First Quarter Financial Report March 31, 2024

Farm Credit Services *of* America
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Farm Credit Services of America, ACA

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

The following commentary reviews the consolidated financial position and consolidated results of operations of Farm Credit Services of America, ACA, and its subsidiaries Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA. The accompanying consolidated financial statements and notes also contain important information about our unaudited financial position and results of operations. You should also read our 2023 Annual Report for a description of our organization, operations and significant accounting policies.

Due to the nature of our financial relationship with AgriBank, FCB, the financial condition and results of operations of AgriBank, FCB may materially affect our shareholders' investment in Farm Credit Services of America, ACA. To request a free copy of the AgriBank, FCB financial reports or additional copies of our report contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905 or via email to $sr@fcsamerica.com or view them at our website, www.fcsamerica.com. You may also contact AgriBank, FCB at 30 East 7th Street, Suite 1600, St. Paul, MN 55101, (651) 282-8800, or via electronic mail to: financialreporting@agribank.com. The AgriBank, FCB's financial reports are also available through AgriBank, FCB's website at www.agribank.com.

Notice of Significant or Material Events

The Boards of Directors of Farm Credit Services of America, ACA, AgCountry Farm Credit Services, ACA, and Frontier Farm Credit, ACA entered into an agreement with an effective date of December 29, 2023. 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 Financial 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.

Commodity Review and Outlook Update

Corn prices began the first quarter 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 quarter, USDA reported corn planted for all purposes in 2024 was estimated at 90 million acres, down 5.0 percent from 2023.

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

Cattle prices during the first quarter remained strong as limited supply and strong demand continue to provide price support for the United States cattle sector. USDA's January Cattle Inventory report estimated 87.2 million head of cattle and calves on farms in the United States as of January 1, 2024, the lowest level of inventory since 1951. The calf crop was estimated at 33.6 million head, down 2.0 percent from 2023 and the smallest calf crop since 1948. Despite higher prices, domestic consumer demand for beef remained relatively strong. United States beef exports in January remain behind the pace from 2023 due to low domestic beef production.

After experiencing a difficult 2023, United States pork producers saw improved profit margins during the first quarter of 2024 when compared to the first quarter of last year. Lean hog futures began the first quarter at $70 per hundredweight and rebounded to over $86 per hundredweight by the end of the quarter. According to USDA, as of March 1, 2024, there were 74.6 million hogs and pigs on farms in the United States, up 1.0 percent from March 2023 but down 2.0 percent from December 1, 2023. United States pork exports remained robust, and in January 2024, were approximately 588 million pounds, approximately 6.0 percent higher than a year ago. Shipments to Mexico accounted for 40.0 percent of total United States pork exports.

Refer to the Commodity Review and Outlook section of Management's Discussion & Analysis in the 2023 Annual Report for further analysis of farmland prices and industry conditions.

Loan Portfolio

Total loans were $39.3 billion at March 31, 2024, an increase of $0.7 billion, or 1.8 percent from December 31, 2023. The increase was primarily due to an increase in agribusiness and long-term agricultural mortgage loans.

Portfolio Credit Quality

The credit quality of our portfolio decreased slightly from December 31, 2023. Our adversely classified assets increased during the first three months of 2024 ending the quarter at 2.04 percent of the portfolio, compared to 1.96 percent 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, and in our opinion, the allowance for credit losses was reasonable in relation to the risk in our loan portfolio at March 31, 2024.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At March 31, 2024, $1.1 billion of our loans were substantially guaranteed under these government programs.

Nonperforming Assets

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

	March 31, 2024	December 31, 2023
Loans:		
Nonaccrual	**$ 111,062**	$ 120,548
Accruing loans 90 days or more past due	**10,516**	7,570
Total nonperforming loans	**121,578**	128,118
Nonperforming loans as a percentage of total loans	**0.31%**	0.33%
Nonaccrual loans as a percentage of total loans	**0.28%**	0.31%
Current nonaccrual loans as a percentage of total nonaccrual loans	**55.6%**	40.4%
Total delinquencies as a percentage of total loans	**0.42%**	0.51%

Total nonperforming assets have decreased since year-end due to a decrease in nonaccrual loans offset slightly by an increase in accruing loans 90 days or more past due. The decrease in nonaccrual loans is primarily due to loans in the food processing portfolio. It is our practice to transfer accruing loans that are past due 90 days or more into nonaccrual unless they are adequately secured and in the process of collection. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection and were eligible to remain in accruing status. Nonperforming loans as a percentage of total loans remain at acceptable levels.

