AGRIBANK DISTRICT 2021 FINANCIAL INFORMATION

Unaudited

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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 Farm Credit System (System or Farm Credit), a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. 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.

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).

AgriBank is primarily owned by 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 those 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

As domestic public health measures have been implemented to limit the spread of the coronavirus, including the availability of vaccines, many restrictions have been lifted across the U.S. While the emergence of COVID-19 variants have negatively impacted certain regions of the U.S., the overall economy continues to recover, and the outlook is positive for many sectors, including agriculture.

The U.S. government instituted numerous programs in support of the COVID-19 pandemic economic recovery during both 2020 and 2021. This support has included direct payments to individuals, bolstering unemployment programs, creation of the Paycheck Protection Program (PPP), and support to specific industries, including agriculture. The majority of the funds appropriated under these programs have been in support of the broader economy, with agriculture receiving a small proportion, primarily in 2020, of the overall support granted under these programs.

The PPP is a guaranteed loan program administered by the U.S. Small Business Administration (SBA) with the purpose of supporting payroll and certain other financial needs of small business, including producers of agricultural products. Loans made under the PPP are guaranteed by the SBA and provide for forgiveness if the loan proceeds are used in accordance with the terms of the program. Numerous District Associations obtained approval from the SBA to participate as lenders in the PPP and have originated PPP loans to qualifying borrowers. More than $1 billion of loans were originated by District Associations under the PPP program and as of December 31, 2021, $38.2 million of loan volume remains outstanding.

The outlook for agriculture is positive for many producers. Strong net farm income in 2021 and increases in commodity prices positively impacted working capital for many producers. Higher input costs, including both intermediate costs and labor, as well as uncertainty surrounding supply chain recovery, inflation, and ongoing global pandemic factors, could impact certain borrowers. Refer to the AgriBank 2021 Annual Report for additional information regarding agricultural conditions.

AgriBank and District Associations have continued uninterrupted operations during the pandemic with certain locations utilizing remote work environments. AgriBank and District Associations are operating in a variety of capacities based on state and local requirements, as well as the facts and circumstances of each office. To date, the transition to and from alternative work environments has occurred without significant issues.

AgriBank continues to support District Associations as they work with farmer-borrowers to offer appropriate solutions to meet their short and long-term financing needs, other financial service needs, and fulfilling the Farm Credit mission.

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

As of December 31,	**2021**	2020	2019
Total loans	**$140,458,534**	$127,525,576	$115,179,594
Allowance for loan losses	**372,359**	511,139	519,665
Net loans	**140,086,175**	127,014,437	114,659,929
Total assets	**164,442,280**	151,141,745	135,232,861
Total shareholders' equity	**27,327,290**	25,802,440	24,726,836
For the year ended December 31,	**2021**	2020	2019
Net interest income	**$3,596,644**	$3,434,482	$3,258,773
(Reversal of) provision for credit losses	**(121,203)**	40,835	52,018
Net fee income	**125,166**	123,106	67,705
Net income	**2,501,558**	2,262,461	2,180,042
Net interest margin	**2.4 %**	2.4 %	2.5 %
Return on average assets	**1.6 %**	1.6 %	1.7 %
Return on average shareholders' equity	**9.3 %**	8.9 %	8.9 %
Operating and other expenses as a percentage of net interest income and non-interest income	**39.6 %**	38.4 %	36.5 %
Net loan chargeoffs as a percentage of average loans	**(0.01)%**	(0.04)%	(0.02)%
Average loans	**$131,686,216**	$120,562,643	$110,591,563
Average earning assets	**152,779,015**	140,523,800	128,219,739
Average assets	**155,393,293**	143,067,593	130,680,585

MANAGEMENT’S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $2.5 billion for the year ended December 31, 2021, an increase of $239.1 million, or 10.6 percent, compared to the same period of the prior year. Net interest income was higher and increased due to growth in loan volume across the District. Agriculture continued to fair well through 2021, resulting in reversals of provision for credit losses in the current year, contributing to the increased income compared to the same period last year. Non-interest income increased when compared to the same period of the prior year, a result of increased financially related services income driven by greater crop insurance coverage. The increases were somewhat offset by higher non-interest expense due to FCSIC insurance premium increases. Increased salaries expense, to a lesser degree, also contributed to the higher non-interest expense due to additional workforce across Associations and positive earnings outlook, resulting in higher incentive compensation.

Strong operating results allowed District Associations to issue cash patronage distributions of $1.0 billion.

