GreenStone Farm Credit Services, ACA

Quarterly Report
March 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2020 (2020 Annual Report).

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

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

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.AgriBank.com
FinancialReporting@AgriBank.com

FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2020 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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.

Significant progress has been made on the biggest vaccination campaign in history. As of April 26, 2021, more than 1.0 billion vaccination doses had been administered across 172 countries worldwide. The U.S. leads the world in total vaccines administered, with 230.8 million doses given (36.0% of the population). There have been 6.8 million (35.4% of population) vaccination doses administered in Michigan and 4.5 million (40.0% of population) in Wisconsin.

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 policy to only allow minimal staff levels 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

Grain prices have increased significantly since the fall of 2020, primarily due to strong international demand for U.S. corn and soybeans along with a small South American crop. Hog, cattle, chicken, and dairy prices have also seen run ups to varying degrees. While this recent commodity price strength has been welcomed for producers in several key segments, it has also meant rapidly rising feed costs for those in the animal protein sector. Many of these borrowers face rising feed costs at the same time as weak food service/restaurant activity is hurting their profitability, creating potential for sharp losses.

Over the past year, the price of corn has increased from $3.19 per bushel (bu.) to $6.56 per bu. and the price of soybeans increased from $8.32 per bu. to $15.40 per bu. The recent commodity price surge can primarily be attributed to increased international demand for U.S. agricultural products. The United States Department of Agriculture (USDA) revised forecast for U.S. agricultural trade in fiscal year (FY) 2021, forecasts total agricultural exports at a record $157.0 billion, or an increase of $21.3 billion (15.7%) from FY 2020. This increased demand has varied from country to country. Large purchases of U.S. grain by Chinese importers became more frequent starting in the fourth quarter of 2020, and the trend has continued into 2021. The demand for grains within China is strong, primarily due to accommodative credit policies and the fact that their domestic hog herd is being rebuilt following the 2018 swine flu outbreak. Exports to China in FY 2021 are forecast at a record $31.5 billion, reflecting strong shipments of U.S. soybeans, corn, wheat, and cotton. U.S. agricultural sales to Mexico, Japan, Korea, and other major trading partners also remain strong. A weakening U.S. dollar has also contributed to the increase in exports, making U.S. agricultural products relatively more competitive on the world stage.

According to the USDA, all wholesale dairy product prices increased substantially during the month of March 2021. Dairy forecasts for 2021 have been raised as international demand is expected to remain strong. The all-milk price for 2021 is projected at $18.40 per hundredweight (cwt). The all-milk price for the first quarter of 2021 was $17.35 per cwt but is projected to average $18.10, $18.60, and $19.50 in the second, third, and fourth quarters of 2021, respectively. These increases in the price forecast follow the all-milk price declining from $21.30 to $17.10 per cwt from November 2020 to February 2021, while during that same time, protein dairy feed value increased 16.3%, from $8.26 to $9.61 per cwt of feed.

Long-term interest rates have become a major variable from a macroeconomic perspective, as rapidly rising government bond yields have triggered increased concerns around inflation. A record expansion of the monetary base, rising raw material costs and an accommodative credit environment all impact consumer price metrics. The U.S. Bureau of Labor Statistics reported the Consumer Price Index (CPI) for all items rose to 2.6% for the 12 months ending in March 2021. The CPI increased 0.6% in March 2021 alone, which was the largest rise since August 2012. The gasoline index rose 22.5% over the past year and 9.1% for the month of March alone.

The labor market continues to recover gradually as the national unemployment rate was 6.0% in March 2021, which is down 0.2% from February 2021 but up 1.6% from March 2020. The unemployment rate for Michigan was 5.1% in March 2021, up 1.4% and the unemployment rate for Wisconsin was 3.8%, up 0.6% over the previous year. Service sector jobs in the entertainment, leisure, and hospitality segments continue to show the highest unemployment rates.

Sales of existing homes fell 3.7% in March 2021, but realtors are selling homes faster than ever and often above the asking price. Inventories of homes remain near a record low, and the median price of an existing home rose 17.2% over the past year. New home sales were up 20.7% in March and builders are reporting exceptionally strong demand and are selling homes faster than they can build them. While the residential housing market is generally stable, homebuilders are increasingly warning that rising raw material costs could begin to limit new build activity, a development which would push more prospective buyers into an existing home marketplace with already low inventory levels. Likewise, strong housing starts and home renovation activity has driven dimensional lumber futures over $1,000 per one thousand board feet (mbf), up from $400 per mbf in October 2020. Mortgage rates will be a key factor for the housing market as well, as the recent uptick in interest rates has begun to filter through to the residential mortgage market.