Allowance for Credit Losses

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

Allowance for Credit Losses on Loans Coverage Ratios:

	March 31, 2024	December 31, 2023
Allowance for credit losses on loans as a percentage of:		
Total loans	**0.19%**	0.21%
Nonaccrual loans	**66.63%**	68.02%
Total nonperforming loans	**60.87%**	64.00%

Total allowance for credit losses was $87.0 million at March 31, 2024, and $96.0 million at December 31, 2023. The decrease from December 31, 2023 was primarily related to the charge offs during the first quarter on accounts that previously had specific reserves. In our opinion, the allowance for credit losses on loans was reasonable in relation to the risk in our loan portfolio at March 31, 2024.

Results of Operations

The following table presents profitability information (dollars in thousands):

	For the three months ended March 31,	
	2024	2023
Net income	**$203,701**	$167,655
Return on average assets	**1.94%**	1.68%
Return on average members' equity	**10.82%**	9.56%

Changes in these ratios are directly related to the changes in income discussed in this section, changes in assets discussed in the Loan Portfolio section and changes in capital discussed in the Funding, Liquidity and Members' Equity section.

Major components of the changes in net income for the three months ended March 31, 2024 compared to the same period in 2023 are outlined in the following table (dollars in thousands):

For the three months ended March 31,	2024	2023	Increase (decrease) in net income
Net interest income	**$ 265,299**	$ 228,705	**$ 36,594**
Provision for credit losses	**4,483**	8,432	**3,949**
Noninterest income	**77,545**	71,132	**6,413**
Noninterest expense	**131,269**	121,426	**(9,843)**
Provision for income taxes, net	**3,391**	2,324	**(1,067)**
Net income	**$ 203,701**	$ 167,655	**$ 36,046**

The effects on net interest income from changes in average volumes and rates are quantified in the following table for the three months ended March 31, (dollars in thousands):

	2024 vs. 2023
Change in volume	**$ 4,967**
Change in rates	**30,703**
Change in nonaccrual income	**924**
Net change	**$ 36,594**

The increase in net interest income is due to higher loan volume and an increase in income earned on earning assets funded by our noninterest-bearing source (capital).

We recorded a $5.5 million provision for credit losses on loans for the first three months of 2024, as compared with recording a $8.4 million provision for credit losses on loans during the first three months of 2023. The decrease in provision was related to a decrease in specific reserves on a few loans and charge offs made in the first quarter of 2024 on loans that had a specific reserve. We recorded a $1.0 million reversal of our provision for credit losses on unfunded commitments for the first three months of 2024, as compared with no provision for credit losses on unfunded commitments during the first three months of 2023.

Net charge offs for the first three months of 2024 were $13.5 million compared to net charge offs of $0.4 million in the same period a year ago. The change in the provision for credit losses on loans and unfunded commitments reflects our assessment of risk in the loan portfolio.

The increase in noninterest income is primarily due to an increase in AgDirect program fees and insurance income.

The increase in noninterest expense is primarily due to higher salary and benefits expenses due to market adjustments since staffing levels are consistent with prior year. The Farm Credit System Insurance expense decreased in 2024 primarily due to a decrease in the Farm Credit System Insurance Fund premium rate. The premium rate, which is primarily impacted by System growth, was 10 basis points for the three months ended March 31, 2024, compared to 18 basis points for the same period in 2023. The Farm Credit System Insurance Corporation Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time. Refer to Note 1 in our 2023 Annual Report for additional information on the Farm Credit System Insurance Fund.

