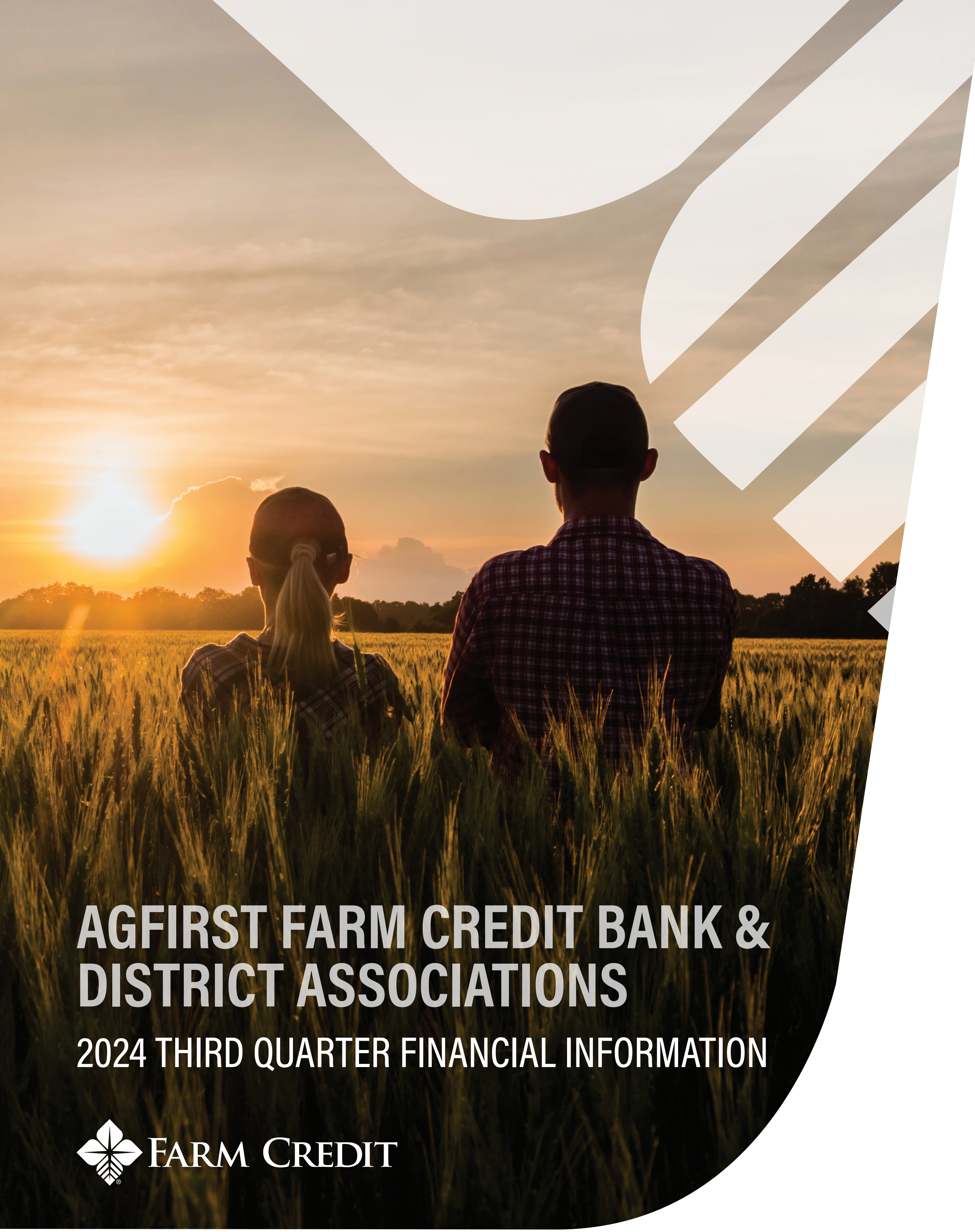

AGFIRST FARM CREDIT BANK & DISTRICT ASSOCIATIONS

2024 THIRD QUARTER FINANCIAL INFORMATION

FARM CREDIT

AgFirst Farm Credit Bank and District Associations September 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 nine months ended September 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 September 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)	September 30, 2024	December 31, 2023
Total loans	**$ 42,479,045**	$ 40,750,224
Allowance for loan losses	**(152,206)**	(150,498)
Net loans	**$ 42,326,839**	$ 40,599,726
Total assets	**$ 53,727,869**	$ 51,826,565
Total shareholders' equity	**7,467,332**	6,808,874

