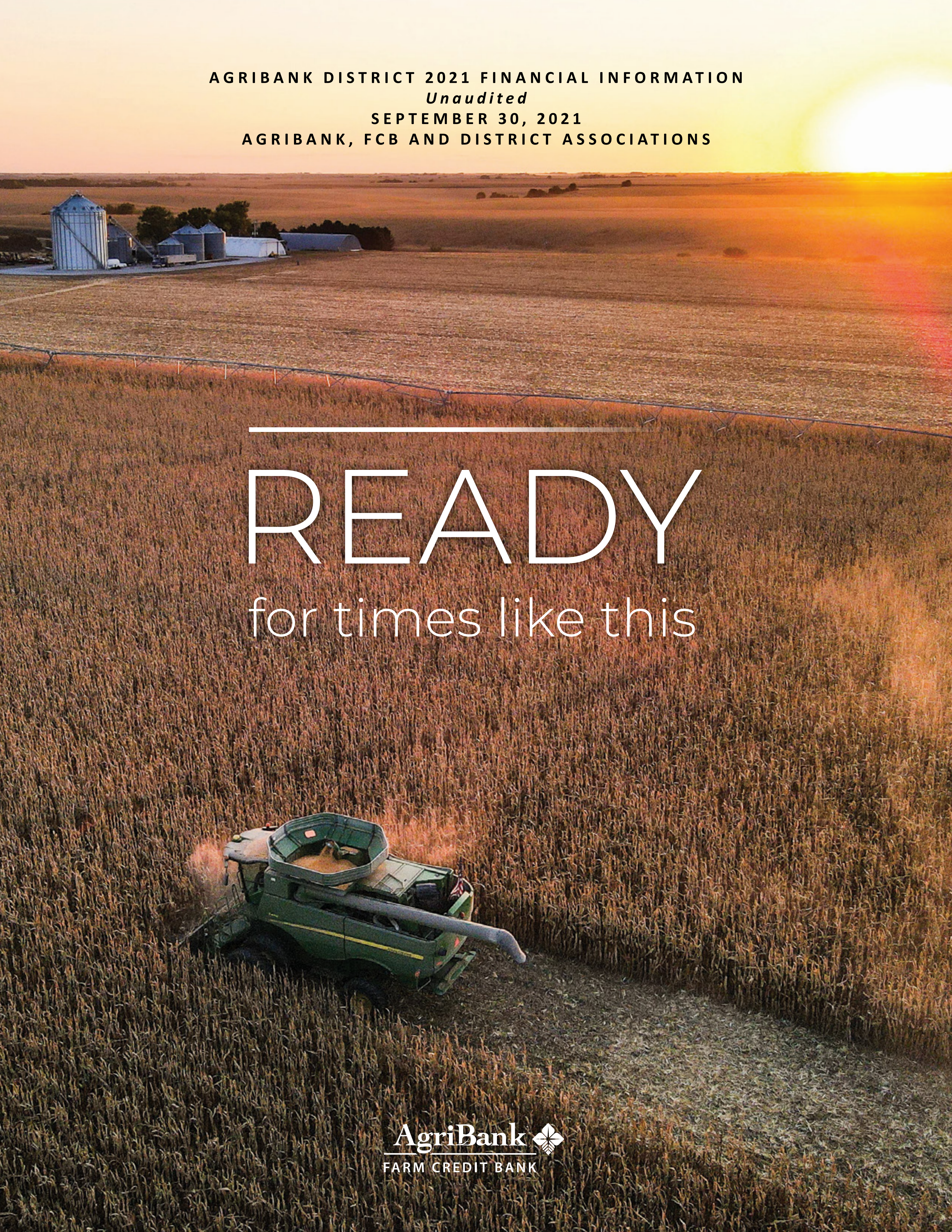
AGRIBANK DISTRICT 2021 FINANCIAL INFORMATION
Unaudited
SEPTEMBER 30, 2021
AGRIBANK, FCB AND DISTRICT ASSOCIATIONS



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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 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

As domestic public health measures have been implemented to limit the spread of the coronavirus, including the availability of vaccines, many or all 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 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.

