QUARTERLY REPORT

September 30, 2024

FARM CREDIT OF WESTERN KANSAS, ACA

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DISCLOSURE OF IMPACT OF BANK OPERATIONS ON SHAREHOLDERS' INVESTMENT IN THE ASSOCIATION

The shareholders' investment in Farm Credit of Western Kansas, ACA is materially affected by the financial condition and results of operations of CoBank, ACB (CoBank). The 2023 CoBank Annual Report to Shareholders and the CoBank Quarterly Shareholders' Reports are available free of charge by accessing CoBank's web site, www.cobank.com, or may be obtained at no charge by contacting us at:

Farm Credit of Western Kansas, ACA
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Colby, Kansas 67701
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

The following discussion summarizes the financial position and results of operations of Farm Credit of Western Kansas, ACA (the Association) for the nine months ended September 30, 2024, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2023 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

Our financial condition and profitability remain strong. We are following a favorable earnings year in 2023, and our net income and accrual loan volume have continued to increase in 2024. We distributed a $5.5 million patronage to borrowers this year. Accrual loan volume increased 7.70% during the first nine months of 2024 and average year-to-date accrual loan volume was 14.75% higher than the same period in the prior year. Capital remains very strong and exceeds regulatory standards.

Grain prices have declined while livestock prices have remained relatively strong. The 2024 renewal season shows some additional stress in the portfolio as lower grain prices and high costs present challenges to borrowers. Portions of the borrowing area were impacted by hailstorms, but many producers harvested a wheat crop that was above average. Limited moisture in the area has resulted in below average fall crops.

Despite the softening of growth in the U.S. economy and concerns surrounding high interest rates in the first half of 2024, the U.S. economy remains strong. Inflation continues to gradually decelerate and interest rates have started to drop as a result. The Federal Reserve announced at its September 2024 meeting that rates would be lowered to a range of 4.75% - 5.00%. Further rate cuts are anticipated by the end of 2024 and in 2025. Real Gross Domestic Product (GDP) and consumer spending have started to trend upwards, and are forecasted to continue to climb at a steady pace through the rest of the year. After recording strong growth for the past two years, net cash farm income is forecasted to decrease by 7.2% in 2024 according to the USDA. This decrease is primarily driven by high farming expenses, lower direct government payments, and weakening commodity prices. Global conflicts continue to put additional pressures on commodity prices, and in combination with the nearing U.S. elections, have contributed to volatility and uncertainty in the markets.

LOAN PORTFOLIO

Loans outstanding at September 30, 2024, totaled $518.8 million, an increase of $37.7 million, or 7.83%, from loans of $481.1 million at December 31, 2023. The increase was primarily due to participations purchased in the agribusiness and rural infrastructure sectors and decreased borrower liquidity in the production and intermediate sector. These increases were partially offset by a decrease in real estate loans as a result of paydowns and lower demand.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2024, was $8.6 million, an increase of $984 thousand, or 12.91%, from the same period ended one year ago. The increase was primarily due to net interest income and noninterest income partially offset by an increase in provision for credit losses.

Net interest income for the nine months ended September 30, 2024, was $11.5 million, an increase of $916 thousand, or 8.70%, compared with the nine months ended September 30, 2023. Net interest income increased as a result of an overall increase in average loan volume partially offset by a decrease in the net interest margin of 16 basis points.

The provision for credit losses for the nine months ended September 30, 2024, was $115 thousand, an increase of $216 thousand from the credit loss reversal for the same period ended one year ago. The provision for credit losses increased as a result of an overall increase in the average loan volume partially offset by improved credit quality.

Noninterest income increased $304 thousand during the first nine months of 2024 compared with the first nine months of 2023 primarily due to increases in patronage from Farm Credit institutions of $217 thousand. Patronage distribution from Farm Credit institutions increased in the nine months ended September 30, 2024, compared with the first nine months in 2023 primarily due to increased patronage from CoBank related to our direct note payable with CoBank. Also included in noninterest income is a refund of $122 thousand from Farm Credit System Insurance Corporation (FCSIC). There was no refund received in 2023. The refund is our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. Refer to the 2023 Annual Report to Shareholders for additional information.

We received mineral income of $174 thousand during the first nine months of 2024, which is distributed to us quarterly by CoBank. The decrease for the nine months ended September 30, 2024, compared with the first nine months of 2023 is due to lower oil and gas commodity prices paid on production.

During the first nine months of 2024, noninterest expense increased $20 thousand to $5.3 million, primarily due to increases in other noninterest expense, driven by increases of $80 thousand in Foundations HR consulting services fees, $48 thousand in director fees, $24 thousand in professional fees, and $23 thousand in public and member relations. These increases were partially offset by decreases of $132 thousand in the Farm Credit Insurance Fund premium and $127 thousand in the purchased services from AgVantis. FCSIC premiums decreased for the nine months ended September 30, 2024, compared with the same period in 2023 due to a decrease in the insurance premium accrual assessment rate on Systemwide adjusted insured debt from 18 basis points to 10 basis points.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2024, was $120.5 million, an increase from $111.9 million at December 31, 2023. This increase is primarily due to net income.

