Quarterly Report
March 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of AgCountry Farm Credit Services, ACA and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry 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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NOTICE OF SIGNIFICANT OR MATERIAL EVENTS

The Boards of Directors of AgCountry Farm Credit Services, ACA, Farm Credit Services of America, ACA, and Frontier Farm Credit, ACA entered into an agreement with an effective date of December 29, 2023, and beginning April 15, 2024, the three associations are jointly managed and share income and losses. Mark Jensen serves as the joint President and CEO and Marc Knisely, former President and CEO of AgCountry Farm Credit Services, serves on the newly formed executive leadership team for all three associations. The associations will deploy a common business approach to the development and delivery of products and services and use common technology platforms which accommodate differences in local marketplace conditions. While the associations are jointly managed and will operate under jointly developed strategic business plans and supporting plans, they remain separate organizations with strong local representation through independent boards of directors and distinct patronage programs.

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 began 2024 on strong footing and a recession in the next 12 months appears less likely. The Federal Reserve (the Fed) maintained the federal funds rate of 5.25%-5.50% at the March 2024 meeting. The market generally expects the Fed to begin reducing rates later in 2024.

The Consumer Price Index for all-items increased 3.5% over the last 12 months. Shelter and gasoline continued to be large contributors to the monthly all-items increase. Consumer spending is expected to moderate in 2024 as households become more cautious toward spending.

The unemployment rate rose slightly to 3.8% in March 2024 and the number of unemployed changed slightly from 6.3 million in December 2023 to 6.4 million in March 2024. Total nonfarm employment rose by 303,000 jobs. Recent data shows some softening in the labor market which may lead to moderate increases in unemployment in 2024 and 2025.

AgCountry pays close attention to global, national, and local events, and assesses the impact of those events on our customers and our cooperative as we fulfill our mission to serve agriculture and rural America. Despite the current volatile rate environment, AgCountry consistently helps customers succeed by providing constructive credit and financial services products.

AgCountry serves a broad range of commodities and agricultural industries across its three-state territory and participates with other Farm Credit associations in credit delivery across the Nation. The summaries below provide a high-level overview of conditions and outlook for the primary commodities in our local service area. See www.agcountry.com/resources for a more comprehensive discussion of current economic conditions and impact on commodities.

Specific Production Conditions

Corn: Corn prices began the first quarter of 2024 lower as the United States Department of Agriculture (USDA) increased final yields for the 2023 crop from 174.9 to 177.3 bushels per acre. Despite weather-related concerns in Brazil, total corn production from the combination of Brazil and Argentina is expected to be at a record high. At the end of the first quarter of 2024, the USDA reported corn planted for all purposes in 2024 was estimated at 90 million acres, down 5.0% from 2023.

Soybeans: Like corn, soybean prices began the first quarter of 2024 lower as the USDA increased final yields for the 2023 crop from 49.9 to 50.6 bushels per acre. The U.S. soybean exports continued to remain weak due to Brazil's record soybean production and higher demand in the U.S. for crush. For the 2024 U.S. soybean crop, planted acreage intentions were estimated at 86.5 million acres, up 3.0% from 2023.

Wheat: Throughout the first quarter of 2024, spring wheat markets continued to set new contract lows. New crop spring wheat trading off the September 2024 contract was between $7.45 and $6.51. All wheat acres for 2024 were estimated at 47.5 million acres, which is 200,000 fewer acres than pre-report estimates and 2.1 million acres down from last year. Spring wheat acres were estimated at 11.3 million acres to be planted in 2024, this is 400,000 acres more than pre-report estimates and 100,000 acres more than last year.

Sugar: Sugarbeet piles encountered warmer than normal temperatures causing beet pile shrinkage during the first quarter of 2024. In the Red River Valley and Michigan, sugarbeet production is down 155,761 short tons, raw value. The U.S. production has decreased 109,050 short tons, raw value to 5.4 million short tons, raw value.

Dairy: Due to a slower growth in output per cow and a lower dairy cow inventory, milk production for 2024 is lowered. Price estimates are mixed. With recent strong demand, prices for butter, cheese, and Class III milk are up for 2024. Nonfat dry milk, whey, and Class IV milk prices are lowered due to a lack of price strength.

