Today's strength, tomorrow's success.

FRONTIER FARM CREDIT

2023 ANNUAL REPORT

$2.9 BILLION in Loans

$579.3 MILLION in Members' Equity

$51.2 MILLION in Net Income

$23.9 MILLION in Cash-Back Dividends

Financial Highlights	2023	2022	2021
Loans	$2.9 billion	$2.6 billion	$2.4 billion
Members' Equity	$579.3 million	$551.8 million	$524.2 million
Net Income	$51.2 million	$50.3 million	$51.2 million
Cash-Back Dividends	$23.9 million	$22.7 million	$20.5 million

LETTER TO SHAREHOLDERS

On behalf of your Board of Directors and the executive team at Frontier Farm Credit, we are pleased to report that 2023 was a strong year for your cooperative.

> Financially, Frontier Farm Credit was successful by almost every key measure.

Loan volume increased and our net earnings reached record levels. Your Board, in turn, returned $23.9 million in cash-back dividends to eligible customer-owners, our largest regular payout to date. Credit quality across our portfolio remained strong, and we are well capitalized.

Farm Credit exists to be the lender agriculture can depend on, in good and tough times. The past year underscored the value of that dependability.

Adjusted for inflation, net farm income remained above its 20-year average but was down 20 percent from 2022. In nominal terms, crop receipts decreased 4.4 percent year-over-year, with corn receipts declining 10.6 percent and soybeans 5.9 percent. Except for cattle and calves, all major livestock commodity categories also experienced a decrease in receipts. Meanwhile, production costs as a whole increased 3.5 percent.

Within the financial sector, a few high-profile bank failures early in 2023, economic volatility and the Federal Reserve's continued rate hikes to tame inflation resulted in a tighter credit environment. Farm Credit's financial strength, funding system and commitment to agriculture ensured that we had the capital to meet the lending and risk management needs of our customer-owners.

> Strategically, we formed an important collaboration in 2023 with AgCountry Farm Credit Services and Farm Credit Services of America (FCSAmerica).

The collaboration between FCSAmerica, AgCountry Farm Credit Services and Frontier Farm Credit, which takes effect in 2024, provides efficiency through shared management, technology and expertise, while retaining each Association's local offices, ownership and governance. All three Associations enter the collaboration financially strong and committed to meeting the evolving needs of agriculture. Together, we are well positioned to broaden and deepen our impact for our customers.

The investments we make today are shaping that future. We continue to expand and improve technology that allows you to do business with us, when and where it works for you. Our lending products, services and expertise are part of the value we deliver. In 2023, we better aligned our resources to ensure your financial team has the tools needed to support your success and that of your cooperative.

This included building on the success of the relationship officers dedicated to serving young and beginning producers through education and specialized lending products. We also continued to invest in the sustainability program we created two years ago and increased our giving to the local communities we serve.

> We encourage you to visit frontierfarmcredit.com to read our 2023 Community Impact and Sustainability reports.

We are proud of our achievements during the past year. They benefited the cooperative you rely on to finance your farms and ranches and advanced our mission to serve agriculture and rural communities. As you look to the 2024 production year and the opportunities and challenges that lie ahead, know that we are working for your success.

Mark Jensen
President and CEO

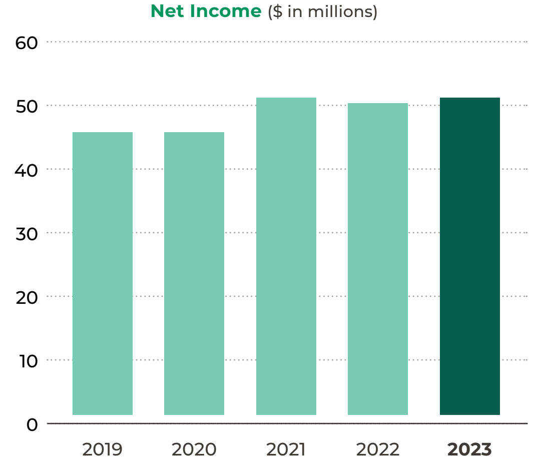
Shane Tiffany
2023 Board Chair

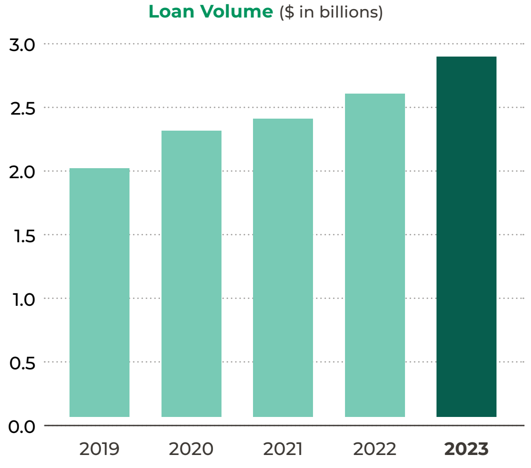
FINANCIAL RESULTS

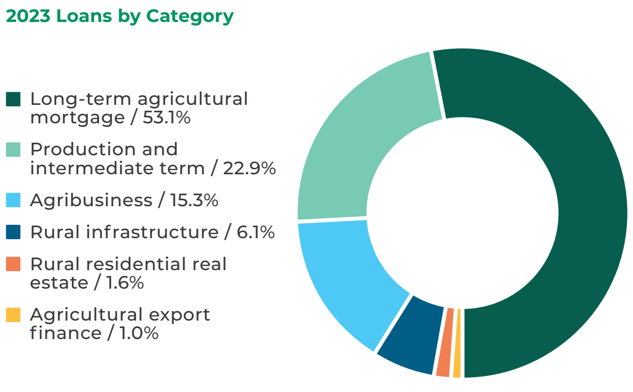
Loan Volume

Frontier Farm Credit's loan volume in 2023 increased $276.6 million, or 10.4 percent. We ended the year with net loan volume of $2.9 billion.

The majority of this increase came from production and intermediate-term loans and agribusiness loans. Our loan portfolio consists primarily of agricultural real estate loans, production operating loans, intermediate-term installment loans and credit facilities to agricultural businesses.







Net Income

Net income for Frontier Farm Credit was $51.2 million, an increase of nearly 2 percent from 2022. This was driven, in part, by higher net interest income. Our net interest as a percentage of average earning assets, or net interest margin, was 2.71 percent compared to 2.52 percent in 2022.

This margin is sensitive to interest rate changes and competition. We saw the effect of this in several areas. Usage of lines of credit was down as producers leveraged back-to-back years of profitability to manage costs.

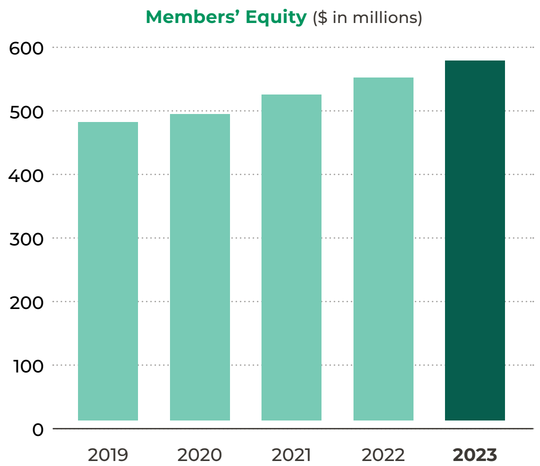
Strong balance sheets and long-term debt locked in at low rates also meant cash was king in the real estate market. Farmland values in eastern Kansas increased 13.9 percent in 2023, supported by demand from financially strong buyers and fewer land sales.

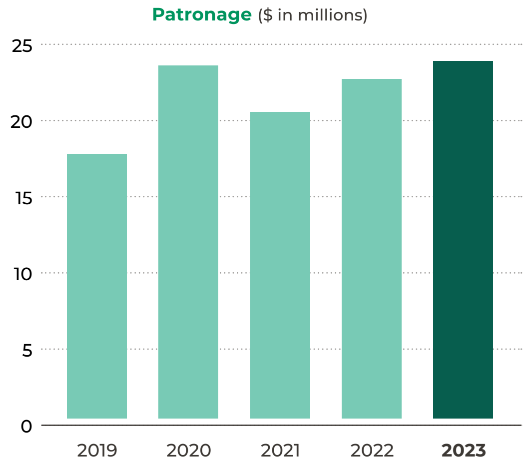
Capital and Members' Equity

Throughout 2023, Frontier Farm Credit's capital levels remained well in excess of regulatory minimums. At year-end, members' equity was $579.3 million, up from $551.8 million. Members' equity decreased some as a percentage of total assets – 18.7 percent in 2023 compared to 19.6 percent in 2022. Members' equity reflected changes in net income and an accounting principal adopted in January 2023.

Frontier Farm Credit's total capital ratio was 15.6 percent, and our total capital target range under our 2024 capital plan is 12.0 percent to 15.0 percent.

We manage our capital to allow us to meet member needs and protect member interests, now and in the future, while ensuring we share our financial success with our customer-owners.





Patronage

We have returned a portion of our net income to eligible customer-owners every year since 2004. In the past 20 years, we have paid a total of $204 million to farmers, ranchers and agribusinesses. Our 2023 cash-back dividend of $23.9 million represented a return of 1 percent of customers' eligible average daily balance, effectively reducing the cost of borrowing from us.

Our patronage program is part of the unique value of doing business with Frontier Farm Credit. Your Board has approved the 2024 patronage program; the amount of the dividend will be determined in December.

INVESTMENTS IN THE FUTURE

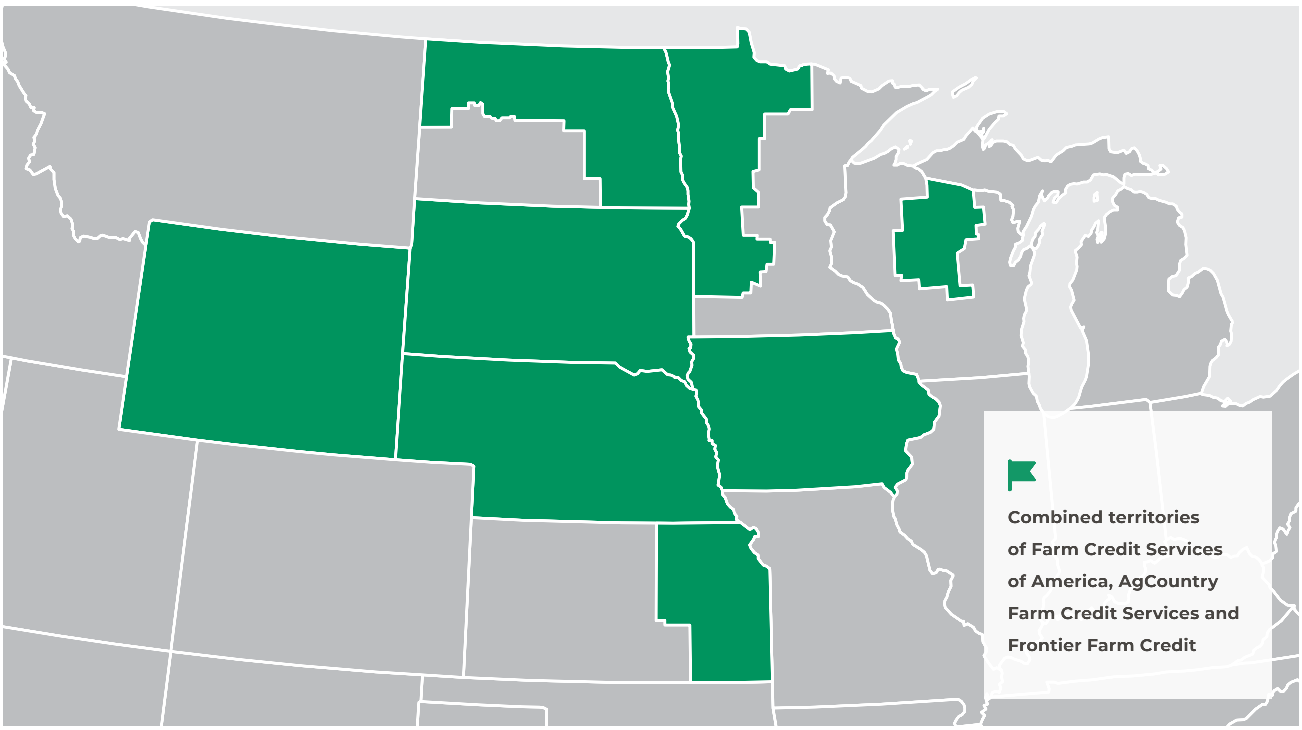
Collaboration

Agriculture is experiencing unprecedented change. Technology, consolidation and consumer demands are just a few of the forces reshaping the food supply chain. We must evolve too. Our collaboration with AgCountry Farm Credit Services and FCSAmerica allows us to improve and scale our products, services and technology, while also building on our financial strength.

The Associations will share net income/losses by combining financial results, then redistribute the combined net income/losses based on a predetermined allocation. Each Association will keep separate books and records, as well as ownership of property.

The collaboration is effective on or near April 1 of this year. After full implementation, it is projected to save a combined $66 million to $75 million across the three Associations every year.

The collaboration, ultimately, is to ensure that we can fulfill our mission to agriculture. Financial strength allows us to withstand adversity to remain a reliable source of credit. The collaboration also improves our ability to provide competitive lending rates and pricing programs, especially in difficult market cycles; protects a strong patronage program; and supports investments in areas that matter most to farmers and ranchers.



Supporting the Next Generation

The investments we make in our customers' financial success and the future of rural America continue to grow and pay dividends. We hosted nearly 45 webinars and in-person meetings, each focused on the financial skills and industry trends that support good business decisions. Individual offices also held financial workshops, crop insurance meetings and small-group discussions tailored to the specific interests and needs of local customers.

Many of these offerings were tailored to young and beginning customers. At year-end, we supported 2,492 unique young, beginning and small customers, offering specialized loans and educational programs, and dedicating relationship officers to their growth and success in the industry.

Additionally, we awarded $2,500 scholarships to eight students studying agriculture at Kansas State University and $2,000 scholarships to four community college students and eight FFA students.

The future of agriculture also requires thriving rural communities. In 2023, we expanded our *Working Here Fund* grants for nonprofit organizations offering programs in agriculture education, hunger and nutrition, and rural disaster relief and essential services. We now offer three grant levels – up to $5,000, $10,000 and $25,000.

The next few years are expected to be increasingly challenging for agriculture. The strategic and financial decisions we made in 2023 build on our ability to fulfill our mission to our customer-owners, the agricultural industry and rural America.

> On behalf of your Board of Directors and executive leadership team at Frontier Farm Credit, we thank you for your business.

We supported **2,492 young, beginning and small customers** in 2023.

We awarded **20 college scholarships.**

Frontier Farm Credit, ACA Directors

Kathy Brick / Overland Park, Kansas
An appointed Director, Brick has a background in finance, accounting, internal controls, risk management, regulatory compliance, strategic planning and process improvement. She consults through Kathy Brick, LLC, and also serves as managing director of Prairie View Holdings, LLC, a family farming operation in Missouri. She previously served as a certified public accountant and as the chief financial officer of a wholesale financial institution. She was appointed to the Frontier Farm Credit Board in 2014; her current term ends March 31, 2024.

Lee Mueller / Hiawatha, Kansas
Mueller is president of Laus Creek Farm, Inc., and raises corn and soybeans. He also owns Laus Creek Trucking, LLC. Mueller serves on the Highland Community College Precision Agriculture Advisory Committee and as a trustee for the Hiawatha Community Foundation. He was elected to the Frontier Farm Credit Board in 2015; his current term ends March 31, 2024.

Marty Reichenberger / Independence, KS
Reichenberger is the managing partner for Reichenberger Farms, a fourth-generation family farming operation raising corn and soybeans and a cow-calf operation. He also is an owner of Reichenberger Land, LLC, a land-holding company, and owner of Diamond R Cattle, Inc., a cattle operation. Reichenberger serves on the Unified School District No. 446 school board. He was elected to the Frontier Farm Credit Board in 2023; his current term ends March 31, 2026.

Shane Tiffany / Allen, Kansas
Tiffany is president of Tiffany Cattle Co., Inc., a custom cattle feeding operation. He also leads Tiffany Holdings, LLC and Tiffany Holdings II LLC, both agricultural land-holding companies, and Tiffany Enterprises, LLC, a real estate investment company. He is vice president of Tiffany Family Farms, LLC, a farming operation, and has a minority ownership interest in OWNx, LLC, a gold and silver investment company, and Elevate Ag, LLC, an ag company that produces biological stimulants. He previously served as president of Medicine Man Pharms, LLC, a farming operation. He is a member of the KLA Cattle Feeders Council Executive Committee and an elder of High View Church. Tiffany was elected to the Frontier Farm Credit Board in 2017; his current term ends March 31, 2025.

Financial Information

Frontier Farm Credit, ACA

Consolidated Five-Year Summary of Selected Financial Data

(Dollars in thousands)

	2023	2022	2021	2020	2019
Statement of Condition Data					
Loans	**$2,926,057**	$2,649,458	$2,409,596	$2,254,539	$2,042,932
Allowance for credit losses on loans	**8,500**	3,600	4,000	9,800	9,600
Net loans	**2,917,557**	2,645,858	2,405,596	2,244,739	2,033,332
Investment in CoBank, ACB	**68,447**	67,809	70,099	70,069	65,069
Investment in AgDirect, LLP	**9,516**	8,270	7,712	5,792	4,420
Other assets	**102,115**	92,569	74,556	63,999	72,504
Total assets	**$3,097,635**	$2,814,506	$2,557,963	$2,384,599	$2,175,325
Obligations with maturities of one year or less	**$ 40,503**	$ 50,890	$ 40,289	$ 36,537	$ 37,456
Obligations with maturities greater than one year	**2,477,811**	2,211,801	1,993,483	1,854,847	1,657,977
Total liabilities	**2,518,314**	2,262,691	2,033,772	1,891,384	1,695,433
At-risk capital stock	**9,431**	9,379	9,351	8,959	8,532
Less capital stock receivable (Note 8)	**(9,431)**	(9,379)	(9,351)	(8,959)	–
Retained earnings	**579,321**	551,815	524,191	493,215	471,360
Total members' equity	**579,321**	551,815	524,191	493,215	479,892
Total liabilities and members' equity	**$3,097,635**	$2,814,506	$2,557,963	$2,384,599	$2,175,325
Statement of Income Data					
Net interest income	**$72,808**	$63,221	$59,189	$55,132	$55,329
Provision for credit losses	**5,864**	286	(6,299)	1,325	833
Other expenses, net	**15,736**	12,656	14,311	8,232	8,908
Net income	**$51,208**	$50,279	$51,177	$45,575	$45,588
Comprehensive income	**$51,208**	$50,279	$51,177	$45,575	$45,781
Key Financial Ratios					
For the year					
Return on average assets	**1.80%**	1.90%	2.13%	2.04%	2.17%
Return on average members' equity	**8.93%**	9.22%	9.92%	9.30%	9.66%
Net interest income as a percentage of average earning assets	**2.71%**	2.52%	2.60%	2.60%	2.81%
Net charge-offs/(recoveries) as a percentage of average loans	**0.04%**	0.02%	(0.02)%	0.04%	–
At year-end					
Members' equity as a percentage of total assets	**18.70%**	19.61%	20.49%	20.68%	22.06%
Allowance for credit losses on loans as a percentage of loans	**0.29%**	0.14%	0.17%	0.43%	0.47%
Capital ratios:					
Permanent capital ratio	**15.46%**	15.97%	17.35%	17.37%	18.61%
Common equity Tier 1 ratio	**15.44%**	15.95%	17.32%	17.30%	18.52%
Tier 1 capital ratio	**15.44%**	15.95%	17.32%	17.30%	18.52%
Total capital ratio	**15.60%**	16.11%	17.51%	17.79%	18.95%
Tier 1 leverage ratio	**18.02%**	18.13%	19.16%	19.16%	20.27%
For the year					
Cash patronage distribution payable to members	**$23,900**	$22,700	$20,500	$23,600	$17,700

Frontier Farm Credit, ACA

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

The following commentary reviews the consolidated financial condition and consolidated results of operations of Frontier Farm Credit, ACA (Frontier Farm Credit) and its subsidiaries, Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA, and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2024, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 56 customer-owned cooperative lending institutions (Associations). The Farm Credit System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the Farm Credit System serves – the American farmer and rancher.