The Institute of Supply Management's (ISM) Purchasing Managers Index (PMI) rose to 68.1% in March, its highest level in over 16 years. This represents expansion in the overall economy for the 10th month in a row, after contraction in April 2020. The ISM manufacturing PMI rose to a 37 year high of 64.7%. However, the Survey Committee Members expressed challenges as supply shortages and rising material costs have affected producers' ability to meet increased demand. Extended lead times, wide-scale shortages of critical basic materials, rising commodity prices, difficulties transporting products and labor shortages are affecting all segments of the manufacturing economy.

While overall business bankruptcies in the U.S. have actually trended lower over the past year (thanks in large part to government support), we continue to see borrowers in various industries that are facing stiff headwinds, primarily due to COVID-19. Producers and processors with a heavy food service/restaurant-oriented business model have suffered disproportionately as Americans have shifted to eating more of their meals at home. The continued reopening of restaurants and other customer-facing businesses, combined with easing travel restrictions, could have positive downstream effects throughout the economy and fuel strong economic activity for the remainder of the year. The record amount of stimulus provided to consumers could also drive robust consumer spending during the second half of 2021, as the relatively high savings rates seen over the last year could give way to a return to more normal discretionary spending patterns.

LOAN PORTFOLIO

Loan Portfolio

Owned loan volume totaled $10.6 billion at March 31, 2021, a $47.8 million increase from December 31, 2020.

Total owned and managed loan volume, including serviced volume on the real estate loans sold to AgriBank was $10.7 billion at March 31, 2021, a $41.4 million increase from December 31, 2020. Our combined mortgage portfolio increased $70.2 million, or 0.8% from December 31, 2020, while our short-term commercial loan portfolio decreased $28.8 million, or 1.2% from December 31, 2020. When compared to March 31, 2020, owned and managed mortgage volume was up 10.5% and commercial loan volume was up 0.2%. These increases were driven by growth in all market segments and led by our country living and traditional farm segments that have increased 21.4% and 6.4% since March 31, 2020, respectively. Our current volume reflects an asset growth rate year over year that is running above our 2021 Business Plan.

The Paycheck Protection Program (PPP) is a guaranteed loan program administered by the U.S. Small Business Administration (SBA) created in response to the COVID-19 pandemic. We obtained approval from the SBA in 2020 to participate as a lender in the PPP. The PPP provides for payment deferral, and under limited circumstances, loan forgiveness. As of March 31, 2021, we had successfully processed $220.2 million in PPP loans for customers with primarily production and intermediate-term type loans, of which $75.1 million were processed during the first quarter of 2021. We are working with our customers gathering documentation and submitting applications for the forgiveness of the PPP loans, and $71.4 million has been forgiven as of March 31, 2021.

Portfolio Credit Quality

The overall credit quality of our loan portfolio remained fairly stable during the first three months of 2021. Acceptable loan credit quality, as measured under the Uniform Classification System, was 92.0% which increased from 91.9% at December 31, 2020. Year over year, acceptable credit quality increased 0.3% from 91.7% at March 31, 2020. Portfolio assets criticized as being less than acceptable was comprised of 4.8% other assets especially mentioned (OAEM) and 3.2% adversely classified. OAEM decreased 0.6% while adversely classified increased 0.5% from December 31, 2020.

Adversely classified loans are identified as having material credit weaknesses which, if left uncorrected, result in a greater than normal risk. Portfolio credit quality is considered when assessing the reasonableness of our allowance for loan losses. Weaker borrowers in our dairy, cash crop, and hog portfolios continued to be challenged financially during the first three months of 2021.

The resulting level of credit quality, when combined with our earnings and addition to capital surplus, resulted in an adverse assets to regulatory capital ratio of 18.9%, which increased 2.7% from December 31, 2020.

In certain circumstances, Federal Agricultural Mortgage Corporation and other government agency guarantee programs are used to reduce the risk of loss. At March 31, 2021, $544.9 million of our loans were, to some level, guaranteed under these programs. The guaranteed loan volume increased from $481.3 million at December 31, 2020.

