AGRIBANK DISTRICT 2020 QUARTERLY FINANCIAL INFORMATION

Unaudited

MARCH 31, 2020

AGRIBANK, FCB AND DISTRICT ASSOCIATIONS

STRENGTH STABILITY SOLUTIONS

AgriBank

FARM CREDIT BANK

AgriBank District Financial Information
AgriBank, FCB and District Associations
unaudited

INTRODUCTION AND DISTRICT OVERVIEW

AgriBank, FCB ("AgriBank" or "the Bank") and District Associations ("Associations") are part of the customer-owned, nationwide Farm Credit System (System or Farm Credit). The System provides loans, leases and financial services to farmers, ranchers and rural businesses across the United States and Puerto Rico. This focus on rural communities and agriculture is the reason Farm Credit was established in 1916, and the System has been delivering on that mission ever since – helping fund America's food, fuel and fiber and supporting the rural communities America's farmers and ranchers call home.

The System is a cooperative structure. Farm Credit's funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation) and insured by the Farm Credit System Insurance Corporation (FCSIC or the Insurance Corporation). The Funding Corporation issues a variety of Federal Farm Credit Banks Combined Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the four System Banks. Each System Bank has exposure to Systemwide credit risk because each Bank is joint and severally liable for all Systemwide debt issued. Farm Credit Associations receive funding through one of the System Banks. System entities have specific lending authorities within their chartered territories and are subject to examination and regulation by an independent federal agency, the Farm Credit Administration (FCA).

Under Farm Credit's cooperative structure, AgriBank is primarily owned by 14 local Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. AgriBank and the 14 Associations are collectively referred to as the District. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

The following commentary reviews the combined financial condition and results of operations of AgriBank and District Associations and provides additional specific information.

<u>COVID-19 Pandemic</u>

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 are being 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 caused many businesses to curtail or cease operations. The impact of COVID-19 on companies is evolving rapidly and its future effects are uncertain.

When the enormity of the COVID-19 situation was realized, AgriBank and District Associations implemented their respective Business Continuity Plans. Operations transitioned to alternative work environments without significant issues. Collectively, business continuity responses have allowed District entities to continue to serve the Farm Credit mission. The remote work environment has maintained the health of employees and allowed uninterrupted business functions. AgriBank is supporting District Associations by offering various funding options. In turn, District Associations continue to work with farmer-borrowers to offer appropriate solutions to meet their liquidity needs, which may include loan modifications for those borrowers impacted by COVID-19. AgriBank and District Associations have not had any significant changes to internal controls over financial reporting due to working remotely or due to limited staff.

Congress recently passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Paycheck Protection Program and Health Care Enhancement Act. Among other provisions, the CARES Act provided funding and authority to bolster USDA programs. As such, the USDA announced a $19 billion Coronavirus Food Assistance Program with $16 billion in direct support for agricultural producers where prices and market supply chains have been impacted and $3 billion for direct purchases of fresh produce, dairy and meat for distribution to food banks and other non-profits. The CARES Act appropriated $349 billion, and later Congress approved an additional replenishment of $484 billion, for the Paycheck Protection Program (PPP), a guaranteed loan program administered by the U.S. Small Business Administration. The purpose of the program is to support payroll and certain other financial needs of small businesses during the COVID-19 pandemic. Certain District

Associations were approved to participate in the PPP. Loan applicants with 500 or fewer employees or fit within the revenue-based sized standard and who are eligible to receive financing under the Farm Credit Act and FCA regulations are able to borrow from District Associations under this program. The PPP provides for loan forgiveness under limited circumstances and loan payments can be deferred up to six months.

This outbreak puts the economy and agriculture sector in uncharted territory. The overall impact of COVID-19 on U.S. agriculture will depend on the severity and duration of the outbreak, including a potential reoccurrence later in the year, the continued response by the U.S. government, and how quickly “normal” daily activities resume. The extent to which the COVID-19 pandemic impacts the District will depend on future developments that are highly uncertain and cannot be predicted. Overall, agriculture will adjust, providing an “essential service” to the U.S. and global consumer.

