Quarterly Report
September 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Mid-America, ACA (the Association) and its subsidiaries, Farm Credit Mid-America, FLCA and Farm Credit Mid-America, 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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MERGER ACTIVITY

The merger between Farm Credit Mid-America, ACA (Mid-America) and Farm Credit Midsouth, ACA (Midsouth) was effective April 1, 2023. The merged entity, Farm Credit Mid-America, ACA, is headquartered in Louisville, Kentucky. The Consolidated Statements of Condition reflect the merged Association at September 30, 2024, and December 31, 2023. Results of operations, equity, and related metrics reflect the results of Mid-America prior to April 1, 2023, and the merged Association effective April 1, 2023.

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 several 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 because of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

The overall Association loan portfolio continues to perform well but we are seeing increases in adverse credit. The stress to loans is concentrated in tree nuts, wine, spirits, one large poultry producer, and grains. The tree nut, wine, and spirits industries are suffering from excess production and changes in consumer demand. Net farm income continues to retreat from the all-time high set in 2022 driven by grains. The increase in adverse credit was anticipated based on the unusually low levels of adverse credit reached during an economic cycle that was supportive of all three primary business segments. The Federal Reserve's (the Fed) decision to cut interest rates in September 2024 was helpful, however for producers the relief will come from a combination of higher revenues and lower operating costs. Based on our historical portfolio performance a key metric to watch is debt to net farm income and seeing that retreat to a ratio of 4 to 1 or under.

With the combination of a potential record 2024 crop and the highest old crop corn still in farm storage in late summer (3 billion bushels), opportunities for higher prices may be hard to find. For most of the Association's territory, the 2024 crop is a good one with some areas reporting record yields in the early harvest. Portions of the territory did experience late planting conditions and late flooding but not over wide areas. Hurricane activity mid-way through the harvest in Arkansas will have an impact, but the rice, soybean, and corn crop harvest were showing record yields and the cotton crop prior to the rains was expected to be good to excellent. Land values remain sound across the territory with only isolated areas reflecting slight declines. One positive of the grain price drop, protein producers have realized positive returns for portions of 2024 based on lower feed costs.

Declining income expectations helped to push farmer sentiment down again in September 2024 as the Purdue University-CME Group Ag Economy Barometer Index fell 12 points to 88. Both of the barometer's sub-indices, the index of current conditions and the index of future expectations, declined as well. The current conditions index fell 7 points to 76, and the future expectations index dropped 14 points to 94. These were the weakest barometer and future expectations readings since March 2016, when the farm economy was in the midst of an economic downturn. The current conditions assessment very nearly matched that of April 2020, when COVID concerns were top of mind for United States farmers. Weak farm income expectations combined with lingering interest rate concerns and pessimistic agriculture export outlook helped push short-term farmland value expectations index below 100 for the first time since 2020. Weak output prices combined with high input costs were key problems cited by survey respondents in September. The September survey took place from September 9-13, 2024 (Source September 2024 Purdue/CME Group Ag Economy Barometer).

Our Rural 1st portfolio continues to grow at a good pace supported by growth in wages, low unemployment, and demand for housing. That portfolio focuses on high quality originations and fixed rates, that absent a spike in unemployment, should continue to perform well. The recent Fed rate cut should provide both refinance and conversion opportunities for the portfolio.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $34.4 billion at September 30, 2024, an increase of $2.2 billion from December 31, 2023. The increase was primarily due to increases in real estate mortgage, production and intermediate-term, and agribusiness loans, partially offset by an asset pool sale to AgriBank during the second quarter of 2024. On June 1, 2024, we sold $312.7 million of a participation interest in real estate loans to AgriBank. AgriBank has established a separate patronage pool for these assets and intends to pay the net earnings back to us as patronage at the sole discretion of the AgriBank Board of Directors.

Portfolio Credit Quality

The credit quality of our portfolio declined from December 31, 2023. Adversely classified loans are loans we have identified as showing some credit weakness according to our credit standards. Adversely classified loans increased to 2.1% of the portfolio at September 30, 2024, from 1.6% of the portfolio at December 31, 2023. We have considered portfolio credit quality in assessing the reasonableness of our allowance for credit losses on loans.