While overall credit quality remains solid, the impact of the global pandemic disruption to many agriculture industries and commodity prices may result in increases to adverse credit quality.

Risk Assets

Components of Risk Assets

(dollars in thousands) As of:	**March 31, 2021**	December 31, 2020
Loans:		
Nonaccrual	**$42,043**	$41,376
Accruing restructured	**3,046**	3,078
Accruing loans 90 days or more past due	**--**	30
Total risk loans	**45,089**	44,484
Acquired property	**811**	811
Total risk assets	**$45,900**	$45,295
Total risk loans as a percentage of total loans	**0.4%**	0.4%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	**52.1%**	54.5%
Total delinquencies as a percentage of total loans	**0.3%**	0.3%

Note: Accruing loans include accrued interest receivable.

Our risk assets increased slightly from December 31, 2020, but have remained at acceptable levels. Total risk loans as a percentage of total loans remained well within our established risk management guidelines.

Nonaccrual loans increased from $41.4 million at December 31, 2020, to $42.0 million at March 31, 2021. As of March 31, 2021, 44.9% of the nonaccrual loan portfolio was comprised of dairy loans and 20.0% crop farm loans.

We are working individually with customers experiencing economic hardships. From weather and economic challenges over the last several years, to more recent stress generated by market pressures and uncertainties resulting from the COVID-19 pandemic, we are proactively providing assistance by working with customers to develop individualized financial solutions.

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 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:	**March 31, 2021**	December 31, 2020
Allowance as a percentage of:		
Loans	**0.8%**	0.7%
Nonaccrual loans	**200.9%**	182.7%
Total risk loans	**187.3%**	169.9%

The allowance for loan losses increased $8.9 million from December 31, 2020, to $84.5 million at March 31, 2021. During the first three months of 2021, a provision for loan losses of $9.0 million was recorded primarily due to a large commercial dairy relationship and a large capital markets poultry relationship that were downgraded during the quarter. Included in our allowance is additional general industry reserves for our dairy and cash grain portfolios due to uncertainties surrounding the COVID-19 pandemic along with low commodity prices over the past several years. While corn and soybean prices have increased recently, it is unknown how long this bull run will continue and how many of our customers have been able to take advantage of these higher prices. In addition, recent corn and soybean prices will mean higher feed costs to the dairy and other protein sectors. The additional general industry reserve for the dairy and cash grain portfolio increased from $46.3 million at December 31, 2020, to $51.7 million at March 31, 2021.

Under certain circumstances, credit losses may be recorded to establish a reserve on unfunded loan commitments. The "Provision for (reversal of) credit losses" in the Consolidated Statements of Income for the three months ended March 31, 2021, included a reversal of provision for credit losses on unfunded loan commitments of $674 thousand. The accrued credit losses are recorded in "other liabilities" in the Consolidated Statements of Condition. The accrued credit losses related to unfunded loan commitments were $2.2 million and $2.9 million as of March 31, 2021, and December 31, 2020, respectively.

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2021.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the three months ended March 31	**2021**	2020
Net income	**$57,651**	$58,561
Return on average assets	**2.1%**	2.4%
Return on average members' equity	**11.7%**	13.0%

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 section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands)

For the three months ended March 31	**2021**	2020	**Increase (decrease) in net income**
Net interest income	**$62,414**	$60,050	**$2,364**
(Provision for) reversal of credit losses	**(8,306)**	821	**(9,127)**
Patronage income	**13,367**	13,130	**237**
Financially related services income	**4,303**	2,480	**1,823**
Fee income	**13,944**	6,147	**7,797**
Allocated Insurance Reserve Accounts distribution	**--**	1,900	**(1,900)**
Acquired property income, net	**93**	41	**52**
Other non-interest income	**175**	706	**(531)**
Non-interest expense	**(26,971)**	(25,367)	**(1,604)**
Provision for income taxes	**(1,368)**	(1,347)	**(21)**
Net income	**$57,651**	$58,561	**($910)**

Net Interest Income

Changes in Net Interest Income

(in thousands) For the three months ended March 31	2021 vs 2020
Changes in volume	$7,047
Changes in interest rates	(4,734)
Changes in nonaccrual income and other	51
Net change	$2,364

(Provision for) Reversal of Credit Losses

The change in the (provision for) reversal of credit losses was primarily due to downgrades of a large commercial dairy relationship and a large capital markets poultry relationship which both occurred in the first quarter of 2021. There were not any significant downgrades in the first quarter of 2020.