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

	March 31, 2020	December 31, 2019
Total loans	**$116,911,252**	$115,179,594
Allowance for loan losses	**523,944**	519,665
Net loans	**116,387,308**	114,659,929
Total assets	**140,139,213**	135,232,861
Total shareholders' equity	**24,929,264**	24,726,836
For the three months ended March 31,	**2020**	2019
Net interest income	**$852,576**	$791,792
Provision for credit losses	**10,338**	19,997
Net fee income	**20,282**	12,193
Net income	**591,775**	521,536
Net interest margin	**2.6 %**	2.6 %
Return on average assets	**1.8 %**	1.6 %
Return on average shareholders' equity	**9.5 %**	8.8 %
Operating expense as a percentage of net interest income and non-interest income	**35.2 %**	36.0 %
Net loan chargeoffs as a percentage of average loans	**(0.02)%**	(0.01)%
Average loans	**$114,778,907**	$108,396,868
Average earning assets	**133,135,741**	125,570,244
Average assets	**135,506,522**	127,910,261

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $591.8 million for the three months ended March 31, 2020, an increase of $70.2 million, or 13.5 percent, compared to the same period of the prior year. Net interest income remained strong and increased due to increased loan volume across the District. Non-interest income increased as well compared to the same period of the prior year. These increases were partially offset by increases in non-interest expenses. The increase in non-interest income was mainly attributable to a decrease in derivative losses in the first quarter of 2020 compared to losses that occurred in the first quarter of 2019. The other components of non-interest income remained relatively consistent compared to the same period of the prior year. The increase in non-interest expenses was due mainly to higher salaries and incentive compensation expenses and advertising expenses across the District.

Net Interest Income

Net interest income increased $60.8 million, or 7.7 percent, compared to the same period of the prior year, primarily due to increased loan volume and the impact of increases in the positive contribution from funding activities. This increase was partially offset by a slight decline in the benefit of our equity financing.

Net interest margin was 2.6 percent for the three months ended March 31, 2020, comparable to the same period of the prior year. Interest rates declined in the first quarter of 2020, resulting in a significant increase in contribution to net interest income from the structure of the District's funding resulting in the widening of the interest rate spread. The benefit from our funding differential and interest rate spread increases was partially offset by a decline in equity financing activities when compared to the first quarter of the prior year. The benefit of equity financing is reduced in a lower interest rate environment.

Provision for Credit Losses

The provision for credit losses was $10.3 million for the three months ended March 31, 2020. Any reserves for unfunded commitments and letters of credit are recorded in "Other liabilities" on the Combined Balance Sheets.

The year-over-year fluctuations for the District's provision for credit losses can be impacted by economic stress in individual agricultural sectors. The overall provision decreased compared to the same period of the prior year, primarily due to the reversal of provision recorded at one District Association and less provision expense at several District Associations when compared to the same period of the prior year. Erosion of farm sector working capital and credit quality deterioration, as well as disrupted supply chains at the processing level, primarily in the livestock and dairy industries, have resulted in additional provision for credit losses during the three months ended March 31, 2020. Prolonged lower levels of net commodity prices, negatively impacted grower margins and other economic factors, including the impacts of the COVID-19 pandemic, could contribute to further declines in credit quality, which may increase provision for credit losses across the District.

Non-interest Income

The increase in non-interest income was driven by a reduction in losses on derivative instruments in the first quarter of 2020 when compared to the losses on mark to market losses recorded on certain economic hedges in the first three months of 2019. These economic hedges, related to AgriBank's mineral income, decreased in value as oil prices rebounded during 2019. These losses are classified as "Other (loss) income" on the Combined Statements of Income. These mark to market hedges matured in November 2019 and no similar derivatives were outstanding as of March 31, 2020.

The other components of non-interest income remained relatively consistent compared to the same period of the prior year.

