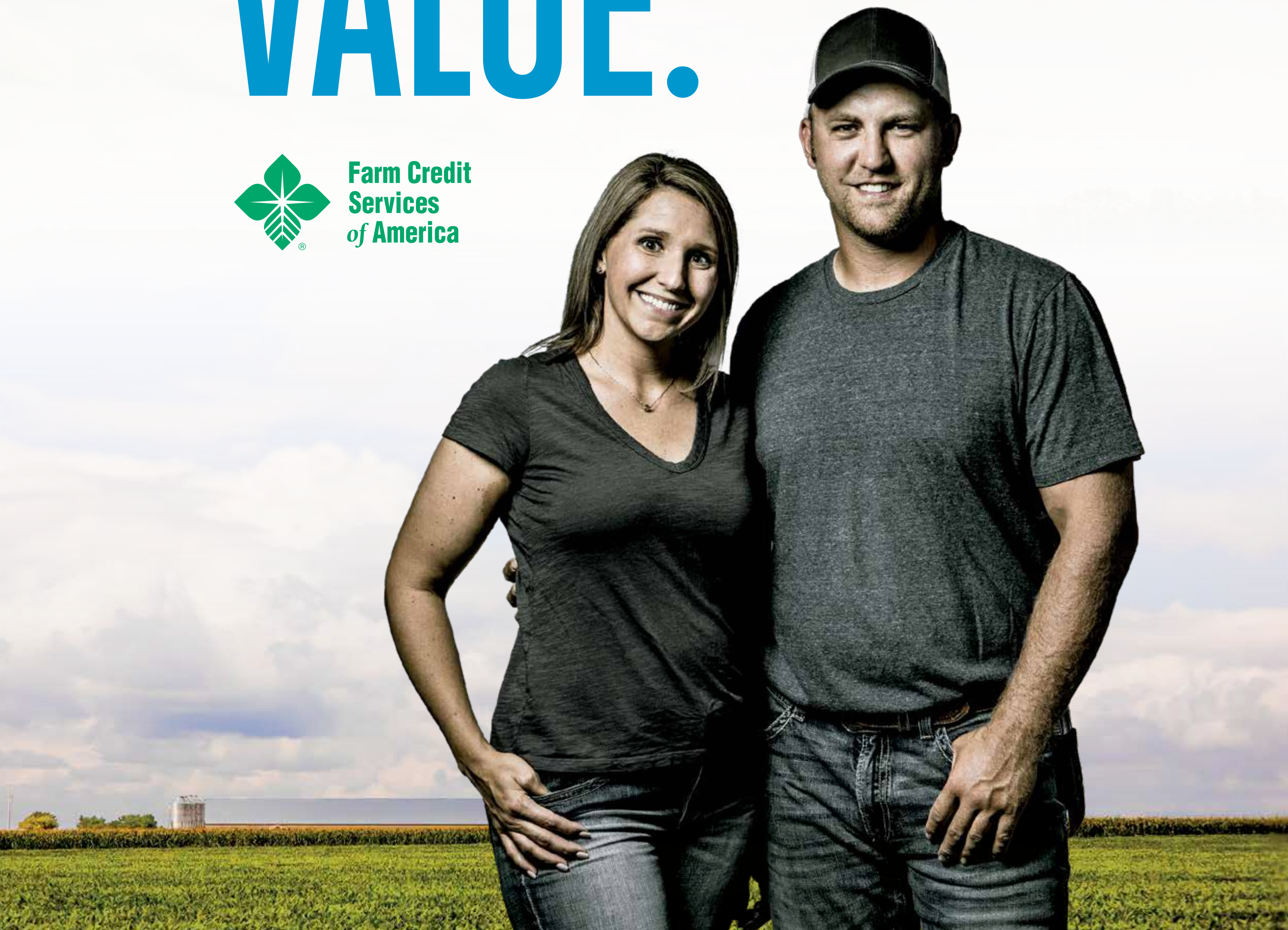
2021 ANNUAL REPORT

STRENGTH. EXPERTISE. VALUE.

Farm Credit Services of America



$35.7 BILLION in Loans

$6.7 BILLION in Members' Equity

$773.0 MILLION in Net Income

$296.5 MILLION in Cash-Back Dividends (Estimated)

Financial Highlights	**2021**	**2020**	**2019**
Loans	\$35.7 billion	\$32.2 billion	\$29.7 billion
Members' Equity	\$6.7 billion	\$6.2 billion	\$5.9 billion
Net Income	\$773.0 million	\$695.0 million	\$672.0 million
Cash-Back Dividends	\$296.5 million (estimated)	\$339.0 million (estimated)	\$262.0 million (estimated)

WORKING TO GROW YOUR SUCCESS.

GROWING THE NEXT GENERATION

Total loan volume for young, beginning and small producers reached $6.9 billion, up from $6.2 billion in 2020.

While most of our 22,962 young, beginning and small producers meet conventional loan standards, AgStart and the Development Fund help support those who otherwise might not have access to the credit needed to start and grow their business.

AgStart loan volume grew 14.5% in 2021 to $958 million, and loan volume in the Development Fund stood at $30.1 million.

In 2021, Farm Credit Services of America (FCSAmerica) also introduced specialized lending teams to serve the unique financial and educational needs of young and beginning producers.

“Farm Credit has supported us as young producers by providing opportunities for continuing education such as the Side by Side Conference or webinars. They really invest in us so that we can be great partners and make good business decisions as we grow our operation.”
– Krystl Knabe & Cody Knopp

THE POWER OF OWNERSHIP WORKS HERE

A commitment to return at least 1% of a customer’s eligible daily loan balance resulted in a total 2021 cash-back dividend of $296.5 million.

Your Board of Directors has fulfilled its commitment to pay a dividend equal to at least 100 basis points – a full 1% – in each of the past three years. A special second payout in June 2021 meant 1.25% of our 2020 net earnings went back to eligible farmers and ranchers.

“The cash-back dividends have been great for our operation. A lot of times I’ll just apply them directly to our operating loan, so we save interest that way. But the dividends have also sometimes provided a boost in other areas as cash we weren’t necessarily depending on or anticipating. So it allows us to maybe apply it somewhere that we hadn’t previously planned on.”
– Amanda Hollenbeck

FARMLEND® DELIVERS FINANCING OPTION

With an average of 30,000 visits each month, FarmLend.com has become an important online tool for potential ag real estate borrowers.

Launched in 2020, FarmLend marries the convenience of online lending with the expertise of our financial officers. Available anytime and from anywhere, the FarmLend real estate application can be completed in less than seven minutes.

"Using the online FarmLend calculator gave me the tools I needed to calculate what I could afford to pay for the property, which in turn made me feel comfortable about the whole purchase from start to finish. ... Once I was with my local office, I was able to work, face to face, hands on with the local rep who helped me the rest of the way to closing on my property."
– Mitch Montag

CROP INSURANCE PORTFOLIO EXPANDS

With more than 10.1 million acres of farmland insured in 2021 – an increase of more than 8% from 2020 – FCSAmerica is the largest crop insurance agency in our market.

FCSAmerica continues to invest in the training, tools and expertise that help farmers and ranchers align their crop insurance decisions to their operations' needs and goals.

"A person is only as good as the people they do business with and surround themselves with. In my circle of advisors, Farm Credit has two very important seats on my farm – lending and insurance. I count on them to give me the very best advice to ensure the success of my farm."
– Cory Z.

INVESTING IN YOUR FINANCIAL SUCCESS

FCSAmerica's added-value educational program grew 25%.

Last year FCSAmerica hosted 29 in-person customer meetings and 54 webinars aimed at equipping producers with the financial and risk management knowledge, marketing and industry trends to help grow their success.

"One thing I really appreciate about Farm Credit is the GrowingOn® seminars and the webinars they make available. I've learned lots about accounting and about recordkeeping. And those are really important skills for a farmer to have."
– Anne Waltner & Rolf Olson

Financial Information

> “Every day we strive to provide value to our customers’ operations with products, programs and expertise tailored to agriculture.”
>
> **– Mark Jensen, President and CEO**

Despite its challenges with weather events and supply chain issues, 2021 was a profitable year for much of agriculture – and for your financial cooperative. Unprecedented commodity prices and government assistance tied to the COVID-19 pandemic led to strong profitability for producers on the whole. Our customer-owners have rebuilt working capital following years of compression created by tight margins, added acres, updated equipment and generally moved their operations forward based on their specific needs and goals.

FCSAmerica’s 2021 annual report reflects these gains. Lending activity was up last year for real estate as well as equipment financed through AgDirect®. Rural 1st® benefited from continued low interest rates that increased demand for country homes. And an uptick in crop insurance sales reflected both the benefits of FCSAmerica’s proprietary tool for choosing the right policy and evolving products that provide additional protection.

At FCSAmerica, we often talk about building financial strength in good times to fulfill our mission of serving rural communities and agriculture in tough times. In an environment of rising production costs and continued volatility and uncertainty, we have been deliberate about leveraging our financial strength to meet the needs of producers today, while also furthering our investments in the future of agriculture and your cooperative.
For example:

- Financial acumen is as important as strong production skills in the increasingly volatile and complex ag industry. We continue to expand our customer education program to share the expertise and insights needed to manage today’s agricultural operations.
- The rollout last year of specialized services for young, beginning and small producers brings additional support to the next generation.
- FarmLend, our online financing application, continued to grow in its second year, offering a convenient and secure option for initiating a loan and connecting with our experts.

Every day we strive to provide value to our customers’ operations with products, programs and expertise tailored to agriculture. Our cash-back dividend program provides an additional value, one that comes with doing business with your financial cooperative.

Since 2004, we have returned more than $2.6 billion in annual cash-back dividends as part of our commitment to share our financial success directly with farmers and ranchers. Last year, we paid a special second 2020 cash-back dividend on the general pool for a total return of 1.25% on eligible average balances. That is the power of ownership.

Our cooperative-business model means your financial team at FCSAmerica is working for your success. As we move into 2022, focus turns to putting the profitability of the past couple years to work, and it is important to be talking to your advisors, including at FCSAmerica. Decisions made today will shape tomorrow’s bottom line.

Your cooperative has the financial strength and expertise to support you through these volatile and uncertain times. It’s part of the value we deliver. I thank you for doing business with FCSAmerica.

Mark Jensen

Mark Jensen
President and CEO

"FCSAmerica has spent decades building financial strength, and profitability in 2021 contributes to the mission of serving agriculture."

– Steve Henry, 2021 Board Chair

As farmers and ranchers, we each have our own financial and risk management objectives. Yet we share the same need for a strong, reliable lender. Your Board of Directors is committed to ensuring FCSAmerica is that lender.

FCSAmerica has spent decades building the financial strength to fulfill our mission of serving agriculture. 2021 profitability contributed to our strength. In the board room, we focus on using this financial strength for the benefit of customer-owners, as well as the rural communities in which they live.

Annual cash-back dividends are the most tangible example of our strength. Since 2004, FCSAmerica has returned $2.6 billion to eligible customer-owners. It is at the farm and ranch level where cash-back dividends impact our operations, families and local communities. Your Board is committed to FCSAmerica's patronage program. You can count on it.

A strong cooperative also looks out for the financial interest of its customer-owners. In the past couple years, FCSAmerica has proactively refinanced thousands of loans at historically low interest rates. This work has locked in years of savings for customer-owners and comes at a time when we all are looking for ways to manage rising costs.

Going forward, your Board and cooperative will continue to invest in digital tools and services that make it easier to do business with FCSAmerica, expand educational opportunities for producers, and give customer-owners the information they need to make informed decisions for their businesses.

Agriculture is changing – faster than at any point in our careers. FCSAmerica is investing in the products and services that meet the needs of agriculture today and tomorrow.

On behalf of your Board, I thank you for choosing FCSAmerica as your lender.

Steve R Henry

Steve Henry
2021 Board Chair

FCSAmerica, ACA Directors

Phil Bamesberger / Indianola, Nebraska
Bamesberger owns and operates Bamesberger Farms and Good Shepherd, LLC, family farming operations that include a variety of crops and hay, a cow-calf herd, feedlot and hog confinement business. He is a member of the Red Willow County Farm Bureau Board, the Nebraska Farm Bureau State Legislative Policy Committee, the Red Willow Board of Adjustments and Peace Lutheran Church Board of Elders. Bamesberger was elected to the FCSAmerica Board effective April 1, 2019; his current term ends March 31, 2023.

Jeff Burg / Wessington Springs, South Dakota
Burg is president of Firesteel Ranch Corporation, which includes calving and beef feedlot operations as well as corn, soybeans, small grains and alfalfa crops. He serves on the South Dakota Corn Growers Association Board and is the organization's delegate for the U.S. Meat Export Federation. He is also a director on the Wessington Springs Township Board. Burg was appointed to fill a vacancy on the FCSAmerica Board effective May 1, 2019; his current term ends March 31, 2025.

Tom Farwell / Humboldt, Nebraska
Farwell operates Farwell Farm, a family farm that raises corn, soybeans, wheat and brome hay. An Angus cow-calf herd supplies feeders and additional feeders are purchased for finishing. He also serves on the Humboldt United Methodist Church Pastor Parish Committee and as treasurer of the Nebraska Gideon's Southeast Camp. Farwell was elected to the FCSAmerica Board effective April 1, 2018; his current term ends March 31, 2022.

Steve Henry / Nevada, Iowa
Henry is an owner and partner in LongView Farms, a farming partnership, the owner and manager of Henry Land II, LLC, the owner and president of Henry Corp., and an agent for SLV Farms, a farming and land ownership business. He also serves on the AgriBank District Farm Credit Council. Henry was elected to the FCSAmerica Board effective January 1, 2011; his current term ends March 31, 2023.

Nicholas Hunt / Atlantic, Iowa
Hunt is president of Hunt Bros., Inc., a family farm corporation, and Clan Farms, Inc., a beef cattle feedlot. He is manager and a partner in Hunt Land, LC, a family agricultural land-holding company; a partner in Hunt Investment, LC, a holding company for family investments in stocks and bonds; and Horizons Partnership, a family agricultural business. Hunt also serves on the CattleFax Board, the Atlantic Community School District Board of Education and Cass County Hospital Foundation Board. Hunt was elected to the FCSAmerica Board effective January 1, 2007; his current term ends March 31, 2025.

Nick Jorgensen / Ideal, South Dakota
An appointed stockholder Director, Jorgensen owns and operates Jorgensen Land and Cattle Partnership with his father, cousin and uncle. The family grows multiple crops, has a registered Angus cow herd and commercial Angus bull operation, and provides guided pheasant hunts. Jorgensen was appointed to the FCSAmerica Board effective April 1, 2016; his current term ends March 31, 2024.

Jim Kortan / Brookings, South Dakota
An appointed Director, Kortan is a retired partner with Deloitte and has a background in information technology, strategic planning, risk management, internal control, regulatory compliance and business process improvement. He is president of LJK Investment Group and a director on the RapidGrow Technologies board, an LED manufacturing business for horticulture. He was appointed to the FCSAmerica Board effective April 1, 2015; his current term ends March 31, 2023.

Rick Maxfield / Lyman, Wyoming
Maxfield is a general partner in Maxfield Ranch. The multigenerational family business includes a cow-calf and backgrounding operation. The family also grows hay. Maxfield serves on the AgriBank District Farm Credit Council and the Bridger Valley Electric Association Board. He was elected to the FCSAmerica Board effective April 1, 2015; his current term ends March 31, 2023. Maxfield previously served on the FCSAmerica Board from 2004 to 2006.

Cris Miller / Spearfish, South Dakota
Miller is president of Miller's Crow Creek Ranch, LLC, a family ranching business with a commercial cow-calf operation, a backgrounding operation and feed crops. He serves on the AgriBank District Farm Credit Council, is the chairman of the Butte Electric Cooperative Board, and serves on the Lawrence County Ag Committee. He was elected to the FCSAmerica Board effective January 1, 2012; his current term ends March 31, 2024.

Dana Morgan / Corning, Iowa
Morgan is the commercial-ingredient manager for New Balance Commodities, a division of BALANCE4WARD, a cattle feeding company that provides ingredient solutions and business management systems. He and his wife operate Morgan Land & Cattle Company, a cow-calf and cattle feeding operation. He is co-owner of Morgan Brothers, LLC, a land-holding company, and owns Bragg & Morgan, LLC, a rental property business. He also has a farming partnership with Turner Farms Partnership. He currently serves on the Southwest Iowa Rural Electric Cooperative Board and is a trustee for St. Timothy's Catholic Church. Morgan was appointed to fill a vacancy on the Board effective July 1, 2020; his current term ends March 31, 2022.

John Reisch / Howard, South Dakota
As president of Reisch Farms, Inc., Reisch raises corn, wheat, soybeans and alfalfa, and has cattle feeding and cow-calf enterprises. He serves as treasurer on the Boards of Howard Township and Howard Industries, Inc., and is a member of the South Dakota Cattlemen's Cattle Feeder Council. Reisch was elected to the FCSAmerica Board effective January 1, 2008; his current term ends March 31, 2022.

Jon Van Beek / Primghar, Iowa
Van Beek has a family farm operation raising corn and soybean seed and is a partner in D-Nine, Inc., custom feeding hogs. He is an elder for Zion Lutheran Church. Van Beek was elected to the FCSAmerica Board effective January 1, 2009; his current term ends March 31, 2024. Van Beek previously served on the FCSAmerica Board from 1995 to 1997 and from 2001 to 2003.

Susan Voss / North English, Iowa
Voss is a vice president, secretary and treasurer of BS Farms, Inc., a family corn, soybean and cow-calf operation, and BS Lands, LLC, which holds real estate. She is also a certified public accountant. She is employed at TDT CPAs and Advisors, providing advisory, accounting and tax services, and is the controller for Ralston Construction, Inc. Voss also serves on the Farm Credit Foundations Board. Voss was elected to the FCSAmerica Board effective April 1, 2014; her current term ends March 31, 2022.

Mark Weiss / Omaha, Nebraska
An appointed Director, Weiss is an executive with Smart Energy Water, a technology company serving the utility industry. His background is in information technology and risk management, and he is a Certified Information Systems Security Professional (CISSP). Additionally, Weiss completed the National Association of Corporate Directors (NACD) Cyber-Risk Oversight Program and earned the CERT Certificate in Cybersecurity Oversight. He previously served as chief information officer for NTT Security (U.S.), Inc. Weiss was appointed to the FCSAmerica Board effective April 1, 2014; he has been reappointed with a term ending March 31, 2026.

Jennifer Zessin / Madison, Nebraska
Zessin and her husband have a diversified grain farm operation raising corn, soybeans, alfalfa and wheat. They own Zessin Farms, LLC and 3Z Equipment, LLC, which are family farming entities. She has past business experience in banking, human resources and internal auditing. Zessin serves on the AgriBank District Farm Credit Council, the Farm Credit Council Board of Directors and the Farm Credit Council Services Board of Directors. She is also treasurer for Trinity Lutheran Church and School. She was elected to the FCSAmerica Board effective January 1, 2009; her current term ends March 31, 2024.

Farm Credit Services of America, ACA

Consolidated Five-Year Summary of Selected Financial Data

(Dollars in thousands)

	2021	2020	2019	2018	2017
Balance Sheet Data					
Loans	**$35,719,890**	$32,206,504	$29,748,180	$28,386,634	$26,652,660
Less allowance for loan losses	**75,000**	152,000	163,000	157,000	130,000
Net loans	**35,644,890**	32,054,504	29,585,180	28,229,634	26,522,660
Investment in AgriBank, FCB	**777,441**	710,310	651,643	569,657	532,576
Investment in AgDirect, LLP	**94,418**	74,087	59,710	54,914	59,164
Cash	**51,687**	57,690	56,064	108,956	94,002
Other property owned	**7,621**	10,271	25,677	33,615	3,776
Other assets	**804,236**	771,363	890,291	852,494	745,612
Total assets	**$37,380,293**	$33,678,225	$31,268,565	$29,849,270	$27,957,790
Obligations with maturities one year or less	**$ 585,905**	$ 624,686	$ 575,455	$ 539,838	$ 468,323
Obligations with maturities greater than one year	**30,140,612**	26,876,605	24,780,931	23,812,109	22,403,041
Total liabilities	**30,726,517**	27,501,291	25,356,386	24,351,947	22,871,364
At-risk capital stock	**99,835**	95,845	89,629	84,672	76,838
Less capital stock receivable (Note 8)	**(99,835)**	(95,845)	–	–	–
Retained earnings	**6,653,776**	6,176,934	5,822,550	5,412,651	5,009,588
Total members' equity	**6,653,776**	6,176,934	5,912,179	5,497,323	5,086,426
Total liabilities and members' equity	**$37,380,293**	$33,678,225	$31,268,565	$29,849,270	$27,957,790
Statement of Income Data					
Net interest income	**$789,143**	$777,034	$770,244	$741,697	$702,217
(Reversal of) provision for credit losses	**(79,231)**	3,294	10,723	29,865	30,912
Noninterest income	**369,587**	345,261	281,849	268,208	245,175
Noninterest expense	**456,601**	412,552	363,410	340,051	329,068
Provision for income taxes	**8,291**	11,571	5,937	6,951	4,959
Net income	**$773,069**	$694,878	$672,023	$633,038	$582,453
Key Financial Ratios					
For the year					
Return on average assets	**2.23%**	2.16%	2.23%	2.22%	2.17%
Return on average total members' equity	**11.86%**	11.37%	11.60%	11.83%	11.84%
Net interest income as a percentage of average earning assets	**2.38%**	2.52%	2.68%	2.72%	2.74%
Net charge-offs as a percentage of average loans	**—**	0.04%	0.01%	0.01%	0.02%
At year-end					
Members' equity as a percentage of total assets	**17.80%**	18.34%	18.91%	18.42%	18.19%
Allowance for loan losses as a percentage of total loans	**0.21%**	0.47%	0.55%	0.55%	0.49%
Capital ratios:					
Permanent capital ratio	**15.85%**	16.13%	16.81%	16.21%	15.80%
Common equity Tier 1 ratio	**15.82%**	16.06%	16.70%	16.10%	15.71%
Tier 1 capital ratio	**15.82%**	16.06%	16.70%	16.10%	15.71%
Total capital ratio	**16.06%**	16.55%	17.24%	16.63%	16.21%
Tier 1 leverage ratio	**17.14%**	17.32%	17.90%	17.29%	16.97%
Other					
Cash patronage distribution payable to members	**$296,500**	$339,000	$262,000	$230,000	$200,000

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Services of America, ACA (FCSAmerica) and its subsidiaries, Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA (the subsidiaries), and provides additional specific information. The accompanying consolidated financial statements and notes to the consolidated financial statements also contain important information about our financial condition and results of operations.

