GreenStone Farm Credit Services, ACA

Quarterly Report
March 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of GreenStone Farm Credit Services, ACA and its subsidiaries, GreenStone Farm Credit Services, FLCA and GreenStone Farm Credit Services, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2023 (2023 Annual Report).

Due to the nature of our financial relationship with AgriBank, FCB (AgriBank), the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports or additional copies of our report, contact us at:

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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2023 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

The United States (U.S.) real gross domestic product (GDP) grew in the first quarter of 2024 at an annual rate of 1.6%, compared to 3.4% in the fourth quarter of 2023, according to the Bureau of Economic Analysis "advance" estimate. The deceleration in GDP in the first quarter was primarily driven by consumer spending, exports, and government spending. In total, for the full calendar year of 2023, the U.S. economy realized a 2.5% increase in GDP, surpassing the 1.9% growth rate achieved in 2022. GDP growth is anticipated to slow in 2024 but is expected to show continued resiliency, spurred by a sturdy labor market, and a recession in the next 12 months appears less probable than it did last year at this time.

The Bureau of Labor Statistics' (BLS) March 2024 jobs report detailed that nonfarm payroll employment rose by 303,000 jobs in March 2024 from the previous month, exceeding market expectations. Employment gains were observed primarily in health and private education, government, and leisure and hospitality, which contributed to 208,000 of the total job gains. The report represents an acceleration in the pace of hiring compared to nonfarm payroll gains in January 2024 of 256,000 and February 2024 of 270,000. The March 2024 unemployment rate fell to 3.8%, a 0.1% reduction from the prior month.

The March 2024 BLS Consumer Price Index (CPI) rose by 0.4% month-over-month and by 3.5% on a year-over-year basis. This was an uptick from the previous month's CPI report, which reported year-over-year inflation in February 2024 was 3.2%. The increase in March's CPI is primarily attributed to increases in shelter and energy indexes, which contributed over half of the monthly increase. The energy index increased by 1.1% in the month and 2.1% year-over-year, driven by an increase in gasoline prices. Additionally, the food index rose 0.1% in March 2024 and increased by 2.2% year-over-year. Overall, the March CPI report indicates that inflationary pressures remain firm and, if these pressures continue, could lead the Federal Reserve to delay implementation of cuts to its federal funds rate.

The Federal Open Market Committee (FOMC) announced at its March 2024 meeting that it would maintain its federal funds rate in a range of 5.25% to 5.50%. This marks the fifth consecutive meeting at which the FOMC elected to hold rates steady and kept the federal funds rate at a 23-year high. Chair Jerome Powell stated that the federal funds rate is likely at its peak for this tightening cycle, but questions remain regarding the timeline and extent of potential rate cuts in 2024. The continuation of strong jobs reports and elevated inflation readings will play a role in the FOMC's decision-making process. Chair Powell emphasized the Federal Reserve remains fully committed to bringing inflation down to its 2% objective and the committee will continue to be data-dependent in considering any adjustments to the target range for the federal funds rate.

According to the United States Department of Agriculture's (USDA) Prospective Plantings report released in March 2024, U.S. farmers are predicted to plant 90.0 million acres of corn in 2024, a 4.8% reduction from last year, or 4.61 million fewer acres. Michigan farmers intend to plant 2.25 million acres of corn, 6.3% fewer than 2023, while Wisconsin farmers intend to plant 3.8 million acres of corn, a 5.0% reduction from 2023. Corn prices falling over 30% year-over-year due to growing world inventories, and a strong U.S. dollar were factors driving the decline in corn acreage. Subsequently, the USDA released its World Agricultural Supply and Demand Estimates (WASDE) report in April 2024, which forecasted a season-average farm price of $4.70 per bushel, compared to $6.60 per bushel in the prior year report.

