

**Second Quarter  
Financial Report  
June 30, 2022**

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**Farm Credit Services *of* America**  
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## Farm Credit Services of America, ACA

### Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following commentary reviews the consolidated financial position and consolidated results of operations of Farm Credit Services of America, ACA, and its subsidiaries (Farm Credit Services of America). The accompanying consolidated financial statements and notes also contain important information about our unaudited financial position and results of operations. You should also read our 2021 Annual Report for a description of our organization, operations and significant accounting policies.

AgriBank, FCB’s financial condition and results of operations materially affect shareholders’ investment in Farm Credit Services of America, ACA. To request a free copy of the AgriBank, FCB financial reports or additional copies of our report contact us at PO Box 2409, Omaha, NE 68103-2409, (800) 531-3905 or via electronic mail to [\\$sr@fcsamerica.com](mailto:$sr@fcsamerica.com) or view them at our Web site, [www.fcsamerica.com](http://www.fcsamerica.com). You may also contact AgriBank, FCB at 30 East 7th Street, Suite 1600, St. Paul, MN 55101, (651) 282-8800, or via electronic mail to: [financialreporting@agribank.com](mailto:financialreporting@agribank.com). The AgriBank, financial reports are also available through AgriBank, FCB’s Web site at [www.agribank.com](http://www.agribank.com).

#### Forward-Looking Information

Any forward-looking statements in this Quarterly Financial Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2021 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

#### Commodity Review and Outlook Update

Our appraisal team monitors real estate value trends through semi-annual appraisals of 63 agricultural farms located throughout our territory. The appraisal team updates benchmark farm values based on the most recently reported real estate sales on January 1st and July 1st each year.

The average change in benchmark farm values at July 1, 2022 is shown below. The number of benchmark farms is shown in parenthesis after each state.

State	Six-Month	One-Year	Five-Year	Ten-Year
Iowa (21)	9.0%	36.2%	58.1%	62.7%
Nebraska (18)	8.7%	25.6%	27.8%	59.9%
South Dakota (22)	7.1%	20.8%	18.5%	86.0%
Wyoming (2)	15.3%	17.1%	50.9%	104.6%

Repayment capacity for our loans is largely dependent upon earnings derived from corn, soybeans, hogs and cattle. Of somewhat less significance are wheat, dairy and poultry.

Crop prices in the second quarter maintained strength from the gains experienced in the first quarter. During the second quarter, weekly average new crop corn and soybean prices remained strong. Impacts from the war in Eastern Europe and the ongoing drought in South America continue to linger with conditions for the 2022 United States crop becoming front and center. For many, the start of planting season was delayed due to significant precipitation. However, planting progress eventually caught up to the five-year average pace. The latter part of June brought abnormally high temperatures and extremely dry conditions. As a result, this “flash drought” led to sharp declines in subsoil moisture and an increase in crop stress. In spite of this added stress, the corn and soybean crops remain in relatively good condition.

Fed cattle prices hovered around the \$138/cwt. to \$143/cwt. range during the second quarter. Drought continues to impact the cattle herd. Approximately 50 percent of the cattle inventory and 35 percent of hay acreage were experiencing drought. Poor forage conditions and high operating costs continue to push producers’ beef cow culling rates up, and calves are being placed on feed at a faster than expected rate. The challenges facing United States cow-calf producers continue to be illustrated through the liquidation of the nation’s beef cowherd.

Pork prices experienced around \$9/cwt gains in the second quarter. Despite average to strong profitability, the pork sector is experiencing some growth challenges. Pork exports, as estimated by the USDA started the second quarter lower than the same time last year. Much of the drop reflects lower shipments to China as the country rebounds its domestic production from African Swine Fever.

Refer to the Commodity Review and Outlook section of Management's Discussion & Analysis in the 2021 Annual Report for further analysis of farmland prices and industry conditions.

### Loan Portfolio

Total loans were \$35.9 billion at June 30, 2022, an increase of \$195.9 million, or 0.5 percent from year-end. The increase was primarily due to an increase in long-term agricultural mortgage and agribusiness loans.

We recorded a \$15.0 million reversal of provision for credit losses for the first six months of 2022, as compared with recording a \$33.0 million reversal of provision for credit losses during the first six months of 2021. This is due to overall credit quality improvement, predominantly in the grain, swine and beef feedlot portfolios. Net recoveries of charge-offs for the first six months of 2022 were \$1.0 million compared to net recoveries of \$9 thousand in the same period a year ago.