Nonperforming Assets

Components of Nonperforming Assets

(dollars in thousands) **As of:**	**September 30, 2024**	December 31, 2023
Loans:		
Non-accrual	**$ 369,476**	$ 122,340
Accruing loans 90 days or more past due	**41,104**	57,136
Total nonperforming loans	**410,580**	179,476
Other property owned	**6,437**	228
Total nonperforming assets	**$ 417,017**	$ 179,704
Total nonperforming loans as a percentage of total loans	**1.2%**	0.6%
Non-accrual loans as a percentage of total loans	**1.1%**	0.4%
Current non-accrual loans as a percentage of total non-accrual loans	**45.4%**	47.3%
Total delinquencies as a percentage of total loans[1]	**1.0%**	0.7%

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

Our nonperforming assets have increased from December 31, 2023, but remained at acceptable levels. Despite the increase in nonperforming assets, total nonperforming loans as a percentage of total loans were well within our established risk management parameters.

The increase in non-accrual loans was primarily due to certain production and intermediate-term, agribusiness, and real estate mortgage loans that transferred to non-accrual status during the third quarter of 2024. Non-accrual loans remained at an acceptable level at September 30, 2024, and December 31, 2023.

The decrease in accruing loans 90 days or more past due was primarily due to collections on delinquent United States Department of Agriculture (USDA) guaranteed loans during the nine months ended September 30, 2024. The remaining USDA guaranteed assets are well secured and full payment is expected. Our accounting policy requires loans past due 90 days or more to be transferred into non-accrual status unless adequately secured and a plan is in place to collect past due amounts. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

The increase in other property owned was primarily due to one production and intermediate-term relationship transferring from non-accrual to other property owned during the first half of 2024. The acquisition of property was part of an agreed bankruptcy plan. Subsequent to the acquisition, nearly half of the property was sold with the remaining portion under contract for sale or lease for the remainder of the 2024 production season. The Association continues to have little difficulty selling acquired properties at good prices.

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	**0.15%**	0.12%
Non-accrual loans	**14.4%**	31.6%
Total nonperforming loans	**12.9%**	21.5%

Total allowance for credit losses on loans was $53.1 million at September 30, 2024, and $38.6 million at December 31, 2023. The increase from December 31, 2023, was primarily related to increased specific reserves on nonperforming loans and declining economic conditions.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the nine months ended September 30,	**2024**	2023
Net income	**$ 433,176**	**$ 401,442**
Return on average assets	**1.56%**	**1.60%**
Return on average members' equity	**9.22%**	**9.11%**

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	**Increase (decrease) in net income**
Net interest income	**$ 639,461**	$ 547,646	**$ 91,815**
Provision for credit losses	**23,114**	17,676	**(5,438)**
Non-interest income	**151,348**	195,381	**(44,033)**
Non-interest expense	**323,042**	313,276	**(9,766)**
Provision for income taxes	**11,477**	10,633	**(844)**
Net income	**$ 433,176**	$ 401,442	**$ 31,734**

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the nine months ended September 30,	**2024 vs 2023**
Changes in volume	**$ 62,365**
Changes in interest rates	**31,234**
Changes in non-accrual interest income and other	**(1,784)**
Net change	**$ 91,815**

Non-Interest Income

The change in non-interest income was primarily due to decreased patronage income from AgriBank offset by an increase in fee income. Fee income increased primarily due to growth in the loan portfolio.

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	**$ 88,693**	$ 135,890
AgDirect partnership distribution	**8,797**	7,153
Other patronage	**739**	369
Total patronage income	**$ 98,229**	$ 143,412

Patronage from AgriBank primarily includes wholesale patronage and asset pool program patronage. The decrease in patronage income was primarily due to the wholesale patronage income received from AgriBank being at a lower rate during the first nine months of 2024 compared to the same period of 2023.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable was scheduled to mature on March 31, 2026. However, it was renewed early for $35.0 billion with a maturity date of March 31, 2027. 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 $234.5 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 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	**14.8%**	15.6%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**14.8%**	15.6%	6.0%	2.5%	8.5%
Total capital ratio	**15.0%**	15.8%	8.0%	2.5%	10.5%
Permanent capital ratio	**14.8%**	15.6%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**14.3%**	15.1%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**14.1%**	14.8%	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 Farm Credit Mid-America, 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.