The USDA's March 2024 Prospective Plantings report projected the soybean planted area for 2024 to total 86.5 million acres, a 3.4% increase year-over-year. Michigan producers intend to plant 2.2 million acres of soybeans, up 7.8% from last year, while Wisconsin farmers also intend to plant 2.2 million acres of soybeans, a 4.2% increase over 2023. Soybeans are receiving a price premium compared to corn as the crop is benefiting from strong domestic demand with soybean crush exceeding last year's pace, primarily driven by renewable diesel demand for soybean oil. USDA's April 2024 WASDE report projects a season-average soybean price of $12.55 per bushel. This compares to an average price of $14.30 per bushel in the prior year report.

According to the March 2024 report provided by USDA's Economic Research Service, the 2024 forecast for the size of the U.S. dairy herd is 9.335 million head, a 0.5% reduction year-over-year. Forecasted milk per cow is 24,345 pounds, a 0.9% year-over-year increase, and total milk production in 2024 is projected to equal 227.3 billion pounds, a 0.3% increase year-over-year. Expectations are for overall steady demand for dairy products. Stronger demand for butter versus cheese products has resulted in a higher forecasted Class IV price of $20.10 per hundredweight (cwt) versus a forecasted Class III price of $17.15 per cwt in 2024. The Class IV and Class III price forecasts represent year-over-year increases of 5.1% and 0.7%, respectively.

The USDA forecast estimates 2024 total commercial pork production at 27.9 billion pounds, a 2.2% increase from a year ago. Total 2024 pork exports are expected to be 7.1 billion pounds, 4.6% higher than 2023 shipments. Demand for U.S. pork exports is strong from major importing countries, assisted by weakening competitiveness of EU pork due to higher prices and lower production. In total, live equivalent prices of 51-52% lean hogs are forecast to average $60.75 per cwt, representing a 3.7% year-over-year increase.

Reports of positive tests for Highly Pathogenic Avian Influenza (HPAI) in commercial poultry flocks and dairy herds across several states, including Michigan, could result in volatility in agricultural markets. Egg markets have proven volatile post HPAI outbreaks in the past due to the required depopulation of flocks and resulting reduction in supply. For the dairy industry HPAI is certainly a new area of concern but it has not impacted the broader market at this point.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $12.5 billion at March 31, 2024, a decrease of $45.2 million from December 31, 2023. Our mortgage portfolio increased $118.1 million, or 1.2% from December 31, 2023, while our short and intermediate-term loan portfolio decreased $163.2 million, or 6.8% from December 31, 2023. When compared to March 31, 2023, owned and managed loan volume (which includes loans in our Consolidated Statements of Condition as well as loan participation interests sold as part of AgriBank asset pool programs) increased 5.5%. This increase was driven by growth in all market segments and was led by our large farm and agribusiness loan segment which increased 9.8% since March 31, 2023. In addition, our country living, traditional farm, and capital markets segments have increased 5.5%, 4.7% and 3.7% since March 31, 2023, respectively. Our current volume reflects an asset growth rate year-over-year that is slightly below our 2024 Business Plan.

Portfolio Credit Quality

The credit quality of our loan portfolio remained solid during the first three months of 2024. Acceptable loan credit quality, as measured under the Uniform Classification System, was 96.4%, which decreased slightly from 96.6% at December 31, 2023. Year-over-year, acceptable credit quality decreased 0.7% from 97.1% at March 31, 2023. Portfolio assets classified as being less than acceptable were comprised of 1.9% other assets especially mentioned (OAEM) and 1.7% adversely classified. OAEM increased 0.4% but adversely classified decreased 0.2% since December 31, 2023.

Adversely classified loans are identified as having material credit weaknesses which, if left uncorrected, result in a greater than normal risk. Portfolio credit quality is considered when assessing the reasonableness of our allowance for credit losses on loans. More leveraged borrowers in our processing and marketing, fruit, and cash crop portfolios were challenged financially during the first three months of 2024. Our adverse assets to regulatory capital ratio was 9.9% at March 31, 2024, which decreased 2.0% from December 31, 2023, and remained well within our established risk management guidelines.