The following table summarizes risk assets and delinquency information (dollars in thousands):

	<b>June 30, 2022</b>	December 31, 2021
Risk loans:		
Nonaccrual	\$ 91,448	\$ 102,662
Restructured	37,099	30,696
90 days past due still accruing interest*	40,457	6,203
Total risk loans	<u>169,004</u>	<u>139,561</u>
Other property owned, net	882	7,621
Total risk assets	<u>\$ 169,886</u>	<u>\$ 147,182</u>
Risk loans as a percentage of total loans	0.47%	0.39%
Nonaccrual loans as a percentage of total loans	0.25%	0.28%
Current nonaccrual loans as a percentage of total nonaccrual loans	87.3%	86.0%
Total delinquencies as a percentage of total loans	0.28%	0.29%

\*Accruing loans include accrued interest receivable.

Total risk loans have increased since year-end due to an increase in 90 days past due still accruing interest and restructured loans; these increases were offset by a decrease in nonaccrual loans. It is our practice to transfer accruing loans that are past due 90 days or more into nonaccrual unless they are adequately secured and in the process of collection. 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 acceptable levels.

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 periodic evaluation of factors such as loan loss history, portfolio quality, estimated collateral values, and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

	<b>June 30, 2022</b>	December 31, 2021
Allowance as a percentage of:		
Total loans	0.17%	0.21%
Nonaccrual loans	66.70%	73.06%
Total risk loans	36.09%	53.74%

Our adversely classified assets decreased during the first six months of 2022 ending the quarter at 1.91 percent of the portfolio, compared to 3.01 percent of the portfolio at December 31, 2021. Adversely classified are assets 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, and in our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at June 30, 2022.

**Results of Operations**

The following table presents profitability information (dollars in thousands):

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
Net income (in thousands)	<b>\$338,210</b>	\$364,418
Return on average assets	<b>1.81%</b>	2.16%
Return on average members' equity	<b>10.03%</b>	11.61%

Changes in these ratios are directly related to the changes in income discussed in this section, changes in assets discussed in the Loan Portfolio section and changes in capital discussed in the Funding, Liquidity and Members' Equity section.

Major components of the changes in net income for the six months ended June 30, 2022 compared to the same period in 2021 are outlined in the following table (dollars in thousands):

For the six months ended June 30,	<b>2022</b>	2021	<b>Increase (decrease) in net income</b>
Net interest income	\$ 415,672	\$ 386,716	\$ 28,956
Reversal of provision for credit losses	(15,025)	(33,009)	(17,984)
Noninterest income	143,412	157,210	(13,798)
Noninterest expense	231,569	207,130	(24,439)
Provision for income taxes, net	4,330	5,387	1,057
Net income	<u>\$ 338,210</u>	<u>\$ 364,418</u>	<u>\$ (26,208)</u>

The annualized net interest margin was 2.33 percent for the first six months of 2022, compared to 2.39 percent for the same period in 2021.

The effects on net interest income from changes in average volumes and rates are quantified in the following table for the six months ended June 30, (dollars in thousands):

	<u><b>2022 vs. 2021</b></u>
Change in volume	\$ 38,665
Change in rates	(8,743)
Change in nonaccrual income	(966)
Net change	<u>\$ 28,956</u>

The increase in net interest income is due to higher loan volume and slightly offset by decreased interest rate spreads on the portfolio.

The change in the provision for credit losses reflects our assessment of risk in the loan portfolio.

The decrease in noninterest income is primarily due to a decrease in loan fees and in AgDirect, LLP program fees. The decrease was offset by an increase in patronage from other Farm Credit institutions and insurance income. The increase in noninterest expense is primarily due to salary and benefits expenses for increased staffing levels to support business initiatives along with increased insurance fund premiums and FCSIC insurance expense which is primarily impacted by Farm Credit System loan growth. The premium was 0.16 percent for the first six months of 2022 until the FCSIC Board announced an increase to 0.20 percent retroactive to January 1, 2022. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change the rates at any time. The decrease in provision for income taxes is primarily related to our estimate of taxes based on taxable income.

