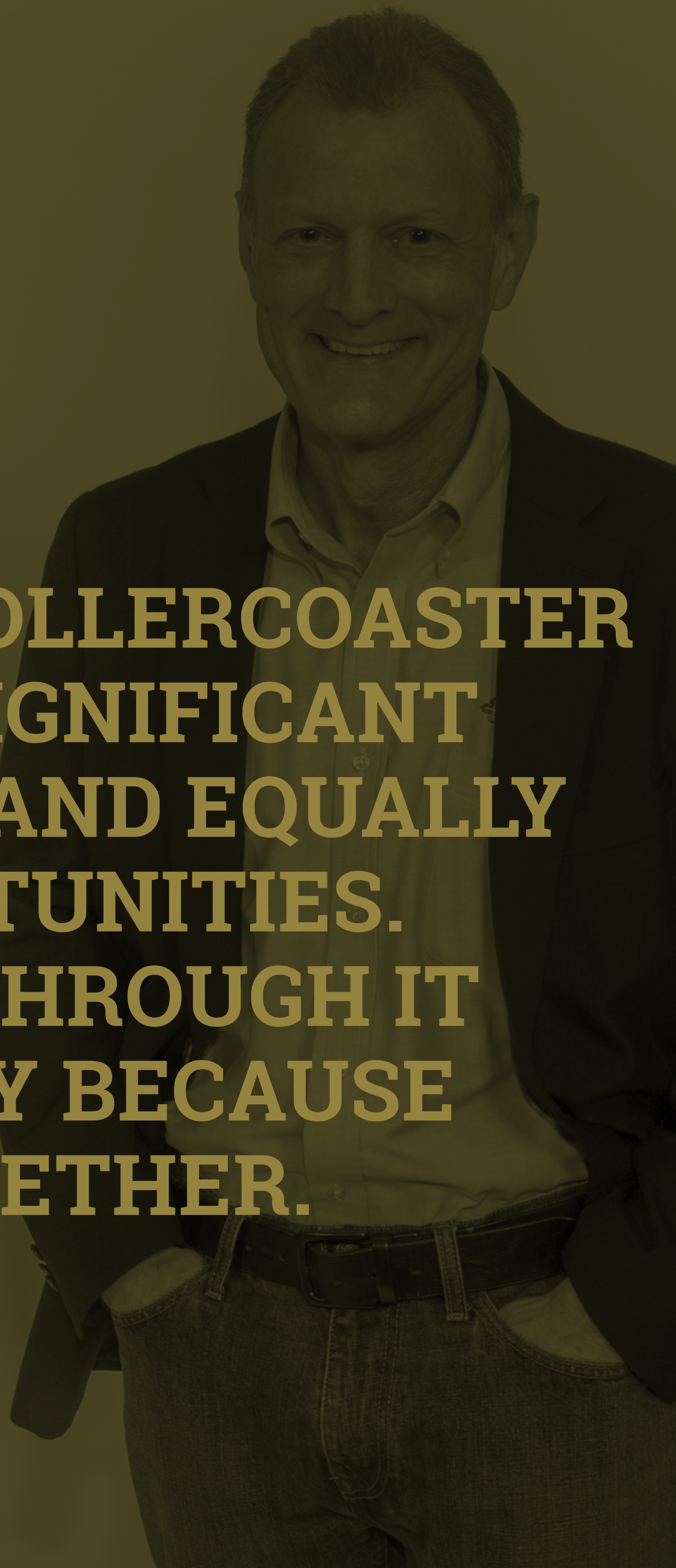
Together

GREENSTONE FCS

2020 ANNUAL REPORT

"IT'S BEEN A ROLLERCOASTER YEAR, WITH SIGNIFICANT CHALLENGES AND EQUALLY STEEP OPPORTUNITIES. BUT WE GOT THROUGH IT SUCCESSFULLY BECAUSE WE DID IT TOGETHER.

–Dave Armstrong



United by our collective efforts.

MESSAGE FROM THE CEO AND BOARD CHAIR

Our message a year ago highlighted the importance of partnership between GreenStone, its members, the agricultural industry, and the broader rural community. This was particularly relevant then as many of you endured one of the most stressful growing seasons in decades. Yet, GreenStone was able to once again bring tangible value to our partnership with you by paying a record patronage payment at a time when many really needed it. Little did any of us know then what was brewing just over the horizon.

Together We Survive

On March 23, 2020, we entered a new year of challenges together. Like many other businesses around the country, GreenStone was forced by a little-known virus – COVID-19 – that rapidly developed into one of the world's worst pandemics since the early 1900's, to close its offices and significantly adjust the way it did business.

Since then, not only has COVID-19 infected millions and killed over 500,000 in the U.S. alone, it has decimated many businesses in the hospitality, entertainment, and travel related industries as well. Over $3.1 trillion dollars have been spent by the federal government in 2020 through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to help prop up the economy and provide relief to individuals, those who have lost their jobs, and those fighting to save their businesses.

For many of us, our daily lives as we knew them before the pandemic have been turned upside down. Routine trips to the grocery store, doctor's office, haircut, going out to eat, or to a movie have been limited, and required a face mask and social distancing. Many who have been fortunate enough to retain their job have had to pivot to a remote/virtual work environment while learning how to adapt "on the fly" to new processes and technologies to meet the needs of customers. At the same time, many have been coping with their children being at home and having to juggle not only their job in a virtual environment, but help guide their children who have also had to adjust to learning online, which has only compounded already high stress levels. All of this, on top of those who have been personally touched by the symptoms of the virus, from minimal fatigue to the loss of loved ones. The impacts stretch the gamut and effect each of us individually.

Through it all, we have been pleasantly surprised how these challenging times have brought out the best in many people and further strengthened the partnership GreenStone has with you, its members.

For its part, GreenStone was prepared to deal with the pandemic with state-of-the-art technology systems that allowed it to conduct business remotely when Executive Orders were issued last spring and forced us to close our offices. Tools like video conferencing, secure virtual private network (VPN) connections, laptop computer applications for answering telephones remotely, online banking and loan applications, My Access for the secure transfer of confidential information, among many other tools helped us to transition in a nearly seamless manner to provide you with the liquidity and financial services so vital to your business and personal needs.

You, our members, were gracious, patient, flexible, and adaptable in helping us help you, especially during those very uncertain and anxious early days of the pandemic. Many of you stepped out of your comfort zone and used the online tools even though it was likely awkward and unfamiliar at first.

Our employees also did their part, by stepping up and executing their piece of the partnership by being gracious (especially with one another!), patient, flexible, adapting to new technology many had not needed to use before, and all while having to make many decisions on the spot in a fog of ambiguity. In fact, you confirmed the success of our service in our 2020 customer satisfaction survey with a 95% satisfied or very satisfied rating. This is GreenStone's best rating since 2016, and a one percent increase over 2019 despite working under unprecedented conditions.

While 2020 will be remembered for one of the worst crises to hit our country and the world, it will also go down as one of the best in GreenStone's 20 year history, because of our commitment to you, and most importantly, your commitment to us.

Together We Provide

As you will see in the financial statements on the following pages, GreenStone's loan growth outpaced 2019 by 3.6% while earnings exceeded last year's record by $64 million. The quality of the loan portfolio also remained well managed despite plummeting commodity prices and a great deal of uncertainty last spring.

Federal Reserve actions in the early days of the pandemic lowered interest rates to all-time lows, creating significant loan demand especially in our country living and capital markets segments. Some sought to relocate to rural areas as a result of the pandemic, while others put their dreams in action taking advantage of lower interest rates. Customers in our agribusiness segment drew down lines of credit early in the crisis for liquidity purposes, which further helped boost loan volume.

Portfolio growth was also augmented by GreenStone answering the call to process federal government stimulus Paycheck Protection Program (PPP) loans through the Small Business Administration (SBA). In spite of the fact GreenStone had no relationship or experience with the SBA, and that the PPP was a brand new program with rules and processes changing hourly at times, many of our staff worked around the clock serving the needs of our eligible customers by helping guide them through the process. This resulted in nearly $145 million of loan volume to just under 1,500 eligible customers in 2020 alone.

In addition, the low interest rate environment created an opportunity for many of our customers to benefit through GreenStone's unique low fee loan conversion process, allowing over 12,000 loans to convert to an average 1.03% lower interest rate. This provided customers a savings of over $32 million in the first year of the lower rate alone.

Rebounding commodity prices later in the year, coupled with record setting government assistance specifically targeted for agriculture and stable land values, combined to minimize projected loan loss provisions, further contributing to strong year-end net earnings.

And, if this wasn't enough, the experience GreenStone staff gained through the administration of the PPP loan program was put to good use in answering the call of the State of Michigan over the summer of 2020 to deliver $15.6 million in CARES grants to nearly 500 qualifying farmers and agricultural processors for personal protective equipment to help keep their employees safe from COVID-19.

Together We Succeed

Ultimately, the combination of exceptionally strong loan growth, high fee income generated from processing a record number of interest rate conversions, the unanticipated programs like PPP loans and the Michigan CARES grants, plus low loan losses, all provided another opportunity for the GreenStone board of directors to approve a new single year record patronage payment of $105 million to be paid to members in March 2021, eclipsing last year's record $100 million. This is a strong sign of GreenStone's financial strength and commitment to provide real value to its partners (our members) even in tough times.

It's been a rollercoaster year, with significant challenges and equally steep opportunities. But we got through it successfully because we did it together. We thank all of you for everything you did to operate your businesses and personal lives to the best of your ability, commitment to feeding the rest of us during these very uncertain times, and loyalty to GreenStone! You certainly held up your end of this partnership, and hopefully, we did as well!

We did it together! ■

Edward L. Reed
Chair of the Board

David B. Armstrong
Chief Executive Officer

TOGETHER–

We overcame.

Through the eyes of Shaun Gainforth…
GreenStone Financial Services Officer serving farmers from the Caro branch

My motto has always been: simplicity and speed. I like to impress my customers with how efficiently we can meet their needs and how quickly we can get the money in their hands. With the technology we're now using, it is just that much easier and faster. It's a win-win for everybody!

The Pivot

Just days after GreenStone's Patronage Day 2020, a week ahead of the first COVID-19 related Executive Orders that led GreenStone to close all branches and move to remote customer service, Shaun's branch was one of the very first to close in March.

I remember it like it was yesterday. It was Friday the 13th and our branch closed. I've worked at home 100% since then.

Like many people, our first reactions were very uncertain. We were anxious about everything; it was uncharted waters. But then I thought, OK, this is only going to be for a few days, maybe a few weeks. Well, here we are a year later!

My coworkers were – are – awesome. We all took it in stride. And most all customers were accepting and supportive of why I wasn't sitting in the office for them to come visit.

It was amazing how fast our Information Services (IS) team was able to help everyone get set up to work from home with our computers, monitors, printers, and phones. It was all technology and tools we already had, we just had to be reminded (and sometimes taught) how to use it. The ability for us to answer the office phones from home was really amazing and nobody really even had to know we weren't in the branch.

For those customers who still wanted to – or needed to – they could drop off papers and payments to the office to be collected daily by a teammate. That gave customers peace of mind knowing their needs were getting taken care of, regardless how they choose to do business with us!

I used to get questions about when I'll be back in the office. But then they quickly realized the level of service I can provide regardless of where I'm working. Our customers appreciate the efficiency and are now asking why I'd ever go back to the office.

The Forced Success

The challenges of the pandemic forced us to utilize all the tools. We quickly learned just how efficient we could be. Technology helped us simplify the steps and shorten the time to provide financing and services to customers.

It's just unbelievable what technology we have at our fingertips – most of which I had barely used. It's been fun; a good challenge to learn how to use the tools we have to meet customer's needs.

Customers were pretty receptive to doing things electronically! I don't know how many hundreds of conversions I did last year and most of them got signed electronically. I can't think of anybody that was hesitant at all.

In many cases, we are getting things done even faster, which is impressive to the customer. This is going to change everything long-term, not just when we're at home!

The Discomfort

Although I was new to most of the technology, the bigger struggle for me those first 30-45 days was simply working at home. I had no place to work. I started on my couch, then claimed a spot on the kitchen table. It was uncomfortable; I couldn't concentrate. And my 3-year-old daughter was eager to play all day long. I was out of my element.

After a few weeks, I realized this could go on for a while and I needed to create the right environment to be efficient and get work done. I'd say that realization was the turning point for many of us.

I cleaned out our small storage room in our house, set up a table with my computer, monitors from work, keyboard, mouse and office chair…and closed the door.

For me, it needed to feel like I was sitting at my desk; since then, things have just flowed.

The Connection

There was little warning, and business must go on. Being forced out of the comfort zone created opportunities for more effective customer connection than would have otherwise been considered.

I was about four months into refinancing a sizable account from another lender when the full effects of the pandemic hit, necessitating all new communication techniques. Everything was done electronically. I hadn't held three-way conference calls before, but we did it. I can't tell you how many Zoom and WebEx video conferences were streamed. Loan papers and documents were sent securely online.

The customers embraced the "new" ways of collaborating. With multiple parties involved, and in different states early in the pandemic, the technology actually helped get them to closing even faster than if I had been in the branch and sitting down with the customers. They were thankful for the tools we had.

It was only at the closing that we all met… with masks.

Glancing Back, Gazing Ahead

I'm proud!

GreenStone stepped up to this major challenge and delivered. I give a big kudos to our IS team who had us prepared to serve our customers efficiently. We've proven how adaptable we are. We are ready to take on whatever challenges are out there and continue to perform! ■

TOGETHER–

We benefited.

Through the eyes of Matt Platte…
GreenStone Financial Services Officer serving farmers from the Ionia branch

Matt completed 177 loan conversions in 2020. In total – GreenStone completed 12,000 loan conversions saving customers $32 million in interest savings in the first year of the new rate.

To be able to complete conversions, especially calling customers proactively to give them some good news – not only to lift their spirits because of the savings, but because they felt like they had somebody looking out for them – was fulfilling. Customers look to us as a business partner, not just a lender!

The Rate Drop

The downward rate trajectory started mid-year 2019 when the Federal Reserve began dropping the Fed Funds Rate. That trajectory was expedited in March 2020 with the announcement of COVID-19 worldwide and rates plummeted to incredible lows in a matter of a few days.

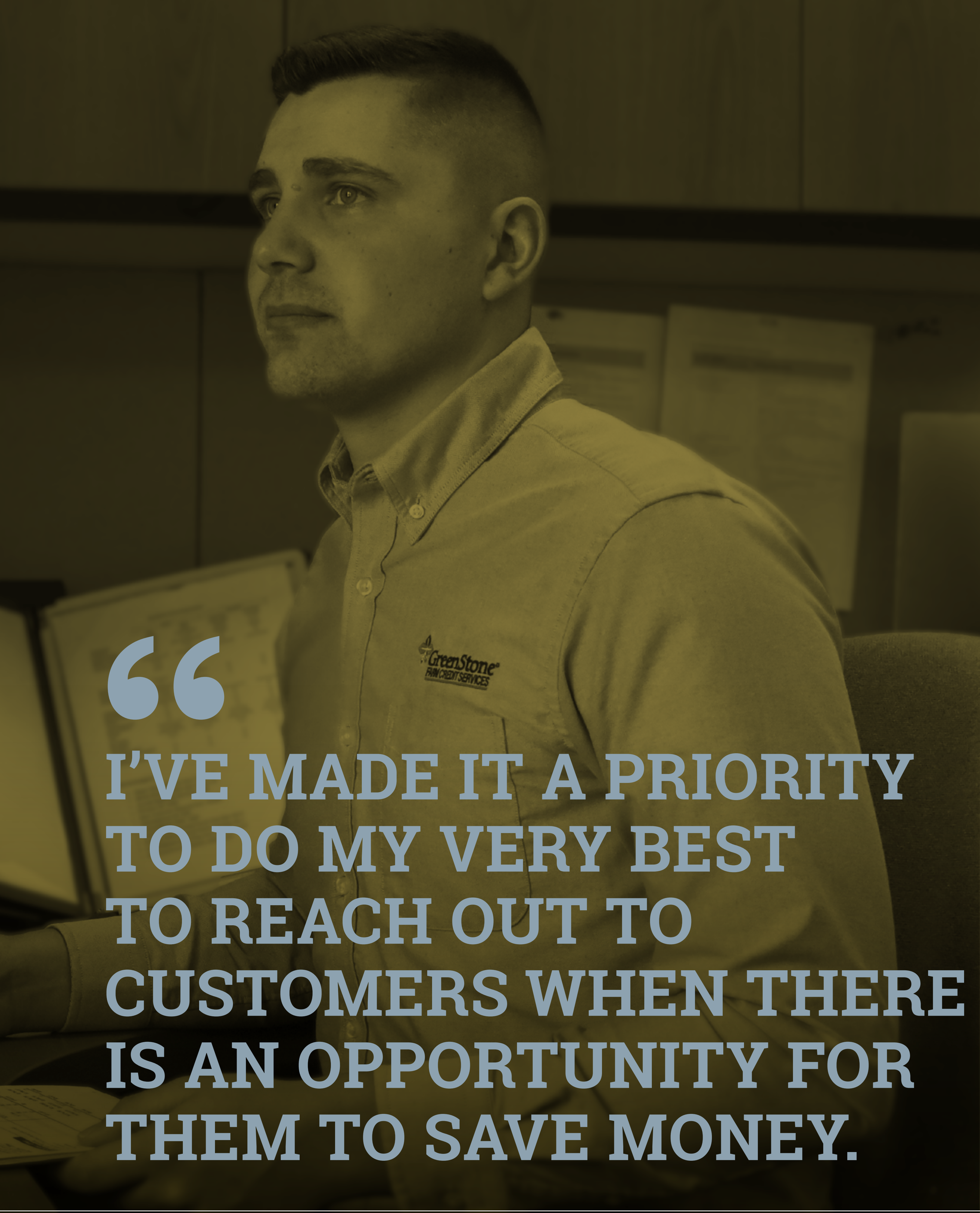
I remember one day in particular, working on only conversions from 7 A.M. to 7 P.M. The only reason I, and other loan officers, stopped at 7 P.M. was because that is the latest time a conversion could be booked and still count effective for that day. We didn't know where rates were going to land, so we were helping customers take advantage of the abnormally low rates as best as we could.

The Why and How

Farm Credit secures funding for cooperative members through bonds. When interest rates drop, the System can call back those higher yielding bonds and reissue them at lower yields. We do our best to pass on those savings to our customers through loan interest rate conversions – a process that is much simpler, cheaper and quicker than a complete refinance.