CoBank, ACB, a Farm Credit System bank, its affiliated Associations and AgVantis are collectively referred to as the CoBank, ACB District. Frontier Farm Credit is one of the affiliated Associations in the District.

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System banks and Associations. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit System Insurance Fund. The Insurance Fund ensures the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par or stated value and for other specified purposes.

To request a free copy of our annual or quarterly reports, contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905, via email to $sr@frontierfarmcredit.com or view them on our website, frontierfarmcredit.com. The annual report is available on our website no later than 75 days after the end of the calendar year, and shareholders are provided a copy of the report no later than 90 days after the end of the calendar year. The quarterly reports are available on our website no later than 40 days after the end of each calendar quarter.

Notice of Significant or Material Events

The Boards of Directors of Frontier Farm Credit, ACA, Farm Credit Services of America, ACA and AgCountry Farm Credit Services, ACA entered into an agreement with an effective date of December 29, 2023, that provides for a contractual collaboration among the three Farm Credit Associations. Subject to completion of certain shareholder engagement activities and consent from the Associations' respective supervisory Banks, the agreement provides that the three Associations will be jointly managed and will commence sharing income and losses on April 1, 2024, or as soon as reasonably practical thereafter. Mark Jensen, current joint president and CEO of Farm Credit Services of America, ACA and Frontier Farm Credit, ACA, will serve as the joint president and CEO for all three Associations, and Marc Knisely, current president and CEO of AgCountry, will join the newly formed joint executive leadership team. The Associations will deploy a common business approach to the development and delivery of products and services and use common technology platforms that accommodate differences in local marketplace conditions. While the Associations will be jointly managed and operate under jointly developed strategic business plans and supporting plans, they will remain separate organizations with strong, local representation. This will include independent boards of directors and distinct patronage programs.

Forward-Looking Information

This annual report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "anticipate," "believe," "estimate," "may," "expect," "intend," "outlook" and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties that may be beyond our control. These risks and uncertainties include but are not limited to:

- political (including trade and environmental policies and civil unrest), legal, regulatory, financial markets, economic conditions or other conditions and developments in the United States and abroad;
- economic fluctuations, including inflationary indicators, in the agricultural, international, rural and farm-related business sectors;
- weather-related, disease and other adverse climatic or biological conditions that periodically occur and impact agricultural productivity and income;
- changes in United States government support of the agricultural industry (including government-support payments) and the Farm Credit System as a government-sponsored enterprise (GSE), as well as investor and rating-agency reactions to events involving the United States government, other GSEs and other financial institutions;
- actions taken by the Federal Reserve System and U.S. Treasury in implementing monetary policy and managing federal spending;
- credit, interest rate and liquidity risks inherent in our lending activities;
- changes in our assumptions for determining the allowance for credit losses and fair value measurements;
- industry outlooks for agricultural conditions;
- changes in interest rate benchmarks utilized in our lending;
- length and severity of an epidemic or pandemic;
- cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers;
- disruptive technologies impacting the banking and financial services industries or implemented by our competitors that negatively impact our ability to compete in the marketplace.

Frontier Farm Credit, ACA

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

Commodity Review and Outlook

After reaching record highs in 2022, inflation-adjusted net farm income for United States producers decreased 20.0 percent to $151.1 billion in 2023. The decline in prices for many crop and livestock commodities drove the decrease in net farm income. Despite weakened earnings in 2023, net farm income remained above the 2003 through 2022 average.

On an inflation-adjusted basis, farm cash receipts decreased 7.8 percent nationally compared to 2022 for a total of $509.6 billion. In nominal terms, crop receipts decreased 4.4 percent year-over-year due to combined receipts for corn and soybeans falling. United States producers harvested a record corn crop, which lowered expected prices in 2023 and sent corn receipts down 10.6 percent. Soybean receipts fell 5.9 percent due to lower-than-expected prices and quantities.

Cash receipts from cattle and calves increased $14.3 billion or 16.6 percent. This was due to price growth, which outpaced quantities sold. Live cattle futures began 2023 in the mid $150 per hundredweight range and finished the year in the low $170 per hundredweight range. With the current cattle sector in a contractionary phase, cattle supplies tightened in response to drought, high feed costs and higher borrowing costs. United States domestic demand for beef was robust in 2023. However, United States beef exports were lower year-over-year due to the drop in domestic beef production.

Cash receipts for all other major livestock commodities were down in 2023. At $26.2 billion, cash receipts for hogs declined 14.2 percent from 2022. United States hog producers experienced lower prices and negative breakeven price levels for much of 2023 due to adequate supplies, weak domestic demand and high production costs. Lean hog futures began 2023 around $80 per hundredweight and finished the year in the high $60 per hundredweight range. The silver lining in 2023 came from the export market. Pork exports from the United States were higher year-over-year due in large part to increased demand from Mexico, Canada, Australia and the Dominican Republic.

For the United States dairy sector, milk receipts decreased 18.3 percent, or $10.5 billion, to $46.8 billion from 2022 to 2023. Feed costs kept margins tight, which was reflected in record-low Dairy Margin Coverage (DMC) levels in 2023. Producers started the year with milk prices at $23.10 per hundredweight. Prices fell to $17.40 per hundredweight before rebounding some later in the year to $20.60 per hundredweight. Limited supply growth and weak demand led to softening of dairy commodity prices.

Producers faced many challenges in 2023, including market volatility and higher production expenses. Total production expenses for the United States agricultural sector in 2023 increased 3.5 percent from last year to $443.4 billion. Interest expenses and livestock and poultry purchases saw the largest increases in 2023.

Largely absent from net farm income in 2023 were direct government farm payments. After reaching a record high of $45.6 billion in 2020, direct government farm payments have fallen every subsequent year. From 2022 to 2023, direct government farm payments decreased 22.3 percent to $12.1 billion. The overall decrease from 2020 primarily reflects lower payments from supplemental and ad hoc disaster assistance, including lower COVID-19 pandemic assistance.

The average December monthly prices received by farmers and ranchers for the past five years are reflected in the table below:

	Averages for the Month of December:				
Commodity	**2023**	2022	2021	2020	2019
Corn	**$4.80**	$6.58	$5.47	$3.97	$3.71
Soybeans	**$13.10**	$14.40	$12.50	$10.50	$8.70
Wheat	**$6.79**	$8.98	$8.59	$5.43	$4.64
Beef cattle (all)	**$172.00**	$154.00	$137.00	$108.00	$118.00
Hogs (all)	**$53.30**	$62.50	$56.50	$49.10	$47.30

We monitor, compile and report real estate sales information for the 41 counties in our territory in eastern Kansas. We also value seven benchmark farms in eastern Kansas that are updated each January and July.

For 2023, the benchmark values indicated an overall average increase of 13.9 percent with the past six months indicating an average increase of 7.3 percent. Factors impacting the real estate market include a limited supply of agricultural real estate in the market, strong demand for good-quality cropland and pasture, and agricultural real estate being viewed as a good long-term investment.

Loan Portfolio

Our loan volume experienced another year of solid growth and increased $276.6 million, or 10.4 percent, in 2023. The majority of the loan volume increase came from production and intermediate-term loans and agribusiness loans. Our loan portfolio consists primarily of agricultural real estate loans, production operating loans, intermediate-term installment loans and credit facilities to agricultural businesses. A high percentage of real estate loan installments are due in the December-to-March period. Most operating loans mature and are refinanced after the fall harvest and before spring planting. Operating loan volume tends to peak late in the fall, decline toward January and trend upward during the remainder of the year. Equipment loans generally have annual installments that correlate to customer commodity sales. Federal regulations state that long-term real estate loans are not to exceed 85.0 percent of the property's appraised value (97.0 percent if guaranteed by a government agency). However, internal lending procedures require a more conservative loan-to-value ratio, which results in an average loan-to-value ratio in the real estate portfolio of less than 50.0 percent of current market values.

As a result of the adoption of the Current Expected Credit Losses (CECL) methodology, accrued interest receivable on loans of $40.0 million at December 31, 2023, has been excluded from the amortized cost of loans in all of the following tables and is presented in "Accrued interest receivable" in the Consolidated Statements of Condition.

The following table summarizes our loan portfolio by major category (dollars in thousands):

	December 31,					
	2023		2022		2021	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Accrual loans:						
Long-term agricultural mortgage	**$1,547,539**	**52.9%**	$1,533,014	57.2%	$1,488,628	61.1%
Production and intermediate term	**661,564**	**22.6**	587,151	21.9	555,411	22.8
Agribusiness loans to:						
Cooperatives	**76,191**	**2.6**	92,985	3.5	58,885	2.4
Processing and marketing	**305,193**	**10.4**	248,177	9.3	162,355	6.7
Farm-related business	**63,876**	**2.2**	34,704	1.3	32,394	1.3
Communication	**64,961**	**2.2**	54,137	2.0	42,411	1.7
Energy loans	**51,084**	**1.7**	44,015	1.6	21,771	0.9
Water/wastewater	**63,236**	**2.2**	8,422	0.3	3,846	0.2
Rural residential real estate	**46,009**	**1.6**	50,979	1.9	59,642	2.5
Agricultural export finance	**30,540**	**1.1**	22,188	0.8	5,602	0.2
Nonaccrual loans	**15,864**	**0.5**	5,214	0.2	5,108	0.2
Total loans	**$2,926,057**	**100.0%**	$2,680,986	100.0%	$2,436,053	100.0%

We have no single customer or group of related customers who has more than 10.0 percent of our volume or who would have a material effect if they no longer did business with us. Counties in our territory with more than 5.0 percent of total loan volume include Douglas with 6.35 percent.

	December 31,		
	2023	2022	2021
Grain	**32.0%**	34.9%	37.5%
Cow-calf	**13.0**	14.9	16.3
Beef feedlot	**11.0**	10.2	10.3
Landlords/investors	**9.6**	9.7	9.7
Dairy	**2.9**	2.8	2.9
Swine	**2.8**	2.4	2.7
Fertilizer/chemical	**2.7**	1.2	1.1
Farm supply	**2.7**	2.3	2.0
Forest products	**2.3**	1.6	1.5
Food processing	**2.0**	1.0	0.7
Dairy processing	**1.4**	2.2	1.4
Energy generation/transmission	**1.3**	1.4	0.6
Fruits and vegetables	**1.3**	1.0	0.8
Meat/proteins processing	**1.1**	1.1	0.9
Other	**13.9**	13.3	11.6
Total	**100.0%**	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs and other circumstances.

The following table summarizes nonperforming asset and delinquency information (dollars in thousands):

	December 31,		
	2023	2022	2021
Loans:			
Nonaccrual	**$15,864**	$5,214	$5,108
Restructured	**–**	637	58
Accruing loans 90 days or more past due	**109**	160	–
Total nonperforming loans	**$15,973**	$6,011	$5,166
Nonperforming loans as a percentage of total loans	**0.55%**	0.22%	0.21%
Nonaccrual loans as a percentage of total loans	**0.54%**	0.19%	0.21%
Current nonaccrual loans as a percentage of total nonaccrual loans	**76.5%**	59.3%	91.4%
Total delinquencies as a percentage of total loans	**0.27%**	0.15%	0.13%

Frontier Farm Credit, ACA

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

Total nonperforming loans have increased since the end of 2022. The increase in nonaccrual loans was primarily due to the swine and fruits/vegetables portfolios. There was also a decrease in accruing loans 90 days or more past due. The decrease in restructured loans results from the removal of recording troubled debt restructurings as a result of the adoption of CECL. It is our practice to transfer accruing loans that are past due 90 days or more into nonaccrual unless they are adequately secured and in the process of collection. Additionally, as nonperforming loans are reviewed, it is not unusual to experience movement between risk classifications. Nonperforming loans as a percentage of total loans remain at acceptable levels.

Our adversely classified assets increased during 2023, ending the year at 2.24 percent of the portfolio compared to 1.02 percent of the portfolio at December 31, 2022, and 1.52 percent at December 31, 2021. Adversely classified assets are assets that we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

The allowance for credit losses on loans is an estimate of expected credit losses on loans in our portfolio. We determine the appropriate level of allowance for credit losses based on a disciplined process and methodology that incorporates expected probabilities of default and loss given default based on historical portfolio performance, forecasts of future economic conditions, and management's judgment with respect to unique aspects of current and expected conditions that may not be contemplated in historical loss experience or forecasted economic conditions. Prior to January 1, 2023, the allowance for loan losses was an estimate of losses on loans in our portfolio as of the financial statement date.

Total allowance for credit losses on loans was $8.5 million, $3.6 million and $4.0 million at December 31, 2023, 2022 and 2021, respectively. The increase from December 31, 2022, was driven by growth in our loan portfolio, increased specific reserves, loan charge-offs and updated economic forecasts, and was partially offset by the cumulative effect adjustment that was recorded as a result of the adoption of CECL on January 1, 2023. Additional information related to the adoption of this new guidance is included in Note 2 to the accompanying Consolidated Financial Statements.

Allowance for Credit Losses on Loans

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)." This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Losses (CECL) methodology. The allowance for credit losses comprises the allowance for credit losses on loans and unfunded commitments.

Comparative allowance coverage of various loan categories follows:

	December 31,		
	2023	2022	2021
Allowance for credit losses on loans as a percentage of:			
Total loans	**0.29%**	0.14%	0.17%
Nonaccrual loans	**53.58%**	69.04%	78.31%
Total nonperforming loans	**53.21%**	59.89%	77.43%
Net charge-offs/(recoveries) as a percentage of average loans	**0.04%**	0.02%	(0.02)%
Adverse assets as a percentage of capital and allowance for credit losses on loans	**13.05%**	5.75%	8.26%

Results of Operations

The following table provides profitability information:

	December 31,		
	2023	2022	2021
Net income (dollars in thousands)	**$51,208**	$50,279	$51,177
Return on average assets	**1.80%**	1.90%	2.13%
Return on average members' equity	**8.93%**	9.22%	9.92%

Changes to our return on average assets and return on average members' equity are related directly to the changes in assets discussed in the "Loan Portfolio" section, and the changes in members' equity are discussed in the "Members' Equity" section.

Major components of the changes in net income for 2023, 2022 and 2021 are outlined in the following table (dollars in thousands):

	For the year ended December 31,			Increase (decrease) in net income	
	2023	2022	2021	**2023 vs. 2022**	2022 vs. 2021
Net interest income	**$72,808**	$63,221	$59,189	**$9,587**	$4,032
Provision for credit losses	**5,864**	286	(6,299)	**(5,578)**	(6,585)
Noninterest income	**23,345**	23,202	21,474	**143**	1,728
Noninterest expense	**39,081**	35,858	35,770	**(3,223)**	(88)
Provision for income taxes, net	**–**	–	15	**–**	15
Net income	**$51,208**	$50,279	$51,177	**$ 929**	$ (898)

The effects on net interest income from changes in average volumes and rates are presented in the following table (dollars in thousands):

	2023 vs. 2022	2022 vs. 2021
Change in volume	**$4,607**	$5,809
Change in interest rates	**4,988**	(1,609)
Change in nonaccrual income	**(8)**	(168)
Net change	**$9,587**	$4,032

The net interest margin (net interest as a percentage of average earning assets) was 2.71 percent in 2023 compared to 2.52 percent in 2022 and 2.60 percent in 2021. Our net interest margin is sensitive to interest rate changes and competition. The increase in net interest income is due to higher loan volume and income earned on our earning assets that are funded by our noninterest-bearing source (capital).

Net interest income included income on nonaccrual loans that totaled $(126.0) thousand in 2023, $(118.0) thousand in 2022 and $50.0 thousand in 2021. Nonaccrual interest income is recognized when:

- received in cash,
- collection of the recorded investment is fully expected, and
- prior charge-offs have been recovered.

The "Provision for credit losses" in the Consolidated Statements of Income includes a provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. Additional information is included in Note 3 to the accompanying Consolidated Financial Statements.

The increase in noninterest income is primarily due to an increase in CoBank, ACB patronage and insurance income slightly offset by a reduction in loan fees. CoBank, ACB patronage income is more fully described under "CoBank, ACB Patronage Income" later in this section of the annual report.

The increase in noninterest expense is primarily due to the sharing of expenses with Farm Credit Services of America (FCSAmerica) as part of the strategic alliance for salary and benefits expenses for increased costs to support business initiatives.

CoBank, ACB Patronage Income

We may receive patronage income from CoBank, ACB, which is declared solely at the discretion of CoBank, ACB's Board of Directors. Patronage received may be in the form of cash or stock.

A breakdown of patronage income received is shown in the following table (dollars in thousands):

	For the 12 months ended December 31,		
	2023	2022	2021
Patronage from CoBank, ACB	**$11,973**	$11,479	$ 9,968
AgDirect, LLP partnership distribution	**1,370**	1,062	731
Other patronage	**161**	155	51
Total patronage income	**$13,504**	$12,696	$10,750
Form of patronage distributions:			
Cash	**$13,425**	$12,625	$10,713
Stock	**79**	71	37
Total patronage income	**$13,504**	$12,696	$10,750

Frontier Farm Credit, ACA

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

Patronage Program

Our Board adopted a patronage program for eligible customers in 2023 and 2022. Our Board has adopted patronage programs annually for two decades. The 2023 and 2022 programs were based on each customer's average daily balance of eligible loans outstanding during the year. This included eligible originations, participations purchased and participations sold volume. The patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution referred to as a cash-back dividend. We recorded a patronage liability of $23.9 million in December 2023 to be paid in 2024, and we recorded $22.7 million in December 2022 that was paid in 2023.

