higher unemployment and lower credit spreads leading to increased reserve requirements.

During the first six months of 2023, there were several large asset-specific provisions related to new nonaccrual relationships that were participated across the Bank and District Associations and primarily within the tree fruits and nuts, field crops, and utilities segments. In addition to the significant asset-specific reserve provision listed above, there were significant pooled component reserve provisions in the Combined Association portfolio which was primarily the result of additional provision expense recorded as the result of a merger that occurred in the second quarter of 2023.

See the *Loan Portfolio* section below for further information.

Noninterest Income

The following table illustrates the changes in noninterest income:

Change in Noninterest Income	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(dollars in thousands)	2024	2023	Increase/ Decrease	2024	2023	Increase/ Decrease
Loan fees	$ 9,926	$ 9,689	$ 237	$ 20,167	$ 19,781	$ 386
Fees for financially related services	5,420	5,037	383	8,745	8,620	125
Gains on investments, net	105	—	105	105	—	105
Losses on debt extinguishment	(510)	(2,448)	1,938	(5,002)	(3,711)	(1,291)
Gains on other transactions	2,526	1,216	1,310	6,371	3,964	2,407
Insurance premium refund	13,106	—	13,106	13,106	—	13,106
Patronage refunds from other Farm Credit institutions	(942)	226	(1,168)	588	2,954	(2,366)
Other noninterest income	1,542	1,581	(39)	3,545	3,268	277
Total noninterest income	$ 31,173	$ 15,301	$ 15,872	$ 47,625	$ 34,876	$ 12,749

Noninterest income increased $15.9 million and $12.7 million for the three and six months ended June 30, 2024, respectively, compared to the corresponding periods in 2023. Significant line-item dollar variances greater than $2.0 million or unusual in nature are discussed below.

Gains on other transactions increased $2.4 million for the six months ended June 30, 2024, compared to the corresponding period in 2023 primarily due to increases of $3.4 million from higher market returns on certain nonqualified benefit plan trust assets.

During 2024, the District received insurance premium refunds of $13.1 million from FCSIC, which insures the System's debt obligations. These refunds are nonrecurring and resulted from FCSIC assets exceeding the secure base amount, as defined by the Farm Credit Act, at the end of the preceding year. No refunds were received in 2023.

Patronage refunds from other Farm Credit institutions decreased by $2.4 million for the six months ended June 30, 2024 compared to the corresponding period in 2023 primarily due to adjustments to patronage income received from other System institutions.

Noninterest Expenses

The following table illustrates the changes in noninterest expenses:

Change in Noninterest Expenses	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(dollars in thousands)	2024	2023	Increase/ Decrease	2024	2023	Increase/ Decrease
Salaries and employee benefits	$ 100,754	$ 95,074	$ 5,680	$ 206,161	$ 194,233	$ 11,928
Occupancy and equipment	7,413	7,092	321	14,637	14,374	263
Insurance fund premiums	9,658	16,587	(6,929)	18,897	32,701	(13,804)
Purchased services	15,227	19,420	(4,193)	29,288	36,974	(7,686)
Data processing	13,339	12,604	735	26,307	24,132	2,175
Other operating expenses	30,856	30,035	821	61,747	62,092	(345)
Gains from other property owned	(82)	(94)	12	(129)	(342)	213
Total noninterest expenses	$ 177,165	$ 180,718	$ (3,553)	$ 356,908	$ 364,164	$ (7,256)

Noninterest expenses decreased $3.6 million and $7.3 million for the three and six months ended June 30, 2024, respectively, compared to the corresponding periods in 2023. Significant line-item dollar variances greater than $2.0 million or unusual in nature are discussed below.

Salaries and employee benefits expenses increased $5.7 million and $11.9 million, or 5.97 percent and 6.14 percent, for the three and six months ended June 30, 2024, respectively. The increase is primarily due to higher salaries from annual merit adjustments at the Bank and District Associations and lower deferred salaries at the Bank after the implementation of new systems including a new mortgage loan origination system and a new loan accounting system in 2023.

