AGRIBANK DISTRICT 2020 QUARTERLY FINANCIAL INFORMATION

Unaudited

SEPTEMBER 30, 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.

COVID-19 Pandemic

The spread of COVID-19 has created a global public-health crisis that has adversely impacted the worldwide economy, temporarily decreased liquidity in fixed income markets in March and April, significantly increased unemployment levels, and disrupted global supply and demand chains. Although production agriculture has fared better than expected during the third quarter of 2020 in part due to government ad-hoc support programs, uncertainties about the pace of economic recovery remain as COVID-19 cases continue to rise.

When the significance of the COVID-19 situation became apparent, AgriBank and District Associations implemented their respective Business Continuity Plans. In March and April, operations transitioned to alternative work environments. Beginning in June, operations at certain Associations began transitioning back to in-office on a location-by-location basis in accordance with each entity's Business Continuity Plan. To date, the transition to alternative work environments has occurred 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 as they 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 the COVID-19 pandemic. 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.

The U.S. government has instituted various programs in support of the COVID-19 pandemic economic recovery. In late March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided funding and authority to bolster United States Department of Agriculture (USDA) programs. On September 21, 2020, the USDA implemented an expansion to the Coronavirus Food Assistance Program (CFAP), known as CFAP 2. This expansion, in combination with the initial CFAP implemented earlier in the year, will provide a total of up to $30 billion of financial support to producers of certain agricultural commodities who face continuing market disruptions and significant marketing costs. The initial CFAP also designated $3 billion for direct purchases of fresh produce, dairy and meat for distribution to food banks and other non-profits. Additionally, the CARES Act and congressional approval made available for small businesses approximately $660 billion under the Paycheck Protection Program (PPP), a guaranteed loan program administered by the U.S. Small Business Administration (SBA). The purpose of the program is to support payroll and certain other financial needs of small businesses during the COVID-19 pandemic. Numerous District Associations obtained approval from the SBA to participate as lenders in the PPP. Loan applicants with 500 or fewer employees or who fit within the revenue-based sized standard and 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. District Associations have successfully processed approximately $490 million in PPP loans for customers with the majority being production and intermediate-term loans, of which $31.8 million have been submitted and are pending forgiveness approval by the SBA as of September 30, 2020.

The overall impact of the COVID-19 pandemic on U.S. agriculture will depend on the severity and duration of the outbreak, the continued response by the federal and local governments, and levels of commodity prices, among many other factors. To date, the pandemic has not resulted in a material adverse impact to the AgriBank District Combined Financial Information. The extent to which the pandemic ultimately 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)

	September 30, 2020	December 31, 2019
Total loans	**$124,024,096**	$115,179,594
Allowance for loan losses	**534,509**	519,665
Net loans	**123,489,587**	114,659,929
Total assets	**147,337,425**	135,232,861
Total shareholders' equity	**25,911,245**	24,726,836
For the nine months ended September 30,	**2020**	2019
Net interest income	**$2,558,795**	$2,427,788
Provision for credit losses	**55,956**	24,347
Net fee income	**97,974**	44,488
Net income	**1,733,635**	1,633,151
Net interest margin	**2.5 %**	2.6 %
Return on average assets	**1.6 %**	1.7 %
Return on average shareholders' equity	**9.1 %**	9.0 %
Operating expense as a percentage of net interest income and non-interest income	**35.5 %**	35.6 %
Net loan chargeoffs as a percentage of average loans	**(0.04)%**	(0.02)%
Average loans	**$119,109,939**	$109,827,906
Average earning assets	**138,475,725**	127,344,668
Average assets	**140,919,939**	129,688,535

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $1.7 billion for the nine months ended September 30, 2020, an increase of $100.5 million, or 6.2 percent, compared to the same period of the prior year. Net interest income remained strong and increased due to growth in loan volume across the District as well as a favorable rate environment. Non-interest income increased as well compared to the same period of the prior year. These increases were partially offset by increased non-interest expense. The increase in non-interest income was mainly attributable to significantly higher fee and prepayment income throughout the District. The increase in non-interest expense was mainly due to higher salaries and employee benefits, purchased services, and occupancy and equipment costs across the District.

Net Interest Income

Net interest income increased $131.0 million, or 5.4 percent, compared to the same period of the prior year, primarily due to increased loan volume and, to a lesser extent, the impact of increases in the positive contribution from funding activities. This increase was partially offset by a decline in the benefit of our equity financing. Net interest margin was 2.5 percent for the nine months ended September 30, 2020, comparable to the same period of the prior year.