I've made it a priority to do my very best to reach out to customers when there is an opportunity for them to save money. I usually prepare a few options. Different customers want different results from a conversion, so I try to complete all of the figuring on the front end so that I can be as efficient as possible when I'm speaking with the customer. I'm trying to save as much of their time – and money - as humanly possible.

Customers are both excited and surprised. There can even be a hint of skepticism at times, thinking it's too good to be true. In general, people don't expect to receive a phone call from their lender presenting them with a lower interest rate, especially with just a signature and small fee. I always remark how much I enjoy making



I’VE MADE IT A PRIORITY TO DO MY VERY BEST TO REACH OUT TO CUSTOMERS WHEN THERE IS AN OPPORTUNITY FOR THEM TO SAVE MONEY.

these phone calls, and I joke that I have a 100% success rate with no one turning me down when I'm offering to lower their interest rate.

The Options

Conversions are a powerful, efficient tool unique to GreenStone's customers. Our teams all work together to ensure we can provide the best options to benefit as many customers as possible.

For me, there are a few scenarios I particularly enjoy exploring with my customers. The first being a conversion that checks all three boxes: decreases the customer's interest rate, payment, and loan term. Each customer's situation is unique, and they desire different results from the conversion. Some customers want the lowest interest rate possible; others may be focused on lowering their required payment as much as possible.

My "perfect" conversion balances all of the advantages a conversion can offer by reducing the customer's interest rate, and then compounding those interest savings by reducing the term of the loan, but balancing the term reduction so the resulting payment is equal to or lower than what they had previously been paying.

They might see what I presented and say, "well, I like that, but could we do this…?" So, then we look at something different. I like that piece of it. I think it is important to have that conversation focused on what they truly need, and what their wants and desires are. There's more to completing an interest conversion than just lowering their interest rate.

Customers are appreciative and thankful to have a lender who is proactively looking out for their best interest and has such an easy, cost-efficient method to capture a lower interest rate.

The Unexpected Remote Experience Benefits

Simultaneous with the rate drop was the swift pivot to adopting new habits from home. In alignment with the Executive Orders, customer service and teamwork took altered approaches.

For the Customer: We didn't skip a beat in our service. It was very busy during that time period. We had multiple things going on at the same time, and oh, by the way, we were trying to learn to do it all in a completely different, remote way. But we were proactive, and we didn't give customers time to be frustrated with the situation – before they could be upset with us, we already had a resolution. Depending on what worked best with the customer, we were emailing, sending through My Access, and mailing paperwork.

For the Team: I began my career with Farm Credit in 2015. Up until mid-2019, the only experience I had was in a rising interest rate market. It just so happened I transitioned to this new position as a financial services officer right at the time rates began to decline. Coincidently, the team I work with – the customer service representative and credit analyst – were also relatively new in their positions. It was quite the change for all of us to suddenly be removed from our normal "in office" workflow and then need to do work we weren't familiar with. But we were all learning together. In fact, it may have been a blessing in disguise, because we had to communicate with each other to figure things out. We were all working for the same goal of providing the best solutions for our customers and it brought us close as a team.

For All: Conversions, along with the other programs we were facilitating (PPP, MI Ag Safety Grants, etc.), were actually a great way to connect with my customers. I ended up working with more of my customers than I would have if it was a normal year. Yeah, it might have been remote, doing it all by phone, but it was still an opportunity to provide support to them. And while we talked, we had deeper conversations, not just about the particular program we were working on, but about what was going on with them, their farm and family.

The Rearview

2020 came with many unique challenges. Those challenges created just as many opportunities to provide a helping hand. For GreenStone, those opportunities included conversions, PPP loans, Michigan Agriculture Safety and MEDC Small Farm grants, Michigan Agriculture Disaster loans, payment servicing, and the list goes on. Assisting customers through these difficult and uncertain times made for a rewarding and fulfilling experience in 2020.

The key word is "fulfilling," despite everything else going on.

I know I'm providing a service to my customers that they could technically get anywhere. They're coming to get it from me – from GreenStone – for a reason. I'm thrilled to have been able to assist so many customers in 2020, including 177 loan conversions, and am happy to work for an institution that prioritizes customer service and provides such valuable products and tools.

Everyone had their own personal situation – jobs, family, health, business, etc. So being able to adapt and have the different tools available to help them through their individual scenario to provide a positive outcome, is just exceptionally fulfilling, just truly fulfilling work. ■

2020 HIGHLIGHTS–

12.2%

Total Loan Growth

(owned and managed)

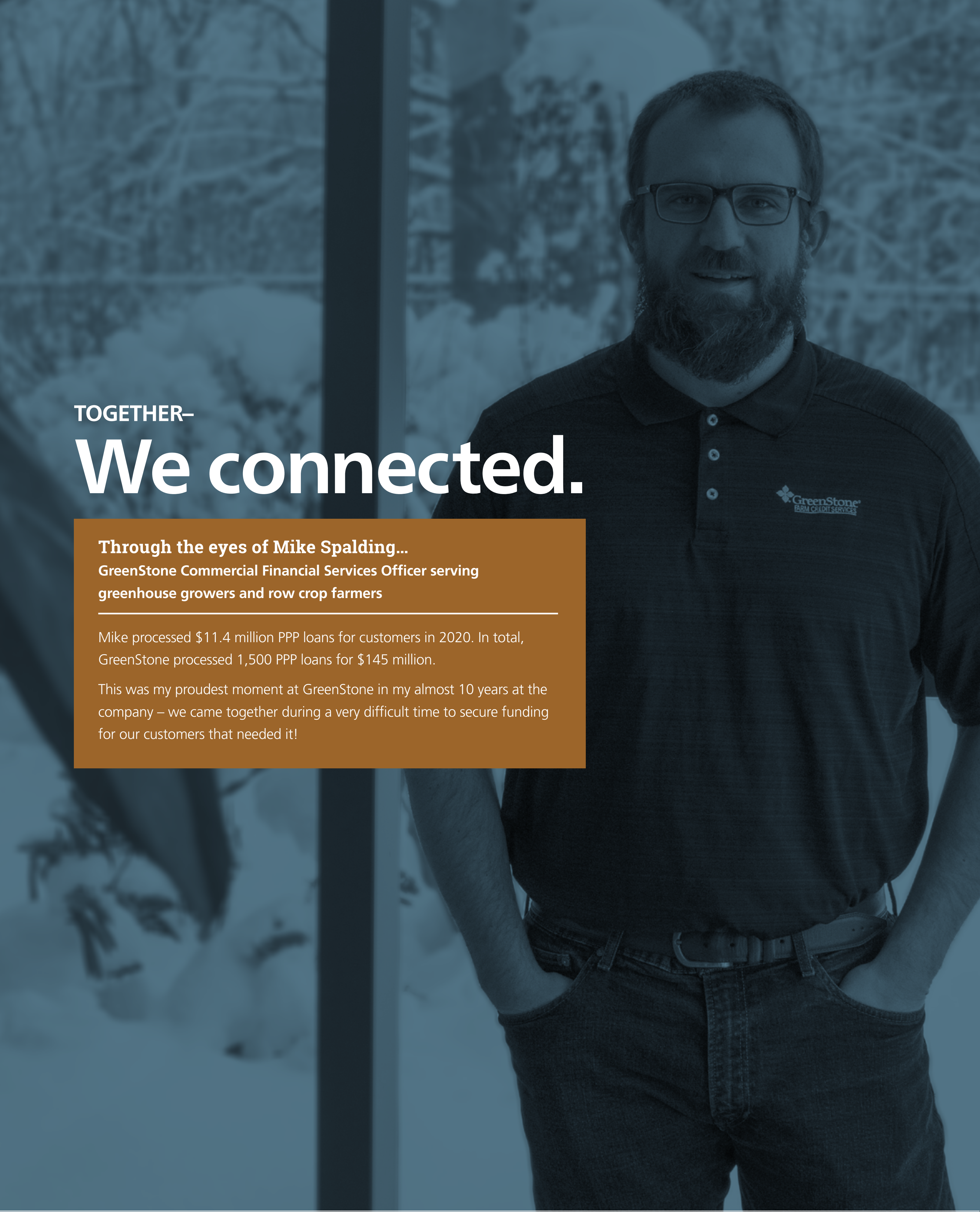
$11.1

Billion in Total Assets

(owned and managed)

$105

Million paid back to members in patronage.



TOGETHER–

We connected.

Through the eyes of Mike Spalding...

GreenStone Commercial Financial Services Officer serving greenhouse growers and row crop farmers

Mike processed $11.4 million PPP loans for customers in 2020. In total, GreenStone processed 1,500 PPP loans for $145 million.

This was my proudest moment at GreenStone in my almost 10 years at the company – we came together during a very difficult time to secure funding for our customers that needed it!

Our members, like so many businesses, needed the support offered through the Paycheck Protection Program (PPP). As a cooperative with newly granted authority to participate, we were committed to providing access to programs like this for our members. But our crash course into the Small Business Administration (SBA) process during the first wave of PPP funding was far from perfection and left us eager and optimistic to implement a new and improved process for the second wave of funding and the eventual loan forgiveness process.

This PPP loan for many was going to be a lifeline to help keep them going and try to absorb whatever hit was going to happen because of COVID.

Leading up to when PPP loans were announced, GreenStone had already started preparing to support our members if they were going to experience a complete devastation. By that time of year, our greenhouse customers had already incurred most of their expenses for the year. With the Executive "stay at home orders," it was unknown if those customers would even have a sales window in May. It was possible they'd have a complete loss of crop.

For customers like those in the greenhouse industry, these PPP loans came as a lifeline at a time they were standing at the edge of the cliff of not knowing if they're going to have a sales season or not.

March 27, 2020

President Trump signed into law "The CARES Act," including the $349 billion directed to job retention and other business expenses through the PPP.

When I first heard about the $2.1 trillion relief bill passed, I was really blown away by the magnitude of the numbers. And honestly, I thought it would take months for all the PPP funding to be used up.

"

FOR CUSTOMERS LIKE THOSE IN THE GREENHOUSE INDUSTRY, THESE PPP LOANS CAME AS A LIFELINE...

I started receiving customer inquiries that same day. Their main inquiry was if GreenStone was going to process these loans and they wanted to know what they needed to do to get their applications in ASAP.

Under normal circumstances, GreenStone would have smoothed the path before opening up to take applications from our members. With the fast track announcement of the CARES Act, and Farm Credit's new authorization, we instead had to learn along the way.

Farmers and agribusinesses had been rightfully recognized as critically impacted by the pandemic, and therefore Farm Credit – the 65+ associations like GreenStone which have always been here as financial partners for these essential industries – were authorized to participate with SBA in the PPP. This left us to figure out how to participate next to the thousands of banks across the country that had systems already built to work with SBA every day. We quickly partnered with a third party to provide the gateway to the SBA, and quickly realized several other institutions did the same, and a bottleneck ensued.

April 3, 2020

Just as Mike was starting to settle in to his newly converted 6 foot x 8 foot home office, SBA began accepting PPP loan applications.

At the beginning, there was just a lot of unknowns about the program. SBA seemed to be giving guidance not by the week or day, but it seemed to be by the minute. I was just trying to keep up with the constant changes.

GreenStone was trying to push information as fast as possible to customers and staff. Although customers appreciated the communication, it seemed to always be a step behind.

2020 PPP LOANS–

1,500 Processed Loans for Members

$145 Million in Funded Loans

Due to the circumstances, initial customer reactions were not very favorable, a reasonable frustration for sure! The reality was we were late out the gate. Other banks were accepting applications before us, so there were frustrations hearing that some of them were being submitted and approved before GreenStone even got started.

From GreenStone's perspective, aside from being put in a position to build a system from scratch with limited information in less than a week, there was frustration at the fact that everyone was trying to push a record amount of money through the system in a record setting pace, and the SBA system was simply bogged down.

April 11, 2020

After first partnering with a third party for application submission, applications were streaming in and our vendor was making little headway in getting applications actually submitted to SBA. A swift recalculation took us down a different, direct path for GreenStone to do the entire process.

Within days, GreenStone had been granted direct access to SBA, and had certified and trained approximately 20 staff who immediately began submitting applications to SBA. With the highest rate of entry success coming in off-hours when fewer banks were submitting applications, we orchestrated three shifts of staff working around the clock to manually key applications into SBA's system.

I can't tell you how many times I was getting and sending emails with teammates at 3 A.M. or 4 A.M., in the middle of the night. I've never drank so much coffee.

In the last few days, we pushed an astonishing amount of volume through the pipeline and got most of our applications approved before the funds were exhausted. I think I got close to 10 approvals for my customers late that last night, and then the next day the funds were completely used up.

In 60 hours, less than three days, the GreenStone team manually entered over 800 of our members' PPP applications for approval and funding by SBA before the dollars ran out. In total, GreenStone assisted about 840 members secure nearly $120 million in PPP loan support in the first wave.

I remember talking with customers who were crying on the phone, saying they didn't know if they could make it through the year without this. It was overwhelming - the excitement, gratefulness, the relief they felt. It's an experience I know none of them will ever forget.

April 16, 2020

The $349 billion PPP funds were exhausted.

Was the last-minute success too little, too late for some of our members? Quite possibly, our customers always come first, and we regret we couldn't offer a better solution more promptly to every member.

Even before funding was gone for wave one, and before we knew if more funds would become available for a second wave, GreenStone began seeking an even better solution. And when the second wave of PPP funding was announced, the cooperative was ready with new tools, automation and a streamlined bridge connecting customers directly into the SBA.

April 27, 2020

Congress approved $310 billion in additional funding for the PPP on April 24 and the portal opened three days later.

To expedite application submission into SBA, GreenStone had partnered with a new vendor to give customers a link to apply directly online. Our financial services officers worked with each applicant to help them quickly and seamlessly review and get the applications submitted.

The application process for the two waves of funding were completely different. The first was a complete frenzy of a two-week period of around-the-clock blur.

The second wave we were ready, and so were our customers. With the new process, they were ready with their application to submit.

One experience that sticks out to me is a customer who reached out to apply. When I called him back, his wife answered the phone crying – her husband's dad had just passed away. The customer had to be with his family. But we kept the process going in the background and we ended up getting his loan approved, that made a big difference for him at those times.

"I CAN'T TELL YOU HOW MANY TIMES I WAS GETTING AND SENDING EMAILS WITH TEAMMATES AT 3 A.M. OR 4 A.M., IN THE MIDDLE OF THE NIGHT.

August 10, 2020

When the SBA PPP portal closed again on August 10, GreenStone had assisted a total of 1,500 members to submit their applications, securing customers $145 million in PPP loans through the two waves of funding in 2020.

Keeping on the automated, streamlined process, GreenStone is using the same vendor from wave two PPP applications to provide customers another simple and convenient service during the loan forgiveness phase.

I can say we were obviously late to the game from the loan application standpoint. And now I hear from our competitors that we were actually early in the game when it came to forgiveness. So, in the end things really worked.

All we went through with our customers to overcome the challenges really cemented our relationships. They appreciate working with us. We appreciate being able to be their partners. ■

2020 FINANCIALS

GreenStone Farm Credit Services, ACA

Consolidated Five-Year Summary of Selected Financial Data

GREENSTONE FARM CREDIT SERVICES, ACA
(Dollars in thousands)

	2020	2019	2018	2017	2016
STATEMENT OF CONDITION DATA					
Loans	$10,589,927	$9,398,125	$8,619,585	$8,212,256	$7,801,558
Allowance for loan losses	75,574	95,454	84,064	72,640	46,382
Net loans	10,514,353	9,302,671	8,535,521	8,139,616	7,755,176
Investment in AgriBank, FCB	257,760	222,432	196,566	164,805	159,936
Investment securities	5,404	9,046	7,715	12,414	16,749
Other assets	189,717	194,114	179,508	166,020	147,368
Total assets	$10,967,234	$9,728,263	$8,919,310	$8,482,855	$8,079,229
Obligations with maturities of one year or less	$195,385	$200,945	$174,260	$131,112	$6,610,896
Obligations with maturities greater than one year	8,827,305	7,748,606	7,072,973	6,783,097	—
Total liabilities	9,022,690	7,949,551	7,247,233	6,914,209	6,610,896
Protected members' equity	1	1	1	1	1
Capital stock and participation certificates	24,553	23,019	22,400	22,141	21,693
Unallocated surplus	1,923,172	1,757,944	1,651,528	1,548,350	1,446,639
Accumulated other comprehensive loss	(3,182)	(2,252)	(1,852)	(1,846)	—
Total members' equity	1,944,544	1,778,712	1,672,077	1,568,646	1,468,333
Total liabilities and members' equity	$10,967,234	$9,728,263	$8,919,310	$8,482,855	$8,079,229
STATEMENT OF INCOME DATA					
Net interest income	$249,931	$234,647	$222,009	$209,387	$194,499
Reversal of (provision for) credit losses	18,050	(13,793)	(17,324)	(22,120)	(20,161)
Patronage income	59,934	51,531	45,423	41,391	23,550
Financially related services income	11,766	10,584	9,812	10,263	9,479
Fee income	37,285	20,740	14,949	14,682	15,444
Other income, net	3,329	3,568	7,388	2,119	1,625
Non-interest expense	(106,732)	(99,140)	(95,948)	(95,075)	(90,700)
Provision for income taxes	(3,350)	(1,737)	(1,148)	(8,952)	(1,819)
Net income	$270,213	$206,400	$185,161	$151,695	$131,917
KEY FINANCIAL RATIOS					
For the Year					
Return on average assets	2.6%	2.2%	2.1%	1.8%	1.7%
Return on average members' equity	14.5%	11.9%	11.3%	9.9%	9.3%
Net interest income as a percentage of average earning assets	2.5%	2.6%	2.6%	2.6%	2.6%
Net charge-offs as a percentage of average loans	—	—	—	—	0.1%
At Year End					
Members' equity as a percentage of total assets	17.7%	18.3%	18.7%	18.5%	18.2%
Allowance for loan losses as a percentage of loans	0.7%	1.0%	1.0%	0.9%	0.6%
Capital ratios effective beginning January 1, 2017:					
Common equity tier 1 ratio	15.9%	16.7%	16.4%	16.4%	N/A
Tier 1 capital ratio	15.9%	16.7%	16.4%	16.4%	N/A
Total regulatory capital ratio	16.7%	17.6%	17.3%	17.0%	N/A
Permanent capital ratio	16.0%	16.9%	16.6%	16.5%	N/A
Tier 1 leverage ratio	16.6%	17.7%	17.6%	17.5%	N/A
Capital ratios effective prior to 2017:					
Permanent capital ratio	N/A	N/A	N/A	N/A	16.1%
Total surplus ratio	N/A	N/A	N/A	N/A	15.8%
Core surplus ratio	N/A	N/A	N/A	N/A	15.8%
OTHER					
Patronage distribution payable to members	$105,000	$100,000	$82,000	$50,000	$32,979

The patronage distribution to members accrued for the year ended December 31, 2020, will be distributed in cash during the first quarter of 2021. The patronage distributions accrued for the years ended December 31, 2019, 2018, 2017, and 2016 were distributed in cash during the first quarter of each subsequent year. No income was distributed to members in the form of dividends, stock, or allocated surplus during these periods.