We recorded $8.4 million of operating expense credits under the income and expense sharing provisions of the alliance agreement with Frontier Farm Credit in the first three months of 2024 compared to $7.1 million for the first three months of 2023. Refer to Note 1 in our 2023 Annual Report for additional information on the alliance.

The increase in provision for income taxes is primarily related to our estimate of taxes based on taxable income.

We may receive patronage from AgriBank, FCB and other Farm Credit entities. Patronage distributions from those entities are declared solely at the discretion of each institution’s Board of Directors (dollars in thousands).

	For the three months ended March 31,	
	2024	2023
Patronage from AgriBank, FCB	**$ 39,591**	$ 41,066
AgDirect, LLP patronage distribution	**4,343**	$ 4,121
Other patronage	**312**	$ 2,801
Total patronage income	**$ 44,246**	$ 47,988

Patronage from AgriBank, FCB primarily includes wholesale patronage and pool program patronage and may be in the form of cash or stock. All other patronage from other Farm Credit institutions is typically distributed in cash.

Funding, Liquidity and Members’ Equity

We borrow from AgriBank, FCB under a note payable, in the form of a line of credit. The note payable is collateralized by a pledge of substantially all our assets and is governed by a General Financing Agreement (GFA), which provides for an open-ended revolving line of credit. Our note payable was renegotiated as of July 1, 2023 and was renewed for $38 billion with a maturity of June 30, 2026 at which time the note will be renegotiated, if not sooner. 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. Due to the cooperative structure of the Farm Credit System and as Farm Credit Services of America is a stockholder of AgriBank, FCB 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; and
- A risk premium component, if applicable.

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

Our members’ equity increased to $7.7 billion at March 31, 2024 compared to $7.5 billion at December 31, 2023. The increase was primarily due to the net income recorded for the first three months of 2024.

In the 4th quarter of 2023, our Board also adopted a patronage program for 2024. The 2024 patronage program will be based on each customer's average daily balance of eligible loans outstanding during 2024 to be paid in 2025 on eligible originations, participations purchased and participations sold volume.

Farm Credit Administration regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital and permanent capital risk-based capital ratios. In addition, the Farm Credit Administration requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 9 in our 2023 Annual Report for a more complete description of these ratios. The capital adequacy ratios are directly impacted by the changes in capital as more fully discussed in this section and the changes in assets as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 13 in our 2023 Annual Report.

	As of March 31, 2024	As of December 31, 2023	Regulatory Minimums	Capital Conservation Buffers
Risk-adjusted:				
Common equity tier 1 ratio	**14.00%**	14.18%	4.5%	7.0%
Tier 1 capital ratio	**14.00%**	14.18%	6.0%	8.5%
Total capital ratio	**14.21%**	14.42%	8.0%	10.5%
Permanent capital ratio	**14.03%**	14.21%	7.0%	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio	**15.12%**	15.66%	4.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**15.12%**	15.66%	1.5%	1.5%

Certification

This report has been prepared under the oversight of the Board's Audit Committee. The undersigned certify that they have reviewed this report and it has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of their knowledge and belief.

Mark Jensen	Nick Jorgensen	Craig P. Kinnison
President and CEO	Chairperson, ACA Board of Directors	Executive Vice-President and CFO
May 7, 2024	May 7, 2024	May 7, 2024

Farm Credit Services of America, ACA
Consolidated Statements of Condition
(dollars in thousands)