Net Interest Income
Net interest income increased $162.2 million, or 4.7 percent, compared to the same period of the prior year, driven by significantly increased loan volume across the District. Interest rate spreads have remained steady as the low rate environment has continued through 2021 resulting in significant continued conversions. Net interest margin was 2.4 percent for the year ended December 31, 2021, stable compared to the same period of the prior year.

(Reversal of) Provision for Credit Losses
A reversal of credit losses of $121.2 million was recognized during the year ended December 31, 2021. Any reserves for unfunded commitments and letters of credit are recorded in "Other liabilities" on the Combined Balance Sheets.

At the ag producer level, net farm income and working capital have generally been favorable throughout 2021. Commodity prices in certain sectors, primarily crops, and ad-hoc government payments in 2020 have largely contributed to these improvements. The allowance analyses performed at District Associations generally reflect the improved positions for large portions of the respective portfolios. The year-over-year fluctuations for the District's provision for credit losses will be impacted by each institution's relative exposure to agricultural sectors and the economic conditions in individual agricultural sectors.

The level of government support impacts the broader economy, as well as certain agriculture sectors. Additionally, continued pandemic uncertainty, shifting global trade patterns, political instability abroad and disruptive weather both domestically and internationally could create volatility in the agriculture sector. Each of these factors could translate into changes in credit quality, which may impact provision for credit losses across the District.

Non-interest Income
Non-interest income increased compared to the same period in the prior year resulting from higher financially related services income. Increased acreage under crop insurance and new insurance products have driven the increase as well as market volatility producing higher premiums. Also contributing to the increase were gains recognized on Rural Business Investment Company investments. Additionally, higher oil prices have boosted mineral income. The absence of Allocated Insurance Reserve Accounts (AIRA) distributions during 2021 partially reduced the increase in non-interest income.

Non-interest Expense
Non-interest expense increased due to higher FCSIC expense as the premium assessment rate increased substantially from the prior year. The Insurance Corporation has announced continued premiums of 16 basis points in 2022, and has the ability to change these rates at any time. Growth in salaries and incentive compensation was a result of increased workforce and higher compensation levels driven by strong financial results.

Loan Portfolio

District Loans by Loan Type

(in thousands)

December 31,	2021	2020	2019
Real estate mortgage	**$78,221,408**	$70,247,053	$62,386,625
Production and intermediate-term	**31,324,281**	28,934,855	27,943,774
Agribusiness:			
Loans to cooperatives	**1,511,502**	1,550,794	1,304,557
Processing and marketing	**16,333,188**	14,770,664	12,251,764
Farm-related businesses	**1,719,434**	1,612,022	1,431,031
Rural infrastructure:			
Power	**1,879,594**	1,400,110	1,230,179
Communications	**2,757,668**	2,587,392	2,138,173
Water/Wastewater	**342,509**	234,874	236,016
Rural residential real estate	**2,691,710**	2,600,041	2,655,840
Agricultural export finance	**345,763**	384,186	345,638
Lease receivables	**234,992**	199,426	203,767
Loans to other financing institutions	**703,471**	610,952	631,038
Mission related investments	**2,393,014**	2,393,207	2,421,192
Total	**$140,458,534**	$127,525,576	$115,179,594

District loans increased $12.9 billion, or 10.1 percent, from December 31, 2020. The increase in total loans was mainly due to strong growth in the real estate mortgage sector, primarily to fund purchases of land. Additionally, the low interest rate environment and targeted marketing efforts throughout the year contributed to the increase. The agribusiness sector growth was primarily driven by strong capital markets lending, a result of high demand and opportunities for processing and marketing loans. Overall, the low interest rate environment continues to stimulate demand for new loans.

The loan portfolio exhibits some seasonality relating to the patterns of operating loans made to crop producers. Operating loans 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. Strong net farm income improved farm sector liquidity and growth in the other loan sectors combined to somewhat diminish the typical seasonality. While PPP loan originations positively impacted growth early in the year, the majority of the volume has been forgiven by the SBA, offsetting the typical seasonality increases in operating loans later in the year. Additionally, District Associations typically experience temporary increases in production and intermediate-term loans driven by borrowers' increased draws on their operating lines to purchase the next year’s production inputs, primarily for tax-planning strategies. While the seasonality is a recurring item, in the final months of 2021 the District saw substantial utilization of operating loans, above that of prior years, as borrowers utilized these lines of credit to make seasonal purchases due to increased crop input prices for the upcoming growing season and marketing patterns for the prior year crop production.

Portfolio Diversification

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, or within close proximity, which could cause them to be similarly impacted by economic or other conditions. While the amounts represent the maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the District's lending activities is collateralized and, accordingly, the credit risk associated with lending activities is considerably less than the recorded loan principal and is considered in the allowance for loan losses.

