GreenStone Farm Credit Services, ACA

Quarterly Report
September 30, 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:

GreenStone Farm Credit Services, ACA
3515 West Road
East Lansing, MI 48823
(800) 968-0061
www.greenstonefcs.com
Kim.Brunner@greenstonefcs.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.AgriBank.com
FinancialReporting@AgriBank.com

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.) economy experienced solid growth in the third quarter of 2024 as real gross domestic product (GDP) increased at an annualized rate of 2.8%, according to the Bureau of Economic Analysis. This compared to the first quarter of 2024, when GDP grew at an annualized rate of 1.6%, and the second quarter of 2024 when the rate increased 3.0%. The increase in real GDP in the third quarter reflected increases in consumer spending, exports, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The Bureau of Labor Statistics' reported that the U.S. economy added 254,000 for the month of September 2024. This was higher than the average monthly gain of 203,000 jobs over the prior 12 months and a significant increase from the prior two months of August and July when the economy added 159,000 and 144,000 jobs, respectively. The September 2024 unemployment rate fell to 4.1%, from 4.2% in August 2024, and wage growth accelerated by 0.4% month-over-month and 4.0% year-over-year. The unemployment rate in Michigan was 4.5% in September 2024, up from 4.1% in September 2023, while the rate in Wisconsin was 2.9%, down from 3.4% the year earlier.

In September 2024 the Consumer Price Index (CPI) rose by 0.2% month-over-month. When viewed on a year-over-year basis, CPI increased by 2.4%, which marks the slowest annual increase since February 2021. The September 2024 report demonstrates headline inflation continues to progress lower towards the Federal Reserve's stated target of 2%. The deceleration of inflation was driven by the energy index declining 1.9% in which gasoline prices fell 4.1% from the previous month. While headline CPI was lower year-over-year, core CPI (all items less food and energy) was up 3.3% year-over-year, a slight increase from August 2024, when it was 3.2% year-over-year. Core CPI was higher primarily due to increased prices for shelter, auto insurance, medical care, airfares, and apparel. Shelter inflation remains particularly sticky and has increased by 4.9% year-over-year.

On September 18, 2024, the Federal Reserve (Fed) announced that the Federal Open Market Committee (FOMC) decided to lower the target range for the federal funds rate by 0.50% to a range of 4.75% to 5.00%. The decision marked the first easing of monetary policy in four years. The move to cut rates reflects the Fed's growing confidence that inflation is moving towards its 2% target while balancing its goals to support economic growth and stabilize the slowing labor market. The FOMC released its Summary of Economic Projection which showed that officials project further rate cuts of 0.50% in 2024. The projection also showed the FOMC expects cuts of 1.00% in 2025, 0.50% in 2026, and reaching a median level of 2.90% remaining through 2027.

The U.S. Department of Agriculture's (USDA) October 2024 Crop Production report forecasts U.S. corn production at 15.2 billion bushels, down approximately 1% from last year. Total area harvested for corn is forecasted at 82.7 million acres and corn yields are anticipated to average 183.6 bushels per acre, an increase of 6.5 bushels from 2023. Demand for U.S. corn is projected higher year-over-year due to stronger export demand, particularly from Mexico, continued growth in ethanol usage, and higher feed demand, primarily due to an upward revision in the hog herd estimate. In total these supply and demand dynamics result in a forecasted average corn price of $4.10 per bushel in 2024, which is lower than the average price of $4.65 per bushel in 2023.

The USDA forecasts strong U.S. soybean production in 2024 at 4.0 billion bushels. The U.S. average soybean yield is projected at a record 53.1 bushels per acre on total harvested area of 86.3 million acres. Total demand for U.S. soybeans is projected to be slightly higher due to drought fears in Brazil increasing forecasted exports, and domestic usage is up year-over-year due to stronger demand for renewable diesel stock. The 2024 average soybean price is forecast at $10.80 per bushel as strong production puts downward pressure on prices despite slight increases in demand.

The USDA's September 2024 report details that the forecasts for the average number of milk cows, milk production per cow, and total milk production have all been lowered compared to prior forecasts. The milk herd is forecasted at 9.3 million head, average milk production per cow is forecasted at 24,200 pounds, and total milk production is projected to be 225.9 billion pounds. If the USDA's projection holds, this would be the second straight year of lower milk production by the U.S. dairy industry. Recent price increases for all dairy products, including cheddar cheese, dry whey, butter, and nonfat dry milk have been primarily driven by tighter supplies. As a result of these higher dairy product prices, the Class III milk price forecast for 2024 is projected to be $19.45 per hundredweight (cwt), which is $2.43 per cwt (or 14.3%) higher than the 2023 Class III price.