	For the Nine Months Ended September 30, 2024	2023
Net interest income	**$ 985,895**	$ 1,001,462
Provision for credit losses	**10,264**	54,098
Noninterest expense, net	**(482,928)**	(494,708)
Net income	**$ 492,703**	$ 452,656
Net interest income as a percentage of average earning assets	**2.59 %**	2.75 %
Net (charge-offs) recoveries to average loans	**(0.02)%**	(0.05)%
Return on average assets	**1.27 %**	1.22 %
Return on average shareholders' equity	**9.29 %**	8.86 %
Operating expense as a percentage of net interest income and noninterest income	**51.63 %**	51.92 %
Average loans	**$ 41,151,381**	$ 38,877,467
Average earning assets	**50,822,579**	48,620,138
Average assets	**51,760,192**	49,554,887

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

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2024, was $492.7 million compared to $452.7 million for the same period in 2023, an increase of $40.0 million or 8.85 percent. Net income for the three months ended September 30, 2024, was $150.9 million compared to $155.0 million for the three months ended September 30, 2023, a decrease of $4.0 million, or 2.60 percent. See below for further discussion of the change in net income by major components.

Net Interest Income

Net interest income increased $5.5 million, or 1.66 percent, to $335.7 million, for the three months ended September 30, 2024, compared to the same period in the prior year. For the nine months ended September 30, 2024, net interest income decreased $15.6 million, or 1.55 percent to $985.9 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 2.59 percent, a decrease of 9 basis points and 16 basis points for the three and nine months ended September 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, 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.

Net interest income for the three and nine months ended September 30, 2024 remained relatively flat when compared to the prior year, and was positively impacted by increased loan volume and negatively impacted by the declining benefits from previously called debt.

The effects of changes in volume and interest rates on net interest income for the three and nine months ended September 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 September 30, 2024 vs. September 30, 2023			For the Nine Months Ended September 30, 2024 vs. September 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	$ 40,233	$ 34,004	$ 74,237	$ 110,263	$ 143,681	$ 253,944
Investments & Cash Equivalents	1,532	6,445	7,977	(4,105)	31,449	27,344
Other	1,120	(12)	1,108	2,720	1,115	3,835
Total Interest Income	42,885	40,437	83,322	108,878	176,245	285,123
Interest Expense:						
Interest-Bearing Liabilities	22,695	55,143	77,838	55,023	245,667	300,690
Changes in Net Interest Income	$ 20,190	$ (14,706)	$ 5,484	$ 53,855	$ (69,422)	$ (15,567)

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 expense of $11.7 million and $10.3 million for the three and nine months ended September 30, 2024, respectively, compared to a provision expense of $10.8 million and $54.1 million for the corresponding periods in 2023, as reflected in the table below.

	For the three months ended							
(dollars in thousands)	September 30, 2024				September 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	$ (65)	$ 7	$ 2,338	$ 2,280	$ 2,559	$ 7	$ 3,200	$ 5,766
Pooled component	477	—	7,926	8,403	212	(1,908)	2,386	690
Unfunded Commitments	353	—	662	1,015	(127)	—	4,489	4,362
Total	$ 765	$ 7	$ 10,926	$ 11,698	$ 2,644	$ (1,901)	$ 10,075	$ 10,818

