AgGeorgia Farm Credit, ACA
THIRD QUARTER 2024

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2024 quarterly report of AgGeorgia Farm Credit, ACA, 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/ James R. Crain
Chief Executive Officer

/s/ Brandie L. Thompson
Chief Financial Officer

/s/ Glee Smith
Chairwoman of the Board

November 8, 2024

AgGeorgia Farm Credit, ACA

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. This process provides 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.

Internal control over financial reporting 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 weaknesses in the internal control over financial reporting as of September 30, 2024.

/s/ James R. Crain
Chief Executive Officer

/s/ Brandie L. Thompson
Chief Financial Officer

November 8, 2024

AgGeorgia Farm Credit, ACA

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 AgGeorgia Farm Credit, ACA (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 is diversified over a range of agricultural commodities including poultry, cotton, timber, peanuts and livestock. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat reduces the level of dependency on any single commodity.

The total loan volume of the Association as of September 30, 2024, was $1.53 billion, an increase of $153.5 million as compared to $1.38 billion at December 31, 2023. This increase in loan volume was primarily related to new long-term real estate loans and advances on operating loans.

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 from $6.86 million at December 31, 2023, to $11.30 million at September 30, 2024. As a percent of total loans, nonaccrual loans were 0.74 percent and 0.50 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 $5.57 million or 0.36 percent of total loans compared to $4.72 million or 0.34 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 $920 thousand and $2.58 million 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	$ 26,250	$ 21,105	$ 21,105	$ 72,574	$ 58,225	$ 58,225
Interest Expense	13,465	10,571	9,651	36,173	27,166	24,582
Net Interest Income	12,785	10,534	11,454	36,401	31,059	33,643
Provision for Credit Losses	326	995	995	1,218	1,622	1,622
Noninterest Income	3,182	3,171	3,171	10,591	8,399	8,399
Noninterest Expense	7,699	6,648	7,568	21,386	18,911	21,495
Provision for Income Taxes	(7)	(7)	(7)	(7)	(7)	(7)
Net income	$ 7,949	$ 6,069	$ 6,069	$ 24,395	$ 18,932	$ 18,932
Net Interest Margin	3.39%	3.17%	3.45%	3.41%	3.27%	3.55%
Operating Efficiency Ratio	48.21%	48.48%	51.73%	45.51%	47.91%	51.11%

**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 $7.95 million, an increase of $1.88 million as compared to net income of $6.07 million for the same period ended in 2023.

For the three months ended September 30, 2024, net interest income was $12.79 million, and the net interest margin was 3.39 percent. After adjusting the prior year for the notes payable rate amendment discussed above, net interest income was $11.45 million, an increase of $1.33 million, and the net interest margin was 3.45 percent, a decrease of 6 basis points for the three months ended September 30, 2024.

The provision for credit losses for the three months ended September 30, 2024, was $326 thousand, a decrease of $669 thousand from the provision for credit losses of $995 thousand for the same period ended during the prior year.

Noninterest income increased $11 thousand to $3.18 million during the three months ended September 30,2024 compared with the three months ended September 30, 2023, primarily due to increases in patronage refunds from other Farm Credit institutions.

For the three months ended September 30, 2024, noninterest expense was $7.70 million. After adjusting the prior year for the notes payable rate amendment discussed above, noninterest expense was $7.57 million, an increase of $131 thousand for the three months ended September 30, 2024. Beginning in the third quarter of 2024, the Bank increased the cost of services provided to the Association and this increase resulted in additional expenses of $551 thousand for the three months ended September 30, 2024.

For the nine months ended September 30, 2024

Net income for the nine months ended September 30, 2024, was $24.40 million, an increase of $5.46 million as compared to net income of $18.93 million for the same period ended in 2023. Increase was due to greater net interest income and noninterest income.

For the nine months ended September 30, 2024, net interest income was $36.40 million, and the net interest margin was 3.41 percent. After adjusting the prior year for the notes payable rate amendment discussed above, net interest income was $33.64 million, an increase of $2.76 million, and the net interest margin was 3.55 percent, a decrease of 14 basis points for the nine months ended September 30, 2024.

The provision for credit losses for the nine months ended September 30, 2024, was $1.22 million, a decrease of $404 thousand from the provision for credit losses of $1.62 million for the same period ended during the prior year.

Noninterest income increased $2.19 million to $10.59 million during the first nine months of 2024 compared with the first nine months of 2023 primarily due to increased loan fees, patronage refunds from other Farm Credit institutions, gain on rural home loans and insurance fund refund.