The 2021 patronage program was based on each customer's average daily balance of eligible loans outstanding during the year on eligible originations and participations purchased. We recorded a patronage liability of $20.5 million in 2021 that was paid in 2022.

Our Board also has adopted a patronage program for 2024. The 2024 patronage program will be based on each customer's average daily balance of eligible loans outstanding during 2024 to be paid in 2025 on eligible originations, participations purchased and participations sold volume.

Funding and Liquidity

We borrow from CoBank, ACB under a note payable, in the form of a line of credit, as described in Note 7 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. As of December 31, 2023, we had a $2.6 billion revolving line of credit with CoBank, ACB. We generally apply excess cash to this line of credit. Due to the cooperative structure of the Farm Credit System, and as we are a stockholder of CoBank, ACB, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

At December 31, 2023, the direct loan average balance was $2.3 billion, compared to $2.1 billion at the end of 2022 and $1.9 billion at the end of 2021. At December 31, 2023, the actual loan balance was $2.5 billion, compared to $2.2 billion at the end of 2022 and $2.0 billion at the end of 2021. At December 31, 2023, the direct loan interest rate was 3.19 percent compared to 2.21 percent at December 31, 2022, and 0.75 percent at December 31, 2021.

The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. However, we maintain some exposure to interest rates, primarily from loans to customers, which may not have a component of our line of credit with an exact repricing attribute. The interest rate risk inherent in our loan portfolio is substantially mitigated through this funding relationship. CoBank, ACB manages interest rate risk through its direct loan pricing and asset/liability management processes. The direct loan pricing mechanism simulates matching the cost of underlying debt with substantially the same terms as the anticipated terms of our loans to customers. The primary risks we manage include pipeline risk and basis risk. Pipeline risk occurs when we commit a fixed interest rate to a customer in advance of the loan's closing date and is effectively mitigated through the use of rate-lock agreements. Basis risk occurs when the interest rate on a loan reprices according to one index, while the debt supporting that loan reprices according to another index.

During 2022, we offered our customers a fixed rate line of credit program for our operating loans. The balance of this program at December 31, 2023, was $0 and $171.6 million at December 31, 2022.

We provide financing to eligible customers with various interest rate programs. New loans are priced with consideration given to local competitive conditions, the cost of debt that will be incurred to fund the loan, the individual risk elements of the loan and profit objectives. Interest on real estate loans is generally paid in full annually, while interest on agricultural production loans is generally paid in full at the annual renewal date of the loan.

We offer variable-rate loan products that include variable-rate loans repriced at our discretion, as dictated by market conditions, and market-indexed variable-rate loans that provide customers with the option of indexing their interest rate to external market indices such as the SOFR or the prime rate.

We also offer fixed-rate operating loans for up to 24 months, fixed-rate installment loans for up to 10 years and fixed-rate mortgage loans in yearly increments from five to 30 years.

Additionally, we offered real estate adjustable-rate loans that were indexed to one-, three- or five-year U.S. Department of the Treasury rates. The loans repriced at one-, three- or five-year intervals at a rate equal to the corresponding U.S. Department of the Treasury rate plus a contractual spread. The one-, three- or five-year adjustable-rate loans were generally subject to periodic caps ranging from 2.0 percent to 2.5 percent with a 6.0 percent life cap. The cost of debt supporting these loans was capped accordingly. We discontinued this product on June 1, 2023.

We also offer a prepayment-restricted loan product. This is a fixed-rate product with a prepayment penalty provision if prepayments are made during the initial three, five or seven years of the loan term. For agreeing to restricted prepayments, the customer receives a reduced interest rate that remains in effect for the entire loan term.

A breakdown of the loan portfolio by rate type, as a percentage of total volume at December 31, is shown in the following table:

	December 31,		
	2023	2022	2021
Variable rate	**46.2%**	33.9%	37.4%
Fixed rate	**53.7**	66.0	62.5
Adjustable rate	**0.1**	0.1	0.1
	100.0%	100.0%	100.0%

In August 2023, Fitch Ratings lowered the United States sovereign's long-term Issuer Default Rating and the long-term debt rating for the Farm Credit System to AA+ from AAA. The F1+ short-term ratings were affirmed, and the outlooks on the long-term debt ratings were revised to stable. As a government-sponsored enterprise (GSE), the Farm Credit System benefits from the implicit government support. Therefore, the ratings are directly linked to the United States sovereign rating. Additionally, Fitch Ratings lowered the long-term debt rating for the Farm Credit Banks, including CoBank, ACB, to A+ from AA-. The F1+ short-term rating was affirmed, and the outlook on the long-term debt rating was revised to stable. The reduction in the credit rating by Fitch Ratings for the Farm Credit Banks, including CoBank, ACB, could result in higher funding costs, which could impact our costs.

Members' Equity

Our equity structure is described in Note 8 to the accompanying Consolidated Financial Statements. Members' equity increased to $579.3 million at December 31, 2023, compared to $551.8 million at December 31, 2022, and $524.2 million at December 31, 2021. The increase in 2023 was due to net income recorded in 2023, and the cumulative effect of the change in accounting principle offset by patronage payable. Members' equity as a percentage of total assets decreased slightly to 18.7 percent at December 31, 2023, compared to 19.6 percent at December 31, 2022, and 20.5 percent at December 31, 2021. Effective January 1, 2023, we adopted the CECL accounting guidance, the cumulative effect of the change in accounting principle was a result of this adoption. Refer to Note 2 to the accompanying Consolidated Financial Statements for additional information regarding the CECL adoption.

The Farm Credit Administration regulations require us to maintain minimums for our common equity Tier 1, Tier 1 capital, total capital and permanent capital risk-based capital ratios. In addition, the Farm Credit Administration requires us to maintain minimums for our non-risk-adjusted ratios of Tier 1 leverage and unallocated retained earnings and equivalents (UREE) leverage. Effective January 1, 2022, the Farm Credit Administration regulations slightly modified the calculation of the unallocated retained earnings and equivalents leverage ratio to include certain additional deductions. The modification did not have a material impact on this ratio.

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2023	2022	2021		
Risk-adjusted ratios:					
Common equity Tier 1	**15.44%**	15.95%	17.32%	**4.5%**	**7.0%**
Tier 1 capital	**15.44%**	15.95%	17.32%	**6.0%**	**8.5%**
Total capital	**15.60%**	16.11%	17.51%	**8.0%**	**10.5%**
Permanent capital	**15.46%**	15.97%	17.35%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**18.02%**	18.13%	19.16%	**4.0%**	**5.0%**
UREE leverage	**18.02%**	18.13%	21.13%	**1.5%**	**1.5%**

Our capital plan is designed to maintain an adequate amount of surplus and allowance for credit losses, which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets and off-balance sheet commitments. Refer to the "Loan Portfolio" section for further discussion of the changes in assets. Additional discussion of regulatory ratios and members' equity information is included in Note 8, and off-balance sheet commitments are discussed in Note 12 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total capital target range. This allows us to maintain a capital base adequate for future growth and investment in new products and services. The range is subject to revision as circumstances change. Our total capital target range is 12.0 percent to 15.0 percent as defined in our 2024 capital plan.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior Farm Credit Administration approval. We do not foresee any events that would result in this prohibition in 2024.

Frontier Farm Credit, ACA

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

Relationship With CoBank, ACB

We borrow from CoBank, ACB to fund our lending operations in accordance with the Farm Credit Act of 1971, as amended. Approval from CoBank, ACB is required for us to borrow elsewhere. A General Financing Agreement, as discussed in Note 7 to the accompanying Consolidated Financial Statements, governs this lending relationship. The interest rate may be periodically adjusted by CoBank, ACB based on the terms and conditions of the General Financing Agreement.

At December 31, 2023, our investment in CoBank, ACB is in the form of Class A stock with a par or stated value of $100 per share.

We receive patronage income based on the annual average daily balance of our note payable to CoBank, ACB. CoBank, ACB's Board of Directors sets the patronage rates.

Due to the nature of our financial relationship with CoBank, ACB, the financial condition and results of operations of CoBank, ACB materially impact our stockholders' investments in Frontier Farm Credit. To request a free copy of the combined CoBank, ACB financial reports, contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905 or via email to $sr@frontierfarmcredit.com. You may also obtain copies by accessing CoBank, ACB's website, cobank.com. Annual reports are available no later than 75 days after the end of the calendar year, and quarterly reports are available no later than 40 days after the end of each calendar quarter.

Relationship With Farm Credit Services of America, ACA

We continue to be in a strategic alliance with FCSAmerica, designed to benefit the farmers and ranchers who own and support the two financial services cooperatives by ensuring that both Associations have the strength and capacity to serve agricultural customers' needs for years to come.

Frontier Farm Credit and FCSAmerica continue to exist as separate Associations while integrating their day-to-day business operations, technology systems and leadership teams. While each Association continues to have its own independent Board, the Boards meet jointly to enhance coordination and collaboration between the two organizations.

Under the alliance agreement, Frontier Farm Credit and FCSAmerica have agreed to share current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. For the year ending December 31, 2023, pretax net income was shared on fixed percentages of 6.1 and 93.9 percent for Frontier Farm Credit and FCSAmerica, respectively. For the year ending December 31, 2023, Frontier Farm Credit recorded $28.5 million of net operating expenses under the income- and expense-sharing provisions of the alliance agreement primarily due to incurred expenses by FCSAmerica for Frontier Farm Credit associated expenses. The net operating expenses recorded by Frontier Farm Credit were $25.3 million for the year ended December 31, 2022, and $26.1 million for the year ended December 31, 2021. The net operating expenses specifically attributable to salaries and employee benefits, and occupancy and equipment expenses are recorded in their respective accounts in our Consolidated Statements of Income. The remainder of the allocation is a net recording to "Other operating expenses" in our Consolidated Statements of Income. Depending on the activity in each Association, this allocation can result in the recording of an operating expense credit.

Frontier Farm Credit has $3.1 billion in assets and serves multiple counties in eastern Kansas. FCSAmerica has $41.9 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming.

AgDirect®, LLP

We participate in the AgDirect, LLP trade credit financing program, which includes origination and refinancing of agricultural equipment loans and leases through independent equipment dealers. The program is facilitated by FCSAmerica through a limited liability partnership (LLP) in which we are a partial owner. Our investment in AgDirect, LLP was $9.5 million at December 31, 2023, $8.3 million at December 31, 2022, and $7.7 million at December 31, 2021. The LLP is an unincorporated business entity. We also receive a partnership distribution resulting from our participation in the program, which is included in "Patronage income" in the Consolidated Statements of Income.

SunStream Business Services

We have a relationship with SunStream Business Services (SunStream), a Farm Credit System service corporation. The services we purchase from them include tax-reporting services. For further discussion on our relationship with SunStream, see Note 11 to the accompanying Consolidated Financial Statements.

Farm Credit Foundations

We have a relationship with Farm Credit Foundations, a Farm Credit System service corporation, which involves purchasing human resource, benefit, payroll and workforce management services. For further discussion on our relationship with Farm Credit Foundations, see Note 11 to the accompanying Consolidated Financial Statements.

Rural 1st®

We are a participant in the Rural 1st referral program to provide rural home lending to our customers. The program is facilitated by an Association in the AgriBank, FCB District where the loans are serviced. We receive noninterest income from the facilitating Association on loan volume originated in our territory via Rural 1st. For further discussion on our relationship with Rural 1st, see Note 11 to the accompanying Consolidated Financial Statements.

Farm Credit Leasing Services Corporation

We have an agreement with Farm Credit Leasing Services Corporation (FCL), a Farm Credit System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our customers with a broad selection of product offerings and enhanced lease expertise. For further discussion on our relationship with FCL, see Note 11 to the accompanying Consolidated Financial Statements.

Rural Business Investment Companies

We and other Farm Credit System institutions are among the limited partners invested in Rural Business Investment Companies (RBICs). The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. Certain commitments may have an option to extend under specific circumstances. For further discussion, see Note 12 to the accompanying Consolidated Financial Statements.

Frontier Farm Credit, ACA
Report of Management

We prepare the Consolidated Financial Statements of Frontier Farm Credit, ACA (Association) and are responsible for their integrity and objectivity, including amounts that must be necessarily based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the annual report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with generally accepted auditing standards in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness, as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consult regularly with us and meet periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify that we have reviewed the Association's annual report, and it has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate and complete to the best of our knowledge and belief.

Mark Jensen
President and CEO
March 1, 2024

Craig P. Kinnison
Executive Vice President – CFO
March 1, 2024

Shane Tiffany
Chairperson, Board of Directors
March 1, 2024

Frontier Farm Credit, ACA

Report on Internal Control Over Financial Reporting

Frontier Farm Credit, ACA's (Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2023. In making the assessment, management used the 2013 framework in Internal Control – Integrated Framework, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2023, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2023.

Mark Jensen
President and CEO
March 1, 2024

Craig P. Kinnison
Executive Vice President – CFO
March 1, 2024

Frontier Farm Credit, ACA

Report of Audit Committee

The Consolidated Financial Statements of Frontier Farm Credit, ACA (Association) were prepared under the oversight of the Audit Committee. The Audit Committee is composed of four individuals from the Association Board of Directors. In 2023, the Audit Committee met four times. The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as our independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue its report based on its audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2023, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statements on Auditing Standards AU-C 260, "The Auditor's Communication With Those Charged With Governance," and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Consolidated Financial Statements in the annual report for the year ended December 31, 2023.

Kathy Brick

Kathy Brick
Chair, Audit Committee
Frontier Farm Credit, ACA
March 1, 2024

Audit Committee Members:
Marty Reichenberger
Lee Mueller
Shane Tiffany

Report of Independent Auditors

To the Board of Directors of Frontier Farm Credit, ACA:

Opinion

We have audited the accompanying consolidated financial statements of Frontier Farm Credit, ACA and its subsidiaries (the "Association"), which comprise the consolidated statements of condition as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Association changed the manner in which it accounts for the allowance for credit losses in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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pwc

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2023 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 1, 2024

Frontier Farm Credit, ACA

Consolidated Statements of Condition

(Dollars in thousands)

	December 31,		
	2023	2022	2021
Assets			
Loans	**$2,926,057**	$2,649,458	$2,409,596
Less allowance for credit losses on loans	**8,500**	3,600	4,000
Net loans	**2,917,557**	2,645,858	2,405,596
Accrued interest receivable	**40,034**	31,528	26,457
Investment in CoBank, ACB	**68,447**	67,809	70,099
Investment in AgDirect, LLP	**9,516**	8,270	7,712
Premises and equipment, net	**20,723**	20,933	20,227
Prepaid benefit expense	**7,908**	8,702	6,390
Other assets	**33,450**	31,406	21,482
Total assets	**$3,097,635**	$2,814,506	$2,557,963
Liabilities			
Notes payable to CoBank, ACB	**$2,477,811**	$2,211,801	$1,993,483
Accrued interest payable	**8,330**	5,736	2,157
Patronage payable	**23,900**	22,700	20,500
Allowance for credit losses on unfunded commitments	**1,000**	1,100	1,000
Accrued benefits liability	**180**	192	209
Other liabilities	**7,093**	21,162	16,423
Total liabilities	**$2,518,314**	$2,262,691	$2,033,772
Commitments and contingencies (Note 12)			
Members' Equity			
At-risk capital:			
Class B common stock	**9,252**	9,191	9,151
Class C common stock	**179**	188	200
Less capital stock receivable (Note 8)	**(9,431)**	(9,379)	(9,351)
Retained earnings	**579,321**	551,815	524,191
Total members' equity	**579,321**	551,815	524,191
Total liabilities and members' equity	**$3,097,635**	$2,814,506	$2,557,963

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA
Consolidated Statements of Income
(Dollars in thousands)

	Year Ended December 31,		
	2023	2022	2021
Net Interest Income			
Interest income	**$155,345**	$104,651	$84,064
Interest expense	**82,537**	41,430	24,875
Net interest income	**72,808**	63,221	59,189
Provision for credit losses	**5,864**	286	(6,299)
Net interest income after provision for credit losses	**66,944**	62,935	65,488
Noninterest Income			
Patronage income	**13,504**	12,696	10,750
Insurance services	**4,918**	4,285	3,655
Loan fees	**2,231**	2,767	4,188
Mineral income	**1,458**	1,865	1,226
Other noninterest income	**1,234**	1,589	1,655
Total noninterest income	**23,345**	23,202	21,474
Noninterest Expense			
Salaries and employee benefits	**22,616**	20,267	19,954
Occupancy and equipment expense	**3,441**	3,660	3,426
Other operating expenses	**9,131**	7,866	9,385
Insurance fund premiums	**3,893**	3,997	2,852
Other noninterest expense	**–**	68	153
Total noninterest expense	**39,081**	35,858	35,770
Income before income taxes	**51,208**	50,279	51,192
Provision for income taxes	**–**	–	15
Net income	**$ 51,208**	$ 50,279	$51,177

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(Dollars in thousands)

	At-Risk Capital		
	Capital Stock	Retained Earnings	Total Members' Equity
Balance at December 31, 2020	$ –	$493,215	$493,215
Net income		51,177	51,177
Patronage distribution accrued		(20,500)	(20,500)
Patronage accrual adjustment		299	299
Capital stock:			
Capital stock and participation certificates issued	1,154		1,154
Capital stock and participation certificates retired	(762)		(762)
Capital stock and participation certificates receivable, net	(392)		(392)
Balance at December 31, 2021	–	524,191	524,191
Net income		50,279	50,279
Patronage distribution accrued		(22,700)	(22,700)
Patronage accrual adjustment		45	45
Capital stock:			
Capital stock and participation certificates issued	719		719
Capital stock and participation certificates retired	(691)		(691)
Capital stock and participation certificates receivable, net	(28)		(28)
Balance at December 31, 2022	–	551,815	551,815
Cumulative effect of change in accounting principle		**100**	**100**
Net income		**51,208**	**51,208**
Patronage distribution accrued		**(23,900)**	**(23,900)**
Patronage accrual adjustment		**98**	**98**
Capital stock:			
Capital stock and participation certificates issued	**577**		**577**
Capital stock and participation certificates retired	**(525)**		**(525)**
Capital stock and participation certificates receivable, net	**(52)**		**(52)**
Balance at December 31, 2023	**$ –**	**$579,321**	**$579,321**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Frontier Farm Credit, ACA

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash Flows from Operating Activities:			
Net income	**$51,208**	$50,279	$51,177
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	**5,864**	286	(6,299)
Stock patronage received from Farm Credit institutions	**(39)**	(37)	(30)
Loss on sales of other property owned	**–**	–	1
Gain on sales of premises and equipment	**–**	–	(35)
Depreciation on premises and equipment	**1,038**	862	841
(Increase) decrease in accrued interest receivable	**(8,506)**	(5,071)	19
Increase (decrease) in accrued interest payable	**2,594**	3,579	(161)
Decrease (increase) in prepaid benefit expense	**794**	(2,312)	(1,699)
Increase in other assets	**(303)**	(8,101)	(7,266)
Decrease in accrued benefits liability	**(12)**	(17)	(19)
(Decrease) increase in other liabilities	**(14,069)**	4,739	7,132
Total adjustments	**(12,639)**	(6,072)	(7,516)
Net cash provided by operating activities	**38,569**	44,207	43,661
Cash Flows from Investing Activities:			
Increase in loans, net	**(277,563)**	(240,448)	(154,998)
(Increase) decrease in investment in CoBank, ACB	**(599)**	2,327	–
Increase in investment in AgDirect, LLP	**(1,246)**	(558)	(1,920)
Purchases of premises and equipment	**(828)**	(1,568)	(942)
Purchases of investment in RBICs	**(1,741)**	(1,823)	(1,510)
Proceeds from sales of other property owned	**–**	–	339
Proceeds from sales of premises and equipment	**–**	–	35
Net cash used in investing activities	**(281,977)**	(242,070)	(158,996)
Cash Flows from Financing Activities:			
Increase in notes payable, net	**266,010**	218,318	138,636
Patronage paid in cash	**(22,602)**	(20,455)	(23,301)
Net cash provided by financing activities	**243,408**	197,863	115,335
Net increase (decrease) in cash	**–**	–	–
Cash at beginning of year	**–**	–	–
Cash at end of year	**$ –**	$ –	$ –
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Cash patronage distribution declared	**$23,900**	$22,700	$20,500
Change in capital stock and participation certificates receivable	**$52**	$28	$392
Supplemental Cash Flow Information:			
Interest paid on notes payable	**$79,943**	$37,852	$25,035
Income taxes paid (net of refunds)	**$(7)**	$(3)	$ –

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 – Organization and Operations

Farm Credit System and District

Farm Credit System Lending Institutions

The Farm Credit System is a federally chartered network of borrower-owned lending institutions comprising cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2024, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 56 customer-owned cooperative lending institutions (Associations). The Farm Credit System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the Farm Credit System serves – the American farmer and rancher.