Management's Discussion and Analysis

GREENSTONE FARM CREDIT SERVICES, ACA

The following commentary reviews the consolidated financial condition and consolidated results of operations of GreenStone Farm Credit Services, ACA (the Association) and its subsidiaries, GreenStone Farm Credit Services, FLCA and GreenStone Farm Credit Services, PCA and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2021, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 67 borrower-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the System serves.

AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). We are an association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports, contact us at:

GreenStone Farm Credit Services, ACA	AgriBank, FCB
3515 West Road	30 East 7th Street, Suite 1600
East Lansing, MI 48823	St. Paul, MN 55101
(800) 968-0061	(651) 282-8800
www.greenstonefcs.com	*www.AgriBank.com*
Travis.Jones@greenstonefcs.com	*FinancialReporting@agribank.com*

Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

Forward-Looking Information

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", "believe", "estimate", "may", "expect", "intend", "outlook", "could", "should", "will", and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties which may be beyond our control. These risks and uncertainties include, but are not limited to:

- Political (including trade and environmental policies), legal, regulatory, financial markets, and economic conditions and developments in the United States (U.S.) and abroad
- Length and severity of an epidemic or pandemic
- Economic fluctuations in the agricultural, international, rural and farm-related business sectors
- Weather-related, disease, and other adverse climatic or biological conditions that periodically occur and can impact agricultural productivity and income
- Changes in U.S. government support of the agricultural industry (including government support payments) and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises, and other financial institutions
- Actions taken by the Federal Reserve System in implementing monetary policy
- Credit, interest rate, and liquidity risks inherent in our lending activities
- Changes in our assumptions for determining the allowance for loan losses, other-than-temporary impairment, and fair value measurements
- Industry outlooks for agricultural conditions
- Changes in interest rate indices utilized in our lending

COVID-19 Pandemic

The spread of COVID-19 has created a global public-health crisis that has stifled the worldwide economy, decreased liquidity in fixed income and equity markets, significantly increased unemployment levels and disrupted global supply and demand chains. Unprecedented actions have been taken by governments, businesses, and individuals to slow or contain the spread of COVID-19, including quarantines, stay-at-home orders, school closings, and travel bans that have substantially restricted daily activities and forced many businesses to curtail or cease operations. The impact of COVID-19 on companies is evolving rapidly and its future effects are uncertain.

The extent to which the COVID-19 pandemic impacts the Association will depend on future developments that are highly uncertain and cannot be predicted such as the duration, extent and severity of the pandemic, the continued response by the U.S. government and how quickly "normal" daily activities resume.

This outbreak puts the economy and agriculture sector in uncharted territory. The impact of COVID-19 on U.S. agriculture will depend on the severity and duration of the outbreak. Overall, agriculture will adjust, providing an "essential service" to the U.S. and global consumer.

All of our 36 office buildings were closed on March 23, 2020, in response to the COVID-19 pandemic to protect the health of our employees and customers. While our office buildings were closed, we continued to conduct business and efficiently serve customers by utilizing an array of technology tools. On June 29, 2020, we opened our office buildings with limited staff and established many additional safety precautions to protect the health of our employees and customers. Effective October 5, 2020, for our Wisconsin branch offices and November 4, 2020, for our Michigan branch offices, our branch offices are open but by appointment only to customers and we instituted a maximum staff level of two employees present at a branch office at any time. We have made slight modifications to some of our operational processes to accommodate this different work environment. These closings and precautions have not had a material impact on our Consolidated Financial Statements.

Agricultural and Economic Conditions

The U.S. economy experienced significant volatility during 2020 due to the COVID-19 pandemic. The 2020 fourth quarter gross domestic product (GDP) grew at an annual rate of 4.0% after rising 33.4% during the third quarter, according to the U.S. Bureau of Economic Analysis. These increases in GPD come after the 31.4% drop observed in the second quarter of 2020, which was the steepest decline on record. GDP decreased 3.5% annually in 2020, compared to an increase of 2.2% in 2019. The decrease in GDP in 2020 reflected decreases in personal consumption expenditures, private inventory investment, nonresidential fixed investment, and state and local government spending. These decreases were partially offset by increases in residential fixed investment and federal government spending. Although GDP grew in the third and fourth quarters of 2020, the resurgence in COVID-19 cases and challenges in the rollout of vaccinations across the country could negatively impact this trend into 2021.

The U.S. labor market also experienced historic swings in 2020. The unemployment rate spiked to 14.7% in April after over 22 million jobs were lost in just two months as the pandemic took its toll across the country. Following the record job losses in April were seven consecutive months of jobs growth before nonfarm payrolls fell by 140 thousand in December and the unemployment rate stood at 6.7%. Most of the job losses in December were in the leisure and hospitality sector, which lost 498 thousand jobs as the resurgence of COVID-19 caused consumers to pull back from high-contact activities. The December unemployment rate was nearly twice the pre-pandemic level of 3.5% in February 2020.

The housing market was a highlight of the economic recovery, primarily due to record low mortgage rates and relatively low levels of home inventories. Further, demand for single-family housing and housing in low-density areas has surged as many Americans are increasingly prioritizing space for home offices and schooling. Existing home sales were at a 6.76 million-unit pace in December 2020, which is more than 22.0% above prior year levels. Residential construction increased as housing starts increased 5.8% to a 1.67 million-unit pace, which is the strongest pace since 2006. Single-family housing starts rose by 12.0% in December and were up 27.8% compared to the prior year. The more volatile multi-family housing segment fell by 13.6% in December and was down 38.7% year-over-year. While developers of single-family homes are optimistic that this trend will continue, builders are concerned over the affordability of building such homes given challenges related to sourcing labor, lot availability, lumber, and other key building materials.

The Federal Reserve enacted significant accommodative monetary policy in 2020, with the goals of stabilizing capital markets, stimulating overall economic growth, and achieving full employment. In September, Federal Reserve Chair Jerome Powell announced a significant shift in the Federal Open Market Committee's (FOMC) long run targets and monetary policy strategy. Specifically, Chair Powell announced that the FOMC will "seek to achieve inflation that averages 2% over time", indicating they will allow inflation to exceed their 2% target if the inflation rate had been averaging below 2% for a period of time. After the FOMC meeting in November, Chair Powell reiterated the Committee's commitment to these long-term goals and announced the FOMC will be maintaining current interest rate policy with a target range for the federal funds rate of 0.0%-0.25%. In addition, Chair Powell confirmed that the FOMC will continue to increase their holdings of Treasury securities and agency mortgage-backed securities (MBS) at their current pace of $120.0 billion per month ($80.0 billion per month of Treasuries and $40.0 billion per month of agency MBS). These purchases will allow capital markets to continue functioning efficiently which will, in turn, support the flow of credit to U.S. businesses and households.

The Institute of Supply Management's (ISM) Purchasing Managers Index (PMI) registered at 60.7% in December 2020, just shy of its prior cycle peak reached in mid-2018. A reading above 50.0% indicates that the manufacturing economy is generally expanding; below 50.0% indicates that it is generally contracting. The overall trend of the ISM PMI indicates the manufacturing economy has continued its recovery after experiencing a contraction in April, the first such reading after 131 months of consecutive growth. Survey respondents reported their companies and suppliers continue to reconfigure factories as necessary while continually striving to expand output.

The U.S. Energy Information Administration (EIA) forecasts Brent crude oil spot prices to average $42 per barrel in 2020. Moving into 2021, the EIA is estimating that Brent crude prices will average $53 per barrel in both 2021 and 2022 as global oil demand is anticipated to rise and inventory draws will result in upward pressure on oil prices.

The United States Department of Agriculture (USDA) is forecasting U.S. agricultural exports in fiscal year (FY) 2021 to be $152.0 billion, which is an $11.5 billion increase over FY 2020. Corn exports are forecast at $13.2 billion in FY 2021, up $4.2 billion from FY 2020. FY 2021 oilseed and product exports are forecast at a record $36.3 billion. Soybeans account for the majority of the gains, as the forecast is up $5.9 billion in FY 2021, to $26.3 billion. The volume of soybean exports is projected to increase due to the increased demand expectations from China as well as lower short-term competition from Brazil producers. The increased demand has significantly strengthened prices for U.S. soybeans.

The dairy industry was one of the most heavily impacted by the pandemic in 2020, as changes in consumer behavior led to significant disruptions in the dairy supply chain. These dynamics resulted in large swings in milk prices from month to month as producers and processors struggled to find the equilibrium of supply and demand. The USDA forecasted Class III milk prices to average an annual price of $18.20 per hundredweight (cwt) for 2020. The projected total annual milk production is forecast at 222.7 billion pounds for 2020. For 2021, the USDA is projecting a lower average annual Class III price of $15.60 per cwt. The average size of the milking herd is anticipated to increase by less than 0.1% to 9.4 million head and the average production forecast is 24,090 pounds per head, resulting in estimated annual milk production of 226.3 billion pounds.

The U.S. hog industry's 2020 operating year was dominated by the April-June COVID-19 related processing sector slowdowns leading to lower producer returns. Despite the challenges at processing facilities, the USDA forecasted total pork production in 2020 to equal 28.3 billion pounds, a 2.5% increase over 2019 production. The annual average hog price of $43.25 per cwt for 2020 marks the lowest level over the past four years and is a 9.8% decline from 2019 prices. One bright spot for the pork industry in 2020 has been in the increase in exports, particularly to China. This increase can be attributed to China's steep decline in domestic pork production due to the African swine fever outbreak in the country. While pork exports to China were at record highs in 2020, moving forward in 2021 China's import demand is anticipated to decelerate as the country has been working to rebuild herds and rebound production.

Broiler production in 2020 is forecast to total 44.6 billion pounds, which is a 1.5% increase year-over-year. The industry was forced to work through reduced slaughter capacity in April, leading to a backlog and heavier birds in May and June, which resulted in fewer birds available for slaughter in July due to fewer egg sets in the prior weeks. While production has rebounded, the average whole bird wholesale price for 2020 is still low by historical standards, at 73.5 cents per pound. For 2021, the USDA forecasted total annual production increasing 1.1% to 45.0 billion pounds and the average annual price is estimated to rise to 80.0 cents per pound, an 8.8% improvement from 2020.

In early 2020, the egg industry was forced to operate through significant supply and demand disruption as the annual Easter demand spike occurred simultaneously with the historic surge in retail demand due to the COVID-19 disruption. These two external factors caused egg inventory levels to plunge, leading to record high wholesale egg prices. Since then, egg producers have built large inventories. For 2020, the USDA forecasted egg prices at an annual average of 111.7 cents per dozen and total egg production at 8.0 billion dozen, an 18.8% increase in price but a 2.8% decline in production when compared to 2019. The USDA forecasts 2021 production will be 8.2 billion dozen and the average annual price will be lower at 106.0 cents per dozen.

Whole frozen turkey prices are projected to average 105.9 cents per pound in 2020, an 18.7% increase over last year. While prices are up, total turkey production for 2020 is forecast to decline by 1.7% to 5.7 billion pounds. Turkey exports are estimated to drop by 9.5% in 2020, primarily due to lower shipments to Mexico, who is by far the number one destination for U.S. turkey exports.

Net farm income, a broad measure of profits, is forecast to increase to $36.0 billion in 2020, a 43.1% increase over 2019. This expected increase is largely related to increased government payments related to COVID-19 relief. Direct government farm payments are forecast at $46.5 billion in 2020, an increase of $24.0 billion. If realized, this projected net farm income would be at the highest level since 2014.

Farm sector equity is forecast to total $2.69 trillion in 2020, a 1.1% year-over-year increase. Farm assets are expected to increase 1.5% to $3.12 trillion, reflecting a rise in farm sector real estate values as well as investments and other financial assets. Farm sector debt is forecast to increase by 4.0%, to $435.2 billion, with real estate debt expected to rise 6.1%. The farm sector debt-to-asset ratio is expected to rise from 13.6% in 2019 to 14.0% in 2020. Finally, working capital, which measures the amount of cash available to fund operating expenses after paying off debt due within 12 months, is forecast to increase 6.0% from 2019.

Michigan's farm real estate average value per acre was $4,950 in 2020, down 0.2% from 2019. Wisconsin's average value per acre was $4,850 in 2020, down 2.0% from 2019.

Loan Portfolio

Total loans were $10.6 billion at December 31, 2020, an increase of $1.2 billion from December 31, 2019. The components of total loans for the prior three years were as follows:

Components of Loans
(in thousands)

As of December 31	2020	2019	2018
Accrual loans:			
Real estate mortgage	$6,263,505	$5,576,865	$5,212,450
Production and intermediate-term	1,987,917	1,969,256	2,004,278
Agribusiness	1,640,183	1,270,733	895,747
Other	656,946	508,310	409,226
Nonaccrual loans	41,376	72,961	97,884
Total loans	$10,589,927	$9,398,125	$8,619,585

The other category is primarily composed of rural infrastructure and rural residential real estate related loans.

As part of the AgriBank Asset Pool program (managed loans), we have sold participation interests in real estate loans to AgriBank. Our total participation interests in this program were $100.3 million, $126.1 million, and $152.4 million at December 31, 2020, 2019, and 2018, respectively.

Our growth in owned and managed loans for 2020 was 12.2%. The level of growth was higher than the 8.6% growth rate experienced in 2019. Growth was positively impacted by continued historically low interest rates in both 2020 and 2019. Owned and managed mortgage volume increased 14.5% over December 2019. The year end commercial loan volume increased by 4.9% when compared to December 2019. We experienced loan growth in all market segments, as our three major segments each showed positive growth. Our Traditional Farm segment, including our large commercial loans, grew 7.0% in 2020, compared to 4.2% in 2019. Our Capital Markets segment experienced a 20.7% growth rate in 2020 compared to a 22.0% growth rate in 2019. Our Country Living segment growth rate was 19.5% in 2020 compared to 9.6% in 2019. This growth is also partially reflective of the improving economic conditions in our marketplace.

The outlook for overall portfolio growth for 2021 will have similar challenges to our experience in 2020. Increased competitive pressure is expected to create challenges to our growth in the Capital Markets segment. New entrants into the agricultural lending market will continue to put pressure on our growth level and returns in this segment. We expect moderate demand for expansion capital in dairy and some animal protein sectors during 2021. The level of this demand will depend on the expected profit margins in these segments, which look challenged today due to market prices and feed costs. We are also seeing land values in our regions staying fairly flat. Growth in our Traditional Farm segment, including our large commercial loans, is expected to be in the 2019 and 2020 growth range. The general non-farm economy will be challenged as a result of COVID-19. However, the low interest rate environment should provide further opportunities in the Country Living segment, which also is experiencing high levels of competition with regard to pricing and new competitors continuing to reach the rural segment. Overall, we expect all market segments to show positive growth in 2021, with the Capital Market segment providing the highest growth rate. However, we also expect to see continuing loan pricing pressure within all market segments.

The U.S. government has instituted various programs in support of the COVID-19 economic recovery. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by the President. Among other provisions, the CARES Act and congressional approval made available for small businesses $660 billion under the Paycheck Protection Program (PPP), which is a guaranteed loan program administered by the U.S. Small Business Administration (SBA). Loan applicants with 500 or fewer employees or who fit within the revenue-based size standard and are eligible to receive financing under the Farm Credit Act and the FCA Regulations are able to borrow from our association under this program. The PPP provided for loan forgiveness if all employee retention criteria are met and the funds are used for eligible expenses. PPP loan payments were deferred to no earlier than August 1, 2021, as allowed under the PPP Flexibility Act enacted on June 5, 2020. For the first round of PPP funding, the SBA stopped accepting PPP applications on August 8, 2020. As of December 31, 2020, we had successfully processed $145.1 million in PPP loans for customers with primarily production and intermediate-term type loans. We are working with our customers gathering documentation and submitting applications for the forgiveness of the PPP loans and $50.8 million was forgiven as of December 31, 2020. At the end of December 2020, additional legislation was passed to extend the PPP by $284 billion, which modified and expanded eligibility to borrowers and will be available through March 31, 2021. We expect significant interest by our customers in the first quarter of 2021 under this expanded program.

We offer variable, fixed, capped, indexed, and adjustable interest rate loan programs to our borrowers. We also offer fixed interest rate lease programs through Farm Credit Leasing Services Corporation. We determine interest margins charged on each lending program based on cost of funds, market conditions, and the need to generate sufficient earnings.

PORTFOLIO DISTRIBUTION

We are chartered to operate throughout Michigan and in certain counties in Wisconsin. Our portfolio volume is fairly evenly distributed among the territory with no material concentrations in any one county. This is evidenced by there being no individual county representing greater than 5.0% of our total loan volume at December 31, 2020.

Agricultural Concentrations

As of December 31	2020	2019	2018
Dairy	21.9%	23.2%	24.5%
Cash crops	18.8	19.4	20.4
Country home living	17.9	16.9	16.7
Agribusiness	7.8	7.3	4.9
Timber	4.4	4.4	4.5
Fruit	3.6	3.6	3.3
Livestock	2.7	2.9	3.0
Hogs	2.5	2.8	2.7
Poultry	2.2	2.5	2.6
Broilers	2.0	1.4	0.9
Potatoes	1.9	1.8	1.8
Vegetables	1.7	1.7	1.8
Landlords	1.7	1.5	1.7
Sugar beets	1.4	1.7	1.7
Grain and field beans	1.3	1.2	1.4
Greenhouse and nursery	1.1	1.3	1.3
Government guarantee	0.2	0.3	0.3
Other	6.9	6.1	6.5
Total	100.0%	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs, and other circumstances.