While the District has concentrations in crops, these crops primarily represent staple commodities of agriculture – corn, soybeans and wheat. To some extent, there is further concentration in crops related to the investor real estate sector, as these loans are typically made for the purchase of land that is rented for crop production. However, crop production is geographically diversified across the District. While the commodity distribution represents the primary commodity of the borrower, many of the crop producers may also have livestock operations or other forms of diversification.

Certain District Associations have diversified the concentration in agricultural production loans through rural residential real estate and part-time farmer loans, as well as agribusiness loans. Rural residential real estate, investor real estate and part-time farmer borrowers generally have significant off-farm sources of income, and, therefore, are less subject to cycles in agriculture. These borrowers are typically more susceptible to changes in the general economy, and the condition of the general economy will influence the credit quality of these segments of the portfolio.

Grain and livestock producers are somewhat subject to a counter-cyclical diversification effect. High grain prices are generally favorable to crop producers; however, livestock producers are adversely affected through higher feed costs. Conversely, low grain prices are generally negative to crop producers, but tend to improve the profitability for those livestock producers who purchase most or all of their feed. Severe fluctuations in commodity prices can negatively impact all District borrowers; however, cash grain prices have contributed to favorable net farm income in 2021 for most producers.

Commodity Concentrations

December 31,	**2021**	2020	2019
Crops	**43 %**	42 %	43 %
Cattle	**9 %**	9 %	9 %
Investor and Rural residential real estate	**9 %**	7 %	6 %
Food products	**7 %**	7 %	6 %
Dairy	**6 %**	6 %	7 %
Other	**26 %**	29 %	29 %
Total	**100 %**	100 %	100 %

Other commodities consist primarily of loans in the pork, timber, poultry, rural utilities, farm supply and grain marketing sectors, none of which represented more than 5 percent of the District loan portfolio.

Geographic Concentrations

December 31,	**2021**	**2020**	**2019**
Iowa	**10 %**	10 %	11 %
Illinois	**9 %**	9 %	9 %
Minnesota	**8 %**	8 %	8 %
Nebraska	**7 %**	8 %	8 %
Indiana	**7 %**	6 %	6 %
Michigan	**6 %**	6 %	6 %
Wisconsin	**5 %**	6 %	6 %
Ohio	**5 %**	5 %	5 %
South Dakota	**5 %**	5 %	5 %
Other	**38 %**	37 %	36 %
Total	**100 %**	100 %	100 %

Other states consist primarily of loans in Missouri, North Dakota, Tennessee, Arkansas, Kentucky and Wyoming, none of which represented more than 5 percent of the District loan portfolio.

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

December 31,	**2021**	2020	2019
Acceptable	**95.0 %**	92.2 %	90.8 %
Special Mention	**2.7 %**	4.3 %	4.4 %
Substandard/Doubtful	**2.3 %**	3.5 %	4.8 %
Total	**100.0 %**	100.0 %	100.0 %

Overall credit quality continues to improve due to disciplined underwriting standards, favorable net farm income and farm sector working capital throughout 2021, driven most recently by higher commodity prices in certain sectors. Additionally, there has been strong demand for new loans in the current low interest rate environment. Substandard/Doubtful loans, collectively called adverse loans, are loans AgriBank and District Associations have identified as showing some credit weakness according to established credit standards. No loans were categorized as loss as of December 31, 2021, 2020, or 2019.

Nonperforming Assets

(in thousands)

December 31,	2021	2020	2019
Nonaccrual Loans:			
Real estate mortgage	**$315,136**	$441,529	$482,613
Production and intermediate-term	**131,580**	206,185	257,621
Agribusiness	**35,037**	17,042	67,218
Rural infrastructure	**5,681**	—	23,683
Rural residential real estate	**13,954**	22,178	25,903
Other	**1,544**	1,372	1,131
Total nonaccrual loans	**$502,932**	$688,306	$858,169
Accruing Restructured Loans:			
Real estate mortgage	**$48,808**	$52,435	$61,335
Production and intermediate-term	**14,294**	16,500	16,315
Agribusiness	**1,713**	1,832	3,937
Rural residential real estate	**1,897**	1,650	1,706
Total accruing restructured loans	**$66,712**	$72,417	$83,293
Accruing Loans 90 Days or More Past Due:			
Real estate mortgage	**$1,648**	$4,600	$3,010
Production and intermediate-term	**2,531**	3,461	4,751
Agribusiness	**—**	—	395
Rural residential real estate	**—**	86	84
Other	**83,909**	45,629	38,303
Total accruing loans 90 days or more past due	**$88,088**	$53,776	$46,543
Total nonperforming loans	**$657,732**	$814,499	$988,005
Other property owned	**22,769**	17,071	31,492
Total nonperforming assets	**$680,501**	$831,570	$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.