Non-Interest Income

The change in non-interest income was primarily due to fee income, financially related services income, and Allocated Insurance Reserve Accounts distribution.

Fee Income: The increase from 2020 to 2021 was primarily due to fees collected from the SBA for originating PPP loans. We recorded $6.6 million in net loan fees from the SBA for PPP loans in the first three months of 2021 while no SBA PPP loan fees had been collected in the first three months of 2020.

Financially Related Services Income: The increase was primarily due to the timing and recording of crop and livestock insurance commissions along with higher fees from tax preparation services in the first three months of 2021 compared to 2020.

Allocated Insurance Reserve Accounts Distribution: The change in the Allocated Insurance Reserve Accounts (AIRA) distribution received from the Farm Credit System Insurance Corporation (FCSIC) was due to our share of the distribution from AIRA of $1.9 million during the three months ended March 31, 2020, and no distribution during the same period of 2021. The AIRA was established by FCSIC when premiums collected increased the level of the Farm Credit Insurance Fund beyond the required secured base amount of 2% of insured debt. Refer to the 2020 Annual Report for additional information about the FCSIC.

Non-Interest Expense

The change in non-interest expense from 2020 to 2021 was primarily due to an increase in the Farm Credit System insurance expense. The increase in 2021 was due to a higher premium rate charged by FCSIC on accrual loans. The premium rate for the first quarter of 2021 was 16 basis points on Association borrowings, which increased from 8 basis points compared to the same period in 2020. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on December 31, 2023. We intend to renegotiate the note payable no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at March 31, 2021, or December 31, 2020.

Market volatility increased due to the COVID-19 pandemic and certain adjustments to the costs of our funding of longer-term loans were impacted. This volatility and higher cost of funding has neither significantly impacted our business operations nor materially impacted our Consolidated Financial Statements.

Total members' equity increased $31.8 million from December 31, 2020, primarily due to net income for the period partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total 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. Refer to Note 8 in our 2020 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**March 31, 2021**	December 31, 2020	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**15.4%**	15.9%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.4%**	15.9%	6.0%	2.5%	8.5%
Total regulatory capital ratio	**16.1%**	16.7%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.5%**	16.0%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**16.1%**	16.6%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**17.5%**	17.9%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 12 in our 2020 Annual Report.

CERTIFICATION

The undersigned have reviewed the March 31, 2021, Quarterly Report of GreenStone Farm Credit Services, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

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

May 7, 2021

CONSOLIDATED STATEMENTS OF CONDITION

GreenStone Farm Credit Services, ACA
(in thousands)
(Unaudited)

As of:	**March 31, 2021**	December 31, 2020
ASSETS		
Loans	**$10,637,756**	$10,589,927
Allowance for loan losses	**84,454**	75,574
Net loans	**10,553,302**	10,514,353
Investment in AgriBank, FCB	**261,148**	257,760
Investment securities	**4,343**	5,404
Accrued interest receivable	**51,630**	62,836
Premises and equipment, net	**46,915**	47,395
Deferred tax assets, net	**3,292**	2,444
Other assets	**78,336**	77,042
Total assets	**$10,998,966**	$10,967,234
LIABILITIES		
Note payable to AgriBank, FCB	**$8,904,298**	$8,827,305
Accrued interest payable	**31,034**	30,933
Patronage distribution payable	**26,250**	105,000
Other liabilities	**61,038**	59,452
Total liabilities	**9,022,620**	9,022,690
Contingencies and commitments (Note 4)		
MEMBERS' EQUITY		
Protected members' equity	**1**	1
Capital stock and participation certificates	**24,828**	24,553
Unallocated surplus	**1,954,616**	1,923,172
Accumulated other comprehensive loss	**(3,099)**	(3,182)
Total members' equity	**1,976,346**	1,944,544
Total liabilities and members' equity	**$10,998,966**	$10,967,234

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

GreenStone Farm Credit Services, ACA
(in thousands)
(Unaudited)