Farm Credit Services of America recorded \$12.5 million of operating expense credits under the income and expense sharing provisions of the alliance agreement in the first six months of 2022 compared to \$11.9 million for the first six months of 2021. Refer to Note 1 in our 2021 Annual Report for additional information on the alliance.

We may receive patronage from AgriBank, FCB and other Farm Credit entities. Patronage distributions from those entities are declared solely at the discretion of each institution's Board of Directors (dollars in thousands).

	For the six months ended	
	June 30,	
	2022	2021
Patronage from AgriBank, FCB	\$ 74,706	\$ 76,657
AgDirect partnership distribution	7,703	5,111
Other patronage	5,003	1,421
Total patronage income	<u>\$ 87,412</u>	<u>\$ 83,189</u>

Patronage from AgriBank primarily includes wholesale patronage and pool program patronage.

### Funding, Liquidity and Members' Equity

We borrow from AgriBank, FCB under a note payable, in the form of a line of credit. Our note payable matures in June 2024 at which time the note will be renegotiated, if not sooner. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as Farm Credit Services of America is a stockholder of AgriBank, FCB we expect this borrowing relationship to continue into the foreseeable future.

Cost of funds associated with our note payable includes a marginal cost of debt component, a spread component, which includes cost of servicing, cost of liquidity, bank profit, and, if applicable, a risk premium component. However, we were not subject to a risk premium at June 30, 2022 or December 31, 2021.

Our members' equity increased to \$7.0 billion at June 30, 2022 compared to \$6.7 billion at December 31, 2021. The increase was due to the net income recorded for the first six months of 2022.

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 leverage. Refer to Note 8 in our 2021 Annual Report for a more complete description of these ratios. The capital adequacy ratios are directly impacted by the changes in capital as more fully discussed in this section and the changes in assets as discussed in the Loan Portfolio section.

	As of June 30, 2022	As of December 31, 2021	Regulatory Minimums	Capital Conservation Buffers
Risk-adjusted:				
Common equity tier 1 ratio	15.15%	15.82%	4.50%	7.00%
Tier 1 capital ratio	15.15%	15.82%	6.00%	8.50%
Total capital ratio	15.33%	16.06%	8.00%	10.50%
Permanent capital ratio	15.17%	15.85%	7.00%	7.00%
Non-risk-adjusted:				
Tier 1 leverage ratio	16.40%	17.14%	4.00%	5.00%
Unallocated retained earnings and equivalents leverage ratio	16.40%	18.20%	1.50%	1.50%

**Certification**

This report has been prepared under the oversight of the Board's Audit Committee. The undersigned certify that they have reviewed this report and it has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of their knowledge and belief.



Mark Jensen  
President and CEO  
August 3, 2022



Steve Henry  
Chairperson, ACA Board of Directors  
August 3, 2022



Craig P. Kinnison  
Executive Vice-President and CFO  
August 3, 2022

## Farm Credit Services of America, ACA Consolidated Balance Sheet

(dollars in thousands)

	<b>June 30, 2022</b>	December 31, 2021
	<b>(unaudited)</b>	
<b>ASSETS</b>		
Loans	\$ 35,915,804	\$ 35,719,890
Allowance for loan losses	61,000	75,000
Net loans	35,854,804	35,644,890
Cash	28,242	51,687
Accrued interest receivable	389,662	405,271
Investment in AgriBank, FCB	805,617	777,441
Investment in AgDirect, LLP	111,629	94,418
Premises and equipment, net	231,447	237,127
Other property owned	882	7,621
Investment in RBIC	49,570	41,576
Deferred tax asset, net	6,653	6,965
Other assets	91,268	113,297
Total assets	\$ 37,569,774	\$ 37,380,293
<b>LIABILITIES</b>		
Notes payable	\$ 30,290,707	\$ 30,140,612
Accrued interest payable	125,602	98,884
Patronage payable	—	296,500
Reserve for unfunded lending commitments	12,000	12,000
Other liabilities	149,454	178,521
Total liabilities	30,577,763	30,726,517
Commitments and contingencies (Note 5)		
<b>MEMBERS' EQUITY</b>		
At-risk capital:		
Class D common stock	96,022	96,068
Class E common stock	3,786	3,767
Less: Capital stock receivable	(99,808)	(99,835)
Retained earnings	6,992,011	6,653,776
Total members' equity	6,992,011	6,653,776
Total liabilities and members' equity	\$ 37,569,774	\$ 37,380,293

