GreenStone Farm Credit Services, ACA

Quarterly Report
September 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of GreenStone Farm Credit Services, ACA 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, 2021 (2021 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
Kim.Brunner@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 2021 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.

AGRICULTURAL AND ECONOMIC CONDITIONS

The United States (U.S.) real gross domestic product (GDP) increased at an annual rate of 2.6% in the third quarter of 2022, according to the Bureau of Economic Analysis. This reflects increases in exports, consumer spending, nonresidential fixed investment, federal government spending, and state and local government spending. These increases were partially offset by decreases in residential fixed investment and private inventory investment. Imports, which are a subtraction in the calculation of GDP, decreased. The increase in the third quarter is following decreases of 0.6% and 1.6% in the second and first quarters of 2022, respectively.

The U.S. Bureau of Labor Statistics reported the Consumer Price Index (CPI) rose 0.4% in September 2022 on a seasonally adjusted basis, after rising 0.1% in August 2022. The CPI increased 8.2% for the 12 months ending in September 2022. The energy index increased 19.8%, which included gasoline increasing 18.2%, electricity increasing 15.5%, and natural gas increasing 33.1%. The food index increased 11.2% over the last year, with food at home increasing 13.0%, and food away from home increasing 8.5%.

The Federal Open Market Committee (FOMC) increased the federal funds rate by a fourth consecutive 0.75% at their November 2022 meeting, which is following increases of 0.25% and 0.50% in March and May, respectively. In total, this has brought the federal funds target rate to a range of 3.75%-4.00%. Meanwhile, the Federal Reserve is continuing to reduce its bond holdings at a pace of $95 billion per month. Payrolls continue to demonstrate strong growth and core inflation is still running well above targeted levels. Given these factors, the FOMC is expected to increase the federal funds again at their meeting in December 2022.

The housing market is one of the sectors most significantly impacted by the higher interest rates as affordability has been challenged. Total housing starts fell 8.1%, to a 1.4 million-unit annual pace in September 2022, which is down 20.3% from the peak in April 2022. Single-family housing starts fell 4.7% and decreased in six of the past seven months. Permits for single-family homes also fell 3.1%. Multifamily starts fell 13.2% but multifamily permits remain elevated, climbing 7.8% in September 2022.

The U.S. Department of Agriculture (USDA) reported in the Farm Sector Income Forecast a 21.2% increase in farm cash receipts in 2022. Of the $91.7 billion year-over-year increase expected for farm receipts, higher commodity prices are expected to contribute $80.4 billion, while increased production and other factors are expected to contribute $11.3 billion. Combined receipts for corn, soybeans, and wheat are forecast to increase by $30.7 billion but receipts are expected to fall for potatoes, fruits, and nuts. Total animal/animal product cash receipts are expected to increase by $55.3 billion. Growth in receipts is forecast for all major animal/animal products, with the largest percentage increases expected for broilers, milk, and eggs. After reaching a record high of $45.5 billion in calendar year 2020, direct government farm program payments decreased to $25.8 billion in 2021 and are forecast to decrease further to $13.0 billion in 2022.

The USDA National Agricultural Statistics Service (NASS) Crop Production report forecast corn and soybean production down in October 2022 from the previous month. Corn production is down 8.0% from last year, forecast at 13.9 billion bushels. Corn yields are expected to average 171.9 bushels per harvested acre with a total harvested area forecast of 80.8 million acres. Soybean production is down 3.4% from 2021, forecast at 4.3 billion bushels. Soybean yields are expected to average 49.8 bushels per acre with a total harvested area forecast of 86.6 million acres.

The USDA October Livestock, Dairy, and Poultry Outlook raised their all-milk price forecast for 2022 to $25.60 per hundredweight (cwt), $0.15 per cwt higher than last month's forecast. The all-milk price forecast for 2023 is $22.90 per cwt, $0.20 higher than the September forecast. Milk forecasts for both 2022 and 2023 were raised based on higher expected milk cow numbers and higher yields.

The value of average cropland in the U.S. increased from $4,420 per acre in 2021 to $5,050 per acre in 2022 according to the USDA NASS Land Values 2022 Summary report. The average cropland value in Michigan increased 12.8%, to $5,300 per acre and the average cropland value in Wisconsin increased 13.6%, to $6,000 per acre.

LOAN PORTFOLIO

Loan Portfolio

Owned loan volume totaled $12.2 billion at September 30, 2022, a $730.1 million increase from December 31, 2021.