Biofuels: The Energy Information Administration (EIA) has once again raised ethanol production estimates. EIA estimates production will average 1.0 million barrels per day in 2024 and 2025. Throughout the last four weeks of March 2024, production was estimated at 1.1 million barrels per day which is 61,000 barrels per day more than the same four weeks in 2022.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $13.3 billion at March 31, 2024, an increase of $108.0 million from December 31, 2023.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2023, and remains within AgCountry's risk tolerance. Adversely classified loans increased to 2.2% of the portfolio at March 31, 2024, from 1.9% of the portfolio at December 31, 2023. Adversely classified loans are loans 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.

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, $324.9 million of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) As of:	**March 31, 2024**	December 31, 2023
Loans:		
Nonaccrual	**$ 46,365**	$ 45,840
Accruing loans 90 days or more past due	**1,614**	2,103
Total nonperforming loans	**47,979**	47,943
Other property owned	**77**	77
Total nonperforming assets	**$ 48,056**	$ 48,020
Total nonperforming loans as a percentage of total loans	**0.4%**	0.4%
Nonaccrual loans as a percentage of total loans	**0.3%**	0.3%
Current nonaccrual loans as a percentage of total nonaccrual loans	**18.0%**	24.5%
Total delinquencies as a percentage of total loans[1]	**0.4%**	0.3%

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

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

Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is an estimate of 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 an estimate of 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	**0.2%**	0.3%
Nonaccrual loans	**61.0%**	76.3%
Total nonperforming loans	**58.9%**	73.0%

Total allowance for credit losses on loans was $28.3 million at March 31, 2024, and $35.0 million at December 31, 2023. The decrease from December 31, 2023, was primarily related to a change in models used to estimate allowance for credit losses on loans. Refer to Note 1 for more information on the change in models.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	**2024**	2023
Net income	**$ 70,771**	$ 50,103
Return on average assets	**2.0%**	1.6%
Return on average members' equity	**10.6%**	7.9%

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	**Increase (decrease) in net income**
Net interest income	**$ 96,483**	$ 80,757	**$ 15,726**
Provision for credit losses	**(3,027)**	11,310	**14,337**
Non-interest income	**20,051**	24,479	**(4,428)**
Non-interest expense	**48,759**	45,550	**(3,209)**
Provision for (benefit from) income taxes	**31**	(1,727)	**(1,758)**
Net income	**$ 70,771**	$ 50,103	**$ 20,668**

Net Interest Income

Changes in Net Interest Income

(in thousands) For the three months ended March 31,	**2024 vs 2023**
Changes in volume	**$ 8,399**
Changes in interest rates	**6,880**
Changes in nonaccrual interest income and other	**447**
Net change	**$ 15,726**

Provision for Credit Losses

The “Provision for credit losses” in the Consolidated Statements of Comprehensive Income includes a (reversal of) provision for credit losses on loans as well as a provision for credit losses on unfunded commitments. The (reversal of) provision for credit losses and the increase in provision for unfunded commitments was primarily due to a change in models used to estimate allowance for credit losses on loans. The new model has been validated and is appropriate for AgCountry. Refer to Note 1 for more information on the change in models.

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 June 30, 2026. 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 $46.4 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 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 6 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	**14.4%**	15.1%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**14.4%**	15.1%	6.0%	2.5%	8.5%
Total capital ratio	**14.6%**	15.3%	8.0%	2.5%	10.5%
Permanent capital ratio	**14.5%**	15.1%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**16.9%**	17.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**16.9%**	17.7%	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 10 in our 2023 Annual Report.

CERTIFICATION

The undersigned have reviewed the March 31, 2024, Quarterly Report of AgCountry 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.

Lynn Pietig
Board Chair
AgCountry Farm Credit Services, ACA

Mark Jensen
President and Chief Executive Officer
AgCountry Farm Credit Services, ACA

Rebecca A. Thibert
Chief Financial Officer
AgCountry Farm Credit Services, ACA

May 6, 2024

CONSOLIDATED STATEMENTS OF CONDITION

AgCountry Farm Credit Services, ACA
(in thousands)

As of:		March 31, 2024		December 31, 2023
		(Unaudited)		
ASSETS				
Loans	**$**	**13,287,760**	$	13,179,771
Allowance for credit losses on loans		**28,266**		34,987
Net loans		**13,259,494**		13,144,784
Investment in AgriBank, FCB		**415,856**		414,736
Accrued interest receivable		**153,420**		170,941
Premises and equipment, net		**47,173**		46,898
Other assets		**124,020**		141,874
Total assets	**$**	**13,999,963**	$	13,919,233
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**11,081,081**	$	10,974,200
Accrued interest payable		**117,755**		115,426
Deferred tax liabilities, net		**520**		476
Patronage distribution payable		**57,600**		125,000
Other liabilities		**54,359**		61,852
Total liabilities		**11,311,315**		11,276,954
Contingencies and commitments (Note 3)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**13,271**		13,158
Capital stock and participation certificates receivable		**(13,271)**		(13,158)
Additional paid-in capital		**662,638**		662,638
Unallocated surplus		**2,033,288**		1,987,117
Accumulated other comprehensive loss		**(7,278)**		(7,476)
Total members' equity		**2,688,648**		2,642,279
Total liabilities and members' equity	**$**	**13,999,963**	$	13,919,233