Provision for (Reversal of) Credit Losses

The provision for credit losses was $56.0 million for the nine months ended September 30, 2020, increasing significantly when compared to the same period of the prior year. Any reserves for unfunded commitments and letters of credit are recorded in "Other liabilities" on the Combined Balance Sheets.

These are unprecedented times with the uncertainty around longer-term impact of the COVID-19 pandemic. The allowance analyses performed at each of the District institutions are starting to reflect estimated losses related to the pandemic. 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 increased compared to the same period of the prior year, primarily due to the larger than normal provision amounts at certain District Associations and at AgriBank due to the economic impacts that COVID-19 has had through September, 30, 2020. Credit deterioration resulting from COVID-19 related supply and demand disruptions affecting certain segments of the portfolio, including ethanol, swine and cattle, have contributed to additional provision for credit losses during the nine months ended September 30, 2020. Prolonged lower levels of commodity prices, negatively impacted grower margins and other economic factors, including the impacts of the COVID-19, may contribute to further declines in credit quality, and increase provision for credit losses across the District. While supply chains reopened during the second and third quarters, significant uncertainty continues as to the length and depth of the impact COVID-19 will have going forward. While there remains uncertainty, significant government financial assistance has partially offset or delayed the realization of losses in certain farm sectors.

Non-interest Income

The increase in non-interest income was driven by increases in fee income related to prepayments and other fees. These increases were partially offset by decreased mineral income as oil and gas prices have trended at lower levels during 2020 compared to 2019. During the nine months ended September 30, 2019, mineral income was partially offset by the reversal of mark-to-market gains recorded on certain economic hedges. AgriBank anticipates lower mineral royalty income compared to the prior year due to the impact of economic uncertainty and its effect on the oil and gas market.

Non-interest Expense

Overall, non-interest expense increased, primarily driven by increased salaries and employee benefits. The growth in salaries and employee benefits was primarily due to increased incentives as 2020 results are trending ahead of 2019 at certain District Associations. Increased workforce and compensation levels also pushed salaries and benefits higher during the nine months ended September 30, 2020, compared to the same period of the prior year. Additionally, higher purchased services expense related to the hiring of temporary staff at District Associations as well as greater occupancy and equipment costs related to remodels and reconfiguration at Association offices, contributed to the increase in non-interest expense. Decreased travel expense partially offset the overall increase in non-interest expense as actions were taken to eliminate non-essential travel across the District.

Loan Portfolio

District Loans by Loan Type		
(in thousands)	**September 30, 2020**	December 31, 2019
Real estate mortgage	**$67,766,320**	$62,386,625
Production and intermediate-term	**28,949,982**	27,943,774
Agribusiness:		
Loans to cooperatives	**1,434,983**	1,304,557
Processing and marketing	**14,085,261**	12,251,764
Farm-related businesses	**1,594,040**	1,431,031
Rural infrastructure:		
Power	**1,381,132**	1,230,179
Communications	**2,374,958**	2,138,173
Water/Wastewater	**242,733**	236,016
Rural residential real estate	**2,605,975**	2,655,840
Agricultural export finance	**417,026**	345,638
Lease receivables	**204,292**	203,767
Loans to other financing institutions	**606,068**	631,038
Mission related investments	**2,361,326**	2,421,192
Total	**$124,024,096**	$115,179,594

District loans increased $8.8 billion, or 7.7 percent, from December 31, 2019. The increase in total loans was primarily due to real estate mortgage volume due to targeted marketing efforts across the District as well as decreasing interest rates which stimulated new originations. There were also increases in the agribusiness sector related to increased draws in capital markets lending portfolios as a response to the economic environment in March 2020, partially offset by pay downs of these loans later in 2020. The increase in the production and intermediate-term sector at September 30, 2020 follows the typical seasonal use of operating lines. PPP loan originations in this category drove the increase even further. The loan portfolio exhibits some seasonality as operating loans to crop producers are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. The degree of seasonality in the overall District portfolio is diminished primarily due to growth in real estate mortgage, agribusiness and part-time farmer sectors.

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

	September 30, 2020	December 31, 2019
Acceptable	**91.7 %**	90.8 %
Special Mention	**4.3 %**	4.4 %
Substandard/Doubtful	**4.0 %**	4.8 %
Total	**100.0 %**	100.0 %

The credit quality of the District loan portfolio continues to improve due to disciplined underwriting standards, direct government payments to various agriculture production sectors and businesses, commodity price increases in specific sectors, and demand for new loans in this low rate environment. 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 September 30, 2020 or December 31, 2019.