In certain circumstances, the Federal Agricultural Mortgage Corporation and other government agency guarantee programs are used to reduce the risk of loss. At March 31, 2024, $378.1 million of our loans were substantially guaranteed under these programs. The guaranteed loan volume decreased from $382.5 million at December 31, 2023.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	**March 31, 2024**	December 31, 2023
Loans:		
Nonaccrual	**$45,642**	$43,951
Accruing loans 90 days or more past due	**--**	--
Total nonperforming loans	**45,642**	43,951
Acquired property	**119**	573
Total nonperforming assets	**$45,761**	$44,524
Total nonperforming loans as a percentage of total loans	**0.4%**	0.4%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	**65.1%**	73.1%
Total delinquencies as a percentage of total loans[1]	**0.2%**	0.2%

[1]Total delinquencies include accrual and nonaccrual loans 30 days or more past due.

Our nonperforming assets have increased slightly from December 31, 2023, but have remained at acceptable levels. Total nonperforming loans as a percentage of total loans remained well within our established risk management guidelines.

Nonaccrual loans increased slightly from $44.0 million at December 31, 2023, to $45.6 million at March 31, 2024. As of March 31, 2024, 73.8% of the nonaccrual loan portfolio was from five capital markets purchased participations.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is an estimate of expected credit losses in our portfolio. We determine the appropriate level of allowance for credit losses on loans based on a disciplined process and methodology that incorporates expected probabilities of default and 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.

Allowance for Credit Losses on Loans Coverage Ratios

As of:	**March 31, 2024**	December 31, 2023
Allowance for credit losses on loans as a percentage of:		
Loans	**0.3%**	0.3%
Nonaccrual loans	**77.6%**	81.6%
Total nonperforming loans	**77.6%**	81.6%

The allowance for credit losses on loans decreased $445 thousand from December 31, 2023, to $35.4 million at March 31, 2024. The decrease was due to net charge-offs of $4.8 million partially offset by $4.3 million in provision for loan losses.

Under certain circumstances, credit losses may be recorded to establish an allowance for credit losses on unfunded commitments. The allowance for credit losses on unfunded commitments are recorded in “other liabilities” in the Consolidated Statements of Condition. The allowance for credit losses on unfunded commitments were $7.5 million at March 31, 2024, which decreased by $654 thousand from December 31, 2023.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	**2024**	2023
Net income	**$75,611**	$61,614
Return on average assets	**2.3%**	1.8%
Return on average members' equity	**12.3%**	10.8%

Changes presented in the profitability information table relate directly to:

- Changes in net income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income (in thousands) For the three months ended March 31,	**2024**	2023	**(Decrease) increase in net income**
Net interest income	**$83,960**	$84,541	**($581)**
Provision for credit losses	**(3,691)**	(15,142)	**11,451**
Patronage income	**19,170**	16,715	**2,455**
Financially related services income	**5,201**	4,838	**363**
Fee income	**6,542**	4,909	**1,633**
Other non-interest income	**440**	2,132	**(1,692)**
Non-interest expense	**(34,549)**	(33,909)	**(640)**
Provision for income taxes	**(1,462)**	(2,470)	**1,008**
Net income	**$75,611**	$61,614	**$13,997**

Net Interest Income

Changes in Net Interest Income (in thousands) For the three months ended March 31,	**2024 vs 2023**
Changes in volume	**($1,351)**
Changes in interest rates	**516**
Changes in nonaccrual interest income and other	**254**
Net change	**($581)**

Provision for Credit Losses

During the first three months of 2024, a provision for credit losses of $3.7 million was recorded. This provision expense was primarily due to increased general reserves for loans collectively evaluated based on our three-year economic forecast declining slightly. This compares to the first quarter of 2023, when we recorded provision for credit losses of $15.1 million, which was primarily due to specific reserves that were established for three capital markets purchased participations.

Patronage Income

We may receive patronage from AgriBank and other Farm Credit institutions. Patronage distributions from AgriBank and other Farm Credit institutions are declared solely at the discretion of each institution's Board of Directors. AgriBank may distribute patronage in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash.