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Three Months Ended	
For the period ended March 31,	**2024**	2023
Interest income	**$ 214,443**	$ 166,707
Interest expense	**117,960**	85,950
Net interest income	**96,483**	80,757
Provision for credit losses	**(3,027)**	11,310
Net interest income after provision for credit losses	**99,510**	69,447
Non-interest income		
Patronage income	**10,954**	16,245
Financially related services income	**4,944**	4,430
Fee income	**3,804**	3,678
Other non-interest income	**349**	126
Total non-interest income	**20,051**	24,479
Non-interest expense		
Salaries and employee benefits	**31,245**	27,731
Other operating expense	**17,512**	17,790
Other non-interest expense	**2**	29
Total non-interest expense	**48,759**	45,550
Income before income taxes	**70,802**	48,376
Provision for (benefit from) income taxes	**31**	(1,727)
Net income	**$ 70,771**	$ 50,103
Other comprehensive income		
Employee benefit plans activity	**$ 198**	$ 231
Total other comprehensive income	**198**	231
Comprehensive income	**$ 70,969**	$ 50,334

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

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

	Capital Stock and Participation Certificates and Receivable, Net	Additional Paid-in Capital	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2022	$ --	$ 662,638	$ 1,843,363	$ (8,563)	$ 2,497,438
Cumulative effect of change in accounting principle	--	--	14,416	--	14,416
Net income	--	--	50,103	--	50,103
Other comprehensive income	--	--	--	231	231
Unallocated surplus designated for patronage distributions	--	--	(22,750)	--	(22,750)
Capital stock and participation certificates issued	214	--	--	--	214
Capital stock and participation certificates retired	(158)	--	--	--	(158)
Additions to capital stock and participation certificates receivable, net	(56)	--	--	--	(56)
Balance at March 31, 2023	$ --	$ 662,638	$ 1,885,132	$ (8,332)	$ 2,539,438
Balance at December 31, 2023	$ --	$ 662,638	$ 1,987,117	$ (7,476)	$ 2,642,279
Net income	**--**	**--**	**70,771**	**--**	**70,771**
Other comprehensive income	**--**	**--**	**--**	**198**	**198**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(24,600)**	**--**	**(24,600)**
Capital stock and participation certificates issued	**268**	**--**	**--**	**--**	**268**
Capital stock and participation certificates retired	**(155)**	**--**	**--**	**--**	**(155)**
Additions to capital stock and participation certificates receivable, net	**(113)**	**--**	**--**	**--**	**(113)**
Balance at March 31, 2024	**$ --**	**$ 662,638**	**$ 2,033,288**	**$ (7,278)**	**$ 2,688,648**

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 AgCountry Farm Credit Services, ACA and its subsidiaries AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA. All material intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

Allowance for Credit Losses: Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” 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 CECL model. The allowance for credit losses (ACL) comprises the allowance for credit losses on loans and unfunded commitments.

Allowance for Credit Losses on Loans
Beginning January 1, 2023, the allowance for credit losses on loans (ACLL) represents the estimated current expected credit losses on the loan portfolio over the remaining contractual life of the loan portfolio adjusted for expected prepayments. The ACLL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are not unconditionally cancellable.

The ACLL is increased through provisions for credit losses on loans and loan recoveries and is decreased through reversals of provision for credit losses on loans and loan charge-offs. The provision activity is included as part of the “Provision for credit losses” in the Consolidated Statements of Comprehensive Income.

Determining the appropriateness of the ACLL is complex and requires judgment by management about the effect of matters that are inherently uncertain. Loans are evaluated on the amortized cost basis, which includes unamortized premiums and discounts on purchased loans and unamortized adjustments to fair value on loans acquired through merger.

We employ a disciplined process and methodology to establish the ACLL 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. When a loan does not share risk characteristics with other loans, expected credit loss is 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 except that, for collateral-dependent loans, credit loss is measured as the difference between the amortized cost basis in the loan and the fair value of the underlying collateral. 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 ACLL. For more information see the Collateral Dependent Loans policy in the significant accounting policies section of this report.