The challenging agriculture environment in recent years had eroded working capital for some producers, which for certain sectors was exacerbated by the pandemic. However, the outlook for agriculture improved remarkably in the second half of 2020 and has continued throughout 2021. Strong forecasted net farm income has been driven by ad-hoc government payments and commodity price increases in certain sectors, primarily crops. Farm sector working capital has improved as a result of strong net farm income. Refer to the AgriBank 2020 Annual Report and AgriBank 2021 Third Quarter 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. Some employees have returned to their respective offices, in varying capacities, based on state and local requirements as well as the facts and circumstances of each office. The federal government has announced a vaccine mandate for certain employers. AgriBank and certain District Associations' management expect this mandate may apply to the respective entities. Federal guidelines for this mandate have not been issued. AgriBank and Associations' management will monitor both state COVID-19 metrics and information from the Occupational Safety and Health Administration (OSHA) to determine how these requirements may impact each respective institution. 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 liquidity needs, and fulfilling the Farm Credit mission.

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

	September 30, 2021	December 31, 2020
Total loans	**$134,312,530**	$127,525,576
Allowance for loan losses	**397,209**	511,139
Net loans	**133,915,321**	127,014,437
Total assets	**158,041,789**	151,141,745
Total shareholders' equity	**27,293,897**	25,802,440
For the nine months ended September 30,	**2021**	2020
Net interest income	**$2,666,517**	$2,558,795
(Reversal of) provision for credit losses	**(113,424)**	55,956
Net fee income	**99,080**	97,974
Net income	**1,876,252**	1,733,635
Net interest margin	**2.4 %**	2.5 %
Return on average assets	**1.6 %**	1.6 %
Return on average shareholders' equity	**9.4 %**	9.1 %
Operating and other expenses as a percentage of net interest income and non-interest income	**38.8 %**	35.5 %
Net loan chargeoffs as a percentage of average loans	**0.00 %**	(0.04)%
Average loans	**$130,132,926**	$119,109,939
Average earning assets	**151,195,088**	138,475,725
Average assets	**153,694,233**	140,919,939

MANAGEMENT’S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $1.9 billion for the nine months ended September 30, 2021, an increase of $142.6 million, or 8.2 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. While some uncertainty remains, agriculture continues to fair well in the current environment, resulting in reversals of provision for credit losses in the current year, which significantly contributed to the increased income compared to the same period last year. Non-interest income increased slightly when compared to the same period of the prior year. These increases were partially offset by higher non-interest expense mainly due to FCSIC insurance premium increases. Also contributing to non-interest expense were increased salaries due to additional workforce across Associations and positive earnings outlook, resulting in higher estimated incentives, at many institutions in the District.

Net Interest Income

Net interest income increased $107.7 million, or 4.2 percent, compared to the same period of the prior year, primarily driven by higher loan volume across the District. Interest rate spreads were stable due to rates on interest earning assets and interest bearing liabilities both decreasing in 2021 when compared to the same period of 2020. Net interest margin was 2.4 percent for the nine months ended September 30, 2021, a decrease compared to the same period of the prior year, due to the reduced benefit of equity financing in a lower interest rate environment.

(Reversal of) Provision for Credit Losses

A reversal of credit losses of $113.4 million was recognized during the nine months ended September 30, 2021. Any reserves for unfunded commitments and letters of credit are recorded in “Other liabilities” on the Combined Balance Sheets.

Net farm income and working capital for many producers began to improve in the second half of 2020 and has remained positive through 2021. Commodity price increases in certain sectors, primarily crops, and ad-hoc government payments have improved net farm income and bolstered working capital positions for many producers. 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.

Diminished government support could negatively impact the broader economy, as well as certain agriculture sectors. Additionally, shifting global trade patterns and disruptive weather both domestically and internationally could create volatility and stress in the agriculture sector, and uncertainty remains in light of the pandemic. Each of these factors could translate into declines in credit quality, which may impact provision for credit losses across the District.

