AgCredit Agricultural Credit Association

THIRD QUARTER 2024

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2024 quarterly report of AgCredit Agricultural Credit Association, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Logan W. Kreais
Chief Financial Officer

/s/ Dustin J. Sonnenberg
Chairman of the Board

November 8, 2024

AgCredit Agricultural Credit Association

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association,

2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and

3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of September 30, 2024. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of September 30, 2024, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material changes to or weaknesses in the internal control over financial reporting as of September 30, 2024.

/s/ Brian J. Ricker
Chief Executive Officer

/s/ Logan W. Kreais
Chief Financial Officer

November 8, 2024

AgCredit Agricultural Credit Association

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

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of AgCredit Agricultural Credit Association (Association) for the period ended September 30, 2024, with comparisons to prior periods. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2023 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners, and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio consists predominantly of grains (primarily soybeans, corn, and wheat), livestock, and landlords, which constitute 70 percent of the entire portfolio as of September 30, 2024. The Association recognizes the commodity concentration risk exceeds normally accepted industry standards. This risk, along with the risk associated with large loans, is reduced by members' off-farm income, utilization of crop insurance, and the use of FSA, USDA, Business and Industry, SBA, and Farmer Mac loan guarantees. As of September 30, 2024, the Association had $973,638 of guaranteed loan volume, which is 29.62 percent of loans as compared to $906,482 of guaranteed volume or 29.80 percent of the portfolio at September 30, 2023. Loan guarantees reduce the potential of loss in the Association's loan portfolio and help to leverage the Association's capital.

The total loan volume of the Association as of September 30, 2024, was $3,286,947, an increase of $108,603 as compared to $3,178,344 at December 31, 2023. The increase in loan value primarily relates to an increase in real estate mortgage, processing and marketing, communication, energy, rural residential real estate, and other partially offset by a decrease in production and intermediate (PRIT), cooperative, and farm related business.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased to $7,528 at September 30, 2024, from $4,438 at December 31, 2023. As a percent of total loans, nonaccrual loans were 0.23 percent and 0.14 percent at September 30, 2024 and December 31, 2023, respectively.

Association management maintains an allowance for credit losses (ACL) in an amount considered sufficient to absorb estimated current and expected credit losses over the financial assets expected life. The most significant component of the Association's ACL is the allowance for credit losses on loans (ACLL). The ACLL at September 30, 2024, was $7,901 or 0.24 percent of total loans compared to $7,115 or 0.22 percent of total loans at December 31, 2023, and is considered by management to be adequate to cover estimated current and expected losses within the loan portfolio. See further detail on the Association's ACL within the Association's Annual Report and discussion of significant provision for credit loss within the *Results of Operations* below.

RESULTS OF OPERATIONS

The Association's primary source of funding is provided by AgFirst Farm Credit Bank (the Bank) in the form of notes payable. See *Funding Sources* section below for additional detail on this relationship. Prior to January 1, 2024, the rate applied to the notes payable to the Bank included the Association's allocation of technology and software services provided by the Bank. Effective January 1, 2024, the Bank amended the line of credit agreement to exclude the Association's allocation of costs for Bank-provided services from the Direct

Note rate. The master service agreement was also amended to bill the Association for these services separately on a monthly basis. This change had a minimal effect on the Association's net income but did result in a higher net interest margin as it effectively reclassifies the Association's technology and software costs paid to the Bank from interest expense to noninterest expense. If this amendment had been in effect during 2023, the Association would have had lower interest expense and corresponding higher noninterest expense of $2,204 and $6,304 for the three and nine months ended September 30, 2023, respectively, as shown in the tables below.