The Farm Credit System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2022, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 65 customer-owned cooperative lending institutions (Associations). The Farm Credit System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the Farm Credit System serves – the American farmer and rancher.

AgriBank, FCB, a Farm Credit System bank, and its affiliated Associations are collectively referred to as the AgriBank Farm Credit District. FCSAmerica, ACA is one of the affiliated Associations in the AgriBank Farm Credit District.

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System. The Farm Credit System Insurance Corporation administers the Farm Credit Insurance Fund. The Insurance Fund ensures the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par or stated value and for other specified purposes.

To request a free copy of our annual or quarterly reports, contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905, via email to $sr@fcsamerica.com or view them on our website, fcsamerica.com. The annual report is available on our website no later than 75 days after the end of the calendar year, and shareholders are provided a copy of the report no later than 90 days after the end of the calendar year. The quarterly reports are available on our website no later than 40 days after the end of each calendar quarter.

Forward-Looking Information

This annual report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "anticipate," "believe," "estimate," "may," "expect," "intend," "outlook" and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties that may be beyond our control. These risks and uncertainties include, but are not limited to:

- political (including trade and environmental policies), legal, regulatory, financial markets, economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, international, rural and farm-related business sectors;
- unfavorable weather, disease and other adverse climatic or biological conditions that periodically occur and impact agricultural productivity and income;
- changes in United States government support of the agricultural industry (including government support payments) and the Farm Credit System as a government-sponsored enterprise (GSE), as well as investor and rating-agency reactions to events involving the United States government, other GSEs and other financial institutions;
- actions taken by the Federal Reserve System in implementing monetary policy;
- credit, interest rate and liquidity risks inherent in our lending activities;
- changes in our assumptions for determining the allowance for loan losses and fair value measurements;
- industry outlooks for agricultural conditions;
- changes in interest rate benchmarks utilized in our lending;
- length and severity of an epidemic or pandemic;
- cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, or those of our third-party vendors or other service providers;
- disruptive technologies impacting the banking and financial services industries or implemented by our competitors that negatively impact our ability to compete in the marketplace.

Farm Credit Services of America, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

Commodity Review and Outlook

The COVID-19 pandemic remained a primary factor affecting global markets in 2021. Early in the year, the COVID-19 vaccine became more widely available and as inoculation rates increased, community restrictions eased. Greater consumer demand followed and remained strong through the end of 2021. However, supply inventories lagged, employers struggled with labor shortages in a strong jobs market and supply-chain disruptions persisted. As a result, prices for many goods and services increased, heightening inflation within the United States economy. Global economies continue to reopen and confront inflationary concerns, and monetary policy will be a topic monitored into 2022.

United States agriculture was among the sectors that experienced robust demand. At the same time, supplies tightened in key commodities. China and the ethanol industry helped drive demand for grain as drought impacted production in South America. As expected, market prices responded favorably. For grain producers, this meant strong basis levels and margins for most of 2021.

United States net farm income was forecast to increase 23.2 percent in 2021 to $116.8 billion, the highest level since 2013 and more than 24.0 percent above its 20-year average when adjusted for inflation. Driving the largest increase in net farm income was cash receipts from the sale of agricultural commodities. Nationally, cash receipts were expected to increase 17.8 percent from 2020 to $427.3 billion. Total crop receipts were expected to increase 17.9 percent from 2020 due to higher receipts from corn, soybeans and wheat. On the livestock side, total product receipts were expected to increase 17.7 percent, with increases in receipts for broilers, cattle/calves and hogs.

The higher commodity prices, combined with low interest rates, supported inflationary pressure in agriculture, leading to higher costs of production for United States producers. Total production expenses were expected to increase 8.3 percent to $387.6 billion in 2021. At the same time, direct government payments were expected to decrease approximately 40.0 percent from $45.7 billion in 2020 to $27.2 billion in 2021. As a result, higher production expenses coupled with lower direct government payments partially offset higher cash receipts that United States producers received in 2021.

The average December monthly prices received by farmers and ranchers for the past five years are reflected in the table below:

	Averages for the Month of December:				
Commodity	**2021**	2020	2019	2018	2017
Corn	**$5.47**	$3.97	$3.71	$3.54	$3.23
Soybeans	**$12.50**	$10.50	$8.70	$8.57	$9.30
Wheat	**$8.58**	$5.43	$4.64	$5.28	$4.51
Beef cattle (all)	**$137.00**	$108.00	$118.00	$117.00	$118.00
Hogs (all)	**$56.50**	$49.10	$47.30	$43.40	$48.60
Milk (all)	**$21.80**	$18.50	$20.70	$16.40	$17.20
Eggs (all)	**$1.36**	$0.73	$0.93	$1.17	$1.34

We monitor, compile and report real estate sales information for FCSAmerica's four-state territory. We also monitor 63 benchmark farms in the four states, which are updated each January and July.

The following table compiled by our appraisal team reflects average value changes for each state over the past six-month, one-year, five-year and ten-year periods as of January 1, 2022. The current number of benchmark farms is shown in parentheses after each state.

State	Six-Month	One-Year	Five-Year	Ten-Year
Iowa (21)	25.1%	37.3%	45.3%	49.6%
Nebraska (18)	15.8%	22.1%	17.3%	47.6%
South Dakota (22)	12.9%	21.0%	10.6%	74.0%
Wyoming (2)	1.7%	10.0%	32.1%	79.0%

Increases in cropland values following the 2020 harvest extended into 2021, with significant gains in the third and fourth quarters. Strong commodity prices, better-than-expected yields in several areas of our four-state territory, low interest rates, government payments and increased demand from varying types of buyers created strong optimism for the agricultural real estate market.

Crops: National average yields were up by 5.6 bushels to 177.6 bushels per acre, resulting in a record-high national average yield. In the Association's territory, Iowa and Nebraska reported record average yields despite drought in certain areas. Drought in Iowa was offset by timely rainfalls in the growing season, resulting in an average yield of 205 bushels per acre. In Nebraska, the average yield was 194 bushels per acre. Drought in South Dakota was more widespread and more intense. There, the average yield was 135 bushels per acre, the lowest yield since 2012 and approximately 10 bushels per acre below their 10-year average.

The overall United States corn crop in 2021 was projected at more than 15.1 billion bushels. If realized, this would be 6.3 percent above 2020 bushels and the second-largest corn crop in United States history. However, ending stocks remain below their 10-year average due to robust export levels and strong ethanol demand. Total corn use for the 2021–22 marketing year was expected to be slightly higher than 2020–21, the previous high for total corn use.

Entering 2021, beginning stocks for soybeans were tight, exports hit record levels and South America was in a drought. Like corn, soybeans were profitable. United States producers responded to these market signals and planted 87.2 million acres of soybeans, exceeding the 10-year average planting level by about 6 million acres. Timely rains throughout the Midwest during the growing season resulted in the nation's second-highest average soybean yield of 51.4 bushels per acre.

This record soybean crop was in large part due to exceptional production in Iowa and Nebraska. Iowa harvested more than 10 million acres of soybeans, the most since 2006, and in a first, topped the 600-million-bushel level to produce a record 628.8 million bushels. The state's average per-acre yield was 62 bushels. Nebraska also saw a record crop of 350.9 million bushels total and an average per-acre yield of 63 bushels, 2 bushels higher than the previous high in 2016. In South Dakota, the impact of drought extended to soybeans. The average yield of 40 bushels per acre was down from 46 in 2020. The 215.6 million bushels harvested in South Dakota in 2021 represented a 4.7 percent decline from the previous year.

Soybean exports remain strong and United States processors are crushing soybeans at record highs. In October 2021, United States processors crushed 197 million bushels of soybeans, nearly 0.5 million bushels higher than the record established in October 2020.

Beef: On the protein side, cattle and swine producers saw gains in product cash receipts from 2020 to 2021. Cash receipts from cattle and calves were expected to increase $8.3 billion, or 13.2 percent, from 2020 due to higher prices and quantities sold. Fed steer prices averaged about $111 per hundredweight in the first month of 2021 and closed out the year at an average of $138.50 per hundredweight.

Continuing strength in beef demand, tight cattle supplies and rising inflation put upward pressure on both cattle and retail beef prices in 2021. The index for beef was up 20.9 percent from November 2020. Even with persistent high retail prices for beef, consumers appeared willing and able to purchase a relatively high quantity of beef at retail stores. Per capita beef consumption for 2021 was expected to hit 59.1 pounds, up from 58.4 pounds in 2020.

The value of United States beef exports hit record highs in 2021. Compared to 2020, United States beef shipments to China soared. China was the third-largest export destination in 2021, up from seventh in 2020 and nearly surpassing combined shipments to Mexico and Canada, which are the fourth- and fifth-largest destinations for United States beef. Through November 2021, United States beef exports to China were 312.0 percent higher than for all of 2020. South Korea's aggregate beef imports from the United States through November also were at their highest levels, surpassing the same period in 2020 by 18 percent.

Pork: Tight supplies and strong demand strengthened prices and profitability for swine producers in 2021. Cash receipts were expected to reach $7.7 billion, an increase of 40.1 percent compared to 2020.

The December U.S. Department of Agriculture Quarterly Hogs and Pigs report reflected smaller supplies with market hog inventory at 68 million head, down 4.0 percent from 2020. Additionally, breeding inventory was 6.18 million head, up slightly from 2020 but down from the previous quarter's September 2021 report. Although inventory was low at year-end, sow productivity from September and November 2021 was strong; pigs per litter rose 1.3 percent to 11.19, the largest increase since December through February of 2019.

The hog market faced supply problems from a lack of workers at processing facilities, high feed costs, reduced inventories and increased disease pressures, mainly from Porcine Reproductive and Respiratory Syndrome. Lower hog inventories were expected to decrease United States pork production to 27.7 billion pounds, a decline of about 2.0 percent from 2020. The overall market environment through the summer months of 2021 allowed for larger margins. Those values fell sharply in the last half of 2021 due to lower prices. However, United States pork producers benefited from consumer demand and the return of the food service industry.

Exports of United States pork were elevated through November and held strength historically despite an expected overall decline of 2.2 percent from 2020. Domestic production in China has increased following a devastating outbreak of African swine fever and exports to the country declined 42.0 percent through November. Exports to Mexico, however, were up 33.0 percent. China likely will further taper exports if producers there successfully rebuild their domestic hog herd.

The U.S. Department of Agriculture projects the 2021 average live price for 51.0–52.0 percent lean hogs at $67.29 per hundredweight, up 56.0 percent from 2020. While higher feed costs trimmed returns for hog producers in 2021, estimated returns were positive due to higher prices.

Dairy: The number of milk cows on farms in the United States in 2021 was approximately 9.45 million head, up 0.4 percent from 2020. United States milk-cow inventory increased from January to May but trended downward every month to end the year. Annual 2021 milk production is estimated at 226.3 billion pounds, a year-over-year increase of 1.4 percent.

Milk receipts in 2021 are expected to increase $1.1 billion, or 2.8 percent, from 2020 due to higher forecasts for prices and quantities sold. During 2021, milk prices started the year weaker during the first quarter of 2021 with the All-Milk price averaging $17.33 per hundredweight. However, milk prices improved during the second quarter of 2021 bringing the January to November 2021 year-to-date average to $18.41 per hundredweight, approximately 5.4 percent above the five-year average All-Milk Price.

Meanwhile, dairy producers were confronted with higher feed costs in 2021. The milk-feed ratio declined from 2.58 in November 2020 to 1.50 in August 2021, the lowest level since March 2013, due mostly from the increase in feed prices. This nine-month consecutive decline in the milk-feed ratio caused the United States milk supply to respond. While a general lag occurs for markets to respond to price fluctuations, milk-cow numbers began to decline starting in June 2021 and have declined each month since. However, from September through November 2021, the milk-feed ratio increased from 1.69 to 1.94 as the All-Milk Price increased while feed costs decreased.

Eggs: Inventory of egg-laying hens averaged about 323 million in 2021, down more than 2.6 million hens from 2020 and 3.2 million below the five-year average. Strong demand during the COVID-19 pandemic turned sluggish at the start of 2021 and shell-egg inventories climbed. During the first part of November, shell-egg inventories reached an all-time high of 2.074 million cases, 15.0 percent higher than the five-year average for the comparable period. Demand materialized again in mid-November and the record-high inventory was reduced, reaching the lowest level reported for 2021. The Urner Barry's Midwest large egg price increased 38.0 percent over a two-week period, hitting $1.52 per dozen the week before Thanksgiving.

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Between Thanksgiving and Christmas, the egg industry experienced counter-seasonal trends in demand. Historically, demand and market values are soft during this holiday period. Many suppliers who were unable to get all their Thanksgiving needs met tried to get an early jump on Christmas orders. At the same time, regional promotional activity and the food service industry, including in the quick-service sector, further increased demand. This came on top of significant export demand January through November. Exports of United States eggs were up 16.3 percent in 2021 compared to the same period in 2020.

The egg sector closed 2021 with robust demand, higher prices and lower inventories. Buyers found limited inventory and continued challenges from the COVID-19 pandemic. As a result, the Urner Barry's Midwest large egg price averaged $1.67 per dozen in December, up 31.0 percent from November. For the year, the Urner Barry's Midwest large egg price averaged $1.21 per dozen, $0.06 per dozen higher than 2020.

The egg industry continues to expand into cage-free production. Starting January 1, 2022, all eggs produced and sold in California are required to come from hens housed in cage-free systems. The all cage-free laying flock stands at 94.3 million hens, approximately 18.0 percent larger and, from a production standpoint, 17.0 percent higher than in 2020.

Ethanol: Corn use for ethanol was expected to be 5.325 billion bushels for the 2021/22 marketing year, up 297 million bushels from the previous marketing year. Gasoline consumption rebounded significantly in 2021. As pandemic-related restrictions eased, the United States economy reopened and Americans returned to the roads. Iowa ethanol prices began 2021 trading at approximately $1.30 per gallon. By year-end, prices had reached more than $3 per gallon. Profit margins for ethanol plants began to increase considerably in September as the 2021 corn crop was harvested and demand for ethanol rose. According to Iowa State University, returns over operating costs averaged $0.43 per gallon in 2021 compared to $0.12 per gallon in 2020. Dating back to 2008, this level of return means 2021 is the second most-profitable year for ethanol plants, behind 2014.

As the United States enters its third year of the COVID-19 pandemic, the virus will continue to influence market volatility. While historically low interest rates and high consumer demand with the reopening of the United States economy helped shape 2021, the focus in 2022 is on the Federal Reserve and how it will manage rising inflation through the end of its bond purchasing program and interest rate policy. Refer to the Other Matters – COVID-19 section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report for further analysis.

Loan Portfolio

Our loan volume experienced another year of solid growth and increased $3.5 billion, or 10.9 percent, in 2021. The majority of the loan volume increase came from long-term agricultural mortgage loans and production and intermediate term loans slightly offset by rural residential real estate loans. Our loan portfolio consists primarily of agricultural real estate loans, production operating loans, intermediate-term installment loans and credit facilities to agricultural businesses. A high percentage of real estate loan installments are due in the December-to-March period. Most operating loans mature and are refinanced after the fall harvest and before spring planting. Operating loan volume tends to peak late in the fall, decline toward January and trend upward during the remainder of the year. Equipment loans generally have annual installments that correlate to customer commodity sales.

The following table summarizes our loan portfolio by major category (includes related accrued interest receivable, amounts are in thousands):

	December 31,					
	2021		2020		2019	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Long-term agricultural mortgage	**$22,321,317**	**61.8%**	$19,615,255	60.1%	$17,326,432	57.3%
Production and intermediate term	**7,154,192**	**19.8**	6,778,232	20.8	7,199,996	23.8
Agribusiness loans to:						
Cooperatives	**606,119**	**1.7**	536,319	1.7	396,619	1.3
Processing and marketing	**2,816,176**	**7.8**	2,606,716	8.0	2,297,161	7.6
Farm-related business	**485,931**	**1.4**	437,543	1.3	400,333	1.3
Communication	**540,855**	**1.5**	517,037	1.6	370,502	1.2
Energy loans	**519,293**	**1.4**	337,441	1.0	273,013	0.9
Water/Wastewater	**36,167**	**0.1**	22,603	0.1	12,327	0.1
Rural residential real estate	**971,425**	**2.7**	1,153,932	3.5	1,387,467	4.6
Mission-related investments	**583,831**	**1.6**	520,991	1.6	472,994	1.6
Agricultural export finance	**89,855**	**0.2**	98,596	0.3	89,900	0.3
Total loans	**$36,125,161**	**100.0%**	$32,624,665	100.0%	$30,226,744	100.0%

We have no single customer or group of related customers who comprises more than 10.0 percent of our volume or who would have a material effect if they no longer did business with us.

	December 31,		
	2021	2020	2019
Grain	**38.8%**	38.8%	39.4%
Landlords/investors	**11.5**	10.8	9.9
Beef feedlot	**8.8**	8.3	8.9
Swine	**7.4**	7.6	7.8
Cow-calf	**6.3**	6.6	6.7
Dairy	**4.1**	3.8	4.2
Forest products	**2.2**	2.1	1.9
Farm supply	**1.9**	2.2	2.0
Poultry	**1.7**	1.7	1.9
Meat/proteins processing	**1.4**	1.6	1.7
General livestock	**1.1**	1.1	1.1
Renewable fuels	**0.4**	0.7	0.9
Other	**14.4**	14.7	13.6
Total	**100.0%**	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs and other circumstances.

Our chartered territory includes Iowa, Nebraska, South Dakota and Wyoming. The remainder of our portfolio is purchased outside of the Association's territory to support rural America and to diversify our portfolio risk. The geographic distribution of loan volume follows:

	December 31,		
State	**2021**	2020	2019
Iowa	**36%**	35%	36%
Nebraska	**25**	26	26
South Dakota	**16**	17	17
Wyoming	**2**	2	2
Other states	**21**	20	19
	100%	100%	100%

A loan is impaired when it is probable that all amounts due under the contractual terms of the loan agreement will not be collected. All risk loans are considered to be impaired loans. Risk loans include nonaccrual loans, formally restructured loans, and loans that are 90 days or more past due and still accruing interest.

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The following table summarizes risk asset and delinquency information (amounts are in thousands):

	December 31,		
	2021	2020	2019
Risk loans:			
Nonaccrual	**$102,662**	$167,524	$239,933
Restructured	**30,696**	31,503	41,549
90 days past due still accruing interest*	**6,203**	2,338	1,099
Total risk loans	**139,561**	201,365	282,581
Other property owned, net	**7,621**	10,271	25,677
Total risk assets	**$147,182**	$211,636	$308,258
Risk loans as a percentage of total loans	**0.39%**	0.62%	0.93%
Nonaccrual loans as a percentage of total loans	**0.28%**	0.51%	0.79%
Current nonaccrual loans as a percentage of total nonaccrual loans	**86.0%**	65.7%	70.2%
Total delinquencies as a percentage of total loans	**0.29%**	0.41%	0.59%

**Accruing loans include accrued interest receivable.*

Total risk loans and other property owned have both decreased since the end of 2020. The decrease in risk loans primarily results from a decrease in nonaccrual and restructured loans, slightly offset by an increase in loans 90 days past due still accruing interest. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection. Risk loans as a percentage of total loans remain at manageable levels.

Our adversely classified assets decreased during 2021, ending the year at 3.01 percent of the portfolio compared to 5.95 percent of the portfolio at December 31, 2020, and 8.47 percent at December 31, 2019. Adversely classified assets are assets we have identified as showing some credit weakness according to our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

	December 31,		
	2021	2020	2019
Allowance as a percentage of:			
Total loans	**0.21%**	0.47%	0.55%
Nonaccrual loans	**73.06%**	90.73%	67.94%
Total risk loans	**53.74%**	75.48%	57.68%
Net charge-offs as a percentage of average loans	**—**	0.04%	0.01%
Adverse assets to risk funds*	**18.53%**	34.90%	47.94%

**Risk funds include permanent capital and allowance for loan losses.*

In our opinion, the allowance for loan losses at December 31, 2021, is adequate to provide for probable and estimable losses in the loan portfolio.

Results of Operations

The following table provides profitability information:

	December 31,		
	2021	2020	2019
Net income (in thousands)	**$773,069**	$694,878	$672,023
Return on average assets	**2.23%**	2.16%	2.23%
Return on average members' equity	**11.86%**	11.37%	11.60%

Changes to our return on average assets and return on average members' equity are related directly to the changes in assets discussed in the "Loan Portfolio" section, and the changes in members' equity are discussed in the "Members' Equity" section.

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Major components of the changes in net income for 2021, 2020 and 2019 are outlined in the following table (in thousands).