Non-interest Income

Non-interest income increased slightly compared to the same period in the prior year resulting from gains recognized on Rural Business Investment Company investments. Higher oil and gas prices have boosted mineral income. Additionally, higher servicing and other fees, from outside the District, related to capital market portfolios also contributed to the increase. Lastly, financial services insurance income has increased when compared to the same period in the prior year as a result of increased coverage and premiums. Conversely, the increase in non-interest income was somewhat offset by the absence of Allocated Insurance Reserve Accounts (AIRA) distributions during 2021.

Non-interest Expense

Non-interest expense increased due to higher FCSIC expense as the premium assessment rate increased substantially from the prior year. Additionally, salaries and incentive compensation increased due to increased workforce and higher compensation levels driven by strong financial results.

Loan Portfolio

District Loans by Loan Type

(in thousands)	**September 30, 2021**	December 31, 2020
Real estate mortgage	**$75,453,178**	$70,247,053
Production and intermediate-term	**29,322,447**	28,934,855
Agribusiness:		
Loans to cooperatives	**1,357,332**	1,550,794
Processing and marketing	**15,030,945**	14,770,664
Farm-related businesses	**1,919,817**	1,612,022
Rural infrastructure:		
Power	**1,825,137**	1,400,110
Communications	**2,605,453**	2,587,392
Water/Wastewater	**342,040**	234,874
Rural residential real estate	**2,715,923**	2,600,041
Agricultural export finance	**421,024**	384,186
Lease receivables	**228,533**	199,426
Loans to other financing institutions	**685,839**	610,952
Mission related investments	**2,404,862**	2,393,207
Total	**$134,312,530**	$127,525,576

District loans increased $6.8 billion, or 5.3 percent, from December 31, 2020. The increase in total loans was primarily due to growth in the real estate mortgage sector. This was largely the result of targeted marketing efforts and low mortgage rate programs offered throughout the year. Additionally, the low interest rate environment has stimulated demand for new loans. The agribusiness sector growth was primarily driven by growth from borrowers requiring more funding due to higher production costs and increased commodity prices.

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. However, strong net farm income has improved farm sector liquidity, resulting in lower utilization of operating lines in 2021 compared to prior years. The degree of seasonality exhibited by the loan portfolio is diminished primarily due to growth in real estate mortgage, agribusiness and part-time farmer sectors. While PPP loan originations positively impacted growth in the first half of 2021, the majority of the volume has been forgiven by the SBA, partially offsetting the typical seasonality increases in the production and intermediate-term category during the third quarter of 2021.

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, 2021	December 31, 2020
Acceptable	**94.3 %**	92.2 %
Special Mention	**3.0 %**	4.3 %
Substandard/Doubtful	**2.7 %**	3.5 %
Total	**100.0 %**	100.0 %

Overall credit quality continues to improve due to disciplined origination standards, improvement in net farm income and farm sector working capital throughout 2021, driven by increases in commodity prices in certain sectors and ad-hoc government payments, as well as 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 outside the credit standards. No loans were categorized as loss as of September 30, 2021 or December 31, 2020.

Nonperforming Assets

(in thousands)	**September 30, 2021**	December 31, 2020
Nonaccrual Loans:		
Real estate mortgage	**$356,415**	$441,529
Production and intermediate-term	**162,146**	206,185
Agribusiness	**33,387**	17,042
Rural infrastructure	**11,785**	—
Rural residential real estate	**16,116**	22,178
Other	**1,641**	1,372
Total nonaccrual loans	**$581,490**	$688,306
Accruing Restructured Loans:		
Real estate mortgage	**$50,310**	$52,435
Production and intermediate-term	**16,335**	16,500
Agribusiness	**1,739**	1,832
Rural residential real estate	**1,950**	1,650
Total accruing restructured loans	**$70,334**	$72,417
Accruing Loans 90 Days or More Past Due:		
Real estate mortgage	**$4,512**	$4,600
Production and intermediate-term	**12,205**	3,461
Agribusiness	**162**	—
Rural residential real estate	**266**	86
Other	**99,248**	45,629
Total accruing loans 90 days or more past due	**$116,393**	$53,776
Total nonperforming loans	**$768,217**	$814,499
Other property owned	**12,374**	17,071
Total nonperforming assets	**$780,591**	$831,570

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 improved credit quality across District Associations, proactive actions to resolve financial challenges on certain accounts, and certain large loans having been settled with payoffs.