Patronage Income (in thousands) For the three months ended March 31,	**2024**	2023
Patronage from AgriBank	**$17,711**	$15,568
AgDirect partnership distribution	**1,130**	984
Other patronage	**329**	163
Total patronage income	**$19,170**	$16,715

The increase in patronage income in the first three months of 2024 compared to the same period in 2023 was primarily due to higher asset pool program patronage from an asset pool representing an approximate 10% participation interest across the majority of our loan portfolio that was sold to AgriBank on November 1, 2023.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on December 31, 2025. We intend to renegotiate the note payable no later than the maturity date. 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. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at March 31, 2024, or December 31, 2023.

Total members' equity increased $45.7 million from December 31, 2023, primarily due to net income for the period partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total regulatory capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 7 in our 2023 Annual Report for a more complete description of these ratios.

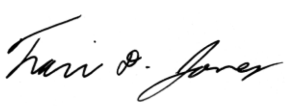
Regulatory Capital Requirements and Ratios As of:	March 31, 2024	December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**14.6%**	14.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**14.6%**	14.8%	6.0%	2.5%	8.5%
Total regulatory capital ratio	**14.9%**	15.2%	8.0%	2.5%	10.5%
Permanent capital ratio	**14.7%**	14.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**15.7%**	15.9%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.5%**	15.7%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 11 in our 2023 Annual Report.

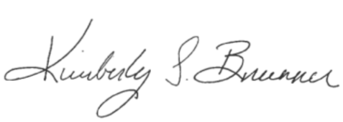
CERTIFICATION

The undersigned have reviewed the March 31, 2024, Quarterly Report of GreenStone Farm Credit Services, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Edward L. Reed
Chair of the Board
GreenStone Farm Credit Services, ACA



Travis D. Jones
Chief Executive Officer
GreenStone Farm Credit Services, ACA



Kimberly S. Brunner
Executive Vice President – Chief Financial Officer
GreenStone Farm Credit Services, ACA

May 6, 2024

CONSOLIDATED STATEMENTS OF CONDITION

GreenStone Farm Credit Services, ACA
(in thousands)

As of:	**March 31, 2024**	December 31, 2023
	(Unaudited)	
ASSETS		
Loans	**$12,460,525**	$12,505,709
Allowance for credit losses on loans	**35,429**	35,874
Net loans	**12,425,096**	12,469,835
Investment in AgriBank, FCB	**471,623**	489,023
Accrued interest receivable	**92,092**	100,279
Premises and equipment, net	**50,999**	51,555
Other assets	**102,463**	110,438
Total assets	**$13,142,273**	$13,221,130
LIABILITIES		
Note payable to AgriBank, FCB	**$10,478,618**	$10,501,604
Accrued interest payable	**101,345**	103,313
Patronage distribution payable	**30,000**	120,000
Deferred tax liabilities, net	**3,993**	2,318
Other liabilities	**51,993**	63,318
Total liabilities	**10,665,949**	10,790,553
Contingencies and commitments (Note 3)		
MEMBERS' EQUITY		
Protected members' equity	**--**	1
Capital stock and participation certificates	**26,538**	26,475
Unallocated surplus	**2,452,080**	2,406,452
Accumulated other comprehensive loss	**(2,294)**	(2,351)
Total members' equity	**2,476,324**	2,430,577
Total liabilities and members' equity	**$13,142,273**	$13,221,130

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

GreenStone Farm Credit Services, ACA
(in thousands)
(Unaudited)

	Three Months Ended	
For the period ended March 31,	**2024**	2023
Interest income	**$185,305**	$170,645
Interest expense	**101,345**	86,104
Net interest income	**83,960**	84,541
Provision for credit losses	**3,691**	15,142
Net interest income after provision for credit losses	**80,269**	69,399
Non-interest income		
Patronage income	**19,170**	16,715
Financially related services income	**5,201**	4,838
Fee income	**6,542**	4,909
Other non-interest income	**440**	2,132
Total non-interest income	**31,353**	28,594
Non-interest expense		
Salaries and employee benefits	**24,337**	22,332
Other operating expense	**10,212**	11,577
Total non-interest expense	**34,549**	33,909
Income before income taxes	**77,073**	64,084
Provision for income taxes	**1,462**	2,470
Net income	**$75,611**	$61,614
Other comprehensive income		
Employee benefit plans activity	**$57**	$94
Total other comprehensive income	**57**	94
Comprehensive income	**$75,668**	$61,708