In the third quarter of 2024, the USDA forecasts pork production to increase slightly compared to prior forecasts to be 6.8 billion pounds primarily due to the anticipation of slightly higher slaughter numbers for the quarter. Fourth quarter forecasted production was updated to 7.5 billion pounds, which is fractionally lower compared to the prior projection due to the expectation for lower average dressed weights. Forecasted pork production in these two quarters are up approximately 4.5% compared to the same quarters in 2023. The pork industry is anticipating strong demand in the second half of the year, particularly from exports. Total export volume for 2024 is now projected to total 7.2 billion pounds, which would be a 5.2% increase from 2023. The balance of both higher supply and higher demand results in a steady pork price forecast for 2024 with an annual average price of $59.38 per cwt, compared to the 2023 average annual price of $58.59 per cwt.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $12.8 billion at September 30, 2024, an increase of $297.3 million from December 31, 2023. Our mortgage portfolio increased $507.8 million, or 5.0% from December 31, 2023, while our short and intermediate-term loan portfolio decreased $210.5 million, or 8.8% from December 31, 2023. When compared to September 30, 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 pool programs) increased 5.2%. This increase was driven by moderate growth in all market segments and was led by our country living segment which increased 6.5% since September 30, 2023. In addition, our capital markets, traditional farm, and large farm and agribusiness loan segments have increased 5.7%, 4.5% and 4.1% since September 30, 2023, respectively. Our current volume reflects an asset growth rate year-over-year that is running at our 2024 Business Plan.

Portfolio Credit Quality

The credit quality of our loan portfolio remained solid during the first nine months of 2024. Acceptable loan credit quality, as measured under the Farm Credit Administration (FCA) Uniform Classification System, was 95.2%, which decreased slightly from 96.6% at December 31, 2023. Year-over-year, acceptable credit quality decreased 1.8% from 97.0% at September 30, 2023. Portfolio assets classified as being less than acceptable were comprised of 2.8% other assets especially mentioned (OAEM) and 2.0% adversely classified. OAEM increased 1.3% and adversely classified increased 0.1% 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 quarters of 2024. Our adverse assets to regulatory capital ratio was 11.5% at September 30, 2024, which decreased 0.4% 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 September 30, 2024, $371.8 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:	**September 30, 2024**	December 31, 2023
Loans:		
Nonaccrual	**$83,913**	$43,951
Accruing loans 90 days or more past due	**--**	--
Total nonperforming loans	**83,913**	43,951
Acquired property	**1,184**	573
Total nonperforming assets	**$85,097**	$44,524
Total nonperforming loans as a percentage of total loans	**0.7%**	0.4%
Nonaccrual loans as a percentage of total loans	**0.7%**	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	**67.2%**	73.1%
Total delinquencies as a percentage of total loans[1]	**0.4%**	0.2%

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

Our nonperforming assets have increased 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 from $44.0 million at December 31, 2023, to $83.9 million at September 30, 2024. This increase was primarily from purchased participations, as 79.3% of the nonaccrual loan portfolio was from six capital market 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:	**September 30, 2024**	December 31, 2023
Allowance for credit losses on loans as a percentage of:		
Loans	**0.4%**	0.3%
Nonaccrual loans	**55.3%**	81.6%
Total nonperforming loans	**55.3%**	81.6%

The allowance for credit losses on loans increased $10.6 million from December 31, 2023, to $46.4 million at September 30, 2024. During the first nine months of 2024, provision for credit losses on loans of $18.9 million along with net charge-offs of $8.3 million were recorded.

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 $6.5 million at September 30, 2024, which decreased by $1.6 million from December 31, 2023.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the nine months ended September 30,	**2024**	2023
Net income	**$223,382**	$212,776
Return on average assets	**2.2%**	2.1%
Return on average members' equity	**11.9%**	12.2%

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 nine months ended September 30,	2024	2023	(Decrease) increase in net income
Net interest income	**$254,305**	$256,974	**($2,669)**
Provision for credit losses	**(17,315)**	(15,718)	**(1,597)**
Patronage income	**54,222**	49,480	**4,742**
Financially related services income	**12,850**	11,642	**1,208**
Fee income	**22,739**	17,989	**4,750**
Other non-interest income	**4,646**	2,777	**1,869**
Non-interest expense	**(105,234)**	(104,750)	**(484)**
Provision for income taxes	**(2,831)**	(5,618)	**2,787**
Net income	**$223,382**	$212,776	**$10,606**