Insurance fund premiums decreased $6.9 million and $13.8 million for the three and six months ended June 30, 2024, respectively, when compared to the same periods in the prior year. The decrease is due to a reduction in the premium assessment rate from 18 basis points in 2023 to 10 basis points in 2024. On July 11, 2024, FCSIC communicated that the premium rate will remain at 10 basis points for the remainder of 2024.

Purchased services decreased by $4.2 million and $7.7 million for the three and six months ended June 30, 2024, respectively, when compared to the same period in the prior year. The decrease is a result of reduced contractor and consultant expenses in 2024 after the implementation of the new systems in 2023 discussed above.

Data processing increased $2.2 million for the six months ended June 30, 2024, compared to the corresponding period in 2023 primarily as the result of higher software expense related to the new District-wide systems discussed above in 2023.

LOAN PORTFOLIO

The District's aggregate loan portfolio consists primarily of loans made by the Associations to eligible borrowers located within their chartered territories. Diversification of the loan volume by FCA loan type is shown in the following table:

Loan Types

(dollars in thousands)	**June 30, 2024**		**December 31, 2023**		**June 30, 2023**	
Real estate mortgage	$ 20,466,286	49.42 %	$ 20,071,746	49.26 %	$ 19,540,532	50.23 %
Production and intermediate-term	7,480,669	18.06	7,513,910	18.44 %	7,029,539	18.07
Agribusiness:						
Loans to cooperatives	775,518	1.87	794,631	1.95 %	775,945	1.99
Processing and marketing	4,127,327	9.97	3,815,876	9.36 %	3,511,582	9.03
Farm-related business	657,856	1.59	632,802	1.55 %	549,906	1.41
Rural infrastructure:						
Power	1,590,258	3.84	1,655,434	4.06 %	1,570,060	4.04
Communication	1,256,932	3.04	1,281,338	3.14 %	1,217,616	3.13
Water/Waste disposal	430,597	1.04	462,915	1.14 %	259,276	0.67
Rural residential real estate	3,939,621	9.51	3,866,809	9.49 %	3,779,201	9.71
Other:						
International	228,138	0.55	218,835	0.54 %	225,739	0.58
Lease receivables	12,795	0.03	13,194	0.03 %	12,702	0.03
Loans to other financing institutions (OFIs)	173,051	0.42	167,962	0.41 %	168,045	0.43
Other (including mission related)	272,286	0.66	254,772	0.63 %	263,696	0.68
Total	$ 41,411,334	100.00 %	$ 40,750,224	100.00 %	$38,903,839	100.00 %

Total loans outstanding were $41.4 billion at June 30, 2024, an increase of $661.1 million, or 1.62 percent, compared to December 31, 2023 and an increase of $2.5 billion, or 6.45 percent, since June 30, 2023.

Growth has been challenged in 2024, which may continue for the remainder of the year, due to higher interest rates and continued inflationary pressures that have led to fewer new loan issuances.

Compared to June 30, 2023, growth came from a combination of factors including new client acquisition, an increase in transactions due to government initiatives to expand rural infrastructure, borrower liquidity needs due to commodity price escalation, and merger and acquisition activity.

Credit Quality

Each loan in the District's portfolio is classified according to a Uniform Classification System, which is used by all System institutions. Below are the classification definitions:

- Acceptable – Assets are expected to be fully collectible and represent the highest quality. In addition, these assets may include loans with properly executed and structured guarantees that might otherwise be classified less favorably.
- OAEM – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses to substandard assets. However, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable.
- Loss – Assets are considered uncollectible.

The following table shows the amortized cost of loans classified under the Uniform Loan Classification System by origination year:

District Credit Quality by Origination Year

(in thousands)

Balance as of and for the six months June 30, 2024	**Acceptable**	**OAEM**	**Substandard**	**Doubtful**	**Loss**	**Current Period Gross Writeoffs**
2024	$ 2,945,720	$ 36,886	$ 24,725	$ —	$ —	$ 85
2023	6,043,208	39,193	68,143	—	—	3,276
2022	6,352,505	158,459	86,425	54	1	335
2021	5,969,422	106,560	51,352	28	3	292
2020	3,761,627	79,985	75,654	36	214	65
Prior	9,117,852	171,096	155,265	79	—	2,317
Revolving loans	5,795,700	200,041	171,056	44	1	1,315
Total	$ 39,986,034	$ 792,220	$ 632,620	$ 241	$ 219	$ 7,685
As a percentage of total loans	96.56 %	1.91 %	1.53 %	— %	— %	