CHANGES IN LEADERSHIP

Our President/CEO, Randy Wilson, retired October 31, 2024. The Board of Directors and Association leadership appointed Jessica Vaughn, the former Chief Credit Officer, to take over the role of President/CEO effective September 1, 2024. Darris DeGood was promoted to Chief Credit Officer effective September 1, 2024.

The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.

Mark A. Wood
Audit Committee Chairman
November 6, 2024

Jessica A. Vaughn
President, CEO
November 6, 2024

Christopher R. Halbleib
Chief Financial Officer
November 6, 2024

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2024	December 31 2023
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 518,800**	$ 481,111
Less allowance for loan losses	**1,241**	1,165
Net loans	**517,559**	479,946
Cash	**790**	4,878
Accrued interest receivable	**12,610**	8,724
Investment in CoBank, ACB	**9,873**	9,867
Premises and equipment, net	**2,919**	2,951
Prepaid benefit expense	**3,176**	3,280
Other assets	**2,094**	2,753
Total assets	**$ 549,021**	$ 512,399
LIABILITIES		
Note payable to CoBank, ACB	**$ 415,387**	$ 381,701
Advance conditional payments	**11,112**	10,763
Accrued interest payable	**865**	899
Patronage distributions payable	**-**	5,514
Accrued benefits liability	**78**	80
Reserve for unfunded commitments	**258**	217
Other liabilities	**819**	1,319
Total liabilities	**$ 428,519**	$ 400,493
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**716**	725
Unallocated retained earnings	**119,786**	111,181
Total shareholders' equity	**120,502**	111,906
Total liabilities and shareholders' equity	**$ 549,021**	$ 512,399

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the three months ended September 30		For the nine months ended September 30	
UNAUDITED	**2024**	2023	**2024**	2023
INTEREST INCOME				
Loans	**$ 7,687**	$ 6,354	**$ 22,080**	$ 17,470
Total interest income	**7,687**	6,354	**22,080**	17,470
INTEREST EXPENSE				
Note payable to CoBank, ACB	**3,769**	2,645	**10,491**	6,762
Other	**44**	60	**139**	174
Total interest expense	**3,813**	2,705	**10,630**	6,936
Net interest income	**3,874**	3,649	**11,450**	10,534
Provision for credit losses/(Credit loss reversals)	**14**	(625)	**115**	(101)
Net interest income after provision for credit losses/credit loss reversals	**3,860**	4,274	**11,335**	10,635
NONINTEREST INCOME				
Financially related services income	**465**	476	**693**	729
Loan fees	**70**	87	**234**	188
Patronage distribution from Farm Credit institutions	**451**	382	**1,313**	1,096
Farm Credit Insurance Fund distribution	**-**	-	**122**	-
Mineral income	**55**	56	**174**	223
Other noninterest income	**10**	4	**18**	14
Total noninterest income	**1,051**	1,005	**2,554**	2,250
NONINTEREST EXPENSE				
Salaries and employee benefits	**915**	894	**2,509**	2,480
Occupancy and equipment	**59**	53	**182**	177
Purchased services from AgVantis, Inc.	**362**	405	**1,087**	1,214
Farm Credit Insurance Fund premium	**93**	142	**272**	404
Supervisory and examination costs	**49**	42	**145**	128
Other noninterest expense	**357**	304	**1,089**	861
Total noninterest expense	**1,835**	1,840	**5,284**	5,264
Net income/Comprehensive income	**$ 3,076**	$ 3,439	**$ 8,605**	$ 7,621

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2022	$ 732	$ 106,174	$ 106,906
Comprehensive income		7,621	7,621
Stock issued	21		21
Stock retired	(30)		(30)
Cumulative effect of CECL adoption		147	147
Balance at September 30, 2023	$ 723	$ 113,942	$ 114,665
Balance at December 31, 2023	$ 725	$ 111,181	$ 111,906
Comprehensive income		8,605	8,605
Stock issued	24		24
Stock retired	(33)		(33)
Balance at September 30, 2024	**$ 716**	**$ 119,786**	**$ 120,502**

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Western Kansas, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2023, are contained in the 2023 Annual Report to Shareholders. These unaudited third quarter 2024 financial statements should be read in conjunction with the 2023 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2023, as contained in the 2023 Annual Report to Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2024. Descriptions of the significant accounting policies are included in the 2023 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted or Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 – Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments are effective for annual periods beginning after December 15, 2024. The adoption of this guidance is not expected to have a material impact on the Association’s financial condition, results of operations, or cash flows.