CoBank, ACB, a Farm Credit System bank, its affiliated Associations and AgVantis are collectively referred to as the CoBank, ACB District. Frontier Farm Credit is one of the affiliated Associations in the District. CoBank, ACB provides the funding to Associations within the District and is responsible for supervising certain activities of the District Associations. AgVantis, which is owned by the entities it serves, provides technology and other operational services to certain Associations. As of January 1, 2024, the CoBank District consisted of CoBank, ACB; 16 Agricultural Credit Associations (ACA), each of which have two wholly owned subsidiaries; a Federal Land Credit Association (FLCA) and a Production Credit Association (PCA); and AgVantis.

Federal Land Credit Associations are authorized to originate long-term real estate mortgage loans. Production Credit Associations are authorized to originate short-term and intermediate-term loans. Agricultural Credit Associations are authorized to originate long-term real estate mortgage loans, and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related service businesses. Additionally, Associations can participate with other lenders in loans to similar entities. Similar entities are parties who are not eligible for a loan from a Farm Credit System lending institution but have operations that are functionally similar to the activities of eligible borrowers.

Farm Credit System Regulator

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System banks and Associations. We are examined by the Farm Credit Administration, and certain Association actions are subject to the prior approval of the Farm Credit Administration and/or CoBank, ACB.

Farm Credit System Insurance Fund

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit System Insurance Fund. The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par or stated value and for other specified purposes.

At the discretion of the FCSIC, the Farm Credit System Insurance Fund also is available to provide assistance to certain troubled Farm Credit System institutions and for the operating expenses of the FCSIC. Each Farm Credit System bank is required to pay premiums into the Farm Credit System Insurance Fund until the assets in the Farm Credit System Insurance Fund equal 2.0 percent of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments.

This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities, which are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. CoBank, ACB, in turn, assesses premiums to its affiliated Associations each year based on similar factors.

Association

Frontier Farm Credit, ACA (ACA) and its subsidiaries, Frontier Farm Credit, FLCA (FLCA) and Frontier Farm Credit, PCA (PCA), collectively referred to as Frontier Farm Credit, are lending institutions of the Farm Credit System. We are a member-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Allen, Anderson, Atchison, Bourbon, Brown, Chase, Chautauqua, Cherokee, Clay, Coffey, Crawford, Dickinson, Doniphan, Douglas, Elk, Franklin, Geary, Greenwood, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Marion, Marshall, Miami, Montgomery, Morris, Nemaha, Neosho, Osage, Pottawatomie, Riley, Shawnee, Wabaunsee, Washington, Wilson, Woodson and Wyandotte in the state of Kansas. We borrow from CoBank, ACB and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. We offer risk management services, including crop, crop hail, multi-peril and livestock insurance for borrowers and those eligible to borrow.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

Relationship With Farm Credit Services of America, ACA

We continue to be in a strategic alliance with FCSAmerica, designed to benefit the farmers and ranchers who own and support the two financial services cooperatives by ensuring that both Associations have the strength and capacity to serve agricultural customers' needs for years to come.

Frontier Farm Credit and FCSAmerica continue to exist as separate Associations while integrating their day-to-day business operations, technology systems and leadership teams. While each Association continues to have its own independent Board, the Boards meet jointly to enhance coordination and collaboration between the two organizations.

Under the alliance agreement, Frontier Farm Credit and FCSAmerica have agreed to share current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. For the year ending December 31, 2023, pretax net income was shared on fixed percentages of 6.1 and 93.9 percent for Frontier Farm Credit and FCSAmerica, respectively. For the year ending December 31, 2023, Frontier Farm Credit recorded $28.5 million of net operating expenses under the income- and expense-sharing provisions of the alliance agreement primarily due to incurred expenses by FCSAmerica for Frontier Farm Credit associated expenses. The net operating expenses recorded by Frontier Farm Credit were $25.3 million for the year ended December 31, 2022, and $26.1 million for the year ended December 31, 2021. The net operating expenses specifically attributable to salaries and employee benefits, and occupancy and equipment expenses are recorded in their respective accounts in our Consolidated Statements of Income. The remainder of the allocation is a net recording to "Other operating expenses" in our Consolidated Statements of Income. Depending on the activity in each Association, this allocation can result in the recording of an operating expense credit.

Frontier Farm Credit has $3.1 billion in assets and serves multiple counties in eastern Kansas. FCSAmerica has $41.9 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming.

Note 2 – Summary of Significant Accounting Policies

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and prevailing practices within the financial services industry.

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

The Consolidated Financial Statements present the consolidated financial results of Frontier Farm Credit, ACA (the parent), and Frontier Farm Credit, FLCA and Frontier Farm Credit, PCA (the subsidiaries), collectively referred to as Frontier Farm Credit. All material intercompany transactions and balances have been eliminated in consolidation.

The following are our significant accounting policies:

Loans

Mortgage-loan terms range from five to 35 years at origination. Commercial loans are made for agricultural production or operating purposes with original terms of 10 years or less. Other operating loans have original terms up to 24 months.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until certain modifications are completed or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past-due status, is collected or otherwise discharged in full.

Loans are carried at their principal amount outstanding, net of any unearned income, cumulative charge-offs and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based on the daily principal amount outstanding. The net amount of loan fees and related origination costs are not material to the Consolidated Financial Statements taken as a whole.

Generally, we place loans in nonaccrual status when:

- principal or interest is delinquent for 90 days or more (unless the loan is adequately secured and in the process of collection), or
- circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse current-year accrued interest. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for credit losses on loans. Subsequent recoveries, if any, are added to the allowance for credit losses on loans. Any cash received on nonaccrual loans is applied to reduce the carrying amount in the loan, except in those cases where the collection of the carrying amount in the loan is fully expected and certain other criteria are met. In these circumstances, interest is credited to income when cash is received. Loans are charged off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments (typically based on payment frequency).

Included within our loans are loan modifications. Loan modifications may be granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, an interest rate reduction, other-than-insignificant term extension or other-than-insignificant payment deferrals. Other-than-insignificant term extensions are defined as those greater than or equal to six months. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Other-than-insignificant payment deferrals are defined as cumulative or individual payment delays greater than or equal to six months.

Prior to January 1, 2023, in situations where, for economic or legal reasons related to the borrower's financial difficulties, we granted a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan was classified as a troubled debt restructuring (TDR), also known as a formally restructured loan for regulatory purposes. A concession was generally granted to minimize economic loss and avoid foreclosure. Concessions varied by program and borrower, and may have included interest rate reductions, term extensions, payment deferrals or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven. Loans classified as TDRs were considered risk loans. There may have been modifications made in the normal course of business that were considered TDRs.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets or participating interests in the financial assets. The transfers of such assets or participating interests are structured such that control over the transferred assets or participating interests has been surrendered and that all conditions have been met to be accounted for as a sale.

Allowance for Credit Losses on Loans and Unfunded Commitments

Effective January 1, 2023, we adopted Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments (CECL)." This guidance established a single allowance framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures, and replaced the incurred loss guidance. This framework requires that management's estimate reflects credit losses over the asset's remaining expected life and considers expected future changes in macroeconomic conditions and is referred to as the Current Expected Credit Losses (CECL) methodology. The allowance for credit losses comprises the allowance for credit losses on loans, unfunded commitments and investment securities.

The allowance for credit losses on loans and unfunded commitments represents the estimated current expected credit losses over the remaining contractual life of the portfolio, adjusted for expected prepayments, and expected utilization of unfunded commitments. The allowance for credit losses takes into consideration relevant information about past events, current conditions and macroeconomic forecasts of future conditions. Multiple macroeconomic scenarios are considered over a reasonable and supportable forecast period, after which we revert to long-run historical economic conditions on an exponential basis. The contractual term excludes expected extensions, renewals and modifications unless the extension or renewal options are not unconditionally cancellable.

The allowance for credit losses on loans and unfunded commitments is increased through provisions for credit losses and loan recoveries and is decreased through provisions for credit loss reversals and loan charge-offs. The allowance for credit losses on unfunded commitments is included in "Other liabilities" in the Consolidated Statements of Condition. The provision activity is included as part of the "Provision for credit losses" in the Consolidated Statements of Income. See Note 3, "Loans and Allowance for Credit Losses on Loans," for further information.

Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. Subsequent evaluations of the then existing loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for credit losses in those future periods. Loans are evaluated on the amortized cost basis, including unamortized premiums and discounts. We use multiple macroeconomic scenarios – baseline, adverse and optimistic – over a reasonable and supportable forecast period of two years. Subsequent to the forecast period, we revert to long-run historical economic conditions beyond the two years on an exponential basis to inform the estimate of losses for the remaining contractual life of the loan portfolio.

The economic forecasts incorporate macroeconomic variables including net farm income and agricultural commodity prices. Also considered are loan and borrower characteristics, such as internal risk ratings, delinquency status, collateral type and the remaining term of the loan, adjusted for expected prepayments. In addition to the quantitative calculation, we consider the imprecision inherent in the process and methodology, emerging risk assessments and other subjective factors, which may lead to a management adjustment to the modeled results. Expected credit loss estimates also include consideration of expected cash recoveries on loans previously charged off or expected recoveries on collateral-dependent loans where recovery is expected through sale of the collateral. The economic forecasts are updated on a quarterly basis.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

We employ a disciplined process and methodology to establish the allowance for credit losses that has two basic components. First, an asset-specific component involving individual loans that do not share risk characteristics with other loans and the measurement of expected credit losses for such individual loans; and second, a pooled component for estimated expected credit losses for pools of loans that share similar risk characteristics.

The asset-specific approach only applies to nonperforming exposures. Asset-specific loans are generally collateral-dependent loans (including those loans for which foreclosure is probable) and nonaccrual loans. For an asset-specific loan, expected credit losses are measured as the difference between the amortized cost basis in the loan and the present value of expected future cash flows discounted at the loan's effective interest rate. However, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis of the loan and the fair value of the underlying collateral. The fair value of the collateral is adjusted for the estimated cost to sell if repayment or satisfaction of a loan is dependent on the sale (rather than only on the operation) of the collateral. In accordance with our appraisal policy, the fair value of collateral-dependent loans is based on independent third-party appraisals or on collateral valuations prepared by in-house appraisers. When an updated appraisal or collateral valuation is received, management reassesses the need for adjustments to the loan's expected credit loss measurements and, where appropriate, records an adjustment. If the calculated expected credit loss is determined to be permanent, fixed or non-recoverable, the credit loss portion of the loan will be charged off against the allowance for credit losses.

In estimating the component of the allowance for credit losses that share common risk characteristics, loans are evaluated collectively and segregated into loan pools considering the risk associated with the specific pool. Relevant risk characteristics include loan type, interest rate product, commodity, credit-quality rating, delinquency category or marketplace delivery, or a combination of these characteristics. The allowance is determined based on a quantitative calculation of the expected life-of-loan loss percentage for each loan category by considering the probability of default, based on the migration of loans from performing to loss by credit-quality rating or delinquency buckets using historical life-of-loan analysis periods for loan types, and the severity of loss, based on the aggregate net lifetime losses incurred per loan pool. In addition to the quantitative calculation, we consider the imprecision inherent in the process and methodology, emerging risk assessments and other subjective factors, which may lead to a management adjustment to the modeled allowance for credit loss results. We have no qualitative adjustments in our current allowance.

The final credit loss estimate also may consider factors not reflected in the economic forecast and historical-loss experience due to the unique aspects of current conditions and expectations. These factors may include but are not limited to: lending policies and procedures; experience and depth of lending staff; credit quality and delinquency trends; individual borrower and industry concentrations; national, regional and local economic business conditions and developments; and collateral-value trends.

Prior to January 1, 2023, the allowance for loan losses was an estimate of losses inherent in our loan portfolio as of the financial statement date. We determined the appropriate level of allowance for loan losses based on quarterly evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions. Refer to our 2022 annual report for additional information.

Accrued Interest Receivable

Accrued interest receivable on loans is presented in the Consolidated Statements of Condition. Accrued interest receivable has been excluded from the footnote disclosures for all periods after January 1, 2023.

Investment in CoBank, ACB

Our required investment in CoBank, ACB is in the form of Class A stock. The minimum required investment is 3.0 percent of the prior one-year average direct loan volume. The investment in CoBank, ACB comprises patronage-based stock and purchased stock. The requirement for capitalizing patronage-based participation loans sold to CoBank, ACB is 7.0 percent of the prior 10-year average of such participations sold to CoBank, ACB.

Investment in AgDirect, LLP

Accounting for our investment in AgDirect, LLP is on a cost basis.

Other Property Owned

We record other property owned, consisting of real and personal property acquired through a collection action, at fair value, less estimated selling costs at the time of acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for credit losses on loans. Revised estimates of the fair value, less estimated selling costs, are reported as adjustments to the carrying amount of the asset, provided that the adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations, and carrying-value adjustments are included in the "Other noninterest income" or "Other noninterest expense" in the Consolidated Statements of Income.

Investment in Rural Business Investment Companies

The carrying amount of the investments in the Rural Business Investment Companies (RBICs), in which we are a limited partner and hold non-controlling interests, are accounted for under the equity method. The investments are included in "Other assets" in the Consolidated Statements of Condition. The investments are assessed for impairment. If impairment exists, losses are included in "Other noninterest expense," in the Consolidated Statements of Income in the year of impairment.

Premises and Equipment

The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Depreciation and maintenance and repair expenses are included in "Occupancy and equipment expense" in the Consolidated Statements of Income and improvements are capitalized.

Leases

We operate under an agreement with CoBank, ACB through which we purchase a participation in loans made by CoBank, ACB to FCL to fund capital-markets leases, agricultural equipment leases and agricultural facilities leases that we originate. Under provisions of this agreement, FCL typically participates 50.0 percent funding for these leases to CoBank, ACB, and CoBank, ACB participates a similar amount to us. Lease participations purchased under this agreement are included in "Loans" in the Consolidated Statements of Condition.

Advance Conditional Payments

We are authorized under the Farm Credit Act to accept advance conditional payments from customers. We net the advance conditional payments against the customer's related loan balance to the extent that the real estate customer's loan balance exceeds the advance payments. The amount of commercial advance conditional payments accepted cannot exceed the commitment amount of the customer's note. We classify commercial advance conditional payments as "Other liabilities" in the Consolidated Statements of Condition because the limit on commercial advance conditional payments is based on note commitments. We pay interest on advance conditional payments and they are not insured.

Employee Benefit Plans

Our employees participate in a defined contribution plan and/or pension plan. Benefit plans are described in Note 9. The costs of the defined contribution plan are funded as accrued. Additionally, we provide a retiree health care benefit to retired employees who met specific age and service requirements.

Income Taxes

The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program

We accrue an estimated patronage payable after it is declared by the Board of Directors, normally in December of each year. After year-end eligible average daily balances are calculated, we record a patronage accrual adjustment in the year of payment. We generally pay the accrued patronage in the first quarter of the subsequent year. Cash patronage distributions are referred to as cash-back dividends.

Statement of Cash Flows

For purposes of reporting cash flow, cash includes cash on hand and on deposit at commercial banks.

Off-Balance Sheet Credit Exposures

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Commercial letters of credit are agreements to pay a beneficiary under specific conditions. We evaluate the need for an allowance for credit losses on unfunded commitments, which is included in "Other liabilities" in the Consolidated Statements of Condition. For more information, see the "Allowance for Credit Losses on Loans and Unfunded Commitments" in the Summary of Significant Accounting Policies section of this report.

Fair Value Measurement

The Financial Accounting Standards Board guidance on "Fair Value Measurements" describes three levels of inputs that may be used to measure fair value.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Observable inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly;
- inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and
- inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect our own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

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Notes to Consolidated Financial Statements

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board and have determined the following standards to be applicable to our business. While we are a nonpublic business entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other Farm Credit System institutions.

Standard and Effective Date	Description	Financial Statement Impact
In June 2016, the Financial Accounting Standards Board issued ASU 2016-13 “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The guidance was originally effective for non-U.S. Securities and Exchange Commission filers for our first quarter of 2021. In November 2019, the Financial Accounting Standards Board issued ASU 2019-10, which amended the mandatory effective date for this guidance for certain institutions. We qualified for the deferral of the mandatory effective date. As a result of the change, the standard was effective for our first quarter of 2023 and early adoption was permitted. Additionally, the Financial Accounting Standards Board issued several updates during 2019 refining and clarifying Topic 326.	This guidance replaced the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	We adopted the standard and related updates as of January 1, 2023. As a result of adoption of this guidance, the allowance for credit losses on loans increased by $400 thousand and the allowance for credit losses on unfunded commitments decreased by $500 thousand with a cumulative-effect increase, net of tax balances, to retained earnings of $100 thousand.
In March 2022, the Financial Accounting Standards Board issued ASU 2022-02 “Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.” The guidance was effective at the same time that ASU 2016-13 was adopted.	This guidance eliminated the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, “Receivables – Troubled Debt Restructurings by Creditors,” while enhancing disclosure requirements for certain loan refinancings and restructurings. The expanded Vintage Disclosures are not applicable to nonpublic business entities.	We adopted the standard on January 1, 2023. The adoption of this guidance did not have a material impact on our financial statements but will modify certain disclosures beginning in 2023. However, modifications during the period were not material; therefore, related disclosures have been omitted from this report.