Balance as of and for the year ended December 31, 2023	**Acceptable**	**OAEM**	**Substandard**	**Doubtful**	**Loss**	**Current Period Gross Writeoffs**
2023	$ 6,569,096	$ 83,172	$ 35,884	$ —	$ —	$ 343
2022	6,911,369	113,135	73,910	67	1	8,381
2021	6,242,268	84,501	44,784	—	2	716
2020	4,166,886	79,450	65,801	36	230	276
2019	2,430,148	27,197	51,458	—	2	18,113
Prior	7,519,236	149,411	116,483	68	9	3,649
Revolving loans	5,745,737	126,654	113,144	84	1	11,953
Total	$ 39,584,740	$ 663,520	$ 501,464	$ 255	$ 245	$ 43,431
As a percentage of total loans	97.14 %	1.63 %	1.23 %	— %	— %	

District credit quality declined slightly in 2024 but remains strong overall. Credit quality may be impacted in future quarters as a result of inflationary input cost pressures, rising interest rates, potential changes in government support for agricultural sectors, and unforeseen impacts from geopolitical, trade, supply chain, weather, or animal- or human-related health events.

Nonaccrual Loans

As a result of stable credit quality and the District's efforts to resolve problem assets, the District's nonaccrual assets continue to be a small percentage of the total loan volume and total assets. Nonaccrual loans by FCA loan type are as follows:

(dollars in thousands)	June 30, 2024	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	$ 71,497	$ 67,440
Production and intermediate-term	37,185	65,427
Agribusiness	16,921	16,589
Rural infrastructure	1,951	2,067
Rural residential real estate	26,578	24,473
Other	—	65
Total	$ 154,132	$ 176,061
Nonaccrual Loans as Percentage of Total Loans	0.37 %	0.43 %

Nonaccrual loans represent all loans for which there is a reasonable doubt as to the collection of principal and/or interest under the contractual terms of the loan. Nonaccrual loans decreased when compared to the prior year and were $154.1 million, or 0.37 percent of total loans at June 30, 2024 and $176.1 million, or 0.43 percent of total loans, at December 31, 2023.

	Nonaccrual by Portfolio			
	June 30, 2024		December 31, 2023	
	Total Amount	% of Total	Total Amount	% of Total
Bank's Capital Markets	$ 3,355	2.18 %	$ 21,340	12.12 %
Bank's Correspondent Lending	24,215	15.71	22,741	12.92
District Associations	126,562	82.11	131,980	74.96
Total	$ 154,132	100.00 %	$ 176,061	100.00 %

The decrease in nonaccruals of $21.9 million is primarily a result of one borrower relationship within the tree fruits and nuts segment, that had a total nonaccrual exposure of $29.2 million at December 31, 2023, that was transferred to OPO during the second quarter, and one borrower relationship within the field crops and grains segments that had a total exposure of $12.2 million at December 31, 2023 that qualified for a reinstatement to accruing status during the second quarter.

Aging Analysis of Loans

The following tables provide an aging analysis of the past due loans as of:

	June 30, 2024					
(dollars in thousands)	30 Through 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
Real Estate Mortgage	$ 106,199	$ 32,241	$ 138,440	$ 20,327,846	$ 20,466,286	$ 566
Production and Intermediate Term	60,432	28,551	88,983	7,391,686	7,480,669	801
Agribusiness	17,951	4,487	22,438	5,538,263	5,560,701	—
Rural infrastructure	—	—	—	3,277,787	3,277,787	—
Rural residential real estate	25,263	8,538	33,801	3,905,820	3,939,621	83
Other	1,279	2,586	3,865	682,405	686,270	2,586
Total	$ 211,124	$ 76,403	$ 287,527	$ 41,123,807	$ 41,411,334	$ 4,036