Our level of portfolio diversification has not changed materially over the last year and continues to be one of our portfolio strengths. Due mainly to our diversity in commodities and the varied operating cycles that those commodities experience, our commercial volume levels do not show significant levels of seasonality.

PORTFOLIO CREDIT QUALITY

The credit quality of our loan portfolio improved slightly throughout 2020. Adversely classified owned assets decreased from 3.5% of the portfolio at December 31, 2019, to 2.7% at December 31, 2020. Adversely classified assets are assets that we identified as showing some credit weakness outside normal credit standards. The credit quality of our core market of traditional production farm loans improved and remained at satisfactory levels. Weaker borrowers in our dairy and cash crop portfolios continued to be challenged financially during 2020. We also experienced noticeable increased adverse assets in our pork portfolio in 2020. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

The resulting level of credit quality, when combined with our earnings and addition to capital surplus, resulted in adverse asset to risk funds ratio of 16.2% at December 31, 2020. This ratio has decreased 4.0% since December 31, 2019, and remains below our goal of maintaining this ratio at or below 25.0%. This ratio is a good measure of our risk-bearing ability.

In certain circumstances, Federal Agricultural Mortgage Corporation (Farmer Mac) and other government agency guarantee programs are used to reduce the risk of loss. At December 31, 2020, $481.3 million of our loans were, to some level, guaranteed under these programs. The guaranteed loan volume increased from $355.4 million at December 31, 2019.

RISK ASSETS

Components of Risk Assets
(dollars in thousands)

As of December 31	2020	2019	2018
Loans:			
Nonaccrual	$41,376	$72,961	$97,884
Accruing restructured	3,078	3,364	3,331
Accruing loans 90 days or more past due	30	—	79
Total risk loans	44,484	76,325	101,294
Acquired property	811	1,577	1,766
Total risk assets	$45,295	$77,902	$103,060
Total risk loans as a percentage of total loans	0.4%	0.8%	1.2%
Nonaccrual loans as a percentage of total loans	0.4%	0.8%	1.1%
Current nonaccrual loans as a percentage of total nonaccrual loans	54.5%	53.5%	91.2%
Total delinquencies as a percentage of total loans	0.3%	0.5%	0.3%

Note: Accruing loans include accrued interest receivable.

Our risk assets remained at acceptable levels during 2020. Total risk loans as a percentage of total loans remains well within our established risk management guidelines.

Nonaccrual volume decreased $31.6 million from December 31, 2019, to $41.4 million at December 31, 2020. This decrease was primarily due to the payoff of a Capital Markets relationship, a commercial dairy relationship upgraded to accruing status, decreased volume for a commercial dairy relationship due to a partial charge-off, and decreased volume for a commercial greenhouse relationship. As of December 31, 2020, 46.2% of the nonaccrual loan portfolio was comprised of dairy loans and 22.3% crop farm loans.

At December 31, 2020, all of our accruing restructured loans were current in their payment status.

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

Acquired property inventory decreased $766 thousand from December 31, 2019, to $811 thousand at December 31, 2020. There were $1.5 million of properties sold, which were partially offset by $770 thousand of properties transferred into acquired property.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is an estimate of losses on loans inherent in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Allowance Coverage Ratios

As of December 31	2020	2019	2018
Allowance as a percentage of:			
Loans	0.7%	1.0%	1.0%
Nonaccrual loans	182.7%	130.8%	85.9%
Total risk loans	169.9%	125.1%	83.0%
Net charge-offs as a percentage of average loans	—	—	—
Adverse assets to capital and allowance for loan losses	14.2%	17.8%	17.4%

The allowance for loan losses decreased $19.9 million from December 31, 2019, to $75.6 million at December 31, 2020. This was mostly due to a reversal of provision for loan losses of $15.5 million along with $4.4 million of net charge-offs recorded in 2020. We were paid in full on two Capital Markets loan relationships in which we had allowance totaling $8.8 million at December 31, 2019. Included in our allowance are additional general industry reserves for our dairy and cash grain portfolios due to low commodity prices during the past several years, primarily the milk price. While commodity prices have improved recently, there remains significant volatility caused by the COVID-19 pandemic in both the agricultural economy as well as the overall economy. The additional general industry reserve decreased $5.4 million from December 31, 2019, to $46.3 million at December 31, 2020. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at December 31, 2020.

Additional loan information is included in Notes 3, 11, 12, and 13 to the accompanying Consolidated Financial Statements.

Investment Securities

In addition to loans, we held investment securities. Investment securities totaled $5.4 million, $9.0 million, and $7.7 million at December 31, 2020, 2019, and 2018, respectively. Our investment securities consisted of securities backed by pools of loans fully guaranteed by the SBA. The securities have been classified as held-to-maturity.

The investment portfolio is evaluated for other-than-temporary impairment. For the years ended December 31, 2020, 2019, and 2018, we have not recognized any impairment on our investment portfolio.

Additional investment securities information is included in Note 5 to the accompanying Consolidated Financial Statements and regulatory changes related to investments is included in the Regulatory Matters section.

Results of Operations

Profitability Information
(dollars in thousands)

For the year ended December 31	2020	2019	2018
Net income	$270,213	$206,400	$185,161
Return on average assets	2.6%	2.2%	2.1%
Return on average members' equity	14.5%	11.9%	11.3%

Changes presented in the profitability information chart relate directly to:

- Changes in income discussed in this section
- Changes in assets discussed in the Loan Portfolio and Investment Securities sections
- Changes in capital discussed in the Capital Adequacy section

Changes in Significant Components of Net Income
(in thousands)

For the year ended December 31	2020	2019	2018
Net interest income	$249,931	$234,647	$222,009
Reversal of (provision for) credit losses	18,050	(13,793)	(17,324)
Patronage income	59,934	51,531	45,423
Financially related services income	11,766	10,584	9,812
Fee income	37,285	20,740	14,949
Allocated Insurance Reserve Accounts distribution	1,900	1,997	4,779
Acquired property income, net	590	413	692
Other non-interest income	839	1,158	1,917
Non-interest expense	(106,732)	(99,140)	(95,948)
Provision for income taxes	(3,350)	(1,737)	(1,148)
Net income	$270,213	$206,400	$185,161

Changes in Significant Components of Net Income
(in thousands)

Increase (decrease) in net income	2020 vs 2019	2019 vs 2018
Net interest income	$15,284	$12,638
Reversal of (provision for) credit losses	31,843	3,531
Patronage income	8,403	6,108
Financially related services income	1,182	772
Fee income	16,545	5,791
Allocated Insurance Reserve Accounts distribution	(97)	(2,782)
Acquired property income, net	177	(279)
Other non-interest income	(319)	(759)
Non-interest expense	(7,592)	(3,192)
Provision for income taxes	(1,613)	(589)
Net income	$63,813	$21,239

NET INTEREST INCOME

Changes in Net Interest Income
(in thousands)

	2020 vs 2019	2019 vs 2018
Changes in volume	$28,687	$11,393
Changes in interest rates	(14,692)	(135)
Changes in nonaccrual income and other	1,289	1,380
Net change	$15,284	$12,638

Net interest income included income on nonaccrual loans that totaled $4.4 million, $2.7 million, and $1.6 million in 2020, 2019, and 2018, respectively. Nonaccrual income is recognized when received in cash, collection of the recorded investment is fully expected, and prior charge-offs have been recovered. See the Regulatory Matters section for discussion regarding revised criteria to reinstate nonaccrual loans to accrual status.

Net interest margin (net interest income as a percentage of average earning assets) was 2.5% in 2020, down from 2.6% in both 2019, and 2018. We expect margins to decrease slightly in the future due to higher funding costs provided by AgriBank.

(REVERSAL OF) PROVISION FOR CREDIT LOSSES

During 2020, a reversal of provision for loan losses of $15.5 million was recorded. In addition, a $2.6 million reversal of provision for credit losses was recorded on unfunded loan commitments. This resulted in a total reversal of provision for credit losses of $18.1 million for 2020, which was primarily due to the payoff of two large Capital Markets relationships along with decreases to both the general reserve and industry reserve due to improved credit quality.

Additional discussion is included in Note 3 to the accompanying Consolidated Financial Statements.

NON-INTEREST INCOME

The change in non-interest income was primarily due to increases in patronage income and fee income.

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.

Patronage Income
(in thousands)

For the year ended December 31	2020	2019	2018
Patronage from AgriBank	$56,802	$48,767	$42,707
AgDirect partnership distribution	2,625	2,662	2,634
Other patronage	507	102	82
Total patronage income	$59,934	$51,531	$45,423
Form of patronage distributions:			
Cash	$59,934	$32,339	$45,423
Stock	—	19,192	—
Total patronage income	$59,934	$51,531	$45,423

Patronage from AgriBank primarily includes wholesale patronage and pool program patronage. All patronage payments are at the sole discretion of the AgriBank Board of Directors and are determined based on actual financial results, projections, and long-term capital goals.

Fee Income: The increase in fee income was primarily due to an increase in loan conversion fees along with fees collected from the SBA for PPP loans originated. In 2020, there were loan conversion fees of $14.6 million, compared to loan conversion fees of $3.4 million in 2019. In addition, we recorded $5.3 million in net loan fees in 2020 from SBA for PPP loans.

NON-INTEREST EXPENSE

Components of Non-Interest Expenses
(dollars in thousands)

For the year ended December 31	2020	2019	2018
Salaries and employee benefits	$75,744	$67,452	$63,445
Purchased and vendor services	5,307	4,627	4,081
Communications	1,857	1,662	1,601
Occupancy and equipment	11,642	10,374	9,593
Advertising and promotion	2,724	4,102	2,959
FCA examination	2,243	2,213	2,067
Farm Credit System insurance	7,999	6,718	6,354
Miscellaneous expense	5,790	7,195	8,248
Expense reimbursements	(6,939)	(5,203)	(3,607)
Other non-interest expense	365	—	1,207
Total non-interest expenses	$106,732	$99,140	$95,948
Operating rate	1.1%	1.1%	1.1%

The increase in operating expenses in 2020 compared to 2019 was primarily related to increases in salaries and employee benefits. This was partially offset by a $1.5 million decrease in travel expenses due to social distancing measures and travel restrictions.

PROVISION FOR INCOME TAXES

The variance in provision for income taxes was related to our estimate of taxes based on taxable income of the ACA entity. Patronage distributions to members reduced our tax liability in 2020, 2019, and 2018.

Additional discussion is included in Note 9 to the accompanying Consolidated Financial Statements.

Funding and Liquidity

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 7 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2020, we had $405.0 million available under our line of credit. We generally apply excess cash to this line of credit. 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.

Note Payable Information
(dollars in thousands)

For the year ended December 31	2020	2019	2018
Average balance	$8,394,944	$7,309,096	$6,940,346
Average interest rate	1.8%	2.8%	2.5%

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, including LIBOR, primarily from loans to customers which may not have a component of our line of credit with an exact repricing attribute. In 2017, the United Kingdom's Financial Conduct Authority, which regulates the London Inter-bank Offer Rate (LIBOR), announced its intention to stop persuading or compelling the group of major banks that sustains LIBOR to submit rate quotations after 2021. As a result, it is expected, but not certain, that LIBOR will no longer be quoted after 2021. In late 2020, ICE Benchmark Administration (IBA), the administrator of LIBOR, announced its intention to publish major USD LIBOR indexes through June 30, 2023. The FCA issued a response and guidance that the IBA proposal is not in any way intended to slow down the transition away from LIBOR exposure. At this time, it remains uncertain when LIBOR will cease to be available or if the Secured Overnight Financing Rate (SOFR) will become the benchmark to replace LIBOR.

The Farm Credit System has established a LIBOR transition workgroup to provide leadership in addressing the LIBOR phase-out across System entities. In coordination with this group, we have developed a comprehensive project plan to address the issues surrounding a transition away from LIBOR. This plan is consistent with regulatory guidance from the FCA, and it incorporates actions to address risk identification and reporting, mitigation strategies, development or adoption of products utilizing alternative reference rates, operational and system impacts, a process for monitoring regulatory and industry developments, as well as communication to stakeholders. While many factors can impact our net interest income, we do not expect a significant impact due to the LIBOR transition at this time.

We have entered into a Standby Commitment to Purchase Agreement with the Farmer Mac, a System institution, to help manage credit risk. If a loan covered by the agreement goes into default, subject to certain conditions, we have the right to sell the loan to Farmer Mac. This agreement remains in place until the loan is paid in full. The guaranteed volume of loans subject to the purchase agreement was $4.5 million, $5.5 million, and $6.4 million at December 31, 2020, 2019, and 2018, respectively. We paid Farmer Mac commitment fees totaling $26 thousand, $31 thousand, and $35 thousand in 2020, 2019, and 2018, respectively. These amounts are included in "Other operating expense" in the Consolidated Statements of Comprehensive Income. As of December 31, 2020, no loans have been sold to Farmer Mac under this agreement.

Capital Adequacy

Total members' equity was $1.9 billion, $1.8 billion, and $1.7 billion at December 31, 2020, 2019, and 2018, respectively. Total members' equity increased $165.8 million from December 31, 2019, primarily due to net income for the year partially offset by patronage distribution accruals.

The FCA Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total regulatory 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.

Regulatory Capital Requirements and Ratios

As of December 31	2020	2019	2018	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	15.9%	16.7%	16.4%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.9%	16.7%	16.4%	6.0%	2.5%	8.5%
Total regulatory capital ratio	16.7%	17.6%	17.3%	8.0%	2.5%	10.5%
Permanent capital ratio	16.0%	16.9%	16.6%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	16.6%	17.7%	17.6%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	17.9%	18.8%	18.6%	1.5%	N/A	1.5%

Our capital plan is designed to maintain an adequate amount of surplus and allowance for loan losses which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. Refer to the Loan Portfolio and the Investment Securities sections for further discussion of the changes in assets. Additional discussion of regulatory ratios and members' equity information is included in Note 8 to the accompanying Consolidated Financial Statements and off-balance sheet commitments are discussed in Note 12 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum total regulatory capital target range. This target allows us to maintain a capital base adequate for future growth and investment in new products and services. The target is subject to revision as circumstances change. Our optimum total regulatory capital target range was 13.5% to 18.5%, as of December 31, 2020.

If the capital ratios fall below the total 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. We do not foresee any events that would result in this prohibition in 2021.

Relationship with AgriBank

BORROWING

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A General Financing Agreement (GFA), as discussed in Note 7 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA 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

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk with approval by AgriBank's Asset/Liability Committee.

INVESTMENT

We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank surplus. As of December 31, 2020, we were required by AgriBank to maintain an investment equal to 2.5% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate.

We are also required to hold additional investment in AgriBank based on contractual agreements under pool programs.

As an AgDirect, LLP partnering association, we are required to purchase stock in AgDirect, which purchases an equivalent amount of stock in AgriBank. Specifically, the AgDirect trade credit financing program is required to own stock in AgriBank in the amount of 6.0% of the AgDirect program's outstanding participation loan balance at quarter end plus 6.0% of the expected balance to be originated during the following quarter.

PATRONAGE

AgriBank's capital plan is intended to provide for adequate capital at AgriBank under capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank; distributing available AgriBank earnings in the form of patronage, either cash or AgriBank stock, which is at the sole discretion of the AgriBank Board of Directors. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

PURCHASED SERVICES

As of December 31, 2020, we purchased certain business services from AgriBank. Until the formation of SunStream Business Services (SunStream) on April 1, 2020, we also purchased financial and retail information technology, collateral, tax reporting, and insurance services from AgriBank. These services are now offered by SunStream. For further discussion on our relationship with SunStream see the Other Relationships and Programs section. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

IMPACT ON MEMBERS' INVESTMENT

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

Other Relationships and Programs

RELATIONSHIPS WITH OTHER FARM CREDIT INSTITUTIONS

ProPartners Financial: We participate in ProPartners Financial (ProPartners) with certain Farm Credit System institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating associations. Through November 30, 2018, the income, expense, and credit risks were allocated based on each association's participation interest of the ProPartners volume. Each association's allocation was established based on mutual agreement of the owners. On December 1, 2018, we sold to AgriBank our entire interest in the loans associated with ProPartners. As part of this program we receive patronage income at the sole discretion of the AgriBank Board of Directors. AgriBank immediately purchases a 100% participation interest in all new ProPartners loans.

Federal Agricultural Mortgage Corporation: We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac. This agreement allows us to sell loans identified under the agreement to Farmer Mac. Refer to the Funding and Liquidity section for further discussion of this agreement.

CentRic Technology Collaboration: We participate in CentRic Technology Collaboration (CTC) with certain other AgriBank District associations. The CTC facilitates the development and maintenance of certain retail technology systems essential to providing credit and other services to our members. The CTC operations are governed by representatives of each participating association. The expenses of CTC are allocated to each of the participating associations based on an agreed upon formula. The systems developed are owned by each of the participating associations.

As the facilitating association for CTC, we are compensated to provide various support functions. This includes support for technology, human resources, accounting, payroll, reporting, and other finance functions.

Farm Credit Leasing Services Corporation: We have an agreement with Farm Credit Leasing Services Corporation (FCL), a System service corporation, which specializes in leasing products and provides industry expertise. Leases are originated and serviced by FCL and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

CoBank, ACB: We have a relationship with CoBank, ACB (CoBank), a System bank, which involves purchasing and selling participation interests in loans. As part of this relationship, our equity investment in CoBank was $392 thousand, $290 thousand, and $227 thousand at December 31, 2020, 2019, and 2018, respectively.

SunStream Business Services: We have a relationship with SunStream, which involves purchasing financial and retail information technology, collateral, tax reporting, and insurance services. SunStream was a division of AgriBank prior to April 1, 2020, when SunStream formed a separate System service corporation, of which we are a partial owner. Our entire investment in SunStream was called on April 1, 2020, at which time $1.0 million was paid in cash and the remainder was paid in January 2021. As of December 31, 2020, our investment in SunStream was $1.9 million. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

Farm Credit Foundations: We have a relationship with Farm Credit Foundations (Foundations), a System service corporation, which involves purchasing human resource, benefit, payroll, and workforce management services. As of December 31, 2020, 2019, and 2018, our investment in Foundations was $59 thousand. Additional related party information is included in Note 11 to the accompanying Consolidated Financial Statements.