	For the three months ended			For the nine months ended		
	September 30, 2024	September 30, 2023	September 30, 2023*	September 30, 2024	September 30, 2023	September 30, 2023*
Interest Income	$ 50,353	$ 41,372	$ 41,372	$ 144,323	$ 114,924	$ 114,924
Interest Expense	28,093	24,688	22,484	79,761	64,704	58,400
Net Interest Income	22,260	16,684	18,888	64,562	50,220	56,524
Provision for Credit Losses	266	1,340	1,340	1,148	963	963
Noninterest Income	6,845	6,180	6,180	21,389	18,126	18,126
Noninterest Expense	11,418	7,430	9,634	30,231	22,862	29,166
Provision for Income Taxes	9	38	38	9	55	55
Net income	$ 17,412	$ 14,056	$ 14,056	$ 54,563	$ 44,466	$ 44,466
Net Interest Margin	2.72%	2.21%	2.50%	2.69%	2.31%	2.60%
Operating Efficiency Ratio	39.23%	32.50%	38.43%	35.17%	33.45%	39.07%

**reflects the pro-forma results if the amended notes payable rate had been in effect during 2023*

For the three months ended September 30, 2024

Net income for the three months ended September 30, 2024, was $17,412, an increase of $3,356 as compared to net income of $14,056 for the same period ended in 2023. Major changes in the components of net income when comparing Q3 2024 to Q3 2023 are identified as follows:

- For the three months ended September 30, 2024, net interest income was $22,260 and the net interest margin was 2.72 percent. After adjusting the prior year for the notes payable rate amendment discussed above, net interest income was $18,888, an increase of $3,372, and the net interest margin was 2.50% percent, an increase of 22 basis points for the three months ended September 30, 2024. The increase in net interest income was primarily the result of the change in the rate applied to notes payable discussed above, increased rates earned on our own funds, and loan growth.

- The provision for credit losses for the three months ended September 30, 2024, was $266, a decrease of $1,074 from the provision for credit losses of $1,340 for the same period ended during the prior year primarily related to the overall risk rating mix.

- Noninterest income increased $665 to $6,845 during the first three months of 2024 compared with the first three months of 2023 primarily due to the following:

  Patronage refund from other Farm Credit institutions (patronage refunds) increased by $352 primarily as a result of an increase related to higher general, participation purchased, and participation sold patronage due to increased average daily balances (ADB).

  Loan fees income increased by $241 primarily due to higher participation purchased fees.

  Gains (Losses) on other transactions increased by $61 primarily due to gains in the NQ 401k Rabbi Trust in 2024.

For the three months ended September 30, 2024 noninterest expense was $11,418. After adjusting the prior year for the notes payable rate amendment discussed above, noninterest expense was $9,634, an increase of $1,784 for the three months ended September 30, 2024 primarily due to:

- Purchase services increased due to a change made at the beginning of the third quarter 2024, where the bank increased the cost of services provided to the Association which resulted in additional expenses of $1,335 for the three months ended September 30, 2024.

- Other operating expense increased by $530 due to increased cost of participation purchased loans, guarantee fees, and participation purchased servicing fees.

- Insurance fund premium decreased by $309 due to a reduction in the premium from 18 bps to 10 bps partially offset by loan growth.

For the nine months ended September 30, 2024

Net income for the nine months ended September 30, 2024 (YTD 2024), was $54,563, an increase of $10,097 as compared to net income of $44,466 for the same period ended in 2023 (YTD 2023). Major changes in the components of net income when comparing YTD 2024 to YTD 2023 are identified as follows:

- For the nine months ended September 30, 2024, net interest income was $64,562 and the net interest margin was 2.69 percent. After adjusting the prior year for the notes payable rate amendment discussed above, net interest income was $56,524, an increase of $8,038, and the net interest margin was 2.60 percent, an increase of 9 basis points for the nine months ended September 30, 2024. The increase is primarily due to increased earnings on our own funds from higher interest rates and loan growth.

- The provision for credit losses for the nine months ended September 30, 2024, was $1,148, an increase of $185 from the provision for credit losses of $963 for the same period ended during the prior year. The allowance factors are reviewed regularly and periodically adjusted based on loss experience, industry data, and management's estimates.

- Noninterest income increased $3,263 to $21,389 during the first nine months of 2024 compared with the first nine months of 2023 primarily due to:

  Patronage refund from other Farm Credit institutions (patronage refunds) increased by $2,223 primarily as a result of an increase related to higher general, participation purchased, and participation sold patronage due to increased average daily balances (ADB).

  FCS Insurance Corporation refund increased by $616 as a result of a return of excess premiums.

  Gains (losses) on other transactions increased $262 primarily due to larger gains in the NQ 401K Rabbi Trust in 2024 compared to the same period in 2023.