	March 31, 2024 (unaudited)	December 31, 2023
ASSETS		
Loans	**$ 39,325,363**	$ 38,646,868
Allowance for credit losses on loans	**74,000**	82,000
Net loans	**39,251,363**	38,564,868
Cash	**42,838**	58,482
Accrued interest receivable	**528,024**	581,707
Investment in securities	**1,145,316**	772,446
Investment in RBIC	**86,338**	81,186
Investment in AgriBank, FCB	**1,399,213**	1,399,213
Investment in AgDirect, LLP	**135,338**	128,077
Premises and equipment, net	**231,327**	232,187
Deferred tax asset, net	**5,837**	6,451
Other assets	**91,242**	121,505
Total assets	**$ 42,916,836**	$ 41,946,122
LIABILITIES		
Notes payable to Agribank, FCB	**$ 34,760,811**	$ 33,516,275
Accrued interest payable	**317,144**	313,296
Patronage payable	**—**	357,000
Allowance for credit losses on unfunded commitments	**13,000**	14,000
Other liabilities	**124,945**	248,567
Total liabilities	**35,215,900**	34,449,138
Commitments and contingencies (Note 6)		
MEMBERS' EQUITY		
At-risk capital:		
Class D common stock	**96,712**	96,040
Class E common stock	**3,894**	3,858
Less: Capital stock receivable	**(100,606)**	(99,898)
Retained earnings	**7,700,936**	7,496,984
Total members' equity	**7,700,936**	7,496,984
Total liabilities and members' equity	**$ 42,916,836**	$ 41,946,122

The accompanying notes are an integral part of these financial statements.

Farm Credit Services of America, ACA
Consolidated Statements of Income

(dollars in thousands)
(unaudited)

	Three Months Ended March 31, 2024	2023
NET INTEREST INCOME		
Interest income	**$ 582,903**	$ 477,727
Interest expense	**317,604**	249,022
Net interest income	**265,299**	228,705
Provision for credit losses	**4,483**	8,432
Net interest income after provision for credit losses	**260,816**	220,273
NONINTEREST INCOME		
Patronage income	**44,246**	47,988
AgDirect, LLP program fees	**15,663**	11,514
Loan fees	**6,641**	5,142
Insurance services	**5,492**	1,850
Rural 1st program fees	**631**	815
Other noninterest income	**4,872**	3,823
Total noninterest income	**77,545**	71,132
NONINTEREST EXPENSE		
Salaries and employee benefits	**89,934**	76,978
Occupancy and equipment expense	**12,758**	11,870
Other operating expenses	**18,311**	18,870
Insurance fund premiums	**8,129**	14,467
Loss (gain) on RBIC	**2,137**	(759)
Total noninterest expense	**131,269**	121,426
Income before income taxes	**207,092**	169,979
Provision for income taxes	**3,391**	2,324
Net income	**$ 203,701**	$ 167,655

The accompanying notes are an integral part of these financial statements.

Farm Credit Services of America, ACA
Consolidated Statements of Changes in Members' Equity
(dollars in thousands)
(unaudited)

	At-risk Capital		
	Capital Stock	Retained Earnings	Total Members' Equity
Balance at December 31, 2022	$ —	$ 7,066,776	$ 7,066,776
Net income		167,655	167,655
Patronage accrual adjustment		167	167
Cumulative effect of change in accounting principle		(12,000)	(12,000)
Capital stock:			
Issuance of stock in exchange for customer stock receivable	2,446		2,446
Release of customer stock receivable associated with retired stock	(2,539)		(2,539)
Less: Capital stock receivable	93		93
Balance at March 31, 2023	$ —	$ 7,222,598	$ 7,222,598
Balance at December 31, 2023	$ —	$ 7,496,984	$ 7,496,984
Net income		**203,701**	**203,701**
Patronage accrual adjustment		**251**	**251**
Capital stock:			
Issuance of stock in exchange for customer stock receivable	**2,748**		**2,748**
Release of customer stock receivable associated with retired stock	**(2,039)**		**(2,039)**
Less: Capital stock receivable	**(709)**		**(709)**
Balance at March 31, 2024	**$ —**	**$ 7,700,936**	**$ 7,700,936**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements (unaudited)

Note 1 - Organization

The accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. While our accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and the prevailing practices within the financial services industry, this interim Quarterly Financial Report is prepared based upon statutory and regulatory requirements and, accordingly, does not include all disclosures required by U.S. GAAP. 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 2023 Annual Report for the year ended December 31, 2023.

The consolidated financial statements present the consolidated financial results of Farm Credit Services of America, ACA (the parent) and Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA (the subsidiaries). 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 and have determined the following standards to be applicable to our business. While we are a nonpublic entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other Farm Credit System institutions.