Note 3 – Loans and Allowance for Credit Losses on Loans

Loans, including participations purchased and nonaccruals, consisted of the following (dollars in thousands):

	December 31,					
	2023		2022		2021	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Long-term agricultural mortgage	**$1,552,683**	**53.1%**	$1,514,583	57.2%	$1,473,033	61.2%
Production and intermediate term	**671,101**	**22.9**	579,811	21.9	549,707	22.8
Agribusiness	**446,434**	**15.3**	375,811	14.2	253,649	10.5
Rural infrastructure	**179,280**	**6.1**	106,335	4.0	67,958	2.8
Rural residential real estate	**46,019**	**1.6**	50,911	1.9	59,653	2.5
Agricultural export finance	**30,540**	**1.0**	22,007	0.8	5,596	0.2
Total loans	**$2,926,057**	**100.0%**	$2,649,458	100.0%	$2,409,596	100.0%

Throughout the remaining Note 3 tables, accrued interest receivable on loans of $40.0 million at December 31, 2023, has been excluded from the amortized cost of loans and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions. We lend primarily within agricultural industries.

As of December 31, 2023, amortized cost on loans plus commitments, excluding government-guaranteed portions of loans, to our 10 largest borrowers totaled an amount equal to 6.7 percent of total loans and commitments.

While the amounts represent our maximum potential credit risk related to recorded loan principal plus unfunded commitments, a substantial portion of our lending activities is collateralized, which reduces our exposure to credit loss associated with lending activity. We include an estimate of our credit-risk exposure in determining the allowance for loan losses.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the borrower. Collateral held varies by loan type but typically includes agricultural real estate, equipment, crop inventory and livestock, and income-producing property. Long-term real estate loans are secured by a first lien on the underlying real property.

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We may purchase or sell participation interests with other parties to diversify risk, manage loan volume or comply with the limitations of the Farm Credit Administration regulations or the General Financing Agreement with CoBank, ACB. The following table presents information regarding participations purchased and sold (participations purchased do not include syndications; dollars in thousands):

	CoBank, ACB		Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations		Participations		Participations		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
As of December 31, 2023								
Long-term agricultural mortgage	**$ –**	**$18,925**	**$ 69,907**	**$ 48,964**	**$ –**	**$ –**	**$ 69,907**	**$ 67,889**
Production and intermediate term	**8,417**	**6,506**	**310,612**	**114,155**	**–**	**–**	**319,029**	**120,661**
Agribusiness	**–**	**–**	**419,403**	**154**	**–**	**–**	**419,403**	**154**
Rural infrastructure	**4,220**	**–**	**175,066**	**–**	**–**	**–**	**179,286**	**–**
Agricultural export finance	**–**	**–**	**30,540**	**–**	**–**	**–**	**30,540**	**–**
Total	**$12,637**	**$25,431**	**$1,005,528**	**$163,273**	**$ –**	**$ –**	**$1,018,165**	**$188,704**
As of December 31, 2022								
Long-term agricultural mortgage	$ –	$16,568	$ 61,465	$ 49,151	$ –	$ –	$ 61,465	$ 65,719
Production and intermediate term	8,932	2,130	243,376	93,779	–	–	252,308	95,909
Agribusiness	15,661	–	353,338	13,113	–	–	368,999	13,113
Rural infrastructure	4,524	–	101,811	–	–	–	106,335	–
Agricultural export finance	–	–	22,007	–	–	–	22,007	–
Total	$29,117	$18,698	$ 781,997	$156,043	$ –	$ –	$ 811,114	$174,741
As of December 31, 2021								
Long-term agricultural mortgage	$ –	$13,296	$ 60,432	$ 33,006	$ –	$ –	$ 60,432	$ 46,302
Production and intermediate term	8,487	1,092	229,347	86,864	–	–	237,834	87,956
Agribusiness	32,232	–	219,608	28,940	–	–	251,840	28,940
Rural infrastructure	4,810	–	63,148	–	–	–	67,958	–
Agricultural export finance	–	–	5,596	–	–	–	5,596	–
Total	$45,529	$14,388	$ 578,131	$148,810	$ –	$ –	$ 623,660	$163,198

Participations purchased increased $207.1 million in 2023, while participations sold increased by $14.0 million. The increase in purchased participations is primarily due to activity in the production and intermediate-term, agribusiness and rural-infrastructure portfolios. The increase in the participations sold is due to activity in the production and intermediate-term portfolios.

We utilize the Farm Credit Administration Uniform Classification System, which categorizes loans into five categories. The categories define loans as:

- acceptable — non-criticized loans representing the highest quality. These loans are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- other assets especially mentioned (OAEM) — currently collectible but exhibit some potential weakness. These loans involve increased credit risk but not to the point of justifying a substandard classification.
- substandard — exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan.
- doubtful — exhibit similar weaknesses to substandard assets. However, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- loss — considered uncollectible.

We had no loans categorized as loss at December 31, 2023, 2022 or 2021.

The following table shows loans classified under the Farm Credit Administration Uniform Classification System as a percentage of total loans by loan type at amortized cost (dollars in thousands):

	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	%	Amount	%	Amount	%	Amount
As of December 31, 2023							
Long-term agricultural mortgage	**$1,505,339**	**96.95%**	**$16,698**	**1.08%**	**$30,646**	**1.97%**	**$1,552,683**
Production and intermediate term	**630,413**	**93.94%**	**16,041**	**2.39%**	**24,647**	**3.67%**	**671,101**
Agribusiness	**432,732**	**96.93%**	**4,348**	**0.97%**	**9,354**	**2.10%**	**446,434**
Rural infrastructure	**174,337**	**97.24%**	**4,433**	**2.47%**	**510**	**0.29%**	**179,280**
Rural residential real estate	**45,206**	**98.23%**	**275**	**0.60%**	**538**	**1.17%**	**46,019**
Agricultural export finance	**30,540**	**100.00%**	**–**	**–**	**–**	**–**	**30,540**
Total	**$2,818,567**	**96.33%**	**$41,795**	**1.43%**	**$65,695**	**2.24%**	**$2,926,057**
As of December 31, 2022							
Long-term agricultural mortgage	$1,507,672	98.15%	$18,672	1.22%	$ 9,736	0.63%	$1,536,080
Production and intermediate term	565,824	96.27%	17,340	2.95%	4,561	0.78%	587,725
Agribusiness	359,481	95.25%	5,147	1.36%	12,793	3.39%	377,421
Rural infrastructure	106,574	100.00%	–	–	–	–	106,574
Rural residential real estate	50,352	98.73%	303	0.60%	343	0.67%	50,998
Agricultural export finance	22,188	100.00%	–	–	–	–	22,188
Total	$2,612,091	97.43%	$41,462	1.55%	$27,433	1.02%	$2,680,986
As of December 31, 2021							
Long-term agricultural mortgage	$1,442,318	96.66%	$31,984	2.15%	$17,804	1.19%	$1,492,106
Production and intermediate term	518,619	93.26%	26,299	4.73%	11,193	2.01%	556,111
Agribusiness	233,121	91.62%	13,705	5.39%	7,620	2.99%	254,446
Rural infrastructure	68,028	100.00%	–	–	–	–	68,028
Rural residential real estate	58,773	98.35%	505	0.84%	482	0.81%	59,760
Agricultural export finance	5,602	100.00%	–	–	–	–	5,602
Total	$2,326,461	95.50%	$72,493	2.98%	$37,099	1.52%	$2,436,053

Prior to adoption of CECL, which was effective January 1, 2023, accruing loans included accrued interest receivable.

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Our adversely classified assets increased during 2023, ending the year at 2.24 percent of the portfolio compared to 1.02 percent and 1.52 percent of the portfolio at December 31, 2022, and 2021, respectively.

Credit risk arises from the potential inability of a borrower to meet their payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. We manage credit risk associated with our lending activities through an analysis of the credit-risk profile of an individual borrower based on established underwriting standards and lending policies, approved by our Board of Directors. The credit-risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate. As required by the Farm Credit Administration's regulations, each institution that makes loans on a secured basis must have collateral-evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85 percent of the original appraised value of the property taken as security or up to 97 percent of the appraised value if guaranteed by a state, federal or other governmental agency. The actual loan-to-appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

We use a two-dimensional risk-rating model that is based on an internally generated combined System-risk-rating guidance that incorporates a 14-point probability-of-default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is our estimate of anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay his or her obligation in full or the borrower or the loan is classified as nonaccrual. This credit-risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. We review the probability-of-default category at least on an annual basis or when a credit action is taken.

Each of the probability-of-default categories carries a distinct percentage of default probability. The probability-of-default rate between one and nine of the acceptable categories is very narrow, reflecting almost no default to a minimal default percentage. The probability-of-default rate grows more rapidly as a loan moves from "acceptable" to "other assets especially mentioned" and grows significantly as a loan moves to a "substandard" (viable) level. A "substandard" (non-viable) rating indicates the probability of default is almost certain.

The following table provides an aging analysis of past-due loans by loan type at amortized cost (dollars in thousands):

	30–89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Accruing Loans 90 Days or More Past Due
As of December 31, 2023						
Long-term agricultural mortgage	**$1,990**	**$2,595**	**$4,585**	**$1,548,098**	**$1,552,683**	**$ –**
Production and intermediate term	**2,393**	**369**	**2,762**	**668,339**	**671,101**	**109**
Agribusiness	**630**	**–**	**630**	**445,804**	**446,434**	**–**
Rural infrastructure	**–**	**–**	**–**	**179,280**	**179,280**	**–**
Rural residential real estate	**24**	**–**	**24**	**45,995**	**46,019**	**–**
Agricultural export finance	**–**	**–**	**–**	**30,540**	**30,540**	**–**
Total	**$5,037**	**$2,964**	**$8,001**	**$2,918,056**	**$2,926,057**	**$ 109**
As of December 31, 2022						
Long-term agricultural mortgage	$1,212	$ 810	$2,022	$1,534,058	$1,536,080	$ –
Production and intermediate term	101	630	731	586,994	587,725	160
Agribusiness	1,247	–	1,247	376,174	377,421	–
Rural infrastructure	–	–	–	106,574	106,574	–
Rural residential real estate	20	–	20	50,978	50,998	–
Agricultural export finance	–	–	–	22,188	22,188	–
Total	$2,580	$1,440	$4,020	$2,676,966	$2,680,986	$ 160
As of December 31, 2021						
Long-term agricultural mortgage	$1,231	$ –	$1,231	$1,490,875	$1,492,106	$ –
Production and intermediate term	1,379	438	1,817	554,294	556,111	–
Agribusiness	239	–	239	254,207	254,446	–
Rural infrastructure	–	–	–	68,028	68,028	–
Rural residential real estate	–	–	–	59,760	59,760	–
Agricultural export finance	–	–	–	5,602	5,602	–
Total	$2,849	$ 438	$3,287	$2,432,766	$2,436,053	$ –

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The following table reflects nonperforming loans, which consist of nonaccrual loans and accruing loans 90 days or more past due, at amortized cost (dollars in thousands):

	December 31,		
	2023	2022	2021
Nonaccrual loans:			
Long-term agricultural mortgage	**$ 5,143**	$3,066	$3,478
Production and intermediate term	**9,537**	574	700
Agribusiness	**1,174**	1,555	811
Rural residential real estate	**10**	19	119
Total nonaccrual loans	**$15,864**	$5,214	$5,108
Accruing restructured loans:			
Long-term agricultural mortgage	**$ –**	$ 54	$ 58
Agribusiness	**–**	583	–
Total accruing restructured loans	**$ –**	$ 637	$ 58
Accruing loans 90 days or more past due:			
Production and intermediate term	**$ 109**	$ 160	$ –
Total accruing loans 90 days or more past due	**$ 109**	$ 160	$ –
Total nonperforming loans	**15,973**	6,011	5,166

The following table provides the amortized cost for nonperforming loans with and without a related allowance for credit losses on loans, as well as interest income recognized during the period (dollars in thousands):

	As of December 31, 2023		For the year ended December 31, 2023
	Amortized Cost With Specific Allowance	**Amortized Cost Without Specific Allowance**	**Interest Income Recognized**
Nonaccrual loans:			
Long-term agricultural mortgage	**$ 2,269**	**$2,874**	**$ 6**
Production and intermediate term	**9,057**	**480**	**(138)**
Agribusiness	**822**	**352**	**6**
Rural residential real estate	**—**	**10**	**—**
Total nonaccrual loans	**$12,148**	**$3,716**	**$(126)**
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	**$ —**	**$ —**	**$ 24**
Production and intermediate term	**—**	**109**	**18**
Total accruing loans 90 days or more past due	**$ —**	**$ 109**	**$ 42**

Reversals of interest income on loans that moved to nonaccrual status were not material for the year ended December 31, 2023.

Included within our loans are loan modifications, some of which are granted to borrowers experiencing financial difficulty. Those classified as modified loans at December 31, 2023, and activity on these loans during the year ended December 31, 2023, were not material. We did not have any material commitments to lend to borrowers whose loans have been modified during the year ended December 31, 2023.

We utilize multiple macroeconomic scenarios, including base, adverse and optimistic, in the estimate of the allowance for credit losses during a reasonable and supportable forecast period of two years. We revert to long-run historical economic conditions on an exponential basis to inform the estimate of losses for the remaining contractual life of the loan portfolio.

A summary of changes in the allowance for credit losses on loans and unfunded commitments follows (dollars in thousands):

	December 31,		
Allowance for Credit Losses on Loans	**2023**	2022	2021
Balance at beginning of year	**$3,600**	$4,000	$9,800
Cumulative effect of change in accounting principle	**400**	–	–
Provision for credit losses on loans	**5,464**	186	(6,199)
Loans charged off	**(1,184)**	(715)	(245)
Recoveries	**220**	129	644
Balance at end of year	**$8,500**	$3,600	$4,000

	December 31,		
Allowance for Credit Losses on Unfunded Commitments	**2023**	2022	2021
Balance at beginning of year	**$1,100**	$1,000	$1,100
Cumulative effect of change in accounting principle	**(500)**	–	–
Provision for credit losses on unfunded commitments	**400**	100	(100)
Balance at end of year	**$1,000**	$1,100	$1,000
Total allowance for credit losses	**$9,500**	$4,700	$5,000

The 2023 change in the allowance for credit losses on loans from December 31, 2022, was primarily driven by growth in our loan portfolio, increased specific reserves, loan charge-offs, updated economic forecasts and our CECL cumulative-effect adjustment.

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A summary of changes in the allowance for credit losses on loans by loan type (dollars in thousands):

	Balance at December 31, 2022	**Cumulative Effect of Change in Accounting Principle**	**Loan Recoveries**	**Loan Charge-Offs**	**Provision for Credit Losses on Loans**	**Balance at December 31, 2023**
Long-term agricultural mortgage	$ 977	**$1,042**	**$ 20**	**$ (53)**	**$ 134**	**$2,120**
Production and intermediate term	756	**(71)**	**50**	**(820)**	**5,229**	**5,144**
Agribusiness	1,638	**(596)**	**150**	**(311)**	**60**	**941**
Rural infrastructure	159	**(47)**	**–**	**–**	**83**	**195**
Rural residential real estate	59	**80**	**–**	**–**	**(54)**	**85**
Agricultural export finance	11	**(8)**	**–**	**–**	**12**	**15**
Total	$3,600	**$ 400**	**$220**	**$(1,184)**	**$5,464**	**$8,500**

	Balance at December 31, 2021	Cumulative Effect of Change in Accounting Principle	Loan Recoveries	Loan Charge-Offs	Provision for Loan Losses	Balance at December 31, 2022
Long-term agricultural mortgage	$1,513	$ –	$ 28	$ (49)	$(515)	$ 977
Production and intermediate term	1,068	–	101	(666)	253	756
Agribusiness	1,200	–	–	–	438	1,638
Rural infrastructure	128	–	–	–	31	159
Rural residential real estate	87	–	–	–	(28)	59
Agricultural export finance	4	–	–	–	7	11
Total	$4,000	$ –	$129	$(715)	$186	$3,600

	Balance at December 31, 2020	Cumulative Effect of Change in Accounting Principle	Loan Recoveries	Loan Charge-Offs	Provision for Loan Losses	Balance at December 31, 2021
Long-term agricultural mortgage	$6,552	$ –	$ 85	$ (45)	$(5,079)	$1,513
Production and intermediate term	1,755	–	485	(182)	(990)	1,068
Agribusiness	1,007	–	15	–	178	1,200
Rural infrastructure	242	–	–	–	(114)	128
Rural residential real estate	239	–	59	(18)	(193)	87
Agricultural export finance	5	–	–	–	(1)	4
Total	$9,800	$ –	$644	$(245)	$(6,199)	$4,000

Adversely classified assets are assets that we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

Previously Required Disclosures

The disclosures in this section were required prior to January 1, 2023. Upon the adoption of CECL, these disclosures are no longer required prospectively.

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following table presents information concerning the recorded investment in risk loans (dollars in thousands):

	December 31,	
	2022	2021
Nonaccrual loans:		
Current as to principal and interest	$3,093	$4,670
Past due	2,121	438
Total nonaccrual loans	5,214	5,108
Impaired accrual loans:		
Restructured	637	58
90 days or more past due	160	–
Total risk loans	$6,011	$5,166

Note: Accruing loans include accrued interest receivable.

	Year Ended December 31,	
	2022	2021
Interest income recognized on nonaccrual loans	$(118)	$ 50
Interest income recognized on risk accrual loans	104	51
Interest income recognized on risk loans	$ (14)	$101

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All risk loans are considered to be impaired loans. The following table provides additional impaired loan information (dollars in thousands):

	As of December 31, 2022			For the Period Ended December 31, 2022	
	Recorded Investment [1]	Unpaid Principal Balance [2]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Production and intermediate term	$ –	$ –	$ –	$ –	$(4)
Agribusiness	1,112	1,147	480	383	–
Total	$1,112	$1,147	$480	$383	$(4)
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$3,120	$4,132	$ –	$ 5,214	$(111)
Production and intermediate term	734	2,733	–	2,741	30
Agribusiness	1,026	1,873	–	2,065	71
Rural residential real estate	19	26	–	51	–
Total	$4,899	$8,764	$ –	$10,071	$ (10)
Total impaired loans:					
Long-term agricultural mortgage	$3,120	$4,132	$ –	$ 5,214	$(111)
Production and intermediate term	734	2,733	–	2,741	26
Agribusiness	2,138	3,020	480	2,448	71
Rural residential real estate	19	26	–	51	–
Total	$6,011	$9,911	$480	$10,454	$ (14)

[1] The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.
[2] Unpaid principal balance represents the contractual principal balance of the loan.

