

NINTH FARM CREDIT DISTRICT PENSION PLAN

FINANCIAL STATEMENTS

Years Ended December 31, 2006 and 2005



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INDEPENDENT AUDITORS' REPORT

To the Trust Committee of the

NINTH FARM CREDIT DISTRICT PENSION PLAN

We have audited the accompanying statements of net assets available for benefits of the Ninth Farm Credit District Pension Plan (the "Plan") as of December 31, 2006 and 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of December 31, 2006 and 2005, and the changes in its financial status for the years then ended in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Wichita, Kansas
August 20, 2007

NINTH FARM CREDIT DISTRICT PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2006 and 2005

	2006	2005
<u>ASSETS</u>		
Investments, at fair value		
Mutual funds	\$ 125,283,109	\$ 91,651,481
Common Stocks	113,677	23,793,066
Cash and cash equivalents	1,436,227	447,821
	126,833,013	115,892,368
Receivables:		
Receivable from broker for securities sold	-	278,209
Tax reclaim receivable	26,075	18,737
Accrued interest and dividends	25,755	14,290
	51,830	311,236
 TOTAL ASSETS	 126,884,843	 116,203,604
 <u>LIABILITIES</u>		
Due to broker for securities purchased	206,653	121,743
Accrued expenses	79,008	95,470
 TOTAL LIABILITIES	 285,661	 217,213
 NET ASSETS AVAILABLE FOR BENEFITS	 \$ 126,599,182	 \$ 115,986,391

See Notes to Financial Statements

NINTH FARM CREDIT DISTRICT PENSION PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ADDITIONS TO NET ASSETS:		
Investment income:		
Net appreciation in fair value of investments	\$ 10,211,150	\$ 4,812,581
Interest and dividends	<u>3,104,810</u>	<u>2,254,421</u>
	13,315,960	7,067,002
Less investment expenses	<u>432,409</u>	<u>414,970</u>
	12,883,551	6,652,032
Employer contribution	<u>4,000,000</u>	<u>10,500,000</u>
 TOTAL ADDITIONS TO NET ASSETS	 <u>16,883,551</u>	 <u>17,152,032</u>
DEDUCTIONS FROM NET ASSETS:		
Benefits paid directly to participants	6,078,252	5,046,969
Administrative expenses	<u>192,508</u>	<u>196,388</u>
 TOTAL DEDUCTIONS FROM NET ASSETS	 <u>6,270,760</u>	 <u>5,243,357</u>
 NET INCREASE	 10,612,791	 11,908,675
 NET ASSETS AVAILABLE FOR BENEFITS		
 BEGINNING OF YEAR	 <u>115,986,391</u>	 <u>104,077,716</u>
 END OF YEAR	 <u>\$ 126,599,182</u>	 <u>\$ 115,986,391</u>

See Notes to Financial Statements

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan

The following description of the Ninth Farm Credit District Pension Plan (the "Plan"), as amended, provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined benefit plan created under a Trust Agreement for the purpose of providing retirement benefits for eligible employees of U. S. AgBank, FCB (the "Company"), AgVantis, Inc. and Associations in the former Ninth Farm Credit District (the "Associations"). All members of this related group are treated as a single employer for purposes of crediting service. The Plan is administered by the Company and the Ninth Farm Credit District Trust Committee serves as Trustee. The plan also provides for certain pre-retirement death benefits.

All employees who meet eligibility requirements of the Company and Associations are eligible to participate in the Plan.

Due to the fact that the Farm Credit System was created under federal law and all of the employers in the Plan are members of the Farm Credit System, the Plan is also considered to be a "governmental plan." As a governmental plan, the Plan is not subject to the provisions of Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA") and it is not subject to regulations issued by the Department of Labor.

Contributions – The Plan is noncontributory. Employer contributions are determined by the Plan's actuary under the projected unit credit actuarial cost method in a manner consistent with the minimum funding requirements of the Employee Retirement Security Act of 1974 (ERISA). Such minimum funding requirements have been met.

Account balance benefits – Effective July 1, 1998, the Plan was amended to include a cash balance benefit design. The design is referred to as the "Account Balance" provision. All employees hired after June 30, 1998 and all active participants with less than five years vesting service on June 30, 1998, will have their benefits determined under the "Account Balance" provisions on the Pension Plan only. Active participants with five or more years of vesting service on June 30, 1998, will receive the greater of the "Account Balance" versus the current final average pay design when the participant retires or terminates employment. This final average pay design is referred to as the "Traditional" provision of the Pension Plan. The initial balance for the "Account Balance" computed as of June 30, 1998 is the immediate lump sum value of the "Traditional" with a \$100 minimum value.

Under the Account Balance Plan, participants will be credited at the end of each quarter based on compensation during the quarter and the following schedule:

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

<u>Contribution Credits Schedule</u>	<u>Percentage of Compensation</u>
Less than 3 years	3%
3 to less than 6 years	4%
6 to less than 10 years	5%
10 to less than 15 years	6%
15 to less than 20 years	7%
20 to less than 25 years	8%
25 or more years	9%

Compensation credits will only be credited if the participant is an Active Participant on the last day of the quarter.

Under the Account Balance Plan, participants will receive an allocation of interest credits equal to 1.75% (7.0% annualized, compounded quarterly) of participant's account balance on the first day of the calendar quarter. Interest credits will continue to be allocated to a participant's account until the first day of the calendar quarter containing a distribution date or annuity starting date, as applicable.