Standard and Effective Date	Description	Financial Statement Impact
In 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

Loans by type consisted of the following (dollars in thousands):

	March 31, 2024		December 31, 2023	
	Amount	**Percentage**	Amount	Percentage
Long-term agricultural mortgage	**$ 21,097,830**	**53.7 %**	$ 20,826,929	53.9 %
Production and intermediate term	**7,451,629**	**18.9**	7,621,797	19.7
Agribusiness	**5,852,992**	**14.9**	5,460,016	14.1
Rural infrastructure	**3,051,565**	**7.8**	2,868,097	7.4
Rural residential real estate	**619,788**	**1.6**	641,926	1.7
Agricultural export finance	**133,628**	**0.3**	125,468	0.3
Other	**1,117,931**	**2.8**	1,102,635	2.9
Total loans	**$ 39,325,363**	**100.0 %**	$ 38,646,868	100.0 %

The Other category is primarily composed of certain assets characterized as mission-related investment loans and U.S. Department of Agriculture guaranteed loans.

Credit Quality

One credit quality indicator we utilize is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- acceptable – loans are expected to be fully collectible and represent the highest quality;
- other assets especially mentioned (OAEM) – loans are currently collectible but exhibit some potential weakness;
- substandard – loans exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan;
- doubtful – loans exhibit similar weaknesses to substandard assets; however, doubtful loans have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable; and
- loss – loans are considered uncollectible.

We had no loans categorized as loss at March 31, 2024 or December 31, 2023.

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

As of March 31, 2024	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Long-term agricultural mortgage	**$ 20,330,175**	**96.36 %**	**$ 342,829**	**1.63 %**	**$ 424,826**	**2.01 %**	**$21,097,830**
Production and intermediate term	**7,046,526**	**94.56 %**	**163,154**	**2.19 %**	**241,949**	**3.25 %**	**7,451,629**
Agribusiness	**5,703,841**	**97.45 %**	**36,799**	**0.63 %**	**112,352**	**1.92 %**	**5,852,992**
Rural infrastructure	**3,009,855**	**98.63 %**	**29,756**	**0.98 %**	**11,954**	**0.39 %**	**3,051,565**
Rural residential real estate	**603,950**	**97.44 %**	**4,888**	**0.79 %**	**10,950**	**1.77 %**	**619,788**
Agricultural export finance	**133,628**	**100.00 %**	**—**	**—**	**—**	**—**	**133,628**
Other	**1,117,931**	**100.00 %**	**—**	**—**	**—**	**—**	**1,117,931**
Total	**$ 37,945,906**	**96.49 %**	**$ 577,426**	**1.47 %**	**$ 802,031**	**2.04 %**	**$39,325,363**

As of December 31, 2023	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	%	Amount	%	Amount	%	Amount
Long-term agricultural mortgage	$ 20,105,736	96.54%	$ 324,935	1.56%	$ 396,258	1.90%	$20,826,929
Production and intermediate term	7,285,693	95.59%	119,322	1.57%	216,782	2.84%	7,621,797
Agribusiness	5,288,590	96.86%	44,460	0.81%	126,966	2.33%	5,460,016
Rural infrastructure	2,815,105	98.15%	46,015	1.61%	6,977	0.24%	2,868,097
Rural residential real estate	627,384	97.73%	4,559	0.71%	9,983	1.56%	641,926
Agricultural export finance	125,468	100.00%	—	—	—	—	125,468
Other	1,102,635	100.00%	—	—	—	—	1,102,635
Total	$ 37,350,611	96.65%	$ 539,291	1.39%	$ 756,966	1.96%	$38,646,868