	December 31, 2023					
(dollars in thousands)	30 Through 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
Real estate mortgage	$ 147,194	$ 30,011	$ 177,205	$ 19,894,541	$ 20,071,746	$ 1,493
Production and intermediate-term	48,814	40,666	89,480	7,424,430	7,513,910	232
Agribusiness	10,601	3,676	14,277	5,229,032	5,243,309	—
Rural infrastructure	—	—	—	3,399,687	3,399,687	—
Rural residential real estate	67,443	11,419	78,862	3,787,947	3,866,809	—
Other	1,744	4,382	6,126	648,637	654,763	4,316
Total	$ 275,796	$ 90,154	$ 365,950	$ 40,384,274	$ 40,750,224	$ 6,041

Allowance for Credit Losses

Each District institution maintains an allowance for credit losses at a level management considers adequate to provide for estimable credit losses within its respective loan and finance lease portfolios as of each reported balance sheet date. Management's evaluations consider factors which include, among other things, loan loss experience, portfolio quality, loan portfolio composition, current agricultural production conditions, and general economic conditions. Although aggregated in the District's combined financial statements, the allowance for credit losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities.

A summary of changes in the allowance for credit losses is as follows:

(dollars in thousands)	Real Estate Mortgage	Production and Intermediate-term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Activity related to allowance for credit losses on loans:							
Balance at March 31, 2024	$ 66,798	$ 43,238	$ 22,561	$ 4,983	$ 19,318	$ 473	$ 157,371
Charge-offs	(97)	(6,509)	(49)	—	(71)	—	(6,726)
Recoveries	447	347	39	—	21	—	854
Provision for (reversal of) credit losses on loans	(336)	941	486	212	(9,675)	(55)	(8,427)
Balance at June 30, 2024	$ 66,812	$ 38,017	$ 23,037	$ 5,195	$ 9,593	$ 418	$ 143,072
Allowance for unfunded commitments:							
Balance at March 31, 2024	$ 2,258	$ 4,636	$ 5,929	$ 536	$ 58	$ 98	$ 13,515
Provision for (reversal of) unfunded commitments	(658)	378	205	103	51	(2)	77
Balance at June 30, 2024	$ 1,600	$ 5,014	$ 6,134	$ 639	$ 109	$ 96	$ 13,592
Allowance for credit losses	$ 68,412	$ 43,031	$ 29,171	$ 5,834	$ 9,702	$ 514	$ 156,664
Activity related to allowance for credit losses on loans:							
Balance at December 31, 2023	$ 62,237	$ 41,220	$ 20,734	$ 4,966	$ 20,960	$ 381	$ 150,498
Charge-offs	(156)	(7,354)	(58)	—	(117)	—	(7,685)
Recoveries	683	1,152	41	—	34	10	1,920
Provision for (reversal of) credit losses on loans	4,048	2,999	2,320	229	(11,284)	27	(1,661)
Balance at June 30, 2024	$ 66,812	$ 38,017	$ 23,037	$ 5,195	$ 9,593	$ 418	$ 143,072
Allowance for unfunded commitments:							
Balance at December 31, 2023	$ 2,372	$ 4,250	$ 6,041	$ 499	$ 97	$ 106	$ 13,365
Provision for (reversal of) unfunded commitments	(772)	764	93	140	12	(10)	227
Balance at June 30, 2024	$ 1,600	$ 5,014	$ 6,134	$ 639	$ 109	$ 96	$ 13,592
Allowance for credit losses	$ 68,412	$ 43,031	$ 29,171	$ 5,834	$ 9,702	$ 514	$ 156,664