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

GreenStone Farm Credit Services, ACA
(in thousands)
(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2022	$1	$25,891	$2,237,685	($3,603)	$2,259,974
Cumulative effect of change in accounting principle	--	--	3,305	--	3,305
Net income	--	--	61,614	--	61,614
Other comprehensive income	--	--	--	94	94
Unallocated surplus designated for patronage distributions	--	--	(29,540)	--	(29,540)
Capital stock and participation certificates issued	--	373	--	--	373
Capital stock and participation certificates retired	--	(340)	--	--	(340)
Balance at March 31, 2023	$1	$25,924	$2,273,064	($3,509)	$2,295,480
Balance at December 31, 2023	$1	$26,475	$2,406,452	($2,351)	$2,430,577
Net income	**--**	**--**	**75,611**	**--**	**75,611**
Other comprehensive income	**--**	**--**	**--**	**57**	**57**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(29,983)**	**--**	**(29,983)**
Capital stock and participation certificates issued	**--**	**396**	**--**	**--**	**396**
Capital stock and participation certificates retired	**(1)**	**(333)**	**--**	**--**	**(334)**
Balance at March 31, 2024	**$ --**	**$26,538**	**$2,452,080**	**($2,294)**	**$2,476,324**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2024, are not necessarily indicative of the results to be expected for the year ending December 31, 2024. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2023 (2023 Annual Report).

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of GreenStone Farm Credit Services, ACA and its subsidiaries GreenStone Farm Credit Services, FLCA and GreenStone Farm Credit Services, PCA. All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business. 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 System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In December 2023, the FASB issued Accounting Standards Update 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” This guidance is effective for annual periods beginning after December 15, 2025.	This guidance requires more transparency about income tax information through improvements to income tax disclosures. The improvements applicable to our Association will require adding percentages and information by state jurisdiction to the rate reconciliation and income taxes paid disclosures.	We expect to adopt the standard as of January 1, 2026. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures.

NOTE 2: LOANS AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Throughout Note 2 accrued interest receivable on loans of $92.1 million at March 31, 2024, and $100.3 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.

Loans by Type

(dollars in thousands)

As of:	**March 31, 2024**		December 31, 2023	
	Amortized Cost	**Percentage**	Amortized Cost	Percentage
Real estate mortgage	**$6,364,226**	**51.1%**	$6,358,071	50.8%
Production and intermediate-term	**2,134,930**	**17.1**	2,197,637	17.6
Agribusiness	**2,970,015**	**23.8**	2,939,026	23.5
Other	**991,354**	**8.0**	1,010,975	8.1
Total	**$12,460,525**	**100.0%**	$12,505,709	100.0%

The other category is primarily composed of rural infrastructure and rural residential real estate related loans.

Delinquency

Aging Analysis of Loans at Amortized Cost

(in thousands) **As of March 31, 2024**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	**$9,469**	**$420**	**$9,889**	**$6,354,337**	**$6,364,226**
Production and intermediate-term	**2,945**	**1,355**	**4,300**	**2,130,630**	**2,134,930**
Agribusiness	**221**	**12,311**	**12,532**	**2,957,483**	**2,970,015**
Other	**1,772**	**469**	**2,241**	**989,113**	**991,354**
Total	**$14,407**	**$14,555**	**$28,962**	**$12,431,563**	**$12,460,525**
As of December 31, 2023					
Real estate mortgage	$9,564	$387	$9,951	$6,348,120	$6,358,071
Production and intermediate-term	3,648	1,481	5,129	2,192,508	2,197,637
Agribusiness	171	7,830	8,001	2,931,025	2,939,026
Other	2,284	139	2,423	1,008,552	1,010,975
Total	$15,667	$9,837	$25,504	$12,480,205	$12,505,709

There were no loans 90 days or more past due and still accruing interest at March 31, 2024, or December 31, 2023.