Overall, nonperforming assets have decreased due to improved credit quality and the resolution of certain nonperforming accounts. Nonaccrual loans decreased due to certain large loans having been settled with payoffs, proactive actions to resolve financial challenges on certain accounts, and improved credit quality across District Associations.

Accruing loans 90 days or more past due increased primarily in the mission related loan category concentrated at one Association, which the loans are generally guaranteed by the United States Department of Agriculture (USDA). This Association has been working with borrowers, lead lenders and the USDA to facilitate favorable outcomes with these delinquent loans. Certain borrowers have received deferrals; however, other borrowers have exhausted deferrals, and the Association is in process of making claims on guarantees. While past-due volume is expected to be periodically elevated over the next several months, there are minimal expected losses because of the guarantees.

Aging Analysis of Loans

(in thousands) **As of December 31, 2021**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	**$131,944**	**$56,108**	**$188,052**	**$78,818,252**	**$79,006,304**
Production and intermediate-term	**82,740**	**42,576**	**125,316**	**31,527,220**	**31,652,536**
Agribusiness	**4,282**	**2,105**	**6,387**	**19,623,111**	**19,629,498**
Rural infrastructure	**—**	**—**	**—**	**4,987,654**	**4,987,654**
Rural residential real estate	**10,277**	**3,159**	**13,436**	**2,688,549**	**2,701,985**
Other	**178,405**	**85,305**	**263,710**	**3,439,870**	**3,703,580**
Total	**$407,648**	**$189,253**	**$596,901**	**$141,084,656**	**$141,681,557**

As of December 31, 2020	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	$131,104	$121,211	$252,315	$70,759,463	$71,011,778
Production and intermediate-term	111,129	92,167	203,296	29,090,056	29,293,352
Agribusiness	2,007	9,095	11,102	17,985,698	17,996,800
Rural infrastructure	—	—	—	4,227,467	4,227,467
Rural residential real estate	10,037	5,832	15,869	2,597,320	2,613,189
Other	132,205	46,765	178,970	3,437,105	3,616,075
Total	$386,482	$275,070	$661,552	$128,097,109	$128,758,661

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 December 31, 2021 decreased when compared to the year ended 2020. The decline was primarily due to favorable commodity prices in certain sectors, which has had a positive effect on working capital for many producers.

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, 2020	**$251,097**	**$169,467**	**$71,727**	**$9,188**	**$5,953**	**$3,707**	**$511,139**
(Reversal of) provision for credit losses	**(108,625)**	**(38,570)**	**26,468**	**1,233**	**(1,639)**	**(70)**	**(121,203)**
Loan recoveries	**2,066**	**12,855**	**2,763**	**—**	**315**	**—**	**17,999**
Loan charge-offs	**(3,634)**	**(21,284)**	**(10,498)**	**(870)**	**(435)**	**—**	**(36,721)**
Reclassification from (to) reserve for unfunded commitments*	**—**	**1,145**	**—**	**—**	**—**	**—**	**1,145**
Balance as of December 31, 2021	**$140,904**	**$123,613**	**$90,460**	**$9,551**	**$4,194**	**$3,637**	**$372,359**
As of December 31, 2021							
Ending balance: individually evaluated for impairment	**18,614**	**18,159**	**14,521**	**1,225**	**193**	**663**	**53,375**
Ending balance: collectively evaluated for impairment	**122,290**	**105,454**	**75,939**	**8,326**	**4,001**	**2,974**	**318,984**
Recorded investment in loans outstanding:							
Ending balance as of December 31, 2021	**$79,006,304**	**$31,652,536**	**$19,629,498**	**$4,987,654**	**$2,701,985**	**$3,703,580**	**$141,681,557**
Ending balance: individually evaluated for impairment	**365,592**	**148,405**	**36,750**	**5,681**	**15,851**	**85,453**	**657,732**
Ending balance: collectively evaluated for impairment	**78,640,712**	**31,504,131**	**19,592,748**	**4,981,973**	**2,686,134**	**3,618,127**	**141,023,825**