(dollars in thousands)	Real Estate Mortgage	Production and Intermediate-term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Activity related to allowance for credit losses on loans:							
Balance at March 31, 2023	$ 68,265	$ 54,815	$ 16,873	$ 4,828	$ 27,542	$ 448	$ 172,771
Charge-offs	(75)	(555)	—	—	(117)	—	(747)
Recoveries	368	420	167	41	144	6	1,146
Provision for (reversal of) credit losses on loans	1,467	7,338	991	457	(5,359)	118	5,012
Merger adjustment	(3,947)	(3,887)	(667)	(10)	(118)	(8)	(8,637)
Balance at June 30, 2023	$ 66,078	$ 58,131	$ 17,364	$ 5,316	$ 22,092	$ 564	$ 169,545
Allowance for unfunded commitments:							
Balance at March 31, 2023	$ 1,198	$ 3,664	$ 4,489	$ 458	$ 37	$ 84	$ 9,930
Provision for (reversal of) unfunded commitments	845	401	523	20	62	18	1,869
Merger adjustment	(434)	(204)	(122)	—	(5)	(6)	(771)
Balance at June 30, 2023	$ 1,609	$ 3,861	$ 4,890	$ 478	$ 94	$ 96	$ 11,028
Allowance for credit losses	$ 67,687	$ 61,992	$ 22,254	$ 5,794	$ 22,186	$ 660	$ 180,573
Activity related to allowance for credit losses on loans:							
Balance at December 31, 2022	$ 82,018	$ 65,472	$ 20,146	$ 3,875	$ 8,824	$ 919	$ 181,254
Cumulative effect of change in accounting principle*	(14,693)	(23,270)	(1,246)	(758)	12,605	(476)	(27,838)
Charge-offs	(184)	(14,254)	(13)	—	(217)	—	(14,668)
Recoveries	543	1,285	172	41	166	6	2,213
Provision for (reversal of) credit losses on loans	6,227	33,850	(604)	2,232	860	304	42,869
Merger adjustment	(7,833)	(4,952)	(1,091)	(74)	(146)	(189)	(14,285)
Balance at June 30, 2023	$ 66,078	$ 58,131	$ 17,364	$ 5,316	$ 22,092	$ 564	$ 169,545
Allowance for unfunded commitments:							
Balance at December 31, 2022	$ 189	$ 2,747	$ 2,727	$ 78	$ 15	$ 48	$ 5,804
Cumulative effect of change in accounting principle*	565	791	2,936	463	22	37	4,814
Provision for (reversal of) unfunded commitments	1,289	527	(651)	(63)	62	17	1,181
Merger adjustment	(434)	(204)	(122)	—	(5)	(6)	(771)
Balance at June 30, 2023	$ 1,609	$ 3,861	$ 4,890	$ 478	$ 94	$ 96	$ 11,028
Allowance for credit losses	$ 67,687	$ 61,992	$ 22,254	$ 5,794	$ 22,186	$ 660	$ 180,573

**Reflects the impact of the adoption of Financial Accounting Standards Board guidance entitled "Measurement of Credit Losses on Financial Instruments" (CECL) on January 1, 2023*

The allowance for credit losses was $156.7 million at June 30, 2024, as compared with $163.9 million at December 31, 2023, a decrease of $7.2 million. The decrease was primarily the result of $7.7 million of charge-offs, primarily related to one borrower in the tree fruits and nuts segment totaling $5.0 million. In addition, there was a provision reversal for credit losses of $1.4 million. See further discussion in the *Provision for Credit Losses* section above. The allowance for credit losses was 0.38 percent and 0.48 percent of total loans outstanding at June 30, 2024 and December 31, 2023, respectively. Additional detail on the allowance for credit losses is provided in the table below.

Allowance for Credit Losses by Portfolio

(dollars in thousands)	June 30, 2024				December 31, 2023			
	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total	Bank's Capital Markets	Bank's Correspondent Lending	District Associations Combined	Total
Asset-specific component	$ 446	$ 488	$ 14,720	$ 15,654	$ 4,386	$ 479	$ 31,706	$ 36,571
Pooled component	18,860	7,015	101,543	127,418	16,394	18,161	79,372	113,927
Unfunded commitments	4,375	—	9,217	13,592	4,039	—	9,326	13,365
Allowance for Credit Losses	$ 23,681	$ 7,503	$ 125,480	$ 156,664	$ 24,819	$ 18,640	$ 120,404	$ 163,863

INVESTMENTS

The Bank is responsible for meeting the District's funding, liquidity, and asset/liability management needs. Along with normal cash flows associated with lending operations, the District has two primary sources of liquidity: the capacity to issue Systemwide Debt Securities through the Federal Farm Credit Banks Funding Corporation, and cash and investments. The

Bank also maintains several repurchase agreement facilities. In addition, the System has established a line of credit in the event contingency funding is needed to meet obligations of System banks.