Todd A. Clark
Chair of the Board
Farm Credit Mid-America, ACA

Daniel Wagner
President and Chief Executive Officer
Farm Credit Mid-America, ACA

Steve Zagar
Chief Financial Officer
Farm Credit Mid-America, ACA

November 8, 2024

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Mid-America, ACA
(in thousands)

As of:		September 30, 2024		December 31, 2023
		(Unaudited)		
ASSETS				
Loans	**$**	**34,403,003**	$	32,234,628
Allowance for credit losses on loans		**53,116**		38,599
Net loans		**34,349,887**		32,196,029
Investment in AgriBank, FCB		**1,251,559**		1,194,811
Investment securities		**2,005,466**		1,726,790
Accrued interest receivable		**460,684**		362,678
Assets held for lease, net		**2,299**		10,255
Deferred tax assets, net		**3,515**		1,170
Other assets		**538,622**		500,972
Total assets	**$**	**38,612,032**	$	35,992,705
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**31,610,060**	$	29,222,569
Accrued interest payable		**305,811**		259,323
Patronage distribution payable		**204,903**		255,000
Other liabilities		**133,241**		132,262
Total liabilities		**32,254,015**		29,869,154
Contingencies and commitments (Note 4)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**89,220**		85,544
Additional paid-in capital		**219,777**		219,777
Unallocated surplus		**6,050,195**		5,819,519
Accumulated other comprehensive loss		**(1,175)**		(1,289)
Total members' equity		**6,358,017**		6,123,551
Total liabilities and members' equity	**$**	**38,612,032**	$	35,992,705

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Mid-America, ACA
(in thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
For the period ended September 30,	**2024**	2023	**2024**	2023
Interest income	**$ 523,432**	$ 439,184	**$ 1,506,997**	$ 1,214,421
Interest expense	**310,244**	247,785	**867,536**	666,775
Net interest income	**213,188**	191,399	**639,461**	547,646
Provision for credit losses	**8,090**	813	**23,114**	17,676
Net interest income after provision for credit losses	**205,098**	190,586	**616,347**	529,970
Non-interest income				
Patronage income	**29,521**	51,005	**98,229**	143,412
Financially related services income	**4,819**	5,166	**5,991**	6,479
Fee income	**14,625**	14,737	**47,780**	40,959
Operating lease income	**126**	413	**1,210**	994
Other non-interest income, net	**(2,318)**	2,078	**(1,862)**	3,537
Total non-interest income	**46,773**	73,399	**151,348**	195,381
Non-interest expense				
Salaries and employee benefits	**65,280**	64,875	**197,392**	185,939
Other operating expense	**45,900**	44,069	**124,419**	126,229
Other non-interest expense	**53**	303	**1,231**	1,108
Total non-interest expense	**111,233**	109,247	**323,042**	313,276
Income before income taxes	**140,638**	154,738	**444,653**	412,075
Provision for income taxes	**1,952**	4,271	**11,477**	10,633
Net income	**$ 138,686**	$ 150,467	**$ 433,176**	$ 401,442
Other comprehensive income				
Employee benefit plans activity	**$ 38**	$ 42	**$ 114**	$ 105
Total other comprehensive income	**38**	42	**114**	105
Comprehensive income	**$ 138,724**	$ 150,509	**$ 433,290**	$ 401,547

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Mid-America, ACA
(in thousands)
(Unaudited)