(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	26,524	21,300	(4,739)	(2,391)	(418)	559	40,835
Loan recoveries	2,335	12,589	582	231	272	—	16,009
Loan charge-offs	(7,734)	(35,540)	(12,259)	(6,743)	(499)	(2)	(62,777)
Reclassification from (to) reserve for unfunded commitments*	—	(2,593)	—	—	—	—	(2,593)
Balance at December 31, 2020	$251,097	$169,467	$71,727	$9,188	$5,953	$3,707	$511,139
As of December 31, 2020							
Ending balance: individually evaluated for impairment	25,052	31,479	3,583	—	245	383	60,742
Ending balance: collectively evaluated for impairment	226,045	137,988	68,144	9,188	5,708	3,324	450,397
Recorded investment in loans outstanding:							
Ending balance as of December 31, 2020	$71,011,778	$29,293,352	$17,996,800	$4,227,467	$2,613,189	$3,616,075	$128,758,661
Ending balance: individually evaluated for impairment	498,564	226,146	18,874	—	23,914	47,001	814,499
Ending balance: collectively evaluated for impairment	70,513,214	29,067,206	17,977,926	4,227,467	2,589,275	3,569,074	127,944,162

*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.

(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	3,286	31,623	18,901	1,363	(940)	(2,215)	52,018
Loan recoveries	2,989	7,692	895	—	359	—	11,935
Loan charge-offs	(2,598)	(23,732)	(4,398)	—	(588)	—	(31,316)
Adjustment due to merger	—	—	—	—	—	—	—
Reclassification from (to) reserve for unfunded commitments*	—	(3,744)	—	—	—	—	(3,744)
Balance as of December 31, 2019	$229,972	$173,711	$88,143	$18,091	$6,598	$3,150	$519,665
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 Bank typically holds high-quality investments and other short-term liquid assets on an available-for-sale basis. Refer to the AgriBank 2021 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' 2021 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 decrease in value as interest rates rise. Throughout 2021, unrealized gains have been reduced and unrealized losses have increased in the investment portfolios as a result of the rise in rates.

Investment Information

(in thousands) **As of December 31, 2021**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$18,470,968**	**$28,438**	**$106,778**	**$18,392,628**
District Association investments	**2,021,166**	**30,394**	**20,513**	**2,031,047**
Total District investments	**$20,492,134**	**$58,832**	**$127,291**	**$20,423,675**
(in thousands) As of December 31, 2020	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$18,494,545	$96,378	$5,594	$18,585,329
District Association investments	1,682,457	54,861	6,865	1,730,453
Total District investments	$20,177,002	$151,239	$12,459	$20,315,782
(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 growth needs. Total shareholders' equity increased $1.5 billion in 2021, primarily resulting from net income for the year ended December 31, 2021, partially offset by patronage accruals. Additionally, shareholders' equity increased as a result of $100 million preferred stock issuance by Compeer Financial.

In May 2021, Compeer issued $100 million of Series B-1 non-cumulative perpetual preferred stock, representing 100,000 shares at $1,000 per share par value. Compeer used the net proceeds from the Series B-1 preferred stock issuance for general corporate purposes, including to pay down a portion of their outstanding note payable to AgriBank, which is eliminated in District combination. Dividends on the Series B-1 preferred stock, if declared by Compeer's board of directors in its sole discretion, are non-cumulative and are payable quarterly in arrears.

Accumulated Other Comprehensive Loss

(in thousands)

December 31,	2021	2020	2019
Investment securities activity	**$(78,338)**	$90,784	$2,010
Derivatives and hedging activity	**(130,663)**	(201,629)	(78,520)
Employee benefit plans activity	**(433,328)**	(491,052)	(479,891)
Total accumulated other comprehensive loss	**$(642,329)**	$(601,897)	$(556,401)

The increase in accumulated other comprehensive loss as of December 31, 2021 compared to the year ended December 31, 2020 relates to the increasing unrealized losses on available-for-sale investment securities affected by increasing interest rates during the year. This was partially offset by derivative and hedging activity. Rising interest rates throughout 2021, positively impacted AgriBank's pay fixed swap portfolio designated as cash flow hedges. Employee benefit plans were also positively impacted by changes in discount rate assumptions, resulting in a gain when the pension was remeasured at year-end compared to losses in prior years' remeasurements.