	For the nine months ended							
(dollars in thousands)	September 30, 2024				September 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	$ (2,266)	$ 72	$ 4,336	$ 2,142	$ 17,225	$ 108	$ 24,900	$ 42,233
Pooled component	2,941	(11,145)	15,084	6,880	(2,010)	(1,225)	10,327	7,092
Unfunded Commitments	690	—	552	1,242	(1,069)	—	5,842	4,773
Total	$ 1,365	$ (11,073)	$ 19,972	$ 10,264	$ 14,146	$ (1,117)	$ 41,069	$ 54,098

The provision for credit loss expense for the three and nine months ended September 30, 2024 was primarily the result of provision expense in the Bank's Capital Markets and Combined Association's portfolios due to macroeconomic outlooks projecting higher unemployment and lower credit spreads leading to increased reserve requirements. In addition, one District Association had increased provision expense in the third quarter in response to the impact of Hurricane Helene. The provision expense was partially offset by a provision reversal in the pooled component of the Bank's Correspondent Lending portfolio in the second quarter 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 applicable to this portfolio.

During the first nine months of 2023, there were several large asset-specific provisions related to 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 asset-specific reserve provisions listed above, there were pooled component reserve provisions in the Combined Association portfolio which were 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 September 30,**			**For the Nine Months Ended September 30,**		
(dollars in thousands)	**2024**	**2023**	**Increase/ Decrease**	**2024**	**2023**	**Increase/ Decrease**
Loan fees	$ 10,954	$ 9,568	$ 1,386	$ 31,121	$ 29,349	$ 1,772
Fees for financially related services	6,528	5,886	642	15,273	14,506	767
Gains on investments, net	—	—	—	105	—	105
Losses on debt extinguishment	(14,109)	—	(14,109)	(19,111)	(3,711)	(15,400)
Gains on other transactions	3,057	2,554	503	9,428	6,518	2,910
Insurance premium refund	—	—	—	13,106	—	13,106
Patronage refunds from other Farm Credit institutions	792	635	157	1,380	3,589	(2,209)
Other noninterest income	1,304	1,640	(336)	4,849	4,908	(59)
Total noninterest income	$ 8,526	$ 20,283	$ (11,757)	$ 56,151	$ 55,159	$ 992

Noninterest income decreased $11.8 million and increased $1.0 million for the three and nine months ended September 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.

Losses on debt extinguishment increased by $14.1 million and $15.4 million for the three and nine months ended September 30, 2024, compared to the same periods in 2023. Debt issuance expense is amortized into interest expense over the contractual life of the underlying debt security. Debt is called to take advantage of favorable market interest rate changes. When debt securities are called prior to maturity, any unamortized issuance cost is expensed through gains (losses) on debt extinguishment. The amount of issuance cost expensed when a bond is called is dependent upon both the size and remaining maturity of the bond when called. Losses on called debt are more than offset by interest expense savings realized over the life of the replacement debt. There were call options exercised on $7.5 billion and $9.9 billion of bonds for the three and nine months ended September 30, 2024, respectively, compared to none and $1.6 billion for the three and nine months ended September 30, 2023, respectively.

Gains on other transactions increased $2.9 million for the nine months ended September 30, 2024, compared to the corresponding period in 2023 primarily due to increases of $4.2 million from higher market returns on certain nonqualified benefit plan trust assets, which are offset through expense in salaries and employee benefits.

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 $2.2 million for the nine months ended September 30, 2024 compared to the corresponding period in 2023 primarily due to lower cash patronage receipts from other System institutions compared to the amount accrued in 2023.

Noninterest Expenses

The following table illustrates the changes in noninterest expenses:

Change in Noninterest Expenses	**For the Three Months Ended September 30,**			**For the Nine Months Ended September 30,**		
(dollars in thousands)	**2024**	**2023**	**Increase/ Decrease**	**2024**	**2023**	**Increase/ Decrease**
Salaries and employee benefits	$ 102,442	$ 96,151	$ 6,291	$ 308,603	$ 290,384	$ 18,219
Occupancy and equipment	7,539	7,430	109	22,176	21,804	372
Insurance fund premiums	9,839	16,798	(6,959)	28,736	49,499	(20,763)
Purchased services	14,390	20,055	(5,665)	43,678	57,029	(13,351)
Data processing	13,903	13,579	324	40,210	37,711	2,499
Other operating expenses	32,845	30,096	2,749	94,592	92,188	2,404
(Losses) gains from other property owned	59	46	13	(70)	(296)	226
Total noninterest expenses	$ 181,017	$ 184,155	$ (3,138)	$ 537,925	$ 548,319	$ (10,394)