NOTE 2 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

A summary of loans follows.

(dollars in thousands)	**September 30, 2024**	December 31, 2023
Real estate mortgage	**$ 327,209**	$ 331,429
Production and intermediate-term	**132,148**	101,886
Agribusiness	**33,712**	27,467
Rural infrastructure	**21,595**	16,193
Agricultural export finance	**4,136**	4,136
Total loans	**$ 518,800**	$ 481,111

The Association purchases and sells participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at September 30, 2024:

	Other Farm Credit Institutions	
(dollars in thousands)	Purchased	Sold
Real estate mortgage	$ 26,343	$ 22,562
Production and intermediate-term	33,872	8,790
Agribusiness	32,871	842
Rural infrastructure	21,595	-
Agricultural export finance	4,136	-
Total	$ 118,817	$ 32,194

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. The Association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position, and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The institution reviews, at least on an annual basis, or when a credit action is taken, the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

The following table shows loans under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans by loan type as of:

	September 30, 2024	December 31, 2023
Real estate mortgage		
Acceptable	**98.73%**	98.09%
OAEM	**1.26%**	1.26%
Substandard	**0.01%**	0.65%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**97.69%**	97.30%
Substandard	**2.31%**	2.70%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**87.62%**	83.49%
OAEM	**12.38%**	16.51%
Total	**100.00%**	100.00%
Agricultural export finance		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**98.54%**	97.98%
OAEM	**1.31%**	1.42%
Substandard	**0.15%**	0.60%
Total	**100.00%**	100.00%

Accrued interest receivable on loans of $12.6 million at September 30, 2024 and $8.7 million at December 31, 2023 has been excluded from the amortized cost of loans and reported separately in the Consolidated Statement of Condition. The Association did not write off any accrued interest receivable during the first nine months of 2024 or 2023.

Nonperforming assets consist of nonaccrual loans, accruing loans 90 days or more past due, and other property owned. The following table shows these nonperforming assets and related credit quality statistics as follows:

(dollars in thousands)	**September 30, 2024**	December 31, 2023
Nonaccrual loans		
Real estate mortgage	**$ 3**	$ 4
Total nonperforming assets	**$ 3**	$ 4
Nonaccrual loans to total loans	**<0.01%**	<0.01%
Nonperforming assets to total loans and other property owned	**<0.01%**	<0.01%
Nonperforming assets to total shareholders' equity	**<0.01%**	<0.01%

The Association had no accruing loans 90 days or more past due or other property owned for the periods presented.

The following tables provide the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual loans during the period:

(dollars in thousands)	**September 30, 2024**	December 31, 2023
Nonaccrual loan volume without related allowance for loan losses	**$ 3**	$ 4
Total nonaccrual loans	**$ 3**	$ 4

	Interest Income Recognized			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
(dollars in thousands)	**2024**	2023	**2024**	2023
Interest income on nonaccrual loans	**$ -**	$ 113	**$ -**	$ 113
Total interest income on nonaccrual loans	**$ -**	$ 113	**$ -**	$ 113

The following tables provide an age analysis of past due loans at amortized cost.

	September 30, 2024					
(dollars in thousands)	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 Loans	Recorded Investment > 90 Days and Accruing
Real estate mortgage	$ -	$ -	$ -	$ 327,209	$ 327,209	$ -
Production and intermediate-term	-	-	-	132,148	132,148	-
Agribusiness	-	-	-	33,712	33,712	-
Rural infrastructure	-	-	-	21,595	21,595	-
Agricultural export finance	-	-	-	4,136	4,136	-
Total	$ -	$ -	$ -	$ 518,800	$ 518,800	$ -

	December 31, 2023					
(dollars in thousands)	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 Loans	Recorded Investment > 90 Days and Accruing
Real estate mortgage	$ 103	$ -	$ 103	$ 331,326	$ 331,429	$ -
Production and intermediate-term	-	-	-	101,886	101,886	-
Agribusiness	-	-	-	27,467	27,467	-
Rural infrastructure	-	-	-	16,193	16,193	-
Agricultural export finance	-	-	-	4,136	4,136	-
Total	$ 103	$ -	$ 103	$ 481,008	$ 481,111	$ -

Loan Modifications to Borrowers Experiencing Financial Difficulty

The following tables show the amortized cost basis at the end of the respective reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

	Term Extension			
	For the Three Months Ended		For the Nine Months Ended	
(dollars in thousands)	**September 30, 2024**	% of Portfolio Segment	**September 30, 2024**	% of Portfolio Segment
Agribusiness	**$ 779**	2.31%	**$ 779**	2.31%
Total	**$ 779**		**$ 779**	

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty was $5 thousand as of the three months and nine months ended September 30, 2024.

There were no loan modifications to borrowers experiencing financial difficulty as of the three and nine months ended September 30, 2023.