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

Regulatory Capital Requirements and Ratios

As of December 31, 2021	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 %	**16.8 %**	**13.9 % - 29.6 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**17.4 %**	**14.6 % - 29.6 %**
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 %	**17.5 %**	**15.8 % - 29.9 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**17.4 %**	**15.7 % - 30.6 %**
Non-risk adjusted:					
Tier 1 leverage ratio	Tier 1 capital	4.0 %	5.0 %	**5.2 %**	**14.9 % - 24.1 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.4 %**	**14.7 % - 25.2 %**

(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

Employee Benefit Plans

Eligible employees of AgriBank, District service organizations, and certain District Associations participate in various defined benefit retirement plans. The retirement plans are noncontributory, and the benefits are based on salary and years of service. As of January 1, 2007, District entities froze participation in their defined benefit pension plans and offered defined contribution retirement plans to all employees hired subsequent to the freeze. In addition, most District entities provide certain healthcare and other postretirement benefits to eligible retired employees. Employees may become eligible for healthcare and other postretirement benefits if they reach normal retirement age while working for District entities.

Effective March 2021, a change in accounting policy was elected to use the fair value method for calculating the market-related value of assets for the fixed-income pension assets. This change in accounting principle did not have a material impact on the combined financial position or results of operations of the AgriBank District.

District Retirement Plans

(in thousands)	Pension Benefits		Other
December 31, 2021	Qualified	Non-qualified	Benefits
Projected benefit obligation	**$1,500,238**	**$68,112**	**$21,215**
Fair value of plan assets	**1,453,817**	**—**	**—**
Unfunded status	**(46,421)**	**(68,112)**	**(21,215)**
Accumulated benefit obligation	**$1,384,554**	**$47,825**	**N/A**
Assumptions used to determine benefit obligations:			
Discount rate	**2.9%**	**2.3%**	**1.27% - 2.84%**
Expected long-term rate of return	**4.8%**	**N/A**	**N/A**
Rate of compensation increase[(1)(2)]	**4.6%**	**4.6%**	**N/A**

(in thousands)	Pension Benefits		Other
December 31, 2020	Qualified	Non-qualified	Benefits
Projected benefit obligation	$1,563,421	$57,557	$23,140
Fair value of plan assets	1,393,781	—	—
Unfunded status	(169,640)	(57,557)	(23,140)
Accumulated benefit obligation	$1,426,270	$42,947	N/A
Assumptions used to determine benefit obligations:			
Discount rate	2.5%	1.6%	0.70% - 2.48%
Expected long-term rate of return	4.8%	N/A	N/A
Rate of compensation increase[(1)(2)]	4.6%	4.6%	N/A

(in thousands)	Pension Benefits		Other
December 31, 2019	Qualified	Non-qualified	Benefits
Projected benefit obligation	$1,421,126	$45,015	$21,832
Fair value of plan assets	1,200,332	—	—
Unfunded status	(220,794)	(45,015)	(21,832)
Accumulated benefit obligation	$1,298,942	$38,723	N/A
Assumptions used to determine benefit obligations:			
Discount rate	3.3%	2.7%	2.20% - 3.21%
Expected long-term rate of return	5.8%	N/A	N/A
Rate of compensation increase	6.8%	6.8%	N/A

(1) The rate of compensation increase for the pension benefits utilizes to an age-based scale beginning at 6.8%, decreasing ultimately to 3.5%

(2) The AgriBank District Pension Restoration Plan (non-qualified) generally follows the same rate of compensation increase assumption as the AgriBank District Retirement Plan unless an alternative assumption is deemed necessary for an individual participating entity. Alternative assumption elections were not material to the District combined non-qualified plan.

Other Matters

In May 2021, Compeer issued $150.0 million of aggregate principal amount of unsecured subordinated notes due on June 1, 2036, with an option to redeem all or some of the notes, at any time after a date 10 years from the closing date. The notes bear a fixed-to-floating interest rate of 3.375 percent per annum through May 31, 2031. Concurrently, Compeer issued $50.0 million of aggregate principal amount of unsecured subordinated notes due on June 1, 2031, with an option to redeem all or some of the notes, at any time after a date five years from the closing date. The notes bear a fixed-to-floating interest rate of 2.75 percent per annum through May 31, 2026. These notes are unsecured and subordinate to all other categories of creditors, including general creditors, and senior to all classes of stock. Proceeds have increased Compeer's regulatory permanent capital and total capital ratios and position them for the future. The subordinated notes are not Systemwide debt and are not an obligation of, nor guaranteed by any System entity. Payments on the subordinated notes are not insured by the Farm Credit Insurance Fund.

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.

Effective January 1, 2022, two District Associations, AgCountry Farm Credit Services, ACA and North Dakota, ACA merged and are doing business as AgCountry Farm Credit Services, ACA with headquarters in Fargo, N.D.