Noninterest expenses decreased $3.1 million and $10.4 million for the three and nine months ended September 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 $6.3 million and $18.2 million, or 6.54 percent and 6.27 percent, for the three and nine months ended September 30, 2024, respectively. The increase is primarily due to higher salaries from annual merit adjustments at the Bank and District Associations and lower deferred personnel costs 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 $7.0 million and $20.8 million for the three and nine months ended September 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. The premium rate will remain at 10 basis points for the remainder of 2024.

Purchased services decreased by $5.7 million and $13.4 million for the three and nine months ended September 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 loan systems in 2023 discussed above.

Data processing increased $2.5 million for the nine months ended September 30, 2024, when compared to the same period in 2023 primarily as the result of higher software expense related to the new District-wide loan systems discussed above in 2023.

Other operating expenses increased $2.7 million and $2.4 million for the three and nine months ended September 30, 2024, when compared to the corresponding period in 2023 due to various insignificant increases.

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)*	**September 30, 2024**		**December 31, 2023**		**September 30, 2023**	
Real estate mortgage	$ 20,795,015	48.95 %	$ 20,071,746	49.26 %	$ 19,793,580	49.71 %
Production and intermediate-term	7,726,378	18.19	7,513,910	18.44 %	7,197,095	18.07
Agribusiness:						
Loans to cooperatives	767,018	1.81	794,631	1.95 %	720,309	1.81
Processing and marketing	4,411,180	10.38	3,815,876	9.36 %	3,756,454	9.43
Farm-related business	642,819	1.51	632,802	1.55 %	584,875	1.47
Rural infrastructure:						
Power	1,655,271	3.90	1,655,434	4.06 %	1,580,075	3.97
Communication	1,364,440	3.21	1,281,338	3.14 %	1,228,743	3.09
Water/Waste disposal	429,340	1.01	462,915	1.14 %	433,141	1.09
Rural residential real estate	3,971,678	9.35	3,866,809	9.49 %	3,828,123	9.61
Other:						
International	248,398	0.58	218,835	0.54 %	236,772	0.60
Lease receivables	14,004	0.03	13,194	0.03 %	12,781	0.03
Loans to other financing institutions (OFIs)	179,954	0.42	167,962	0.41 %	174,693	0.44
Other (including mission related)	273,550	0.66	254,772	0.63 %	271,645	0.68
Total	$ 42,479,045	100.00 %	$ 40,750,224	100.00 %	$39,818,286	100.00 %

Total loans outstanding were $42.5 billion at September 30, 2024, an increase of $1.7 billion, or 4.24 percent, compared to December 31, 2023 and an increase of $2.7 billion, or 6.68 percent, since September 30, 2023.

When compared to December 31, 2023 and September 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 and borrower liquidity needs due to 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 nine months September 30, 2024	Acceptable	OAEM	Substandard	Doubtful	Loss	Current Period Gross Writeoffs
2024	$ 4,873,231	$ 65,890	$ 50,151	$ —	$ —	$ 118
2023	5,848,843	85,804	70,556	—	—	2,825
2022	6,167,039	184,704	90,054	54	1	679
2021	5,686,942	103,643	56,487	28	3	445
2020	3,575,342	86,153	72,673	36	205	169
Prior	8,721,479	172,945	156,730	78	—	3,591
Revolving loans	5,954,721	272,978	182,231	43	1	1,901
Total	$ 40,827,597	$ 972,117	$ 678,882	$ 239	$ 210	$ 9,728
As a percentage of total loans	96.11 %	2.29 %	1.60 %	— %	— %	

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, sustained higher 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)	September 30, 2024	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	$ 86,092	$ 67,440
Production and intermediate-term	45,877	65,427
Agribusiness	15,712	16,589
Rural infrastructure	1,826	2,067
Rural residential real estate	29,768	24,473
Other	—	65
Total	$ 179,275	$ 176,061
Nonaccrual Loans as Percentage of Total Loans	0.42 %	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 increased when compared to the prior year and were $179.3 million, or 0.42 percent of total loans at September 30, 2024 and $176.1 million, or 0.43 percent of total loans, at December 31, 2023.