While credit quality is currently strong, agricultural economic stress could continue due to future volatility of commodity prices, global pandemic impacts on the supply chain, uncertainty in the domestic and global economy, as well as uncertain trade policy. 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)	**September 30, 2020**	December 31, 2019
Nonaccrual Loans:		
Real estate mortgage	**$455,603**	$482,613
Production and intermediate-term	**229,096**	257,621
Agribusiness	**55,748**	67,218
Rural infrastructure	**18,138**	23,683
Rural residential real estate	**23,758**	25,903
Other	**1,535**	1,131
Total nonaccrual loans	**$783,878**	$858,169
Accruing Restructured Loans:		
Real estate mortgage	**$55,703**	$61,335
Production and intermediate-term	**18,410**	16,315
Agribusiness	**1,874**	3,937
Rural residential real estate	**1,668**	1,706
Total accruing restructured loans	**$77,655**	$83,293
Accruing Loans 90 Days or More Past Due:		
Real estate mortgage	**$28,792**	$3,010
Production and intermediate-term	**39,614**	4,751
Agribusiness	**112**	395
Rural infrastructure	**40**	—
Rural residential real estate	**43**	84
Other	**49,867**	38,303
Total accruing loans 90 days or more past due	**$118,468**	$46,543
Total nonperforming loans	**$980,001**	$988,005
Other property owned	**28,417**	31,492
Total nonperforming assets	**$1,008,418**	$1,019,497

Note: Accruing loans include accrued interest receivable.

The Other category is 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 pandemic. The programs are generally for borrowers with acceptable credit quality, who have experienced COVID-19 pandemic 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 pandemic relief programs.

The decrease in nonperforming assets was primarily driven by real estate mortgage loans reinstated to accrual status, and charge-offs concentrated in the production and intermediate-term sector. This decrease was partially offset by loans being transferred into nonaccrual and further offset by increased accruing loans 90 days or more past due, primarily in the Mission Related loans and production and intermediate-term loans categories. These Mission Related loans are generally guaranteed by the USDA. The risk in a large portion of the production and intermediate term loans past due 90 days or more is significantly mitigated by credit enhancements including guarantees with third parties that are in a strong financial position.

Aging Analysis of Loans

(in thousands) **As of September 30, 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	**$138,090**	**$172,757**	**$310,847**	**$68,404,985**	**$68,715,832**
Production and intermediate-term	**142,768**	**160,018**	**302,786**	**29,070,099**	**29,372,885**
Agribusiness	**8,825**	**19,949**	**28,774**	**17,146,232**	**17,175,006**
Rural infrastructure	**6,130**	**40**	**6,170**	**3,998,920**	**4,005,090**
Rural residential real estate	**10,787**	**5,488**	**16,275**	**2,604,596**	**2,620,871**
Other	**128,766**	**51,313**	**180,079**	**3,439,095**	**3,619,174**
Total	**$435,366**	**$409,565**	**$844,931**	**$124,663,927**	**$125,508,858**

(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.

Overall, delinquencies at September 30, 2020, were consistent with year end 2019. However, continued uncertainty in the general economy, low commodity prices for certain livestock sectors, and uncertain trade policy remain a headwind for many borrowers. Delinquencies may be delayed as a result of USDA assistance and PPP loans; however, District Associations generally expect payments to resume after deferral periods end. Given the uncertainty of the COVID-19 impact on the agriculture economy, adverse credit quality and related allowance for loan losses and provision for loan losses may increase.

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	**27,297**	**26,801**	**2,145**	**(864)**	**(345)**	**922**	**55,956**
Loan recoveries	**1,477**	**8,056**	**538**	**—**	**231**	**1**	**10,303**
Loan charge-offs	**(6,856)**	**(28,086)**	**(5,062)**	**(6,850)**	**(426)**	**—**	**(47,280)**
Reclassification from (to) reserve for unfunded commitments*	**—**	**(4,135)**	**—**	**—**	**—**	**—**	**(4,135)**
Balance as of September 30, 2020	**$251,890**	**$176,347**	**$85,764**	**$10,377**	**$6,058**	**$4,073**	**$534,509**
As of September 30, 2020							
Ending balance: individually evaluated for impairment	**19,563**	**29,719**	**17,502**	**—**	**245**	**374**	**67,403**
Ending balance: collectively evaluated for impairment	**232,327**	**146,628**	**68,262**	**10,377**	**5,813**	**3,699**	**467,106**
Recorded investment in loans outstanding:							
Ending balance as of September 30, 2020:	**$68,715,832**	**$29,372,885**	**$17,175,006**	**$4,005,090**	**$2,620,871**	**$3,619,174**	**$125,508,858**
Ending balance: individually evaluated for impairment	**540,098**	**287,120**	**57,734**	**18,178**	**25,469**	**51,402**	**980,001**
Ending balance: collectively evaluated for impairment	**68,175,734**	**29,085,765**	**17,117,272**	**3,986,912**	**2,595,402**	**3,567,772**	**124,528,857**