Non-interest Expense

Overall, non-interest expenses increased, primarily driven by increased salaries and benefits expense. The growth in salaries and benefits expense was primarily due to additional employees being hired throughout the District. Additionally, greater advertising expenses at District Associations contributed to the increase in non-interest expenses.

Loan Portfolio

District Loans by Loan Type		
(in thousands)	**March 31, 2020**	December 31, 2019
Real estate mortgage	**$63,271,513**	$62,386,625
Production and intermediate-term	**26,555,077**	27,943,774
Agribusiness:		
Loans to cooperatives	**1,677,272**	1,304,557
Processing and marketing	**13,877,030**	12,251,764
Farm-related businesses	**1,541,600**	1,431,031
Rural infrastructure:		
Power	**1,232,514**	1,230,179
Communications	**2,342,323**	2,138,173
Water/Wastewater	**266,121**	236,016
Rural residential real estate	**2,613,436**	2,655,840
Agricultural export finance	**345,623**	345,638
Lease receivables	**193,387**	203,767
Loans to other financing institutions	**564,474**	631,038
Mission related investments	**2,430,882**	2,421,192
Total	**$116,911,252**	$115,179,594

District loans increased $1.7 billion, or 1.5 percent, from December 31, 2019. The increase in total loans was primarily due to volume growth in the agribusiness sector related to increased draws on revolving lines of credit as a response to the current economic environment in capital markets lending portfolios and increases in the real estate mortgage sector related to new originations throughout the quarter. These increases were partially offset by seasonal repayments on operating lines in the production and intermediate-term sector at District Associations.

Loan Quality

The primary credit quality indicator utilized by the Bank and Associations is the FCA Uniform Loan Classification System, which categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (Special Mention) – 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 and related accrued interest classified under the Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable.

District Loan Quality

	March 31, 2020	December 31, 2019
Acceptable	**91.3 %**	90.8 %
Special Mention	**4.1 %**	4.4 %
Substandard/Doubtful	**4.6 %**	4.8 %
Total	**100.0 %**	100.0 %

The credit quality of the District loan portfolio remained sound at March 31, 2020. Substandard/Doubtful loans, collectively called adverse loans, are loans AgriBank and District Associations have identified as showing some credit weakness outside the credit standards. No loans were categorized as loss as of March 31, 2020 or December 31, 2019.

While credit quality is currently strong, agricultural economic stress has continued to increase due to prolonged low commodity prices, global pandemic impacts on the supply chain, uncertainty in the domestic and global economy, as well as uncertain trade policy. This additional stress has negatively impacted retail borrower working capital. Continued projected stress in the agriculture industry may result in an increase in adverse credit quality and related allowance for loan losses and provision for loan losses.

Nonperforming Assets

(in thousands)	**March 31, 2020**	December 31, 2019
Nonaccrual Loans:		
Real estate mortgage	**$459,916**	$482,613
Production and intermediate-term	**244,743**	257,621
Agribusiness	**64,014**	67,218
Rural infrastructure	**24,099**	23,683
Rural residential real estate	**25,264**	25,903
Other	**1,666**	1,131
Total nonaccrual loans	**$819,702**	$858,169
Accruing Restructured Loans:		
Real estate mortgage	**$60,409**	$61,335
Production and intermediate-term	**17,939**	16,315
Agribusiness	**3,900**	3,937
Rural residential real estate	**1,675**	1,706
Total accruing restructured loans	**$83,923**	$83,293
Accruing Loans 90 Days or More Past Due:		
Real estate mortgage	**$5,389**	$3,010
Production and intermediate-term	**23,390**	4,751
Agribusiness	**—**	395
Rural residential real estate	**232**	84
Other	**75,184**	38,303
Total accruing loans 90 days or more past due	**$104,195**	$46,543
Total nonperforming loans	**$1,007,820**	$988,005
Other property owned	**33,442**	31,492
Total nonperforming assets	**$1,041,262**	$1,019,497

Note: Accruing loans include accrued interest receivable.

The Other category is primarily composed of certain assets originated under the Mission Related Investment authority and finance leases.