Net Interest Income

Changes in Net Interest Income (in thousands) For the nine months ended September 30,	2024 vs 2023
Changes in volume	**($3,266)**
Changes in interest rates	**668**
Changes in nonaccrual interest income and other	**(71)**
Net change	**($2,669)**

Provision for Credit Losses

During the first nine months of 2024, a provision for credit losses of $17.3 million was recorded. This provision expense was primarily due to specific reserves for two purchased participations that transferred to nonaccrual during the second and third quarters of 2024. This compares to the first nine months of 2023, when we recorded provision for credit losses of $15.7 million, which was primarily due to specific reserves that were established for four capital market purchased participations, which was partially offset by a nonaccrual purchased participation that paid off most of their loan obligations.

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 nine months ended September 30,	2024	2023
Patronage from AgriBank	**$50,140**	$46,389
AgDirect partnership distribution	**3,753**	2,928
Other patronage	**329**	163
Total patronage income	**$54,222**	$49,480

The increase in patronage income for the nine months ended September 30, 2024, compared to the same period in 2023 was primarily due to higher 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. We replenished this asset pool on September 1, 2024, selling additional participations to AgriBank to restore the pool to approximately 10% of our loan portfolio.

Fee Income

The increase in fee income in 2024 was primarily due to servicing fees received during the first nine months of 2024 for participation interests sold along with higher origination fees.

Provision for Income Taxes

The change in provision for income taxes was primarily related to lower estimated taxes on our ACA taxable entity.

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 September 30, 2024, or December 31, 2023.

Total members' equity increased $134.1 million from December 31, 2023, primarily due to net income for the period partially offset by patronage distribution accruals.

The 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:	**September 30, 2024**	December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**15.3%**	14.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.3%**	14.8%	6.0%	2.5%	8.5%
Total regulatory capital ratio	**15.6%**	15.2%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.3%**	14.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**16.5%**	15.9%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**16.3%**	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 September 30, 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

November 7, 2024

CONSOLIDATED STATEMENTS OF CONDITION

GreenStone Farm Credit Services, ACA
(in thousands)

As of:	**September 30, 2024**	December 31, 2023
	(Unaudited)	
ASSETS		
Loans	**$12,803,019**	$12,505,709
Allowance for credit losses on loans	**46,426**	35,874
Net loans	**12,756,593**	12,469,835
Investment in AgriBank, FCB	**471,623**	489,023
Accrued interest receivable	**119,949**	100,279
Premises and equipment, net	**50,364**	51,555
Other assets	**132,215**	110,438
Total assets	**$13,530,744**	$13,221,130
LIABILITIES		
Note payable to AgriBank, FCB	**$10,703,029**	$10,501,604
Accrued interest payable	**109,744**	103,313
Patronage distribution payable	**90,000**	120,000
Deferred tax liabilities, net	**2,783**	2,318
Other liabilities	**60,526**	63,318
Total liabilities	**10,966,082**	10,790,553
Contingencies and commitments (Note 3)		
MEMBERS' EQUITY		
Protected members' equity	**--**	1
Capital stock and participation certificates	**26,925**	26,475
Unallocated surplus	**2,539,918**	2,406,452
Accumulated other comprehensive loss	**(2,181)**	(2,351)
Total members' equity	**2,564,662**	2,430,577
Total liabilities and members' equity	**$13,530,744**	$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)

For the period ended September 30,	*Three Months Ended* **2024**	2023	*Nine Months Ended* **2024**	2023
Interest income	**$193,638**	$190,660	**$569,482**	$541,813
Interest expense	**109,744**	103,098	**315,177**	284,839
Net interest income	**83,894**	87,562	**254,305**	256,974
Provision for (reversal of) credit losses	**7,345**	(8,444)	**17,315**	15,718
Net interest income after provision for (reversal of) credit losses	**76,549**	96,006	**236,990**	241,256
Non-interest income				
Patronage income	**17,349**	17,387	**54,222**	49,480
Financially related services income	**4,314**	4,523	**12,850**	11,642
Fee income	**8,106**	5,691	**22,739**	17,989
Other non-interest income	**244**	184	**4,646**	2,777
Total non-interest income	**30,013**	27,785	**94,457**	81,888
Non-interest expense				
Salaries and employee benefits	**24,701**	23,299	**73,785**	68,593
Other operating expense	**10,699**	12,315	**31,449**	36,157
Total non-interest expense	**35,400**	35,614	**105,234**	104,750
Income before income taxes	**71,162**	88,177	**226,213**	218,394
Provision for income taxes	**779**	1,648	**2,831**	5,618
Net income	**$70,383**	$86,529	**$223,382**	$212,776
Other comprehensive income				
Employee benefit plans activity	**$57**	$94	**$170**	$283
Total other comprehensive income	**57**	94	**170**	283
Comprehensive income	**$70,440**	$86,623	**$223,552**	$213,059