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.

Also contributing to the increase is the seasonal pattern of the crop input portfolio, which exhibits a large amount of seasonality due to significant portions of the portfolio maturing in January through March of each year and therefore become 90 days past due at the end of the second quarter and into the third quarter. A large portion of this portfolio contains recourse agreements from the crop input dealers, which significantly reduces the risk of non-collection for this portfolio. Generally, any amounts considered uncollectible will be charged-off and recourse is initiated. Repayment through the recourse agreements are generally collected in the next year, following the charge-offs.

Aging Analysis of Loans

(in thousands) **As of September 30, 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	**$90,543**	**$74,413**	**$164,956**	**$76,248,603**	**$76,413,559**
Production and intermediate-term	**54,098**	**68,079**	**122,177**	**29,558,347**	**29,680,524**
Agribusiness	**29,818**	**24,823**	**54,641**	**18,316,431**	**18,371,072**
Rural infrastructure	**—**	**—**	**—**	**4,781,614**	**4,781,614**
Rural residential real estate	**13,145**	**2,919**	**16,064**	**2,711,726**	**2,727,790**
Other	**96,128**	**100,573**	**196,701**	**3,569,920**	**3,766,621**
Total	**$283,732**	**$270,807**	**$554,539**	**$135,186,641**	**$135,741,180**

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

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, 2021 decreased when compared to the year ended 2020. The decline was primarily due to commodity price increases in certain sectors, and ad-hoc government payments, which have 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**	**$71,726**	**$9,188**	**$5,953**	**$3,708**	**$511,139**
(Reversal of) provision for credit losses	**(93,025)**	**(35,490)**	**14,267**	**2,338**	**(1,262)**	**(252)**	**(113,424)**
Loan recoveries	**1,159**	**7,267**	**2,501**	**—**	**288**	**—**	**11,215**
Loan charge-offs	**(2,950)**	**(11,033)**	**(33)**	**—**	**(362)**	**—**	**(14,378)**
Reclassification from (to) reserve for unfunded commitments*	**—**	**2,657**	**—**	**—**	**—**	**—**	**2,657**
Balance as of September 30, 2021	**$156,281**	**$132,868**	**$88,461**	**$11,526**	**$4,617**	**$3,456**	**$397,209**
As of September 30, 2021							
Ending balance: individually evaluated for impairment	**23,932**	**24,957**	**11,747**	**3,126**	**187**	**461**	**64,410**
Ending balance: collectively evaluated for impairment	**132,349**	**107,911**	**76,714**	**8,400**	**4,430**	**2,995**	**332,799**
Recorded investment in loans outstanding:							
Ending balance as of September 30, 2021	**$76,413,559**	**$29,680,524**	**$18,371,072**	**$4,781,614**	**$2,727,790**	**$3,766,621**	**$135,741,180**
Ending balance: individually evaluated for impairment	**411,237**	**190,686**	**35,288**	**11,785**	**18,332**	**100,889**	**768,217**
Ending balance: collectively evaluated for impairment	**76,002,322**	**29,489,838**	**18,335,784**	**4,769,829**	**2,709,458**	**3,665,732**	**134,972,963**

(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 at September 30, 2020	$251,890	$176,347	$85,764	$10,377	$6,058	$4,073	$534,509
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.

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 2020 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’ 2020 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, rates have risen to a small degree, which has reduced unrealized gains and increased unrealized losses in the investment portfolios.