	Capital Stock and Participation Certificates	Additional Paid-in Capital	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2022	$ 81,749	$ --	$ 5,518,828	$ (719)	$ 5,599,858
Cumulative effect of change in accounting principle	--	--	10,058	--	10,058
Equity adjustments in connection with merger	1,907	219,777	--	(718)	220,966
Net income	--	--	401,442	--	401,442
Other comprehensive income	--	--	--	105	105
Unallocated surplus designated for patronage distributions	--	--	(194,529)	--	(194,529)
Capital stock and participation certificates issued	6,264	--	--	--	6,264
Capital stock and participation certificates retired	(7,108)	--	--	--	(7,108)
Balance at September 30, 2023	$ 82,812	$ 219,777	$ 5,735,799	$ (1,332)	$ 6,037,056
Balance at December 31, 2023	$ 85,544	$ 219,777	$ 5,819,519	$ (1,289)	$ 6,123,551
Net income	**--**	**--**	**433,176**	**--**	**433,176**
Other comprehensive income	**--**	**--**	**--**	**114**	**114**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(202,500)**	**--**	**(202,500)**
Capital stock and participation certificates issued	**6,521**	**--**	**--**	**--**	**6,521**
Capital stock and participation certificates retired	**(2,845)**	**--**	**--**	**--**	**(2,845)**
Balance at September 30, 2024	**$ 89,220**	**$ 219,777**	**$ 6,050,195**	**$ (1,175)**	**$ 6,358,017**

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).

The merger between Farm Credit Mid-America, ACA (Mid-America) and Farm Credit Midsouth, ACA (Midsouth) was effective April 1, 2023. The merged entity, Farm Credit Mid-America, ACA, is headquartered in Louisville, Kentucky. The Consolidated Statements of Condition reflect the merged Association at September 30, 2024, and December 31, 2023. Results of operations, equity, and related metrics reflect the results of Mid-America prior to April 1, 2023, and the merged Association effective April 1, 2023.

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Mid-America, ACA and its subsidiaries Farm Credit Mid-America, FLCA and Farm Credit Mid-America, 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 $434.0 million at September 30, 2024, and $342.0 million at December 31, 2023, has been excluded from the amortized cost of loans and is presented in “Accrued interest receivable” in the Consolidated Statements of Condition.

Loans by Type

(dollars in thousands)

As of:	September 30, 2024		December 31, 2023	
	Amortized Cost	%	Amortized Cost	%
Real estate mortgage	**$ 20,628,321**	**60.0%**	$ 19,646,579	60.9%
Production and intermediate-term	**7,076,842**	**20.6%**	6,528,730	20.3%
Agribusiness	**4,300,799**	**12.5%**	3,869,576	12.0%
Rural residential real estate	**1,101,384**	**3.2%**	957,465	3.0%
Finance leases and other	**1,295,657**	**3.7%**	1,232,278	3.8%
Total	**$ 34,403,003**	**100.0%**	$ 32,234,628	100.0%

The finance leases and other category is primarily composed of rural infrastructure related loans and certain assets characterized as mission related investments, as well as lease receivables.

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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 49,629**	**$ 70,750**	**$ 120,379**	**$ 20,507,942**	**$ 20,628,321**	**$ 2,718**
Production and intermediate-term	**15,285**	**86,343**	**101,628**	**6,975,214**	**7,076,842**	**2,188**
Agribusiness	**1,434**	**38,969**	**40,403**	**4,260,396**	**4,300,799**	**--**
Rural residential real estate	**2,586**	**1,345**	**3,931**	**1,097,453**	**1,101,384**	**691**
Finance leases and other	**25,986**	**35,759**	**61,745**	**1,233,912**	**1,295,657**	**35,507**
Total	**$ 94,920**	**$ 233,166**	**$ 328,086**	**$ 34,074,917**	**$ 34,403,003**	**$ 41,104**

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	$ 52,909	$ 25,289	$ 78,198	$ 19,568,381	$ 19,646,579	$ 1,595
Production and intermediate-term	11,307	7,534	18,841	6,509,889	6,528,730	754
Agribusiness	13,865	--	13,865	3,855,711	3,869,576	--
Rural residential real estate	3,953	1,613	5,566	951,899	957,465	102
Finance leases and other	60,858	54,916	115,774	1,116,504	1,232,278	54,685
Total	$ 142,892	$ 89,352	$ 232,244	$ 32,002,384	$ 32,234,628	$ 57,136