	December 31,		
	2021	2020	2019
Net income prior year	**$694,878**	$672,023	$633,038
Increase (decrease) in net income attributable to changes in:			
Net interest income	**12,109**	6,790	28,547
Provision for credit losses	**82,525**	7,429	19,142
Noninterest income	**27,952**	64,497	13,641
Noninterest expense	**(47,675)**	(50,227)	(23,359)
Provision for income taxes, net	**3,280**	(5,634)	1,014
Net income for the year	**$773,069**	$694,878	$672,023

The effects on net interest income from changes in average volumes and rates are presented in the following table (in thousands):

	2021 vs. 2020	2020 vs. 2019
Change in volume	**$63,419**	$53,672
Change in rates	**(50,842)**	(44,506)
Change in nonaccrual income	**(468)**	(2,376)
Net change	**$12,109**	$ 6,790

The average lending rate was 3.52 percent for 2021 compared to 3.96 percent for 2020 and 4.91 percent for 2019. The average cost of debt was 1.37 percent for 2021 compared to 1.75 percent for 2020 and 2.70 percent for 2019. The net interest margin was 2.38 percent for 2021 compared to 2.52 percent in 2020 and 2.68 percent in 2019.

Net interest income included income on nonaccrual loans that totaled $1.7 million in 2021, $2.2 million in 2020 and $4.6 million in 2019. Nonaccrual income is recognized when:

- received in cash,
- collection of the recorded investment is fully expected, and
- prior charge-offs have been recovered.

We recorded a $79.2 million (reversal of) provision for credit losses in 2021 compared to a $3.3 million provision for credit losses for 2020 and a $10.7 million provision for credit losses for 2019. This was due to overall credit-quality improvement and incorporating a change in our estimated collateral values for agricultural real estate. Credit quality improved primarily in the grain, cow/calf and swine portfolios. The (reversal of) provision for credit losses includes the (reversal of) provision for loan losses and the (reversal of) provision for unfunded lending commitments.

The reserve for unfunded lending commitments is based on our best estimate of losses inherent in lending commitments made to customers but not yet disbursed. Factors such as likelihood of disbursal and likelihood of losses given disbursement were utilized in determining this contingency.

We recorded net recoveries of charge-offs of $231.0 thousand in 2021 (0.0 percent of average loans), net charge-offs of $11.3 million in 2020 (0.04 percent of average loans) and net charge-offs of $3.7 million in 2019 (0.01 percent of average loans).

The increase in noninterest income is primarily due to an increase in AgriBank, FCB patronage, loan fees from the Paycheck Protection Program (PPP) and AgDirect program fees, which are more fully described under "AgriBank, FCB Patronage Income" and "AgDirect, LLP," respectively, later in this section of the annual report. The increase is also due to Rural 1st program fees and insurance income.

The increase in noninterest expense is primarily due to salary, benefits and other expenses for increased staffing levels to support business initiatives and the insurance fund premium. The insurance fund premium is primarily impacted by Farm Credit System growth and was 0.16 percent for all of 2021, compared to a premium rate of 0.08 percent for the first half of 2020 and 0.11 percent for the second half of 2020. The Farm Credit System Insurance Corporation has announced premiums will remain at 0.16 percent for 2022. The Farm Credit System Insurance Corporation Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

Patronage Program

Our Board adopted a patronage program for eligible customers in 2021. The patronage program has been in place for nearly two decades. The 2021 program is based on each customer's average daily balance of eligible loans outstanding during the year. The patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution referred to as a cash-back dividend. We recorded an estimated patronage liability of $296.5 million in December 2021 to be paid in 2022.

The 2020 and 2019 patronage programs were also based on each customer's average daily balance of eligible loans outstanding during the year. We recorded a patronage liability of $339 million in December 2020 and $262 million in December 2019.

Our Board also has adopted a patronage program for 2022. The 2022 patronage program will once again be based on each customer's average daily balance of eligible loans outstanding during 2022 to be paid in 2023.

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AgriBank, FCB Patronage Income

We receive three different types of discretionary patronage from AgriBank, FCB. AgriBank, FCB's Board of Directors sets the level of patronage for each of the following:

- wholesale patronage, which includes patronage on our note payable with AgriBank, FCB,
- pool program patronage based on the net earnings of loan participation interests sold to AgriBank, FCB, and
- distributions based on our share of the net earnings of the loans in the AgDirect trade credit financing program, adjusted for required return on capital and servicing and origination fees.

AgriBank, FCB's capital plan is intended to provide for adequate capital at AgriBank, FCB under capital regulations as well as create a path to long-term capital optimization within the AgriBank, FCB District. The plan optimizes capital at AgriBank, FCB, distributing their available earnings in the form of patronage, either cash or AgriBank, FCB stock, which is at the sole discretion of the AgriBank, FCB Board of Directors. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

We received patronage income based on the average balance of our note payable to AgriBank, FCB. We recorded patronage income of $133.1 million in cash and $23.6 million in stock in 2021, $146.9 million in cash in 2020, and in 2019, we recorded $72.2 million and $61.9 million in cash and stock, respectively.

We also received pool program patronage income related to our sale of participation interests in certain real estate, commercial and adverse asset loans to AgriBank, FCB in addition to our participation in ProPartners Financial. We recorded pool patronage income of $6.9 million, $9.2 million and $7.5 million in cash patronage in 2021, 2020 and 2019, respectively. We recorded pool patronage income of $76 thousand in stock patronage in 2021 and $657 thousand in 2019. In 2021, per contractual conditions, we repurchased AgriBank, FCB's participation interests in certain real estate pooled loans totaling $175 million.

The partnership distribution on our share of net earnings of the loans in the AgDirect trade credit financing program is described under "AgDirect, LLP" later in this section of the annual report.

Funding and Liquidity

Our approach to sustaining sufficient liquidity to fund operations and meet current obligations is to maintain an adequate line of credit with AgriBank, FCB. At December 31, 2021, we had a $36 billion revolving line of credit with AgriBank, FCB. We generally apply excess cash to this line of credit. Due to the cooperative structure of the Farm Credit System, and as we are a stockholder of AgriBank, FCB, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

As described in Note 7 to the consolidated financial statements, "Notes Payable," this line of credit is governed by a General Financing Agreement and is collateralized by a pledge of substantially all our assets and is also subject to regulatory borrowing limits. The line of credit will be renegotiated prior to the maturity date of June 30, 2024. We expect this line of credit to be sufficient to fund our operations. The note payable related to this line of credit reprices monthly. Our average cost of funds is variable and may fluctuate based on the current interest rate environment.

At December 31, 2021, the direct loan average balance was $27.8 billion compared to $25.8 billion at December 31, 2020, and $24.0 billion at December 31, 2019.

The interest rate risk inherent in our loan portfolio is substantially mitigated through this funding relationship. AgriBank, FCB manages interest rate risk through its direct loan pricing and asset/liability management processes. The direct loan pricing mechanism simulates matching the cost of underlying debt with substantially the same terms as the anticipated terms of our loans to customers. The primary risks we manage include pipeline risk and basis risk. Pipeline risk occurs when we commit a fixed interest rate to a customer in advance of the loan's closing date and is effectively mitigated through the use of rate-lock agreements. Basis risk occurs when the interest rate on a loan reprices according to one index, while the debt supporting that loan reprices according to another index.

However, we maintain some exposure to interest rates, including London Interbank Offered Rate (LIBOR) and Secured Overnight Financing Rate (SOFR), primarily from loans to customers that may not have a component of our line of credit with an exact repricing attribute. Regulators in the United States and worldwide have expressed their expectation that LIBOR referenced contracts are not booked after December 31, 2021. Guidance does allow for limited exceptions for LIBOR transactions in 2022 and we do anticipate limited LIBOR volume booking in 2022. While many factors can impact our net interest income, we expect that financial performance will remain relatively consistent under most interest rate environments over the next 12 months.

We provide financing to eligible customers with various interest rate programs. New loans are priced with consideration given to local competitive conditions, the cost of debt that will be incurred to fund the loan, the individual risk elements of the loan and profit objectives. Interest on real estate loans is generally paid in full annually, while interest on agricultural production loans is generally paid in full at the annual renewal date of the loan.

We offer variable-rate loan products that include variable-rate loans repriced at our discretion, as dictated by market conditions, and market-indexed variable-rate loans that provide customers with the option of indexing their interest rate to external market indices such as LIBOR, SOFR or the prime rate.

We also offer fixed-rate operating loans for up to 14.99 months, fixed-rate installment loans for up to 10 years and fixed-rate mortgage loans in yearly increments from five to 35 years.

Additionally, we offer real estate adjustable-rate loans that are indexed to one-, three- or five-year United States Department of the Treasury rates. The loans reprice at one-, three- or five-year intervals at a rate equal to the corresponding United States Department of the Treasury rate plus a contractual spread. The one-, three- or five-year adjustable-rate loans are generally subject to periodic caps ranging from 2.0–2.5 percent with a 6.0 percent life cap. The cost of debt supporting these loans is capped accordingly.

We also offer a prepayment-restricted loan product. This is a fixed-rate product with a prepayment penalty provision if prepayments are made during the initial three, five or seven years of the loan term. For agreeing to restricted prepayments, the customer receives a reduced interest rate that remains in effect for the entire loan term.

A breakdown of the loan portfolio by rate type, as a percentage of total volume at December 31, is shown in the following table:

	December 31,		
	2021	2020	2019
Variable rate	**35.9%**	38.7%	39.8%
Fixed rate	**64.1**	61.3	60.2
Adjustable rate	**–**	–	–
	100.0%	100.0%	100.0%

Members' Equity

Our equity structure is described in Note 8 to the consolidated financial statements, "Members' Equity." Members' equity increased to $6.65 billion at December 31, 2021, compared to $6.18 billion at December 31, 2020, and $5.91 billion at December 31, 2019. The increase in 2021 was due to net income recorded in 2021 offset by patronage payable.

Members' equity as a percentage of total assets decreased to 17.8 percent at December 31, 2021, compared to 18.3 percent at December 31, 2020, and 18.9 percent at December 31, 2019.

In January 2020, we implemented the Farm Credit Administration's exclusion of at-risk capital stock that is financed with a noninterest-bearing obligation from Tier 1/Tier 2 regulatory capital; the impact of the change on our regulatory capital ratios was immaterial. Additionally, the balance sheet treatment of the noninterest-bearing receivable was reclassified to contra equity in the amount of $90.9 million. This change did not have a material impact on our financial condition, results of operations, cash flows or financial statement disclosures.

The Farm Credit Administration regulations require us to maintain minimums for our common equity Tier 1, Tier 1 capital, total capital and permanent capital risk-based capital ratios. In addition, the Farm Credit Administration requires us to maintain minimums for our non-risk-adjusted ratios of Tier 1 leverage and unallocated retained earnings and equivalents (UREE) leverage.

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2021	2020	2019		
Risk-adjusted ratios:					
Common equity Tier 1	**15.82%**	16.06%	16.70%	**4.5%**	**7.0%***
Tier 1 capital	**15.82%**	16.06%	16.70%	**6.0%**	**8.5%***
Total capital	**16.06%**	16.55%	17.24%	**8.0%**	**10.5%***
Permanent capital	**15.85%**	16.13%	16.81%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**17.14%**	17.32%	17.90%	**4.0%**	**5.0%***
UREE leverage	**18.20%**	18.35%	18.53%	**1.5%**	**1.5%**

**The 2.5 percent capital conservation buffers over risk-adjusted ratio minimums was phased in over three years under the Farm Credit Administration capital requirements. The phase-in period ended December 31, 2019.*

Our capital plan is designed to maintain an adequate amount of surplus and allowance for loan losses, which represents our reserve for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Capital ratios are directly impacted by changes in capital, assets and off-balance sheet commitments. Refer to the Loan Portfolio section for further discussion of the changes in assets. Additional discussion of regulatory ratios and members' equity information is included in Note 8 to the consolidated financial statements, "Members' Equity," and off-balance sheet commitments are discussed in Note 12, "Commitments and Contingencies."

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Relationship with AgriBank, FCB

We borrow from AgriBank, FCB to fund our lending operations in accordance with the Farm Credit Act of 1971, as amended. Approval from AgriBank, FCB is required for us to borrow elsewhere. A General Financing Agreement, as discussed in Note 7 to the consolidated financial statements, "Notes Payable," governs this lending relationship. Cost of funds under the General Financing Agreement includes:

- a marginal cost-of-debt component,
- a spread component, which includes cost of servicing, cost of liquidity and bank profit, and
- a risk-premium component, if applicable.

In the periods presented, we were not subject to the risk-premium component. Our cost of funds may be impacted by certain factors, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost-of-debt approach simulates matching the cost of underlying debt with substantially the same terms as the anticipated terms of our loans to borrowers. This methodology substantially protects us from market interest rate risk.

We are required to invest in AgriBank, FCB capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank, FCB surplus. As of December 31, 2021, we were required by AgriBank, FCB to maintain an investment equal to 2.5 percent of the average quarterly balance of our note payable, with an additional amount required on Association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate. As of March 31, 2022, the required investment is increasing to 2.55 percent.

We are also required to hold additional investment in AgriBank, FCB based on contractual agreements under pool programs.

At December 31, 2021, $392.9 million of our investment in AgriBank, FCB consisted of stock representing distributed AgriBank, FCB surplus. At December 31, 2020, and 2019 that amount was $369.4 million. At December 31, 2021, 2020 and 2019, our purchased investment was $384.6 million, $340.9 million and $282.2 million, respectively. For the periods presented in this report, we have received no dividend income on this stock investment, and we do not anticipate any in future years.

As an AgDirect, LLP partnering Association, we are required to purchase stock in AgDirect, LLP, which purchases an equivalent amount of stock in AgriBank, FCB.

Due to the nature of our financial relationship with AgriBank, FCB, the financial condition and results of operations of AgriBank, FCB materially impact our stockholders' investments in FCSAmerica. To request a free copy of the combined AgriBank, FCB financial reports, contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905 or via email to $sr@fcsamerica.com. You may also contact AgriBank, FCB at 30 East 7th Street, Suite 1600, St. Paul, MN 55101, (651) 282-8800 or via email to financialreporting@agribank.com. The reports are also available through AgriBank, FCB's website at agribank.com. Annual reports are available no later than 75 days after the end of the calendar year, and quarterly reports are available no later than 40 days after the end of each calendar quarter.

Relationship With Frontier Farm Credit, ACA

We continue to be in a strategic alliance with Frontier Farm Credit, ACA (Frontier Farm Credit), designed to benefit the farmers and ranchers who own and support the two financial services cooperatives by ensuring that both Associations have the strength and capacity to serve agricultural customers' needs for years to come.

We exist as separate Associations while integrating our day-to-day business operations, technology systems and leadership teams. Each Association continues to have its own Board, with representatives participating in a coordinating committee to facilitate Board governance between the two organizations.

Under the alliance agreement, FCSAmerica and Frontier Farm Credit have agreed to share current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. For the year ending December 31, 2021, pretax net income was shared on fixed percentages of 93.7 and 6.3 percent for FCSAmerica and Frontier Farm Credit, respectively. For the year ending December 31, 2021, FCSAmerica recorded $26.1 million of net operating expense credits under the income- and expense-sharing provisions of the alliance agreement, primarily due to incurred expenses by FCSAmerica for Frontier Farm Credit associated expenses. The net operating expense credits recorded by FCSAmerica were $17.2 million for the year ended December 31, 2020, and $14.4 million for the year ended December 31, 2019. The net operating expense credits specifically attributable to salaries and employee benefits, and occupancy and equipment expense are recorded in their respective accounts on our Consolidated Statements of Income. The remainder of the allocation is a net recording to other operating expenses on our Consolidated Statements of Income. Depending on the activity in each Association, this allocation can result in the recording of an operating expense credit.

FCSAmerica has $37.4 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming. Frontier Farm Credit has $2.6 billion in assets and serves multiple counties in eastern Kansas.

AgDirect®, LLP

We have entered into agreements with 15 other Farm Credit System Associations inside and outside of the AgriBank, FCB District to provide access to our AgDirect® trade credit financing program. The AgDirect program includes origination and refinancing of agricultural equipment loans and leases through independent equipment dealers. The Farm Credit Administration has approved requests from these Associations to invest in a limited liability partnership (LLP) that facilitates this collaborative AgDirect trade credit financing program and allows us to leverage the AgDirect program for the mutual benefit of our Associations and the farmers and ranchers we collectively serve. Our investment is reflected as "Investment in AgDirect, LLP" on our Consolidated Balance Sheets. The LLP is an unincorporated business entity and it purchases from us participations in AgDirect loans that were originated under the agreements described earlier. The LLP subsequently sells a like amount of loan participations to AgriBank, FCB. The LLP pays us a fee for originating these loans. Total outstanding participations sold to the LLP at December 31, 2021, were $5.4 billion compared to $4.6 billion at the end of 2020 and $3.7 billion at the end of 2019. AgriBank, FCB, at the discretion of its Board of Directors, pays patronage on these loan participations to AgDirect, LLP. Any patronage declared is accrued quarterly and paid by AgriBank, FCB in the first month of the subsequent quarter. AgDirect, LLP distributes any patronage paid by AgriBank, FCB as partnership distributions to the AgDirect, LLP partners. At December 31, 2021, our investment in AgDirect, LLP was $94.4 million

CoBank, ACB

We have a relationship with CoBank, ACB, a Farm Credit System Bank, which involves purchasing or selling participation interests in loans. As part of this relationship, our equity investment in CoBank, ACB was $3.2 million at December 31, 2021, and $2.3 million at December 30, 2020, and 2019.

SunStream Business Services

We purchased various services from AgriBank, FCB until the formation of SunStream Business Services (SunStream) on April 1, 2020, at which time we began purchasing these services from SunStream. The services include tax-reporting services; cash management; customer, travel and expense credit card programs; and expense and invoice reporting tools. For further discussion on our relationship with SunStream see Note 11, "Related Party Transactions."

Farm Credit Foundations

We purchase human resource information systems and benefit and payroll services from Farm Credit Foundations. The Farm Credit System entities using Farm Credit Foundations' services contributed an investment into the service corporation when it was formed as a separate service corporation. For further discussion on our relationship with Farm Credit Foundations see Note 11, "Related Party Transactions."

Rural 1st®

In 2019, we entered into an agreement with Farm Credit Mid-America to offer home lending through Rural 1st®. Rural 1st is a division of Farm Credit Mid-America offering a program that delivers specialized products and services to customers looking to make a move to rural living through recreation land and home purchases, and home-equity and construction projects. We receive noninterest income from Farm Credit Mid-America for loan volume originated in our territory via Rural 1st. For further discussion on our relationship with Rural 1st see Note 11, "Related Party Transactions."

ProPartners Financial

During 2020, we began participating in ProPartners Financial (ProPartners) with certain Farm Credit System institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating Associations. We sell to AgriBank, FCB our entire interest in the loans associated with ProPartners. As part of this program, we receive patronage income at the sole discretion of the AgriBank, FCB Board of Directors. For further discussion on our relationship with ProPartners Financial see Note 11, "Related Party Transactions."

Farm Credit Leasing Services Corporation

We have an agreement with Farm Credit Leasing Services Corporation, a Farm Credit System service corporation, that specializes in leasing products and provides industry expertise. Leases are originated and serviced by Farm Credit Leasing Services Corporation, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise. For further discussion on our relationship with Farm Credit Leasing Services Corporation see Note 11, "Related Party Transactions."

Rural Business Investment Companies

We and other Farm Credit System institutions are among the limited partners invested in eight Rural Business Investment Companies (RBICs). The RBICs facilitate equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. Certain commitments may have an option to extend under specific circumstances. For further discussion see Note 12, "Commitments and Contingencies."

Farm Credit Services of America, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

FarmLend® Program

In 2020, we introduced the FarmLend® website, which provides a way to apply for farmland financing online. In 2021, we began collaborating with other Farm Credit Associations, which allows prospects to apply for a land loan from participating Farm Credit Associations. In 2021, we had $74 thousand of fee income.

Other Unincorporated Business Entities (UBEs)

In certain circumstances, we may establish separate entities to acquire and manage complex collateral, primarily for legal liability purposes. Those entities are FCSAmerica PCA Holdings, LLC and FCSAmerica FLCA Holdings, LLC.

Other Matters – COVID-19

We have not seen a material adverse impact from the COVID-19 pandemic. As domestic public health measures have been implemented to limit the spread of COVID-19, including the availability of vaccines, many or all restrictions have been lifted across the United States. While the emergence of COVID-19 variants may negatively impact economic conditions, the overall economy continues to recover, and the outlook is positive for many sectors, including agriculture.

The United States government instituted various programs in support of the COVID-19 economic recovery in early 2020 and early 2021. These programs made available for small businesses approximately $813.5 billion under the Paycheck Protection Program (PPP), which is a guaranteed loan program administered by the U.S. Small Business Administration. Since the program's inception, we have successfully processed $220.1 million in PPP loans for customers with production and intermediate-term loans. We are working with our customers gathering documentation and submitting applications for the forgiveness of the PPP loans. To date, $204.6 million has been forgiven.

Despite volatility and uncertainty in the market, we have weathered the significant challenges presented by the current operating environment, and our operations are fully functioning. Our business continuity response has allowed us to continue to serve our customers, and the remote work environment has allowed us to continue to maintain the health of our employees and operate without loss of key functions due to illness. We have not had any significant changes to internal controls over financial reporting due to working remotely or limited staff.

We do not anticipate additional deterioration in overall credit-quality levels, and delinquency and provision expense levels are projected to be stable.