Most District Associations have implemented borrower relief programs related to the COVID-19 global pandemic. The programs are generally for borrowers with acceptable credit quality, who have experienced COVID-19 related financial difficulty. The relief comes in a variety of ways, but most predominantly payment deferral for a specified period of time with some programs offering short maturity extensions. To date, there have not been significant actions taken under these programs that materially impact the AgriBank District. However, these programs continue to evolve and are dependent on the prolonged nature of the economic disruption. District Associations continue to work with each borrower on a case-by-case basis, which may involve loan restructurings outside the COVID-19 relief programs.

Overall, the increase in nonperforming assets has been driven primarily by declines in farm sector working capital, continued decline in commodity prices, and lower demand across almost all sectors. Nonperforming assets have primarily been concentrated in the real estate mortgage and production and intermediate-term sectors during the periods presented.

The decrease in nonaccrual loans was mainly due to increases in repayments, transfers to other property owned, and nonaccrual loans being reinstated to accrual status.

The increase in accrual loans 90 days or more past due was primarily due to increases in Mission Related loans, which are generally guaranteed by the United States Department of Agriculture, becoming 90 days or more past due at March 31, 2020, when compared to December of the prior year.

Aging Analysis of Loans

(in thousands) **As of March 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
Real estate mortgage	**$254,785**	**$156,471**	**$411,256**	**$63,552,148**	**$63,963,404**
Production and intermediate-term	**284,078**	**137,348**	**421,426**	**26,524,211**	**26,945,637**
Agribusiness	**36,538**	**20,863**	**57,401**	**17,104,419**	**17,161,820**
Rural infrastructure	**—**	**—**	**—**	**3,847,600**	**3,847,600**
Rural residential real estate	**56,035**	**5,895**	**61,930**	**2,563,478**	**2,625,408**
Other	**106,147**	**76,206**	**182,353**	**3,370,363**	**3,552,716**
Total	**$737,583**	**$396,783**	**$1,134,366**	**$116,962,219**	**$118,096,585**

(in thousands) As of December 31, 2019	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
Real estate mortgage	$158,010	$150,728	$308,738	$62,884,100	$63,192,838
Production and intermediate-term	144,023	113,407	257,430	28,159,618	28,417,048
Agribusiness	7,266	16,221	23,487	15,028,558	15,052,045
Rural infrastructure	—	—	—	3,611,039	3,611,039
Rural residential real estate	43,215	5,843	49,058	2,621,022	2,670,080
Other	118,637	39,258	157,895	3,463,088	3,620,983
Total	$471,151	$325,457	$796,608	$115,767,425	$116,564,033

Note: Accruing loans include accrued interest receivable.

The Other category is composed of certain assets originated under the Mission Related Investment authority, loans to other financing institutions, agricultural export finance and finance leases.

Past due loans have increased and are reflective of the increase in delinquencies in the first quarter of 2020.

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

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for loan losses:							
As of December 31, 2019	**$229,972**	**$173,711**	**$88,143**	**$18,091**	**$6,598**	**$3,150**	**$519,665**
Provision for (reversal of) credit losses	**(14)**	**6,024**	**4,149**	**(335)**	**16**	**498**	**10,338**
Loan recoveries	**755**	**3,908**	**396**	**—**	**116**	**—**	**5,175**
Loan charge-offs	**(967)**	**(9,153)**	**(110)**	**—**	**(101)**	**—**	**(10,331)**
Reclassification from (to) reserve for unfunded commitments*	**—**	**(903)**	**—**	**—**	**—**	**—**	**(903)**
Balance as of March 31, 2020	**$229,746**	**$173,587**	**$92,578**	**$17,756**	**$6,629**	**$3,648**	**$523,944**
As of March 31, 2020							
Ending balance: individually evaluated for impairment	**18,651**	**39,277**	**24,080**	**7,621**	**299**	**8**	**89,936**
Ending balance: collectively evaluated for impairment	**211,095**	**134,310**	**68,498**	**10,135**	**6,330**	**3,640**	**434,008**
Recorded investment in loans outstanding:							
Ending balance as of March 31, 2020:	**$63,963,404**	**$26,945,637**	**$17,161,820**	**$3,847,600**	**$2,625,408**	**$3,552,716**	**$118,096,585**
Ending balance: individually evaluated for impairment	**525,714**	**286,072**	**67,914**	**24,099**	**27,171**	**76,850**	**1,007,820**
Ending balance: collectively evaluated for impairment	**63,437,690**	**26,659,565**	**17,093,906**	**3,823,501**	**2,598,237**	**3,475,866**	**117,088,765**