Delinquency

The following table provides an aging analysis of past due loans by loan type at amortized cost (dollars 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 Loans**	**Accruing Loans 90 Days or More Past Due**
Long-term agricultural mortgage	**$ 33,544**	**$ 38,319**	**$ 71,863**	**$ 21,025,967**	**$ 21,097,830**	**$ 1,478**
Production and intermediate term	**35,611**	**8,518**	**44,129**	**7,407,500**	**7,451,629**	**5,256**
Agribusiness	**1,648**	**328**	**1,976**	**5,851,016**	**5,852,992**	**—**
Rural infrastructure	**—**	**—**	**—**	**3,051,565**	**3,051,565**	**—**
Rural residential real estate	**1,760**	**291**	**2,051**	**617,737**	**619,788**	**—**
Agricultural export finance	**—**	**—**	**—**	**133,628**	**133,628**	**—**
Other	**42,840**	**3,782**	**46,622**	**1,071,309**	**1,117,931**	**3,782**
Total	**$ 115,403**	**$ 51,238**	**$ 166,641**	**$ 39,158,722**	**$ 39,325,363**	**$ 10,516**

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 Loans	Accruing Loans 90 Days or More Past Due
Long-term agricultural mortgage	$ 15,652	$ 49,608	$ 65,260	$ 20,761,669	$ 20,826,929	$ —
Production and intermediate term	12,924	14,981	27,905	7,593,892	7,621,797	3,649
Agribusiness	33,557	333	33,890	5,426,126	5,460,016	—
Rural infrastructure	13,066	—	13,066	2,855,031	2,868,097	—
Rural residential real estate	2,432	116	2,548	639,378	641,926	—
Agricultural export finance	—	—	—	125,468	125,468	—
Other	52,032	3,921	55,953	1,046,682	1,102,635	3,921
Total	$ 129,663	$ 68,959	$ 198,622	$ 38,448,246	$ 38,646,868	$ 7,570

Nonperforming Loans

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

	March 31, 2024	December 31, 2023
Nonaccrual loans:		
Long-term agricultural mortgage	**$ 82,427**	$ 79,401
Production and intermediate term	**21,905**	20,226
Agribusiness	**4,525**	18,731
Rural infrastructure	**1,032**	1,108
Rural residential real estate	**1,173**	1,082
Total nonaccrual loans	**$ 111,062**	$ 120,548
Accruing loans 90 days or more past due:		
Long-term agricultural mortgage	**$ 1,478**	$ —
Production and intermediate term	**5,256**	3,649
Other	**3,782**	3,921
Total accruing loans 90 days or more past due	**$ 10,516**	$ 7,570
Total nonperforming loans	**$ 121,578**	$ 128,118

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

	As of March 31, 2024		For the three months ended March 31, 2024
	Amortized Cost with Specific Allowance	**Amortized Cost without Specific Allowance**	**Interest Income Recognized**
Nonaccrual loans:			
Long-term agricultural mortgage	**$ 27,095**	**$ 55,332**	**$ 35**
Production and intermediate term	**4,191**	**17,714**	**284**
Agribusiness	**2,754**	**1,771**	**91**
Rural infrastructure	**1,032**	**—**	**—**
Rural residential real estate	**—**	**1,173**	**116**
Total nonaccrual loans	**$ 35,072**	**$ 75,990**	**$ 526**
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	**$ —**	**$ 1,478**	**$ 10**
Production and intermediate term	**—**	**5,256**	**66**
Rural residential real estate	**—**	**—**	**1**
Other	**—**	**3,782**	**(46)**
Total accruing loans 90 days or more past due	**$ —**	**$ 10,516**	**$ 31**

	As of December 31, 2023		For the three months ended March 31, 2023
	Amortized Cost with Specific Allowance	Amortized Cost without Specific Allowance	Interest Income Recognized
Nonaccrual loans:			
Long-term agricultural mortgage	$ 27,129	$ 52,272	$ (310)
Production and intermediate term	4,442	15,784	(64)
Agribusiness	12,860	5,871	(31)
Rural infrastructure	1,108	—	—
Rural residential real estate	—	1,082	7
Total nonaccrual loans	$ 45,539	$ 75,009	$ (398)
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	$ —	$ —	$ 1
Production and intermediate term	—	3,649	4
Other	—	3,921	(370)
Total accruing loans 90 days or more past due	$ —	$ 7,570	$ (365)

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

Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

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.