Investment Information

(in thousands) **As of September 30, 2021**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$18,659,181**	**$58,758**	**$46,730**	**$18,671,209**
District Association investments	**2,035,427**	**36,183**	**18,430**	**2,053,180**
Total District investments	**$20,694,608**	**$94,941**	**$65,160**	**$20,724,389**

(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

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 $1.5 billion, primarily resulting from net income for the nine months ended September 30, 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)	**September 30, 2021**	December 31, 2020
Investment securities activity	**$12,030**	$90,784
Derivatives and hedging activity	**(138,125)**	(201,629)
Employee benefit plans activity	**(452,461)**	(491,052)
Total accumulated other comprehensive loss	**$(578,556)**	$(601,897)

The decrease in accumulated other comprehensive loss as of September 30, 2021 compared to the year ended December 31, 2020 relates to derivatives and hedging activity as a result of rising interest rates throughout 2021, positively impacting AgriBank's pay fixed swap portfolio designated as cash flow hedges. This was offset by declining unrealized gains on available-for-sale investment securities affected by increasing interest rates during the the year.

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

Regulatory Capital Requirements and Ratios

As of September 30, 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 %	**17.0 %**	**14.1 % - 26.4 %**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**17.6 %**	**14.9 % - 26.4 %**
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 %	**17.7 %**	**16.2 % - 26.6 %**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**17.6 %**	**16.0 % - 27.5 %**
Non-risk adjusted:					
Tier 1 leverage ratio	Tier 1 capital	4.0 %	5.0 %	**5.3 %**	**15.1 % - 23.7 %**
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.5 %**	**15.0 % - 24.7 %**

(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

Employee Benefit Plans

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.

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.

The boards of directors of AgCountry Farm Credit Services, ACA (AgCountry) and Farm Credit Services of North Dakota, ACA (North Dakota) made a strategic decision to pursue a merger of the two organizations. The consolidated Association would be named AgCountry Farm Credit Services, ACA and would be headquartered in Fargo, N.D. The boards unanimously approved a resolution in favor of merging the two Associations and have received approval from AgriBank. The Farm Credit Administration (FCA) has granted its preliminary approval of the application for merger, and a stockholder vote is scheduled in November 2021. If approved by stockholders and final approval is granted by FCA, the merger will be effective no earlier than January 1, 2022.

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 wind up its affairs and 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. 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 September 30, 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	**$28,156,923**	**27.6%**	**$35,177,319**	**$6,829,842**	**16.3%**	**0.5%**	**2.2%**
Farm Credit Mid-America	**22,524,785**	**22.1%**	**28,182,205**	**5,334,549**	**18.5%**	**1.0%**	**1.6%**
Compeer Financial	**20,412,847**	**20.0%**	**25,382,533**	**4,461,950**	**16.2%**	**0.6%**	**2.0%**
GreenStone Farm Credit Services	**9,088,958**	**8.9%**	**11,319,431**	**2,130,287**	**16.7%**	**0.5%**	**2.3%**
AgCountry Farm Credit Services[2]	**7,026,592**	**6.9%**	**9,119,789**	**2,000,166**	**18.1%**	**0.2%**	**1.9%**
FCS Financial	**4,309,746**	**4.2%**	**5,401,664**	**1,042,866**	**17.0%**	**0.2%**	**2.0%**
Farm Credit Illinois	**3,616,208**	**3.5%**	**4,771,422**	**1,136,337**	**19.9%**	**0.1%**	**1.9%**
AgHeritage Farm Credit Services	**1,641,417**	**1.6%**	**2,037,098**	**388,628**	**16.5%**	**0.4%**	**2.1%**
Farm Credit Services of Western Arkansas	**1,340,589**	**1.3%**	**1,704,117**	**342,661**	**18.7%**	**0.6%**	**1.8%**
Farm Credit Services of Mandan	**1,070,217**	**1.0%**	**1,401,129**	**321,012**	**18.3%**	**0.4%**	**2.1%**
Farm Credit Services of North Dakota	**1,060,717**	**1.0%**	**1,434,307**	**363,639**	**21.1%**	**0.2%**	**2.0%**
Farm Credit Midsouth	**1,050,123**	**1.0%**	**1,312,507**	**253,698**	**17.6%**	**0.7%**	**1.5%**
Farm Credit Southeast Missouri	**755,578**	**0.7%**	**948,219**	**183,791**	**18.7%**	**0.5%**	**2.3%**
Delta Agricultural Credit Association	**34,769**	**0.0%**	**45,595**	**10,139**	**26.6%**	**0.7%**	**(0.0)%**
Total	**$102,089,469**	**100.0%**	**$128,237,335**	**$24,799,565**			