Nonaccrual Loans

Nonaccrual Loans Information

	As of March 31, 2024		**For the Three Months Ended March 31, 2024**
(in thousands)	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$19,956**	**$6,462**	**$549**
Production and intermediate-term	**4,337**	**1,235**	**192**
Agribusiness	**17,384**	**--**	**1**
Other	**3,965**	**1,929**	**8**
Total	**$45,642**	**$9,626**	**$750**

	As of December 31, 2023		For the Three Months Ended March 31, 2023
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$20,663	$6,278	$504
Production and intermediate-term	3,325	427	84
Agribusiness	17,399	--	--
Other	2,564	487	15
Total	$43,951	$7,192	$603

Reversals of interest income on loans that transferred to nonaccrual status were not material for the three months ended March 31, 2024, or 2023.

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Included within our loans are loan modifications; some of which are granted to borrowers experiencing financial difficulty. Modifications are one or a combination of principal forgiveness, 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. Our loans classified as modified loans at March 31, 2024, or 2023, and activity on these loans during the three months ended March 31, 2024, or 2023, were not material. We did not have any material commitments to lend to borrowers whose loans have been modified during the three months ended March 31, 2024, or during the year ended December 31, 2023.

Allowance for Credit Losses

Our loan portfolio is divided into segments primarily based on loan type, which are the segments used to estimate the allowance for credit losses. As our lending authorities limit the types of loans we can originate, our portfolio is concentrated in the agriculture sector. The credit risk associated with each of our portfolio segments includes a strong correlation to agricultural commodity prices and input costs. Specifically for our real estate mortgage segment, the value of agricultural land that serves as collateral is a key risk characteristic. Additionally, unemployment rates and gross domestic product levels are additional key risk characteristics attributable to our portfolio. We consider these characteristics, among others, in assigning internal risk ratings and forecasting credit losses on our loan portfolio and related unfunded commitments.

We develop our reasonable and supportable forecast by considering a multitude of macroeconomic variables. Our forecasts of agricultural commodity prices (milk and corn), U.S. real gross domestic product, and the U.S. unemployment rate represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments.

We utilize a single macroeconomic scenario in the estimate of the allowance for credit losses on loans and unfunded commitments which represents the most probable forecasted outcome. Subsequent changes in the macroeconomic forecasts will be reflected in the provision for credit losses in future periods.

Changes in Allowance for Credit Losses

(in thousands)

Three months ended March 31,	**2024**	2023
Allowance for Credit Losses on Loans		
Balance at beginning of period	**$35,874**	$40,889
Cumulative effect of change in accounting principle	**--**	(8,134)
Provision for credit losses on loans	**4,345**	16,596
Loan recoveries	**141**	183
Loan charge-offs	**(4,931)**	(44)
Balance at end of period	**$35,429**	$49,490
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	**$8,120**	$3,826
Cumulative effect of change in accounting principle	**--**	4,805
Reversal of provision for credit losses on unfunded commitments	**(654)**	(1,454)
Balance at end of period	**$7,466**	$7,177
Total allowance for credit losses	**$42,895**	$56,667

The allowance for credit losses on loans did not change significantly from December 31, 2023.

NOTE 3: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

Refer to Note 11 in our 2023 Annual Report for additional detail regarding contingencies and commitments.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2023 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2024, or December 31, 2023.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of March 31, 2024	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	**$ --**	**$ --**	**$25,139**	**$25,139**
Acquired property	**--**	**--**	**229**	**229**

As of December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$26,523	$26,523
Acquired property	--	--	947	947

Valuation Techniques

Loans: Represents the carrying amount of loans evaluated individually for credit losses and 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 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.

Acquired Property: Represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 5: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 6, 2024, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.