(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	(10,880)	21,681	11,396	3,715	606	(2,171)	24,347
Loan recoveries	2,512	4,980	759	—	279	—	8,530
Loan charge-offs	(1,832)	(17,763)	(4,185)	—	(477)	—	(24,257)
Reclassification from (to) reserve for unfunded commitments*	—	(1,251)	—	—	—	—	(1,251)
Balance as of September 30, 2019	$216,095	$169,519	$80,715	$20,443	$8,175	$3,194	$498,141
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.

The portfolio has remained liquid and unrealized losses resulting from temporary market factors in March reversed in the second quarter as investment market values increased due to a reduction in market volatility and credit spreads. Overall, market mechanisms are functioning well, but demand and supply imbalances continue to influence some segments.

The Bank typically holds these high quality investments and other short-term liquid assets 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 primarily 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 September 30, 2020**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$18,117,276**	**$115,530**	**$2,863**	**$18,229,943**
District Association investments	**1,667,268**	**57,690**	**8,288**	**1,716,670**
Total District investments	**$19,784,544**	**$173,220**	**$11,151**	**$19,946,613**

(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 $1.2 billion, primarily resulting from net income for the nine months ended September 30, 2020, partially offset by patronage accruals. Effective January 1, 2020, three District Associations implemented a change in regulatory interpretation of the 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)	**September 30, 2020**	December 31, 2019
Investment securities activity	**$112,667**	$2,010
Derivatives and hedging activity	**(228,452)**	(78,520)
Employee benefit plans activity	**(445,166)**	(479,891)
Total accumulated other comprehensive loss	**$(560,951)**	$(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. This was significantly offset by increases in unrealized gains on available-for-sale investment securities.

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

Regulatory Capital Requirements and Ratios

As of September 30, 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 %	**17.1 %**	**14.2 % -**	**23.9 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**17.7 %**	**14.7 % -**	**23.9 %**
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 %	**17.8 %**	**15.2 % -**	**24.2 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**17.8 %**	**15.0 % -**	**24.8 %**
Non-risk adjusted:						
Tier 1 leverage ratio	Tier 1 capital	4.0 %	5.0 %	**5.4 %**	**14.6 % -**	**21.8 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.6 %**	**14.4 % -**	**22.9 %**

(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

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. Delta, ACA has notified AgriBank it is exploring various strategic initiatives that may impact its structure. AgriBank continues to work with Delta to obtain further information regarding the status of these strategic initiatives.

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 certain District Associations and will provide services to its owners and certain other Farm Credit Institutions. SunStream has been combined in the AgriBank District financial information. All intra-District transactions have been eliminated upon combination, resulting in no significant change to the Districtwide financial position or results of operations.

Select Information on AgriBank District Associations

(in thousands)

As of September 30, 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	$26,391,557	27.9%	$32,963,765	$6,486,195	16.6%	0.8%	2.1%
Farm Credit Mid-America	19,819,728	20.9%	25,243,535	5,160,011	20.2%	1.4%	1.7%
Compeer Financial[2]	19,381,422	20.5%	23,707,215	4,131,060	15.2%	0.7%	1.9%
GreenStone Farm Credit Services	8,649,187	9.1%	10,709,786	1,984,422	16.5%	0.6%	2.5%
AgCountry Farm Credit Services[2]	6,680,341	7.1%	8,654,468	1,896,769	18.0%	0.3%	2.1%
FCS Financial	3,818,854	4.0%	4,835,280	977,869	17.7%	0.3%	1.9%
Farm Credit Illinois	3,414,985	3.6%	4,523,984	1,093,130	19.7%	0.1%	2.0%
AgHeritage Farm Credit Services	1,448,650	1.5%	1,810,083	356,725	17.4%	0.6%	2.1%
Farm Credit Services of Western Arkansas	1,273,070	1.3%	1,622,135	322,454	18.6%	0.7%	1.9%
Farm Credit Services of Mandan	1,104,601	1.2%	1,411,463	297,906	17.0%	0.7%	2.0%
Farm Credit Services of North Dakota	1,066,638	1.1%	1,415,521	343,904	20.0%	0.5%	1.8%
Farm Credit Midsouth	936,591	1.0%	1,186,594	242,537	19.0%	0.8%	1.4%
Farm Credit Southeast Missouri	699,587	0.7%	880,057	171,411	19.2%	0.4%	2.3%
Delta Agricultural Credit Association	44,582	0.1%	55,062	10,246	24.2%	1.0%	0.8%
Total	$94,729,793	100.0%	$119,018,948	$23,474,639			

