



Farm Credit Services of Mandan, ACA

Quarterly Report
March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Services of Mandan, ACA and its subsidiaries, Farm Credit Services of Mandan, FLCA and Farm Credit Services of Mandan, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2021 (2021 Annual Report).

Due to the nature of our financial relationship with AgriBank, FCB (AgriBank), the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports or additional copies of our report, contact us at:

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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly 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.

AGRICULTURAL AND ECONOMIC CONDITIONS

Crop and pasture prospects for the 2022 production year are uncertain as drought conditions continue throughout portions of our territory. Soil moisture conditions range from adequate to below average, and timely rains will be needed to obtain normal crop production for the year. The availability and increased cost of production inputs have become a concern for the current growing season. Many livestock producers reduced their herds in 2021 to levels that drought-stricken pasture conditions and limited hay supplies would support. Most ranchers were able to obtain adequate feed supplies for the winter but at an increased cost due to supply shortages. Cow/calf producers will be challenged in 2022 as they work to rebuild their herds and feed inventories.

Commodity prices for most crops grown in our service area have improved and are providing favorable opportunities for marketing 2021 crops and forward contracting 2022 crop production. Cattle prices have also improved since the early affects from the COVID-19 pandemic. The higher commodity prices have increased multi-peril crop insurance coverage amounts for 2022.

The demand for real estate remains strong, and land values have generally increased.

Despite some challenges, favorable commodity prices, crop insurance coverage, and government payments should allow nearly all producers to remain viable, obtain financing, and continue their farming and ranch operations.

LOAN PORTFOLIO

Loan Portfolio

Total loans were \$1.4 billion at March 31, 2022, an increase of \$27.2 million from December 31, 2021. The increase was primarily due to growth in the real estate mortgage portfolio and participation interests in agribusiness and rural infrastructure loans. The increase was partially offset by a decline in traditional production and intermediate-term loans.

Portfolio Credit Quality

The credit quality of our portfolio improved slightly from December 31, 2021. Adversely classified loans decreased to 1.4% of the portfolio at March 31, 2022, from 1.9% of the portfolio at December 31, 2021. Adversely classified loans are loans 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.

In certain circumstances, government agency guarantee programs are used to reduce the risk of loss. At March 31, 2022, \$30.1 million of our loans were substantially guaranteed under these government programs.

Risk Assets

Components of Risk Assets

(dollars in thousands)	March 31, 2022	December 31, 2021
As of:		
Loans:		
Nonaccrual	\$ 3,664	\$ 5,250
Accruing restructured	--	--
Accruing loans 90 days or more past due	3,796	--
Total risk loans	7,460	5,250
Other property owned	--	--
Total risk assets	\$ 7,460	\$ 5,250
Total risk loans as a percentage of total loans	0.5%	0.4%
Nonaccrual loans as a percentage of total loans	0.3%	0.4%
Current nonaccrual loans as a percentage of total nonaccrual loans	84.1%	88.9%
Total delinquencies as a percentage of total loans	1.0%	0.2%

Note: Accruing loans include accrued interest receivable.

Our risk assets have increased from December 31, 2021, but have remained at acceptable levels. Despite the increase in risk assets, total risk loans as a percentage of total loans were well within our established risk management guidelines.

The decrease in nonaccrual loans was primarily driven by activity related to one customer relationship with real estate mortgage and production and intermediate-term loan types that were reinstated to accrual status. Nonaccrual loans remained at an acceptable level at March 31, 2022, and December 31, 2021.

The increase in accruing loans 90 days or more past due was primarily due to real estate loans that have approved servicing actions for either collection or refinancing. The loans are well secured, and full payment is expected. Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans inherent 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, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Allowance Coverage Ratios

As of:	March 31, 2022	December 31, 2021
Allowance as a percentage of:		
Loans	0.2%	0.2%
Nonaccrual loans	77.3%	61.1%
Total risk loans	38.0%	61.1%

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2022.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the three months ended March 31	2022	2021
Net income	\$ 6,357	\$ 7,983
Return on average assets	1.8%	2.3%
Return on average members' equity	7.9%	10.6%

Changes presented in the profitability information chart relate directly to:

- Changes in income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands)	2022	2021	Increase (decrease) in net income
For the three months ended March 31			
Net interest income	\$ 8,656	\$ 8,544	\$ 112
Reversal of loan losses	(373)	(213)	160
Non-interest income	3,219	4,922	(1,703)
Non-interest expense	5,716	5,300	(416)
Provision for income taxes	175	396	221
Net income	\$ 6,357	\$ 7,983	\$ (1,626)

Non-Interest Income

The change in non-interest income was primarily due to a decrease in fee income.

Fee Income: The decrease in fee income was primarily due to fees no longer being collected from the Small Business Administration (SBA) for originating Paycheck Protection Plan (PPP) loans. The fee income from this activity totaled \$1.6 million for the three months ended March 31, 2021. No SBA PPP loan fees were collected for the same period in 2022.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on July 31, 2024. We intend to renegotiate the note payable no later than the maturity date. 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 we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from equity.