Farm Credit Services of America, ACA

Report of Management

We prepare the consolidated financial statements of Farm Credit Services of America, ACA (Association) and are responsible for their integrity and objectivity, including amounts that must be necessarily based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated financial statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the annual report is consistent with that in the consolidated financial statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute, assurance that assets are safeguarded, and that transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the consolidated financial statements. They also consider internal controls to the extent necessary to design audit procedures that comply with generally accepted auditing standards in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness, as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consult regularly with us and meet periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify that we have reviewed the Association's annual report and it has been prepared in accordance with all applicable statutory or regulatory requirements, and the information contained herein is true, accurate and complete to the best of our knowledge and belief.

Mark Jensen
President and CEO
March 2, 2022

Craig P. Kinnison
Executive Vice President – CFO
March 2, 2022

Steve Henry
Chairperson, Board of Directors
March 2, 2022

Farm Credit Services of America, ACA
Report on Internal Control Over Financial Reporting

Farm Credit Services of America, ACA's (Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining effective internal control over financial reporting for the Association's consolidated financial statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2021. In making the assessment, management used the 2013 framework in Internal Control – Integrated Framework, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2021, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2021.

Mark Jensen
President and CEO
March 2, 2022

Craig P. Kinnison
Executive Vice President – CFO
March 2, 2022

Farm Credit Services of America, ACA
Report of Audit Committee

The consolidated financial statements of Farm Credit Services of America, ACA (Association) were prepared under the oversight of the Audit Committee. The Audit Committee is composed of three individuals from the Association Board of Directors. In 2021, the Audit Committee met four times. The Audit Committee oversees the scope of the Association's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as our independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue its report based on its audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited consolidated financial statements for the year ended December 31, 2021, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statements on Auditing Standards AU-C 260, "The Auditor's Communication With Those Charged With Governance," and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors includes the audited consolidated financial statements in the annual report for the year ended December 31, 2021.

Jim Kortan
Chair, Audit Committee
Farm Credit Services of America, ACA
March 2, 2022

Audit Committee Members:
Nicholas Hunt
Jon Van Beek

pwc

Report of Independent Auditors

To the Board of Directors of Farm Credit Services of America, ACA,

Opinion

We have audited the accompanying consolidated financial statements of Farm Credit Services of America, ACA and its subsidiaries (the "Association"), which comprise the consolidated balance sheets as of December 31, 2021, 2020 and 2019, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the 2021 Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 2, 2022

Farm Credit Services of America, ACA

Consolidated Balance Sheets

(Dollars in thousands)

	December 31,		
	2021	2020	2019
Assets			
Loans	**$35,719,890**	$32,206,504	$29,748,180
Less allowance for loan losses	**75,000**	152,000	163,000
Net loans	**35,644,890**	32,054,504	29,585,180
Cash	**51,687**	57,690	56,064
Accrued interest receivable	**405,271**	418,161	478,564
Investment in AgriBank, FCB	**777,441**	710,310	651,643
Investment in AgDirect, LLP	**94,418**	74,087	59,710
Premises and equipment, net	**237,127**	243,615	227,579
Other property owned	**7,621**	10,271	25,677
Investment in RBICs	**41,576**	25,797	19,614
Deferred tax asset, net	**6,965**	5,731	4,776
Other assets	**113,297**	78,059	159,758
Total assets	**$37,380,293**	$33,678,225	$31,268,565
Liabilities			
Notes payable	**$30,140,612**	$26,876,605	$24,780,931
Accrued interest payable	**98,884**	93,089	154,522
Patronage payable	**296,500**	339,000	262,000
Reserve for unfunded lending commitments	**12,000**	14,000	11,000
Other liabilities	**178,521**	178,597	147,933
Total liabilities	**30,726,517**	27,501,291	25,356,386
Commitments and contingencies (Note 12)			
Members' Equity			
At-risk capital:			
Class D common stock	**96,068**	92,081	85,997
Class E common stock	**3,767**	3,764	3,632
Less capital stock receivable (Note 8)	**(99,835)**	(95,845)	–
Retained earnings	**6,653,776**	6,176,934	5,822,550
Total members' equity	**6,653,776**	6,176,934	5,912,179
Total liabilities and members' equity	**$37,380,293**	$33,678,225	$31,268,565

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

Farm Credit Services of America, ACA

Consolidated Statements of Income

(Dollars in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net Interest Income			
Interest income	**$1,173,089**	$1,228,004	$1,419,428
Interest expense	**383,946**	450,970	649,184
Net interest income	**789,143**	777,034	770,244
(Reversal of) provision for credit losses	**(79,231)**	3,294	10,723
Net interest income after (reversal of) provision for credit losses	**868,374**	773,740	759,521
Noninterest Income			
Patronage income from AgriBank, FCB	**163,674**	156,059	142,239
Loan fees	**37,793**	34,037	20,111
Insurance services	**64,867**	53,540	47,655
AgDirect program fees	**72,394**	66,197	43,782
FCSIC insurance refund	**—**	6,359	6,753
Patronage income from AgDirect, LLP	**9,521**	8,717	9,271
Servicing fee income from AgriBank, FCB	**1,431**	890	586
Gain (loss) on investment in RBICs	**2,005**	(3,151)	(3,241)
Other noninterest income	**17,902**	18,987	11,452
Total noninterest income	**369,587**	341,635	278,608
Noninterest Expense			
Salaries and employee benefits	**275,510**	266,026	230,994
Occupancy and equipment expense	**50,954**	42,582	33,398
Insurance fund premiums	**44,467**	25,176	22,488
Other operating expenses	**82,835**	75,617	72,204
Loss (gain) on other property owned	**2,835**	(475)	1,085
Total noninterest expense	**456,601**	408,926	360,169
Income before income taxes	**781,360**	706,449	677,960
Provision for income taxes	**8,291**	11,571	5,937
Net income	**$ 773,069**	$ 694,878	$ 672,023

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

Farm Credit Services of America, ACA

Consolidated Statements of Changes in Members' Equity

(Dollars in thousands)

	At-Risk Capital		
	Capital Stock	Retained Earnings	Total Members' Equity
Balance at December 31, 2018	$84,672	$5,412,651	$5,497,323
Net income		672,023	672,023
Patronage distribution accrued		(262,000)	(262,000)
Patronage accrual adjustment		(124)	(124)
Capital stock:			
Issued	14,347		14,347
Retired	(9,390)		(9,390)
Balance at December 31, 2019	89,629	5,822,550	5,912,179
Net income		694,878	694,878
Patronage distribution accrued		(339,000)	(339,000)
Patronage accrual adjustment		(1,494)	(1,494)
Capital stock:			
Capital stock and participation certificates issued	16,518		16,518
Capital stock and participation certificates retired	(10,302)		(10,302)
Capital stock and participation certificates receivable, net	(95,845)		(95,845)
Balance at December 31, 2020	–	6,176,934	6,176,934
Net income		**773,069**	**773,069**
Patronage distribution accrued		**(296,500)**	**(296,500)**
Patronage accrual adjustment		**273**	**273**
Capital stock:			
Capital stock and participation certificates issued	**13,975**		**13,975**
Capital stock and participation certificates retired	**(9,985)**		**(9,985)**
Capital stock and participation certificates receivable, net	**(3,990)**		**(3,990)**
Balance at December 31, 2021	**$ –**	**$6,653,776**	**$6,653,776**

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

Farm Credit Services of America, ACA

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,		
	2021	2020	2019
Cash Flows from Operating Activities:			
Net income	**$ 773,069**	$ 694,878	$ 672,023
Adjustments to reconcile net income to net cash provided by operating activities:			
(Reversal of) provision for credit losses	**(79,231)**	3,294	10,723
Loss (gain) on sales of other property owned	**70**	(2,144)	(385)
Gain on sales of premises and equipment	**(926)**	(2,492)	(736)
Carrying value write-down on premises and equipment	**2,866**	1,182	2,140
Depreciation on premises and equipment	**23,603**	20,732	17,874
Stock patronage received from AgriBank, FCB	**(23,466)**	–	(62,536)
Decrease (increase) in accrued interest receivable	**12,890**	60,403	(10,644)
Increase (decrease) in accrued interest payable	**5,795**	(61,433)	(2,017)
Increase in deferred tax asset	**(1,234)**	(955)	(656)
(Increase) decrease in other assets	**(35,238)**	(7,930)	10,520
Income recognized on deferred AgDirect program fees	**9,805**	8,116	7,106
(Decrease) increase in other liabilities	**(9,881)**	22,548	4,634
Total adjustments	**(94,947)**	41,321	(23,977)
Net cash provided by operating activities	**678,122**	736,199	648,046
Cash Flows from Investing Activities:			
Increase in loans, net	**(3,515,380)**	(2,471,790)	(1,369,888)
Purchases of investment in AgriBank, FCB	**(43,665)**	(58,667)	(19,450)
Increase in investment in AgDirect, LLP	**(20,331)**	(14,377)	(4,796)
Purchases of premises and equipment, net	**(18,635)**	(38,301)	(58,990)
Purchases of investment in RBICs	**(15,779)**	(6,183)	(5,998)
Proceeds from sales of other property owned	**1,939**	18,540	10,802
Proceeds from sales of premises and equipment	**2,446**	4,025	3,727
Net cash used in investing activities	**(3,609,405)**	(2,566,753)	(1,444,593)
Cash Flows from Financing Activities:			
Increase in notes payable, net	**3,264,007**	2,095,674	968,822
Patronage paid in cash	**(338,727)**	(263,494)	(230,124)
At-risk capital stock issued	**–**	–	14,347
At-risk capital stock retired	**–**	–	(9,390)
Net cash provided by financing activities	**2,925,280**	1,832,180	743,655
Net (decrease) increase in cash	**(6,003)**	1,626	(52,892)
Cash at beginning of year	**57,690**	56,064	108,956
Cash at end of year	**$ 51,687**	$ 57,690	$ 56,064
Supplemental Schedule of Non-Cash Investing and Financing Activities:			
Cash patronage distribution declared	**$296,500**	$339,000	$262,000
Supplemental Cash Flow Information:			
Interest paid on notes payable	**$378,151**	$512,402	$651,201
Income taxes paid (net of refunds)	**$13,817**	$8,062	$7,344

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

Notes to Consolidated Financial Statements

Note 1 – Organization and Operations

Farm Credit System and District

Farm Credit System Lending Institutions

The Farm Credit System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations, established by Congress to meet the credit needs of American agriculture. As of January 1, 2022, the Farm Credit System consisted of three Farm Credit Banks, one Agricultural Credit Bank and 65 customer-owned cooperative lending institutions (Associations). The Farm Credit System serves all 50 states, Washington, D.C., and Puerto Rico. This network of financial cooperatives is owned and operated by the rural customers the Farm Credit System serves – the American farmer and rancher.

AgriBank, FCB and its affiliated Associations are collectively referred to as the AgriBank Farm Credit District. At January 1, 2022, the AgriBank Farm Credit District consisted of 13 Agricultural Credit Associations that each has wholly owned Federal Land Credit Association and Production Credit Association subsidiaries.

Federal Land Credit Associations are authorized to originate long-term real estate mortgage loans. Production Credit Associations are authorized to originate short-term and intermediate-term loans. Agricultural Credit Associations are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments, including mission-related investments. AgriBank, FCB provides funding to all Associations chartered within the AgriBank Farm Credit District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related service businesses. Additionally, Associations can participate with other lenders in loans to similar entities. Similar entities are parties who are not eligible for a loan from a Farm Credit System lending institution but have operations that are functionally similar to the activities of eligible borrowers.

Farm Credit System Regulator

The Farm Credit Administration is authorized by Congress to regulate the Farm Credit System banks and Associations. We are examined by the Farm Credit Administration, and certain Association actions are subject to the prior approval of the Farm Credit Administration and/or AgriBank, FCB.

Farm Credit System Insurance Fund

The Farm Credit System Insurance Corporation administers the Farm Credit System Insurance Fund. The Farm Credit System Insurance Fund is used to ensure the timely payment of principal and interest on Farm Credit Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the Farm Credit System Insurance Corporation, the Farm Credit System Insurance Fund also is available to provide assistance to certain troubled Farm Credit System institutions and for the operating expenses of the Farm Credit System Insurance Corporation. Each Farm Credit System bank is required to pay premiums into the Farm Credit System Insurance Fund until the assets in the Farm Credit System Insurance Fund equal 2.0 percent of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments.

This percentage of aggregate obligations can be changed by the Farm Credit System Insurance Corporation, at its sole discretion, to a percentage it determines to be actuarially sound. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities, which are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. AgriBank, FCB, in turn, assesses premiums to its affiliated Associations each year based on similar factors.

Association

Farm Credit Services of America, ACA (ACA) and its subsidiaries, Farm Credit Services of America, FLCA (FLCA) and Farm Credit Services of America, PCA (PCA), collectively referred to as FCSAmerica, are lending institutions of the Farm Credit System. We are a member-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the states of Iowa, Nebraska, South Dakota and Wyoming. We borrow from AgriBank, FCB and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans and provides lease financing options in collaboration with Farm Credit Leasing Services and CoBank, ACB. The PCA makes short-term and intermediate-term loans for agricultural production or operating purposes and provides lease financing options in collaboration with Farm Credit Leasing Services and CoBank, ACB. We offer risk management services, including crop insurance and crop hail insurance, for borrowers and those eligible to borrow.

Farm Credit Services of America, ACA
Notes to Consolidated Financial Statements

Relationship With Frontier Farm Credit, ACA

We continue to be in a strategic alliance with Frontier Farm Credit, ACA (Frontier Farm Credit), designed to benefit the farmers and ranchers who own and support the two financial services cooperatives by ensuring that both Associations have the strength and capacity to serve agricultural customers' needs for years to come.

We exist as separate Associations while integrating our day-to-day business operations, technology systems and leadership teams. Each Association continues to have its own Board, with representatives participating in a coordinating committee to facilitate Board governance between the two organizations.

Under the alliance agreement, FCSAmerica and Frontier Farm Credit have agreed to share current-year income and expenses based generally on the average total assets of each entity for the prior calendar year. For the year ending December 31, 2021, pretax net income was shared on fixed percentages of 93.7 and 6.3 percent for FCSAmerica and Frontier Farm Credit, respectively. For the year ending December 31, 2021, FCSAmerica recorded $26.1 million of net operating expense credits under the income- and expense-sharing provisions of the alliance agreement primarily due to incurred expenses by FCSAmerica for Frontier Farm Credit associated expenses. The net operating expense credits recorded by FCSAmerica were $17.2 million for the year ended December 31, 2020, and $14.4 million for the year ended December 31, 2019. The net operating expenses specifically attributable to salaries and employee benefits, and occupancy and equipment expenses are recorded in their respective accounts on our Consolidated Statements of Income. The remainder of the allocation is a net recording to other operating expenses on our Consolidated Statements of Income. Depending on the activity in each Association, this allocation can result in the recording of an operating expense credit.

FCSAmerica has $37.4 billion in assets and serves the states of Iowa, Nebraska, South Dakota and Wyoming. Frontier Farm Credit has $2.6 billion in assets and serves multiple counties in eastern Kansas.

Relationship with Rural 1st

In 2019, we entered into an agreement with Farm Credit Mid-America to offer home lending through Rural 1st. Rural 1st is a division of Farm Credit Mid-America offering a program that delivers specialized products and services to customers looking to make a move to rural living through recreation land and home purchases, and home-equity and construction projects. We receive noninterest income from Farm Credit Mid-America for loan volume originated in our territory via Rural 1st. During 2021, we received $8.8 million in noninterest income for these originations. During 2020 and 2019, we received $6.0 million and $1.2 million, respectively, in noninterest income for these originations.

Relationship with ProPartners Financial

During 2020 we began participating in ProPartners Financial (ProPartners) with certain Farm Credit System institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating Associations. We sell to AgriBank, FCB our entire interest in the loans associated with ProPartners. As part of this program we receive patronage income at the sole discretion of the AgriBank, FCB Board of Directors.

Relationship with Farm Credit Leasing Services Corporation

We have an agreement with Farm Credit Leasing Services Corporation, a Farm Credit System service corporation, that specializes in leasing products and provides industry expertise. Leases are originated and serviced by Farm Credit Leasing Services Corporation, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

FarmLend Program

In 2020, we introduced the FarmLend website, which provides a way to apply for farmland financing online. In 2021, we began collaborating with other Farm Credit Associations, which allows prospects to apply for a land loan from participating Farm Credit Associations. In 2021, we had $74 thousand of fee income from those Farm Credit Associations.

Note 2 – Summary of Significant Accounting Policies

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and prevailing practices within the financial services industry.

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Certain amounts in prior years' financial statements have been reclassified to conform to the current year's presentation. The consolidated financial statements present the consolidated financial results of Farm Credit Services of America, ACA (the parent) and Farm Credit Services of America, FLCA and Farm Credit Services of America, PCA (the subsidiaries), collectively referred to as FCSAmerica. All material intercompany transactions and balances have been eliminated in consolidation.

The following are our significant accounting policies:

Loans

Mortgage loan terms range from five to 35 years at origination. Almost all commercial loans are made for agricultural production or operating purposes with original terms of 10 years or less.

Loans are carried at their principal amount outstanding net of any unearned income, cumulative charge-offs and unamortized premiums or discounts on purchased loans. Loan interest is accrued and credited to interest income based on the daily principal amount outstanding.

We place loans in nonaccrual status when:

- principal or interest is delinquent for 90 days or more (unless the loan is adequately secured and in the process of collection), or
- circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse accrued interest, if accrued in the current year. Any cash received on nonaccrual loans is applied to reduce the recorded investment in the loan, except in those cases where the collection of the recorded investment is fully expected and the loan does not have any unrecovered prior charge-offs. Nonaccrual loans may be returned to accrual status when principal and interest are current, the customer's ability to fulfill the contractual payment terms is fully expected, and, if the loan was past due when placed in nonaccrual status, the loan has evidence of sustained performance in making on-time contractual payments.

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring (TDRs), also known as a formally restructured loan for regulatory purposes. A concession is generally granted to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower, and may include interest rate reductions, term extensions, payment deferrals or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as troubled debt restructurings are considered risk loans. There may be modifications made related to the COVID-19 pandemic or in the normal course of business that would not be considered troubled debt restructurings.

Loans are charged off at the time they are determined to be uncollectible.

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets or participating interests has been surrendered and that all conditions have been met to be accounted for as a sale.

Allowance for Loan Losses and Reserve for Unfunded Lending Commitments

The allowance for loan losses is an estimate of incurred losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as:

- loan loss history,
- changes in credit risk classifications,
- changes in collateral values,
- changes in risk concentrations, and
- changes in economic and environmental conditions.

Loans in our portfolio that are considered impaired are analyzed individually to establish a specific allowance. A loan is impaired when it is probable that all amounts due under the contractual terms of the loan agreement will not be collected. We generally measure impairment based on the net realizable value of the collateral. All risk loans are considered to be impaired loans. Risk loans include:

- nonaccrual loans,
- formally restructured loans, and
- loans that are 90 days or more past due and still accruing interest.

Farm Credit Services of America, ACA

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We record a specific allowance to reduce the carrying amount of the risk loan to the lower of book value or the net realizable value of collateral. When collection is unlikely, we charge the loan principal and prior year(s) accrued interest against the allowance for loan losses. Subsequent recoveries, if any, are added to the allowance for loan losses.

An allowance is recorded for probable and estimable credit losses as of the financial statement date for loans that are not individually assessed as impaired. We use a two-dimensional loan risk rating model that incorporates a 14-point rating scale to identify and track the probability of borrower default and a separate six-point scale addressing the loss severity. The combination of estimated default probability and loss severity is the primary basis for recognition and measurement of loan collectability of these pools of loans. These estimated losses may be adjusted for relevant current environmental factors.

Changes in the allowance for loan losses consist of provision activity, recorded as "(Reversal of) provision for credit losses" on the Consolidated Statements of Income, charge-offs and recoveries.

The reserve for unfunded lending commitments is based on our best estimate of losses inherent in lending commitments made to customers but not yet disbursed. Factors such as likelihood of disbursal and likelihood of losses given disbursement were utilized in determining this contingency. Changes in the reserve for unfunded commitments consist of provision activity, recorded as "(Reversal of) provision for credit losses" on the Consolidated Statements of Income.

Investment in AgriBank, FCB

Accounting for our investment in AgriBank, FCB is on a cost plus allocated equities basis.

Investment in AgDirect, LLP

Accounting for our investment in AgDirect, LLP is on a cost basis.

Other Property Owned

We record other property owned, consisting of real and personal property acquired through a collection action, at fair value, less estimated selling costs at the time of acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. Revised estimates of the fair value, less estimated selling costs, are reported as adjustments to the carrying amount of the asset, provided that the adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations, carrying value adjustments and realized gains or losses on sales are included in the "loss (gain) on other property owned" on the Consolidated Statements of Income.

Investment in Rural Business Investment Companies

The carrying amount of the investments in the Rural Business Investment Companies, in which we are a limited partner and hold noncontrolling interests, are accounted for under the equity method. The investments are assessed for impairment. If impairment exists, losses are included in "Other noninterest expense," net on the Consolidated Statements of Income in the year of impairment.

Premises and Equipment

The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets, which are normally five to 40 years for buildings and improvements and three to 10 years for furniture and equipment. Gains and losses on premises and equipment dispositions are reflected in current-year income or expense. Maintenance and repairs are included in operating expense and improvements are capitalized.

Leases

We operate under an agreement with CoBank, ACB through which we purchase a participation in loans made by CoBank, ACB to Farm Credit Leasing Services to fund capital markets leases, agricultural equipment leases and agricultural facilities leases that we originate. Under provisions of this agreement, Farm Credit Leasing Services participates approximately 50.0 percent funding for these leases to CoBank, ACB, and CoBank, ACB participates a similar amount to us. Lease participations purchased under this agreement are included in "Loans" on the Consolidated Balance Sheets.