Total owned and managed loan volume, including serviced volume on the real estate loans sold to AgriBank, was $12.3 billion at September 30, 2022, a $720.0 million increase from December 31, 2021. Our combined mortgage portfolio increased $769.6 million, or 8.5% from December 31, 2021, while our short-term commercial loan portfolio decreased $49.5 million, or 2.0% from December 31, 2021. When compared to September 30, 2021, owned and managed loan volume increased 11.8%. This increase was driven by growth in all market segments and led by our capital markets and country living segments that have increased 37.1% and 6.9% since September 30, 2021, respectively. Our current volume reflects an asset growth rate year-over-year that is running above our 2022 Business Plan.

Portfolio Credit Quality

The credit quality of our loan portfolio improved slightly during the first nine months of 2022. Acceptable loan credit quality, as measured under the Uniform Classification System, was 96.8% at September 30, 2022, which increased from 95.1% at December 31, 2021. Year-over-year, acceptable credit quality increased 2.5% from 94.3% at September 30, 2021. Portfolio assets criticized as being less than acceptable was comprised of 1.7% other assets especially mentioned (OAEM) and 1.5% adversely classified. OAEM decreased 1.1% and adversely classified decreased 0.6% from December 31, 2021.

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, poultry, and cash crop portfolios were challenged financially during the first nine months of 2022.

The resulting level of credit quality, when combined with our earnings and addition to capital surplus, resulted in our adverse assets to regulatory capital ratio of 9.0%, which decreased 4.4% from December 31, 2021.

In certain circumstances, the Federal Agricultural Mortgage Corporation and other government agency guarantee programs are used to reduce the risk of loss. At September 30, 2022, $405.4 million of our loans were substantially guaranteed under these programs. The guaranteed loan volume decreased from $424.4 million at December 31, 2021.

Risk Assets

Components of Risk Assets

(dollars in thousands) As of:	**September 30, 2022**	December 31, 2021
Loans:		
Nonaccrual	**$28,849**	$48,269
Accruing restructured	**2,434**	2,720
Accruing loans 90 days or more past due	**122**	--
Total risk loans	**31,405**	50,989
Acquired property	**792**	1,750
Total risk assets	**$32,197**	$52,739
Total risk loans as a percentage of total loans	**0.3%**	0.4%
Nonaccrual loans as a percentage of total loans	**0.2%**	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	**82.0%**	57.6%
Total delinquencies as a percentage of total loans	**0.1%**	0.3%

Note: Accruing loans include accrued interest receivable.

Our risk assets have decreased from December 31, 2021, and have remained at acceptable levels. Total risk loans as a percentage of total loans remained well within our established risk management guidelines and were near historical lows.

Nonaccrual loans decreased from $48.3 million at December 31, 2021, to $28.8 million at September 30, 2022. This decrease was primarily due to a large dairy that was sold during March of 2022, which was partially offset by a capital markets relationship that went nonaccrual in August of 2022. As of September 30, 2022, 42.0% of the nonaccrual loan portfolio was due to a capital markets purchased participation, 15.6% was comprised of dairy loans, and 11.0% was comprised of cash crop loans.

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:	**September 30, 2022**	December 31, 2021
Allowance as a percentage of:		
Loans	**0.3%**	0.5%
Nonaccrual loans	**134.6%**	114.1%
Total risk loans	**123.7%**	108.0%

The allowance for loan losses decreased $16.2 million from December 31, 2021, to $38.8 million at September 30, 2022. During the first nine months of 2022, a reversal of provision for loan losses of $24.3 million along with $8.1 million of net recoveries were recorded. The industry reserve for the dairy portfolio decreased throughout the first three quarters of 2022 from $19.9 million at December 31, 2021, to $0 at September 30, 2022. The higher milk prices over the past couple years has improved the financial strength in our dairy portfolio, which warranted removing the industry reserve at September 30, 2022. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at September 30, 2022.