Allowance for Credit Losses

We utilize multiple macroeconomic scenarios, including base, adverse and optimistic, in the estimate of allowance for credit losses during a reasonable and supportable forecast period of two years. Thereafter, each succeeding year brings industry economic conditions halfway closer to long-run average conditions.

An analysis of changes in the allowance for credit losses for the three months ended March 31, 2024 follows (dollars in thousands):

	For the three months ended March 31,	
Allowance for credit losses on loans	**2024**	2023
Balance at beginning of year	**$ 82,000**	$ 58,000
Cumulative effect of change in accounting principle	—	14,000
Provision for credit losses on loans	**5,483**	8,432
Recoveries	**3,584**	128
Chargeoffs	**(17,067)**	(560)
Balance at end of period	**$ 74,000**	$ 80,000
Allowance for credit losses on unfunded commitments		
Balance at beginning of year	**$ 14,000**	$ 12,000
Cumulative effect of change in accounting principle	—	(2,000)
Provision for credit losses on unfunded commitments	**(1,000)**	—
Balance at end of period	**$ 13,000**	$ 10,000
Total allowance for credit losses	**$ 87,000**	$ 90,000

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by charge offs in the first quarter of 2024 on loans that previously had specific reserves.

Note 3 – Investment Securities

Held-to-Maturity

We held investment securities of $1.1 billion at March 31, 2024, and $772.4 million at December 31, 2023. Our investment securities consisted of pools of loans guaranteed by the U.S. Small Business Administration (SBA). Our investments are either mortgage-backed securities (MBS), which are generally longer-term investments, or asset-backed securities (ABS), which are generally shorter-term investments.

All of our investment securities were fully guaranteed by the SBA at March 31, 2024 and at December 31, 2023. Premiums paid to purchase the investments are not guaranteed and are amortized as a reduction of interest income.

The investment securities have been classified as held-to-maturity. There was no allowance for credit losses on investments at March 31, 2024, or December 31, 2023.

A summary of the amortized cost of securities held-to-maturity is as follows (dollars in thousands):

As of:	**March 31, 2024**	December 31, 2023
Mortgage-backed securities	**$ 953,495**	624,278
Asset-backed securities	**191,821**	148,168
Total	**$ 1,145,316**	$ 772,446

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $13.6 million at March 31, 2024 and $9.8 million at December 31, 2023.

Investment income is recorded in “Interest income” in the Consolidated Statements of Income and totaled $14.3 million and $5.7 million for the three months ended March 31, 2024 and 2023, respectively.

A summary of the amortized cost of contractual maturities of investment securities is as follows (dollars in thousands):

As of March 31, 2024	**Amortized Cost**
Less than one year	—
One to five years	—
Five to ten years	**191,821**
More than ten years	**953,495**
Total	**$ 1,145,316**

Note 4 – Investment in Rural Business Investment Company

We and other Farm Credit System institutions are among the limited partners invested in 15 Rural Business Investment Companies (RBIC). The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. As of March 31, 2024, our current total commitment is $204.0 million of which $108.6 million is unfunded with varying commitment end dates through June 2034. Certain commitments may have an option to extend under specific circumstances.

Note 5 – 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 levels of inputs 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. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis is as follows (dollars in thousands):

	Fair Value Measurement Using			
As of March 31, 2024	Level 1	Level 2	Level 3	Total Fair Value
Loans	—	—	**$ 33,213**	**$ 33,213**

	Fair Value Measurement Using			
As of December 31, 2023	Level 1	Level 2	Level 3	Total Fair Value
Loans	—	—	$ 41,427	$ 41,427

Nonperforming Loans: Represents the carrying amount of loans evaluated individually for credit losses and are deemed to be collateral dependent. The carrying value amount is based on the estimated value of the underlying collateral, less costs to sell. When the fair value of the collateral, less cost 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 judgement about current market conditions, specific issues relating to the collateral and other matters and, therefore, are classified as Level 3 fair value measurements.

Note 6- Commitments and Contingencies

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 accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, 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, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

Refer to Note 13 in our 2023 Annual Report for additional detail regarding contingencies and commitments.

Note 7- Subsequent Events

We have evaluated subsequent events through May 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.