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

## Farm Credit Services of America, ACA Consolidated Statement of Income

(dollars in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months ended June 30,	
	2022	2021	2022	2021
<b>NET INTEREST INCOME</b>				
Interest income	\$ 336,029	\$ 290,279	\$ 646,296	\$ 574,651
Interest expense	126,864	94,435	230,624	187,935
<b>Net interest income</b>	<b>209,165</b>	195,844	<b>415,672</b>	386,716
Provision for (reversal of) credit losses	993	(9,336)	(15,025)	(33,009)
<b>Net interest income after provision for (reversal of) credit losses</b>	<b>208,172</b>	205,180	<b>430,697</b>	419,725
<b>NONINTEREST INCOME</b>				
Patronage income from AgriBank, FCB	40,635	41,499	74,706	76,657
AgDirect program fees	12,522	17,691	28,486	37,233
Loan fees	10,012	9,677	15,586	23,966
Patronage income from AgDirect, LLP	3,836	2,409	7,703	5,111
Patronage from other Farm Credit institutions	—	416	5,003	1,421
Insurance services	1,275	2,317	4,490	3,704
Rural 1st program fees	2,018	2,566	3,576	4,299
(Loss) gain on other property owned	(94)	(441)	—	(325)
Other noninterest income	2,176	3,157	3,862	5,144
<b>Total noninterest income</b>	<b>72,380</b>	79,291	<b>143,412</b>	157,210
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	69,849	62,406	139,769	127,531
Occupancy and equipment expense	12,526	11,933	24,402	23,655
Insurance fund premiums	18,115	11,176	30,001	22,186
(Gain) loss on RBIC	(277)	181	1,660	(1,626)
Other operating expenses	16,594	18,656	35,737	35,384
<b>Total noninterest expense</b>	<b>116,807</b>	104,352	<b>231,569</b>	207,130
Income before income taxes	163,745	180,119	342,540	369,805
Provision for income taxes	2,199	2,638	4,330	5,387
<b>Net income</b>	<b>\$ 161,546</b>	<b>\$ 177,481</b>	<b>\$ 338,210</b>	<b>\$ 364,418</b>

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

## Farm Credit Services of America, ACA

### Consolidated Statement of Changes in Members' Equity

(dollars in thousands)

(unaudited)

	<u>At-risk Capital</u>		<u>Total Members' Equity</u>
	<u>Capital Stock</u>	<u>Retained Earnings</u>	
Balance at December 31, 2020	\$ —	\$ 6,176,934	\$ 6,176,934
Net income		364,418	364,418
Patronage accrual adjustment		299	299
Capital stock:			
Issuance of stock in exchange for customer stock receivable	8,420		8,420
Release of customer stock receivable associated with retired stock	(5,557)		(5,557)
Less: Capital stock receivable	(2,863)		(2,863)
Balance at June 30, 2021	<u>\$ —</u>	<u>\$ 6,541,651</u>	<u>\$ 6,541,651</u>
Balance at December 31, 2021	\$ —	\$ 6,653,776	\$ 6,653,776
Net income		<b>338,210</b>	<b>338,210</b>
Patronage accrual adjustment		<b>25</b>	<b>25</b>
Capital stock:			
Issuance of stock in exchange for customer stock receivable	<b>6,686</b>		<b>6,686</b>
Release of customer stock receivable associated with retired stock	<b>(6,712)</b>		<b>(6,712)</b>
Less: Capital stock receivable	<b>26</b>		<b>26</b>
<b>Balance at June 30, 2022</b>	<u><b>\$ —</b></u>	<u><b>\$ 6,992,011</b></u>	<u><b>\$ 6,992,011</b></u>

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

## **Notes to Consolidated Financial Statements (unaudited)**

### **Note 1 - Organization and Significant Accounting Policies**

The accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. While our accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and the prevailing practices within the financial services industry, this interim Quarterly Financial Report is prepared based upon statutory and regulatory requirements and, accordingly, does not include all disclosures required by U.S. GAAP. The results of the six months ended June 30, 2022 are not necessarily indicative of the results to be expected for the year ended December 31, 2022. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the consolidated financial statements and related notes included in our 2021 Annual Report for the year ended December 31, 2021.