UNINCORPORATED BUSINESS ENTITIES (UBES)

In certain circumstances we may establish separate entities to acquire and manage complex collateral, primarily for legal liability purposes.

AgDirect, LLP: We participate in the AgDirect trade credit financing program, which includes origination and refinancing of agriculture equipment loans through independent equipment dealers. The program is facilitated by another AgriBank District association through a limited liability partnership in which we are a partial owner. Our investment in AgDirect, LLP, was $17.5 million, $16.6 million, and $16.4 million at December 31, 2020, 2019, and 2018, respectively.

PROGRAMS

We are involved in a number of programs designed to improve our credit delivery, related services, and marketplace presence.

AgDirect, LLP: We participate in the AgDirect trade credit financing program. Refer to the UBEs section for further discussion on this program.

Farm Cash Management: We offer Farm Cash Management to our members. Farm Cash Management links members' revolving lines of credit with an AgriBank investment bond to optimize members' use of funds.

REGULATORY MATTERS

CRITERIA TO REINSTATE NONACCRUAL LOANS

The FCA Board approved a final rule to revise how high-risk loans for System banks and associations are classified by clarifying the factors used to place loans in nonaccrual status and revising reinstatement criteria, which became effective October 21, 2020. The stated objectives of the revised requirements are to:

- Enhance the usefulness of high-risk loan categories
- Replace the subjective measure of "reasonable doubt" used for reinstating loans to accrual status with a measurable standard
- Improve the timely recognition of a change in a loan's status
- Update existing terminology and make other grammatical changes

INVESTMENT SECURITIES ELIGIBILITY

The FCA Board approved a final rule to amend the investment eligibility regulation. The final rule became effective December 4, 2020, and allows associations to purchase portions of loans in the secondary market that are fully and unconditionally guaranteed by the USDA.

For both final rules we have updated our policies, procedures, and other documentation to ensure compliance with the amended regulations. The amendments did not have a material impact to our financial statements.

Report of Management

GREENSTONE FARM CREDIT SERVICES, ACA

We prepare the Consolidated Financial Statements of GreenStone Farm Credit Services, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared 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.

Edward L. Reed
Chair of the Board
GreenStone Farm Credit Services, ACA

David B. Armstrong
Chief Executive Officer
GreenStone Farm Credit Services, ACA

Travis D. Jones
Executive Vice President – Chief Financial Officer
GreenStone Farm Credit Services, ACA

March 8, 2021

Report on Internal Control Over Financial Reporting

GREENSTONE FARM CREDIT SERVICES, ACA

The GreenStone Farm Credit Services, ACA (the Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective 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 December 31, 2020. In making the assessment, management used the 2013 framework in Internal Control — Integrated Framework, 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 concluded that as of December 31, 2020, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2020.

David B. Armstrong
Chief Executive Officer
GreenStone Farm Credit Services, ACA

Travis D. Jones
Executive Vice President – Chief Financial Officer
GreenStone Farm Credit Services, ACA

March 8, 2021

Report of Audit Committee

GREENSTONE FARM CREDIT SERVICES, ACA

The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of GreenStone Farm Credit Services, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval, and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2020, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, The Auditor's Communication with Those Charged with Governance, and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Consolidated Financial Statements in the Annual Report for the year ended December 31, 2020.

Eugene B. College

Eugene B. College
Chair of the Audit Committee
GreenStone Farm Credit Services, ACA

Peter C. Maxwell, David J. McConnachie, and Dale L. Wagner
Members of the Audit Committee

March 8, 2021

Report of Independent Auditors

To the Board of Directors of GreenStone Farm Credit Services, ACA,

We have audited the accompanying consolidated financial statements of GreenStone Farm Credit Services, ACA and its subsidiaries (the Association), which comprise the consolidated statements of condition as of December 31, 2020, 2019, and 2018, and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GreenStone Farm Credit Services, ACA and its subsidiaries as of December 31, 2020, 2019, and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 8, 2021

PricewaterhouseCoopers LLP, 45 South Seventh Street, Suite 3400, Minneapolis, MN 55402
T: (612) 596 6000, F:(612) 373 7160, www.pwc.com

Consolidated Statements of Condition

GREENSTONE FARM CREDIT SERVICES, ACA
(In thousands)

As of December 31	2020	2019	2018
ASSETS			
Loans	$10,589,927	$9,398,125	$8,619,585
Allowance for loan losses	75,574	95,454	84,064
Net loans	10,514,353	9,302,671	8,535,521
Investment in AgriBank, FCB	257,760	222,432	196,566
Investment securities	5,404	9,046	7,715
Accrued interest receivable	62,836	73,629	65,449
Premises and equipment, net	47,395	50,033	46,579
Deferred tax assets, net	2,444	4,419	4,809
Other assets	77,042	66,033	62,671
Total assets	$10,967,234	$9,728,263	$8,919,310
LIABILITIES			
Note payable to AgriBank, FCB	$8,827,305	$7,748,606	$7,072,973
Accrued interest payable	30,933	49,800	48,402
Patronage distribution payable	105,000	100,000	82,000
Other liabilities	59,452	51,145	43,858
Total liabilities	9,022,690	7,949,551	7,247,233
Contingencies and commitments (Note 12)			
MEMBERS' EQUITY			
Protected members' equity	1	1	1
Capital stock and participation certificates	24,553	23,019	22,400
Unallocated surplus	1,923,172	1,757,944	1,651,528
Accumulated other comprehensive loss	(3,182)	(2,252)	(1,852)
Total members' equity	1,944,544	1,778,712	1,672,077
Total liabilities and members' equity	$10,967,234	$9,728,263	$8,919,310

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

Consolidated Statements of Comprehensive Income

GREENSTONE FARM CREDIT SERVICES, ACA
(In thousands)

For the year ended December 31	2020	2019	2018
Interest income	$403,413	$439,256	$397,306
Interest expense	153,482	204,609	175,297
NET INTEREST INCOME	249,931	234,647	222,009
(Reversal of) provision for credit losses	(18,050)	13,793	17,324
NET INTEREST INCOME AFTER PROVISION FOR (REVERSAL OF) CREDIT LOSSES	267,981	220,854	204,685
Non-interest income			
Patronage income	59,934	51,531	45,423
Financially related services income	11,766	10,584	9,812
Fee income	37,285	20,740	14,949
Allocated Insurance Reserve Accounts distribution	1,900	1,997	4,779
Acquired property income, net	590	413	692
Other non-interest income	839	1,158	1,917
TOTAL NON-INTEREST INCOME	112,314	86,423	77,572
Non-interest expense			
Salaries and employee benefits	75,744	67,452	63,445
Other operating expense	30,623	31,688	31,296
Other non-interest expense	365	—	1,207
TOTAL NON-INTEREST EXPENSE	106,732	99,140	95,948
INCOME BEFORE INCOME TAXES	273,563	208,137	186,309
Provision for income taxes	3,350	1,737	1,148
NET INCOME	$270,213	$206,400	$185,161
Other comprehensive loss			
Employee benefit plans activity	$(930)	$(400)	$(6)
Total other comprehensive loss	(930)	(400)	(6)
Comprehensive income	$269,283	$206,000	$185,155

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

Consolidated Statements of Changes In Members' Equity

GREENSTONE FARM CREDIT SERVICES, ACA
(In thousands)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance as of December 31, 2017	$1	$22,141	$1,548,350	$(1,846)	$1,568,646
Net income	—	—	185,161	—	185,161
Other comprehensive loss	—	—	—	(6)	(6)
Unallocated surplus designated for patronage distributions	—	—	(81,983)	—	(81,983)
Capital stock and participation certificates issued	—	2,013	—	—	2,013
Capital stock and participation certificates retired	—	(1,754)	—	—	(1,754)
Balance as of December 31, 2018	1	22,400	1,651,528	(1,852)	1,672,077
Net income	—	—	206,400	—	206,400
Other comprehensive loss	—	—	—	(400)	(400)
Unallocated surplus designated for patronage distributions	—	—	(99,977)	—	(99,977)
Cumulative effect of change in accounting principle	—	—	(7)	—	(7)
Capital stock and participation certificates issued	—	2,250	—	—	2,250
Capital stock and participation certificates retired	—	(1,631)	—	—	(1,631)
Balance as of December 31, 2019	1	23,019	1,757,944	(2,252)	1,778,712
Net income	—	—	270,213	—	270,213
Other comprehensive loss	—	—	—	(930)	(930)
Unallocated surplus designated for patronage distributions	—	—	(104,985)	—	(104,985)
Capital stock and participation certificates issued	—	3,391	—	—	3,391
Capital stock and participation certificates retired	—	(1,857)	—	—	(1,857)
Balance as of December 31, 2020	$1	$24,553	$1,923,172	$(3,182)	$1,944,544

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

Consolidated Statements of Cash Flows

GREENSTONE FARM CREDIT SERVICES, ACA
(In thousands)

For the year ended December 31	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$270,213	$206,400	$185,161
Depreciation on premises and equipment	3,444	3,426	3,240
Gain on sale of premises and equipment, net	(69)	—	(757)
Amortization of (discounts) premiums on loans and investment securities	(5)	193	200
(Reversal of) provision for credit losses	(18,050)	13,793	17,324
Stock patronage received from Farm Credit Institutions	(102)	(19,255)	(56)
(Gain) loss on acquired property, net	(344)	253	860
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	(10,549)	(23,617)	(16,502)
Increase in other assets	(6,957)	(2,905)	(8,477)
(Decrease) increase in accrued interest payable	(18,867)	1,398	12,672
Increase (decrease) in other liabilities	6,544	6,887	(1,530)
Net cash provided by operating activities	225,258	186,573	192,135
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loans, net	(1,171,086)	(765,972)	(400,449)
Purchases of investment in AgriBank, FCB, net	(35,328)	(6,675)	(31,761)
(Purchases) redemptions of investment in other Farm Credit Institutions, net	(1,908)	(199)	201
Purchase of investment securities	—	(5,412)	—
Proceeds from maturing investment securities	3,552	3,991	4,642
Decrease in acquired property, net	1,880	1,374	928
Purchases of premises and equipment, net	(737)	(6,880)	(5,264)
Net cash used in investing activities	(1,203,627)	(779,773)	(431,703)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in note payable to AgriBank, FCB, net	1,078,699	675,633	289,876
Patronage distributions paid	(99,985)	(81,977)	(49,983)
Capital stock and participation certificates retired, net	(345)	(456)	(325)
Net cash provided by financing activities	978,369	593,200	239,568
Net change in cash	—	—	—
Cash at beginning of year	7	7	7
Cash at end of year	$7	$7	$7
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES			
Interest transferred to loans	$21,331	$15,429	$12,351
SUPPLEMENTAL INFORMATION			
Interest paid	$172,349	$203,211	$162,625
Taxes paid, net	1,462	2,117	2,795

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

Notes to Consolidated Financial Statements

GREENSTONE FARM CREDIT SERVICES, ACA

NOTE 1: ORGANIZATION AND OPERATIONS

FARM CREDIT SYSTEM AND DISTRICT

The Farm Credit System (System) is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2021, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 67 borrower-owned cooperative lending institutions (associations). AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). At January 1, 2021, the District consisted of 14 Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. We are examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit System Insurance Corporation (FCSIC) administers the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Farm Credit Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund equal 2.0% of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities which are assessed a surcharge while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors.

ASSOCIATION

GreenStone Farm Credit Services, ACA (the Association) and its subsidiaries, GreenStone Farm Credit Services, FLCA and GreenStone Farm Credit Services, PCA (subsidiaries) are lending institutions of the System. We are a customer-owned cooperative providing credit and credit related services to, or for the benefit of, eligible members for qualified agricultural purposes in the state of Michigan and the counties of Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano, and Waupaca in the state of Wisconsin.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans and provides lease financing options. The ACA and PCA make short-term and intermediate-term loans and provide lease financing options for agricultural production or operating purposes. At this time, the ACA holds all short-term and intermediate-term loans and the PCA has no assets.

We offer credit life, term life, credit disability, crop hail, multi-peril crop, and livestock insurance to borrowers and those eligible to borrow. We also offer farm records, fee appraisals, and income tax planning and preparation services to our members.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES AND REPORTING POLICIES

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements present the consolidated financial results of GreenStone Farm Credit Services, ACA and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

SIGNIFICANT ACCOUNTING POLICIES

Loans: Loans are carried at their principal amount outstanding net of any unearned income, cumulative charge-offs, unamortized deferred fees and costs on originated loans, and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Material loan fees, net of related costs, are deferred and recognized over the life of the loan as an adjustment to net interest income. The net amount of loan fees and related origination costs are not material to the Consolidated Financial Statements taken as a whole.

Generally we place loans in nonaccrual status when principal or interest is delinquent for 90 days or more (unless the loan is adequately secured and in the process of collection) or circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse current year accrued interest to the extent principal plus accrued interest before the transfer exceeds the net realizable value of the collateral. Any unpaid interest accrued in a prior year is capitalized to the recorded investment of the loan, unless the net realizable value is less than the recorded investment in the loan, then it is charged-off against the allowance for loan losses. Any cash received on nonaccrual loans is applied to reduce the recorded investment in the loan, except in those cases where the collection of the recorded investment is fully expected and certain other criteria are met. In these circumstances interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. A loan that was current when placed in nonaccrual status may be returned to accrual status if the known risks to the continued collection of principal or interest have been mitigated. A loan placed in nonaccrual status when past due may be returned to accrual status after remaining current as to principal and interest for a sustained period or have a recent repayment pattern demonstrating future repayment capacity to make on-time payments.

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring, also known as a formally restructured loan for regulatory purposes. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower and may include interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as troubled debt restructurings are considered risk loans (as defined below). There may be modifications made related to the COVID-19 pandemic or in the normal course of business that would not be considered troubled debt restructurings (TDRs).

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets, or participating interests have been surrendered and that all of the conditions have been met to be accounted for as a sale.

Allowance for Loan Losses: The allowance for loan losses is our best estimate of the amount of losses on loans inherent in our portfolio as of the date of the financial statements. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Loans in our portfolio that are considered impaired are analyzed individually to establish a specific allowance. A loan is impaired when it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. We generally measure impairment based on the net realizable value of the collateral. Risk loans include nonaccrual loans, accruing restructured loans, and accruing loans 90 days or more past due. All risk loans are considered to be impaired loans.

We record a specific allowance to reduce the carrying amount of the risk loan by the amount the recorded investment exceeds the net realizable value of collateral. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for loan losses. Subsequent recoveries, if any, are added to the allowance for loan losses.

An allowance is recorded for probable and estimable credit losses as of the financial statement date for loans that are not individually assessed as impaired. We use a two-dimensional loan risk rating model that incorporates a 14-point rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing the loss severity. The combination of estimated default probability and loss severity is the primary basis for recognition and measurement of loan collectability of these pools of loans. These estimated losses may be adjusted for relevant current environmental factors.

Changes in the allowance for loan losses consist of provision activity, recorded in "(Reversal of) provision for credit losses" in the Consolidated Statements of Comprehensive Income, and recoveries and charge-offs.

Investment in AgriBank: Our stock investment in AgriBank is on a cost plus allocated equities basis.

Investment Securities: We are authorized to purchase and hold certain types of investments. As we have the positive intent and ability to hold these investments to maturity, they have been classified as held-to-maturity and are carried at cost adjusted for the amortization of premiums and accretion of discounts. If an investment is determined to be other-than-temporarily impaired, the carrying value of the security is written down to fair value. The impairment loss is separated into credit related and non-credit related components. The credit related component is expensed through Net income in the Consolidated Statements of Comprehensive Income in the period of impairment. The non-credit related component is recognized in other comprehensive income. Purchased premiums and discounts are amortized or accreted using the interest method over the terms of the respective securities. Realized gains and losses are determined using specific identification method and are recognized in current operations.

Acquired Property: Acquired property, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at the fair value less estimated selling costs upon acquisition and is included in "Other assets" in the Consolidated Statements of Condition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. Revised estimates to the fair value less costs to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations and carrying value adjustments are included in "Acquired property income, net" in the Consolidated Statements of Comprehensive Income.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight line method over the estimated useful lives of the assets. Gains or losses on disposition are included in "Other non-interest income" or "Other non-interest expense" in the Consolidated Statements of Comprehensive Income. Depreciation, maintenance, and repairs are included in "Other operating expense" in the Consolidated Statements of Comprehensive Income and improvements are capitalized.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans, except for the AgriBank District Pension Restoration Plan, are included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee's contributions. We provide benefits under this plan for all employees in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

Certain employees also participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Certain employees participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefits eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

Certain employees also participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. The pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive loss are included in the Consolidated Statements of Condition. The components of net periodic cost other than the service cost component, are included in the line item "Other operating expense" on the Consolidated Statements of Comprehensive Income. Service costs are included in the line item "Salaries and employee benefits" on the Consolidated Statements of Comprehensive Income.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees' active service period.

Income Taxes: The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program: We accrue patronage distributions according to a prescribed formula approved by the Board of Directors. We pay the accrued patronage during the first quarter after year end.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Any reserve for unfunded lending commitments and unexercised letters of credit is based on management's best estimate of losses inherent in these instruments, but the commitments have not yet disbursed. Factors such as likelihood of disbursal and likelihood of losses given disbursement are utilized in determining a reserve, if needed. Based on our assessment, any reserve is recorded in "Other liabilities" in the Consolidated Statements of Condition and a corresponding loss is recorded in "Provision for credit losses" in the Consolidated Statements of Comprehensive Income.

Cash: For purposes of reporting cash flow, cash includes cash on hand.

Fair Value Measurement: The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly
- Inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates
- Inputs derived principally from or corroborated by observable market data by correlation or other means

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

RECENTLY ISSUED OR ADOPTED ACCOUNTING PRONOUNCEMENTS

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business. While we are a nonpublic 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

In March 2020, the FASB issued guidance, Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The optional amendments are effective for all entities as of March 12, 2020, through December 31, 2022.

Description

The guidance provides optional expedients and exceptions for applying GAAP to contracts and other transactions affected by reference rate reform. The guidance simplifies the accounting evaluation of contract modifications that replace a reference rate affected by reference rate reform and contemporaneous modifications of other contract terms related to the replacement of the reference rate.

Adoption status and financial statement impact

We are currently evaluating the impact of this guidance on our financial condition, results of operations, cash flows, and financial statement disclosures.