The components of cost of funds associated with our note payable include:

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

We were not subject to a risk premium at March 31, 2022, or December 31, 2021.

Total members' equity increased \$4.4 million from December 31, 2021, primarily due to net income for the period partially offset by patronage distribution accruals.

The Farm Credit Administration (FCA) 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 FCA 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 6 in our 2021 Annual Report for a more complete description of these ratios. Effective January 1, 2022, the FCA regulations slightly modified the calculation of the unallocated retained earnings and equivalents leverage ratio to include certain additional deductions. The modification did not have a material impact on this ratio.

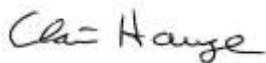
Regulatory Capital Requirements and Ratios

As of:	March 31, 2022	December 31, 2021	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	17.7%	18.3%	4.5%	2.5%	7.0%
Tier 1 capital ratio	17.7%	18.3%	6.0%	2.5%	8.5%
Total capital ratio	17.9%	18.5%	8.0%	2.5%	10.5%
Permanent capital ratio	17.8%	18.4%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	20.6%	21.4%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	20.4%	22.4%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments, as disclosed in Note 10 in our 2021 Annual Report.

CERTIFICATION

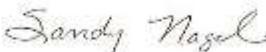
The undersigned have reviewed the March 31, 2022, Quarterly Report of Farm Credit Services of Mandan, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Clair Hauge
Chairperson of the Board
Farm Credit Services of Mandan, ACA



Aaron Vetter
President and Chief Executive Officer
Farm Credit Services of Mandan, ACA



Sandy Nagel
Vice President Finance and Chief Financial Officer
Farm Credit Services of Mandan, ACA

May 4, 2022

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Services of Mandan, ACA

(in thousands)

(Unaudited)

As of:	March 31, 2022	December 31, 2021
ASSETS		
Loans	\$ 1,397,741	\$ 1,370,560
Allowance for loan losses	2,834	3,207
Net loans	1,394,907	1,367,353
Investment in AgriBank, FCB	34,124	34,124
Accrued interest receivable	10,734	13,399
Other assets	21,872	22,015
Total assets	\$ 1,461,637	\$ 1,436,891
LIABILITIES		
Note payable to AgriBank, FCB	\$ 1,126,765	\$ 1,098,284
Accrued interest payable	3,005	2,863
Deferred tax liabilities, net	1,052	832
Patronage distribution payable	1,988	7,000
Other liabilities	3,855	7,350
Total liabilities	1,136,665	1,116,329
Contingencies and commitments (Note 3)		
MEMBERS' EQUITY		
Capital stock and participation certificates	2,076	2,098
Unallocated surplus	324,162	319,770
Accumulated other comprehensive loss	(1,266)	(1,306)
Total members' equity	324,972	320,562
Total liabilities and members' equity	\$ 1,461,637	\$ 1,436,891

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Services of Mandan, ACA

(in thousands)

(Unaudited)

<i>For the period ended March 31</i>	<i>Three Months Ended</i>	
	2022	2021
Interest income	\$ 11,661	\$ 11,525
Interest expense	3,005	2,981
Net interest income	8,656	8,544
Reversal of loan losses	(373)	(213)
Net interest income after reversal of loan losses	9,029	8,757
Non-interest income		
Patronage income	1,432	1,662
Financially related services income	1,403	1,295
Fee income	313	1,942
Other non-interest income	71	23
Total non-interest income	3,219	4,922
Non-interest expense		
Salaries and employee benefits	3,436	3,241
Other operating expense	2,280	2,059
Total non-interest expense	5,716	5,300
Income before income taxes	6,532	8,379
Provision for income taxes	175	396
Net income	\$ 6,357	\$ 7,983
Other comprehensive income		
Employee benefit plans activity	\$ 40	\$ 27
Total other comprehensive income	40	27
Comprehensive income	\$ 6,397	\$ 8,010

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Services of Mandan, ACA

(in thousands)

(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2020	\$ 2,084	\$ 298,235	\$ (1,064)	\$ 299,255
Net income	--	7,983	--	7,983
Other comprehensive income	--	--	27	27
Unallocated surplus designated for patronage distributions	--	(1,225)	--	(1,225)
Capital stock and participation certificates issued	44	--	--	44
Capital stock and participation certificates retired	(44)	--	--	(44)
Balance at March 31, 2021	\$ 2,084	\$ 304,993	\$ (1,037)	\$ 306,040
Balance at December 31, 2021	\$ 2,098	\$ 319,770	\$ (1,306)	\$ 320,562
Net income	--	6,357	--	6,357
Other comprehensive income	--	--	40	40
Unallocated surplus designated for patronage distributions	--	(1,965)	--	(1,965)
Capital stock and participation certificates issued	23	--	--	23
Capital stock and participation certificates retired	(45)	--	--	(45)
Balance at March 31, 2022	\$ 2,076	\$ 324,162	\$ (1,266)	\$ 324,972

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim financial information and conform to generally accepted accounting principles in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2022, are not necessarily indicative of the results to be expected for the year ending 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 Annual Report for the year ended December 31, 2021 (2021 Annual Report).