For the nine months ended September 30, 2024, noninterest expense was $21.39 million. After adjusting the prior year for the notes payable rate amendment discussed above, noninterest expense was $21.50 million, a decrease of $109 thousand for the nine months ended September 30, 2024. Beginning in the third quarter of 2024, the Bank increased the cost of services provided to the Association and this increase resulted in additional expenses of $551 thousand for the nine months ended September 30, 2024.

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 $1.29 billion as compared to $1.11 billion at December 31, 2023.

CAPITAL RESOURCES

Total members' equity at September 30, 2024, was $299.16 million, an increase of $16.72 million from a total of $282.44 million at December 31, 2023. The increase is primarily related to year-to-date net income off set by revolvement of the 2016 qualified allocated surplus to member totaling $7.84 million during June 2024. Total capital stock and participation certificates were $5.08 million on September 30, 2024, compared to $4.91 million on December 31, 2023. This increase is attributed to the issuance of stock on new loans being greater than the retirement of stock on loans liquidated in the normal course of business.

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%	17.12%	19.02%	19.43%
Common Equity Tier 1 (CET1) Capital Ratio	7.00%	17.06%	18.95%	19.37%
Tier 1 Capital ratio	8.50%	17.06%	18.95%	19.37%
Total Regulatory Capital Ratio	10.50%	17.45%	19.33%	19.69%
Tier 1 Leverage Ratio**	5.00%	17.36%	19.39%	19.75%
Unallocated Retained Earnings (URE) and URE Equivalents	1.50%	14.42%	15.53%	15.83 %

**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: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2764, or writing Matthew Miller, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 478-987-8300 Ext. 113, writing Brandie Thompson, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 1820, Perry, GA 31069, or accessing the website, *www.aggeorgia.com*. The Association prepares a 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 institution.

AgGeorgia Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	September 30, 2024 *(unaudited)*	December 31, 2023 *(audited)*
Assets		
Cash	**$ 8**	$ 93
Loans	**1,532,117**	1,378,546
Allowance for credit losses on loans	**(5,572)**	(4,723)
Net loans	**1,526,545**	1,373,823
Loans held for sale	**—**	72
Accrued interest receivable	**23,023**	16,634
Equity investments in other Farm Credit institutions	**22,041**	21,672
Premises and equipment, net	**19,810**	17,214
Other property owned	**—**	33
Accounts receivable	**8,372**	9,937
Other assets	**2,288**	1,959
Total assets	**$ 1,602,087**	$ 1,441,437
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,285,458**	$ 1,114,204
Accrued interest payable	**4,449**	3,915
Patronage refunds payable	**1,184**	15,751
Accounts payable	**1,102**	2,207
Advanced conditional payments	**2,186**	12,298
Other liabilities	**8,553**	10,627
Total liabilities	**1,302,932**	1,159,002
Commitments and contingencies (Note 6)		
Members' Equity		
Capital stock and participation certificates	**5,084**	4,912
Retained earnings		
Allocated	**40,432**	48,272
Unallocated	**253,544**	229,156
Accumulated other comprehensive income	**95**	95
Total members' equity	**299,155**	282,435
Total liabilities and members' equity	**$ 1,602,087**	$ 1,441,437

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

AgGeorgia Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the Three Months Ended September 30, 2024	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2024	For the Nine Months Ended September 30, 2023
Interest Income				
Loans	**$ 26,250**	$ 21,105	**$ 72,574**	$ 58,225
Interest Expense	**13,465**	10,571	**36,173**	27,166
Net interest income	**12,785**	10,534	**36,401**	31,059
Provision for credit losses	**326**	995	**1,218**	1,622
Net interest income after provision for credit losses	**12,459**	9,539	**35,183**	29,437
Noninterest Income				
Loan fees	**178**	237	**1,063**	668
Fees for financially related services	**34**	72	**119**	118
Patronage refunds from other Farm Credit institutions	**2,823**	2,549	**8,452**	7,297
Gains (losses) on sales of rural home loans, net	**47**	41	**219**	60
Gains (losses) on sales of premises and equipment, net	**5**	218	**145**	196
Gains (losses) on other transactions	**90**	53	**232**	52
Insurance Fund refunds	**—**	—	**345**	—
Other noninterest income	**5**	1	**16**	8
Total noninterest income	**3,182**	3,171	**10,591**	8,399
Noninterest Expense				
Salaries and employee benefits	**3,963**	4,062	**11,839**	11,946
Occupancy and equipment	**334**	570	**878**	1,028
Insurance Fund premiums	**301**	458	**845**	1,293
Purchased services	**1,655**	368	**3,868**	876
Data processing	**78**	59	**291**	242
Other operating expenses	**1,368**	1,128	**3,667**	3,520
(Gains) losses on other property owned, net	**—**	3	**(2)**	6
Total noninterest expense	**7,699**	6,648	**21,386**	18,911
Income before income taxes	**7,942**	6,062	**24,388**	18,925
Provision (benefit) for income taxes	**(7)**	(7)	**(7)**	(7)
Net income	**$ 7,949**	$ 6,069	**$ 24,395**	$ 18,932
Other comprehensive income	**—**	—	**—**	—
Comprehensive income	**$ 7,949**	$ 6,069	**$ 24,395**	$ 18,932