Standard and effective date

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses." The guidance was originally effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021. In November 2019, the FASB issued ASU 2019-10 which amends the mandatory effective date for this guidance for certain institutions. We have determined we qualify for the deferral of the mandatory effective date. As a result of the change, the standard is effective for our first quarter of 2023 and early adoption is permitted.

Description

The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.

Adoption status and financial statement impact

We expect to adopt the standard as of January 1, 2023. We are currently assessing the impact this guidance will have on our financial statements upon adoption, which will be impacted by the composition of our portfolio and asset quality at the adoption date, as well as economic conditions and forecasts at the time of adoption. We have reviewed the accounting standard, selected and substantially completed development and testing of our system, and are in the process of drafting disclosures. Significant implementation matters yet to be addressed include drafting of accounting policies and designing processes and controls. We are currently unable to estimate the impact on our financial statements.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type
(dollars in thousands)

	2020		2019		2018	
As of December 31	Amount	Percentage	Amount	Percentage	Amount	Percentage
Real estate mortgage	$6,292,857	59.4%	$5,618,576	59.8%	$5,265,017	61.1%
Production and intermediate-term	1,998,160	18.9	1,989,227	21.2	2,035,886	23.6
Agribusiness	1,640,282	15.5	1,280,579	13.6	907,425	10.5
Other	658,628	6.2	509,743	5.4	411,257	4.8
Total	$10,589,927	100.0%	$9,398,125	100.0%	$8,619,585	100.0%

The other category is primarily composed of rural infrastructure and rural residential real estate related loans.

PORTFOLIO CONCENTRATIONS

Concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, which could cause them to be similarly impacted by economic conditions. We lend primarily within agricultural industries.

As of December 31, 2020, volume plus commitments to our ten largest borrowers totaled an amount equal to 4.5% of total loans and commitments.

Total loans plus any unfunded commitments represent the maximum potential credit risk. However, the vast majority of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but may include real estate, equipment, inventory, livestock, and income-producing property. Long-term real estate loans are secured by the first liens on the underlying real property.

PARTICIPATIONS

We may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Participations Purchased and Sold
(in thousands)

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2020	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ —	$(113,426)	$357,054	$(316,487)	$ 475,424	$ —	$832,478	$(429,913)
Production and intermediate-term	—	(239,996)	309,212	(133,032)	11,007	—	320,219	(373,028)
Agribusiness	—	(48,666)	601,794	(91,895)	37,248	—	639,042	(140,561)
Other	—	(4,431)	382,616	—	—	—	382,616	(4,431)
Total	$ —	$(406,519)	$1,650,676	$(541,414)	$523,679	$ —	$2,174,355	$(947,933)
As of December 31, 2019								
Real estate mortgage	$ —	$(149,011)	$297,809	$(307,583)	$368,035	$ —	$665,844	$(456,594)
Production and intermediate-term	—	(195,715)	285,673	(129,076)	6,301	(1,791)	291,974	(326,582)
Agribusiness	—	(14,403)	443,806	(25,632)	48,793	—	492,599	(40,035)
Other	—	(5,133)	281,338	—	—	—	281,338	(5,133)
Total	$ —	$(364,262)	$1,308,626	$(462,291)	$423,129	$(1,791)	$1,731,755	$(828,344)
As of December 31, 2018								
Real estate mortgage	$ —	$(190,387)	$240,934	$(169,947)	$197,044	$ —	$437,978	$(360,334)
Production and intermediate-term	—	(210,794)	236,109	(102,656)	7,954	—	244,063	(313,450)
Agribusiness	—	(10,139)	418,283	(24,049)	43,184	—	461,467	(34,188)
Other	—	(5,806)	202,549	—	—	—	202,549	(5,806)
Total	$ —	$(417,126)	$1,097,875	$(296,652)	$248,182	$ —	$1,346,057	$(713,778)

Information in the preceding chart excludes loans entered into under our mission related investment authority.

CREDIT QUALITY AND DELINQUENCY

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. The categories are:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (Special Mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at December 31, 2020, 2019, or 2018.

Credit Quality of Loans
(dollars in thousands)

	Acceptable		Special Mention		Substandard/ Doubtful		Total
As of December 31, 2020	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
Real estate mortgage	$5,780,650	91.2%	$359,578	5.7%	$194,948	3.1%	$6,335,176
Production and intermediate-term	1,782,088	88.5	148,923	7.4	83,044	4.1	2,014,055
Agribusiness	1,573,896	95.8	65,991	4.0	4,028	0.2	1,643,915
Other	650,372	98.6	5,418	0.8	3,810	0.6	659,600
Total	$9,787,006	91.9%	$579,910	5.4%	$285,830	2.7%	$10,652,746
As of December 31, 2019							
Real estate mortgage	$5,158,474	91.0%	$303,981	5.4%	$202,329	3.6%	$5,664,784
Production and intermediate-term	1,752,098	87.1	160,033	8.0	99,103	4.9	2,011,234
Agribusiness	1,241,647	96.6	16,344	1.3	26,669	2.1	1,284,660
Other	503,588	98.6	3,320	0.7	3,750	0.7	510,658
Total	$8,655,807	91.4%	$483,678	5.1%	$331,851	3.5%	$9,471,336
As of December 31, 2018							
Real estate mortgage	$4,886,814	92.1%	$237,390	4.5%	$181,486	3.4%	$5,305,690
Production and intermediate-term	1,840,192	89.5	111,926	5.4	104,239	5.1	2,056,357
Agribusiness	880,559	96.7	17,041	1.9	13,030	1.4	910,630
Other	400,293	97.1	7,321	1.8	4,377	1.1	411,991
Total	$8,007,858	92.2%	$373,678	4.3%	$303,132	3.5%	$8,684,668

Note: Accruing loans include accrued interest receivable.

Aging Analysis of Loans
(in thousands)

As of December 31, 2020	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	90 Days Past Due and Accruing
Real estate mortgage	$8,965	$11,568	$20,533	$6,314,643	$6,335,176	$—
Production and intermediate-term	2,584	5,422	8,006	2,006,049	2,014,055	30
Agribusiness	—	95	95	1,643,820	1,643,915	—
Other	4,341	248	4,589	655,011	659,600	—
Total	$15,890	$17,333	$33,223	$10,619,523	$10,652,746	$ 30
As of December 31, 2019						
Real estate mortgage	$12,770	$22,081	$34,851	$5,629,933	$5,664,784	$—
Production and intermediate-term	5,348	9,262	14,610	1,996,624	2,011,234	—
Agribusiness	90	107	197	1,284,463	1,284,660	—
Other	2,269	50	2,319	508,339	510,658	—
Total	$20,477	$31,500	$51,977	$9,419,359	$9,471,336	$—
As of December 31, 2018						
Real estate mortgage	$15,678	$2,992	$18,670	$5,287,020	$5,305,690	$79
Production and intermediate-term	4,381	2,351	6,732	2,049,625	2,056,357	—
Agribusiness	—	332	332	910,298	910,630	—
Other	2,649	588	3,237	408,754	411,991	—
Total	$22,708	$6,263	$28,971	$8,655,697	$8,684,668	$79

Note: Accruing loans include accrued interest receivable.

RISK LOANS

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. Interest income recognized and cash payments received on nonaccrual risk loans are applied as described in Note 2.

Risk Loan Information
(in thousands)

As of December 31	2020	2019	2018
Nonaccrual loans:			
Current as to principal and interest	$22,560	$39,017	$89,265
Past due	18,816	33,944	8,619
Total nonaccrual loans	41,376	72,961	97,884
Accruing restructured loans	3,078	3,364	3,331
Accruing loans 90 days or more past due	30	—	79
Total risk loans	$44,484	$76,325	$101,294
Volume with specific allowance	$24,145	$48,942	$76,625
Volume without specific allowance	20,339	27,383	24,669
Total risk loans	$44,484	$76,325	$101,294
Total specific allowance	$8,966	$20,584	$25,248
For the year ended December 31	**2020**	**2019**	**2018**
Income on accrual risk loans	$157	$203	$281
Income on nonaccrual loans	4,350	2,721	1,575
Total income on risk loans	$4,507	$2,924	$1,856
Average risk loans	$67,905	$90,053	$71,162

Note: Accruing loans include accrued interest receivable.

Nonaccrual Loans by Loan Type
(in thousands)

As of December 31	2020	2019	2018
Real estate mortgage	$29,353	$41,710	$52,567
Production and intermediate-term	10,243	19,971	31,608
Agribusiness	99	9,847	11,678
Other	1,681	1,433	2,031
Total	$41,376	$72,961	$97,884

Additional Impaired Loan Information by Loan Type
(in thousands)

	As of December 31, 2020			For the year ended December 31, 2020	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$16,263	$20,716	$5,420	$18,271	$ —
Production and intermediate-term	7,481	10,262	3,451	11,539	—
Agribusiness	4	98	4	7,262	—
Other	397	588	91	501	—
Total	$24,145	$31,664	$8,966	$37,573	$ —
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$15,579	$19,467	$ —	$24,668	$3,581
Production and intermediate-term	3,154	11,165	—	4,089	806
Agribusiness	95	108	—	147	19
Other	1,511	3,414	—	1,428	101
Total	$20,339	$34,154	$ —	$30,332	$4,507
Total impaired loans:					
Real estate mortgage	$31,842	$40,183	$5,420	$42,939	$3,581
Production and intermediate-term	10,635	21,427	3,451	15,628	806
Agribusiness	99	206	4	7,409	19
Other	1,908	4,002	91	1,929	101
Total	$44,484	$65,818	$8,966	$67,905	$4,507

	As of December 31, 2019			For the year ended December 31, 2019	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$21,950	$23,197	$8,134	$25,524	$ —
Production and intermediate-term	16,584	19,338	7,165	20,650	—
Agribusiness	9,740	11,098	5,135	10,655	—
Other	668	904	150	810	—
Total	$48,942	$54,537	$20,584	$57,639	$ —
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$22,488	$26,529	$ —	$26,150	$2,047
Production and intermediate-term	3,792	12,508	—	4,722	738
Agribusiness	107	209	—	298	—
Other	996	3,046	—	1,244	139
Total	$27,383	$42,292	$ —	$32,414	$2,924
Total impaired loans:					
Real estate mortgage	$44,438	$49,726	$8,134	$51,674	$2,047
Production and intermediate-term	20,376	31,846	7,165	25,372	738
Agribusiness	9,847	11,307	5,135	10,953	—
Other	1,664	3,950	150	2,054	139
Total	$76,325	$96,829	$20,584	$90,053	$2,924

	As of December 31, 2018			For the year ended December 31, 2018	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$35,543	$36,804	$10,529	$22,737	$ —
Production and intermediate-term	28,467	31,631	8,925	20,794	—
Agribusiness	11,678	12,326	5,519	9,684	—
Other	937	1,250	275	1,107	—
Total	$76,625	$82,011	$25,248	$54,322	$ —
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$19,753	$23,520	$ —	$12,636	$1,167
Production and intermediate-term	3,560	9,935	—	2,600	557
Agribusiness	—	—	—	—	—
Other	1,356	3,793	—	1,604	132
Total	$24,669	$37,248	$ —	$16,840	$1,856
Total impaired loans:					
Real estate mortgage	$55,296	$60,324	$10,529	$35,373	$1,167
Production and intermediate-term	32,027	41,566	8,925	23,394	557
Agribusiness	11,678	12,326	5,519	9,684	—
Other	2,293	5,043	275	2,711	132
Total	$101,294	$119,259	$25,248	$71,162	$1,856

The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

Unpaid principal balance represents the contractual principal balance of the loan.

We had $3.7 million of commitments to lend additional money to borrowers whose loans were classified as risk loans at December 31, 2020.

TROUBLED DEBT RESTRUCTURINGS (TDRS)

Included within our loans are TDRs. These loans have been modified by granting a concession in order to maximize the collection of amounts due when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses.

TDR Activity
(in thousands)

For the year ended December 31	2020		2019		2018	
	Pre-modification	Post-modification	Pre-modification	Post-modification	Pre-modification	Post-modification
Real estate mortgage	$ —	$ —	$4,245	$4,245	$2,044	$1,877
Production and intermediate-term	250	250	3,557	3,557	1,423	1,424
Agribusiness	—	—	—	—	11,871	11,871
Other	—	—	13	15	73	73
Total	$250	$250	$7,815	$7,817	$15,411	$15,245

Pre-modification represents the outstanding recorded investment of the loan just prior to restructuring and post-modification represents the outstanding recorded investment of the loan immediately following the restructuring. The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

The primary types of modification included extension of maturity, deferral of principal, and principal compromise.

TDRs that Occurred Within the Previous 12 Months that Subsequently Defaulted
(in thousands)

	2020	2019	2018
Production and intermediate-term	$ —	$ —	$14
Agribusiness	—	—	10,722
Total	$ —	$ —	$10,736

TDRs Outstanding
(in thousands):

As of December 31	2020	2019	2018
Accrual status:			
Real estate mortgage	$2,489	$2,726	$2,650
Production and intermediate-term	362	405	419
Agribusiness	—	—	—
Other	227	233	262
Total TDRs in accrual status	$3,078	$3,364	$3,331
Nonaccrual status:			
Real estate mortgage	$436	$4,369	$2,289
Production and intermediate-term	258	3,349	1,337
Agribusiness	—	8,928	10,535
Other	163	199	184
Total TDRs in nonaccrual status	$857	$16,845	$14,345
Total TDRs:			
Real estate mortgage	$2,925	$7,095	$4,939
Production and intermediate-term	620	3,754	1,756
Agribusiness	—	8,928	10,535
Other	390	432	446
Total TDRs	$3,935	$20,209	$17,676

There were no commitments to lend to borrowers whose loans have been modified in a TDR at December 31, 2020.

ALLOWANCE FOR LOAN LOSSES

Changes in Allowance for Loan Losses
(in thousands)

For the year ended December 31	2020	2019	2018
Balance at beginning of year	$95,454	$84,064	$72,640
(Reversal of) provision for loan losses	(15,496)	12,514	13,686
Loan recoveries	473	434	1,397
Loan charge-offs	(4,857)	(1,558)	(3,659)
Balance at end of year	$75,574	$95,454	$84,064

The "(Reversal of) provision for credit losses" in the Consolidated Statements of Comprehensive Income includes a (reversal of) provision for loan losses as presented in the previous chart, as well as a (reversal of) provision for credit losses on unfunded commitments. The accrued credit losses on unfunded commitments are recorded in "Other liabilities" in the Consolidated Statements of Condition. Typically, accrued credit losses are relieved and replaced with an allowance for loan loss as the related commitments are funded.

Credit Loss Information on Unfunded Commitments
(in thousands)

For the year ended December 31	2020	2019	2018
(Reversal of) provision for credit losses	$(2,554)	$1,279	$3,638

As of December 31	2020	2019	2018
Accrued credit losses	$2,894	$5,448	$4,169

Changes in Allowance for Loan Losses and Year End Recorded Investments by Loan Type
(in thousands)

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2019	$52,744	$26,702	$15,027	$981	$95,454
(Reversal of) provision for loan losses	(1,727)	(5,116)	(8,759)	106	(15,496)
Loan recoveries	275	145	3	50	473
Loan charge-offs	(3,063)	(1,779)	—	(15)	(4,857)
Balance as of December 31, 2020	$48,229	$19,952	$ 6,271	$1,122	$75,574
Ending balance: individually evaluated for impairment	$5,420	$3,451	$4	$91	$8,966
Ending balance: collectively evaluated for impairment	$42,809	$16,501	$6,267	$1,031	$66,608
Recorded investments in loans outstanding:					
Ending balance as of December 31, 2020	$6,335,176	$2,014,055	$1,643,915	$659,600	$10,652,746
Ending balance: individually evaluated for impairment	$31,842	$10,635	$99	$1,908	$44,484
Ending balance: collectively evaluated for impairment	$6,303,334	$2,003,420	$1,643,816	$657,692	$10,608,262

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2018	$49,190	$25,676	$8,149	$1,049	$84,064
Provision for (reversal of) loan losses	3,676	2,067	6,913	(142)	12,514
Loan recoveries	212	90	—	132	434
Loan charge-offs	(334)	(1,131)	(35)	(58)	(1,558)
Balance as of December 31, 2019	$52,744	$26,702	$15,027	$981	$95,454
Ending balance: individually evaluated for impairment	$8,134	$7,165	$5,135	$150	$20,584
Ending balance: collectively evaluated for impairment	$44,610	$19,537	$9,892	$831	$74,870
Recorded investments in loans outstanding:					
Ending balance as of December 31, 2019	$5,664,784	$2,011,234	$1,284,660	$510,658	$9,471,336
Ending balance: individually evaluated for impairment	$44,438	$20,376	$9,847	$1,664	$76,325
Ending balance: collectively evaluated for impairment	$5,620,346	$1,990,858	$1,274,813	$508,994	$9,395,011

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2017	$39,347	$23,460	$8,378	$1,455	$72,640
Provision for (reversal of) loan losses	10,346	4,295	(693)	(262)	13,686
Loan recoveries	183	608	467	139	1,397
Loan charge-offs	(686)	(2,687)	(3)	(283)	(3,659)
Balance as of December 31, 2018	$49,190	$25,676	$8,149	$1,049	$84,064
Ending balance: individually evaluated for impairment	$10,529	$8,925	$5,519	$275	$25,248
Ending balance: collectively evaluated for impairment	$38,661	$16,751	$2,630	$774	$58,816
Recorded investments in loans outstanding:					
Ending balance as of December 31, 2018	$5,305,690	$2,056,357	$910,630	$411,991	$8,684,668
Ending balance: individually evaluated for impairment	$55,296	$32,027	$11,678	$2,293	$101,294
Ending balance: collectively evaluated for impairment	$5,250,394	$2,024,330	$898,952	$409,698	$8,583,374

The recorded investment in the loan is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off of the investment.

NOTE 4: INVESTMENT IN AGRIBANK

As of December 31, 2020, we were required by AgriBank to maintain an investment equal to 2.5% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate.

We are also required to hold AgriBank stock related to our participation in pool programs. The required investment amount varies by pool program and is generally a percentage of the loan balance in the pool.

AgriBank's capital plan provides for annual retirement of AgriBank stock and optimizes capital at the Bank by distributing all available Bank earnings in the form of patronage, either in cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of allocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

NOTE 5: INVESTMENT SECURITIES

We held investment securities of $5.4 million, $9.0 million, and $7.7 million at December 31, 2020, 2019, and 2018, respectively. Our investment securities consisted of securities backed by pools of loans guaranteed by the Small Business Administration (SBA).