In estimating the pooled component of the ACLL that share common risk characteristics, loans are pooled and segregated into loan classes based on loan type. We utilize a model to calculate an expected life-of-loan loss percentage for each loan pool by considering the probability of default, based on the migration of loans from performing to loss by internal risk rating, and the loss given default, based on historical experience. Loan borrower characteristics are also utilized and include internal risk ratings, and the remaining term of the loan.

Effective January 1, 2024, AgCountry transitioned to a different model to estimate allowance for credit losses on loans. The model utilized during the year ended December 31, 2023, utilized a weighted average of three economic scenarios and the macroeconomic variables used included unemployment rates, U.S. corporate credit ratings, and stock market volatility and performance. The model utilized beginning January 1, 2024, uses a single economic scenario and the macroeconomic variables include net farm income, unemployment rates, real gross domestic product levels, housing price index, and agricultural land values. The quarterly economic forecast and reasonable and supportable forecast period of three years continue to be used.

The final credit loss estimate also considers 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, collateral value trends, and expected performance of specific industry sectors not reflected in the economic forecast. Consideration of these factors, as well as the imprecision inherent in the process and methodology may lead to a management adjustment to the modeled ACLL 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.

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 given default, portfolio quality, and current economic and environmental conditions.

Allowance for Credit Losses on Unfunded Commitments
Under CECL, 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. The related provision is included as part of the “Provision for credit losses” in the Consolidated Statements of Comprehensive Income. The amount of expected losses is determined by calculating a commitment usage factor over the contractual period for exposures by the Association and applying the loss factors used in the ACLL methodology to the results of the usage calculation.

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 $153.4 million at March 31, 2024, and $170.9 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	%	Amortized Cost	%
Real estate mortgage	**$ 4,960,607**	**37.3%**	$ 4,895,569	37.1%
Production and intermediate-term	**2,961,957**	**22.3%**	3,119,147	23.7%
Agribusiness	**3,493,116**	**26.3%**	3,347,974	25.4%
Other	**1,872,080**	**14.1%**	1,817,081	13.8%
Total	**$ 13,287,760**	**100.0%**	$ 13,179,771	100.0%

The other category is primarily composed of rural infrastructure 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 2,556**	**$ 2,062**	**$ 4,618**	**$ 4,955,989**	**$ 4,960,607**	**$ 1,614**
Production and intermediate-term	**6,854**	**32,019**	**38,873**	**2,923,084**	**2,961,957**	**--**
Agribusiness	**295**	**5,496**	**5,791**	**3,487,325**	**3,493,116**	**--**
Other	**--**	**--**	**--**	**1,872,080**	**1,872,080**	**--**
Total	**$ 9,705**	**$ 39,577**	**$ 49,282**	**$ 13,238,478**	**$ 13,287,760**	**$ 1,614**

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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 5,345	$ 418	$ 5,763	$ 4,889,806	$ 4,895,569	$ 148
Production and intermediate-term	33,006	2,549	35,555	3,083,592	3,119,147	1,955
Agribusiness	--	1,327	1,327	3,346,647	3,347,974	--
Other	44	--	44	1,817,037	1,817,081	--
Total	$ 38,395	$ 4,294	$ 42,689	$ 13,137,082	$ 13,179,771	$ 2,103

Nonaccrual Loans

Nonaccrual Loans Information

(in thousands)	As of March 31, 2024 Amortized Cost	As of March 31, 2024 Amortized Cost Without Allowance	For the Three Months Ended March 31, 2024 Interest Income Recognized
Nonaccrual loans:			
Real estate mortgage	**$ 2,274**	**$ 2,274**	**$ 117**
Production and intermediate-term	**22,528**	**1,662**	**35**
Agribusiness	**12,660**	**949**	**1**
Other	**8,903**	**--**	**--**
Total	**$ 46,365**	**$ 4,885**	**$ 153**

	As of December 31, 2023 Amortized Cost	As of December 31, 2023 Amortized Cost Without Allowance	For the Three Months Ended March 31, 2023 Interest Income Recognized (Reversed)
Nonaccrual loans:			
Real estate mortgage	$ 2,449	$ 2,449	$ (39)
Production and intermediate-term	21,644	693	110
Agribusiness	12,696	764	77
Other	9,051	--	37
Total	$ 45,840	$ 3,906	$ 185

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.