	As of December 31, 2021			For the Period Ended December 31, 2021	
	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Production and intermediate term	$ –	$ –	$ –	$–	$(2)
Agribusiness	603	654	368	55	–
Total	$603	$654	$368	$55	$(2)
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$3,536	$4,986	$ –	$ 6,789	$ 28
Production and intermediate term	700	2,149	–	3,636	57
Agribusiness	208	967	–	1,023	–
Rural residential real estate	119	132	–	359	18
Total	$4,563	$8,234	$ –	$11,807	$103
Total impaired loans:					
Long-term agricultural mortgage	$3,536	$4,986	$ –	$ 6,789	$ 28
Production and intermediate term	700	2,149	–	3,636	55
Agribusiness	811	1,621	368	1,078	–
Rural residential real estate	119	132	–	359	18
Total	$5,166	$8,888	$368	$11,862	$101

(1) *The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.*
(2) *Unpaid principal balance represents the contractual principal balance of the loan.*

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Notes to Consolidated Financial Statements

A summary of the allowance for credit losses and recorded investments in loans outstanding by loan type, as evaluated individually and collectively for impairment, is as follows (dollars in thousands):

	Allowance for Credit Losses Ending Balance at December 31, 2022		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2022	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Long-term agricultural mortgage	$ –	$ 977	$3,120	$1,532,960
Production and intermediate term	–	756	734	586,991
Agribusiness	480	1,158	2,138	375,283
Rural infrastructure	–	159	–	106,574
Rural residential real estate	–	59	19	50,979
Agricultural export finance	–	11	–	22,188
Total	$480	$3,120	$6,011	$2,674,975

	Allowance for Credit Losses Ending Balance at December 31, 2021		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2021	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Long-term agricultural mortgage	$ –	$1,513	$3,536	$1,488,570
Production and intermediate term	–	1,068	700	555,411
Agribusiness	368	832	811	253,635
Rural infrastructure	–	128	–	68,028
Rural residential real estate	–	87	119	59,641
Agricultural export finance	–	4	–	5,602
Total	$368	$3,632	$5,166	$2,430,887

Prior to the adoption of CECL, a restructuring of a loan constituted a troubled debt restructuring, also known as formally restructured, if the creditor, for economic or legal reasons related to the borrower's financial difficulties, granted a concession to the borrower that it would not consider otherwise. Concessions varied by program and were borrower-specific and could include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may have been forgiven.

We recorded no new troubled debt restructurings during the year ended December 31, 2022, and 2021.

We had no troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the respective reporting period.

There were no additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring at December 31, 2022.

The following table provides the troubled debt restructurings (TDRs) outstanding (accruing volume includes accrued interest receivable; dollars in thousands):

As of December 31:	2022	2021
Accrual status:		
Long-term agricultural mortgage	$ 54	$ 58
Agribusiness	583	–
Total TDRs in accrual status	$637	$ 58
Nonaccrual status:		
Production and intermediate term	$ –	$ 28
Agribusiness	29	811
Total TDRs in nonaccrual status	$ 29	$839
Total TDRs:		
Long-term agricultural mortgage	$ 54	$ 58
Production and intermediate term	–	28
Agribusiness	612	811
Total TDRs	$666	$897

Note 4 – Investment in CoBank, ACB

We are required to invest in the capital stock of CoBank, ACB as a condition for maintaining a readily available source of funds. The minimum required investment is 3.0 percent of our prior one-year average direct loan volume. The current requirement for capitalizing our patronage-based participation loans sold to CoBank, ACB is 7.0 percent of our prior 10-year average balance of such participations sold to CoBank, ACB. The investment in CoBank, ACB comprises patronage-based stock and purchased stock. Under the CoBank, ACB capital plan applicable to such participations sold, patronage from CoBank, ACB related to these participations sold is paid 75.0 percent cash and 25.0 percent Class A stock. The capital plan is evaluated annually by CoBank, ACB's Board of Directors and management and is subject to change.

At December 31, 2023, our investment in CoBank, ACB is in the form of Class A stock with a par or stated value of $100 per share.

CoBank, ACB may require the holders of its equities to subscribe for additional capital as may be needed to meet its capital requirements for its joint and several liability under the Farm Credit Act regulations. In making such a capital call, CoBank, ACB shall take into account the financial condition of each such holder and such other considerations, as it deems appropriate.

The balance of our investment in CoBank, ACB was $68.4 million at December 31, 2023, and $67.8 million and $70.1 million at December 31, 2022, and 2021, respectively.

Note 5 – Investment in AgDirect, LLP

We participate in the AgDirect, LLP trade credit financing program, which includes origination and refinancing of agricultural equipment loans and leases through independent equipment dealers. The program is facilitated by FCSAmerica through a limited liability partnership (LLP) in which we are a partial owner. Our investment in AgDirect, LLP was $9.5 million at December 31, 2023, $8.3 million at December 31, 2022, and $7.7 million at December 31, 2021. The LLP is an unincorporated business entity.

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Note 6 – Premises and Equipment

Premises and equipment consisted of the following (dollars in thousands):

	December 31,		
	2023	2022	2021
Land, buildings and improvements	**$28,809**	$27,982	$26,414
Furniture and equipment	**35**	930	930
	28,844	28,912	27,344
Less accumulated depreciation	**8,121**	7,979	7,117
Premises and equipment, net	**$20,723**	$20,933	$20,227

Note 7 – Notes Payable

Our notes payable to CoBank, ACB represents borrowings in the form of a line of credit to fund our net assets. This notes payable is collateralized by a pledge of substantially all of our assets and is governed by a General Financing Agreement. CoBank, ACB has established a revolving line of credit of $2.6 billion effective June 1, 2023. The General Financing Agreement and promissory note are subject to periodic renewals in the normal course of business. The General Financing Agreement matures on May 31, 2024, and we expect renewal at that time. We were in compliance with the terms and conditions of the General Financing Agreement as of December 31, 2023.

Substantially all borrower loans are match-funded with CoBank, ACB. Payments and disbursements are made on the notes payable to CoBank, ACB on the same basis as we collect payments from and disburse on borrower loans. The interest rate may periodically be adjusted by CoBank, ACB based on the terms and conditions of the borrowing. The interest rate at December 31, 2023, was 3.19 percent compared to 2.21 percent and 0.75 percent for the years ended December 31, 2022, and 2021, respectively.

The consolidated notes payable balance is presented in the following table (dollars in thousands):

	December 31,		
	2023	2022	2021
Notes payable to CoBank, ACB	**$2,477,811**	$2,211,801	$1,993,483

Under the Farm Credit Act, we are obligated to borrow only from CoBank, ACB unless CoBank, ACB approves borrowing from other funding sources. CoBank, ACB, consistent with Farm Credit Administration regulations, has established limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2023, we were within the specified limitations.

Note 8 – Members' Equity

A description of our capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities follows.

Capital Stock

In accordance with the Farm Credit Act, as amended, each borrower is required to invest in us as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, our Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan equal to $1 thousand or 2.0 percent of the amount of the collective total balance of each borrower's loan(s) with us, whichever is less. Our Board of Directors may increase the amount of required investment, if necessary, to meet capital needs and to the extent authorized in the capital bylaws. The stock requirement for loan customers is generally $1 thousand, and stock is issued to each loan co-maker (includes primary borrower and any co-borrowers; does not include guarantors). Non-loan customers purchasing financially related services from the Association continue to purchase one $5 share of stock.

The member acquires ownership of capital stock or participation certificates at the time the loan is made. Loan co-makers who do not currently own stock will acquire stock when a new loan is originated or a loan-servicing action takes place. Members are not currently required to make a cash investment to acquire capital stock or participation certificates. However, their obligation to pay for the capital stock or participation certificates is maintained as an interest-free obligation and will only be due in the unlikely event that the Association does not meet regulatory capital requirements.

The capital stock and participation certificates are at-risk investments as described in our capital bylaws. We retain a first lien on common stock or participation certificates owned by our members. Stock is retired in accordance with our bylaws. Members are responsible for payment of the cash investment upon demand by us.

Regulatory Capitalization Requirements and Ratios

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2023	2022	2021		
Risk-adjusted ratios:					
Common equity Tier 1	**15.44%**	15.95%	17.32%	**4.5%**	**7.0%**
Tier 1 capital	**15.44%**	15.95%	17.32%	**6.0%**	**8.5%**
Total capital	**15.60%**	16.11%	17.51%	**8.0%**	**10.5%**
Permanent capital	**15.46%**	15.97%	17.35%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**18.02%**	18.13%	19.16%	**4.0%**	**5.0%**
UREE leverage	**18.02%**	18.13%	21.13%	**1.5%**	**1.5%**

Risk-adjusted assets have been defined by the Farm Credit Administration regulations as the Statement of Condition assets and off-balance sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets are calculated differently for the permanent capital ratio compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for credit losses on loans as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with Farm Credit Administration regulations and are calculated as follows (not all items may be applicable to our Association):

- Common equity Tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity Tier 1 plus noncumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is Tier 1 capital plus other required member stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance for credit losses on loans and allowance for credit losses on unfunded commitments subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by permanent capital ratio risk-adjusted assets.
- Tier 1 leverage ratio is Tier 1 capital, including regulatory deductions, divided by average assets, less regulatory deductions subject to Tier 1 capital.
- UREE leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, divided by average assets, less regulatory deductions subject to Tier 1 capital.

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

Description of Equities

The following table presents information regarding the classes and number of shares of stock outstanding as of December 31. All shares are at-risk and have a par or stated value of $5 per share.

	Shares Outstanding as of December 31,		
	2023	2022	2021
Class B common stock	**1,850,316**	1,838,299	1,830,218
Class C common stock	**35,820**	37,502	40,063

Our bylaws authorize us to issue an unlimited number of shares of Class B common stock and Class C common stock with a par or stated value of $5 per share.

Class B common stock is voting and is issued solely to a farmer, rancher, or producer or harvester of aquatic products. Class C common stock has no voting rights and is issued to customers to capitalize rural home and farm-related business loans or to become eligible for financial services. Class B common stock and Class C common stock may be retired at the discretion of the Board of Directors, at book value not to exceed par, provided we meet minimum capital adequacy standards under Farm Credit Administration regulations.

Subject to our policies, Class B and Class C common stock are transferable to any person eligible to hold the respective class of stock. Class B common stock and Class C common stock cannot be transferred when we do not meet capital adequacy standards under Farm Credit Administration regulations. At December 31, 2023, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

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At any time within two years after the loan of a customer is repaid in full, any voting stock held by the customer is converted to nonvoting stock. The nonvoting stock may be converted back to voting stock if the owner of the stock borrows additional funds.

As determined by the Board of Directors, we may declare dividends in stock, cash or any combination, provided we meet capital adequacy standards under Farm Credit Administration regulations and no stock is impaired. Losses that result in impairment of stock and participation certificates will be allocated ratably to stock and participation certificates. In the event we would liquidate or dissolve, any assets remaining after payment or retirement of all liabilities would be distributed to the holders of stock in the following order of priority:

- first, to the holders of common stock and participation certificates, equally and pro rata in proportion to the number of shares or units of common stock and participation certificates issued and outstanding, until an amount equal to the aggregate par or stated value of all common stock and participation certificates has been distributed;
- second, to the holders of allocated surplus pro rata, on the basis of oldest allocations first, until an amount equal to the total account has been distributed; and
- third, any remaining assets would be distributed among current and former stockholders in the proportion that the aggregate patronage of each stockholder bears to the total patronage of all current and former stockholders, to the extent practicable and as determined by the Board unless otherwise provided by law.

Patronage Distributions

For 2023, the Board of Directors declared cash patronage distributions based on each customer's average daily balance of eligible loans outstanding during the year. Our Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements. Our patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution referred to as a cash-back dividend. We accrued $23.9 million in December 2023 to be paid in 2024. In 2022, we accrued a total of $22.7 million and $20.5 million in 2021.

Note 9 – Employee Benefit Plans

We participate in the benefits plans administered by Farm Credit Foundations, a service corporation for Farm Credit System entities. The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans of which we are a participating employer. These governance committees comprise either elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans, including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any) and termination of specific benefit plans. Any action to change or terminate the retirement plan can occur only at the direction of the participating employers in the plan. The Trust Committee is responsible for fiduciary and plan administrative functions. The Association has a senior officer who serves on each committee.

Under the alliance agreement described in Note 1, the 2023 benefits expense of $73.7 million was shared between the Association and FCSAmerica on a 6.1 percent and 93.9 percent basis, respectively, which excluded any Frontier Farm Credit pension plans expense in excess of the Association's retirement programs. Additionally, the Association's net pension plans expense was $1.3 million for 2023. The employee benefits expense is included in the "Salaries and employee benefits" in the Consolidated Statements of Income.

Defined Contribution Plan

The Association participates in the Farm Credit Foundations Defined Contribution/401(k) Plan for benefits-eligible employees. The plan is a qualified plan up to the limits provided under the Internal Revenue Code.

For employees who do not participate in the Qualified Pension Plan, Frontier Farm Credit matches the employee's contributions dollar for dollar up to a maximum of 6.0 percent of the employee's compensation on both pretax and post-tax contributions. Additionally, our Association contributes a fixed 3.0 percent of the employee's compensation to the plan.

For employees who participate in the Qualified Pension Plan, the Association matches the employee's contributions dollar for dollar up to 2.0 percent of the employee's compensation and 50.0 percent of the employee's contributions above 2.0 percent and up to and including 6.0 percent of the employee's compensation, on both pretax and post-tax contributions.

Nonqualified Deferred Compensation Plan

The Farm Credit Foundations Nonqualified Deferred Compensation Plan serves two purposes. The plan provides for employer-matching or fixed contributions that exceed the Internal Revenue Code limits of the Defined Contribution Plan. Additionally, eligible employees may defer a portion of their base salary, variable pay and other compensation into this plan. Under the plan, eligible participants include the chief executive officer and other employees who meet certain compensation thresholds as determined by the Internal Revenue Code.

Pre-409A Frozen Nonqualified Deferred Compensation Plan

We also participate in the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purposes as the Nonqualified Deferred Compensation Plan. However, the plan was frozen effective January 1, 2007. As such, no additional participants are eligible to enter the plan and no additional employer contributions are made to the plan.

Qualified Pension Plan

Certain employees participate in the Ninth Farm Credit District Pension Plan, a multiemployer defined benefit retirement plan. The U.S. Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers eligible employees. The assets, liabilities and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if the Association chooses to stop participating in the plan, it may be required to pay an amount based on the underfunded status of the plan, referred to as a withdrawal liability. Because of the multiemployer nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee moves to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

The defined benefit plan reflects a funded asset totaling $16.2 million at December 31, 2023. The pension benefits funding status reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these Consolidated Financial Statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels.

The projected benefit obligation and fair value of the multiemployer plan assets as of December 31 follows (in millions):

	2023	2022	2021
Projected benefit obligation	**$282.2**	$271.9	$347.3
Fair value of plan assets	**$298.4**	$281.5	$341.9

The amount of the pension benefits funding status is subject to many variables, including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each participating employer based on costs directly related to its current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. The Association recognizes its proportional share of expense and contributes a proportional share of funding. Costs and contributions for the multiemployer plan as of December 31 follow (in millions):

	2023	2022	2021
Total plan expenses for all participating employers	**$11.6**	$8.1	$13.7
Association's allocated share of plan expenses included in "Salaries and employee benefits"	**$1.3**	$0.9	$1.4
Total plan contributions for all participating employees	**$4.0**	$30.0	$30.0
Association's allocated share of plan contributions	**$0.5**	$3.2	$3.1

While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total employer contributions expected to be paid into the pension plans during 2024 is $2.2 million. The Association's allocated share of these pension contributions is expected to be $256 thousand. The amount ultimately to be contributed and the amount ultimately recognized as expense, as well as the timing of those contributions and expenses, are subject to many variables, including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than anticipated.

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Notes to Consolidated Financial Statements

Nonqualified Pension Restoration Plan

We participate in the Ninth Farm Credit District Pension Restoration Plan that is a nonqualified, unfunded retirement plan. This plan provides retirement benefits above the Internal Revenue Code compensation limit to certain former highly compensated eligible employees. Benefits payable under this plan are offset by the benefits payable from the Qualified Pension Plan.

The Association's share of the plan had no unfunded liability at December 31, 2023. The funding status reflects the net fair value of the plan's assets and the projected benefit obligation at the date of these Consolidated Financial Statements. The plan is not funded so the fair value of plan assets is zero.

The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The Association's projected benefit obligation of the plan was $0 as of December 31, 2023, 2022 and 2021.

There were no plan expenses included in "Salaries and employee benefits" in the accompanying Consolidated Statements of Income in 2023, 2022 and 2021. Assumptions used for the plan were consistent with the Qualified Pension Plan. Benefits payouts are expected to continue to be zero.

Retiree Health Care

The Association participates in the Farm Credit Foundations Retiree Medical Plan. The plan benefits are available to retired employees who met specific age and service requirements. Employees hired January 1, 2002, or later are not eligible for the subsidy. The anticipated costs of these benefits were accrued during the period of the employee's active service. The related expense is not considered material to our financial position.

Note 10 – Income Taxes

Our provision for income taxes follows (dollars in thousands):

	Year Ended December 31,		
	2023	2022	2021
Current:			
Federal	**$ –**	$ –	$15
State	**–**	–	–
Total current	**$ –**	$ –	$15
Deferred:			
Federal	**$(908)**	$(770)	$617
State	**$(333)**	(282)	272
Increase (decrease) in valuation allowance	**1,241**	1,052	(889)
Total deferred	**$ –**	$ –	$ –
Total provision for income taxes	**$ –**	$ –	$ 15

The following table calculates the differences between the provision for income taxes and income taxes at the statutory rates (dollars in thousands):

	Year Ended December 31,		
	2023	2022	2021
Federal tax at statutory rate	**$10,754**	$10,559	$10,750
State tax, net	**(879)**	(222)	60
Tax effect of:			
Exempt FLCA earnings	**(14,092)**	(11,403)	(10,523)
Increase (decrease) in deferred tax valuation allowance	**1,241**	1,052	(889)
Other	**2,976**	14	617
Provision for income taxes	**$ –**	$ –	$ 15

The following table provides the components of deferred tax assets and liabilities (dollars in thousands):

	Year Ended December 31,		
	2023	2022	2021
Allowance for credit losses on loans	**$1,406**	$186	$212
Nonaccrual loan interest	**19**	15	17
CoBank, ACB patronage allocations	**(592)**	(539)	(507)
Net operating loss	**1,325**	1,281	171
Other assets	**–**	–	107
Deferred tax asset	**2,158**	943	–
Deferred tax asset valuation allowance	**(2,158)**	(943)	–
Net deferred tax asset	**$ –**	$ –	$ –

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions regarding future taxable earnings, including the amount of nonpatronage income and patronage income retained. The expected future tax rates are based on enacted tax laws.

Deferred tax assets were fully offset by a valuation allowance for all years presented. We will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly.