  Loan fees increased by $141 due to an increase in participations purchased fees.

For the nine months ended September 30, 2024 noninterest expense was $30,231. After adjusting the prior year for the notes payable rate amendment discussed above, prior year noninterest expense was $29,166, an increase of $1,065 for the nine months ended September 30, 2024 primarily due to:

- Purchased services increased due to a change made at the beginning of the third quarter 2024, where the bank increased the cost of services provided to the Association which resulted in additional expenses of $1,335 for the nine months ended September 30, 2024.

- Other operating expense increase of $663 due to increased cost of participation purchased loans, guarantee fees, and participation purchased servicing fees.

- Insurance fund premiums decreased by $867 due to a reduction in the premium from 18 bps to 10 bps partially offset by loan growth.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (the Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2024, was $2,887,460 as compared to $2,763,385 at December 31, 2023.

CAPITAL RESOURCES

Total members' equity at September 30, 2024, was $560,232, an increase of $54,553 from a total of $505,679 at December 31, 2023. The increase is due primarily to 2024 year-to-date earnings. Total capital stock and participation certificates were $13,932 on September 30, 2024, compared to $14,113 on December 31, 2023.

FCA sets minimum regulatory capital requirements with a capital conservation buffer for System banks and associations. Capital adequacy is evaluated using a number of regulatory ratios.

The following sets forth the regulatory capital ratios:

	Regulatory Minimum Including Buffer*	**9/30/24**	**12/31/23**	**9/30/23**
Permanent Capital Ratio	7.00%	19.02%	18.74%	19.62%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	18.75%	18.42%	19.28%
Tier 1 Capital ratio	8.50%	18.75%	18.42%	19.28%
Total Regulatory Capital Ratio	10.50%	19.07%	18.78%	19.60%
Tier 1 Leverage Ratio**	5.00%	14.42%	14.39%	14.94%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	14.17%	14.13%	14.67%

**Include full capital conservation buffers.*
***The Tier 1 Leverage Ratio must include a minimum of 1.50% of URE and URE equivalents.*

If the capital ratios fall below the minimum regulatory requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. For all periods presented, the Association exceeded minimum regulatory requirements for all of the ratios.

REGULATORY MATTERS

On February 8, 2024, the FCA approved a final rule to amend its regulatory capital requirements to define and establish risk-weightings for High Volatility Commercial Real Estate (HVCRE) by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent to reflect their increased risk characteristics. The rule further ensures comparability between FCA's risk-weightings and the federal banking regulators. The final rule excludes certain acquisition, development, and construction loans that do not present as much risk and therefore do not warrant the risk weight for HVCRE. In addition, the final rule adds an exclusion for loans originated less than $500,000. On October 16, 2024, the FCA extended the implementation date of this rule from January 1, 2025 to January 1, 2026.

On October 5, 2023, the Farm Credit Administration approved a final rule on cyber risk management that requires each System institution to develop and implement a comprehensive, written cyber risk management program. Each institution's cyber risk plan must require the institution to take the actions to assess internal and external risk factors, identify potential system and software vulnerabilities, establish a risk management program for the risks identified, develop a cyber risk training program, set policies for managing third-party relationships, maintain robust internal controls and establish board reporting requirements. The final rule will become effective on January 1, 2025.

Note: The Association obtains funding from AgFirst Farm Credit Bank (the Bank). The Association is materially affected and shareholder investment could be materially affected by the financial condition and results of operations of the Bank. Copies of the Bank's Annual and Quarterly Reports are on the AgFirst website, *www.agfirst.com* or may be obtained at no charge by calling 1-800-845-1745, extension 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202.

Copies of the Association's Quarterly and Annual Reports are available on the Association's website, www.agcredit.net, or may be obtained upon request free of charge by calling 1-800-837-3678, extension 1048, or writing Logan Kreais, Chief Financial Officer, AgCredit, ACA, 610 W Lytle Street, Fostoria, OH 44830. The Association prepares an electronic version of the Quarterly Report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the Association.