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). All material intercompany transactions and balances have been eliminated in consolidation.

#### **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.

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 Exchange Commission filers for the 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 are currently assessing the impact this guidance will have on our financial statements upon adoption, which will be impacted by the composition of our portfolio and asset quality at the adoption date, as well as economic conditions and forecasts at the time of adoption. We have reviewed the accounting standard, selected and substantially completed development and testing of our system, and are in the process of drafting disclosures and accounting policies, and designing processes and controls.

In March 2022, the FASB issued ASU 2022-02 “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.” The guidance is effective at the same time that ASU 2016-13 is adopted. This guidance eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, Receivables - Troubled Debt Restructurings by Creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings. We intend to adopt the standard concurrently with the adoption of ASU 2016-13 as amended. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures required under ASU 2016-13.

Refer to Note 2 in our 2021 Annual Report for additional information on other accounting standards that have been issued but are not yet effective.

## Note 2 – Loans and Allowance for Credit Losses

Loans consisted of the following (dollars in thousands):

	June 30, 2022		December 31, 2021	
	Amount	Percentage	Amount	Percentage
Long-term agricultural mortgage	\$ 22,557,824	62.8 %	\$ 22,021,142	61.7 %
Production and intermediate term	5,654,271	15.7	7,086,807	19.8
Agribusiness	4,621,986	12.9	3,886,990	10.9
Rural infrastructure	1,451,154	4.0	1,089,422	3.0
Rural residential real estate	885,500	2.5	966,931	2.7
Mission-related investments	655,711	1.8	579,240	1.6
Agricultural export finance	89,358	0.3	89,358	0.3
Total loans	<u>\$ 35,915,804</u>	<u>100.0 %</u>	<u>\$ 35,719,890</u>	<u>100.0 %</u>

## Credit Quality

One credit quality indicator we utilize is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- acceptable – loans are expected to be fully collectible and represent the highest quality;
- other assets especially mentioned (OAEM) (special mention) – loans are currently collectible but exhibit some potential weakness;
- substandard – loans exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan;
- doubtful – loans 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 – loans are considered uncollectible.

We had no loans categorized as loss at June 30, 2022 or December 31, 2021.

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

	As of June 30, 2022							
	Acceptable		OAEM		Substandard/		Total	
	Amount	%	Amount	%	Amount	%	Amount	
Long-term agricultural mortgage	\$ 21,962,742	96.15 %	\$ 522,872	2.29 %	\$ 355,655	1.56 %	\$ 22,841,269	
Production and intermediate term	5,392,877	94.31 %	200,086	3.50 %	\$125,342	2.19 %	5,718,305	
Agribusiness	4,353,808	93.66 %	101,864	2.19 %	192,798	4.15 %	4,648,470	
Rural infrastructure	1,456,475	99.87 %	—	—	1,933	0.13 %	1,458,408	
Rural residential real estate	859,164	96.66 %	11,852	1.33 %	17,826	2.01 %	888,842	
Mission-related investments	660,270	100.00 %	—	—	—	—	660,270	
Agricultural export finance	89,902	100.00 %	—	—	—	—	89,902	
Total	<u>\$ 34,775,238</u>	<u>95.79 %</u>	<u>\$ 836,674</u>	<u>2.30 %</u>	<u>\$ 693,554</u>	<u>1.91 %</u>	<u>\$ 36,305,466</u>	

  

	As of December 31, 2021							
	Acceptable		OAEM		Substandard/Doubtful		Total	
	Amount	%	Amount	%	Amount	%	Amount	
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	<u>\$ 33,591,567</u>	<u>92.99%</u>	<u>\$ 1,447,322</u>	<u>4.00%</u>	<u>\$ 1,086,272</u>	<u>3.01%</u>	<u>\$ 36,125,161</u>	