	Nonaccrual by Portfolio			
	September 30, 2024		December 31, 2023	
	Total Amount	% of Total	Total Amount	% of Total
Bank's Capital Markets	$ 7,387	4.12 %	$ 21,340	12.12 %
Bank's Correspondent Lending	27,392	15.28	22,741	12.92
District Associations	144,496	80.60	131,980	74.96
Total	$ 179,275	100.00 %	$ 176,061	100.00 %

The slight increase in nonaccruals of $3.2 million, or 1.18 percent, is primarily a result of several borrowers moving to nonaccrual at the District Associations, primarily within the other real estate, rural home loans, and field crops segments.

Aging Analysis of Loans

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

September 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	$ 146,889	$ 33,517	$ 180,406	$ 20,614,609	$ 20,795,015	$ 353
Production and Intermediate Term	58,407	32,364	90,771	7,635,607	7,726,378	195
Agribusiness	53,343	3,975	57,318	5,763,699	5,821,017	—
Rural infrastructure	—	—	—	3,449,051	3,449,051	—
Rural residential real estate	27,071	12,502	39,573	3,932,105	3,971,678	—
Other	8,784	—	8,784	707,122	715,906	—
Total	$ 294,494	$ 82,358	$ 376,852	$ 42,102,193	$ 42,479,045	$ 548

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 June 30, 2024	$ 66,812	$ 38,017	$ 23,037	$ 5,195	$ 9,593	$ 418	$ 143,072
Charge-offs	(413)	(1,117)	(478)	—	(35)	—	(2,043)
Recoveries	90	374	9	—	21	—	494
Provision for (reversal of) credit losses on loans	1,359	6,876	1,132	1,131	145	40	10,683
Balance at September 30, 2024	$ 67,848	$ 44,150	$ 23,700	$ 6,326	$ 9,724	$ 458	$ 152,206
Allowance for unfunded commitments:							
Balance at June 30, 2024	$ 1,600	$ 5,014	$ 6,134	$ 639	$ 109	$ 96	$ 13,592
Provision for (reversal of) unfunded commitments	268	213	519	29	(21)	7	1,015
Balance at September 30, 2024	$ 1,868	$ 5,227	$ 6,653	$ 668	$ 88	$ 103	$ 14,607
Allowance for credit losses	$ 69,716	$ 49,377	$ 30,353	$ 6,994	$ 9,812	$ 561	$ 166,813
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	(569)	(8,471)	(536)	—	(152)	—	(9,728)
Recoveries	773	1,526	50	—	55	10	2,414
Provision for (reversal of) credit losses on loans	5,407	9,875	3,452	1,360	(11,139)	67	9,022
Balance at September 30, 2024	$ 67,848	$ 44,150	$ 23,700	$ 6,326	$ 9,724	$ 458	$ 152,206
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	(504)	977	612	169	(9)	(3)	1,242
Balance at September 30, 2024	$ 1,868	$ 5,227	$ 6,653	$ 668	$ 88	$ 103	$ 14,607
Allowance for credit losses	$ 69,716	$ 49,377	$ 30,353	$ 6,994	$ 9,812	$ 561	$ 166,813