The following tables describe the financial effect of the modifications made to borrowers experiencing financial difficulty during the periods presented.

	Weighted-Average Term Extension (in months)			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	**2024**	2023
Agribusiness	**13.5**	-	**13.5**	-

There were no loans to borrowers experiencing financial difficulty that defaulted during the nine months ended September 30, 2024 or September 30, 2023 which were modified during the twelve months prior to those periods.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 30, 2024:

	Payment Status of Modified Loans		
	During the Past Twelve Months Ended September 30, 2024		
(dollars in thousands)	Current	30-89 Days Past Due	90 Days or More Past Due
Agribusiness	$ 779	$ -	$ -
Total	$ 779	$ -	$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2024 were $831 thousand and during the year ended December 31, 2023 were $868 thousand.

The Association had no loans held for sale at September 30, 2024 and December 31, 2023.

Allowance for Credit Losses

The allowance for credit losses (ACL) represents the estimated current expected credit losses over the remaining contractual life of the loans measured at amortized cost and certain off-balance sheet credit exposures. The ACL takes into consideration relevant information about past events, current conditions, and reasonable and supportable macroeconomic forecasts of future conditions. The contractual term excludes expected extensions, renewals, and modifications. The Association uses a single economic scenario over a reasonable and supportable forecast period of 12 months. Subsequent to the forecast period, the Association explicitly reverts to long run historical loss experience beyond the 12 months to inform the estimate of losses for the remaining contractual life of the loan portfolio. The economic forecasts are updated on a quarterly basis and incorporate macroeconomic variables such as agricultural commodity prices, unemployment rates, Gross Domestic Product (GDP) annual growth rates, government spending to GDP, real consumer spending, United States exports, inflation, and Fed Funds rates.

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the Association's lending and leasing limit base but the Association's board of directors has generally established more restrictive lending limits. This limit applies to Associations with long-term and short- and intermediate-term lending authorities.

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

(dollars in thousands)	Balance at June 30, 2024	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2024
Real estate mortgage	$ 810	$ -	$ -	$ 6	$ 816
Production and intermediate-term	255	-	-	20	275
Agribusiness	13	-	-	1	14
Rural infrastructure	149	-	-	(14)	135
Agricultural export finance	2	-	-	(1)	1
Total	$ 1,229	$ -	$ -	$ 12	$ 1,241

(dollars in thousands)	Balance at December 31, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2024
Real estate mortgage	$ 809	$ -	$ -	$ 7	$ 816
Production and intermediate-term	182	-	-	93	275
Agribusiness	2	-	2	10	14
Rural infrastructure	172	-	-	(37)	135
Agricultural export finance	-	-	-	1	1
Total	$ 1,165	$ -	$ 2	$ 74	$ 1,241

(dollars in thousands)	Balance at June 30, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2023
Real estate mortgage	$ 784	$ -	$ -	$ 16	$ 800
Production and intermediate-term	160	-	-	29	189
Agribusiness	803	156	-	(645)	2
Rural infrastructure	87	-	-	(6)	81
Total	$ 1,834	$ 156	$ -	$ (606)	$ 1,072

(dollars in thousands)	Balance at December 31, 2022	Cumulative Effect of CECL Adoption	Balance at January 1, 2023	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2023
Real estate mortgage	$ 602	$ 98	$ 700	$ -	$ -	$ 100	$ 800
Production and intermediate-term	232	(65)	167	-	-	22	189
Agribusiness	490	(89)	401	156	-	(243)	2
Rural infrastructure	65	(14)	51	-	-	30	81
Total	$ 1,389	$ (70)	$ 1,319	$ 156	$ -	$ (91)	$ 1,072

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses. A summary of changes in the reserve for unfunded commitments follows:

(dollars in thousands)	For the Three Months Ended September 30, 2024	For the Nine Months Ended September 30, 2024
Balance at beginning of period	$ 256	$ 217
Provision for reserve for unfunded commitments	2	41
Total	$ 258	$ 258

(dollars in thousands)	For the Three Months Ended September 30, 2023	For the Nine Months Ended September 30, 2023
Balance at beginning of period	$ 234	$ 302
Cumulative Effect of CECL Adoption		(77)
Balance at January 1		$ 225
Reversal of reserve for unfunded commitments	(19)	(10)
Total	$ 215	$ 215

NOTE 3 – CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows.

	As of September 30, 2024	As of December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	19.43%	21.06%	4.5%	2.5%	7.0%
Tier 1 capital ratio	19.43%	21.06%	6.0%	2.5%	8.5%
Total capital ratio	19.70%	21.32%	8.0%	2.5%	10.5%
Permanent capital ratio	19.47%	21.11%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	20.60%	22.01%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	20.46%	21.86%	1.5%	-	1.5%

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 6, 2024, which is the date the financial statements were issued, and no material subsequent events were identified.