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for loan losses:							
As of December 31, 2018	$226,295	$161,872	$72,745	$16,728	$7,767	$5,365	$490,772
Provision for (reversal of) credit losses	(987)	19,074	1,368	2,684	(5)	(2,137)	19,997
Loan recoveries	527	1,023	694	—	67	—	2,311
Loan charge-offs	(492)	(4,918)	(36)	—	(188)	—	(5,634)
Reclassification from (to) reserve for unfunded commitments*	—	(1,573)	—	—	—	—	(1,573)
Balance as of March 31, 2019	$225,343	$175,478	$74,771	$19,412	$7,641	$3,228	$505,873
As of December 31, 2019							
Ending balance: individually evaluated for impairment	20,123	33,373	24,873	7,606	330	22	86,327
Ending balance: collectively evaluated for impairment	209,849	140,338	63,270	10,485	6,268	3,128	433,338
Recorded investment in loans outstanding:							
Ending balance as of December 31, 2019	$63,192,838	$28,417,048	$15,052,045	$3,611,039	$2,670,080	$3,620,983	$116,564,033
Ending balance: individually evaluated for impairment	546,958	278,687	71,550	23,683	27,693	39,434	988,005
Ending balance: collectively evaluated for impairment	62,645,880	28,138,361	14,980,495	3,587,356	2,642,387	3,581,549	115,576,028

*Represents reclassifications between the allowance for loan losses and the reserve for unfunded commitments as a result of advances on or repayments of seasonal lines of credit or other loans.

Investments

AgriBank is responsible for meeting the District's funding, liquidity and asset/liability management needs. While access to the unsecured debt capital markets remains the District's primary source of liquidity, the Bank also maintains a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets. There has been limited impact to the value and liquidity of the Bank's investments portfolio, with the portfolio remaining liquid and unrealized losses resulting from temporary market factors. Due to market volatility, AgriBank did take extra care to review market prices at mid-month and at month end and were able to follow their normal process as a review of the pricing inputs was deemed reasonable. AgriBank did have an increase in unrealized losses on certain components of their investment portfolio during the first quarter; however, a significant portion of the portfolio is effectively guaranteed by the U.S. government. Losses not guaranteed by the U.S. government are due to timing of security purchases and moving yields and are not an indication of credit deterioration or an illiquid market.

The Bank typically holds these investments on an available-for-sale basis. Refer to the AgriBank 2019 Annual Report for additional information about the Bank's investment portfolio. District Associations have regulatory authority to enter into certain guaranteed investments, typically mortgage-backed or asset-backed securities, and are typically held to maturity. Refer to individual District Associations' 2019 annual reports for specific information about the investments at the District Associations. Investment securities held by AgriBank and District Associations are primarily debt securities that increase in value as interest rates fall.

Investment Information

(in thousands) **As of March 31, 2020**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$15,693,686**	**$86,147**	**$68,148**	**$15,711,685**
District Association investments	**1,835,291**	**70,073**	**9,115**	**1,896,249**
Total District investments	**$17,528,977**	**$156,220**	**$77,263**	**$17,607,934**

(in thousands) As of December 31, 2019	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$14,366,148	$32,148	$30,138	$14,368,158
District Association investments	1,693,091	29,356	6,258	1,716,189
Total District investments	$16,059,239	$61,504	$36,396	$16,084,347

District Capital

AgriBank and District Associations believe a sound capital position is critical to long-term financial stability. AgriBank and District Associations maintain adequate capital to protect against unanticipated losses as well as to meet the District's growth needs. Total shareholders' equity increased $202.4 million, primarily resulting from net income for the three months ended March 31, 2020, partially offset by unrealized losses on derivatives and hedging activity. Effective January 1, 2020, three District Associations implemented a change in accounting for non-interest bearing receivables related to capital stock and participation certificates. The capital stock and participation certificates will now be included within members' equity on the Combined Statements of Condition and a new contra line item titled "Capital stock and participation certificates receivable" has been added for the same amount. This change has no impact on the capital stock or participation certificates owned by the Associations' borrowers.