Advance Conditional Payments

We are authorized under the Farm Credit Act to accept advance conditional payments from customers. We net the advance conditional payments against the customer's related loan balance to the extent the real estate customer's loan balance exceeds the advance payments. The amount of commercial advance conditional payments accepted cannot exceed the commitment amount of the customer's note. We classify commercial advance conditional payments as "Other liabilities" on the Consolidated Balance Sheets because the limit on commercial advance conditional payments is based on note commitments. We pay interest on advance conditional payments and they are not insured. Advance conditional payments are primarily for customers who are required to maintain them as part of their loan agreement.

Employee Benefit Plans

Our employees participate in a defined contribution plan. Benefit plans are described in Note 9, “Employee Benefit Plans.” The costs of the defined contribution plan are funded as accrued. Additionally, we provide a retiree health care benefit to retired employees who met specific hire-date and years-of-service requirements.

Income Taxes

The ACA and PCA accrue federal and state income taxes. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program

We accrue an estimated patronage payable after it is declared by the Board of Directors, normally in December of each year. After year-end eligible average daily balances are calculated, we record a patronage accrual adjustment in the year of payment. We pay the accrued patronage before September 15 of each subsequent year. Cash patronage distributions are referred to as cash-back dividends.

Statement of Cash Flows

For purposes of reporting cash flow, cash includes cash on hand and on deposit at commercial banks.

Off-Balance Sheet Credit Exposures

Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Commercial letters of credit are agreements to pay a beneficiary under specific conditions.

Fair Value Measurement

The Financial Accounting Standards Board guidance on “Fair Value Measurements” describes three levels of inputs that may be used to measure fair value.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Observable inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly;
- inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and
- inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect our own assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

We currently have no material financial statement items required to be accounted for within the consolidated financial statements at fair value on a recurring basis.

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Notes to Consolidated Financial Statements

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board and have determined the following standards to be applicable to our business. While we are a nonpublic entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements in alignment with other Farm Credit System institutions.

Standard and Effective Date	Description	Financial Statement Impact
In March 2020, the Financial Accounting Standards Board issued ASU 2020-04 “Reference Rate Reform, Topic 848.” In January 2021, the Financial Accounting Standards Board issued ASU 2021-01 further amending Topic 848. This guidance may be elected and applied prospectively over time from March 12, 2020, through December 31, 2022, as reference rate reform activities occur.	The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to contracts and other transactions affected by reference rate reform. The guidance simplifies the accounting evaluation of contract modifications that replace a reference rate affected by reference rate reform and contemporaneous modifications of other contract terms related to the replacement of the reference rate.	During March 2021, we adopted the applicable provisions of this standard as it relates to the accounting evaluation of contract modifications that replace a reference rate affected by reference rate reform and contemporaneous modifications of other contract terms related to the replacement of the reference rate. To date, the adoption of this standard has not had a material impact on our financial condition, results of operations, cash flows and financial statement disclosures.
In June 2016, the Financial Accounting Standards Board issued ASU 2016-13 “Measurement of Credit Losses on Financial Instruments.” The guidance was originally effective for non–United States Securities and Exchange Commission filers for our first quarter of 2021. In November 2019, the Financial Accounting Standards Board issued ASU 2019-10 which amends the mandatory effective date for this guidance for certain institutions. We have determined we qualify for the deferral of the mandatory effective date. As a result of the change, the standard is effective for our first quarter of 2023 and early adoption is permitted.	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit-loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	We expect to adopt the standard as of January 1, 2023. We have substantially completed development and validation of our model to estimate credit losses for our loan portfolio. Processes and internal controls related to the model and the estimation of credit losses for loans have been substantially designed. We are in the process of drafting disclosures and accounting policies. The extent of the impact on our financial statements will depend on economic conditions, forecasts and the compositions of our loan and investment portfolios at the time of adoption.

Note 3 – Loans and Allowance for Loan Losses

Loans, including participations purchased and nonaccruals, consisted of the following (in thousands):

	December 31,					
	2021		2020		2019	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
Long-term agricultural mortgage	**$22,021,142**	**61.7%**	$19,321,012	60.0%	$17,022,050	57.2%
Production and intermediate term	**7,086,807**	**19.8**	6,732,401	20.8	7,101,243	23.9
Agribusiness	**3,886,990**	**10.9**	3,561,409	11.1	3,077,450	10.3
Rural infrastructure	**1,089,422**	**3.0**	870,928	2.7	650,202	2.2
Rural residential real estate	**966,931**	**2.7**	1,145,324	3.6	1,377,520	4.6
Mission-related investments	**579,240**	**1.6**	477,332	1.5	430,357	1.5
Agricultural export finance	**89,358**	**0.3**	98,098	0.3	89,358	0.3
Total loans	**$35,719,890**	**100.0%**	$32,206,504	100.0%	$29,748,180	100.0%

We have concentrations with individual borrowers within various agricultural commodities that could cause them to be similarly impacted by economic conditions. At December 31, 2021, loans outstanding plus commitments to our 10 largest borrowers, net of participations sold, totaled an amount equal to 16.2 percent of members' equity. No single borrower's loans outstanding plus commitments exceed 5.0 percent of members' equity.

While the amounts represent our maximum potential credit risk related to recorded loan principal, a substantial portion of our lending activities is collateralized, which reduces our exposure to credit loss associated with lending activity. We include an estimate of our credit risk exposure in determining the allowance for loan losses.

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the borrower. Collateral held varies by loan type but typically includes agricultural real estate, equipment, crop inventory and livestock. Long-term real estate loans are secured by a first lien on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85.0 percent of the property's appraised value (97.0 percent if guaranteed by a government agency). However, internal lending procedures require a more conservative loan-to-value ratio, which results in an average loan-to-value ratio in the real estate portfolio of less than 50.0 percent of current market values.

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Notes to Consolidated Financial Statements

We may purchase or sell participation interests with other parties to diversify risk, manage loan volume or comply with the limitations of the Farm Credit Administration regulations or the General Financing Agreement with AgriBank, FCB. The following table presents information regarding participations purchased and sold (participations purchased do not include syndications; amounts are in thousands):

	AgriBank, FCB Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
As of December 31, 2021								
Long-term agricultural mortgage	**$ –**	**$145,469**	**$ 747,486**	**$ 891,782**	**$ 1,520**	**$ 6,160**	**$ 749,006**	**$1,043,411**
Production and intermediate term	**–**	**281,002**	**1,663,123**	**775,369**	**4,094,924**	**5,434,963**	**5,758,047**	**6,491,334**
Agribusiness	**–**	**75,922**	**1,815,574**	**940,585**	**38,745**	**–**	**1,854,319**	**1,016,507**
Rural infrastructure	**–**	**–**	**1,152,613**	**63,148**	**–**	**–**	**1,152,613**	**63,148**
Mission-related investments	**–**	**–**	**–**	**–**	**526,043**	**–**	**526,043**	**–**
Agricultural export finance	**–**	**–**	**94,955**	**5,596**	**–**	**–**	**94,955**	**5,596**
Total	**$ –**	**$502,393**	**$5,473,751**	**$2,676,480**	**$4,661,232**	**$5,441,123**	**$10,134,983**	**$8,619,996**
As of December 31, 2020								
Long-term agricultural mortgage	$ –	$367,377	$ 753,067	$ 925,073	$ 1,837	$ 7,313	$ 754,904	$1,299,763
Production and intermediate term	–	188,800	1,481,999	616,028	3,323,131	4,617,254	4,805,130	5,422,082
Agribusiness	–	63,721	1,726,428	935,888	54,270	–	1,780,698	999,609
Rural infrastructure	–	–	873,919	52,884	32,893	–	906,812	52,884
Mission-related investments	–	–	–	–	462,069	–	462,069	–
Agricultural export finance	–	–	104,666	6,567	–	–	104,666	6,567
Total	$ –	$619,898	$4,940,079	$2,536,440	$3,874,200	$4,624,567	$8,814,279	$7,780,905
As of December 31, 2019								
Long-term agricultural mortgage	$ –	$435,632	$ 694,478	$ 522,689	$ 27,703	$ 8,381	$ 722,181	$ 966,702
Production and intermediate term	–	136,877	1,450,008	624,114	2,759,877	3,714,820	4,209,885	4,475,811
Agribusiness	–	65,449	1,420,836	713,398	51,082	–	1,471,918	778,847
Rural infrastructure	–	–	666,077	41,334	26,760	–	692,837	41,334
Mission-related investments	–	–	–	–	414,629	–	414,629	–
Agricultural export finance	–	–	94,955	5,596	–	–	94,955	5,596
Total	$ –	$637,958	$4,326,354	$1,907,131	$3,280,051	$3,723,201	$7,606,405	$6,268,290

Participations purchased increased $1.3 billion in 2021, and participations sold increased by $839.1 million. The increases are primarily due to increased purchase activity in production and intermediate-term, agribusiness and rural infrastructure portfolios.

On October 1, 2008, we sold a pool of approximately $1.9 billion of real estate loans to AgriBank, FCB. AgriBank, FCB established a separate patronage pool for these assets. Patronage declared on this pool has been solely at the discretion of the AgriBank, FCB Board of Directors. We provided servicing for the loans in the pool, and AgriBank, FCB paid us a fee for this servicing. As part of this transaction, we purchased additional common stock in AgriBank, FCB equal to 8.0 percent of the pool assets. In 2021, we received $3.1 million of asset pool patronage in cash and $75 thousand in asset pool patronage in stock related to this participation. In 2021, per contractual conditions, we repurchased AgriBank, FCB's participation interests in these real estate pooled loans totaling $175 million. In 2020, we received $6.6 million of asset pool patronage in cash. In 2019, we received $7.5 million of asset pool patronage in cash and $657 thousand in asset pool patronage in stock related to this participation.

On December 1, 2019, we sold a pool of approximately $104 million of real estate loans to AgriBank, FCB. The sale was intended to enhance our portfolio credit quality. AgriBank, FCB has established a separate patronage pool for these assets and intends to pay the net earnings adjusted for certain costs on the pool to us as patronage. We anticipate our net income, after patronage from the pool, will not be materially affected. Patronage declared on this pool is solely at the discretion of the AgriBank, FCB Board of Directors. We will continue to provide servicing for the loans in the pool, and AgriBank, FCB will pay us a fee for this servicing. As part of this transaction, we purchased additional common stock in AgriBank, FCB. The volume in this pool of assets at December 31, 2021, was $66.7 million, and we received $500 thousand of asset pool cash patronage. At December 31, 2020, the volume was $79.9 million. We have received $720 thousand of asset pool cash patronage in 2020. At December 31, 2019, the volume was $102 million, and we received $50 thousand of asset pool cash patronage in 2019.

In December 2020, we participated approximately $273.2 million of long-term agricultural mortgage loans to CoBank, ACB. We continue to be the lead lender and servicer of the loans, and we receive a servicing fee from CoBank, ACB based on average daily balance of the participated loans. The balance of these participations at December 31, 2021, was $254.8 million. In 2021, we received $177 thousand in cash patronage and $416 thousand in stock patronage for these participations.

Risk loans (accruing loans include accrued interest receivable) are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following table presents information concerning the recorded investment in risk loans (in thousands):

	December 31,		
	2021	2020	2019
Nonaccrual loans:			
Current as to principal and interest	**$ 88,286**	$110,129	$168,412
Past due	**14,376**	57,395	71,521
Total nonaccrual loans	**102,662**	167,524	239,933
Impaired accrual loans:			
Restructured	**30,696**	31,503	41,549
90 days or more past due	**6,203**	2,338	1,099
Total risk loans	**$139,561**	$201,365	$282,581

Total risk loans have decreased since the end of 2020. The decrease in risk loans primarily results from a decrease in nonaccrual and restructured loans. The decrease in nonaccrual loans is mostly driven by a decrease in grain, cow/calf, swine and beef feedlot industries. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection. Risk loans as a percentage of total loans remain at manageable levels.

At December 31, 2021, there were approximately $4.9 million in commitments to lend additional funds to customers whose loans were at risk.

Interest income is recognized and cash payments are applied on nonaccrual loans as described in Note 2, "Summary of Significant Accounting Policies." The following table sets forth interest income recognized on risk loans (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Interest income recognized on nonaccrual loans	**$1,712**	$2,237	$4,556
Interest income recognized on risk accrual loans	**2,339**	2,180	3,197
Interest income recognized on risk loans	**$4,051**	$4,417	$7,753

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Risk assets by loan type are as follows (accruing volume includes accrued interest receivable; amounts are in thousands):

	December 31,		
	2021	2020	2019
Nonaccrual loans:			
Long-term agricultural mortgage	**$ 66,930**	$107,179	$115,087
Production and intermediate term	**13,879**	41,477	72,728
Agribusiness	**14,618**	9,443	33,409
Rural infrastructure	**2,166**	–	7,564
Rural residential real estate	**5,069**	9,425	11,145
Total nonaccrual loans	**$102,662**	$167,524	$239,933
Accruing restructured loans:			
Long-term agricultural mortgage	**$21,053**	$21,228	$30,505
Production and intermediate term	**9,595**	10,225	10,994
Rural residential real estate	**48**	50	50
Total accruing restructured loans	**$30,696**	$31,503	$41,549
Accruing loans 90 days or more past due:			
Long-term agricultural mortgage	**$ 158**	$ 360	$ 47
Production and intermediate term	**–**	393	1,052
Mission-related investments	**6,045**	1,585	–
Total accruing loans 90 days or more past due	**$6,203**	$2,338	$1,099
Total risk loans	**139,561**	201,365	282,581
Other property owned	**7,621**	10,271	25,677
Total risk assets	**$147,182**	$211,636	$308,258

All risk loans are considered to be impaired loans. The following table provides additional impaired loan information (in thousands):

	As of December 31, 2021			For the Period Ended December 31, 2021	
	Recorded Investment [(1)]	Unpaid Principal Balance [(2)]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Long-term agricultural mortgage	$ –	$ –	$ –	$–	$ 11
Production and intermediate term	–	–	–	–	(11)
Agribusiness	11,489	12,426	5,933	5,289	–
Rural infrastructure	2,166	2,209	455	2,244	(1)
Total	$13,655	$14,635	$6,388	$7,533	$ (1)
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$ 88,141	$102,908	$ –	$129,427	$1,177
Production and intermediate term	23,474	33,375	–	51,399	3,145
Agribusiness	3,129	3,876	–	5,353	1
Rural infrastructure	–	–	–	2,842	–
Rural residential real estate	5,117	6,005	–	8,997	40
Mission-related investments	6,045	5,485	–	4,241	(311)
Total	$125,906	$151,649	$ –	$202,259	$4,052
Total impaired loans:					
Long-term agricultural mortgage	$ 88,141	$102,908	$ –	$129,427	$1,188
Production and intermediate term	23,474	33,375	–	51,399	3,134
Agribusiness	14,618	16,302	5,933	10,642	1
Rural infrastructure	2,166	2,209	455	5,086	(1)
Rural residential real estate	5,117	6,005	–	8,997	40
Mission-related investments	6,045	5,485	–	4,241	(311)
Total	$139,561	$166,284	$6,388	$209,792	$4,051

[(1)] The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.
[(2)] Unpaid principal balance represents the contractual principal balance of the loan.

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	As of December 31, 2020			For the Period Ended December 31, 2020	
	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Long-term agricultural mortgage	$ 7,415	$ 7,409	$4,960	$ 5,563	$ (49)
Production and intermediate term	9,806	10,040	3,229	6,840	4
Agribusiness	5,088	5,195	1,057	18,421	1,734
Total	$22,309	$22,644	$9,246	$30,824	$1,689
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$121,352	$134,883	$ –	$147,275	$ 676
Production and intermediate term	42,289	57,251	–	75,743	1,584
Agribusiness	4,355	6,010	–	13,367	(5)
Rural infrastructure	–	–	–	7,371	18
Rural residential real estate	9,475	11,035	–	11,880	(21)
Mission-related investments	1,585	1,509	–	7,735	476
Total	$179,056	$210,688	$ –	$263,371	$2,728
Total impaired loans:					
Long-term agricultural mortgage	$128,767	$142,292	$4,960	$152,838	$ 627
Production and intermediate term	52,095	67,291	3,229	82,583	1,588
Agribusiness	9,443	11,205	1,057	31,788	1,729
Rural infrastructure	–	–	–	7,371	18
Rural residential real estate	9,475	11,035	–	11,880	(21)
Mission-related investments	1,585	1,509	–	7,735	476
Total	$201,365	$233,332	$9,246	$294,195	$4,417

(1) The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.
(2) Unpaid principal balance represents the contractual principal balance of the loan.

	As of December 31, 2019			For the Period Ended December 31, 2019	
	Recorded Investment (1)	Unpaid Principal Balance (2)	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Long-term agricultural mortgage	$ 1,043	$ 1,053	$ 394	$ 952	$–
Production and intermediate term	31,747	33,398	5,723	16,350	(183)
Agribusiness	24,381	25,377	11,082	20,716	42
Rural infrastructure	7,564	8,867	2,404	9,077	–
Total	$64,735	$68,695	$19,603	$47,095	$(141)
Impaired loans with no related allowance for loan losses:					
Long-term agricultural mortgage	$144,597	$155,187	$ –	$137,901	$4,021
Production and intermediate term	53,027	65,719	–	81,858	2,989
Agribusiness	9,027	9,777	–	7,567	165
Rural residential real estate	11,195	12,556	–	11,985	454
Mission-related investments	–	–	–	4,142	265
Total	$217,846	$243,239	$ –	$243,453	$7,894
Total impaired loans:					
Long-term agricultural mortgage	$145,640	$156,240	$ 394	$138,853	$4,021
Production and intermediate term	84,774	99,117	5,723	98,208	2,806
Agribusiness	33,408	35,154	11,082	28,283	207
Rural infrastructure	7,564	8,867	2,404	9,077	–
Rural residential real estate	11,195	12,556	–	11,985	454
Mission-related investments	–	–	–	4,142	265
Total	$282,581	$311,934	$19,603	$290,548	$7,753

(1) The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous write-down of the investment.
(2) Unpaid principal balance represents the contractual principal balance of the loan.

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The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Classification System as a percentage of total loans and related accrued interest receivable by loan type (in thousands):

	Acceptable		OAEM		Substandard/Doubtful		Total
	Amount	%	Amount	%	Amount	%	Amount
As of December 31, 2021							
Long-term agricultural mortgage	**$20,831,843**	**93.33%**	**$ 823,964**	**3.69%**	**$ 665,510**	**2.98%**	**$22,321,317**
Production and intermediate term	**6,463,257**	**90.34%**	**445,242**	**6.23%**	**245,693**	**3.43%**	**7,154,192**
Agribusiness	**3,608,054**	**92.32%**	**158,131**	**4.05%**	**142,041**	**3.63%**	**3,908,226**
Rural infrastructure	**1,094,148**	**99.80%**	**–**	**–**	**2,167**	**0.20%**	**1,096,315**
Rural residential real estate	**920,579**	**94.76%**	**19,985**	**2.06%**	**30,861**	**3.18%**	**$971,425**
Mission-related investments	**583,831**	**100.00%**	**–**	**–**	**–**	**–**	**$583,831**
Agricultural export finance	**89,855**	**100.00%**	**–**	**–**	**–**	**–**	**$89,855**
Total	**$33,591,567**	**92.99%**	**$1,447,322**	**4.00%**	**$1,086,272**	**3.01%**	**$36,125,161**
As of December 31, 2020							
Long-term agricultural mortgage	$17,234,691	87.87%	$1,130,440	5.76%	$1,250,124	6.37%	$19,615,255
Production and intermediate term	5,593,153	82.52%	625,256	9.22%	559,823	8.26%	6,778,232
Agribusiness	3,272,644	91.40%	236,122	6.59%	71,812	2.01%	3,580,578
Rural infrastructure	866,475	98.79%	7,993	0.91%	2,613	0.30%	877,081
Rural residential real estate	1,057,558	91.65%	40,003	3.47%	56,371	4.88%	1,153,932
Mission-related investments	520,991	100.00%	–	–	–	–	520,991
Agricultural export finance	98,596	100.00%	–	–	–	–	98,596
Total	$28,644,108	87.80%	$2,039,814	6.25%	$1,940,743	5.95%	$32,624,665
As of December 31, 2019							
Long-term agricultural mortgage	$14,709,824	84.90%	$1,120,910	6.47%	$1,495,698	8.63%	$17,326,432
Production and intermediate term	5,566,496	77.31%	719,913	10.00%	913,587	12.69%	7,199,996
Agribusiness	2,964,502	95.81%	61,768	2.00%	67,843	2.19%	3,094,113
Rural infrastructure	618,983	94.38%	29,295	4.47%	7,564	1.15%	655,842
Rural residential real estate	1,262,182	90.97%	50,096	3.61%	75,189	5.42%	1,387,467
Mission-related investments	472,994	100.00%	–	–	–	–	472,994
Agricultural export finance	89,900	100.00%	–	–	–	–	89,900
Total	$25,684,881	84.97%	$1,981,982	6.56%	$2,559,881	8.47%	$30,226,744

Our adversely classified assets decreased during 2021, ending the year at 3.01 percent of the portfolio compared to 5.95 percent of the portfolio at December 31, 2020.

One credit quality indicator we utilize is the Farm Credit Administration Uniform Classification System that 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 (OAEM) — assets are currently collectible but exhibit some potential weakness;
- substandard — assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan;
- doubtful — assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable; and
- loss — assets are considered uncollectible.

We had no loans categorized as loss at December 31, 2021, 2020 or 2019.