The Bank's investments are primarily classified as available-for-sale investments. Refer to the Bank's Second Quarter 2024 Report for additional information related to investments. District Associations also have regulatory authority to enter into certain government guaranteed investments, generally mortgage-backed or asset-backed securities. There was no allowance for credit loss on District investments at June 30, 2024. The following tables summarize the District's investments:

	June 30, 2024			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 9,059,448	$ 3,699	$ (955,186)	$ 8,107,961
District Association investments	130,140	1,762	(1,746)	130,156
Total District investments	$ 9,189,588	$ 5,461	$ (956,932)	$ 8,238,117

	December 31, 2023			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 9,543,846	$ 4,269	$ (897,704)	$ 8,650,411
District Association investments	105,216	1,487	(1,370)	105,333
Total District investments	$ 9,649,062	$ 5,756	$ (899,074)	$ 8,755,744

At June 30, 2024, there were $951.1 million in net unrealized losses in available-for-sale investments, compared to $893.2 million at December 31, 2023. The net unrealized losses are the result of an increase in interest rates since March 2022 which decreased the fair value of existing available-for-sale fixed-rate investment securities. Management does not intend to sell any of these securities and has more than 67 days of coverage before recognizing any net losses on investment securities before recognizing a loss on sale of assets in the event the Bank could not access the markets to issue debt or raise cash through repurchase agreements.

CAPITAL

Capital serves to support future asset growth, investment in new products and services, and to provide protection against credit, interest rate, and other risks, as well as operating losses. A sound capital position is critical to provide protection to investors in Systemwide Debt Securities and to ensure long-term financial success.

Total shareholders' equity increased $272.6 million, or 4.00 percent, from December 31, 2023, to $7.1 billion at June 30, 2024. This increase is primarily attributed to net income of $341.8 million and was partially offset by an increase in the unrealized loss position in the available-for-sale investment portfolio of $57.9 million, as shown in the table below.

Accumulated Other Comprehensive Income (Loss)

(dollars in thousands)	**June 30, 2024**	**December 31, 2023**
Unrealized loss on investment securities	$ (950,961)	$ (893,104)
Employee benefit plans activity	(210,497)	(221,682)
Total accumulated other comprehensive loss	$ (1,161,458)	$ (1,114,786)

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. The Bank and all Associations exceeded regulatory capital requirements, as demonstrated in the following table. These ratios are calculated using a three-month average daily balance.

Regulatory Capital Requirements and Ratios

As of June 30, 2024	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.50 %	7.00 %	14.81%	15.61% - 34.51%
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.00 %	8.50 %	14.81%	15.61% - 34.51%
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.00 %	10.50 %	15.05%	15.89% - 35.69%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock, and subordinated debt, subject to certain limits	7.00 %	7.00 %	14.84%	15.64% - 34.89%
Non-risk adjusted:					
Tier 1 leverage ratio*	Tier 1 capital	4.00 %	5.00 %	5.87%	13.43% - 33.85%
URE and UREE component	URE and URE equivalents	1.50 %	1.50 %	4.59%	10.99% - 33.55%

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

REGULATORY MATTERS

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent. The rule further ensures comparability between FCA's risk-weightings and the federal banking regulators. The final rule excludes certain acquisition, development, and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated less than $500,000. The final rule will become effective on January 1, 2025.

On October 5, 2023, the Farm Credit Administration approved a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber risk management program. Each institution's cyber risk plan must require the institution to take the actions to assess internal and external risk factors, identify potential system and software vulnerabilities, establish a risk management program for the risks identified, develop a cyber risk training program, set policies for managing third-party relationships, maintain robust internal controls and establish board reporting requirements. The final rule will become effective on January 1, 2025.

OTHER MATTERS

Direct Notes

See the *Direct Notes* section of *Management's Discussion & Analysis of Financial Condition & Results of Operations* in the AgFirst Farm Credit Bank 2023 annual report for a discussion of the Bank's funding to District Associations.