Accumulated Other Comprehensive Loss		
(in thousands)	**March 31, 2020**	December 31, 2019
Investment securities activity	**$18,000**	$2,010
Derivatives and hedging activity	**(239,107)**	(78,520)
Employee benefit plans activity	**(468,201)**	(479,891)
Total accumulated other comprehensive loss	**$(689,308)**	$(556,401)

The increase in accumulated other comprehensive loss (AOCL) in 2020 primarily relates to increased unrealized losses on pay-fixed derivative instruments designated as cash flow hedges that decrease in value when interest rates fall.

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations.

Regulatory Capital Requirements and Ratios

As of March 31, 2020	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio (CET1)	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[1]	4.5 %	7.0 %	**17.3 %**	**14.3 % - 27.5 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**18.0 %**	**14.8 % - 27.5 %**
Total capital ratio	Tier 1 capital, allowance for loan losses[2], common cooperative equities[3] and term preferred stock and subordinated debt[4]	8.0 %	10.5 %	**18.1 %**	**15.3 % - 27.8 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**18.0 %**	**15.2 % - 28.3 %**
Non-risk adjusted:					
Tier 1 leverage ratio	Tier 1 capital	4.0 %	5.0 %	**5.5 %**	**14.7 % - 23.6 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.8 %**	**14.3 % - 23.7 %**

(1) Equities outstanding 7 or more years
(2) Capped at 1.25% of risk-adjusted assets
(3) Outstanding 5 or more years, but less than 7 years
(4) Outstanding 5 or more years

Other Matters

The FCA provided regulatory approval for the formation of the separate service entity, SunStream Business Services (SunStream) under Section 4.25 of the Farm Credit Act. Effective April 1, 2020, SunStream is owned by AgriBank and 11 District Associations and will provide services to its owners and certain other Farm Credit Institutions. SunStream will be combined in the AgriBank District financial information. All intra-District transactions will be eliminated upon combination, resulting in no significant change to the District-wide financial position or results of operations.

AgriBank's approval is required for significant structure changes at District Associations including, but not limited to: merger, acquisition, liquidation, or reaffiliation to another Farm Credit District. On April 24, 2020, AgriBank received a formal request from Delta, ACA petitioning for consent to the transfer of Delta, ACA to another System Bank. AgriBank is currently evaluating this request.

Select Information on AgriBank District Associations

(in thousands)

As of March 31, 2020	Wholesale Loan Amount	% of Wholesale Portfolio	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Nonperforming [1] as a % of Total Loans	Return on Assets
Farm Credit Services of America	$25,160,775	27.5%	$31,411,311	$6,152,694	16.6%	0.9%	2.2%
Farm Credit Mid-America	20,050,522	21.9%	25,332,863	5,067,849	20.4%	1.3%	1.6%
Compeer Financial[2]	18,582,206	20.3%	22,833,596	3,959,064	15.3%	0.8%	1.9%
GreenStone Farm Credit Services	8,198,811	9.0%	10,134,356	1,908,792	16.7%	0.8%	2.4%
AgCountry Farm Credit Services[2]	6,509,626	7.1%	8,411,210	1,836,744	18.4%	0.4%	1.9%
FCS Financial	3,673,032	4.0%	4,651,171	945,269	17.9%	0.4%	1.9%
Farm Credit Illinois	3,524,215	3.9%	4,615,744	1,046,253	19.7%	0.1%	1.7%
AgHeritage Farm Credit Services	1,225,586	1.3%	1,569,407	338,366	18.5%	0.9%	2.1%
Farm Credit Services of Western Arkansas	1,208,919	1.3%	1,549,980	312,566	19.4%	0.9%	1.9%
Farm Credit Services of Mandan	1,057,535	1.2%	1,351,515	285,631	17.5%	0.2%	2.1%
Farm Credit Services of North Dakota	1,019,907	1.1%	1,354,939	330,639	20.5%	0.6%	1.7%
Farm Credit Midsouth	684,085	0.7%	925,656	239,994	21.5%	1.4%	0.8%
Farm Credit Southeast Missouri	553,395	0.6%	723,607	164,770	21.3%	0.3%	2.1%
Delta Agricultural Credit Association	32,103	0.1%	42,314	10,003	27.8%	2.0%	0.2%
Total	$91,480,717	100.0%	$114,907,669	$22,598,634			