On July 1, 2021, Delta's board of directors approved a preliminary resolution to proceed with a plan to voluntarily liquidate and dissolve the Association (the Plan). The board of directors has determined that it is in the best interests of Delta to voluntarily dissolve. In order for liquidation and dissolution to occur, the Plan must be approved by the FCA and a majority of the Association's voting stockholders voting, in person or by written proxy, at a duly authorized stockholders meeting. AgriBank must approve certain aspects of the Plan. Delta has commenced activities associated with obtaining such approvals over the upcoming months; however, the ultimate timing is uncertain and subject to multiple considerations.

Effective October 25, 2021, Daniel Ritch began as CEO of SunStream Business Services. This announcement followed the resignation of Steve Jensen in May 2021. Cole Orndorff, who had served as interim CEO, has returned to his position as Vice President of Technology Delivery.

Select Information on AgriBank District Associations

(in thousands)

As of December 31, 2021	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	$30,140,612	27.9%	$37,380,293	$6,728,776	16.1%	0.4%	2.2%
Farm Credit Mid-America	23,745,490	21.9%	29,541,319	5,439,889	18.2%	0.8%	1.6%
Compeer Financial	21,900,691	20.2%	27,008,498	4,463,490	15.8%	0.5%	2.0%
GreenStone Farm Credit Services	9,619,904	8.9%	11,927,478	2,149,758	16.4%	0.4%	2.4%
AgCountry Farm Credit Services[2][3]	7,381,040	6.8%	9,533,332	2,035,572	17.9%	0.2%	2.0%
FCS Financial	4,596,666	4.2%	5,719,002	1,058,452	16.7%	0.2%	2.0%
Farm Credit Illinois	3,954,673	3.7%	5,136,166	1,115,247	19.5%	0.1%	1.9%
AgHeritage Farm Credit Services	1,595,805	1.5%	2,004,914	397,704	16.7%	0.2%	2.1%
Farm Credit Services of Western Arkansas	1,360,997	1.3%	1,732,746	347,158	18.9%	0.5%	1.8%
Farm Credit Services of Mandan	1,098,284	1.0%	1,436,891	323,769	18.5%	0.4%	2.0%
Farm Credit Services of North Dakota[3]	1,083,305	1.0%	1,465,632	368,424	21.2%	0.2%	2.1%
Farm Credit Midsouth	955,802	0.9%	1,229,232	259,385	17.8%	0.1%	1.9%
Farm Credit Southeast Missouri	706,978	0.7%	906,112	185,917	18.8%	0.3%	2.3%
Delta Agricultural Credit Association	26,118	0.0%	36,726	10,037	29.9%	0.8%	(0.2)%
Total	$108,166,365	100.0%	$135,058,341	$24,883,578			

[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.

[3] Merger effective January 1, 2022.

Combined Balance Sheets

AgriBank, FCB and District Associations

(unaudited)

(in thousands)

December 31,	**2021**	2020	2019
Assets			
Cash	**$1,376,581**	$693,784	$740,810
Federal funds and securities purchased under resale agreements	**—**	639,700	1,050,000
Investments	**20,413,794**	20,267,786	16,061,249
Loans	**140,458,534**	127,525,576	115,179,594
Allowance for loan losses	**372,359**	511,139	519,665
Net loans	**140,086,175**	127,014,437	114,659,929
Accrued interest receivable	**1,271,385**	1,276,783	1,433,680
Premises and equipment, net	**702,637**	672,210	658,150
Other assets	**591,708**	577,045	629,043
Total assets	**$164,442,280**	$151,141,745	$135,232,861
Liabilities			
Bonds and notes	**$132,665,518**	$121,499,542	$107,118,958
Subordinated notes	**200,000**	—	—
Member investment bonds	**2,037,089**	1,530,022	1,207,874
Accrued interest payable	**261,016**	273,685	408,135
Patronage distribution payable	**1,043,699**	1,034,558	879,177
Other liabilities	**907,668**	1,001,498	891,881
Total liabilities	**137,114,990**	125,339,305	110,506,025
Shareholders' equity			
Preferred stock	**450,000**	350,000	350,000
Capital stock and participation certificates	**362,995**	344,536	315,806
Capital stock and participation certificates receivable	**(118,179)**	(113,357)	—
Additional paid-in capital	**2,084,988**	2,084,988	2,084,988
Allocated retained earnings	**269,317**	322,664	374,125
Unallocated retained earnings	**24,802,092**	23,326,757	22,083,612
Accumulated other comprehensive loss	**(642,329)**	(601,897)	(556,401)
Noncontrolling interest	**118,406**	88,749	74,706
Total shareholders' equity	**27,327,290**	25,802,440	24,726,836
Total liabilities and shareholders' equity	**$164,442,280**	$151,141,745	$135,232,861