Our effective tax rate was 0.0 percent for the years ending 2023, 2022 and 2021.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2023. Additionally, we believe we are no longer subject to income tax examinations for years prior to 2020.

Note 11 – Related Party Transactions

In the ordinary course of business, we may enter into loan transactions with our directors, senior officers, their immediate family members and other organizations with whom such persons may be associated. These transactions may be subject to special approval requirements contained in the Farm Credit Administration regulations and/or our policy, and are made on the same terms, including interest rates, amortization schedules and collateral, as those prevailing at the time for comparable transactions with other persons. The related parties can be different each year-end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans in the chart below are related to those considered related parties at each respective year-end. In our opinion, loans outstanding to directors and senior officers at December 31, 2023, did not involve more than a normal risk of collectability.

Loan information to related parties for the years ended December 31 is shown below (dollars in thousands):

Related Party Loans and Leases	As of December 31,		
	2023	2022	2021
Total related party loans and leases	**$30,346**	$22,933	$18,357

Related Party Loans and Leases	For the year ended December 31,		
	2023	2022	2021
New and advances on loans and leases	**$23,536**	$17,715	$22,682
Repayments and other	**$16,123**	$13,139	$19,660

We purchase certain business services from SunStream Business Services (SunStream). The services purchased from SunStream include tax-reporting services. The total cost of services we purchased from SunStream was $21 thousand, $20 thousand and $16 thousand in 2023, 2022 and 2021, respectively.

We purchase human resource information systems and benefit and payroll services from Farm Credit Foundations. The Farm Credit System entities using Farm Credit Foundations' services contributed an investment into the service corporation when it was formed as a separate service corporation. Our investment was $21 thousand for all years presented. The total cost of services purchased from Farm Credit Foundations was $111 thousand in 2023, $94 thousand in 2022 and $92 thousand in 2021.

As discussed in Note 7, we borrow from CoBank, ACB in the form of a line of credit to fund our loan portfolio. All interest expense as shown in the Consolidated Statements of Income was paid to CoBank, ACB. Total patronage earned from CoBank, ACB was $12.0 million, $11.5 million and $10.0 million in 2023, 2022 and 2021, respectively.

We are a participant in the Rural 1st referral program to provide rural home lending to our customers. The program is facilitated by an Association in the AgriBank, FCB District where the loans are serviced. We receive noninterest income from the facilitating Association on loan volume originated in our territory via Rural 1st. During 2023, we received $981 thousand in noninterest income for these originations. In 2022 and 2021, we received $1.4 million and $1.6 million, respectively, in noninterest income for these originations.

We have an agreement with Farm Credit Leasing Services Corporation (FCL), a Farm Credit System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

Note 12 – Commitments and Contingencies

In the normal course of business, we have various outstanding commitments and contingent liabilities, such as commitments to extend credit to satisfy the financing needs of our customers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a customer as long as there is not a violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis using the same credit policies as for on-balance-sheet financial instruments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the counterparty. Collateral held upon exercise of commitments varies but may include accounts receivable, inventory, property, plant and equipment, and agricultural real estate. We had remaining commitments for additional borrowing at December 31, 2023, of approximately $1.0 billion, approximately $880 million at December 31, 2022, and approximately $734 million at December 31, 2021.

We also participate in standby letters of credit to satisfy the financing needs of customers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2023, $7.3 million of standby letters of credit were outstanding, $6.8 million at December 31, 2022, and $6.2 million at December 31, 2021. Outstanding standby letters of credit have expiration dates ranging to 2033. The maximum potential amount of future payments we are required to make under the guarantees is equal to the total amount of the letters of credit outstanding.

Frontier Farm Credit, ACA

Notes to Consolidated Financial Statements

We and other Farm Credit System institutions are among the limited partners invested in nine Rural Business Investment Companies (RBICs). Our total current commitment is $21 million with varying commitment end dates through June 2034. Certain commitments may have an option to extend under specific circumstances. At December 31, 2023, our total commitment is $21 million, of which $15.3 million is unfunded. Our unfunded total was $11.0 million at December 31, 2022, and $9.0 million at December 31, 2021. The investments were evaluated for impairment. No impairments were recognized on these investments during 2023, 2022 or 2021.

In the normal course of business, we may be subject to a variety of legal matters that may result in contingencies. Actions are pending against us in which claims for money damages are asserted. In our opinion, based on current information, the ultimate liability, if any, would not have a material impact on our financial position.

Note 13 – Fair Value Measurement

The Financial Accounting Standards Board guidance on "Fair Value Measurements" defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Note 2 for a more complete description of the three input levels.

We do not have any material assets or liabilities measured at fair value on a recurring basis. We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis. The following tables provide information on assets measured at fair value on a nonrecurring basis (dollars in thousands):

As of December 31, 2023	**Fair Value Measurement**			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Loans	**$ –**	**$ –**	**$9,289**	**$9,289**

As of December 31, 2022	Fair Value Measurement			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$1,166	$1,166

As of December 31, 2021	Fair Value Measurement			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$272	$272

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

Note 14 – Subsequent Events

We have evaluated subsequent events through March 1, 2024, which is the date the Consolidated Financial Statements were available to be issued and have determined that there are no other events requiring disclosure.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the accompanying Consolidated Financial Statements in this annual report.

The description of significant business developments, if any, is incorporated herein by reference from the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in this annual report to stockholders.

Description of Property

Our corporate office is located in Manhattan, Kansas, and is owned. The locations of our retail offices are incorporated herein by reference to the last page in this annual report to stockholders. All retail office locations are owned. No facility construction projects were undertaken in 2023.

Legal Proceedings

Information required to be disclosed in this section is incorporated herein by reference from Note 12 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders. We were not subject to any enforcement actions as of December 31, 2023.

Description of Capital Structure

Information required to be disclosed in this section is incorporated herein by reference from Note 8 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

Description of Liabilities

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 7 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 12 to the accompanying Consolidated Financial Statements, included in this annual report to stockholders.

Member Privacy

The Farm Credit Administration regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association not normally contained in published reports or press releases to our members.

Customer Privacy

Customer privacy is important to us. We hold customer financial and other personal information in strict confidence. We do not sell or trade customers' personal information to marketing companies or information brokers for their use. By Farm Credit Administration regulations, we are required to provide a list of current stockholders to any stockholder who requests such information for defined purposes. Additional information regarding this Farm Credit Administration rule governing the disclosure of customer information can be obtained by contacting the Farm Credit Administration or our Legal team at PO Box 2409, Omaha, NE 68103-2409.

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Financial and Supervisory Relationship With the Association's Funding Bank

Information required to be disclosed in this section is incorporated herein by reference from the "Relationship with CoBank, ACB" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and from Note 7 to the accompanying Consolidated Financial Statements.

Selected Financial Data

The selected financial data for the five years ended December 31, 2023, required to be disclosed in this section is incorporated herein by reference from the "Consolidated Five-Year Summary of Selected Financial Data," included in this annual report to stockholders.

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

"Management's Discussion and Analysis of Financial Condition and Results of Operations," which appears in this annual report to stockholders and is required to be disclosed in this section, is incorporated herein by reference.

Directors and Compensation of Directors

The listing of directors, term of office, business experience during the past five years, principal occupation and employment during the past five years, and any other business interests, which are required to be disclosed in this section, are incorporated herein by reference from the "Frontier Farm Credit, ACA Directors" section in this annual report to stockholders.

Our bylaws permit compensation of directors for service on the Board. Compensation is provided for attendance at meetings, special assignments, training and development, and travel time associated with these responsibilities. The per diem rate for 2023 was $600. The monthly director retainer for January 1, 2023, through April 30, 2023, was $4,450. Beginning May 1, 2023, the monthly retainer for a director was $5,420. Additional monthly retainers paid for leadership positions as of May 1, 2023, included:

- Board Chairperson – $2,080
- Board Vice-Chairperson – $1,040
- Executive Subcommittee Chairperson – $420
- Audit Subcommittee Chairperson
  (who is not a Board Vice-Chairperson) – $1,040
- Subcommittee Chairperson
  (who also is a Board Chairperson or Vice-Chairperson) – $420

Compensation information for each director who served in 2023 follows:

Director	Board Days	Other Days	Total 2023 Compensation
Kathy Brick [1]	12.5	25.5	**$93,920**
Bill Miller [2]	2.0	10.5	**$20,850**
Lee Mueller [3]	12.5	34.0	**$104,060**
Marty Reichenberger [4]	10.5	26.0	**$69,710**
Shane Tiffany [5]	12.5	60.5	**$129,120**
		Total Compensation	**$417,660**

1) Chairperson of the Farm Credit Services of America and Frontier Farm Credit Audit Subcommittee.
2) Retired effective March 31, 2023.
3) Board Vice-Chairperson and Chairperson of the Farm Credit Services of America and Frontier Farm Credit Governance Subcommittee.
4) Elected effective April 1, 2023.
5) Board Chairperson and Chairperson of the Farm Credit Services of America and Frontier Farm Credit Executive Subcommittee.

Total compensation is rounded to the nearest dollar and includes retainer and per diem paid in 2023.

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Compensation of Chief Executive Officer and Senior Officers

The chief executive officer and senior officers as of December 31, 2023, are shown below. The chief executive officer and senior officers provide joint management for Frontier Farm Credit (Association) and Farm Credit Services of America (FCSAmerica).

Name	Current Position	Date Started in Current Position	Previous Position(s) During Past Five Years
Mark Jensen	President and CEO	November 2017	
Amy Bailey	Senior Vice President – Public Relations and Marketing	December 2022	Director – Brand Marketing and Corporate Communications, Scoular; Senior Director – Marketing and Communications, Blue Cross and Blue Shield of Nebraska
Scott Binder	Executive Vice President – Chief Alliance and Administration Officer	July 2022	Executive Vice President – Chief Operating Officer; President and CEO, FCC Services
Robert Campbell	Senior Vice President – Lending (Retail)	November 2023	Senior Vice President – Business Development; Senior Vice President
Wes Chambers	Senior Vice President – Retail	August 2022	Senior Vice President – Business Development; Regional Vice President – Business Development; Regional Vice President
Scott Coziahr	Executive Vice President – General Counsel	January 2020	Senior Vice President – General Counsel
Jennifer Downs	Senior Vice President – Financial Services	July 2022	Vice President – Financial Services; Vice President – Loan Accounting
Jason Edleman	Senior Vice President – Lending (Retail)	November 2023	Senior Vice President – Business Development; Regional Vice President – Business Development; Regional Vice President
Shane Frahm	Senior Vice President – Corporate Business Development	August 2022	Senior Vice President – Agribusiness Capital; Senior Vice President – Agribusiness Finance
Chad Gent	Senior Vice President – Retail Credit	January 2017	
Jameson Hallof	Senior Vice President – Commercial Credit	November 2022	Senior Vice President – Agricultural Underwriting; Vice President – Credit – Agribusiness, Farm Credit Mid-America
Marshall Hansen	Senior Vice President – Business Development (Corporate)	October 2022	Senior Vice President – Agribusiness Capital; Senior Vice President – Agribusiness Finance
David Hoyt	Senior Vice President – Treasury	March 2020	Vice President – Finance and Treasurer
Nathan Jensen	Senior Vice President – Program Lending	October 2023	Vice President – Capital Markets; Regional Vice President – Business Development; Senior Vice President – Agribusiness Banking Division, First Dakota National Bank
Anthony Jesina	Senior Vice President – Insurance and Consumer Lending	November 2023	Senior Vice President – Insurance; Senior Vice President – Related Services
Jud Jesske	Senior Vice President – Business Development (Commercial)	October 2022	Vice President – Capital Markets; Vice President – Agribusiness Lender
Phillip Keiken	Senior Vice President – Digital Strategy	August 2022	Vice President – UX; Co-Founder and UX Lead, Discotech; UX and Product Strategist, Keiken Design
Dallas Kime	Senior Vice President – Business Development (Commercial)	July 2022	Senior Vice President – Retail Commercial Lending; Vice President – Retail Commercial Lending

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Compensation of Chief Executive Officer and Senior Officers (cont.)

Name	Current Position	Date Started in Current Position	Previous Position(s) During Past Five Years
Craig Kinnison	Executive Vice President – Chief Financial Officer	January 2020	Senior Vice President – Chief Financial Officer
Jim Knuth	Senior Vice President – Lending (Retail)	November 2023	Senior Vice President – Business Development; Senior Vice President
Timothy Koch	Executive Vice President – Business Development	July 2022	Executive Vice President – Chief Credit Officer; Senior Vice President – Chief Credit Officer
Brian Legried	Senior Vice President – AgDirect	April 2017	
Tyler Leighton	Senior Vice President – Insurance	July 2023	Regional Vice President – Related Services
Jackie Martinie	Executive Vice President – Chief Credit and Operations Officer	August 2022	Senior Vice President – Chief Credit Officer; Senior Credit Manager – Retail Credit Underwriting Lead, Farm Credit Illinois
Gary Mazour	Senior Vice President – Commercial Credit	September 2022	Senior Vice President – Agribusiness Credit
Krista McDonald	Executive Vice President – Chief Strategy Officer	January 2020	Vice President – Sales Enablement; Vice President – Innovation and Strategy
Narayanan Nair	Senior Vice President – Chief Data Officer	June 2020	Director – Head of Data and Analytics, TD Ameritrade; Director – Product, D3 Banking Technology
Hans Nunnink	Senior Vice President – Enterprise Architecture and Principal Technical Architect	January 2021	Vice President and Principal Architect, Ticketmaster; Director and Acting Staff Engineer, American Express
Jon Peterson	Senior Vice President – Financial Planning and Analysis	June 2023	Senior Vice President – Corporate Finance, HealthEquity; Chief Financial Officer, Hudl; Vice President – Central Planning, Charles Schwab; Interim Chief Financial Officer, TD Ameritrade; Managing Director – FP&A, TD Ameritrade
Mick Porter	Senior Vice President – Commercial Credit	November 2022	Vice President – Large Producer Underwriting
Bruce Rouse	Senior Vice President – Business Development (Corporate)	October 2022	Vice President – Syndications (Structure); Vice President – Capital Markets (Structure)
Greg Salton	Senior Vice President – Chief Risk Officer	January 2018	Senior Vice President – Risk Management
Fallon Savage	Senior Vice President – Corporate Credit and Operations	October 2022	Senior Vice President – Commercial Credit; Senior Vice President – Agribusiness Credit; Senior Vice President – Agribusiness Capital
Angela Treptow	Senior Vice President – Retail Operations	November 2023	Senior Vice President – Lending Operations; Regional Vice President – Business Development; Regional Vice President
Russell Wagner	Executive Vice President – Chief Information Officer	January 2020	Senior Vice President – Chief Technology Officer

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Other business interests of the CEO and senior officers are shown below.

Name	Other Business Interests
Mark Jensen	• Board of Directors, Greater Omaha Chamber of Commerce. • Advisory Council, University of Nebraska Clayton Yeutter Institute of International Trade and Finance.
Scott Binder	• Board of Directors and Plan Sponsor Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations. • Board of Directors, Heartland Family Service, a human services organization.
Robert Campbell	• Advisory Council, University of Nebraska Center for Agricultural Profitability. • Owner of GrowLeadAchieve LLC, a leadership and business coaching company.
Wes Chambers	• South Dakota State University Council of Trustees, South Dakota State University Foundation, a non-profit organization supporting private funding for the university.
Scott Coziahr	• Managing member of JDI Properties, LLC, a real estate management company.
Jason Edleman	• Managing member of JAE Properties, LLC, a real estate management company. • Managing member of Mud Duck, LLC, a real estate management company. • President of Walkers Inc., a retail service business.
Shane Frahm	• Managing member of Frahm Brothers Partnership, a production farming company.
Chad Gent	• Managing member of Double Summit, LLC, a real estate tax lien investment company.
Marshall Hansen	• Marketing and Commerce committee member and Board of Directors member, Nebraska Cattlemen, an advocate for the beef industry in Nebraska. • AgNext Industry Innovation Group member at Colorado State University, formed to provide an industry perspective on the research efforts for scalable sustainability solutions for producers. • FarmHouse Fraternity Association board member, a social fraternity committed to the development of young men on the campus of the University of Nebraska-Lincoln.
David Hoyt	• Board of Directors, ProPartners Financial (PPF), a provider of credit programs for the direct sellers of crop inputs and seed in the United States. PPF is a collaboration of Farm Credit System institutions.
Nathan Jensen	• Managing member of Hidden View Farms, LLC, a production farming company. • Managing member of Denmark Pork, LLC, an agriculture real estate holding company. • School board member, Beresford School District.
Jud Jesske	• Managing member of Jesske Farms, LLC, a family farming entity. • External advisor and joint chair, University of Nebraska – Lincoln, Integrated Beef Systems. • Board of Directors, Agriculture Builders of Nebraska, Inc. • Lay Leadership Board Chair, Christ Lincoln Church.
Dallas Kime	• Board of Directors, Nebraska Farm Bureau Foundation, a non-profit organization promoting an understanding of the vital importance of agriculture in the state of Nebraska. • President, J.H. Kime and Sons Company, a production ranching company. • President, J.H. Kime and Sons Cattle Co., a production ranching company.
Craig Kinnison	• Board member, Farm Credit Captive Insurance Company, a provider of insurance coverage to System organizations. • Board of Directors, Costa Blanca Condominium Owners Association.
Tim Koch	• Trust Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations. • Board member, Farm Credit Captive Insurance Company, a provider of insurance coverage to System organizations.
Tyler Leighton	• Managing member of Leighton Acres, a production farming operation. • Co-owner of Pendragon Ink, an independent publishing company.
Jackie Martinie	• Managing member of MLIF, LLC, a residential real estate holding company.
Krista McDonald	• Board of Visitors, Wheaton College (IL), an advisory board for the college's Board of Trustees. • Board of Directors, Humble & Kind, a non-profit providing short-term aid to families in crisis.
Narayanan Nair	• Advisory board member, Modal.io, modallearning.com, which helps companies develop the critical skills their employees care about with personally curated paths that give them the relevant roadmap to build their skills and advance their careers.
Greg Salton	• Advisory Council, Kansas State University Center for Risk Management Education and Research. • Managing member, Boji Lakecation LLC, a short-term-rental real estate management company.
Fallon Savage	• Board of Directors, Four Points Federal Credit Union, a financial services cooperative offering banking products and services to members. • Board of Directors, Together, a non-profit focused on preventing and ending hunger and homelessness in Omaha and surrounding communities.
Russell Wagner	• Board of Directors, Food Bank for the Heartland, a non-profit focused on food insecurity for 93 counties across Nebraska and western Iowa.

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Compensation Overview: The Association's compensation programs are market-based and designed to provide competitive compensation, including base salary, incentives and benefits that attract, retain, motivate and reward an engaged and talented workforce while achieving business results aligned with the best interests of our shareholders.