(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 June 30, 2023	$ 66,078	$ 58,131	$ 17,364	$ 5,316	$ 22,092	$ 563	$ 169,544
Charge-offs	(1,747)	(2,278)	(185)	—	(45)	—	(4,255)
Recoveries	1,292	438	—	—	65	—	1,795
Provision for (reversal of) loan losses	(557)	8,638	937	(448)	(1,937)	(177)	6,456
Balance at September 30, 2023	$ 65,066	$ 64,929	$ 18,116	$ 4,868	$ 20,175	$ 386	$ 173,540
Allowance for unfunded commitments:							
Balance at June 30, 2023	$ 1,175	$ 3,657	$ 4,768	$ 478	$ 89	$ 91	$ 10,258
Provision for (reversal of) unfunded commitments	1,694	1,676	955	17	(19)	39	4,362
Balance at September 30, 2023	$ 2,869	$ 5,333	$ 5,723	$ 495	$ 70	$ 130	$ 14,620
Allowance for credit losses	$ 67,935	$ 70,262	$ 23,839	$ 5,363	$ 20,245	$ 516	$ 188,160
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	(1,931)	(16,532)	(198)	—	(262)	—	(18,923)
Recoveries	1,835	1,723	172	41	231	5	4,007
Provision for (reversal of) loan losses	5,670	42,488	333	1,784	(1,077)	127	49,325
Merger adjustment	(7,833)	(4,952)	(1,091)	(74)	(146)	(189)	(14,285)
Balance at September 30, 2023	$ 65,066	$ 64,929	$ 18,116	$ 4,868	$ 20,175	$ 386	$ 173,540
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	2,549	1,999	182	(46)	38	51	4,773
Merger adjustment	(434)	(204)	(122)	—	(5)	(6)	(771)
Balance at September 30, 2023	$ 2,869	$ 5,333	$ 5,723	$ 495	$ 70	$ 130	$ 14,620
Allowance for credit losses	$ 67,935	$ 70,262	$ 23,839	$ 5,363	$ 20,245	$ 516	$ 188,160

**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 $166.8 million at September 30, 2024, as compared with $163.9 million at December 31, 2023, an increase of $3.0 million. The increase was primarily the result of $10.3 million in provision expense and $2.4 million of recoveries. This increase is partially offset by $9.7 million of charge-offs, primarily related to one borrower in the tree fruits and nuts segment totaling $5.0 million. See further discussion in the *Provision for Credit Losses* section above. The allowance for credit losses was 0.39 percent and 0.40 percent of total loans outstanding at September 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)	**September 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	$ 393	$ 488	$ 15,505	$ 16,386	$ 4,386	$ 479	$ 31,706	$ 36,571
Pooled component	19,336	7,015	109,469	135,820	16,394	18,161	79,372	113,927
Unfunded commitments	4,729	—	9,878	14,607	4,039	—	9,326	13,365
Allowance for Credit Losses	$ 24,458	$ 7,503	$ 134,852	$ 166,813	$ 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 Third 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 September 30, 2024. The following tables summarize the District's investments:

	September 30, 2024			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
District Bank investments	$ 9,041,183	$ 8,934	$ (727,646)	$ 8,322,471
District Association investments	137,792	1,996	(1,263)	138,525
Total District investments	$ 9,178,975	$ 10,930	$ (728,909)	$ 8,460,996

	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 September 30, 2024, there were $718.6 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. The decrease in interest rates in the third quarter of 2024 has improved the unrealized loss position of the Bank's portfolio during the year. In the unlikely event the Bank could not access debt or raise cash through repurchase agreements, the Bank approximates it could cover 83 days of maturing debt through the sale of available-for-sale securities before recognizing a net loss on the sale.

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 $658.5 million, or 9.67 percent, from December 31, 2023, to $7.5 billion at September 30, 2024. This increase is primarily attributed to net income of $492.7 million and a decrease in the unrealized loss position in the available-for-sale investment portfolio of $174.6 million, as shown in the table below.