Combined Statements of Income

AgriBank, FCB and District Associations

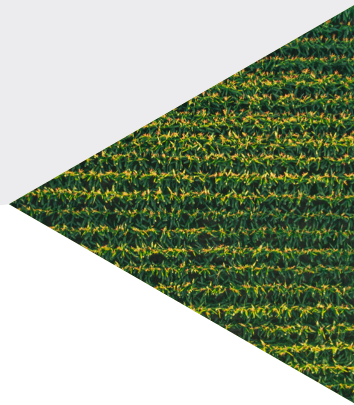
(unaudited)

(in thousands)

For the year ended December 31,	**2021**	2020	2019
Interest Income			
Loans	**$4,650,752**	$4,796,526	$5,279,393
Investment securities and other earning assets	**147,504**	251,787	440,817
Total interest income	**4,798,256**	5,048,313	5,720,210
Interest Expense	**1,201,612**	1,613,831	2,461,437
Net interest income	**3,596,644**	3,434,482	3,258,773
(Reversal of) provision for credit losses	**(121,203)**	40,835	52,018
Net interest income after (reversal of) provision for credit losses	**3,717,847**	3,393,647	3,206,755
Non-interest income			
Net fee income	**125,166**	123,106	67,705
Financially related services income	**201,703**	176,887	170,924
Net gains on sales of investments and other assets	**2,164**	4,427	1,986
Mineral income	**54,487**	33,993	53,638
Allocated Insurance Reserve Accounts	**—**	24,188	25,526
Other income (loss)	**46,224**	5,170	(6,088)
Total non-interest income	**429,744**	367,771	313,691
Non-interest expense			
Salaries and employee benefits	**885,591**	842,280	773,340
Occupancy and equipment	**156,951**	137,395	125,701
Purchased services	**112,678**	98,823	83,207
Farm Credit System Insurance Corporation expense	**176,894**	99,368	85,533
Other expense	**261,111**	281,584	240,495
Total non-interest expense	**1,593,225**	1,459,450	1,308,276
Income before income taxes	**2,554,366**	2,301,968	2,212,170
Provision for income taxes	**52,808**	39,507	32,128
Net income	**$2,501,558**	$2,262,461	$2,180,042

District Associations

Farm Credit Associations in the AgriBank District provide farmers, ranchers and other rural borrowers in their local communities with the capital they need to make their businesses successful.



AgriBank supports the following Farm Credit Associations that serve rural communities and agriculture in the 15 states of the AgriBank District. Under our cooperative structure, the farmers, ranchers and agribusinesses Farm Credit serves these locally owned District Associations, which in turn are the primary customers and owners of AgriBank.

AgCountry Farm Credit Services, ACA*
1900 44th St. S.
Fargo, ND 58108
(701) 282-9494
www.agcountry.com

AgHeritage Farm Credit Services, ACA
119 E. Third St., Suite 200
Little Rock, AR 72201
(800) 299-2290
www.agheritagefcs.com

Compeer Financial, ACA
2600 Jenny Wren Trail
Sun Prairie, WI 53590
(844) 426-6733
www.compeer.com

Delta Agricultural Credit Association
118 E. Speedway
Dermott, AR 71638
(870) 538-3258
www.deltaaca.com

FCS Financial, ACA
1934 E. Miller St.
Jefferson City, MO 65101
(573) 635-7956
www.myfcsfinancial.com

Farm Credit Illinois, ACA
1100 Farm Credit Drive
Mahomet, IL 61853
(217) 590-2200
www.farmcreditil.com

Farm Credit Mid-America, ACA
12501 Lakefront Place
Louisville, KY 40299
(502) 420-3700
www.e-farmcredit.com

Farm Credit Midsouth, ACA
3000 Prosperity Drive
Jonesboro, AR 72404
(870) 932-2288
www.farmcreditmidsouth.com

Farm Credit Services of America, ACA
5015 S. 118th St.
Omaha, NE 68137
(402) 348-3333
www.fcsamerica.com

Farm Credit Services of Mandan, ACA
1600 Old Red Trail
Mandan, ND 58554
(701) 663-6487
www.farmcreditmandan.com

Farm Credit Services of Western Arkansas, ACA
3115 W. 2nd Court
Russellville, AR 72801
(479) 968-1434
www.myaglender.com

Farm Credit Southeast Missouri, ACA
1116 N. Main St.
Sikeston, MO 63801
(573) 471-0342
www.farmcreditsemo.com

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

**Farm Credit Services of North Dakota merged into AgCountry Farm Credit Services effective January 1, 2022.*

AgriBank
FARM CREDIT BANK

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