AgCredit Agricultural Credit Association

Consolidated Balance Sheets

(dollars in thousands)	September 30, 2024	December 31, 2023
	(unaudited)	*(audited)*
Assets		
Cash	**$ 442**	$ 51
Investments in debt securities:		
Held to maturity	**44,579**	12,421
Loans	**3,286,947**	3,178,344
Allowance for credit losses on loans	**(7,901)**	(7,115)
Net loans	**3,279,046**	3,171,229
Loans held for sale	**—**	6,123
Other investments	**6,254**	5,265
Accrued interest receivable	**62,645**	44,458
Equity investments in other Farm Credit institutions	**53,719**	50,009
Premises and equipment, net	**6,837**	7,096
Other property owned	**486**	—
Accounts receivable	**19,471**	23,537
Other assets	**3,449**	2,851
Total assets	**$ 3,476,928**	$ 3,323,040
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 2,887,460**	$ 2,763,385
Accrued interest payable	**9,688**	9,372
Patronage refunds payable	**93**	26,073
Accounts payable	**3,032**	3,794
Advanced conditional payments	**2,385**	2,458
Other liabilities	**14,038**	12,279
Total liabilities	**2,916,696**	2,817,361
Commitments and contingencies (Note 5)		
Members' Equity		
Capital stock and participation certificates	**13,951**	14,113
Retained earnings		
Allocated	**366,076**	363,983
Unallocated	**180,205**	127,583
Total members' equity	**560,232**	505,679
Total liabilities and members' equity	**$ 3,476,928**	$ 3,323,040

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

AgCredit Agricultural Credit Association

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended September 30, 2024	2023	For the Nine Months Ended September 30, 2024	2023
Interest Income				
Loans	**$ 49,818**	$ 41,290	**$ 143,086**	$ 114,598
Investments	**535**	82	**1,237**	326
Total interest income	**50,353**	41,372	**144,323**	114,924
Interest Expense	**28,093**	24,688	**79,761**	64,704
Net interest income	**22,260**	16,684	**64,562**	50,220
Provision for credit losses	**266**	1,340	**1,148**	963
Net interest income after provision for credit losses	**21,994**	15,344	**63,414**	49,257
Noninterest Income				
Loan fees	**466**	225	**995**	854
Fees for financially related services	**105**	103	**181**	186
Patronage refunds from other Farm Credit institutions	**6,033**	5,681	**18,940**	16,717
Gains (losses) on sales of premises and equipment, net	**—**	—	**—**	(6)
Gains (losses) on other transactions	**161**	100	**418**	156
Insurance Fund refunds	**—**	—	**616**	—
Other noninterest income	**80**	71	**239**	219
Total noninterest income	**6,845**	6,180	**21,389**	18,126
Noninterest Expense				
Salaries and employee benefits	**5,017**	4,870	**14,623**	14,644
Occupancy and equipment	**314**	250	**967**	887
Insurance Fund premiums	**486**	795	**1,435**	2,302
Guarantee fees	**261**	140	**925**	758
Purchased services	**3,554**	173	**7,966**	513
Data processing	**188**	134	**411**	517
Other operating expenses	**1,598**	1,068	**3,904**	3,241
Total noninterest expense	**11,418**	7,430	**30,231**	22,862
Income before income taxes	**17,421**	14,094	**54,572**	44,521
Provision for income taxes	**9**	38	**9**	55
Net income	**$ 17,412**	$ 14,056	**$ 54,563**	$ 44,466
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 17,412**	$ 14,056	**$ 54,563**	$ 44,466

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

AgCredit Agricultural Credit Association

Consolidated Statements of Changes in Members’ Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings: Allocated	Retained Earnings: Unallocated	Total Members' Equity
Balance at December 31, 2022	$ 16,108	$ 340,538	$ 117,443	$ 474,089
Cumulative effect of change in accounting principle			(940)	(940)
Comprehensive income			44,466	44,466
Capital stock/participation certificates issued/(retired), net	(1,100)			(1,100)
Dividends declared/paid			(145)	(145)
Patronage distribution adjustment		(846)	604	(242)
Balance at September 30, 2023	$ 15,008	$ 339,692	$ 161,428	$ 516,128
Balance at December 31, 2023	**$ 14,113**	**$ 363,983**	**$ 127,583**	**$ 505,679**
Comprehensive income			**54,563**	**54,563**
Capital stock/participation certificates issued/(retired), net	**(162)**			**(162)**
Dividends declared/paid			**(127)**	**(127)**
Patronage distribution adjustment		**2,093**	**(1,814)**	**279**
Balance at September 30, 2024	**$ 13,951**	**$ 366,076**	**$ 180,205**	**$ 560,232**