[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)

	September 30, 2020	December 31, 2019
Assets		
Cash	**$434,786**	$740,810
Federal funds and securities purchased under resale agreements	**698,500**	1,050,000
Investments	**19,897,211**	16,061,249
Loans	**124,024,096**	115,179,594
Allowance for loan losses	**534,509**	519,665
Net loans	**123,489,587**	114,659,929
Accrued interest receivable	**1,524,946**	1,433,680
Premises and equipment, net	**669,291**	658,150
Other assets	**623,104**	629,043
Total assets	**$147,337,425**	$135,232,861
Liabilities		
Bonds and notes	**$118,380,547**	$107,118,958
Member investment bonds	**1,538,853**	1,207,874
Accrued interest payable	**274,694**	408,135
Patronage distribution payable	**430,837**	879,177
Other liabilities	**801,249**	891,881
Total liabilities	**121,426,180**	110,506,025
Shareholders' equity		
Preferred stock	**350,000**	350,000
Capital stock and participation certificates	**338,977**	315,806
Capital stock and participation certificates receivable	**(112,020)**	—
Additional paid-in capital	**2,084,988**	2,084,988
Allocated retained earnings	**374,245**	374,125
Unallocated retained earnings	**23,351,617**	22,083,612
Accumulated other comprehensive loss	**(560,951)**	(556,401)
Noncontrolling interest	**84,389**	74,706
Total shareholders' equity	**25,911,245**	24,726,836
Total liabilities and shareholders' equity	**$147,337,425**	$135,232,861

Combined Statements of Income

AgriBank, FCB and District Associations

(unaudited)				
(in thousands)	Three months		Nine months	
For the periods ended September 30,	**2020**	2019	**2020**	**2019**
Interest Income				
Loans	**$1,165,296**	$1,342,550	**$3,638,409**	$3,973,306
Investment securities	**48,583**	111,061	**210,922**	340,369
Total interest income	**1,213,879**	1,453,611	**3,849,331**	4,313,675
Interest Expense	**358,416**	623,276	**1,290,536**	1,885,887
Net interest income	**855,463**	830,335	**2,558,795**	2,427,788
(Reversal of) provision for credit losses	**(3,226)**	10,436	**55,956**	24,347
Net interest income after (reversal of) provision for credit losses	**858,689**	819,899	**2,502,839**	2,403,441
Non-interest income				
Net fee income	**24,773**	15,590	**97,974**	44,488
Financially related services income	**51,678**	52,194	**101,346**	98,423
Net gains on sales of investments and other assets	**751**	173	**3,072**	1,685
Mineral income	**6,534**	13,262	**26,256**	38,609
Allocated Insurance Reserve Accounts	**—**	—	**24,188**	25,526
Other (loss) income	**(5,669)**	2,899	**2,329**	(5,230)
Total non-interest income	**78,067**	84,118	**255,165**	203,501
Non-interest expense				
Salaries and employee benefits	**198,440**	190,179	**592,601**	570,470
Occupancy and equipment	**32,192**	31,312	**99,110**	91,586
Purchased services	**24,174**	19,725	**66,545**	56,282
Farm Credit System Insurance Corporation expense	**28,859**	21,506	**69,568**	63,707
Other expense	**54,854**	54,601	**170,425**	160,872
Total non-interest expense	**338,519**	317,323	**998,249**	942,917
Income before income taxes	**598,237**	586,694	**1,759,755**	1,664,025
Provision for income taxes	**10,788**	14,263	**26,120**	30,874
Net income	**$587,449**	$572,431	**$1,733,635**	$1,633,151

AgriBank
FARM CREDIT BANK

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