The design and governance of our chief executive officer and senior officer compensation program are consistent with prudent risk management standards and provide total compensation that promotes our mission to ensure a safe, sound and dependable source of credit and related services for agriculture and rural America. The design of the compensation program supports our risk management goals and includes (1) a competitive mix of base salary and variable pay, (2) a pay-for-performance process that allocates individual awards based on individual performance and contributions, (3) a balanced use of variable-pay performance measures that are risk-adjusted where appropriate, and (4) a long-term portion of variable pay to align with the strategic direction of the Association, which provide for competitive market-based compensation and align with shareholder interests.

Compensation for the chief executive officer and senior officers includes base salary, short-term incentive plan opportunity and long-term incentive plan opportunity. Compensation for all other employees includes base salary and short-term incentive plan opportunity. The chief executive officer and senior officers participate in benefit plans generally available to all employees. Under the alliance agreement described in Note 1 to the accompanying Consolidated Financial Statements, the 2023 compensation and benefits expense for the chief executive officer, senior officers, and all Association and FCSAmerica employees was shared between the Association and FCSAmerica on a 6.1 percent and 93.9 percent basis, respectively, excluding any Association pension plan expense in excess of FCSAmerica's retirement programs.

The chief executive officer, Mr. Mark Jensen, does not have an employment agreement. A chief executive officer employment agreement is at the discretion of the Board of Directors.

Base Salaries: Base salaries for all employees, including the chief executive officer and senior officers, are based on position, experience and responsibilities, performance and market-based compensation data. The chief executive officer base salary is reviewed and approved by the Board of Directors. The Board of Directors approves the merit and market-adjustment pools available for senior officers' base salaries. Employer expense for base salaries is included in "Salaries and employee benefits" in the Consolidated Statements of Income, which was shared by the Association and FCSAmerica as part of the overall allocation of salaries and benefits.

Short-Term Incentive: The Board of Directors approves the annual short-term incentive plan, including the performance measures. The 2023 short-term incentive-plan performance measures included combined results for the Association and FCSAmerica. The senior officers participate in the annual short-term incentive plan along with other eligible Association employees. Select employees must sign an assignment, non-solicitation and nondisclosure agreement to participate in the short-term incentive plan. Payouts under the short-term incentive plan are based on financial and business results, and credit performance measures and are approved by the Board of Directors. Payouts are not provided unless specific levels of performance are achieved.

No more than one-half of the short-term incentive-plan award opportunity may be paid in the fourth quarter of the plan year (first award payout), and the remainder of the award payout (final award payout) is paid no later than March 15 after the end of the plan year. The first award payout is based on the results achieved as of September 30 for select performance measures. The final award payout is based on the year-end results net of the first award payout. The first payout under the 2023 short-term incentive plan occurred in November 2023. The second and final payout occurred in February 2024 and was net of the November 2023 payout.

The chief executive officer's short-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the chief executive officer under the short-term incentive plan and has historically and for 2023 used the results from the short-term incentive plan to determine the payout amount.

The accrued expense for the annual short-term incentive plan was $56.0 million plus accrued costs of $9.3 million for a total of $65.3 million for 2023, which was shared by the Association and FCSAmerica as part of the overall allocation of salaries and benefits.

Long-Term Incentive: The chief executive officer and senior officers are eligible for long-term senior officer incentive plans. The long-term incentive plans were approved by the Board of Directors to align chief executive officer and senior officer compensation with the strategic business plan and the goals of the Association while providing the opportunity for competitive market-based compensation at a level that will attract, retain and reward key staff for the accomplishment of Association goals. The chief executive officer and senior officers must sign an assignment, non-solicitation and nondisclosure agreement to participate. The plans are nonqualified performance unit plans that are effective January 1, 2021, through December 31, 2023; January 1, 2022, through December 31, 2024; and January 1, 2023, through December 31, 2025.

The plans have independent performance goals measured over the three-year term of the plans that include core return on assets, customer experience index, employee engagement, loan growth, adverse assets to risk funds and nonaccrual loans to total classified assets. The results included in the plans were combined results for the Association and FCSAmerica.

The Board of Directors approves the total dollars available for the long-term incentive plans, which are then converted into units. The value of each unit is determined by the results achieved toward the established goals. The chief executive officer has discretion as to the distribution of the units to the senior officers for each three-year plan, which is based on consideration of market compensation and individual contributions and performance. The chief executive officer's long-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the chief executive officer under the long-term incentive plan and has historically used the results from the long-term senior officer incentive plan to determine the unit value for the payout amount.

Payments are made no later than March 15 after the end of each three-year plan's term. The payout for the 2021–2023 plan occurred in February 2024 and is reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar year 2023. The payouts for the 2019–2021 and 2020–2022 plans were paid in the first quarter of 2022 and the first quarter of 2023, respectively, and are reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar years 2021 and 2022.

The accrued expense for salary and benefits expense of $10.4 million was recorded in 2023 for the long-term incentive plans. The expense was shared by the Association and Farm Credit Services of America as part of the alliance allocation.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

The following Summary Compensation Table includes compensation paid to the chief executive officer and senior officers during fiscal years 2023, 2022 and 2021.

Name of CEO	Year [1]	Salary [2]	Short-Term Incentive [3]	Long-Term Incentive [4]	Deferred [5]	Other [6]	Total
Mark Jensen, CEO	**2023**	**$965,000**	**$1,737,000**	**$1,107,106**	**$464,663**	**$11,151**	**$4,284,919**
Mark Jensen, CEO	2022	$825,000	$733,532	$946,270	$286,589	$5,147	$2,796,538
Mark Jensen, CEO	2021	$800,000	$600,000	$592,875	$277,278	$5,761	$2,275,914

Aggregate No. of Sr. Officers in Year Excluding CEO [7]	Year [1]	Salary [2]	Short-Term Incentive [3]	Long-Term Incentive [4]	Deferred [5]	Other [6]	Total
37	**2023**	**$9,640,638**	**$8,329,321**	**$4,611,605**	**$2,386,848**	**$431,574**	**$25,428,742**
37	2022	$8,973,971	$5,656,996	$4,146,264	$1,975,797	$673,348	$21,426,376
31	2021	$7,286,151	$4,917,914	$3,598,682	$1,808,645	$771,062	$18,382,454

(1) The Association paid 6.1 percent, 6.3 percent and 6.3 percent of the compensation expense for 2023, 2022 and 2021, respectively. Farm Credit Services of America paid 93.9 percent, 93.7 percent and 93.7 percent of the compensation expense for 2023, 2022 and 2021, respectively.
(2) Salary earned in the fiscal year.
(3) Incentive earned in the fiscal year.
(4) Incentive earned at the end of the respective three-year, long-term incentive plan.
(5) Association contributions to the Defined Contribution Plan and Nonqualified Deferred Compensation Plan during the fiscal year.
(6) Executive physicals, sign-on bonus, special recognition bonus, retirement gift, severance, taxable moving expense, vacation-leave payout, recognition and referral awards, health and fitness account payouts, health incentives, taxable vehicle use, long-term disability premiums, and group life insurance imputed income incurred during the fiscal year. For 2022 and 2021, this number includes severance payouts for executive departure.
(7) Employees designated as senior officers during the fiscal year. At year end of 2023 there were 34 senior officers. One senior officer left the Association in 2021. Also in 2021, one senior officer position was eliminated. In 2022, one senior officer moved to a non-senior officer position in the Association and one senior officer position was eliminated. In 2023, one senior officer moved to a non-senior officer position in the Association and three senior officers retired.

Disclosure of the total compensation paid during 2023 to any senior officer included in the Summary Compensation Table is available to our stockholders upon written request to Frontier Farm Credit, PO Box 2409, Omaha, NE 68103-2409.

Details of the benefit plans are described in Note 9 to the accompanying Consolidated Financial Statements.

Travel, Subsistence and Other Related Expenses

Director and employee reimbursements for travel, subsistence and other related expenses are set forth in the Board's Governance Guidelines and Human Resources Manual, respectively. Each provides authority for and control over reimbursement of travel and subsistence expenses for authorized individuals traveling on official business. Copies of the related Governance Guidelines and Human Resources Manual provisions are available to our stockholders upon written request to Frontier Farm Credit, PO Box 2409, Omaha, NE 68103-2409.

The aggregate amount of reimbursement for travel, subsistence and other related expenses for all our directors was $79 thousand in 2023, $61 thousand in 2022 and $23 thousand in 2021.

Transactions With Directors, Senior Officers and Employees

Directors and certain employees may obtain loans from us, provided they meet all eligibility requirements and provided that such loans are made on the same terms available to other customers. Approval of CoBank, ACB is required for loans to our directors and employees, and for loans to any customer if a director or employee is to receive more than $50 thousand of the loan proceeds, has a significant personal interest in the loan or its security, may exercise control over the customer, or guarantees or cosigns a loan in excess of $50 thousand. Further, directors and employees are required to refrain from taking any part in the consideration or decision on any loan in which they or their family members have an interest.

Frontier Farm Credit, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Our bylaws and policies require that directors' loans be maintained at a high level of credit quality. Any director whose loan is classified "substandard" must prepare and obtain approval of a plan to improve and upgrade the loan within a specified period of time. For directors, failure to comply with our bylaws and policies would result in the director's position being vacated. Directors whose loans are classified "doubtful" or "loss," or have any portion of a loan charged off, must resign immediately.

The Farm Credit Act and Farm Credit Administration regulations require certain disclosures to stockholders concerning loans to directors and employees, their family members, organizations with which they are affiliated or entities that they may control. Disclosure is required where such loans were made on terms other than those available to other customers, or where such loans are considered to have more than a normal risk of collectability. None of our loans made to directors or employees, their family members, affiliated organizations or entities they may control were made on terms other than those available to all customers, nor were any such loans considered to have more than a normal risk of collectability.

Director, senior officer and employee non-loan transactions with us are regulated by our policy.

Concerning property that was mortgaged or pledged as security for Farm Credit System debt within the preceding 12 months, the policy requires that senior officers and employees obtain approval from the Standards of Conduct officer for purchase of the property.

Concerning property acquired within the preceding 12 months in satisfaction of Farm Credit System debt, this policy:

- prohibits lease, purchase or acquisition except through inheritance by senior officers and employees; and
- prohibits lease, purchase or acquisition except through inheritance, public auction or other open competitive bidding process by directors.

The policy does permit directors, senior officers and employees to purchase furniture and equipment owned by us provided that any item having a value of greater than $5 thousand must be purchased through an open, competitive bidding process.

The Farm Credit Act and Farm Credit Administration regulations also require certain disclosures to stockholders concerning non-loan transactions a director or senior officer, or any of his or her family members, affiliated organizations or entities he or she may control, have with us. Such disclosure is required if such transactions did not involve competitive bidding, involved amounts in excess of $5 thousand or provided a special benefit to the director or senior officer. No such transactions took place during 2023.

Involvement in Certain Legal Proceedings

There were no material legal proceedings or enforcement actions involving Frontier Farm Credit, our directors or senior officers that require disclosure in this section.

Relationship With Qualified Public Accountant

PricewaterhouseCoopers LLP serves as our qualified public accountant. There were no changes in our qualified public accountant since the prior annual report to stockholders, and there were no material disagreements on any matter of accounting principles or financial statement disclosures during this period. Expenses recognized in the 2023 Consolidated Financial Statements for services provided by PricewaterhouseCoopers LLP were approved by the Board Audit Committee and include $100 thousand for audit services and $6 thousand for tax-review services. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses incurred for travel.

Financial Statements

The "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," "Report of Management," "Report on Internal Control Over Financial Reporting," "Report of Audit Committee" and "Report of Independent Auditors" required to be disclosed in this section are incorporated herein by reference from this annual report to stockholders.

Credit and Services to Young, Beginning and Small Producers

Effective January 1, 2024, the annual gross-sales threshold for a small farmer, rancher, or producer or harvester of aquatic products increased from $250 thousand to $350 thousand and changed from measuring gross sales to gross-cash farm income. Effective February 1, 2024, the Farm Credit Administration amended certain young, beginning and small (YBS) regulations to clarify the responsibilities of funding banks in the review and approval of direct lender association YBS programs, strengthen funding-bank internal controls and bolster YBS business planning. None of these changes impacts the disclosures as of December 31, 2023.

We have specific programs in place to serve the credit and related needs of young, beginning and small producers in our territory. Programs focus on providing sound financial services, education and networking opportunities. The definitions of young, beginning and small producers follow:

Frontier Farm Credit, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Definitions

- Young – farmer, rancher, or producer or harvester of aquatic products who is 35 or younger as of the date the loan is originally made.
- Beginning – farmer, rancher, or producer or harvester of aquatic products who has 10 years or less farming, ranching or aquatic experience as of the date the loan is originally made.
- Small – farmer, rancher, or producer or harvester of aquatic products who normally generates less than $250,000 in annual gross sales of agricultural or aquatic products at the date the loan is originally made.

Program Elements

Our program for serving young, beginning and small producers includes the following:

Conventional Loans: Producers 35 or younger, or with 10 years or less of farming or ranching experience, may have sufficient capacity, credit history or financial backing to meet our traditional loan-approval standards.

AgStart Loans: Producers 35 or younger, or with 10 years or less of farming or ranching experience, can benefit from modified credit-approval standards to help them gain access to debt capital. It is the goal of the program to help facilitate the financial growth of the customer and graduate participating producers from the AgStart program into conventional product offerings over time.

Development Fund: This program assists young, beginning and small producers who are beginning, growing or enhancing an agricultural-based operation by providing them business-planning assistance and includes three loan products: Working Capital Loan, Breeding Livestock Loan and Contract Finish Loan. As of December 31, 2023, we had three customers enrolled in the program with a total commitment of $208 thousand in Development Fund lending.

Youth in Agriculture Loans for Breeding Livestock: The Breeding Livestock Loan program for youth provides loans for terms of one to five years, up to $10,000, for the purpose of purchasing breeding livestock. These loans require a cosigner of legal age and are approved based on the strength and credit scores of the cosigner.

Education and Finance Sponsorships: We provide donations and sponsor state and local Future Farmers of America (FFA) activities and conventions, state 4-H activities and conventions, and agricultural leadership programs.

Scholarships: In 2023, we funded $2,500 scholarships to eight qualified students studying agriculture at Kansas State University. Additionally, we funded the following scholarships to qualified students studying agriculture at selected educational institutes: $2,000 scholarships to four students at community colleges; $2,000 scholarships to eight FFA students in high school.

Small Producer Financing: Small producers are served primarily through three loan programs: Rural 1st Home Loans, AgDirect and the full line of products and services offered through our retail marketplaces. All these programs are designed to meet the needs of small producers, part-time farmers or rural residents with a convenient and efficient delivery of financial services. Small producers who also meet the definition of young or beginning are eligible for our young and beginning program.

Credit Underwriting Standards

Young and beginning producers who do not meet traditional credit standards are considered under an outreach loan program called AgStart. Through this program, applicants' requests are analyzed and assessed based primarily on character and capacity credit factors. Farm Service Agency guarantees are used as deemed necessary, with additional support provided by our payment of the first $2,500 of external fees.

As of December 31, 2023, AgStart customers accounted for 332 loans to 197 customers with an outstanding commitment of $51.0 million. AgStart loan volume decreased by 3.8 percent in 2023.

Results and Goals

As of December 31, 2023, we had 2,492, unique young, beginning and small customers, with total loan volume of $470 million. These include:

- 273 customers who qualify as young, with total loan volume of $43.0 million.
- 683 customers who qualify as beginning, with total loan volume of $127.4 million.
- 2,322 customers who qualify as small, with total loan volume of $450.0 million.

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Young and Beginning: The 2017 U.S. Department of Agriculture Census of Agriculture reports operators who meet the criteria for young, beginning and small, as well as farms with any operators meeting the criteria, including farms with debt. A significant change to the 2017 Census of Agriculture is the elimination of the "principal operator," making it difficult to compare numbers to previous Census of Agriculture years. In our territory, there are 1,665 farms with debt with a young operator. There are 2,867 farms with debt with a beginning operator. As of December 31, 2023, we had 273 young customers and 683 beginning customers, some of whom are counted in both categories. This equates to a young market share of 16.4 percent and a beginning market share of 23.8 percent. Total loan volume to young and beginning customers was $144.8 million.

Small Producer: According to 2017 U.S. Department of Agriculture Census of Agriculture data, 25,550 farms representing 89.0 percent of all farms in our territory meet the definition of small (less than $250,000 in annual gross sales of agricultural products). The 2017 Census of Agriculture includes any operation with farm income in its definition of a farm.

	Potential Customers*	Frontier Farm Credit Customers	Market Share***
Young	1,665	273	16.4%
Beginning	2,867	683	23.8%
Small**	5,332	2,322	43.5%

** 2017 U.S. Department of Agriculture Census of Agriculture data of farms with debt.*
*** Potential customers in the small category are producers with debt who reported annual gross sales between $10,000 and $249,999.*
**** Market share was computed by comparing the number of producers in the young, beginning or small categories maintaining a loan relationship with Frontier Farm Credit to the total number of producers with debt in those categories.*

Young, Beginning and Small Producer New Customer Growth

	2024 Goals	2025 Goals	2026 Goals
Young	32	32	33
Beginning	48	50	51
Small	63	65	66

Special Program Goal (AgStart): This program goal will positively affect all three young, beginning and small producer categories. Use of this outreach loan program is seen as a critical component of long-term success in the marketplace.

The Association's goal is to increase AgStart loan commitments by 8.0 percent to 12.0 percent annually.

Related Services

Young and Beginning Producer Conference: Frontier Farm Credit and Farm Credit Services of America held their annual Side by Side Conference in Omaha, Nebraska, on July 19–21, 2023. There were 15 Frontier Farm Credit customers in attendance. Additionally, monthly webinars were hosted throughout the year on topics tailored to young and beginning producers. These educational programs provide producers with the opportunity to network with one another, learn from speakers, learn more about Frontier Farm Credit and become better-informed business managers.

Education and Finance Sponsorships: We awarded $44,000 in college scholarships to 20 students in 2023. We donated $61,763 for state and local FFA and 4-H activities and provided additional funding and resources for young and beginning producer education, leadership programs and community grants.

Awareness

Young, Beginning and Small Producer Team: The Association implemented an enhanced strategy to serve young, beginning and small producers. This strategy includes specialized roles dedicated to directly serving our customers, as well as a program management role for designing and implementing education and lending programs. A standing cross-functional team guides the ongoing focus on supporting the credit and related needs of young, beginning and small producers.

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Frontier Farm Credit Retail Office Locations

1270 N 300 Road **Baldwin City, KS** 66006	1808 Road G **Emporia, KS** 66801	2219 Natchez Street **Hiawatha, KS** 66434
2009 Vanesta Place **Manhattan, KS** 66503	835 Pony Express Highway **Marysville, KS** 66508	2005 Harding Drive **Parsons, KS** 67357

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Frontier Farm Credit strives to be environmentally conscious. If you would like to receive an additional copy of our 2023 annual report, please contact us at 1-800-397-3191.

FRONTIER FARM CREDIT

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