[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, 2021	December 31, 2020
Assets		
Cash	**$692,881**	$693,784
Federal funds and securities purchased under resale agreements	**—**	639,700
Investments	**20,706,636**	20,267,786
Loans	**134,312,530**	127,525,576
Allowance for loan losses	**397,209**	511,139
Net loans	**133,915,321**	127,014,437
Accrued interest receivable	**1,469,761**	1,276,783
Premises and equipment, net	**678,994**	672,210
Other assets	**578,196**	577,045
Total assets	**$158,041,789**	$151,141,745
Liabilities		
Bonds and notes	**$126,709,423**	$121,499,542
Subordinated notes	**200,000**	—
Member investment bonds	**2,229,343**	1,530,022
Accrued interest payable	**238,019**	273,685
Patronage distribution payable	**509,983**	1,034,558
Other liabilities	**861,124**	1,001,498
Total liabilities	**130,747,892**	125,339,305
Shareholders' equity		
Preferred stock	**450,000**	350,000
Capital stock and participation certificates	**359,246**	344,536
Capital stock and participation certificates receivable	**(117,537)**	(113,357)
Additional paid-in capital	**2,084,988**	2,084,988
Allocated retained earnings	**321,527**	322,664
Unallocated retained earnings	**24,669,947**	23,326,757
Accumulated other comprehensive loss	**(578,556)**	(601,897)
Noncontrolling interest	**104,282**	88,749
Total shareholders' equity	**27,293,897**	25,802,440
Total liabilities and shareholders' equity	**$158,041,789**	$151,141,745

Combined Statements of Income

AgriBank, FCB and District Associations

(unaudited)

(in thousands)	Three months		Nine months	
For the periods ended September 30,	**2021**	2020	**2021**	2020
Interest Income				
Loans	**$1,176,925**	$1,165,296	**$3,455,268**	$3,638,409
Investment securities and other earning assets	**36,848**	48,583	**114,543**	210,922
Total interest income	**1,213,773**	1,213,879	**3,569,811**	3,849,331
Interest Expense	**304,916**	358,416	**903,294**	1,290,536
Net interest income	**908,857**	855,463	**2,666,517**	2,558,795
(Reversal of) provision for credit losses	**(66,542)**	(3,226)	**(113,424)**	55,956
Net interest income after (reversal of) provision for credit losses	**975,399**	858,689	**2,779,941**	2,502,839
Non-interest income				
Net fee income	**32,270**	24,773	**99,080**	97,974
Financially related services income	**55,247**	51,678	**109,231**	101,346
Net gains on sales of investments and other assets	**485**	751	**1,852**	3,072
Mineral income	**13,703**	6,534	**38,311**	26,256
Allocated Insurance Reserve Accounts	**—**	—	**—**	24,188
Other income (loss)	**2,203**	(5,669)	**28,317**	2,329
Total non-interest income	**103,908**	78,067	**276,791**	255,165
Non-interest expense				
Salaries and employee benefits	**237,995**	198,440	**640,182**	592,601
Occupancy and equipment	**38,322**	32,192	**111,064**	99,110
Purchased services	**25,594**	24,174	**74,767**	66,545
Farm Credit System Insurance Corporation expense	**44,001**	28,859	**131,724**	69,568
Other expense	**64,975**	54,854	**183,086**	170,425
Total non-interest expense	**410,887**	338,519	**1,140,823**	998,249
Income before income taxes	**668,420**	598,237	**1,915,909**	1,759,755
Provision for income taxes	**13,291**	10,788	**39,657**	26,120
Net income	**$655,129**	$587,449	**$1,876,252**	$1,733,635

AgriBank
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