Accumulated Other Comprehensive Income (Loss)

(dollars in thousands)	September 30, 2024	December 31, 2023
Unrealized loss on investment securities	$ (718,516)	$ (893,104)
Employee benefit plans activity*	(204,905)	(221,682)
Total accumulated other comprehensive loss	$ (923,421)	$ (1,114,786)

**Employee benefit plan activity is primarily related to the District's defined benefit pension plans and includes actuarial gains and losses, prior service costs, and changes in the fair value of plan assets.*

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 September 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 %	15.07%	15.39% - 34.45%
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.00 %	8.50 %	15.07%	15.39% - 34.45%
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 %	15.25%	15.68% - 35.42%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock, and subordinated debt, subject to certain limits	7.00 %	7.00 %	15.09%	15.43% - 34.75%
Non-risk adjusted:					
Tier 1 leverage ratio*	Tier 1 capital	4.00 %	5.00 %	5.84%	13.56% - 33.65%
URE and UREE component	URE and URE equivalents	1.50 %	1.50 %	4.59%	11.08% - 33.36%

[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 with a balance less than $500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

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 September 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)	September 30, 2024	December 31, 2023
Assets		
Cash	**$ 797,066**	$ 658,758
Cash equivalents	**1,135,000**	835,000
Investments in debt securities	**8,460,359**	8,755,808
Loans	**42,479,045**	40,750,224
Allowance for credit losses on loans	**(152,206)**	(150,498)
Net loans	**42,326,839**	40,599,726
Loans held for sale	**5,440**	71,888
Accrued interest receivable	**439,131**	372,401
Accounts receivable	**48,494**	58,956
Equity investments in other Farm Credit institutions	**68,067**	65,497
Other Investments	**8,925**	6,658
Premises and equipment, net	**350,587**	330,180
Other property owned	**8,738**	4,394
Other assets	**79,223**	67,299
Total assets	**$ 53,727,869**	$ 51,826,565
Liabilities		
Systemwide bonds payable	**$ 39,817,428**	$ 39,197,358
Systemwide notes payable	**5,834,212**	4,780,008
Accrued interest payable	**259,316**	244,994
Accounts payable	**58,566**	490,083
Advanced conditional payments	**33,420**	31,756
Other liabilities	**257,595**	273,492
Total liabilities	**46,260,537**	45,017,691
Shareholders' Equity		
Protected borrower equity	**445**	445
Capital stock and participation certificates	**186,152**	184,936
Additional paid-in-capital	**516,563**	516,563
Retained earnings		
Allocated	**2,207,345**	2,238,228
Unallocated	**5,480,248**	4,983,488
Accumulated other comprehensive loss	**(923,421)**	(1,114,786)
Total shareholders' equity	**7,467,332**	6,808,874
Total liabilities and equity	**$ 53,727,869**	$ 51,826,565

Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Interest Income				
Investments	**$ 91,859**	$ 83,882	**$ 266,282**	$ 238,938
Loans	**689,066**	614,829	**1,995,444**	1,741,500
Other	**5,833**	4,725	**17,229**	13,394
Total interest income	**786,758**	703,436	**2,278,955**	1,993,832
Interest Expense	**451,090**	373,252	**1,293,060**	992,370
Net interest income	**335,668**	330,184	**985,895**	1,001,462
Provision for credit losses	**11,698**	10,818	**10,264**	54,098
Net interest income after provision for credit losses	**323,970**	319,366	**975,631**	947,364
Noninterest Income				
Loan fees	**10,954**	9,568	**31,121**	29,349
Fees for financially related services	**6,528**	5,886	**15,273**	14,506
Gains on investments, net	**—**	—	**105**	—
Losses on debt extinguishment	**(14,109)**	—	**(19,111)**	(3,711)
Gains on other transactions	**3,057**	2,554	**9,428**	6,518
Insurance premium refund	**—**	—	**13,106**	—
Patronage refunds from other Farm Credit institutions	**792**	635	**1,380**	3,589
Other noninterest income	**1,304**	1,640	**4,849**	4,908
Total noninterest income	**8,526**	20,283	**56,151**	55,159
Noninterest Expenses				
Salaries and employee benefits	**102,442**	96,151	**308,603**	290,384
Occupancy and equipment	**7,539**	7,430	**22,176**	21,804
Insurance Fund premiums	**9,839**	16,798	**28,736**	49,499
Purchased services	**14,390**	20,055	**43,678**	57,029
Data processing	**13,903**	13,579	**40,210**	37,711
Other operating expenses	**32,845**	30,096	**94,592**	92,188
Losses (gains) from other property owned	**59**	46	**(70)**	(296)
Total noninterest expenses	**181,017**	184,155	**537,925**	548,319
Income before income taxes	**151,479**	155,494	**493,857**	454,204
Provision for income taxes	**561**	543	**1,154**	1,548
Net income	**$ 150,918**	$ 154,951	**$ 492,703**	$ 452,656
Other comprehensive income (loss):				
Unrealized gains (losses) on investments	**$ 232,444**	$ (192,458)	**$ 174,587**	$ (192,577)
Employee benefit plans adjustments	**5,593**	6,372	**16,778**	19,845
Other comprehensive income (loss)	**238,037**	(186,086)	**191,365**	(172,732)
Comprehensive income (loss)	**$ 388,955**	$ (31,135)	**$ 684,068**	$ 279,924