Under certain circumstances, credit losses may be recorded to establish a reserve on unfunded loan commitments. The “Reversal of provision for credit losses” in the Consolidated Statements of Income for the nine months ended September 30, 2022, included a reversal of provision for credit losses on unfunded loan commitments of $3.3 million. The accrued credit losses are recorded in “Other liabilities” in the Consolidated Statements of Condition. There were no accrued credit losses related to unfunded loan commitments at September 30, 2022.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the nine months ended September 30	**2022**	2021
Net income	**$220,866**	$194,137
Return on average assets	**2.4%**	2.3%
Return on average members' equity	**13.6%**	12.9%

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 nine months ended September 30	**2022**	2021	**Increase (decrease) in net income**
Net interest income	**$217,835**	$189,680	**$28,155**
Reversal of provision for credit losses	**27,640**	7,689	**19,951**
Patronage income	**44,728**	42,778	**1,950**
Financially related services income	**12,359**	11,161	**1,198**
Fee income	**16,158**	28,555	**(12,397)**
Other non-interest income	**1,007**	722	**285**
Non-interest expense	**(92,956)**	(82,232)	**(10,724)**
Provision for income taxes	**(5,905)**	(4,216)	**(1,689)**
Net income	**$220,866**	$194,137	**$26,729**

Net Interest Income

Changes in Net Interest Income

(in thousands) For the nine months ended September 30	2022 vs 2021
Changes in volume	$18,000
Changes in interest rates	3,740
Changes in nonaccrual income and other	6,415
Net change	$28,155

Reversal of Provision for Credit Losses

During the first nine months of 2022 we recorded a reversal of provision for credit losses of $27.6 million, which was primarily due to a commercial nonaccrual dairy relationship that was sold in March of 2022, along with the removal of the dairy industry reserve. These reversals of provision were partially offset by the downgrade of a capital markets purchased participation. The reversal of credit losses of $7.7 million in the first nine months of 2021 was primarily due to reductions in the industry reserve for the dairy and cash gain portfolios, along with a commercial nonaccrual dairy relationship that was sold in April of 2021. These decreases were partially offset by the downgrades of a commercial dairy relationship and a capital markets relationship.

Fee Income

The decrease in fee income was primarily due to no fees collected from the Small Business Administration for the Paycheck Protection Program loans in the first nine months of 2022, compared to $8.3 million collected during the first nine months of 2021. In addition, loan conversion fees were only $124 thousand through September 30, 2022, compared to $4.3 million through September 30, 2021.

Non-Interest Expense

The variance in non-interest expense in 2022 compared to 2021 was primarily due to an increase in salaries and employee benefit expense, along with an increase in the Farm Credit System insurance expense. The Farm Credit System Insurance Corporation (FCSIC) charged a higher premium rate on accrual loans in 2022 due to recent and expected future growth in the Farm Credit System in 2022. The premium rate for the first nine months of 2022 was 20 basis points on Association borrowings, which increased from 16 basis points compared to the same period in 2021. 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 September 30, 2022, or December 31, 2021.

Total members’ equity increased $135.4 million from December 31, 2021, primarily due to net income for the period, which was 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 2021 Annual Report for a more complete description of these ratios. Effective January 1, 2022, the FCA regulations slightly modified the calculation of the unallocated retained earnings and equivalents leverage ratio to include certain additional deductions. The modification did not have a material impact on this ratio.

Regulatory Capital Requirements and Ratios As of:	**September 30, 2022**	December 31, 2021	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**15.4%**	15.8%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**15.4%**	15.8%	6.0%	2.5%	8.5%
Total regulatory capital ratio	**15.7%**	16.4%	8.0%	2.5%	10.5%
Permanent capital ratio	**15.4%**	15.9%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**16.3%**	16.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**16.1%**	18.1%	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 2021 Annual Report.

CERTIFICATION

The undersigned have reviewed the September 30, 2022, 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

Travis D. Jones
Chief Executive Officer
GreenStone Farm Credit Services, ACA

Kimberly S. Brunner
Executive Vice President – Chief Financial Officer
GreenStone Farm Credit Services, ACA

November 8, 2022

CONSOLIDATED STATEMENTS OF CONDITION

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

As of:	**September 30, 2022**	December 31, 2021
ASSETS		
Loans	**$12,222,242**	$11,492,173
Allowance for loan losses	**38,843**	55,056
Net loans	**12,183,399**	11,437,117
Investment in AgriBank, FCB	**308,777**	284,770
Investment securities	**1,526**	2,992
Accrued interest receivable	**83,732**	60,120
Premises and equipment, net	**51,783**	48,083
Other assets	**108,900**	94,396
Total assets	**$12,738,117**	$11,927,478
LIABILITIES		
Note payable to AgriBank, FCB	**$10,308,783**	$9,619,904
Accrued interest payable	**55,241**	31,570
Patronage distribution payable	**86,250**	115,000
Deferred tax liabilities, net	**3,384**	182
Other liabilities	**54,336**	66,120
Total liabilities	**10,507,994**	9,832,776
Contingencies and commitments (Note 3)		
MEMBERS' EQUITY		
Protected members' equity	**1**	1
Capital stock and participation certificates	**25,878**	25,498
Unallocated surplus	**2,207,655**	2,072,939
Accumulated other comprehensive loss	**(3,411)**	(3,736)
Total members' equity	**2,230,123**	2,094,702
Total liabilities and members' equity	**$12,738,117**	$11,927,478