At June 30, 2024, one Association (0.47 percent of total Direct Note), was operating under a special credit agreement with the Bank pursuant to the GFA and classified as Substandard. Presently, collection of the full Direct Note amount due is expected from all Associations, including the Association classified as Substandard, in accordance with the contractual terms of the debt arrangements, and no allowance has been recorded for Direct Notes. Virtually all assets of the Associations are pledged as collateral for their respective Direct Notes. In the opinion of management, all Association Direct Notes are adequately collateralized. The risk funds of an Association, including both capital and the allowance for credit losses, also protect the interest of the Bank should a Direct Note default.

Balance Sheets

(unaudited)

(dollars in thousands)	June 30, 2024	December 31, 2023
Assets		
Cash	**$ 639,173**	$ 658,758
Cash equivalents	**940,000**	835,000
Investments in debt securities	**8,238,526**	8,755,808
Loans	**41,411,334**	40,750,224
Allowance for credit losses on loans	**(143,072)**	(150,498)
Net loans	**41,268,262**	40,599,726
Loans held for sale	**12,543**	71,888
Accrued interest receivable	**386,870**	372,401
Accounts receivable	**44,548**	58,956
Equity investments in other Farm Credit institutions	**68,064**	65,497
Other Investments	**8,040**	6,658
Premises and equipment, net	**350,106**	330,180
Other property owned	**11,831**	4,394
Other assets	**76,259**	67,299
Total assets	**$ 52,044,222**	$ 51,826,565
Liabilities		
Systemwide bonds payable	**$ 40,159,430**	$ 39,197,358
Systemwide notes payable	**4,162,111**	4,780,008
Accrued interest payable	**305,193**	244,994
Accounts payable	**56,948**	490,083
Advanced conditional payments	**34,492**	31,756
Other liabilities	**244,572**	273,492
Total liabilities	**44,962,746**	45,017,691
Shareholders' Equity		
Protected borrower equity	**445**	445
Capital stock and participation certificates	**187,969**	184,936
Additional paid-in-capital	**516,563**	516,563
Retained earnings		
Allocated	**2,208,748**	2,238,228
Unallocated	**5,329,209**	4,983,488
Accumulated other comprehensive loss	**(1,161,458)**	(1,114,786)
Total shareholders' equity	**7,081,476**	6,808,874
Total liabilities and equity	**$ 52,044,222**	$ 51,826,565

Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Interest Income				
Investments	**$ 85,721**	$ 80,426	**$ 174,423**	$ 155,056
Loans	**659,852**	585,613	**1,306,378**	1,126,671
Other	**5,785**	4,353	**11,396**	8,669
Total interest income	**751,358**	670,392	**1,492,197**	1,290,396
Interest Expense	**428,079**	337,228	**841,970**	619,118
Net interest income	**323,279**	333,164	**650,227**	671,278
(Reversal of) provision for credit losses	**(8,350)**	6,111	**(1,434)**	43,280
Net interest income after (reversal of) provision for credit losses	**331,629**	327,053	**651,661**	627,998
Noninterest Income				
Loan fees	**9,926**	9,689	**20,167**	19,781
Fees for financially related services	**5,420**	5,037	**8,745**	8,620
Gains on investments, net	**105**	—	**105**	—
Losses on debt extinguishment	**(510)**	(2,448)	**(5,002)**	(3,711)
Gains on other transactions	**2,526**	1,216	**6,371**	3,964
Insurance premium refund	**13,106**	—	**13,106**	—
Patronage refunds from other Farm Credit institutions	**(942)**	226	**588**	2,954
Other noninterest income	**1,542**	1,581	**3,545**	3,268
Total noninterest income	**31,173**	15,301	**47,625**	34,876
Noninterest Expenses				
Salaries and employee benefits	**100,754**	95,074	**206,161**	194,233
Occupancy and equipment	**7,413**	7,092	**14,637**	14,374
Insurance Fund premiums	**9,658**	16,587	**18,897**	32,701
Purchased services	**15,227**	19,420	**29,288**	36,974
Data processing	**13,339**	12,604	**26,307**	24,132
Other operating expenses	**30,856**	30,035	**61,747**	62,092
Gains from other property owned	**(82)**	(94)	**(129)**	(342)
Total noninterest expenses	**177,165**	180,718	**356,908**	364,164
Income before income taxes	**185,637**	161,636	**342,378**	298,710
Provision for income taxes	**317**	466	**593**	1,005
Net income	**$ 185,320**	$ 161,170	**$ 341,785**	$ 297,705
Other comprehensive income (loss):				
Unrealized losses on investments	**$ (846)**	$ (113,764)	**$ (57,857)**	$ (119)
Employee benefit plans adjustments	**5,593**	6,372	**11,185**	13,473
Other comprehensive income (loss)	**4,747**	(107,392)	**(46,672)**	13,354
Comprehensive income	**$ 190,067**	$ 53,778	**$ 295,113**	$ 311,059