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

AgGeorgia Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2022	$ 4,730	$ 56,491	$ 215,103	$ 142	$ 276,466
Cumulative effect of change in accounting principle			2,034		2,034
Comprehensive income			18,932		18,932
Capital stock/participation certificates issued/(retired), net	123				123
Retained earnings retired		(8,227)			(8,227)
Balance at September 30, 2023	$ 4,853	$ 48,264	$ 236,069	$ 142	$ 289,328
Balance at December 31, 2023	**$ 4,912**	**$ 48,272**	**$ 229,156**	**$ 95**	**$ 282,435**
Comprehensive income			**24,395**		**24,395**
Capital stock/participation certificates issued/(retired), net	**172**				**172**
Retained earnings retired		**(7,840)**			**(7,840)**
Patronage distribution adjustment			**(7)**		**(7)**
Balance at September 30, 2024	**$ 5,084**	**$ 40,432**	**$ 253,544**	**$ 95**	**$ 299,155**

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

AgGeorgia Farm Credit, ACA

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 AgGeorgia Farm Credit, ACA 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 5, *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	$ 1,203,013	$ 1,098,808
Production and intermediate-term	250,726	203,988
Agribusiness:		
Loans to cooperatives	954	1,818
Processing and marketing	37,669	37,900
Farm-related business	7,024	6,698
Rural infrastructure:		
Communication	6,499	6,667
Power and water/waste disposal	2,397	2,756
Rural residential real estate	21,364	18,024
Other:		
International	2,471	1,887
Total loans	$ 1,532,117	$ 1,378,546

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	97.70%	98.76%
OAEM	1.72	0.87
Substandard/doubtful/loss	0.58	0.37
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	92.86%	96.39%
OAEM	4.36	1.01
Substandard/doubtful/loss	2.78	2.60
	100.00%	100.00%
Agribusiness:		
Acceptable	95.42%	97.46%
OAEM	4.46	2.54
Substandard/doubtful/loss	0.12	–
	100.00%	100.00%
Rural infrastructure:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	98.69%	98.80%
OAEM	1.00	1.20
Substandard/doubtful/loss	0.31	–
	100.00%	100.00%
Other:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Total loans:		
Acceptable	96.87%	98.37%
OAEM	2.21	0.95
Substandard/doubtful/loss	0.92	0.68
	100.00%	100.00%

Accrued interest receivable on loans of $23,023 and $16,634 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	$ 6,501	$ 1,564	$ 8,065	$ 1,194,948	$ 1,203,013	$ –
Production and intermediate-term	3,855	3,770	7,625	243,101	250,726	–
Agribusiness	–	–	–	45,647	45,647	–
Rural infrastructure	–	–	–	8,896	8,896	–
Rural residential real estate	421	66	487	20,877	21,364	–
Other	–	–	–	2,471	2,471	–
Total	$ 10,777	$ 5,400	$ 16,177	$ 1,515,940	$ 1,532,117	$ –

	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	$ 4,647	$ 968	$ 5,615	$ 1,093,193	$ 1,098,808	$ –
Production and intermediate-term	1,705	839	2,544	201,444	203,988	–
Agribusiness	92	–	92	46,324	46,416	–
Rural infrastructure	–	–	–	9,423	9,423	–
Rural residential real estate	260	–	260	17,764	18,024	–
Other	–	–	–	1,887	1,887	–
Total	$ 6,704	$ 1,807	$ 8,511	$ 1,370,035	$ 1,378,546	$ –

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	$ 76	$ 4,354	$ 4,430
Production and intermediate-term	721	5,949	6,670
Agribusiness	–	132	132
Rural residential real estate	–	66	66
Total	$ 797	$ 10,501	$ 11,298