**Delinquency**

The following table provides an aging analysis of past due loans and related accrued interest receivable by loan type (dollars 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
<b>As of June 30, 2022</b>						
Long-term agricultural mortgage	\$12,265	\$6,662	\$18,927	\$22,822,342	\$22,841,269	\$—
Production and intermediate term	17,858	4,618	22,476	5,695,829	5,718,305	1,443
Agribusiness	621	—	621	4,647,849	4,648,470	—
Rural infrastructure	—	—	—	1,458,408	1,458,408	—
Rural residential real estate	3,274	895	4,169	884,673	888,842	—
Mission-related investments	17,943	39,014	56,957	603,313	660,270	39,014
Agricultural export finance	—	—	—	89,902	89,902	—
Total	<u>\$51,961</u>	<u>\$51,189</u>	<u>\$103,150</u>	<u>\$36,202,316</u>	<u>\$36,305,466</u>	<u>\$40,457</u>
<b>As of December 31, 2021</b>						
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	<u>\$85,896</u>	<u>\$19,620</u>	<u>\$105,516</u>	<u>\$36,019,645</u>	<u>\$36,125,161</u>	<u>\$6,203</u>

**Risk Loans**

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. Accruing loans include principal and interest. The following tables present information concerning risk loans (dollars in thousands):

	As of June 30,	
	2022	2021
Risk loans with specific allowance	\$ 18,794	\$ 13,687
Risk loans without specific allowance	150,210	165,777
Total risk loans	<u>\$ 169,004</u>	<u>\$ 179,464</u>
Total specific allowance	<u>\$ 6,078</u>	<u>\$ 7,202</u>
	For the six months ended June 30,	
	2022	2021
Interest income recognized on nonaccrual loans	\$ (24)	\$ 942
Interest income recognized on risk accrual loans	407	1,104
Interest income recognized on risk loans	<u>\$ 383</u>	<u>\$ 2,046</u>
Average risk loans	\$ 177,226	\$ 226,007

There were approximately \$4.7 million in commitments to lend additional funds to customers whose loans were at risk at June 30, 2022.

**Troubled Debt Restructurings**

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, also known as a restructured loan. A concession is generally granted in order 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 (TDRs) are considered risk loans. All risk loans are analyzed within our allowance for loan losses. We record a specific allowance to reduce the carrying amount of the restructured loan to the lower of book value or net realizable value of collateral.

The following table presents information regarding TDRs that occurred during the period ended June 30, (dollars in thousands):

	2022		2021	
	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment
	Production and intermediate term	\$ —	\$ —	\$ 588

Pre-modification outstanding represents the recorded investment just prior to restructuring, and post-modification outstanding represents the recorded investment immediately following the restructuring. The recorded investment is the face amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges and acquisition costs, and may also reflect a previous direct charge-off of the investment.

We recorded no TDRs that occurred within the previous twelve months for which there was a subsequent payment default during the period ended June 30, 2022 and June 30, 2021.

There were \$2.0 million in additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring at June 30, 2022.

The following table presents TDRs outstanding at (dollars in thousands):

TDRs Outstanding As of:	June 30, 2022	December 31, 2021
Accrual status:		
Long-term agricultural mortgage	\$ 20,114	\$ 21,054
Production and intermediate term	10,306	9,594
Agribusiness	6,679	—
Rural residential real estate	—	48
Total TDRs in accrual status	<u>\$ 37,099</u>	<u>\$ 30,696</u>
Nonaccrual status:		
Long-term agricultural mortgage	\$ 403	\$ 459
Production and intermediate term	527	589
Agribusiness	321	7,256
Total TDRs in nonaccrual status	<u>\$ 1,251</u>	<u>\$ 8,304</u>
Total TDRs:		
Long-term agricultural mortgage	\$ 20,517	\$ 21,513
Production and intermediate term	10,833	10,183
Agribusiness	7,000	7,256
Rural residential real estate	—	48
Total TDRs	<u>\$ 38,350</u>	<u>\$ 39,000</u>



As of June 30, 2022	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Impaired loans	—	—	\$ 23,796	\$ 23,796
Other property owned	—	—	\$ 882	\$ 882

  

As of December 31, 2021	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Impaired loans	—	—	\$ 12,770	\$ 12,770
Other property owned	—	—	\$ 7,621	\$ 7,621

**Impaired loans:** Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they fall under Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they fall under Level 3.

**Other property owned:** Represents the fair value and related losses of foreclosed assets that were measured at fair value 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. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they fall under Level 3.

#### Note 5- Commitments and Contingencies

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, we may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these consolidated financial statements, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

We are among the forming limited partners in nine Rural Business Investment Companies. Refer to Note 3 for additional discussion.

#### Note 6- Subsequent Events

We have evaluated subsequent events through August 3, 2022, which is the date the financial statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.