Non-Accrual Loans

Non-Accrual 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
Non-accrual loans:			
Real estate mortgage	**$ 124,709**	**$ 109,410**	**$ 4,484**
Production and intermediate-term	**152,628**	**125,497**	**1,880**
Agribusiness	**87,000**	**72,227**	**1,060**
Rural residential real estate	**4,901**	**4,674**	**66**
Finance leases and other	**238**	**238**	**--**
Total	**$ 369,476**	**$ 312,046**	**$ 7,490**

	As of December 31, 2023		For the Nine Months Ended September 30, 2023
	Amortized Cost	Amortized Cost Without Allowance	Interest Income Recognized
Non-accrual loans:			
Real estate mortgage	$ 90,910	$ 88,556	$ 6,023
Production and intermediate-term	25,967	20,115	2,687
Agribusiness	--	--	--
Rural residential real estate	5,223	5,143	564
Finance leases and other	240	240	--
Total	$ 122,340	$ 114,054	$ 9,274

Reversals of interest income on loans that transferred to non-accrual 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.

Loan Modifications at Amortized Cost[1]

(dollars in thousands) **For the nine months ended September 30, 2024**	Term Extension	Payment Deferral	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	**$ 120**	**$ 30,995**	**$ 751**	**$ 31,866**	**0.09%**
Production and intermediate-term	**8,942**	**8,356**	**31,363**	**48,661**	**0.14%**
Agribusiness	**4,672**	**--**	**9,665**	**14,337**	**0.04%**
Total	**$ 13,734**	**$ 39,351**	**$ 41,779**	**$ 94,864**	**0.27%**
Loan modifications granted as a percentage of total loans	**0.04%**	**0.11%**	**0.12%**	**0.27%**	

For the nine months ended September 30, 2023	Term Extension	Payment Deferral	Combination - Term Extension and Payment Deferral	Total	Percentage of Total Loans
Real estate mortgage	$ 324	$ 38	$ --	$ 362	0.00%
Production and intermediate-term	6,791	518	--	7,309	0.02%
Rural residential real estate	114	--	--	114	0.00%
Total	$ 7,229	$ 556	$ --	$ 7,785	0.02%
Loan modifications granted as a percentage of total loans	0.02%	0.00%	--	0.02%	

[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 nine months ended September 30, 2024	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)
Real estate mortgage		
Term extension	**85**	
Payment deferral		**16**
Combination - term extension and payment deferral	**55**	**12**
Production and intermediate-term		
Term extension	**20**	
Payment deferral		**17**
Combination - term extension and payment deferral	**13**	**9**
Agribusiness		
Term extension	**12**	
Combination - term extension and payment deferral	**16**	**16**

For the nine months ended September 30, 2023	Weighted Average Term Extension (months)	Weighted Average Payment Deferral (months)
Real estate mortgage		
Term extension	6	
Payment deferral		12
Production and intermediate-term		
Term extension	8	
Payment deferral		12
Rural residential real estate		
Term extension	330	

The following table presents the amortized cost of loans to borrowers experiencing financial difficulty that defaulted during the nine months ended September 30, 2024, and were modified in the twelve months preceding the default. There were no loans to borrowers experiencing financial difficulty that defaulted during the nine months ended September 30, 2023, in which the modifications were within twelve months preceding the default.

Loan Modifications that Subsequently Defaulted[1]

(in thousands) **For the nine months ended September 30, 2024**	Term Extension	Payment Deferral	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Payment Deferral
Real estate mortgage	**$ --**	**$ 1,917**	**$ --**	**$ 176**
Production and intermediate-term	**211**	**532**	**216**	**795**
Total	**$ 211**	**$ 2,449**	**$ 216**	**$ 971**

[1]Excludes loans that defaulted within twelve months of modification, but were paid off or sold prior to period end.