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

AgCredit Agricultural Credit Association

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization
The accompanying financial statements include the accounts of AgCredit Agricultural Credit Association and its Production Credit Association (PCA) and Federal Land Credit Association (FLCA) subsidiaries (collectively, the Association). Descriptions of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2023, are contained in the 2023 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation
In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies
The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for credit losses (Note 2, *Loans and Allowance for Credit Losses*) and financial instruments (Note 4, *Fair Value Measurement*). Actual results could differ from those estimates.

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Recently Issued or Adopted Accounting Pronouncements
In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations, or cash flows.

Note 2 — Loans and Allowance for Credit Losses

A summary of loans outstanding at period end follows:

	September 30, 2024	December 31, 2023
Real estate mortgage	$ 1,871,081	$ 1,786,237
Production and intermediate-term	664,952	693,257
Agribusiness:		
Loans to cooperatives	2,862	17,211
Processing and marketing	258,502	223,407
Farm-related business	40,883	49,391
Rural infrastructure:		
Communication	47,666	34,484
Power and water/waste disposal	13,783	4,631
Rural residential real estate	142,355	135,354
Other:		
International	1,272	–
Lease receivables	2,455	1,265
Other (including Mission Related)	241,136	233,107
Total loans	$ 3,286,947	$ 3,178,344

A substantial portion of the Association's lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly. The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with FCA regulations.

The following table shows loans, classified under the FCA Uniform Loan Classification System, as a percentage of total loans by loan type as of:

	September 30, 2024	December 31, 2023
Real estate mortgage:		
Acceptable	97.27%	97.80%
OAEM	0.96	0.44
Substandard/doubtful/loss	1.77	1.76
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	92.85%	96.97%
OAEM	4.29	1.38
Substandard/doubtful/loss	2.86	1.65
	100.00%	100.00%
Agribusiness:		
Acceptable	92.69%	94.15%
OAEM	4.30	2.51
Substandard/doubtful/loss	3.01	3.34
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	97.93%	97.62%
OAEM	1.44	1.65
Substandard/doubtful/loss	0.63	0.73
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	96.24%	97.46%
OAEM	1.87	0.85
Substandard/doubtful/loss	1.89	1.69
	100.00%	100.00%

Accrued interest receivable on loans of $61,512 and $43,882 at September 30, 2024 and December 31, 2023, respectively, has been excluded from the amortized cost of loans and reported separately in the Consolidated Balance Sheets.

The following tables provide an aging analysis of past due loans as of:

	September 30, 2024					
	30 Through 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	90 Days or More Past Due and Accruing
Real estate mortgage	$ 11,912	$ 3,067	$ 14,979	$ 1,856,101	$ 1,871,080	$ 353
Production and intermediate-term	5,370	1,128	6,498	658,454	664,952	–
Agribusiness	14,614	–	14,614	287,634	302,248	–
Rural infrastructure	–	–	–	61,449	61,449	–
Rural residential real estate	550	121	671	141,684	142,355	–
Other	7,987	–	7,987	236,876	244,863	–
Total	$ 40,433	$ 4,316	$ 44,749	$ 3,242,198	$ 3,286,947	$ 353

	December 31, 2023					
	30 Through 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	90 Days or More Past Due and Accruing
Real estate mortgage	$ 21,570	$ 528	$ 22,098	$ 1,764,139	$ 1,786,237	$ –
Production and intermediate-term	4,597	2,044	6,641	686,615	693,256	205
Agribusiness	19	–	19	289,992	290,011	–
Rural infrastructure	–	–	–	39,115	39,115	–
Rural residential real estate	433	105	538	134,815	135,353	–
Other	692	4,316	5,008	229,364	234,372	4,316
Total	$ 27,311	$ 6,993	$ 34,304	$ 3,144,040	$ 3,178,344	$ 4,521

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for credit losses on loans as of:

	September 30, 2024		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ –	$ 5,105	$ 5,105
Production and intermediate-term	195	2,008	2,203
Rural residential real estate	–	220	220
Total	$ 195	$ 7,333	$ 7,528

	December 31, 2023		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ –	$ 896	$ 896
Production and intermediate-term	1,947	541	2,488
Agribusiness	–	840	840
Rural residential real estate	–	214	214
Total	$ 1,947	$ 2,491	$ 4,438

The Association recognized $610 and $27 of interest income on nonaccrual loans during the three months ended September 30, 2024 and September 30, 2023, respectively. The Association recognized $819 and $145 of interest income on nonaccrual loans during the nine months ended September 30, 2024 and September 30, 2023, respectively.

Reversals of interest income on loans that moved to nonaccrual status were not material for the three and nine months ended September 30, 2024 and September 30, 2023.

A summary of changes in the allowance for credit losses is as follows:

		September 30, 2024
Allowance for Credit Losses on Loans:		
Balance at June 30, 2024	$	7,634
Charge-offs		–
Recoveries		30
Provision for credit losses on loans		237
Balance at September 30, 2024	$	7,901
Allowance for Credit Losses on Unfunded Commitments:		
Balance at June 30, 2024	$	517
Provision for unfunded commitments		29
Balance at September 30, 2024	$	546
Total allowance for credit losses	$	8,447
Allowance for Credit Losses on Loans:		
Balance at December 31, 2023	$	7,115
Charge-offs		(324)
Recoveries		30
Provision for credit losses on loans		1,080
Balance at September 30, 2024	$	7,901
Allowance for Credit Losses on Unfunded Commitments:		
Balance at December 31, 2023	$	476
Provision for unfunded commitments		70
Balance at September 30, 2024	$	546
Total allowance for credit losses	$	8,447

		September 30, 2023
Allowance for Credit Losses on Loans:		
Balance at June 30, 2023	$	7,022
Charge-offs		–
Recoveries		–
Provision for credit losses on loans		1,265
Balance at September 30, 2023	$	8,287
Allowance for Credit Losses on Unfunded Commitments:		
Balance at June 30, 2023	$	546
Provision for unfunded commitments		74
Balance at September 30, 2023	$	620
Total allowance for credit losses	$	8,907
Allowance for Credit Losses on Loans:		
Balance at December 31, 2022	$	7,005
Cumulative effect of a change in accounting principle		410
Balance at January 1, 2023	$	7,415
Charge-offs		–
Recoveries		–
Provision for credit losses on loans		872
Balance at September 30, 2023	$	8,287
Allowance for Credit Losses on Unfunded Commitments:		
Balance at December 31, 2022	$	–
Cumulative effect of a change in accounting principle		530
Balance at January 1, 2023	$	530
Provision for unfunded commitments		90
Balance at September 30, 2023	$	620
Total allowance for credit losses	$	8,907

Loan modifications may be granted to borrowers experiencing financial difficulty. Qualifying disclosable modifications are one, or a combination of, principal forgiveness, interest rate reduction, or a term or payment extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions. Modified loans to borrowers experiencing financial difficulty and activity on these loans were not material during the three and nine months ended September 30, 2024. There were no material commitments to lend to borrowers experiencing financial difficulty whose loans have been modified at September 30, 2024.

Loans held for sale were $0 and $6,123 at September 31, 2024 and December 31, 2023, respectively. Such loans are carried at the lower of cost or fair value.

Note 3 — Investments

Investments in Debt Securities

The Association's investments consist of asset-backed securities (ABSs). These ABSs are issued through the Small Business Administration and are guaranteed by the full faith and credit of the United States government. They are held for managing overall risk including concentration through diversification. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

The Association's investments also consist of Rural America Bonds (RABs), which are private placement securities purchased under the Mission Related Investment (MRI) program approved by the FCA. In its Conditions of Approval for the program, the FCA generally considers a RAB ineligible if its investment rating, based on the internal 14-point probability of default scale used to also grade loans, falls below 9. The FCA requires System institutions to provide notification to FCA when a security becomes ineligible. Any other bonds purchased under the MRI program, approved on a case-by-case basis by FCA, may have different eligibility requirements. At September 30, 2024, the Association held no RABs whose credit quality had deteriorated beyond the program limits.