The investment securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. For the years ended December 31, 2020, 2019, and 2018, we have not recognized any impairment on our investment portfolio.

Additional Investment Securities Information
(dollars in thousands)

As of December 31	2020	2019	2018
Amortized cost	$5,404	$9,046	$7,715
Unrealized gains	20	82	278
Unrealized losses	(47)	(19)	—
Fair value	$5,377	$9,109	$7,993
Weighted average yield	2.9%	5.1%	4.9%

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled $218 thousand, $569 thousand, and $499 thousand in 2020, 2019, and 2018, respectively.

NOTE 6: PREMISES AND EQUIPMENT, NET

Premises and Equipment
(in thousands)

As of December 31	2020	2019	2018
Land, buildings, and improvements	$60,802	$61,007	$55,745
Furniture and equipment	22,890	22,180	20,800
Subtotal	83,692	83,187	76,545
Less: accumulated depreciation	36,297	33,154	29,966
Premises and equipment, net	$47,395	$50,033	$46,579

NOTE 7: NOTE PAYABLE TO AGRIBANK

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is governed by a General Financing Agreement (GFA) and substantially all of our assets serve as collateral.

Note Payable Information
(dollars in thousands)

As of December 31	2020	2019	2018
Line of credit	$9,250,000	$9,250,000	$8,000,000
Outstanding principal under the line of credit	8,827,305	7,748,606	7,072,973
Interest rate	1.4%	2.6%	2.7%

Our note payable was scheduled to mature on December 31, 2021. However, it was renewed early in December 2020, with an effective date of January 1, 2021, for $11.0 billion with a maturity date of December 31, 2023. We intend to renegotiate the note payable no later than the maturity date.

The GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2020, and throughout the year, we were not declared in default under any GFA covenants or provisions.

NOTE 8: MEMBERS' EQUITY

CAPITALIZATION REQUIREMENTS

In accordance with the Farm Credit Act, each borrower is required to invest in us as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, the Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of 2.0% of the customer's total loan(s) or one thousand dollars, whichever is less. The purchase of one participation certificate is required of all non-stockholder customers who purchase financial services. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws. The borrower acquires ownership of the capital stock at the time the loan is made. The aggregate par value of the stock is added to the principal amount of the related obligation. We retain a first lien on the stock or participation certificates owned by customers.

PROTECTION MECHANISMS

Under the Farm Credit Act, certain borrower equity is protected. We are required to retire protected borrower equity at par or stated value regardless of its book value. Protected borrower equity includes capital stock and participation certificates that were outstanding as of January 6, 1988, or were issued prior to October 6, 1988, as a requirement for obtaining a loan. If we were to be unable to retire protected borrower equity at par value or stated value, the FCSIC would provide the amounts needed to retire this equity.

REGULATORY CAPITALIZATION REQUIREMENTS

Regulatory Capital Requirements and Ratios

As of December 31	2020	2019	2018	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 ratio	15.9%	16.7%	16.4%	4.5%	2.5%	7.0%
Tier 1 capital ratio	15.9%	16.7%	16.4%	6.0%	2.5%	8.5%
Total regulatory capital ratio	16.7%	17.6%	17.3%	8.0%	2.5%	10.5%
Permanent capital ratio	16.0%	16.9%	16.6%	7.0%	N/A	7.0%
Non-risk-adjusted:						
Tier 1 leverage ratio	16.6%	17.7%	17.6%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	17.9%	18.8%	18.6%	1.5%	N/A	1.5%

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for loan losses as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with the FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total regulatory capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for loan losses and reserve for credit losses subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.

- Unallocated retained earnings and equivalents leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total 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.

DESCRIPTION OF EQUITIES

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a $5.00 par value.

	Number of Shares		
As of December 31	2020	2019	2018
Class A common stock (protected)	1	1	1
Class B common stock (at-risk)	4,369,241	4,119,368	4,012,967
Class E participation certificates (at-risk)	541,486	484,545	467,218
Class F participation certificates (protected)	153	153	153

Under our bylaws, we are also authorized to issue Class C and Class D common stock. Each of these classes of common stock is at-risk and nonvoting with a $5.00 par value per share. Currently, no stock of these classes has been issued.

Only holders of Class B common stock have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2020, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any remaining assets after payment or retirement of all liabilities will be distributed pro rata to all holders of stock and participation certificates.

In the event of stock impairment, losses will be absorbed by concurrent impairment of all classes of stock and participation certificates. However, protected stock will be retired at par value regardless of impairment.

All classes of stock, except Class A common stock and Class F participation certificates, are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

PATRONAGE DISTRIBUTIONS

We accrued patronage distributions of $105.0 million, $100.0 million, and $82.0 million at December 31, 2020, 2019, and 2018, respectively. The patronage distributions are paid in cash during the first quarter after year end. The Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements.

NOTE 9: INCOME TAXES

Provision for Income Taxes
(dollars in thousands)

For the year ended December 31	2020	2019	2018
Current:			
Federal	$1,095	$1,049	$3,065
State	281	297	345
Total current	$1,376	$1,346	$3,410
Deferred:			
Federal	$1,882	$367	$(2,140)
State	92	24	(122)
Total deferred	1,974	391	(2,262)
Provision for income taxes	$3,350	$1,737	$1,148
Effective tax rate	1.2%	0.8%	0.6%

Reconciliation of Taxes at Federal Statutory Rate to Provision for Income Taxes
(in thousands)

For the year ended December 31	2020	2019	2018
Federal tax at statutory rates	$57,448	$43,709	$39,125
State tax, net	480	403	429
Patronage distributions	(4,200)	(3,360)	(2,520)
Effect of non-taxable entity	(48,318)	(37,545)	(33,845)
Other	(2,060)	(1,470)	(2,041)
Provision for income taxes	$3,350	$1,737	$1,148

DEFERRED INCOME TAXES

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Comprehensive Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

Deferred Tax Assets and Liabilities
(in thousands)

As of December 31	2020	2019	2018
Allowance for loan losses	$5,405	$7,283	$6,540
Postretirement benefit accrual	536	550	566
Accrued incentive	1,027	740	610
Accrued patronage income not received	(796)	(746)	—
AgriBank 2002 allocated stock	(1,017)	(1,017)	(1,018)
Accrued pension asset	(2,936)	(2,508)	(1,928)
Depreciation	196	151	121
Other assets	364	321	280
Other liabilities	(335)	(355)	(362)
Deferred tax assets, net	$2,444	$4,419	$4,809
Gross deferred tax assets	$7,528	$9,045	$8,117
Gross deferred tax liabilities	$(5,084)	$(4,626)	$(3,308)

A valuation allowance for the deferred tax assets was not necessary at December 31, 2020, 2019, or 2018.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in AgriBank is $46.0 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of $1.8 billion as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2020. In addition, we believe we are no longer subject to income tax examinations for years prior to 2017.

NOTE 10: EMPLOYEE BENEFIT PLANS

PENSION AND POST-EMPLOYMENT BENEFIT PLANS

Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2020 Annual Report.

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan: Certain employees participate in the AgriBank District Retirement Plan, a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan.

AgriBank District Retirement Plan Information
(in thousands)

As of December 31	2020	2019	2018
Unfunded liability	$169,640	$220,794	$274,450
Projected benefit obligation	1,563,421	1,421,126	1,272,063
Fair value of plan assets	1,393,781	1,200,332	997,613
Accumulated benefit obligation	1,426,270	1,298,942	1,125,682

For the year ended December 31	2020	2019	2018
Total plan expense	$42,785	$36,636	$51,900
Our allocated share of plan expenses	3,961	3,503	4,852
Contributions by participating employers	90,000	90,000	90,000
Our allocated share of contributions	8,464	8,654	8,466

The unfunded liability reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these Consolidated Financial Statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding. Our allocated share of plan expenses is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

Benefits paid to participants in the District were $70.9 million in 2020. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2021 is $90.0 million. Our allocated share of these pension contributions is expected to be $8.2 million. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

Nonqualified Retirement Plan: We also participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

Pension Restoration Plan Information
(in thousands)

As of December 31	2020	2019	2018
Our unfunded liability	$7,196	$5,611	$4,602

For the year ended December 31	2020	2019	2018
Our allocated share of plan expenses	$654	$620	$586
Our cash contributions	—	11	11

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded liability is equal to the projected benefit obligation. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. Our allocated share of the components of net periodic benefit cost other than the service cost component, are included in "Other operating expense" in the Consolidated Statements of Comprehensive Income. Service costs related to the plan are included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. The Pension Restoration Plan is unfunded and we make annual contributions to fund benefits paid to our retirees covered by the plan. Our cash contributions are equal to the benefits paid. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Net periodic benefit cost is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. Postretirement benefit costs related to the retiree medical plans were not considered material for any of the years presented. Our cash contributions were equal to the benefits paid.

DEFINED CONTRIBUTION PLANS

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

We also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for the defined contribution plan, included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income, were $3.7 million, $3.2 million, and $2.9 million in 2020, 2019, and 2018, respectively. These expenses were equal to our cash contributions for each year.

NOTE 11: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2020, involved more than a normal risk of collectability.

Related Party Loans Information
(in thousands)

As of December 31	2020	2019	2018
Total related party loans	$32,194	$36,180	$42,076
For the year ended December 31	**2020**	**2019**	**2018**
Advances to related parties	$15,678	$15,521	$23,433
Repayments by related parties	20,336	28,229	32,841

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans in the preceding chart are related to those considered related parties at each respective year end.

As discussed in Note 7, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio. All interest expense as shown on the Consolidated Statements of Comprehensive Income was paid to AgriBank.

Total patronage received from AgriBank, which includes a partnership distribution from AgDirect, LLP, was $59.4 million, $51.4 million, and $45.3 million in 2020, 2019, and 2018, respectively. Patronage income for 2019 was paid in cash and AgriBank stock. Patronage income for 2020 and 2018 was paid in cash.

In addition, we received compensation from AgriBank for servicing loans of $316 thousand, $276 thousand, and $332 thousand in 2020, 2019, and 2018, respectively.

Refer to Note 3 for information on participations sold to AgriBank and Note 4 for stock investment in AgriBank information.

As of December 31, 2020, we purchased certain business services from AgriBank. Until the formation of SunStream Business Services (SunStream) on April 1, 2020, we also purchased financial and retail information technology, collateral, tax reporting, and insurance services from AgriBank. These services are now offered by SunStream. We also purchase human resource, benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). SunStream and Foundations are both System service corporations within the AgriBank District. In addition to the services we purchase from AgriBank, SunStream, and Foundations we also hold an investment in each of these institutions.

Additional Related Party Information
(in thousands)

As of December 31	2020	2019	2018
Investment in AgriBank	$257,760	$222,432	$196,566
Investment in AgDirect, LLP	17,461	16,595	16,396
Investment in SunStream	1,875	—	—
Investment in Foundations	59	59	59
For the year ended December 31	**2020**	**2019**	**2018**
AgriBank District purchased services	$2,957	$2,528	$2,289

NOTE 12: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, 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.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk that may be recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2020, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $2.6 billion. Additionally, we had $34.6 million of issued standby letters of credit as of December 31, 2020.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they may have credit risk not recognized in the financial statements. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

NOTE 13: 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 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 December 31, 2020, 2019, or 2018.

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 December 31, 2020	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	$ —	$ —	$15,938	$15,938
Acquired property	—	—	3,324	3,324

As of December 31, 2019	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	$ —	$ —	$29,776	$29,776
Acquired property	—	—	4,699	4,699

As of December 31, 2018	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	$ —	$ —	$53,946	$53,946
Acquired property	—	—	4,891	4,891

VALUATION TECHNIQUES

Impaired Loans: Represents the carrying amount of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. 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 collateral and other matters, they are classified as Level 3.

Acquired property: 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 14: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 8, 2021, 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 2020 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

Disclosure Information Required By Regulations

GREENSTONE FARM CREDIT SERVICES, ACA
(Unaudited)

DESCRIPTION OF BUSINESS
General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of this Annual Report.

DESCRIPTION OF PROPERTY

Property Information

Location	Description	Usage
Adrian, MI	Owned	Branch Office
Allegan, MI	Owned	Branch Office
Alma, MI	Owned	Branch Office
Alpena, MI	Owned	Branch Office
Ann Arbor, MI	Owned	Branch Office
Bad Axe, MI	Owned	Branch Office
Bay City, MI	Owned	Branch Office
Berrien Springs, MI	Owned	Branch Office
Cadillac, MI	Owned	Branch Office
Caro, MI	Owned	Branch Office
Charlotte, MI	Leased	Branch Office
Clintonville, WI	Owned	Branch Office
Coleman, WI	Owned	Branch Office
Concord, MI	Owned	Branch Office
Corunna, MI	Owned	Branch Office
East Lansing, MI	Owned	Corporate
Escanaba, MI	Leased	Branch Office
Grand Rapids, MI	Owned	Branch Office
Hart, MI	Leased	Branch Office
Hastings, MI	Owned	Branch Office
Howell, MI	Leased	Branch Office
Ionia, MI	Owned	Branch Office
Jonesville, MI	Owned	Branch Office
Lakeview, MI	Owned	Branch Office
Lapeer, MI	Owned	Branch Office
Little Chute, WI	Owned	Branch Office
Manitowoc, WI	Leased	Branch Office
Mason, MI	Leased	Branch Office
Monroe, MI	Owned	Branch Office
Mt. Pleasant, MI	Owned	Branch Office
Saginaw, MI	Owned	Branch Office
Sandusky, MI	Owned	Branch Office
Schoolcraft, MI	Owned	Branch Office
St. Johns, MI	Owned	Branch Office
Sturgeon Bay, WI	Leased	Branch Office
Traverse City, MI	Owned	Branch Office

LEGAL PROCEEDINGS
Information regarding legal proceedings is discussed in Note 12 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2020.

ADDITIONAL REGULATORY CAPITAL DISCLOSURE
Regulatory Capital Ratios Pursuant to FCA Regulation 620.5

As of December 31	2015	2014	2013	2012
Permanent capital ratio	16.0%	16.2%	14.7%	14.6%
Total surplus ratio	15.8%	15.9%	14.3%	14.3%
Core surplus ratio	15.8%	15.9%	14.3%	14.3%

Refer to the Consolidated Five-Year Summary of Selected Financial Data at the beginning of this Annual Report for capital ratio calculations for the past five years.

DESCRIPTION OF CAPITAL STRUCTURE
Information regarding our capital structure is discussed in Note 8 to the Consolidated Financial Statements in this Annual Report.

DESCRIPTION OF LIABILITIES
Information regarding liabilities is discussed in Notes 7, 8, 9, 10, and 12 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

SELECTED FINANCIAL DATA
The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of this Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of this Annual Report.

BOARD OF DIRECTORS

Board of Directors as of December 31, 2020, including business experience during the last five years

Name	Term	Principal Occupation and Other Affiliations
Edward L. Reed (Age 58) Board Chair Executive Committee, Chair Compensation Committee Service Began: June 2008	2018-2022	**Principal Occupation:** Self-employed livestock and grain farmer Member-Manager: Reed Family Farms, LLC Member-Manager: Reed Family Properties, LLC Member-Manager: CEA Landholdings **Other Affiliations:** Board Member: Michigan Pork Producers Association Board Chair: Three Rivers Health Foundation Board Member: Farm Credit Foundations
Bruce E. Lewis (Age 55) Board Vice Chair Executive Committee, Vice Chair Compensation Committee, Chair Service Began: June 2011	2017-2021	**Principal Occupation:** Self-employed dairy and grain crop farmer **Other Affiliations:** Board Member: Michigan Milk Producers Association Board Member: Hillsdale County Farm Bureau
Laura A. Braun (Age 61) Legislative/Public Policy Committee, Chair Service Began: June 2012	2019-2023	**Principal Occupation:** Self-employed farmer Partner: Golden Maple Farms, L.L.C. Independent Sales Agent: Stine Seeds **Other Affiliations:** Board Chair: AgriBank District Farm Credit Council Director: State of Michigan Rural Development Fund Board Committee: Michigan Farm Bureau AgriPAC Director and Third Member: Clinton County Farm Bureau Board of Directors Chair: Clinton County Farm Bureau, Policy Development Committee Board Member: Great Lakes Leadership Academy Leadership Development Program Member: Farm Credit Council
William "Hank" Choate (Age 70) Legislative/Public Policy Committee Service Began: June 2014	2017-2021	**Principal Occupation:** Self-employed dairy and grain farmer Partner: Choate's Belly Acres Member-Manager: Liberty Centennial, L.L.C. **Other Affiliations:** Board Member: Michigan Milk Producers Association Board Member: United Dairy of Michigan Planning Committee: Liberty Township Advisory Committee: NorthStar Cooperative Advisory Committee: Michigan Farm Bureau Committee: Jackson County Republican Committee
Eugene B. College (Age 75) Appointed Director Audit Committee, Chair Service Began: June 2009	2018-2022	**Principal Occupation:** Retired Senior Vice President and Chief Financial Officer of Farm Credit Services of America, ACA
Terri J. Hawbaker (Age 40) Finance Committee, Chair Service Began: June 2015	2019-2023	**Principal Occupation:** Self-employed dairy farmer Owner/Operator: Grazeway Dairy Farms
Ronald W. Lucas (Age 64) Finance Committee, Vice Chair Service Began: June 2013	2020-2024	**Principal Occupation:** Self-employed dairy farmer Member-Manager: Lucas Dairy Farms LLC **Other Affiliations:** Supervisor: Wellington Township President: Michigan Milk Producers Association Hillman Local

Name	Term	Principal Occupation and Other Affiliations
Peter C. Maxwell (Age 36) Audit Committee Service Began: June 2016	2020-2024	**Principal Occupation:** Self-employed grain farmer Independent Sales Agent: ACH Seeds Employee: Maxwell Seed Farms raising cash crops **Other Affiliations:** Vice Chair: Michigan Sugar Company West District
David J. McConnachie (Age 63) Audit Committee Service Began: 2020	2020-2024	**Principal Occupation:** Self-employed grain farmer Member-Manager: Dave's Dirt LLC
Dennis C. Muchmore (Age 74) Appointed Director Legislative/Public Policy Committee Service Began: June 2002	2020-2024	**Principal Occupation:** Government Relations and Regulatory Advisor: Honigman LLP Former Chief of Staff to Governor of the State of Michigan **Other Affiliations:** Partner: TOMDEN Enterprises, LLC (privately held investment firm with limited business interests in aeronautic composites) Board of Trustees: Oakland University Board of Directors: Metropolitan Affairs Council of Michigan
Scott A. Roggenbuck (Age 58) Executive Committee Compensation Committee, Vice Chair Service Began: June 2007	2020-2024	**Principal Occupation:** Agronomy Consultant: Star of the West Milling Company Former self-employed grain farmer Partner: Cedar Pond Farms, Inc. Partner: Cedar Pond Holdings, LLC Director: Cedar Pond Ag Services Inc
Troy J. Sellen (Age 36) Finance Committee Service Began: June 2019	2019-2023	**Principal Occupation:** Self-employed dairy farmer Managing Member: Valley Line Dairy LLC Managing Member: Valley Line Properties LLC
Aaron "Andy" Snider (Age 58) Executive Committee Compensation Committee Service Began: June 2012	2018-2022	**Principal Occupation:** Self-employed turkey, hog, and cash grain farmer Member-Manager: Snider Farms, LLC Member-Manager: Snider RE, LLC **Other Affiliations:** Board Member: Michigan Turkey Producers Co-op Executive Council: Land O'Lakes Co-op Region IV Committee Member: Land O'Lakes Policy and Resolutions Committee
Michael R. Timmer (Age 52) Finance Committee Service Began: June 2018	2018-2022	**Principal Occupation:** Self-employed grain and livestock farmer Member-Manager: Timmer Family Farms, LLC
Dale L. Wagner (Age 61) Audit Committee, Vice Chair Service Began: June 2012	2019-2023	**Principal Occupation:** Self-employed dairy, grain farmer, and custom harvester Member-Manager: Twin Elm Family Farm, LLC Member-Manager: Union 151, LLC **Other Affiliations:** Vice Chair: Wisconsin Farm Credit Legislative Committee (GreenStone representative) Board Member: AgriBank District Farm Credit Council
Jed Welder (Age 52) Legislative/Public Policy Committee, Vice Chair Service Began: June 2018	2018-2022	**Principal Occupation:** Self-employed grain farmer and custom harvester Owner/Operator: Trinity Farms **Other Affiliations:** Director: Montcalm Conservation District Board Member: Farmer Veteran Coalition Trustee: Sidney Township Board

During 2020, the Board Chair and Chair of the Audit Committee each received annual retainer fees of $36 thousand. The Board Vice Chair received $34 thousand and the remaining board members received $32 thousand in 2020. Additionally, all board members received an annual $600 computer allowance. The retainer fees are paid quarterly. In 2020, the board members did not receive compensation for individual board or regular committee meetings attended. Per diem is paid only for attendance at ad hoc committee meetings at the rate of $300 per day.