The following table provides an aging analysis of past due loans by loan type (accruing volume includes accrued interest receivable; amounts are in thousands):

	30–89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
As of December 31, 2021						
Long-term agricultural mortgage	**$21,441**	**$ 7,425**	**$ 28,866**	**$22,292,451**	**$22,321,317**	**$ 159**
Production and intermediate term	**15,385**	**5,260**	**20,645**	**7,133,547**	**7,154,192**	**–**
Agribusiness	**2,984**	**–**	**2,984**	**3,905,242**	**3,908,226**	**–**
Rural infrastructure	**–**	**–**	**–**	**1,096,315**	**1,096,315**	**–**
Rural residential real estate	**3,553**	**890**	**4,443**	**966,982**	**971,425**	**–**
Mission-related investments	**42,533**	**6,045**	**48,578**	**535,253**	**583,831**	**6,044**
Agricultural export finance	**–**	**–**	**–**	**89,855**	**89,855**	**–**
Total	**$85,896**	**$19,620**	**$105,516**	**$36,019,645**	**$36,125,161**	**$6,203**
As of December 31, 2020						
Long-term agricultural mortgage	$29,239	$23,782	$ 53,021	$19,562,234	$19,615,255	$ 360
Production and intermediate term	31,001	14,381	45,382	6,732,850	6,778,232	393
Agribusiness	98	5,633	5,731	3,574,847	3,580,578	–
Rural infrastructure	–	–	–	877,081	877,081	–
Rural residential real estate	2,299	2,178	4,477	1,149,455	1,153,932	–
Mission-related investments	24,354	1,585	25,939	495,052	520,991	1,585
Agricultural export finance	–	–	–	98,596	98,596	–
Total	$86,991	$47,559	$134,550	$32,490,115	$32,624,665	$2,338
As of December 31, 2019						
Long-term agricultural mortgage	$ 19,169	$34,123	$ 53,292	$17,273,140	$17,326,432	$ 47
Production and intermediate term	29,979	25,977	55,956	7,144,040	7,199,996	1,052
Agribusiness	896	6,644	7,540	3,086,573	3,094,113	–
Rural infrastructure	–	–	–	655,842	655,842	–
Rural residential real estate	4,527	2,262	6,789	1,380,678	1,387,467	–
Mission-related investments	54,577	–	54,577	418,417	472,994	–
Agricultural export finance	–	–	–	89,900	89,900	–
Total	$109,148	$69,006	$178,154	$30,048,590	$30,226,744	$1,099

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A restructuring of a loan constitutes a troubled debt restructuring if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. Concessions vary by program and borrower, and may include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. As a restructured loan constitutes a troubled debt restructuring, these loans are included within our risk loans. All risk loans are analyzed within our allowance for loan losses.

The following table presents information regarding troubled debt restructurings that occurred during the year ended December 31 (in thousands):

	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment
2021		
Long-term agricultural mortgage	**$ –**	**$ –**
Production and intermediate term	**588**	**488**
Agribusiness	**–**	**–**
Total	**$588**	**$488**
2020		
Long-term agricultural mortgage	$ –	$ –
Production and intermediate term	431	354
Agribusiness	–	–
Total	$431	$354
2019		
Long-term agricultural mortgage	$ 8,046	$ 8,084
Production and intermediate term	2,446	1,047
Agribusiness	1,240	1,240
Total	$11,732	$10,371

Premodification represents the outstanding recorded investment just prior to restructuring, and postmodification represents the outstanding recorded investment immediately following the restructuring. The recorded investment is the unpaid principal amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges or acquisition costs, and may also reflect a previous direct write-down of the investment.

We had no troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the respective reporting period.

There were $2.9 million in additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring at December 31, 2021:

Troubled Debt Restructurings Outstanding (in thousands) as of December 31:	**2021**	2020	2019
Accrual status:			
Long-term agricultural mortgage	**$21,054**	$21,229	$30,505
Production and intermediate term	**9,594**	10,225	10,994
Agribusiness	**–**	–	–
Rural residential real estate	**48**	49	50
Total TDRs in accrual status	**$30,696**	$31,503	$41,549
Nonaccrual status:			
Long-term agricultural mortgage	**$ 459**	$10,501	$ 3,752
Production and intermediate term	**589**	2,078	2,338
Agribusiness	**7,256**	659	1,087
Rural infrastructure	**–**	–	16,354
Total TDRs in nonaccrual status	**$8,304**	$13,238	$23,531
Total TDRs:			
Long-term agricultural mortgage	**$21,513**	$31,730	$34,257
Production and intermediate term	**10,183**	12,303	13,332
Agribusiness	**7,256**	659	1,087
Rural residential real estate	**48**	49	50
Rural infrastructure	**–**	–	16,354
Total TDRs	**$39,000**	$44,741	$65,080

The "(Reversal of) provision for credit losses" on the Consolidated Statements of Income includes a (reversal of) provision for loan losses and a (reversal of) provision for unfunded lending commitments.

A summary of changes in the allowance for loan losses and reserve for unfunded lending commitments follows (in thousands):

	December 31,		
Allowance for Loan Losses	**2021**	2020	2019
Balance at beginning of year	**$152,000**	$163,000	$157,000
(Reversal of) provision for loan losses	**(77,231)**	294	9,723
Loans charged off	**(3,104)**	(13,711)	(8,018)
Recoveries	**3,335**	2,417	4,295
Balance at end of year	**$ 75,000**	$152,000	$163,000

	December 31,		
Reserve for Unfunded Lending Commitments	**2021**	2020	2019
Balance at beginning of year	**$14,000**	$11,000	$10,000
(Reversal of) provision for unfunded lending commitments	**(2,000)**	3,000	1,000
Balance at end of year	**$12,000**	$14,000	$11,000

A summary of changes in the allowance for loan losses and period-end recorded investments in loans by loan type is as follows (in thousands):

	Balance at December 31, 2020	**Loan Recoveries**	**Loan Charge-Offs**	**Provision for Loan Losses**	**Balance at December 31, 2021**
Long-term agricultural mortgage	$105,586	**$ 422**	**$ (345)**	**$(72,048)**	**$33,615**
Production and intermediate term	24,237	**2,668**	**(1,732)**	**(9,142)**	**16,031**
Agribusiness	15,554	**182**	**(35)**	**5,362**	**21,063**
Rural infrastructure	3,085	**–**	**(870)**	**(53)**	**2,162**
Rural residential real estate	3,186	**63**	**(122)**	**(1,267)**	**1,860**
Mission-related investments	70	**–**	**–**	**81**	**151**
Agricultural export finance	282	**–**	**–**	**(164)**	**118**
Total	$152,000	**$3,335**	**$(3,104)**	**$(77,231)**	**$75,000**

	Balance at December 31, 2019	Loan Recoveries	Loan Charge-Offs	Provision for Loan Losses	Balance at December 31, 2020
Long-term agricultural mortgage	$102,017	$ 259	$ (629)	$3,939	$105,586
Production and intermediate term	30,101	1,871	(5,539)	(2,196)	24,237
Agribusiness	22,303	161	(5,717)	(1,193)	15,554
Rural infrastructure	4,198	99	(1,750)	538	3,085
Rural residential real estate	4,029	27	(76)	(794)	3,186
Mission-related investments	64	–	–	6	70
Agricultural export finance	288	–	–	(6)	282
Total	$163,000	$2,417	$(13,711)	$ 294	$152,000

	Balance at December 31, 2018	Loan Recoveries	Loan Charge-Offs	Provision for Loan Losses	Balance at December 31, 2019
Long-term agricultural mortgage	$ 99,950	$ 141	$ (397)	$2,323	$102,017
Production and intermediate term	27,929	3,442	(7,399)	6,129	30,101
Agribusiness	20,815	681	(127)	934	22,303
Rural infrastructure	4,067	–	–	131	4,198
Rural residential real estate	4,010	31	(95)	83	4,029
Mission-related investments	41	–	–	23	64
Agricultural export finance	188	–	–	100	288
Total	$157,000	$4,295	$(8,018)	$9,723	$163,000

Adversely classified assets are assets that we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

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	Allowance for Credit Losses Ending Balance at December 31, 2021		**Recorded Investments in Loans Outstanding Ending Balance at December 31, 2021**	
	Individually Evaluated for Impairment	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Collectively Evaluated for Impairment**
Long-term agricultural mortgage	**$ –**	**$33,615**	**$ 88,141**	**$22,233,176**
Production and intermediate term	**–**	**16,031**	**23,474**	**7,130,718**
Agribusiness	**5,933**	**15,130**	**14,618**	**3,893,608**
Rural infrastructure	**455**	**1,707**	**2,166**	**1,094,149**
Rural residential real estate	**–**	**1,860**	**5,117**	**966,308**
Mission-related investments	**–**	**151**	**6,045**	**577,786**
Agricultural export finance	**–**	**118**	**–**	**89,855**
Total	**$6,388**	**$68,612**	**$139,561**	**$35,985,600**

	Allowance for Credit Losses Ending Balance at December 31, 2020		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2020	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Long-term agricultural mortgage	$4,960	$100,626	$128,767	$19,486,488
Production and intermediate term	3,229	21,008	52,095	6,726,137
Agribusiness	1,057	14,497	9,443	3,571,135
Rural infrastructure	–	3,085	–	877,081
Rural residential real estate	–	3,186	9,475	1,144,457
Mission-related investments	–	70	1,585	519,406
Agricultural export finance	–	282	–	98,596
Total	$9,246	$142,754	$201,365	$32,423,300

	Allowance for Credit Losses Ending Balance at December 31, 2019		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2019	
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Long-term agricultural mortgage	$ 394	$101,624	$145,639	$17,180,793
Production and intermediate term	5,723	24,378	84,774	7,115,222
Agribusiness	11,082	11,220	33,409	3,060,704
Rural infrastructure	2,404	1,794	7,564	648,278
Rural residential real estate	–	4,029	11,195	1,376,272
Mission-related investments	–	64	–	472,994
Agricultural export finance	–	288	–	89,900
Total	$19,603	$143,397	$282,581	$29,944,163

Note 4 – Investment in AgriBank, FCB

As of December 31, 2021, we were required by AgriBank, FCB to maintain an investment equal to 2.5 percent of the average quarterly balance of our note payable, with an additional amount required on Association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate. As of March 31, 2022, the required investment is increasing to 2.55 percent.

We are also required to hold AgriBank, FCB stock related to our participation in pool programs. The required investment amount varies by pool program and is generally a percentage of the loan balance in the pool.

AgriBank, FCB's capital plan provides for annual retirement of AgriBank, FCB stock and optimizes capital at AgriBank, FCB by distributing all available Bank earnings in the form of patronage, either in cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of allocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

At December 31, 2021, our investment in AgriBank, FCB was $777.4 million, of which $392.9 million consisted of stock representing distributed AgriBank, FCB surplus and $384.6 million consisted of purchased investment. For the periods presented in this report, we have received no dividend income on this stock investment, and we do not anticipate any in future years.

The balance of our investment in AgriBank, FCB was $777.4 million, $710.3 million and $651.6 million at December 31, 2021, 2020 and 2019, respectively.

Note 5 – Investment in AgDirect, LLP

We have entered into agreements with 15 other Farm Credit System Associations inside and outside the AgriBank, FCB District to provide access to our AgDirect trade credit financing program. The AgDirect program includes origination and refinancing of agricultural equipment loans and leases through independent equipment dealers. The Farm Credit Administration has approved requests from these Associations to invest in a limited liability partnership (LLP) that facilitates this collaborative AgDirect trade credit financing program and allows us to leverage the AgDirect program for the mutual benefit of our Associations and the farmers and ranchers we collectively serve. Our investment is reflected as "Investment in AgDirect, LLP" on our Consolidated Balance Sheets. The LLP is an unincorporated business entity and purchases participations in AgDirect loans from us that were originated under the agreements described earlier. The LLP subsequently sells a like amount of loan participations to AgriBank, FCB. The LLP pays us a fee for originating these loans. Total outstanding participations sold to the LLP at December 31, 2021, were $5.4 billion compared to $4.6 billion at December 31, 2020, and $3.7 billion at the end of 2019. AgriBank, FCB, at the discretion of its Board of Directors, pays patronage on these loan participations to AgDirect, LLP. Any patronage declared is accrued quarterly and paid by AgriBank, FCB in the first month of the subsequent quarter. AgDirect, LLP distributes any patronage paid by AgriBank, FCB as partnership distributions to the AgDirect, LLP partners. At December 31, 2021, our investment in AgDirect, LLP was $94.4 million.

Note 6 – Premises and Equipment

Premises and equipment consisted of the following (in thousands):

	December 31,		
	2021	2020	2019
Land, buildings and improvements	**$281,654**	$277,513	$214,836
Construction/ improvements in progress	**131**	57	43,622
Furniture and equipment	**86,857**	80,718	122,804
	368,642	358,288	381,262
Less accumulated depreciation	**131,515**	114,673	153,683
Premises and equipment, net	**$237,127**	$243,615	$227,579

Farm Credit Services of America, ACA

Notes to Consolidated Financial Statements

Note 7 – Notes Payable

The notes payable to AgriBank, FCB represents borrowings to fund our net assets. This indebtedness is collateralized by a pledge of substantially all our assets and is governed by a General Financing Agreement. AgriBank, FCB has established a $36 billion revolving line of credit for us that is renegotiated prior to the maturity date of June 30, 2024. Our revolving line of credit with AgriBank, FCB in 2020 and 2019 was $30 billion. The interest rate is periodically adjusted by AgriBank, FCB, and at December 31, 2021, was 1.36 percent for the ACA, 1.55 percent for the FLCA and 0.64 percent for the PCA. The consolidated notes payable balance is presented in the following table (in thousands):

	December 31,		
	2021	2020	2019
Notes payable to AgriBank, FCB	**$30,140,612**	$26,876,605	$24,780,931

Under the Farm Credit Act, we are obligated to borrow only from AgriBank, FCB unless AgriBank, FCB approves borrowing from other funding sources. AgriBank, FCB, consistent with Farm Credit Administration regulations, has established limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2021, we were within the specified limitations.

Note 8 – Members' Equity

A description of our capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities follows.

Capital Stock

In accordance with the Farm Credit Act, as amended, each borrower is required to invest in us as a condition of obtaining a loan. Our capitalization bylaws require a customer to invest in capital stock equal to $1 thousand or 2.0 percent of the amount of the loan, whichever is less. Our Board of Directors may increase the amount of investment, if necessary, to meet capital needs. Under the current Board of Directors–approved program, the stock requirement for loan customers is generally $1 thousand, and stock is issued to each loan co-maker (includes primary borrower and any co-borrowers; does not include guarantors). Non-loan customers purchasing financially related services from the Association continue to purchase one $5 share of stock.

The member acquires ownership of capital stock or participation certificates at the time the loan is made. Loan co-makers who do not currently own stock will acquire stock when a new loan is originated or a loan servicing action takes place. Members are not currently required to make a cash investment to acquire capital stock or participation certificates. However, their obligation to pay for the capital stock or participation certificates is maintained as an interest-free obligation and will only be due in the unlikely event that the Association does not meet regulatory capital requirements.

The capital stock and participation certificates are at-risk investments as described in our capital bylaws. We retain a first lien on common stock or participation certificates owned by our members. Stock is retired in accordance with our bylaws. Members are responsible for payment of the cash investment upon demand by us.

Effective January 1, 2020, there was a change in the regulatory interpretation related to the accounting for capital stock and participation certificates for us, along with other Farm Credit Associations. The capital stock and participation certificates are included within members' equity on the Consolidated Balance Sheets with a contra line item titled "Less capital stock receivable" for the same amount. This change had no impact on the capital stock or participation certificates owned by our members, as members retained all rights afforded to them by the Farm Credit Act. In addition, this change had no material impact on our capital ratios.

Regulatory Capitalization Requirements and Restrictions

	As of December 31,			Regulatory Minimums	Minimums With Buffers
	2021	2020	2019		
Risk-adjusted ratios:					
Common equity Tier 1	**15.82%**	16.06%	16.70%	**4.5%**	**7.0%***
Tier 1 capital	**15.82%**	16.06%	16.70%	**6.0%**	**8.5%***
Total capital	**16.06%**	16.55%	17.24%	**8.0%**	**10.5%***
Permanent capital	**15.85%**	16.13%	16.81%	**7.0%**	**7.0%**
Non-risk-adjusted ratios:					
Tier 1 leverage	**17.14%**	17.32%	17.90%	**4.0%**	**5.0%***
UREE leverage	**18.20%**	18.35%	18.53%	**1.5%**	**1.5%**

**The 2.5 percent capital conservation buffers over risk-adjusted ratio minimums was phased in over three years under the Farm Credit Administration capital requirements. The phase-in period ended December 31, 2019.*

Risk-adjusted assets has been defined by the Farm Credit Administration regulations as the Statement of Condition assets and off-balance sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets.

Risk-adjusted assets is calculated differently for the permanent capital ratio compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for loan losses as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with Farm Credit Administration regulations and are calculated as follows (not all items may be applicable to our Association):

- Common equity Tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of seven years, allocated equities held for a minimum of seven years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity Tier 1 plus noncumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is Tier 1 capital plus other required member stock held for a minimum of five years, allocated equities held for a minimum of five years, subordinated debt and limited-life preferred stock greater than five years to maturity at issuance subject to certain limitations, allowance for loan losses and reserve for credit losses subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by permanent capital ratio risk-adjusted assets.
- Tier 1 leverage ratio is Tier 1 capital, including regulatory deductions, divided by average assets, less regulatory deductions subject to Tier 1 capital.
- Unallocated retained earnings and equivalents (UREE) leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement, less certain regulatory-required deductions including the amount of allocated investments in other System institutions, divided by average assets, less regulatory deductions subject to Tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior Farm Credit Administration approval.

Farm Credit Services of America, ACA
Notes to Consolidated Financial Statements

Description of Equities

The following table presents information regarding the classes and number of shares of stock outstanding as of December 31. All shares are at-risk and have a par or stated value of $5 per share.

	Shares Outstanding as of December 31,		
	2021	2020	2019
Class D common stock	**19,213,644**	18,416,056	17,199,379
Class E common stock	**753,259**	752,850	726,395

Our bylaws authorize us to issue an unlimited number of shares of Class D common stock and Class E common stock with a par or face value of $5 per share.

Class D common stock is voting and is issued solely to a farmer, rancher, or producer or harvester of aquatic products. Class E common stock has no voting rights and is issued to customers to capitalize rural home and farm-related business loans or to become eligible for financial services. Class D common stock and Class E common stock may be retired at the discretion of the Board of Directors, at book value not to exceed par, provided we meet minimum capital adequacy standards under Farm Credit Administration regulations.

Subject to our policies, Class D and Class E common stock are transferable to any person eligible to hold the respective class of stock. Class D common stock and Class E common stock cannot be transferred when we do not meet capital adequacy standards under Farm Credit Administration regulations.

At any time within two years after the loan of a customer is repaid in full, any voting stock held by the customer is converted to nonvoting stock. The nonvoting stock may be converted back to voting stock if the owner of the stock borrows additional funds.

As determined by the Board of Directors, we may declare dividends in stock, cash or any combination, provided we meet capital adequacy standards under Farm Credit Administration regulations and no stock is impaired. Losses that result in impairment of stock and participation certificates will be allocated ratably to stock and participation certificates. In the event we would liquidate or dissolve, any assets remaining after payment or retirement of all liabilities would be distributed to the holders of stock in the following order of priority:

- first, to the holders of common stock and participation certificates, equally and pro rata in proportion to the number of shares or units of common stock and participation certificates issued and outstanding, until an amount equal to the aggregate par value of all common stock and participation certificates has been distributed;
- second, to the holders of allocated surplus pro rata, on the basis of oldest allocations first, until an amount equal to the total account has been distributed; and
- third, any remaining assets would be distributed among current and former stockholders in the proportion that the aggregate patronage of each stockholder bears to the total patronage of all current and former stockholders, to the extent practicable and as determined by the Board unless otherwise provided by law.

Patronage Distributions

For 2021, the Board of Directors declared cash patronage distributions, based on each customer's average daily balance of eligible loans outstanding during the year. Our patronage program is a distribution of earnings to our eligible stockholders and is a qualified (cash) distribution referred to as a cash-back dividend. We accrued $296.5 million in December 2021 to be paid in 2022. In 2020, we accrued a total of $339 million and $262 million in 2019.

We are prohibited from distributing earnings on a patronage basis to the extent that they would reduce our permanent capital ratio below the Farm Credit Administration's minimum permanent capital adequacy requirements. We do not foresee any events that would result in this prohibition in 2022.

Note 9 – Employee Benefit Plans

We participate in the benefits plans administered by Farm Credit Foundations, a service corporation for Farm Credit System entities. The Farm Credit Foundations Plan Sponsor and Trust Committees provide governance and oversight for the benefit plans. The governance committees are either elected or appointed representatives (senior officers or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for decisions regarding benefits at the direction of the participating employers. The Trust Committee is responsible for fiduciary and plan administration functions. The Association has a senior officer who serves on each committee and a director who serves on the Plan Sponsor Committee.

Under the alliance agreement described in Note 1, "Organization and Operations," the 2021 benefits expense of $61.2 million was shared between the Association and Frontier Farm Credit on a 93.7 percent and 6.3 percent basis, respectively, which excluded any Frontier Farm Credit pension plans expense in excess of the Association's retirement programs. The employee benefits expense is included in the "Salaries and employee benefits" on the Consolidated Statements of Income.

Defined Contribution Plan

The Association participates in the Farm Credit Foundations 401(k)/Defined Contribution Retirement Plan for benefits-eligible employees. The plan is a qualified plan up to the limits provided under the Internal Revenue Code.

The Association matches the employee's contributions dollar for dollar up to a maximum of 6.0 percent of the employee's compensation on both pretax and post-tax contributions. Additionally, the Association contributes a fixed 3.0 percent of the employee's compensation to the plan. For employees hired prior to January 1, 1991, the percentage is based on the employee's years of service and is a fixed contribution that does not change from year to year.