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		Nine Months Ended	
For the period ended September 30	**2022**	2021	**2022**	2021
Interest income	**$129,156**	$94,003	**$344,536**	$282,035
Interest expense	**55,241**	30,826	**126,701**	92,355
Net interest income	**73,915**	63,177	**217,835**	189,680
Reversal of provision for credit losses	**(2,194)**	(5,874)	**(27,640)**	(7,689)
Net interest income after reversal of provision for credit losses	**76,109**	69,051	**245,475**	197,369
Non-interest income				
Patronage income	**16,062**	14,047	**44,728**	42,778
Financially related services income	**4,433**	3,617	**12,359**	11,161
Fee income	**5,685**	5,987	**16,158**	28,555
Other non-interest income	**321**	192	**1,007**	722
Total non-interest income	**26,501**	23,843	**74,252**	83,216
Non-interest expense				
Salaries and employee benefits	**21,097**	19,594	**61,293**	57,197
Other operating expense	**11,047**	8,324	**31,663**	25,035
Total non-interest expense	**32,144**	27,918	**92,956**	82,232
Income before income taxes	**70,466**	64,976	**226,771**	198,353
(Benefit from) provision for income taxes	**(91)**	659	**5,905**	4,216
Net income	**$70,557**	$64,317	**$220,866**	$194,137
Other comprehensive income				
Employee benefit plans activity	**$108**	$84	**$325**	$250
Total other comprehensive income	**108**	84	**325**	250
Comprehensive income	**$70,665**	$64,401	**$221,191**	$194,387

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, 2020	$1	$24,553	$1,923,172	($3,182)	$1,944,544
Net income	--	--	194,137	--	194,137
Other comprehensive income	--	--	--	250	250
Unallocated surplus designated for patronage distributions	--	--	(78,707)	--	(78,707)
Capital stock and participation certificates issued	--	2,559	--	--	2,559
Capital stock and participation certificates retired	--	(1,717)	--	--	(1,717)
Balance at September 30, 2021	$1	$25,395	$2,038,602	($2,932)	$2,061,066
Balance at December 31, 2021	$1	$25,498	$2,072,939	($3,736)	$2,094,702
Net income	**--**	**--**	**220,866**	**--**	**220,866**
Other comprehensive income	**--**	**--**	**--**	**325**	**325**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(86,150)**	**--**	**(86,150)**
Capital stock and participation certificates issued	**--**	**1,889**	**--**	**--**	**1,889**
Capital stock and participation certificates retired	**--**	**(1,509)**	**--**	**--**	**(1,509)**
Balance at September 30, 2022	**$1**	**$25,878**	**$2,207,655**	**($3,411)**	**$2,230,123**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the nine months ended September 30, 2022, are not necessarily indicative of the results to be expected for the year ending December 31, 2022. 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, 2021 (2021 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.

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 June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." 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 amended 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.	We expect to adopt the standard as of January 1, 2023. We have completed development and validation of our model to estimate credit losses for our loan portfolio. The implementation of processes, procedures, internal controls, and policy updates are substantially complete. We are also in the process of drafting disclosures. We are evaluating the impact of the standard as it relates to our investment portfolio. The extent of the impact on our financial statements will depend on economic conditions, forecasts, and the composition of our loan and investment portfolios at the time of adoption. We do not expect the standard to have a significant impact on the financial statements related to our investment portfolio.
In March 2022, the FASB issued ASU 2022-02 “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.” The guidance is effective at the same time that ASU 2016-13 is adopted.	This guidance eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, Receivables - Troubled Debt Restructurings by Creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings.	We intend to adopt the standard concurrently with the adoption of ASU 2016-13 as amended. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures required under ASU 2016-13.