Information regarding compensation paid to each director who served during 2020 follows:

	Number of Days Served			
	Board Meetings	Other Official Activities	Name of Committee	Total Compensation Paid in 2020
Laura A. Braun	5	18	Legislative/Public Policy	$32,600
William "Hank" Choate	4	15	Legislative/Public Policy	32,600
Eugene B. College	5	15	Audit	36,600
Thomas R. Durand[(2)]	3	10	Audit	14,542
Terri J. Hawbaker	5	17	Finance	32,600
Bruce E. Lewis	5	15	Executive/Compensation	34,600
Ronald W. Lucas	5	17	Finance	32,600
Peter C. Maxwell	5	17	Audit	32,600
David J. McConnachie[(1)]	2	6	Audit	18,058
Dennis C. Muchmore	5	13	Legislative/Public Policy	32,600
Edward L. Reed	5	10	Executive/Compensation	36,600
Scott A. Roggenbuck	4	12	Executive/Compensation	32,600
Troy J. Sellen	5	14	Finance	32,600
Aaron "Andy" Snider	5	18	Executive/Compensation	32,600
Michael R. Timmer	5	12	Finance	32,600
Dale L. Wagner	5	22	Audit	32,600
Jed Welder	5	8	Legislative/Public Policy	32,600
				$531,600

[(1)]Newly elected director
[(2)]Term expired June 2020

SENIOR OFFICERS
The senior officers include:

David B. Armstrong
Chief Executive Officer

Paul E. Anderson
Executive Vice President – Chief Credit Officer

Bethany L. Barker, SPHR
Executive Vice President – Chief Human Resources Officer

Travis D. Jones, CPA
Executive Vice President – Chief Financial Officer

Stephen A. Junglas
Executive Vice President – Chief Information Officer and Chief Information Security Officer

Peter L. Lemmer
Executive Vice President – Chief Legal Counsel

Melissa A. Stolicker, CPA
Executive Vice President – Chief Internal Auditor

David B. Armstrong was promoted to Chief Executive Officer (CEO) in 2009. Paul E. Anderson was promoted to Chief Credit Officer in 2009. Bethany L. Barker has been in her position as Chief Human Resources Officer since 1998. Travis D. Jones was hired as Chief Financial Officer in 2007. Stephen A. Junglas was promoted to Chief Information Officer in 2012. Peter L. Lemmer was hired as Chief Legal Counsel in 2008. Melissa A. Stolicker has been in her position as Chief Internal Auditor since 2004.

Other business interests where a senior officer served as a board of director or senior officer include:

David B. Armstrong serves as a board member and Treasurer for the Michigan Livestock Exhibition (non-profit to generate funding for youth scholarships through annual livestock shows and auctions). He also serves as a board member of the Farm Credit System Association Captive Insurance Company (privately-held insurance association that is owned by the System) and as a board member for Crystal Flash Energy Company (provides fuels and lubes to residential and commercial customers throughout primarily the state of Michigan).

Paul E. Anderson is a managing member of E&E Anderson Legacy Farm, LLC (land holding company, family farm).

Travis D. Jones serves as a board member for Michigan Finance Authority (offers effective low-cost financing to public and private agencies providing essential services to the citizens of Michigan). He also serves as a board member of Michigan FFA Association (dedicated to making a positive difference in the lives of young people by developing their potential for premium leadership, personal growth, and career success through agricultural education).

Melissa A. Stolicker serves as a member of the Board of Trustees and audit committee for Oakland University (major public university in Michigan offering bachelor's and graduate degrees). She also serves as a board member and an audit committee member of both Delta Dental of Michigan (dental insurance plan administrator) and Renaissance Health Services Corporation (dental insurance plan administrator).

Information related to compensation paid to senior officers is provided in our Annual Meeting Information Statement (AMIS). The AMIS is available for public inspection at our office.

TRANSACTIONS WITH SENIOR OFFICERS AND DIRECTORS
Information regarding related party transactions is discussed in Note 11 to the Consolidated Financial Statements in this Annual Report.

TRAVEL, SUBSISTENCE, AND OTHER RELATED EXPENSES
Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

3515 West Road
East Lansing, MI 48823
(800) 968-0061
www.greenstonefcs.com
Travis.Jones@greenstonefcs.com

The total directors' travel, subsistence, and other related expenses were $98 thousand, $156 thousand, and $170 thousand in 2020, 2019, and 2018, respectively.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS
No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2021, or at any time during 2020.

MEMBER PRIVACY
The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

RELATIONSHIP WITH QUALIFIED PUBLIC ACCOUNTANT
There were no changes in independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total financial statement audit fees paid during 2020 were $72 thousand. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses as incurred for travel. In addition, we incurred $6 thousand for tax services.

FINANCIAL STATEMENTS
The Report of Management, Report on Internal Control over Financial Reporting, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

YOUNG, BEGINNING, AND SMALL FARMERS AND RANCHERS
Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is discussed in an addendum to this Annual Report.

Young, Beginning, and Small Farmers and Ranchers

GREENSTONE FARM CREDIT SERVICES, ACA
(Unaudited)

We have specific programs in place to serve the credit and related needs of young, beginning, and small farmers and ranchers (YBS) in our territory. The definitions of YBS as developed by the Farm Credit Administration (FCA) follow:

- Young: A farmer, rancher, or producer or harvester of aquatic products who was age 35 or younger as of the date the loan was originally made,
- Beginning: A farmer, rancher, or producer or harvester of aquatic products who has 10 years or less of experience at farming, ranching, or producing or harvesting aquatic products as of the date the loan was originally made, and
- Small: A farmer, rancher, producer or harvester of aquatic products who normally generated less than $250,000 in annual gross sales of agricultural or aquatic products at the time the loan was originally made.

YOUNG, BEGINNING, AND SMALL FARMER DEMOGRAPHICS
The local service area of the Association includes the entire state of Michigan and 11 counties in the northeastern part of the state of Wisconsin. Results from the 2017 Census of Agriculture became available in April 2019 and were studied to try and determine the numbers of YBS farmers within our territory.

This most recent Agricultural Census represents the best demographic information available in our territory. Results of this study show the following:

Category	Number	Percent
Number of Farmers 35 and Younger	6,981	12.5%
Number of Farmers on Current Farm 10 Years or Less	15,108	27.1%
Number of Farmers with Less Than $250,000 Farm Sales	49,209	88.2%
Total Number of YBS Farmers	55,821	

DESCRIPTION AND STATUS REPORT ON THE YOUNG, BEGINNING, AND SMALL FARMER PROGRAM

The mission statement of the program is as follows:

"GreenStone Farm Credit Services recognizes the importance of young, beginning, and small farmers to the future of agriculture. The Association shall serve the unique needs of this market segment through special lending programs that extend credit in a safe and sound manner for both the individual member and the Association. GreenStone also believes in the value of education to prepare these producers to successfully compete in a highly competitive global marketplace and shall support educational opportunities for them that balance the cost of delivery with overall stockholder value."

The Association implemented a board approved YBS lending program comprised of separate components for YBS farmers. Relaxed underwriting standards and loan terms have been approved for farm operating loans, farm equipment and intermediate-term loans, and for real estate loans. These standards and terms are customized for young farmers and beginning farmers.

Quantitative targets based upon reasonably reliable demographic data have been established by board policy for YBS farmers. Targets have also been established for the YBS program in an aggregate. The targets are as follows:

Quantitative Targets	Measure	At 12/31/2020
1. Young farmers in portfolio equal to or greater than percentage of young farmers in the census	12.5%	24.1%
2. Young farmer loans at least 50% of the young farmers in census	50.0%	94.6%
3. Young farmers at least 10% total outstanding loan volume	10.0%	14.9%
4. Young farmers at least 10% of all new loans (number)	10.0%	20.8%
5. Beginning farmers at least 10% total number of loans outstanding	10.0%	39.6%
6. Beginning farmers at least 10% of total outstanding loan volume	10.0%	20.8%
7. Beginning farmers at least 10% of all new loans (number)	10.0%	30.1%
8. Small farmers at least 40% of total number of loans outstanding	40.0%	62.2%
9. Small farmers at least 20% of total outstanding loan volume	20.0%	22.8%
10. Small farmers at least 40% of all new loans (number)	40.0%	62.6%
11. Maintain at least 50% of total loan numbers to YBS farmers	50.0%	71.6%
12. Maintain at least 30% of the total outstanding loan volume to YBS farmers	30.0%	34.3%

The Association has also established certain qualitative goals addressing its efforts and to implement effective outreach programs to attract YBS farmers. These goals are as follows:

Qualitative Goals	Measure	At 12/31/2020
1. Related services will be offered to YBS farmers in the territory.		
Goals: Book sales of at least one Association offered related service to at least 5% of YBS farmers in the Association portfolio.	5% Young 5% Beginning 5% Small	4.6% 4.8% 10.4%
2. Credit services and financially related services to YBS farmers will be coordinated with governmental and private sources of credit.		
Goals: Coordinate with the USDA Farm Service Agency (FSA) to enhance credit services to young and beginning farmers by obtaining guarantees on at least 7.5% of loans (by number) and to take advantage of the FSA young farmer financing program utilizing private second mortgage financing or other alternative financing options whenever possible.	7.5% Young 7.5% Beg.	7.7% 4.2%
3. We will implement effective outreach programs to attract YBS farmers.		
Goals: (a) Participate in or sponsor annually at least 10 YBS farmer leadership and educational programs offered in either Michigan or Wisconsin.	10 Programs	19 Programs sponsored
(b) Offer at least five individual scholarships to deserving YBS farmers (or potential YBS farmers) to Michigan and/or Wisconsin Universities or Colleges.	5 Scholarships	20 Scholarships offered

All of the Association's quantitative and qualitative goals were met in 2020 with the following exceptions: related services to young and beginning farmers and the use of FSA guarantees on beginning farmer loans. There were fewer related services utilized by our young and beginning farmers during 2020. The strength of the financial position of our YBS borrowers has negated the need for FSA guarantees. We anticipate that the utilization of FSA guarantees will continue to increase over the next several years due to the decline in commodity prices in many of our agricultural industries.

The Association employs the following methods and strategies to ensure that credit and services offered to YBS farmers are provided in a safe and sound manner and within risk-bearing capacity:

- Board policy includes a specific section discussing program safety and soundness under its operating parameters;
- Board policy includes a maximum level of risk for YBS adverse volume originated under the program;
- The Association's internal audit plan requires periodic auditing of the YBS program, which is done annually in conjunction with the internal credit review; and
- The Association internal audit and loan review plan will annually include a selection of YBS loans within its normal selection criteria and assess individual loan credit administration, coding, and loan quality.

Funds Held Program

GREENSTONE FARM CREDIT SERVICES, ACA
(Unaudited)

The Association offers a Funds Held Program ("Funds Held") that provides funds for customers to make advance payments on designated real estate, operating, and intermediate-term loans, pay insurance premiums, taxes, or any other eligible purpose.

PAYMENT APPLICATION: Loan payments received by the Association before the loan has been billed will normally be placed into Funds Held and applied against the next installment due.

ACCOUNT MAXIMUM: The amount in Funds Held may not exceed the unpaid principal balance of the loan.

INTEREST RATE: Interest will accrue on Funds Held at a simple rate of interest that may be changed by the Association from time to time. The interest rate may never exceed the interest rate charged on the related loan.

Funds Held on real estate loans, operating loans, and intermediate-term loans are paid at a rate of interest equal to 3% (300 basis points) less than the loan rate.

WITHDRAWALS: Money in Funds Held may be withdrawn for the following items: customers with real estate loans, operating loans, and intermediate-term loans may use funds for future installments, insurance premiums, or real estate taxes on collateral for the respective loan. Customers may make withdrawals for other approved purposes in lieu of increasing the loan amount for any eligible loan purpose.

ASSOCIATION OPTIONS: In the event of default on any loan, if Funds Held exceeds the maximum limit as established above or if the Association discontinues their Funds Held program, the Association may apply funds in the account to the unpaid loan balance and other amounts due and shall return any excess funds to the customer.

UNINSURED ACCOUNT: Funds Held is not a depository account and is not insured. In the event of the Association's liquidation, customers having balances in Funds Held shall be notified according to the FCA Regulations.

Office Locations

Corporate Office

East Lansing / 517-318-4100
3515 West Rd., East Lansing, MI 48823

Michigan

Adrian / 517-263-9798
5285 W. US 223, Adrian, MI 49221

Allegan / 269-673-5541
1517 Lincoln Rd., Allegan, MI 49010

Alma / 989-463-3146
2942 W. Monroe Rd., Alma, MI 48801

Alpena / 989-354-4343
2200 M-32 West, Alpena, MI 49707

Ann Arbor / 734-769-2411
7530 Jackson Rd., Ann Arbor, MI 48103

Bad Axe / 989-269-6532
749 S. Van Dyke Rd., Bad Axe, MI 48413

Bay City / 989-686-5100
3949 S. Three Mile Rd., Bay City, MI 48706

Berrien Springs / 269-471-9329
8302 Edgewood Rd.,
Berrien Springs, MI 49103

Cadillac / 231-775-1361
7597 S Mackinaw Trl., Cadillac, MI 49601

Caro / 989-673-6128
1570 Cleaver Rd., Caro, MI 48723

Charlotte / 517-543-1360
722 W. Lawrence Ave., Charlotte, MI 48813

Concord / 517-524-6670
100 Spring St., Concord, MI 49237

Corunna / 989-743-5606
704 W. Corunna Ave., Corunna, MI 48817

Escanaba / 906-786-4487
1801 N. Lincoln Rd., Suite A,
Escanaba, MI 49829

Grand Rapids / 616-647-0030
3225 Walker Ave. NW,
Grand Rapids, MI 49544

Hart / 231-873-7102
3486 W. Polk Rd., Hart, MI 49420

Hastings / 269-945-9415
333 W. State St., Hastings MI, 49058

Howell / 517-546-2840
1040 W. Highland Rd., Howell, MI 48843

Ionia / 616-527-1930
1962 S. State Rd., Ionia, MI 48846

Jonesville / 517-437-3336
500 Olds St., Jonesville, MI 49250

Lakeview / 989-352-7203
8897 W. Tamarack Rd., Lakeview, MI 48850

Lapeer / 810-664-5951
455 Lake Nepessing Rd., Lapeer, MI 48446

Mason / 517-676-1086
525 N. Okemos St., Mason, MI 48854

Monroe / 734-243-6711
15615 S. Telegraph Rd.,
Monroe, MI 48161

Mt. Pleasant / 989-773-5175
1075 N. Mission St., Mt. Pleasant, MI 48858

Saginaw / 989-781-4251
11020 Gratiot Rd., Saginaw, MI 48609

Sandusky / 810-648-2600
700 W. Sanilac Rd. Sandusky, MI 48471

Schoolcraft / 269-679-5296
225 W. Lyon St., Schoolcraft, MI 49087

St. Johns / 989-224-9321
1104 S. US 27, St. Johns, MI 48879

Traverse City / 231-946-5710
3491 Hartman Rd., Traverse City, MI 49685

Wisconsin

Clintonville / 715-823-2128
280 S. Main St., Clintonville, WI 54929

Coleman / 920-897-4046
202 Sado Ln., Coleman, WI 54112

Little Chute / 920-687-4450
340 Patriot Dr., Little Chute, WI 54140

Manitowoc / 920-682-5792
4400 Calumet Ave., Suite 102,
Manitowoc, WI 54220

Sturgeon Bay / 920-743-8150
3030 Park Dr., Suite B,
Sturgeon Bay, WI 54235

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GREENSTONE FARM CREDIT SERVICES

3515 West Road, East Lansing, MI 48823

800-444-3276

www.greenstonefcs.com

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