	Three Months Ended	
For the period ended March 31	**2021**	2020
Interest income	**$93,448**	$109,204
Interest expense	**31,034**	49,154
Net interest income	**62,414**	60,050
Provision for (reversal of) credit losses	**8,306**	(821)
Net interest income after provision for (reversal of) credit losses	**54,108**	60,871
Non-interest income		
Patronage income	**13,367**	13,130
Financially related services income	**4,303**	2,480
Fee income	**13,944**	6,147
Allocated Insurance Reserve Accounts distribution	**--**	1,900
Acquired property income, net	**93**	41
Other non-interest income	**175**	706
Total non-interest income	**31,882**	24,404
Non-interest expense		
Salaries and employee benefits	**18,588**	17,565
Other operating expense	**8,383**	7,802
Total non-interest expense	**26,971**	25,367
Income before income taxes	**59,019**	59,908
Provision for income taxes	**1,368**	1,347
Net income	**$57,651**	$58,561
Other comprehensive income		
Employee benefit plans activity	**$83**	$59
Total other comprehensive income	**83**	59
Comprehensive income	**$57,734**	$58,620

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)
(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2019	$1	$23,019	$1,757,944	($2,252)	$1,778,712
Net income	--	--	58,561	--	58,561
Other comprehensive income	--	--	--	59	59
Unallocated surplus designated for patronage distributions	--	--	(24,987)	--	(24,987)
Capital stock and participation certificates issued	--	560	--	--	560
Capital stock and participation certificates retired	--	(393)	--	--	(393)
Balance at March 31, 2020	$1	$23,186	$1,791,518	($2,193)	$1,812,512
Balance at December 31, 2020	$1	$24,553	$1,923,172	($3,182)	$1,944,544
Net income	**--**	**--**	**57,651**	**--**	**57,651**
Other comprehensive income	**--**	**--**	**--**	**83**	**83**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(26,207)**	**--**	**(26,207)**
Capital stock and participation certificates issued	**--**	**869**	**--**	**--**	**869**
Capital stock and participation certificates retired	**--**	**(594)**	**--**	**--**	**(594)**
Balance at March 31, 2021	**$1**	**$24,828**	**$1,954,616**	**($3,099)**	**$1,976,346**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim Consolidated Statements of Condition and Consolidated Statements of Comprehensive Income. 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. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2021, are not necessarily indicative of the results to be expected for the year ending December 31, 2021. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2020 (2020 Annual Report).

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

Significant Accounting Policies

Effective March 2021, a change in accounting policy was elected to use the fair value method for calculating the market related value of assets for the fixed-income pension assets. This change in accounting principle requires retrospective application. However, the financial statement impact was deemed immaterial to historical and current periods. Therefore, the change was recorded through earnings in the first quarter of 2021.

There have been no other changes in our accounting policies as disclosed in our 2020 Annual Report, except as described in the Recently Issued or Adopted Accounting Pronouncements.

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	Description	Adoption status and financial statement impact
In March 2020, the FASB issued Accounting Standards Update (ASU) 2020-04 "Reference Rate Reform, Topic 848." In January 2021, the FASB issued 2021-01 further amending Topic 848. This guidance may be elected and applied prospectively over time from March 12, 2020, through December 31, 2022, as reference rate reform activities occur.	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.	During March 2021, we adopted this standard. To date, the adoption of this standard has not had a material impact on our financial condition, results of operations, cash flows, and financial statement disclosures.
In June 2016, the FASB issued 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.	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.	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 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type

(dollars in thousands)

As of:	**March 31, 2021**		December 31, 2020	
	Amount	**Percentage**	Amount	Percentage
Real estate mortgage	**$6,374,961**	**59.9%**	$6,292,857	59.4%
Production and intermediate-term	**1,970,059**	**18.5**	1,998,160	18.9
Agribusiness	**1,595,968**	**15.0**	1,640,282	15.5
Other	**696,768**	**6.6**	658,628	6.2
Total	**$10,637,756**	**100.0%**	$10,589,927	100.0%

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

Delinquency

Aging Analysis of Loans

(in thousands) **As of March 31, 2021**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$6,125**	**$11,705**	**$17,830**	**$6,390,770**	**$6,408,600**	**$ --**
Production and intermediate-term	**1,679**	**5,343**	**7,022**	**1,976,287**	**1,983,309**	**--**
Agribusiness	**--**	**95**	**95**	**1,599,512**	**1,599,607**	**--**
Other	**2,004**	**3**	**2,007**	**695,849**	**697,856**	**--**
Total	**$9,808**	**$17,146**	**$26,954**	**$10,662,418**	**$10,689,372**	**$ --**

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	Accruing Loans 90 Days or More Past Due
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

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.