For employees hired prior to January 1, 2007, an additional amount known as the Integrated Employer Non-Elective Contribution is made to the plan for the portion of compensation exceeding the Federal Insurance Contributions Act tax base (Social Security tax limit).

Nonqualified Deferred Compensation Plan

The Farm Credit Foundations Nonqualified Deferred Compensation Plan serves two purposes. The plan provides for employer-matching or fixed contributions that exceed the Internal Revenue Code limits of the Defined Contribution Plan. Additionally, eligible employees may defer a portion of their base salary, variable pay and other compensation into this plan. Under the plan, eligible participants include the Chief Executive Officer and other employees who meet certain compensation thresholds as determined by the Internal Revenue Code.

Pre-409A Frozen Nonqualified Deferred Compensation Plan

We also participate in the Farm Credit Foundations Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purposes as the Nonqualified Deferred Compensation Plan. However, the plan was frozen effective January 1, 2007. As such, no additional participants are eligible to enter the plan and no additional employer contributions are made to the plan.

Retiree Health Care

The Association participates in the Farm Credit Foundations Retiree Medical Plan. The plan benefits are available to retired employees who met specific age and service requirements. Employees hired January 1, 2002, or later are not eligible for the subsidy. The anticipated costs of these benefits were accrued during the period of the employee's active service. The related expense is not considered material to our financial position.

Defined Benefit Pension Plan

The Association does not have any defined benefit pension plan or supplemental pension plans for the Chief Executive Officer, senior officers or any employees; therefore, there is no current or future liability for such plans.

Note 10 – Income Taxes

Our provision for (benefit from) income taxes follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	**$ 7,303**	$10,073	$5,203
State	**2,222**	2,453	1,390
Total current	**$ 9,525**	$12,526	$6,593
Deferred:			
Federal	**$ (945)**	$ (997)	$ (521)
State	**(289)**	42	(135)
Total deferred	**$(1,234)**	$ (955)	$ (656)
Total provision for income	**$ 8,291**	$11,571	$5,937

The following table calculates the differences between the provision for income taxes and income taxes at the statutory rates (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Federal tax at statutory rate	**$164,086**	$148,354	$142,372
State tax, net	**1,866**	1,801	776
Tax effect of:			
Exempt FLCA earnings	**(136,056)**	(118,649)	(112,676)
Deferred tax valuation	**(1,818)**	(657)	1,252
Patronage distribution	**(18,539)**	(20,228)	(25,495)
Other	**(1,248)**	950	(292)
Provision for income taxes	**$ 8,291**	$ 11,571	$ 5,937

Farm Credit Services of America, ACA

Notes to Consolidated Financial Statements

The following table provides the components of deferred tax assets and liabilities (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Allowance for loan losses	**$ 6,103**	$ 7,747	$ 9,431
Nonaccrual loan interest	**2,684**	3,450	3,105
AgDirect servicing fee	**6,011**	4,953	3,960
Vacation-leave liability	**1,487**	1,502	1,355
Post-retirement benefit liability	**47**	59	59
Other	**2,135**	1,341	844
Deferred tax asset	**18,467**	19,052	18,754
Deferred tax asset valuation allowance	**(11,502)**	(13,321)	(13,978)
Net deferred tax asset	**$ 6,965**	$ 5,731	$ 4,776

The calculation of deferred tax assets and liabilities involves various management estimates and assumptions regarding future taxable earnings, including the amount of nonpatronage income and patronage income retained. The expected future tax rates are based on enacted tax laws.

Our effective tax rate was 1.06 percent, 1.64 percent and 0.88 percent in 2021, 2020 and 2019, respectively.

Deferred income taxes have not been provided on patronage distributions from AgriBank, FCB prior to January 1, 1993, the adoption date of the Financial Accounting Standards Board guidance on "Income Taxes." Our intent is:

- to permanently invest these and other undistributed earnings in AgriBank, FCB, which indefinitely postpones their conversion to cash, or
- to pass through any distribution related to pre-1993 earnings to our borrowers through qualified patronage allocations.

We also have not recorded deferred income taxes on amounts allocated to us that relate to AgriBank, FCB's post-1992 earnings to the extent that these earnings will be passed through to our borrowers through qualified patronage allocations. Additionally, deferred income taxes have not been provided on AgriBank, FCB's post-1992 unallocated earnings. AgriBank, FCB currently has no plans to distribute unallocated earnings to us, and we do not contemplate circumstances that, if distributions were made under our current structure, would result in taxes being paid.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2021. Additionally, we believe we are no longer subject to income tax examinations for years prior to 2018.

Note 11 – Related Party Transactions

In the ordinary course of business, we may enter into loan transactions with our directors, senior officers, their immediate family members and other organizations with whom such persons may be associated. These transactions may be subject to special approval requirements contained in the Farm Credit Administration regulations and/or our policy, and are made on the same terms, including interest rates, amortization schedules and collateral, as those prevailing at the time for comparable transactions with other persons. The related parties can be different each year-end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. In our opinion, loans outstanding to directors and senior officers at December 31, 2021, did not involve more than a normal risk of collectability.

Loan information to related parties for the years ended December 31 is shown below (in thousands):

Related Party Loans and Leases	As of December 31,		
	2021	2020	2019
Total related party loans and leases	**$73,892**	$59,505	$48,530

Related Party Loans and Leases	For the year ended December 31,		
	2021	2020	2019
New and advances on loans and leases	**$37,921**	$36,716	$38,158
Repayments and other	**$23,534**	$25,741	$29,623

We purchased various services from AgriBank, FCB until the formation of SunStream Business Services (SunStream) on April 1, 2020, at which time we began purchasing these services from SunStream. The services include tax-reporting services; cash management; customer, travel and expense credit card programs; and expense and invoice reporting tools. The total cost of services we purchased from AgriBank, FCB was $1.4 million, $1.2 million and $1.4 million in 2021, 2020 and 2019, respectively.

As discussed in Note 7, "Notes Payable," we borrow from AgriBank, FCB in the form of a line of credit to fund our loan portfolio. All interest expense as shown on the Consolidated Statements of Income was paid to AgriBank, FCB. Total patronage earned from AgriBank, FCB, which includes our partnership distribution from AgDirect, LLP and pool program patronage income, was $173.2 million, $164.8 million and $151.5 million in 2021, 2020 and 2019, respectively. In addition, we earned compensation from AgriBank, FCB for servicing loans of $778 thousand, $890 thousand and $586 thousand in 2021, 2020 and 2019, respectively.

We purchase human resource information systems and benefit and payroll services from Farm Credit Foundations. The Farm Credit System entities using Farm Credit Foundations' services contributed an investment into the service corporation when it was formed as a separate service corporation. Our investment was $0.1 million at December 31, 2021, December 31, 2020, and December 31, 2019. The total cost of services purchased from Farm Credit Foundations was $1.6 million in 2021 and $1.5 million in 2020 and 2019.

In 2019, we entered into an agreement with Farm Credit Mid-America to offer home lending through Rural 1st. Rural 1st is a division of Farm Credit Mid-America offering a program that delivers specialized products and services to customers looking to make a move to rural living through recreation land and home purchases, and home-equity and construction projects. We receive noninterest income from Farm Credit Mid-America for loan volume originated in our territory via Rural 1st. During 2021, we received $8.8 million in noninterest income for these originations. In 2020 and 2019, we received $6.0 million and $1.2 million, respectively.

During 2020, we began participating in ProPartners Financial (ProPartners) with certain Farm Credit System institutions to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating Associations. We sell to AgriBank, FCB our entire interest in the loans associated with ProPartners. As part of this program we receive patronage income at the sole discretion of the AgriBank, FCB Board of Directors. We earned $1.1 million in patronage income in 2021. No income was earned in 2020.

We have an agreement with Farm Credit Leasing Services Corporation, a Farm Credit System service corporation, that specializes in leasing products and provides industry expertise. Leases are originated and serviced by Farm Credit Leasing Services Corporation, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

Note 12 – Commitments and Contingencies

In the normal course of business, we have various outstanding commitments and contingent liabilities, such as commitments to extend credit to satisfy the financing needs of our customers. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized on the financial statements. Commitments to extend credit are agreements to lend to a customer as long as there is not a violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the commitments may expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis using the same credit policies as for on-balance sheet financial instruments. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on our credit evaluation of the counterparty. Collateral held upon exercise of commitments varies but may include accounts receivable, inventory, property, plant and equipment, and agricultural real estate. We had remaining commitments for additional borrowing at December 31, 2021, of approximately $10.1 billion, approximately $8.6 billion at December 31, 2020, and approximately $7.2 billion at December 31, 2019.

We also participate in standby letters of credit to satisfy the financing needs of customers. These letters of credit are irrevocable agreements to guarantee payments of specified financial obligations. At December 31, 2021, $128.3 million of standby letters of credit were outstanding, $118.8 million at December 31, 2020, and $133.5 million at December 31, 2019. Outstanding standby letters of credit have expiration dates ranging to 2041. The maximum potential amount of future payments we are required to make under the guarantees is equal to the total amount of the letters of credit outstanding.

We and other Farm Credit System institutions are among the limited partners invested in eight Rural Business Investment Companies (RBICs). Our total current commitment is $110 million with varying commitment dates through December 2031. Certain commitments may have an option to extend under specific circumstances. At December 31, 2021, we had funded $41.6 million of the $110 million total current commitment. Our funded totals were $25.8 million and $19.6 million at December 31, 2020, and 2019, respectively. The investments were evaluated for impairment. No impairments were recognized on these investments during 2021, 2020 or 2019.

In the normal course of business, we may be subject to a variety of legal matters that may result in contingencies. Actions are pending against us in which claims for money damages are asserted. In our opinion, based on current information, the ultimate liability, if any, would not have a material impact on our financial position.

Farm Credit Services of America, ACA

Notes to Consolidated Financial Statements

Note 13 – Fair Value Measurement

The Financial Accounting Standards Board guidance on "Fair Value Measurements" defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Note 2, "Summary of Significant Accounting Policies," for a more complete description of the three input levels.

We do not have any assets or liabilities measured at fair value on a recurring basis. We may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis. The following tables provide information on assets measured at fair value on a nonrecurring basis (in thousands):

As of December 31, 2021	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$12,770	$12,770
Other property owned	$ –	$ –	$7,621	$7,621

As of December 31, 2020	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$20,268	$20,268
Other property owned	$ –	$ –	$10,271	$10,271

As of December 31, 2019	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Loans	$ –	$ –	$68,701	$68,701
Other property owned	$ –	$ –	$25,677	$25,677

The amount of loans in the previous tables represents the fair value of certain loans that were evaluated for impairment based on the estimated appraised value of the underlying collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on our knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, less estimated costs to sell, is less than the carrying value of the loan, a specific reserve is established.

The amount of other property owned represents the fair value of foreclosed assets measured based on the collateral value, which is generally determined using appraisals or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Note 14 – Subsequent Events

We have evaluated subsequent events through March 2, 2022, which is the date the consolidated financial statements were available to be issued, and have determined that there are no other events requiring disclosure.

Farm Credit Services of America, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this annual report.

The description of significant business developments, if any, is incorporated herein by reference from the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this annual report.

Description of Property

Our corporate office is located in Omaha, Nebraska, and is owned. The locations of our retail offices are incorporated herein by reference to the last page of this annual report to stockholders. All retail office locations are owned except for the office in Powell, Wyoming, which is a leased office.

During 2021, the previous office in Broken Bow, Nebraska, was sold. There were no new construction projects in 2021.

Legal Proceedings

Information required to be disclosed in this section is incorporated herein by reference from Note 12 to the consolidated financial statements, "Commitments and Contingencies," included in this annual report to stockholders.

Description of Capital Structure

Information required to be disclosed in this section is incorporated herein by reference from Note 8 to the consolidated financial statements, "Members' Equity," included in this annual report to stockholders.

Description of Liabilities

The description of debt outstanding required to be disclosed in this section is incorporated herein by reference from Note 7 to the consolidated financial statements, "Notes Payable," included in this annual report to stockholders.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Note 12 to the consolidated financial statements, "Commitments and Contingencies," included in this annual report to stockholders.

Member Privacy

The Farm Credit Administration regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association to our members not normally contained in published reports or press releases.

Customer Privacy

Customer privacy is important to us. We hold customer financial and other personal information in strict confidence. We do not sell or trade customers' personal information to marketing companies or information brokers for their use. By Farm Credit Administration regulations, we are required to provide a list of current stockholders to any stockholder who requests such information for defined purposes. Additional information regarding this Farm Credit Administration rule governing the disclosure of customer information can be obtained by contacting the Farm Credit Administration or our Legal team at PO Box 2409, Omaha, NE 68103-2409.

Farm Credit Services of America, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Financial and Supervisory Relationship with the Association's Funding Bank

Information required to be disclosed in this section is incorporated herein by reference from the "Relationship with AgriBank, FCB" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and from Note 7 to the consolidated financial statements, "Notes Payable."

Selected Financial Data

The selected financial data for the five years ended December 31, 2021, required to be disclosed in this section is incorporated herein by reference from the "Consolidated Five-Year Summary of Selected Financial Data" included in this annual report to stockholders.

Management's Discussion and Analysis of Financial Condition and Results of Operations

"Management's Discussion and Analysis of Financial Condition and Results of Operations," which appears in this annual report to stockholders and is required to be disclosed in this section, is incorporated herein by reference.

Directors and Compensation of Directors

The listing of directors, term of office, business experience during the past five years, principal occupation and employment during the past five years, and any other business interests, which are required to be disclosed in this section, are incorporated herein by reference from the "Farm Credit Services of America, ACA Directors" section in this annual report to stockholders.

Our bylaws permit compensation of directors for service on the Board. Compensation is provided for attendance at meetings, special assignments, training and development, and travel time associated with these responsibilities. The per diem rate for 2021 was $600. The monthly director retainer for January 1, 2021, through April 30, 2021, was $4,090. Beginning May 1, 2021, the monthly retainer for a director was $4,150. Additional monthly compensation for leadership positions included:

- Board Chairperson – $830
- Board Vice Chairperson – $620
- Chairperson of a coordinating committee subcommittee who is not a Board Chairperson or Vice Chairperson – $410
- Chairperson of a coordinating committee subcommittee who is also the Chairperson or Vice Chairperson of the Board – $210

Compensation information for each director who served in 2021 follows:

Director	2021 Committees	Board Days	Other Days	Total 2021 Compensation
Phil Bamesberger	Human Capital	10.5	4.0	**$58,260**
Jeff Burg[1]	Business Risk	10.5	21.5	**$73,760**
Tom Farwell	Governance	10.5	7.0	**$60,060**
Steve Henry, Board Chairperson[2]		10.5	44.0	**$94,820**
Nicholas Hunt	Audit	10.5	11.0	**$62,460**
Nick Jorgensen, Board Vice Chairperson	Human Capital	10.5	39.5	**$79,580**
Jim Kortan[1]	Audit	10.5	4.5	**$66,060**
Rick Maxfield	Human Capital	10.5	18.5	**$66,960**
Cris Miller	Business Risk	10.5	21.0	**$68,460**
Dana Morgan	Business Risk	10.5	15.0	**$64,860**
John Reisch[1]	Governance	10.5	15.5	**$65,160**
Jon Van Beek	Audit	10.5	16.5	**$65,760**
Susan Voss[1]	Human Capital	10.5	26.0	**$76,460**
Mark Weiss	Business Risk	10.5	21.0	**$68,460**
Jennifer Zessin	Governance	10.5	17.0	**$66,060**
			Total Compensation	**$1,037,180**

(1) Chairperson of a Farm Credit Services of America and Frontier Farm Credit Subcommittee
(2) Board Committee Chairperson

Total compensation is rounded to the nearest dollar and includes retainers and all per diem paid in 2021.

Farm Credit Services of America, ACA
Disclosure Information
Required by Farm Credit Administration Regulations (Unaudited)

Compensation of CEO and Senior Officers

The CEO and senior officers as of December 31, 2021, are shown below. The CEO and senior officers provide joint management for Farm Credit Services of America (Association) and Frontier Farm Credit.

Name	Current Position	Date Started in Current Position	Previous Position(s) During Past Five Years
Mark Jensen	President and CEO	November 2017	Senior Vice President – Chief Risk Officer
Scott Binder	Executive Vice President – Chief Operating Officer	January 2020	President and CEO, FCC Services
Robert Campbell	Senior Vice President – Business Development	January 2020	Senior Vice President
Wes Chambers	Senior Vice President – Business Development	March 2020	Regional Vice President – Business Development; Regional Vice President
Scott Coziahr	Executive Vice President – General Counsel	January 2020	Senior Vice President – General Counsel
Jason Edleman	Senior Vice President – Business Development	March 2020	Regional Vice President – Business Development; Regional Vice President
Shane Frahm	Senior Vice President – Agribusiness Capital	February 2017	Vice President – Agribusiness Credit
Chad Gent	Senior Vice President – Retail Credit	January 2017	Vice President – Retail Credit
Marshall Hansen	Senior Vice President – Agribusiness Capital	January 2020	Senior Vice President – Agribusiness Finance
David Hoyt	Senior Vice President – Treasury	March 2020	Vice President – Finance and Treasurer
Anthony Jesina	Senior Vice President – Insurance	January 2020	Senior Vice President – Related Services
Kenneth Keegan	Executive Vice President – Business Development	November 2017	Executive Vice President
Dallas Kime	Senior Vice President – Retail Commercial Lending	January 2020	Vice President – Retail Commercial Lending
Craig Kinnison	Executive Vice President – Chief Financial Officer	January 2020	Senior Vice President – Chief Financial Officer
Jim Knuth	Senior Vice President – Business Development	January 2020	Senior Vice President
Timothy Koch	Executive Vice President – Chief Credit Officer	January 2020	Senior Vice President – Chief Credit Officer; Senior Vice President – Specialized Lending
Brian Legried	Senior Vice President – AgDirect	April 2017	Vice President – Refined Fuels Sales & Energy Services, CHS Inc.
Duane Maciejewski	Senior Vice President – Emerging Markets	February 2020	Senior Vice President – Specialized Lending; Senior Vice President – AgDirect
Gary Mazour	Senior Vice President – Agribusiness Capital Credit	February 2017	Vice President – Capital Markets
Krista McDonald	Executive Vice President – Chief Strategy Officer	January 2020	Vice President – Sales Enablement; Vice President – Innovation and Strategy
Narayanan Nair	Senior Vice President – Chief Data Officer	June 2020	Director – Head of Data & Analytics, TD Ameritrade; Director – Product, D3 Banking Technologies; Director – Head of Data Management and Access, Union Pacific Railroad
Hans Nunnink	Senior Vice President – Enterprise Architecture & Principal Technical Architect	January 2021	Vice President & Principal Architect, Ticketmaster; Director & Acting Staff Engineer, American Express
Greg Salton	Senior Vice President – Chief Risk Officer	January 2018	Senior Vice President – Risk Management
Fallon Savage	Senior Vice President – Agribusiness Credit	September 2021	Senior Vice President – Agribusiness Capital; Vice President – Agribusiness Finance Operations
Robert Schmidt	Senior Vice President – Retail	January 2020	Senior Vice President – Business Development; Senior Vice President
Angela Treptow	Senior Vice President – Lending Operations	November 2021	Regional Vice President – Business Development; Regional Vice President
Russell Wagner	Executive Vice President – Chief Information Officer	January 2020	Senior Vice President – Chief Technology Officer
Angie Winegar	Senior Vice President – Centralized Business Solutions	April 2019	Vice President – Consumer Lending

Other business interests of senior officers are shown below.

Name	Other Business Interests
Mark Jensen	• Board of Directors, Omaha Chamber of Commerce. • Advisory Council, University of Nebraska Clayton Yeutter Institute of International Trade and Finance.
Scott Binder	• Board of Directors and Plan Sponsor Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations.
Robert Campbell	• Board of Directors, Nebraska Farm Bureau Foundation, a non-profit organization promoting an understanding of the vital importance of agriculture in the state of Nebraska. • Advisory Council, University of Nebraska Center for Ag Profitability. • Owner of GrowLeadAchieve LLC, a leadership and business coaching company.
Wes Chambers	• Board of Directors, South Dakota Corn Growers Association, a non-profit organization promoting corn profitability, education and usage. • Board of Directors, South Dakota Ag Foundation, an organization that serves all South Dakota ag organizations, investing in the future of South Dakota agriculture through financial support, development for the future of ag, advocacy and unification throughout the industry, and work on land conservation.
Scott Coziahr	• Managing member of JDI Properties, LLC, a residential real estate management company.
Jason Edleman	• Managing member of JAE Properties, LLC, a real estate management company. • Managing member of Mud Duck, LLC, a real estate management company. • President of Walkers Inc., a retail service business.
Shane Frahm	• Managing member of Frahm Brothers Partnership, a production farming company. • Co-manager of Hollertz Farms, LLC, a production farming company.
Chad Gent	• Managing member of Double Summit, LLC, a real estate tax lien investment company.
Marshall Hansen	• Board member, Nebraska Career Education & Innovation Foundation, an advocate for innovative career education opportunities for Nebraskans. • Director, FarmHouse Fraternity Association Board, a social fraternity committed to the development of young men on the campus of the University of Nebraska-Lincoln since its founding in 1911.
Kenneth Keegan	• Board of Directors, The Durham Museum, a non-profit regional learning and cultural center organization.
Dallas Kime	• President, J.H. Kime and Sons Company, a production ranching company. • President, J.H. Kime and Sons Cattle Co., a production ranching company.
Craig Kinnison	• Trust Committee, Farm Credit Foundations, a provider of benefits and payroll services for Farm Credit System organizations. • Board member of the Farm Credit System Captive Insurance Company, a provider of insurance coverage to System organizations. • Board of Directors, Food Bank for the Heartland, a non-profit organization that distributes emergency and supplemental food to people in Nebraska and western Iowa. • Board of Directors, Costa Blanca Condominium Owners Association.
Krista McDonald	• Board of Directors, ProPartners Financial (PPF), a provider of credit programs for the direct sellers of crop inputs and seed in the United States. PPF is a collaboration of Farm Credit System institutions.
Greg Salton	• Advisory Council, Kansas State University Center for Risk Management Education and Research.
Fallon Savage	• Board of Directors, Four Points Federal Credit Union, a financial services cooperative offering banking products and services to members.
Robert Schmidt	• Board of Governors, South Dakota State University Foundation, a non-profit organization supporting private funding for the University.