NOTE 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type

(dollars in thousands)

As of:	**September 30, 2022**		December 31, 2021	
	Amount	**Percentage**	Amount	Percentage
Real estate mortgage	**$6,719,966**	**55.0%**	$6,662,615	57.9%
Production and intermediate-term	**1,994,731**	**16.3**	2,053,528	17.9
Agribusiness	**2,703,130**	**22.1**	2,078,287	18.1
Other	**804,415**	**6.6**	697,743	6.1
Total	**$12,222,242**	**100.0%**	$11,492,173	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 September 30, 2022**	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	**$9,594**	**$3,121**	**$12,715**	**$6,760,901**	**$6,773,616**	**$ --**
Production and intermediate-term	**1,730**	**310**	**2,040**	**2,011,914**	**2,013,954**	**122**
Agribusiness	**21**	**--**	**21**	**2,712,218**	**2,712,239**	**--**
Other	**1,231**	**86**	**1,317**	**804,841**	**806,158**	**--**
Total	**$12,576**	**$3,517**	**$16,093**	**$12,289,874**	**$12,305,967**	**$122**

As of December 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	$26,029	$1,288	$27,317	$6,676,975	$6,704,292	$ --
Production and intermediate-term	10,170	1,174	11,344	2,055,196	2,066,540	--
Agribusiness	131	--	131	2,082,629	2,082,760	--
Other	1,212	317	1,529	697,163	698,692	--
Total	$37,542	$2,779	$40,321	$11,511,963	$11,552,284	$ --

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:	**September 30, 2022**	December 31, 2021
Volume with specific allowance	**$16,767**	$35,972
Volume without specific allowance	**14,638**	15,017
Total risk loans	**$31,405**	$50,989
Total specific allowance	**$11,082**	$5,423
For the nine months ended September 30	**2022**	2021
Income on accrual risk loans	**$97**	$106
Income on nonaccrual loans	**7,986**	1,700
Total income on risk loans	**$8,083**	$1,806
Average risk loans	**$30,458**	$46,026

Note: Accruing loans include accrued interest receivable.

We had $6.1 million of commitments to lend additional money to borrowers whose loans were classified as risk loans at September 30, 2022.

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 in the normal course of business that would not be considered TDRs.

TDR Activity

(in thousands) Nine months ended September 30	2022		2021	
	Pre-modification	**Post-modification**	Pre-modification	Post-modification
Real estate mortgage	**$1,919**	**$1,919**	$195	$193
Production and intermediate-term	**--**	**--**	67	67
Total	**$1,919**	**$1,919**	$262	$260

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, compromise of interest, deferral of principal, and interest rate reduction below market.

TDRs that Occurred Within the Previous 12 Months that Subsequently Defaulted During the Nine Months Ended September 30,

(in thousands)	2022	2021
Real estate mortgage	**$1,901**	$ --
Production and intermediate-term	**--**	209
Total	**$1,901**	$209

TDRs Outstanding

(in thousands) As of:	September 30, 2022	December 31, 2021
Accrual status:		
Real estate mortgage	**$1,867**	$2,082
Production and intermediate-term	**263**	318
Other	**304**	320
Total TDRs in accrual status	**$2,434**	$2,720
Nonaccrual status:		
Real estate mortgage	**$2,606**	$773
Production and intermediate-term	**75**	307
Other	**2**	8
Total TDRs in nonaccrual status	**$2,683**	$1,088
Total TDRs:		
Real estate mortgage	**$4,473**	$2,855
Production and intermediate-term	**338**	625
Other	**306**	328
Total TDRs	**$5,117**	$3,808

There were no commitments to lend to borrowers whose loans have been modified in a TDR at September 30, 2022.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands) Nine months ended September 30	2022	2021
Balance at beginning of period	**$55,056**	$75,574
Reversal of provision for loan losses	**(24,325)**	(8,529)
Loan recoveries	**8,495**	2,880
Loan charge-offs	**(383)**	(704)
Balance at end of period	**$38,843**	$69,221

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 nine months ended September 30	**2022**	2021
(Reversal of) provision for credit losses	**($3,315)**	$840

As of:	**September 30, 2022**	December 31, 2021
Accrued credit losses	**$ --**	$3,315

NOTE 3: CONTINGENCIES AND COMMITMENTS

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

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

Refer to Note 12 in our 2021 Annual Report for additional detail regarding contingencies and commitments.

NOTE 4: 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 2021 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at September 30, 2022, or December 31, 2021.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis

(in thousands)

As of September 30, 2022	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	**$ --**	**$ --**	**$5,969**	**$5,969**
Acquired property	**--**	**--**	**3,419**	**3,419**

As of December 31, 2021	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Impaired loans	$ --	$ --	$32,076	$32,076
Acquired property	--	--	4,585	4,585

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 5: SUBSEQUENT EVENTS

We have evaluated subsequent events through November 8, 2022, 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.