A summary of the amortized cost of investment securities held-to-maturity follows:

	September 30, 2024	December 31, 2023
	Amortized Cost	
RABs	$ 5,232	$ 5,289
ABSs	39,347	7,133
Total	$ 44,579	$ 12,422

A summary of the contractual maturity and amortized cost of investment securities follows:

	Amortized Cost
In one year or less	$ –
After one year through five years	13,289
After five years through ten years	8,172
After ten years	23,118
Total	$ 44,579

A portion of these investments have contractual maturities in excess of ten years. However, expected maturities for these types of securities can differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

The Association evaluates investment securities with unrealized losses for impairment on a quarterly basis. As part of this assessment, it was concluded that the Association does not intend to sell the security, and is not likely that the Association would be required to sell the security prior to recovery of the amortized cost basis. The Association also evaluates whether credit impairment exists by comparing the present value of expected cash flows to the amortized cost basis of the security. Credit impairment, if any, is recorded as an ACL for debt securities. At September 30, 2024, the Association does not consider any credit-related unrealized losses to be material and an allowance for credit losses on investments is not necessary.

Equity Investments in Other Farm Credit System Institutions

Equity investments in other Farm Credit System institutions are generally nonmarketable investments consisting of stock and participation certificates, allocated surplus, and reciprocal investments in other institutions regulated by the FCA. These investments are carried at cost and evaluated for impairment based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value.

The Association is required to maintain ownership in AgFirst (AgFirst or the Bank) in the form of Class B or Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owned 9.60 percent of the issued stock and allocated retained earnings of the Bank as of September 30, 2024 net of any reciprocal investment. As of that date, the Bank's assets totaled $46.6 billion and shareholders' equity totaled $2.0 billion. The Bank's earnings were $189 million for the first nine months of 2024. In addition, the Association held investments of $3,149 related to other Farm Credit institutions.

Note 4 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

Accounting guidance establishes a hierarchy for disclosure of fair value measurements to maximize the use of observable inputs, that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the hierarchy tiers is based upon the lowest level of input that is significant to the fair value measurement.

The classifications within the fair value hierarchy are as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities also could include instruments whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

For a complete discussion of the inputs and other assumptions considered in assigning various assets and liabilities to the fair value hierarchy levels, see the latest Annual Report to Shareholders.

There were no Level 3 assets or liabilities measured at fair value on a recurring basis for the periods presented. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the periods presented.

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. The following tables summarize assets measured at fair value at period end.

	September 30, 2024			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 2,677	$ –	$ –	$ 2,677
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 115	$ 115
Other property owned	$ –	$ –	$ 486	$ 486
Other investments	$ –	$ –	$ 6,254	$ 6,254

	December 31, 2023			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 1,926	$ –	$ –	$ 1,926
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 1,422	$ 1,422
Other property owned	$ –	$ –	$ –	$ –
Other investments	$ –	$ –	$ 5,265	$ 5,265

Valuation Techniques

Assets held in trust funds

Assets held in trust funds, related to deferred compensation plans, are classified as Level 1. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Nonaccrual loans

Fair values of nonaccrual loans are estimated to be the carrying amount of the loan less specific reserves. Certain loans evaluated for impairment under FASB guidance have fair values based upon the underlying collateral, as the loans were collateral-dependent. Specific reserves were established for these loans when the value of the collateral, less estimated cost to sell, was less than the principal balance of the loan. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also 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 are therefore classified as Level 3.

Other property owned

For other property owned, the fair value is generally determined using formal appraisals of each individual property. These assets are held for sale. Costs to sell represent transaction costs and are not included as a component of the fair value of other property owned. If the process uses observable market-based information, the assets are classified as Level 2. If the process requires significant input based upon management’s knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, the assets are classified as Level 3.

Other investments

There are no observable market values for the Association’s Rural Business Investment Company (RBIC) investments. These investments are measured at cost, adjusted for any observable sales and impairment.

Note 5 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is remote that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 6 — Subsequent Events

The Association evaluated subsequent events through November 8, 2024 which was the date the financial statements were issued and noted there were none requiring disclosure.