Loan Modifications at Amortized Cost[1]

(dollars in thousands) **For the three months ended March 31, 2024**	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	**$ --**	**$ --**	**$ 5,722**	**$ --**	**$ --**	**$ 5,722**	**0.04%**
Production and intermediate-term	**--**	**20,790**	**--**	**--**	**--**	**20,790**	**0.16%**
Agribusiness	**--**	**6,949**	**--**	**5**	**--**	**6,954**	**0.05%**
Total	**$ --**	**$ 27,739**	**$ 5,722**	**$ 5**	**$ --**	**$ 33,466**	**0.25%**
Loan modifications granted as a percentage of total loans	**--**	**0.21%**	**0.04%**	**0.00%**	**--**	**0.25%**	

For the three months ended March 31, 2023	Interest Rate Reduction	Term Extension	Payment Deferral	Principal Forgiveness	Combination - Interest Rate Reduction and Term Extension	Total	Percentage of Total Loans
Real estate mortgage	$ 2,183	$ 28	$ --	$ --	$ --	$ 2,211	0.02%
Production and intermediate-term	2,222	30	--	--	3,085	5,337	0.04%
Agribusiness	--	7,856	--	--	--	7,856	0.07%
Total	$ 4,405	$ 7,914	$ --	$ --	$ 3,085	$ 15,404	0.13%
Loan modifications granted as a percentage of total loans	0.04%	0.07%	--	--	0.02%	0.13%	

[1]Excludes loans that were modified during the period, but were paid off or sold prior to period end.

Financial Effect of Loan Modifications

For the three months ended March 31, 2024	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Payment deferral			**11**	
Principal forgiveness				**1**
Production and intermediate-term				
Term extension		**11**		
Agribusiness				
Term extension		**9**		
Principal forgiveness				**6,208**

For the three months ended March 31, 2023	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)	Principal Forgiveness ($ in thousands)
Real estate mortgage				
Interest rate reduction	0.3%			
Term extension		60		
Production and intermediate-term				
Interest rate reduction	1.0%			
Term extension		60		
Combination - interest rate reduction and term extension	1.0%	8		
Agribusiness				
Term extension		28		

There were no significant loans to borrowers experiencing financial difficulty that defaulted during the three months ended March 31, 2024 or March 31, 2023, in which the modifications were within twelve months preceding the default.

The following table presents the payment status at amortized cost of loans that have been modified for borrowers experiencing financial difficulty within twelve months of the respective reporting period.

Payment Status of Loan Modifications[1]

(in thousands) **As of March 31, 2024**	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	**$ 7,044**	**$ --**	**$ --**	**$ 7,044**
Production and intermediate-term	**23,771**	**--**	**9**	**23,780**
Agribusiness	**22,353**	**27**	**5**	**22,385**
Total	**$ 53,168**	**$ 27**	**$ 14**	**$ 53,209**

As of March 31, 2023	Not Past Due or Less Than 30 Days Past Due	30-89 Days Past Due	90 Days or More Past Due	Total
Real estate mortgage	$ 2,211	$ --	$ --	$ 2,211
Production and intermediate-term	5,337	--	--	5,337
Agribusiness	7,856	--	--	7,856
Total	$ 15,404	$ --	$ --	$ 15,404

[1]Excludes loans that were modified during the period, but were paid off or sold prior to period end.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was not material at March 31, 2024, or 2023.

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the three months ended March 31, 2024, were $18.8 million and during the year ended December 31, 2023, were $16.7 million.

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 U.S. net farm income, 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	**$ 34,987**	$ 30,068
Cumulative effect of change in accounting principle	**--**	(14,996)
Provision for credit losses on loans	**(6,733)**	11,786
Loan recoveries	**12**	85
Loan charge-offs	**--**	--
Balance at end of period	**$ 28,266**	$ 26,943
Allowance for Credit Losses on Unfunded Commitments		
Balance at beginning of period	**$ 1,063**	$ 2,192
Cumulative effect of change in accounting principle	**--**	(1,054)
Provision for credit losses on unfunded commitments	**3,706**	(476)
Balance at end of period	**$ 4,769**	$ 662
Total allowance for credit losses	**$ 33,035**	$ 27,605

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by a change in models used to estimate allowance for credit losses on loans.

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 10 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	**$ --**	**$ --**	**$ 25,992**	**$ 25,992**
Other property owned	**--**	**--**	**80**	**80**

As of December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 28,179	$ 28,179
Other property owned	--	--	80	80

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.

Other Property Owned: 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.