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 September 30, 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	**$ 29,302**	**$ 855**	**$ 2,094**	**$ 32,251**
Production and intermediate-term	**48,154**	**795**	**966**	**49,915**
Agribusiness	**14,337**	**--**	**--**	**14,337**
Total	**$ 91,793**	**$ 1,650**	**$ 3,060**	**$ 96,503**

As of September 30, 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	$ 362	$ --	$ --	$ 362
Production and intermediate-term	7,309	--	--	7,309
Rural residential real estate	114	--	--	114
Total	$ 7,785	$ --	$ --	$ 7,785

[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 September 30, 2024, or 2023.

There were no material commitments at September 30, 2024, or December 31, 2023, to lend to borrowers experiencing financial difficulty 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. Unemployment rates are an additional risk characteristic 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 United States unemployment rate, Federal Housing Finance Agency house price index, United States Department of Agriculture (USDA) corn returns over total expenses (dollars per acre), the USDA change in total livestock cash receipts, USDA farm debt to equity ratio, and the USDA change in farmland value represent the key macroeconomic variables that most significantly affect the estimate of the allowance for credit losses on loans and unfunded commitments. The reasonable and supportable forecast period is two years, followed by a two-year linear reversion to long-term average of all macroeconomic inputs.

We utilize the weighted results of three macroeconomic scenarios in the estimate of the allowance for credit losses on loans and unfunded commitments which include base, adverse, and positive scenarios. The adverse scenario includes macroeconomic factors reflecting downside potential relative to the base scenario. The positive scenario includes potential upside in the macroeconomic factors above the base scenario. 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	**$**	**38,599**	$	59,233
Cumulative effect of change in accounting principle		**--**		(10,114)
Provision for credit losses on loans		**22,436**		12,784
Loan recoveries		**2,849**		848
Loan charge-offs		**(10,768)**		(2,286)
Balance at end of period	**$**	**53,116**	$	60,465
Allowance for Credit Losses on Unfunded Commitments				
Balance at beginning of period	**$**	**8,468**	$	8,578
Cumulative effect of change in accounting principle		**--**		(3,561)
Provision for credit losses on unfunded commitments		**678**		4,892
Balance at end of period	**$**	**9,146**	$	9,909
Total allowance for credit losses	**$**	**62,262**	$	70,374

The change in the allowance for credit losses on loans from December 31, 2023, was primarily driven by increased specific reserves on nonperforming loans and declining economic conditions offset by charge-offs to production and intermediate-term and agribusiness loans.

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $2.0 billion at September 30, 2024, and $1.7 billion at December 31, 2023. Our investment securities consisted of pools of loans guaranteed by the Small Business Administration (SBA), except for $5.1 million at September 30, 2024, and $5.4 million at December 31, 2023, which were not guaranteed. 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 investment securities at September 30, 2024, or December 31, 2023.

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. SBA guaranteed investments may be comprised of either MBS or ABS.

Additional Investment Securities Information at Amortized Cost

(in thousands) As of:		**September 30, 2024**		December 31, 2023
MBS	**$**	**1,623,795**	$	1,333,042
ABS		**381,671**		393,748
Total	**$**	**2,005,466**	$	1,726,790

Accrued interest receivable on investment securities is presented in “Accrued interest receivable” in the Consolidated Statements of Condition and was $26.7 million at September 30, 2024, and $20.7 million at December 31, 2023.

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $80.4 million and $51.4 million for the nine months ended September 30, 2024, and 2023, respectively.

Contractual Maturities of Investment Securities

(in thousands) **As of September 30, 2024**		Amortized Cost
One to five years	**$**	**37,876**
Five to ten years		**274,201**
More than ten years		**1,693,389**
Total	**$**	**2,005,466**

NOTE 4: 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 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 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			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	**$ --**	**$ --**	**$ 44,428**	**$ 44,428**
Other property owned	**--**	**--**	**6,823**	**6,823**

As of December 31, 2023	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Loans	$ --	$ --	$ 4,581	$ 4,581
Other property owned	--	--	242	242

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 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through November 8, 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.