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Services of Mandan, ACA and its subsidiaries Farm Credit Services of Mandan, FLCA and Farm Credit Services of Mandan, PCA. 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 (FASB) 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 System institutions.

Standard and effective date	Description	Adoption status and financial statement impact
In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The guidance was originally effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021. In November 2019, the FASB issued ASU 2019-10 which amended 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 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 are currently being 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 composition of our loan and investment portfolios at the time of adoption.
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.

NOTE 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type

(dollars in thousands)

As of:	March 31, 2022		December 31, 2021	
	Amount	%	Amount	%
Real estate mortgage	\$ 531,640	38.0%	\$ 531,010	38.7%
Production and intermediate-term	292,725	20.9%	346,117	25.3%
Agribusiness	382,125	27.4%	319,716	23.3%
Other	191,251	13.7%	173,717	12.7%
Total	\$ 1,397,741	100.0%	\$ 1,370,560	100.0%

The other category is primarily composed of rural infrastructure related loans.

Delinquency

Aging Analysis of Loans

(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	Accruing Loans 90 Days or More Past Due
As of March 31, 2022						
Real estate mortgage	\$ 1,689	\$ 3,332	\$ 5,021	\$ 533,326	\$ 538,347	\$ 3,333
Production and intermediate-term	1,781	822	2,603	293,077	295,680	463
Agribusiness	6,215	--	6,215	376,660	382,875	--
Other	--	--	--	191,573	191,573	--
Total	\$ 9,685	\$ 4,154	\$ 13,839	\$ 1,394,636	\$ 1,408,475	\$ 3,796

(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	Accruing Loans 90 Days or More Past Due
As of December 31, 2021						
Real estate mortgage	\$ 682	\$ --	\$ 682	\$ 538,884	\$ 539,566	\$ --
Production and intermediate-term	1,383	358	1,741	348,232	349,973	--
Agribusiness	--	--	--	320,498	320,498	--
Other	--	--	--	173,922	173,922	--
Total	\$ 2,065	\$ 358	\$ 2,423	\$ 1,381,536	\$ 1,383,959	\$ --

Note: Accruing loans include accrued interest receivable.

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.

Risk Loan Information

(in thousands)	March 31, 2022	December 31, 2021
As of:		
Volume with specific allowance	\$ 906	\$ 929
Volume without specific allowance	6,554	4,321
Total risk loans	\$ 7,460	\$ 5,250
Total specific allowance	\$ 569	\$ 571
For the three months ended March 31	2022	2021
Income on accrual risk loans	\$ 16	\$ 22
Income on nonaccrual loans	170	252
Total income on risk loans	\$ 186	\$ 274
Average risk loans	\$ 6,090	\$ 9,563

Note: Accruing loans include accrued interest receivable.

We had no commitments to lend additional money to borrowers whose loans were classified as risk loans at March 31, 2022.

Troubled Debt Restructurings (TDRs)

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 TDR, also known as a formally restructured loan for regulatory purposes. 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 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. There may be modifications made in the normal course of business that would not be considered TDRs.

We did not complete any TDRs during the three months ended March 31, 2021. We completed TDRs of certain production and intermediate-term loans during the three months ended March 31, 2022. Our recorded investment in these loans just prior to and immediately following restructuring was \$402 thousand during the three months ended March 31, 2022. The recorded investment is the unpaid principal 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. The primary types of modification included extension of maturity and forgiveness of principal.

There were no TDRs that defaulted during the three months ended March 31, 2022, or 2021, in which the modification was within twelve months of the respective reporting period.

There were no TDRs outstanding at March 31, 2021. TDRs outstanding in the production and intermediate-term loan category totaled \$402 thousand, all of which were in nonaccrual status at March 31, 2022.

There were no commitments to lend to borrowers whose loans have been modified in a TDR at March 31, 2022.

Allowance for Loan Losses

Changes in Allowance for Loan Losses			
(in thousands)			
Three months ended March 31	2022		2021
Balance at beginning of period	\$	3,207	\$ 4,148
Reversal of loan losses		(373)	(213)
Loan recoveries		--	10
Loan charge-offs		--	(12)
Balance at end of period	\$	2,834	\$ 3,933

NOTE 3: CONTINGENCIES AND COMMITMENTS

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 Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

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, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

Refer to Note 10 in our 2021 Annual Report for additional detail regarding contingencies and commitments.

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2021 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2022, or December 31, 2021.

Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-Recurring Basis				
(in thousands)				
As of March 31, 2022	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Impaired loans	\$ --	\$ --	\$ 353	\$ 353
As of December 31, 2021	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Impaired loans	\$ --	\$ --	\$ 376	\$ 376

Valuation Techniques

Impaired Loans: Represents the carrying amount 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 are classified as 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 are classified as Level 3.

NOTE 5: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 4, 2022, which is the date the Consolidated 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.