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	--	--	212,776	--	212,776
Other comprehensive income	--	--	--	283	283
Unallocated surplus designated for patronage distributions	--	--	(89,540)	--	(89,540)
Capital stock and participation certificates issued	--	1,499	--	--	1,499
Capital stock and participation certificates retired	--	(1,058)	--	--	(1,058)
Balance at September 30, 2023	$1	$26,332	$2,364,226	($3,320)	$2,387,239
Balance at December 31, 2023	$1	$26,475	$2,406,452	($2,351)	$2,430,577
Net income	**--**	**--**	**223,382**	**--**	**223,382**
Other comprehensive income	**--**	**--**	**--**	**170**	**170**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(89,916)**	**--**	**(89,916)**
Capital stock and participation certificates issued	**--**	**1,514**	**--**	**--**	**1,514**
Capital stock and participation certificates retired	**(1)**	**(1,064)**	**--**	**--**	**(1,065)**
Balance at September 30, 2024	**$ --**	**$26,925**	**$2,539,918**	**($2,181)**	**$2,564,662**

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 nine months ended September 30, 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 standard 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 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 $119.9 million at September 30, 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:	**September 30, 2024**		December 31, 2023	
	Amortized Cost	**Percentage**	Amortized Cost	Percentage
Real estate mortgage	**$6,509,476**	**50.9%**	$6,358,071	50.8%
Production and intermediate-term	**2,206,310**	**17.2**	2,197,637	17.6
Agribusiness	**2,948,890**	**23.0**	2,939,026	23.5
Other	**1,138,343**	**8.9**	1,010,975	8.1
Total	**$12,803,019**	**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 September 30, 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	**$9,005**	**$1,888**	**$10,893**	**$6,498,583**	**$6,509,476**
Production and intermediate-term	**6,674**	**1,850**	**8,524**	**2,197,786**	**2,206,310**
Agribusiness	**17,941**	**6,156**	**24,097**	**2,924,793**	**2,948,890**
Other	**1,764**	**--**	**1,764**	**1,136,579**	**1,138,343**
Total	**$35,384**	**$9,894**	**$45,278**	**$12,757,741**	**$12,803,019**

As of December 31, 2023	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
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 September 30, 2024, or December 31, 2023.

Nonaccrual Loans

Nonaccrual Loans Information

	As of September 30, 2024		**For the Nine Months Ended September 30, 2024**
(in thousands)	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$11,350**	**$10,034**	**$679**
Production and intermediate-term	**3,239**	**1,745**	**884**
Agribusiness	**67,064**	**21,612**	**8**
Other	**2,260**	**412**	**23**
Total	**$83,913**	**$33,803**	**$1,594**

	As of December 31, 2023		For the Nine Months Ended September 30, 2023
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	$20,663	$6,278	$691
Production and intermediate-term	3,325	427	132
Agribusiness	17,399	--	--
Other	2,564	487	77
Total	$43,951	$7,192	$900

Reversals of interest income on loans that transferred to nonaccrual status were not material for the nine months ended September 30, 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 September 30, 2024, or 2023, and activity on these loans during the nine months ended September 30, 2024, or 2023, were not material. We did not have any material commitments at September 30, 2024, or December 31, 2023, to lend to borrowers whose loans were modified during the nine months ended September 30, 2024, or during the year ended December 31, 2023, respectively.

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), United States (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) Nine months ended September 30,	**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	**18,901**	17,615
Loan recoveries	**233**	277
Loan charge-offs	**(8,582)**	(7,218)
Balance at end of period	**$46,426**	$43,429
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	**(1,586)**	(1,897)
Balance at end of period	**$6,534**	$6,734
Total allowance for credit losses	**$52,960**	$50,163

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by increases in specific reserves on purchased participations in our agribusiness loan type.

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 September 30, 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 September 30, 2024**	Fair Value Measurement Using Level 1	 Level 2	 Level 3	Total Fair Value
Loans	**$ --**	**$ --**	**$28,467**	**$28,467**
Acquired property	**--**	**--**	**2,391**	**2,391**

As of December 31, 2023	Fair Value Measurement Using Level 1	 Level 2	 Level 3	Total Fair 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 November 7, 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.