DISTRICT ASSOCIATIONS

As of June 30, 2024

Associations	Direct Notes	% of Direct Note Total	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Nonperforming Loans as a % of Total Loans	ROA
(dollars in thousands)							
Horizon Farm Credit, ACA	$ 5,719,702	22.69 %	$ 7,050,083	$ 1,290,950	15.89 %	0.40 %	1.98 %
AgSouth Farm Credit, ACA	3,623,952	14.37	4,507,122	847,421	17.53	0.41	2.54
Ag Credit, ACA	2,775,128	11.01	3,342,961	550,476	19.00	0.28	2.27
First South Farm Credit, ACA	2,622,289	10.40	3,315,946	672,208	17.54	0.31	1.87
AgCarolina Farm Credit, ACA	2,244,118	8.90	2,803,610	546,266	17.25	0.40	2.53
Farm Credit of the Virginias, ACA	1,774,316	7.04	2,298,678	513,241	20.61	1.01	1.82
AgGeorgia Farm Credit, ACA	1,231,813	4.89	1,550,565	296,603	18.31	0.60	2.27
Farm Credit of Florida, ACA	1,170,902	4.64	1,572,975	377,606	19.78	0.48	2.78
Farm Credit of Central Florida, ACA	809,014	3.21	971,369	153,186	16.66	0.69	2.42
Central Kentucky, ACA	621,838	2.47	778,418	154,222	19.19	0.19	2.08
Colonial Farm Credit, ACA	595,812	2.36	812,776	212,537	23.49	0.16	2.28
ArborOne, ACA	574,400	2.28	713,350	136,711	17.80	0.61	2.63
Southwest Georgia Farm Credit, ACA	534,781	2.12	674,232	139,640	19.66	0.93	1.80
River Valley AgCredit, ACA	504,518	2.00	649,005	134,801	19.26	0.61	1.94
Farm Credit of Northwest Florida, ACA	298,142	1.18	401,366	100,145	23.37	0.07	1.63
Puerto Rico Farm Credit, ACA	111,294	0.44	175,093	63,126	35.69	1.54	2.21

AgFirst Farm Credit Bank

AgFirst Farm Credit Bank
1901 Main Street
Columbia, SC 29201
803-799-5000
www.agfirst.com

AgFirst District Associations

AgCarolina Farm Credit, ACA
636 Rock Spring Road
Greenville, NC 27834
800-951-3276
www.agcarolina.com

AgCredit Agricultural Credit Association
610 W. Lytle Street
Fostoria, OH 44830-3422
419-435-7758
www.agcredit.net

AgGeorgia Farm Credit, ACA
468 Perry Parkway
Perry, GA 31069
478-987-8300
www.aggeorgia.com

AgSouth Farm Credit, ACA
146 Victory Lane
Statesville, NC 28625
704-873-0276
www.agsouthfc.com

ArborOne, ACA
800 Woody Jones Blvd.
Florence, SC 29501
843-662-1527
www.arborone.com

Central Kentucky Agricultural Credit Association
2429 Members Way
Lexington, KY 40504
859-253-3249
www.agcreditonline.com

Colonial Farm Credit, ACA
7104 Mechanicsville Turnpike
Mechanicsville, VA 23111
804-746-1252
www.colonialfarmcredit.com

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204 East Orange Street, Suite 200
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863-682-4117
www.farmcreditcfl.com

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West Palm Beach, FL 33411
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305 Colquitt Highway
Bainbridge, GA 39817
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