[1] Nonperforming loans are comprised of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due.

[2] Loan amounts do not include fair value adjustments due to merger.

Combined Balance Sheets

AgriBank, FCB and District Associations

(unaudited)

(in thousands)

	March 31, 2020	December 31, 2019
Assets		
Cash	**$ 1,210,329**	$ 740,810
Federal funds and securities purchased under resale agreements	**2,500,000**	1,050,000
Investments	**17,546,976**	16,061,249
Loans	**116,911,252**	115,179,594
Allowance for loan losses	**523,944**	519,665
Net loans	**116,387,308**	114,659,929
Accrued interest receivable	**1,226,393**	1,433,680
Premises and equipment, net	**665,617**	658,150
Other assets	**602,590**	629,043
Total assets	**$ 140,139,213**	$ 135,232,861
Liabilities		
Bonds and notes	**$ 112,384,729**	$ 107,118,958
Member investment bonds	**1,354,884**	1,207,874
Accrued interest payable	**340,320**	408,135
Patronage distribution payable	**297,412**	879,177
Other liabilities	**832,604**	891,881
Total liabilities	**115,209,949**	110,506,025
Shareholders' equity		
Preferred stock	**350,000**	350,000
Capital stock and participation certificates	**297,173**	315,806
Capital stock and participation certificates receivable	**(108,177)**	—
Additional paid-in capital	**2,084,988**	2,084,988
Allocated retained earnings	**374,230**	374,125
Unallocated retained earnings	**22,526,565**	22,083,612
Accumulated other comprehensive loss	**(689,308)**	(556,401)
Noncontrolling interest	**93,793**	74,706
Total shareholders' equity	**24,929,264**	24,726,836
Total liabilities and shareholders' equity	**$ 140,139,213**	$ 135,232,861

Combined Statements of Income

AgriBank, FCB and District Associations

(unaudited)

(in thousands)	Three months	
For the periods ended March 31,	**2020**	2019
Interest Income		
Loans	**$ 1,293,693**	$ 1,300,197
Investment securities	**94,358**	112,895
Total interest income	**1,388,051**	1,413,092
Interest Expense	**535,475**	621,300
Net interest income	**852,576**	791,792
Provision for credit losses	**10,338**	19,997
Net interest income after provision for credit losses	**842,238**	771,795
Non-interest income		
Net fee income	**20,282**	12,193
Financially related services income	**26,909**	25,559
Net gains on sales of investments and other assets	**252**	71
Mineral income	**13,430**	11,797
Allocated Insurance Reserve Accounts	**24,188**	25,526
Other (loss) income	**5,392**	(6,892)
Total non-interest income	**90,453**	68,254
Non-interest expense		
Salaries and employee benefits	**197,400**	191,740
Occupancy and equipment	**32,231**	29,571
Purchased services	**20,582**	17,385
Farm Credit System Insurance Corporation expense	**19,799**	20,904
Other expense	**60,620**	51,539
Total non-interest expense	**330,632**	311,139
Income before income taxes	**602,059**	528,910
Provision for income taxes	**10,284**	7,374
Net income	**$ 591,775**	$ 521,536