Compensation Overview: The Association's compensation programs are market-based and designed to provide competitive compensation, including base salary, incentives and benefits that attract, retain, motivate and reward an engaged and talented workforce while achieving business results aligned with the best interests of our shareholders.

The design and governance of our CEO and senior officer compensation program are consistent with prudent risk management standards and provide total compensation that promotes our mission to ensure a safe, sound and dependable source of credit and related services for agriculture and rural America. The design of the compensation program supports our risk management goals and includes (1) a competitive mix of base salary and variable pay, (2) a pay-for-performance process that allocates individual awards based on individual performance and contributions, (3) a balanced use of variable pay performance measures that are risk-adjusted where appropriate, and (4) a long-term portion of variable pay to align with the strategic direction of the Association.

Compensation for the CEO and senior officers includes base salary, short-term incentive plan opportunity and long-term incentive plan opportunity. Compensation for all other employees includes base salary and short-term incentive plan opportunity. The CEO and senior officers participate in benefit plans generally available to all employees. Under the alliance agreement described in Note 1, "Organization and Operations," the 2021 compensation and benefits expense for the CEO, senior officers, and all Association and Frontier Farm Credit employees was shared

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between the Association and Frontier Farm Credit on a 93.7 percent and 6.3 percent basis, respectively, excluding any Frontier Farm Credit pension plans expense in excess of the Association's retirement programs.

The CEO, Mr. Mark Jensen, does not have an employment agreement. Any CEO employment agreement is at the discretion of the Board of Directors.

Base Salaries: Base salaries for all employees, including the CEO and senior officers, are determined based upon position, experience and responsibilities, performance and market-based compensation data. The CEO base salary is reviewed and approved by the Board of Directors. The Board of Directors approves the merit and market-adjustment pools available for senior officers' base salaries. Employer expense for base salaries is included in "Salaries and employee benefits" on the Consolidated Statements of Income, which was shared by the Association and Frontier Farm Credit as part of the overall allocation of salaries and benefits.

Short-Term Incentive: The Board of Directors approves the annual short-term incentive plan, including the performance measures. The 2021 short-term incentive plan performance measures included combined results for the Association and Frontier Farm Credit. The senior officers participate in the annual short-term incentive plan along with other eligible Association employees. Select employees must sign an assignment, nonsolicitation and nondisclosure agreement to participate in the short-term incentive plan. Payouts under the short-term incentive plan are based on financial and business results and credit performance measures and are approved by the Board of Directors. Payouts are not provided unless specific levels of performance are achieved.

No more than one-half of the short-term incentive-plan award opportunity may be paid in the fourth quarter of the plan year (first award payout), and the remainder of the award payout (final award payout) is paid no later than March 15 after the end of the plan year. The first award payout is based on the results achieved as of September 30 for select performance measures. The final award payout is based upon the year-end results net of the first award payout. The first payout under the 2021 short-term incentive plan occurred in November 2021. The second and final payout occurred in February 2022 and was net of the November 2021 payout.

The CEO's short-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the CEO under the short-term incentive plan and has historically and for 2021 used the results from the short-term incentive plan to determine the payout amount.

The accrued expense for the annual short-term incentive plan was $46.3 million, plus accrued costs of $7.6 million for a total of $53.9 million for 2021, which was shared by the Association and Frontier Farm Credit as part of the overall allocation of salaries and benefits.

Long-Term Incentive: The CEO and senior officers are eligible for long-term senior officer incentive plans. The long-term incentive plans were approved by the Board of Directors to align CEO and senior officer compensation with the strategic business plan and the goals of the Association while providing the opportunity for competitive market-based compensation at a level that will attract, retain and reward key staff for the accomplishment of Association goals. The CEO and senior officers must sign an assignment, nonsolicitation and nondisclosure agreement to participate. The plans are nonqualified performance unit plans that are effective January 1, 2019, through December 31, 2021; January 1, 2020, through December 31, 2022; and January 1, 2021, through December 31, 2023.

The plans have independent performance goals measured over the three-year term of the plans that include core return on assets, customer experience index, employee engagement, loan growth, adverse assets to risk funds and nonaccrual loans to total classified assets. The results included in the plans were combined results for the Association and Frontier Farm Credit.

The Board of Directors approves the total dollars available for the long-term incentive plans, which are then converted into units. The value of each unit is determined by the results achieved toward the established goals. The CEO has discretion as to the distribution of the units to the senior officers for each three-year plan, which is based on consideration of market compensation and individual contributions and performance. The CEO's long-term incentive opportunity is established by the Board of Directors. The Board has full discretion as to the amount of any payout to the CEO under the long-term incentive plan and has historically used the results from the long-term senior officer incentive plan to determine the unit value for the payout amount.

Payments are made no later than March 15 after the end of each three-year plan's term. The payout for the 2019–2021 plan occurred in February 2022 and is reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar year 2021. The payouts for the 2017–2019 and 2018–2020 plans were paid in the first quarter of 2020 and the first quarter of 2021, respectively, and are reflected in the Summary Compensation Table in the "Long-Term Incentive" column for the calendar years 2019 and 2020.

A liability and salary and benefits expense of $6.0 million was recorded in 2021 for the long-term incentive plans. The expense was shared by the Association and Frontier Farm Credit as part of the overall allocation of salaries and benefits.

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The following Summary Compensation Table includes compensation paid to the CEO and senior officers during fiscal years 2021, 2020 and 2019.

Name of CEO	Year (1)	Salary (2)	Short-Term Incentive (3)	Long-Term Incentive (4)	Deferred (5)	Other (6)	Total
Mark Jensen, CEO	**2021**	**$800,000**	**$600,000**	**$592,875**	**$277,278**	**$5,761**	**$2,275,914**
Mark Jensen, CEO	2020	$700,000	$525,000	$519,600	$237,475	$15,095	$1,997,170
Mark Jensen, CEO	2019	$650,000	$469,235	$330,000	$182,417	$6,064	$1,637,716

Aggregate No. of Sr. Officers in Year Excluding CEO (7)	Year (1)	Salary (2)	Short-Term Incentive (3)	Long-Term Incentive (4)	Deferred (5)	Other (6)	Total
31	**2021**	**$7,286,151**	**$4,917,914**	**$3,598,682**	**$1,808,645**	**$771,062**	**$18,382,454**
29	2020	$6,883,716	$4,712,596	$2,968,085	$1,743,494	$1,504,136	$17,812,027
22	2019	$5,691,726	$3,737,203	$2,946,240	$1,320,750	$147,238	$13,843,157

(1) The Association paid 93.7 percent, 93.7 percent and 93.6 percent of the compensation expense for 2021, 2020 and 2019, respectively. Frontier Farm Credit paid 6.3 percent, 6.3 percent and 6.4 percent of the compensation expense for 2021, 2020 and 2019, respectively.
(2) Salary earned in the fiscal year.
(3) Incentive earned in the fiscal year.
(4) Incentive earned at the end of the respective three-year, long-term incentive plan. For 2019, the number includes long-term incentive for retired CEO Mr. Doug Stark based upon his employment agreement.
(5) Association contributions to the Defined Contribution Plan and Nonqualified Deferred Compensation Plan during the fiscal year.
(6) Executive physicals, sign-on bonus, special recognition bonus, retirement gift, severance, taxable moving expense, vacation-leave payout, recognition and referral awards, health and fitness account payouts, health incentives, taxable vehicle use, long-term disability premiums and group life insurance imputed income incurred during the fiscal year. For 2021 and 2020, this number includes severance payouts for executive departure.
(7) Employees designated as senior officers during the fiscal year. At year end of 2021 there were 31 senior officers. There were two senior officers who retired in 2020, one senior officer whose position was eliminated in 2021, and one senior officer who left the Association in 2021.

Disclosure of the total compensation paid during 2021 to any senior officer included in the Summary Compensation Table is available to our stockholders upon written request to Farm Credit Services of America, PO Box 2409, Omaha, NE 68103-2409.

Details of the benefit plans are described in Note 9 to the consolidated financial statements, “Employee Benefit Plans.”

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Travel, Subsistence and Other Related Expenses

Director and employee reimbursements for travel, subsistence and other related expenses are set forth in the Board's Governance Guidelines and Human Resources Manual, respectively. Each provides authority for and control over reimbursement of travel and subsistence expenses for authorized individuals traveling on official business. Copies of the related Governance Guidelines and Human Resources Manual provisions are available to our stockholders upon written request to Farm Credit Services of America, PO Box 2409, Omaha, NE 68103-2409.

The aggregate amount of reimbursement for travel, subsistence and other related expenses for all our directors was $78 thousand in 2021, $298 thousand in 2020 and $773 thousand in 2019.

Transactions with Directors, Senior Officers and Employees

Directors and certain employees may obtain loans from us, provided they meet all eligibility requirements and provided that such loans are made on the same terms available to other customers. Approval of AgriBank, FCB is required for loans to our directors and employees, and for loans to any customer if a director or employee is to receive more than $100 thousand of the loan proceeds, has a significant personal interest in the loan or its security, may exercise control over the customer, or guarantees or cosigns a loan in excess of $100 thousand. Further, directors and employees are required to refrain from taking any part in the consideration or decision on any loan in which they or their relatives have an interest.

Our bylaws and policies require that directors' loans be maintained at a high level of credit quality. Any director whose loan is classified as "substandard" must prepare and obtain approval of a plan to improve and upgrade the loan within a specified period of time. For directors, failure to comply with our bylaws and policies would result in the director's position being vacated. Directors whose loans are classified "doubtful" or "loss," or have any portion of a loan charged off, must resign immediately.

The Farm Credit Act and Farm Credit Administration regulations require certain disclosures to stockholders concerning loans to directors and employees, their relatives, organizations with which they are affiliated or entities that they may control. Disclosure is required where such loans were made on terms other than those available to other customers, or where such loans are considered to have more than a normal risk of collectability. None of our loans made to directors or employees, their relatives, or affiliated organizations or entities they may control were made on terms other than those available to all customers, nor were any such loans considered to have more than a normal risk of collectability.

Director, senior officer and employee non-loan transactions with us are regulated by our policy.

Concerning property that was mortgaged or pledged as security for Farm Credit System debt within the preceding 12 months, the policy requires that senior officers and employees obtain approval from the Standards of Conduct officer for purchase of the property.

Concerning property acquired within the preceding 12 months in satisfaction of Farm Credit System debt, this policy:

- prohibits lease, purchase or acquisition except through inheritance by senior officers and employees; and
- prohibits lease, purchase or acquisition except through inheritance, public auction or other open competitive bidding process by directors.

The policy does permit directors, senior officers and employees to purchase furniture and equipment owned by us provided that any item having a value of greater than $5 thousand must be purchased through an open, competitive bidding process.

The Farm Credit Act and Farm Credit Administration regulations also require certain disclosures to stockholders concerning non-loan transactions a director or senior officer, or any of his or her relatives, affiliated organizations or entities he or she may control, has with us. Such disclosure is required if such transactions did not involve competitive bidding, involved amounts in excess of $5 thousand or provided a special benefit to the director or senior officer. No such transactions took place during 2021.

Involvement in Certain Legal Proceedings

There were no material legal proceedings or enforcement actions involving FCSAmerica, our directors or senior officers that require disclosure in this section.

Relationship with Qualified Public Accountant

PricewaterhouseCoopers LLP serves as our qualified public accountant. There were no changes in our qualified public accountant since the prior annual report to stockholders, and there were no material disagreements on any matter of accounting principles or financial statement disclosures during this period. Expenses recognized in the 2021 consolidated financial statements for services provided by PricewaterhouseCoopers LLP were approved by the Board Audit Committee and include $245 thousand for audit services and $9 thousand for tax-review services.

Financial Statements

The "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," "Report of Management," "Report on Internal Control Over Financial Reporting," "Report of Audit Committee" and "Report of Independent Auditors" required to be disclosed in this section are incorporated herein by reference from this annual report to stockholders.

Farm Credit Services of America, ACA

Disclosure Information

Required by Farm Credit Administration Regulations (Unaudited)

Credit and Services to Young, Beginning and Small Producers

We have specific programs in place to serve the credit and related needs of young, beginning and small producers in our territory. Programs focus on providing sound financial services, education and networking opportunities. The definitions of young, beginning and small producers follow:

Definitions

- Young – farmer or rancher who is 35 or younger as of the loan transaction date.
- Beginning – farmer or rancher who has 10 years or less of farming, ranching or aquatic experience as of the loan transaction date.
- Small – farmer or rancher who normally generates less than $250,000 in annual gross sales of agricultural or aquatic products.

Program Elements

Our program for serving young, beginning and small producers includes the following:

Conventional Loans: Producers 35 or under, or with 10 years or less of farming or ranching experience, may have sufficient capacity, credit history or financial backing to meet our traditional loan-approval standards.

AgStart Loans: Producers 35 or under, or with 10 years or less of farming or ranching experience, can benefit from modified credit-approval standards to help them gain access to debt capital. It is the goal of the program to help facilitate the financial growth of the customer and graduate participating producers from the AgStart program into conventional product offerings over time.

Development Fund: This program assists young, beginning and small producers who are beginning, growing or enhancing an agricultural-based operation by providing them business planning assistance and includes three loan products: Working Capital Loan, Breeding Livestock Loan and Contract Finish Loan. As of December 31, 2021, we had 284 customers enrolled in the program, with a total commitment of $30.1 million in Development Fund lending.

Youth in Agriculture Loans for Breeding Livestock: The Breeding Livestock Loan program for youth provides loans for terms of one to five years, up to $10,000, for the purpose of purchasing breeding livestock. These loans require a cosigner of legal age and are approved based on the strength and credit scores of the cosigner.

Education and Finance Sponsorships: We provide donations and sponsor state and local FFA activities and conventions, state 4-H activities and conventions, and agricultural leadership programs.

College Scholarships: In 2021, we offered $2,500 scholarships to 32 qualified students studying agriculture at land-grant universities within our four-state territory. Additionally, we offered the following scholarships to qualified students studying agriculture and related majors at selected educational institutes: $2,000 scholarships to 36 students at community colleges; $2,500 scholarships to 14 students at four-year colleges; $2,000 scholarships to 32 FFA students in high school.

Small Producer Financing: Small producers are served primarily through three loan programs: Rural 1st Home Loans, AgDirect, and the full line of products and services offered through our retail marketplaces. All these programs are designed to meet the needs of small producers, part-time farmers or rural residents with a convenient and efficient delivery of financial services. Small producers who also meet the definition of young or beginning are eligible for the young and beginning program.

Credit Underwriting Standards

Young and beginning producers who do not meet traditional credit standards are considered under an outreach loan program called AgStart. Through this program, applicants' requests are analyzed and assessed based primarily on character and capacity credit factors. Farm Service Agency guarantees are used as deemed necessary, with additional support provided by our payment of the first $2,500 of external fees.

As of December 31, 2021, AgStart customers accounted for 5,869 loans to 3,116 customers with a loan commitment of $958 million. AgStart loan volume grew by 14.5 percent in 2021.

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Results and Goals
As of December 31, 2021, we had 22,962 unique young, beginning and small customers, with total loan volume of $6.9 billion. These include:

- 4,950 customers who qualify as young, with total loan volume of $1.6 billion.
- 7,027 customers who qualify as beginning, with total loan volume of $1.9 billion.
- 19,396 customers who qualify as small, with total loan volume of $5.5 billion.

Young and Beginning Segment: The 2017 U.S. Department of Agriculture Census of Agriculture reports operators who meet the criteria for young, beginning and small, as well as farms with any operators meeting the criteria, including farms with debt. A significant change to the 2017 Census of Agriculture is the elimination of the "principal operator," making it difficult to compare numbers to previous Census of Agriculture years. In our territory, there are 13,335 farms with debt with a young operator. There are 19,889 farms with debt with a beginning operator. As of December 31, 2021, we had 4,950 young customers and 7,027 beginning customers, some of whom are counted in both categories. This equates to a young market share of 37.1 percent and a beginning market share of 35.3 percent. Total loan volume to young and beginning customers was $2.57 billion.

Small Producer Segment: According to 2017 U.S. Department of Agriculture Census of Agriculture data, 128,519 farms representing 73.7 percent of all farms in our four-state territory meet the definition of small (less than $250,000 in annual gross sales of agricultural products). The 2017 Census of Agriculture includes any operation with farm income in its definition of a farm.

	Potential Customers*	FCSAmerica Customers	Market Share***
Young	13,335	4,950	37.1%
Beginning	19,889	7,027	35.3%
Small**	31,466	19,396	61.6%

** 2017 U.S. Department of Agriculture Census of Agriculture data of farms with debt.*
*** Potential customers in the small category are those who reported annual gross sales between $10,000 and $249,999.*
**** Market share was computed by comparing the number of producers in the young, beginning or small categories maintaining a loan relationship with FCSAmerica to the total number of producers with debt in those categories.*

Young, Beginning and Small Producer New Customer Growth

	2022 Goals	2023 Goals	2024 Goals
Young	731	746	761
Beginning	1,246	1,283	1,322
Small	2,041	2,082	2,124

Special Program Goal (AgStart): This program goal will positively affect all three young, beginning and small producer categories. Use of this outreach loan program is seen as a critical component of long-term success in the marketplace.The Association's goal is to increase AgStart loan commitments by 8.0–12.0 percent annually.

Related Services
Young and Beginning Producer Conference: The annual Side by Side Conference was held in Omaha, Nebraska, on July 28–30, 2021. There were 91 customers in attendance from Farm Credit Services of America, who attended in conjunction with Frontier Farm Credit and other Farm Credit System customers. Additionally, monthly webinars were hosted throughout the year on topics tailored to young and beginning producers. These educational programs provide producers with the opportunity to network with one another, learn from speakers, learn more about FCSAmerica and become better-informed business managers.

Education and Finance Sponsorships: We awarded $251,000 in college scholarships for 114 students in 2021. We donated over $411,500 for state and local FFA and 4-H activities and provided additional funding and resources for young and beginning producer education, leadership programs and community grants.

Awareness
Young and Beginning Team: The Association implemented an enhanced strategy to serve young, beginning and small producers. This strategy includes specialized roles dedicated to directly serving the segment, as well as program management roles that design and implement education and lending programs. A standing cross-functional team continues to guide the ongoing focus of supporting the credit and related needs of young, beginning and small producers.

Farm Credit Services of America Retail Office Locations

4835 Sixth Avenue SE
Aberdeen, SD 57401

2390 Highway 2
Alliance, NE 69301

4101 N Sixth Street
Beatrice, NE 68310

2555 South E Street
Broken Bow, NE 68822

919 Bella Vista Drive
Carroll, IA 51401

1401 Wilkins Circle
Casper, WY 82601

7419 Nordic Drive
Cedar Falls, IA 50613

4865 Old Monastery Road
Columbus, NE 68601

2328 Millennium Road
Decorah, IA 52101

1621 11th Street
DeWitt, IA 52742

3675 450th Avenue
Emmetsburg, IA 50536

3333 W Faidley Avenue
Grand Island, NE 68803

1812 Hawkeye Avenue
Harlan, IA 51537

1525 Boyson Road
Hiawatha, IA 52233

81 33rd Street SW
Huron, SD 57350

686 E 3rd Street
Imperial, NE 69033

4070 East 56th Street
Kearney, NE 68847

855 Fallbrook Boulevard
Lincoln, NE 68521

1301 W Main Street
Manchester, IA 52057

203 W Merle Hibbs Boulevard
Marshalltown, IA 50158

4056 Fourth Street SW
Mason City, IA 50401

1700 N Highway 83
McCook, NE 69001

401 Cabela Drive
Mitchell, SD 57301

322 First Avenue E
Mobridge, SD 57601

2216 James Avenue
Mount Pleasant, IA 52641

2125 W 20th Street S
Newton, IA 50208

207 N 34th Street
Norfolk, NE 68701

3021 E Philip Avenue
North Platte, NE 69101

507 E Highway 20
O'Neill, NE 68763

1902 D Avenue W
Oskaloosa, IA 52577

105 Theater Circle
Perry, IA 50220

2505 E 4th Street
Pierre, SD 57501

152 N Absaroka Suite D
Powell, WY 82435*

2510 N Plaza Drive
Rapid City, SD 57702

700 Senate Avenue
Red Oak, IA 51566

411 Valley View Drive
Scottsbluff, NE 69361

3000 E Park Street
Sheldon, IA 51201

4512 S Lakeport Street
Sioux City, IA 51106

5011 S Broadband Lane
Sioux Falls, SD 57108

1015 590th Street
Storm Lake, IA 50588

1114 29th Street SE
Watertown, SD 57201

345 Fairmeadow Drive
Webster City, IA 50595

3808 Broadway Avenue
Yankton, SD 57078

**Open by appointment only.*

Farm Credit Services of America strives to be environmentally conscious. If you would like to receive an additional copy of our 2021 annual report, please contact us at 1-800-884-FARM (1-800-884-3276).

Farm Credit Services of America

Agriculture Works Here.®