Risk Loan Information

(in thousands) As of:	**March 31, 2021**	December 31, 2020
Volume with specific allowance	**$25,140**	$24,145
Volume without specific allowance	**19,949**	20,339
Total risk loans	**$45,089**	$44,484
Total specific allowance	**$8,954**	$8,966
For the three months ended March 31	**2021**	2020
Income on accrual risk loans	**$31**	$31
Income on nonaccrual loans	**394**	166
Total income on risk loans	**$425**	$197
Average risk loans	**$45,425**	$80,042

Note: Accruing loans include accrued interest receivable.

We had $2.3 million of commitments to lend additional money to borrowers whose loans were classified as risk loans at March 31, 2021.

Troubled Debt Restructurings (TDRs)

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 TDR, 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 TDRs are considered risk loans. All risk loans are analyzed within our allowance for loan losses. We record a specific allowance to reduce the carrying amount of the restructured loan to the lower of book value or net realizable value of collateral. There may be modifications made related to the COVID-19 pandemic or in the normal course of business that would not be considered TDRs.

There were no TDRs that occurred during the three months ended March 31, 2021, or 2020. In addition, there were no TDRs that defaulted during the three months ended March 31, 2021, in which the modification was within twelve months of the respective reporting period. We had TDRs in the production and intermediate-term loan category of $137 thousand that defaulted during the three months ended March 31, 2020, in which the modifications were within twelve months of the respective reporting period.

TDRs Outstanding

(in thousands) As of:	**March 31, 2021**	December 31, 2020
Accrual status:		
Real estate mortgage	**$2,460**	$2,489
Production and intermediate-term	**361**	362
Other	**225**	227
Total TDRs in accrual status	**$3,046**	$3,078
Nonaccrual status:		
Real estate mortgage	**$433**	$436
Production and intermediate-term	**252**	258
Other	**107**	163
Total TDRs in nonaccrual status	**$792**	$857
Total TDRs:		
Real estate mortgage	**$2,893**	$2,925
Production and intermediate-term	**613**	620
Other	**332**	390
Total TDRs	**$3,838**	$3,935

There were no commitments to lend to borrowers whose loans have been modified in a TDR at March 31, 2021.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands) Three months ended March 31	**2021**	2020
Balance at beginning of period	**$75,574**	$95,454
Provision for loan losses	**8,980**	953
Loan recoveries	**219**	60
Loan charge-offs	**(319)**	(187)
Balance at end of period	**$84,454**	$96,280

The "Provision for (reversal of) credit losses" in the Consolidated Statements of Comprehensive Income includes a provision for loan losses as presented in the previous chart, as well as a reversal of 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 three months ended March 31	**2021**	2020
Reversal of credit losses	**($674)**	($1,774)
As of:	**March 31, 2021**	December 31, 2020
Accrued credit losses	**$2,220**	$2,894

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $4.3 million at March 31, 2021, and $5.4 million at December 31, 2020. Our investment securities consisted of securities backed by pools of loans guaranteed by the Small Business Administration.

The investment securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. No investments within the portfolio were impaired at March 31, 2021, or December 31, 2020.

Additional Investment Securities Information

(dollars in thousands) As of:	**March 31, 2021**	December 31, 2020
Amortized cost	**$4,343**	$5,404
Unrealized gains	**9**	20
Unrealized losses	**(37)**	(47)
Fair value	**$4,315**	$5,377
Weighted average yield	**1.6%**	2.9%

Investment income is recorded in "Interest income" in the Consolidated Statements of Comprehensive Income and totaled $22 thousand and $96 thousand for the three months ended March 31, 2021, and 2020, respectively.

NOTE 4: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2020 Annual Report for a more complete description of the three input levels.

We did not have any material assets or liabilities measured at fair value on a recurring basis at March 31, 2021, or December 31, 2020.

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 March 31, 2021	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	**$ --**	**$ --**	**$16,995**	**$16,995**
Acquired property	**--**	**--**	**3,324**	**3,324**

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

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 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 7, 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 Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.