	December 31, 2023		
Nonaccrual loans:	Amortized Cost with Allowance	Amortized Cost without Allowance	Total
Real estate mortgage	$ 337	$ 1,558	$ 1,895
Production and intermediate-term	440	4,526	4,966
Total	$ 777	$ 6,084	$ 6,861

The Association recognized $200 and $342 of interest income on nonaccrual loans during the three months ended September 30, 2024 and September 30, 2023, respectively. The Association recognized $461 and $859 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	$	5,452
Charge-offs		(6)
Recoveries		13
Provision for credit losses on loans		113
Balance at September 30, 2024	$	5,572
Allowance for Credit Losses on Unfunded Commitments:		
Balance at June 30, 2024	$	602
Provision for unfunded commitments		213
Balance at September 30, 2024	$	815
Total allowance for credit losses	$	6,387
Allowance for Credit Losses on Loans:		
Balance at December 31, 2023	$	4,723
Charge-offs		(153)
Recoveries		94
Provision for credit losses on loans		908
Balance at September 30, 2024	$	5,572
Allowance for Credit Losses on Unfunded Commitments:		
Balance at December 31, 2023	$	505
Provision for unfunded commitments		310
Balance at September 30, 2024	$	815
Total allowance for credit losses	$	6,387

		September 30, 2023
Allowance for Credit Losses on Loans:		
Balance at June 30, 2023	$	4,205
Charge-offs		–
Recoveries		8
Provision for credit losses on loans		521
Balance at September 30, 2023	$	4,734
Allowance for Credit Losses on Unfunded Commitments:		
Balance at June 30, 2023	$	108
Provision for unfunded commitments		474
Balance at September 30, 2023	$	582
Total allowance for credit losses	$	5,316
Allowance for Credit Losses on Loans:		
Balance at December 31, 2022	$	5,767
Cumulative effect of a change in accounting principle		(2,113)
Balance at January 1, 2023	$	3,654
Charge-offs		(140)
Recoveries		101
Provision for credit losses on loans		1,119
Balance at September 30, 2023	$	4,734
Allowance for Credit Losses on Unfunded Commitments:		
Balance at December 31, 2022	$	–
Cumulative effect of a change in accounting principle		79
Balance at January 1, 2023	$	79
Provision for unfunded commitments		503
Balance at September 30, 2023	$	582
Total allowance for credit losses	$	5,316

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.

The Association had loans held for sale of $0 and $72 at September 30, 2024 and December 31, 2023, respectively. Such loans are carried at the lower of cost or fair value.

Note 3 — Investments

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.

Associations are 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 3.94 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 $1,285 related to other Farm Credit institutions.

Note 4 — Members' Equity

Accumulated other Comprehensive Income (AOCI)

Changes in Accumulated Other Comprehensive Income by Component *(a)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Employee Benefit Plans:				
Balance at beginning of period	$ 95	$ 142	$ 95	$ 142
Other comprehensive income before reclassifications	–	–	–	–
Amounts reclassified from AOCI	–	–	–	–
Net current period other comprehensive income	–	–	–	–
Balance at end of period	$ 95	$ 142	$ 95	$ 142

Reclassifications Out of Accumulated Other Comprehensive Income *(b)*

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2024	**2023**	**2024**	**2023**	**Income Statement Line Item**
Defined Benefit Pension Plans:					
Periodic pension costs	$ –	$ –	$ –	$ –	Salaries and employee benefits
Net amounts reclassified	$ –	$ –	$ –	$ –	

(a) Amounts in parentheses indicate debits to AOCI.
(b) Amounts in parentheses indicate debits to profit/loss.

Note 5 — 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	$ 1,991	$ –	$ –	$ 1,991
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 441	$ 441
Other property owned	$ –	$ –	$ –	$ –

	December 31, 2023			
	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Recurring assets				
Assets held in trust funds	$ 1,801	$ –	$ –	$ 1,801
Nonrecurring assets				
Nonaccrual loans	$ –	$ –	$ 338	$ 338
Other property owned	$ –	$ –	$ 37	$ 37

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.

Note 6 — 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 7 — Subsequent Events

The Association evaluated subsequent events and determined that, except as described below, there were none requiring disclosure through November 8, 2024, which was the date the financial statements were issued.

On October 16, 2024, the Board of Directors voted to distribute $6 million of 2024 earnings to members in the form of an all cash patronage distribution. This distribution is an early distribution of 2024 earnings that would normally occur in March of the following year.