DISTRICT ASSOCIATIONS

As of September 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	$ 5,924,807	22.72 %	$ 7,283,079	$ 1,323,674	15.68 %	0.43 %	1.87 %
AgSouth Farm Credit, ACA	3,771,469	14.46	4,679,949	876,071	17.28	0.44	2.34
Ag Credit, ACA	2,887,460	11.07	3,476,928	568,133	19.07	0.25	2.19
First South Farm Credit, ACA	2,659,618	10.20	3,366,237	688,637	17.35	0.32	1.90
AgCarolina Farm Credit, ACA	2,317,573	8.89	2,890,124	560,056	17.02	0.36	2.39
Farm Credit of the Virginias, ACA	1,805,778	6.92	2,341,680	522,906	20.45	0.99	1.78
AgGeorgia Farm Credit, ACA	1,285,458	4.93	1,602,087	304,727	17.45	0.74	2.18
Farm Credit of Florida, ACA	1,206,271	4.63	1,615,929	384,932	20.10	0.43	2.46
Farm Credit of Central Florida, ACA	862,325	3.31	1,034,129	156,766	16.55	0.67	2.27
Central Kentucky, ACA	637,505	2.44	798,038	157,873	18.88	0.16	1.99
Colonial Farm Credit, ACA	632,941	2.43	855,118	216,817	23.35	0.17	2.18
ArborOne, ACA	582,875	2.23	727,801	139,282	17.84	0.55	2.34
Southwest Georgia Farm Credit, ACA	559,644	2.15	701,953	142,253	18.83	1.79	1.71
River Valley AgCredit, ACA	512,825	1.97	661,386	137,745	19.07	0.67	1.88
Farm Credit of Northwest Florida, ACA	318,199	1.22	422,873	101,871	22.69	0.01	1.66
Puerto Rico Farm Credit, ACA	116,617	0.45	181,059	63,698	35.42	2.01	1.87

* Includes fair value adjustments resulting from mergers

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 Boulevard
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

Farm Credit of Central Florida, ACA
204 East Orange Street, Suite 200
Lakeland, FL 33801
863-682-4117
www.farmcreditcfl.com

Farm Credit of Florida, ACA
11903 Southern Boulevard, Suite 200
West Palm Beach, FL 33411
561-965-9001
www.farmcreditfl.com

Farm Credit of Northwest Florida, ACA
5052 Highway 90 East
Marianna, FL 32446
850-526-4910
www.farmcredit-fl.com

Farm Credit of the Virginias, ACA
102 Industry Way
Staunton, VA 24401
800-919-3276
www.farmcreditofvirginias.com

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574 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157
601-977-8381
www.firstsouthfarmcredit.com

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300 Winding Creek Boulevard
Mechanicsburg, PA 17050
888-339-3334
www.horizonfc.com

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213 Domenech Avenue
San Juan, PR 00918
787-753-0579
www.prfarmcredit.com

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2731 Olivet Church Road
Paducah, KY 42001
270-554-2912
www.rivervalleyagcredit.com

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305 Colquitt Highway
Bainbridge, GA 39817
229-246-0384
www.swgafarmcredit.com