Membership of the Plan consisted of the following at January 1, 2006 and 2005, the dates of the latest actuarial valuations:

	<u>January 1,</u>	
	<u>2006</u>	<u>2005</u>
Retirees and beneficiaries receiving benefits	313	308
Terminated plan members entitled to but not yet receiving benefits	114	122
Active plan members	763	751
Total	<u>1,190</u>	<u>1,181</u>
Number of participating employers	19	19

Vesting - Vesting in the Company's contribution portion of a participant's account is based on years of continuous service. Employer contributions are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 5 years	0%
5 or more years	100%

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

Benefits become 100% vested if a participant terminates employment with the Company or Associations because of death. In the case of death, the participant's beneficiary is entitled to benefits even if the participant had less than 5 years of vested service.

Payment of benefits - Monthly pension benefit payments under the Traditional provisions are determined by multiplying 1.50% by the participant's highest average monthly earnings during any 60 consecutive months of employment (Average Compensation) times years of benefit services plus .25% of Average Compensation in excess of covered compensation times years of benefit service. The lifetime monthly pension will continue to the participant's spouse, if the spouse survives the participant, in an amount equal to 50% of the participant's monthly pension. The plan also provides for early retirement provisions for a participant age 55 or older as follows:

1. Reduced early retirement pension

This provision is available for a Traditional Participant who has received at least 5 years of benefit service. The Traditional Participant's early retirement pension is reduced by .25% (3% annually) for each month by which early retirement precedes normal retirement.

2. Special early retirement pension

A Traditional Participant who has received at least 90 points shall receive an unreduced early retirement pension. For each point below 90 points credited to the Traditional Participant at early commencement of benefits, the benefit shall be reduced by 3% but shall not be less than the benefits that would be payable under the Reduced Early Retirement Pension explained above. Points are awarded as follows to the Traditional Participant: (a) one point for each whole year of age as of the date on which the Traditional Participant separates from service; (b) 1/12 of one point for each month (or partial month of 15 days or greater) of age between the date of the Traditional Participant's birthday immediately prior to the date the Traditional Participant separates from service and the date the Traditional Participant separates from service; and (c) benefit service points are computed the same as above in both 2(a) and (b) plus unused sick leave.

3. Special early retirement pension separation from service prior to age 55

Any Traditional Participant who has separated from service prior to age 55 is eligible for early retirement benefits under provision (1) above, but is not eligible for the Special Early Retirement Pension as discussed in (2) above. Under provision (3), a Traditional Participant who has separated from service prior to age 55, has received credit for at least 30 years of benefit service, and has attained age 62 may elect an unreduced early retirement pension.

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(1) Description of plan (continued)

4. Enhanced benefits (early retirement)

A traditional participant whose employer has adopted a resolution to apply Section 6.07 – Enhanced Benefits for Participants Whose Positions are Lost Due to Restructuring (referred to as a 5 + 5 benefit) and whose employer has a triggering event, may retire as early as age 50 with at least 15 years of service if they are involuntarily separated from service. Eligible participants will have five years added to their age and five years added to their service when the computation of their benefit is made. If all enhanced age years are not needed (age 65 met), excess years will be added to service. Any reductions applied will be at 2% (.16%) instead of 3% (.25%). The enhanced benefits also include a special rule called the 12-month compensation rule. If the difference of the “normal” lump sum present value and the “enhanced” lump sum present value is not greater than the last 12-months of compensation, then the last 12-months compensation will be added to the “normal” lump sum present value to determine the benefits payable.

The forms of benefit payment are: life annuity, life annuity with a fixed number of payments guaranteed, spousal joint with 50% survivor annuity, spousal joint with 2/3 survivor annuity, spousal joint with 100% survivor annuity, and lump sum distribution (this election must be made within the first 12 months following the termination of employment and is only allowed if the actuarial equivalent present value of the participant’s accrued benefit exceeds \$5,000 on the first day of the month following separation of service). All of these forms of benefit payment are available in the case of normal retirement, early retirement, late retirement, disability retirement or termination of employment with a right to a deferred vested pension. However, a participant who terminates prior to age 55 may only take a lump sum within 12 months following termination of employment. If a participant terminates employment before age 70½, payment of benefits may be deferred until April 1 following the calendar year in which the participant attains age 70½. If the actuarial equivalent present value of the participant’s accrued benefit is \$5,000 or less, the Plan mandates an automatic lump sum distribution.

(2) Summary of significant accounting policies

Basis of accounting - The financial statements of the Plan are prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Use of Estimates - The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment valuation and income recognition - The Plan’s investments are stated at fair value. Quoted market prices, if available, are used to value investments. Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year-end.

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Payment of benefits - Benefits are recorded when paid.

Administrative expenses – The administrative expenses of the Plan are paid with Plan assets as specified in the Trust Agreement. These expenses include custodial, investment management, actuarial, audit and legal fees. Staff costs directly related to administering the plan are paid by the Trust.

Actuarial Present Value of Accumulated Plan Benefits - Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired, disabled, or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the plan are based on the participant's highest average monthly earnings during any 60 consecutive months of employment. The accumulated plan benefits for active employees are based on their average compensation during the five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of January 1, 2006 and 2005 are as follows:

Discount rate	5.25% for 2006 and 6% for 2005
Mortality	RP2000 Combined Healthy Participant Table for 2006 and 2005
Salary increase	5.0% for 2006 and 2005
Retirement age	15% at age 55, 5% at ages 56 through 61, 20% at age 62, 10% at ages 63 and 64 and 100% at age 65 for 2006. 5% at ages 55 through 61, 20% at age 62, 10% at ages 63 and 64 and 100% at age 65 for 2005

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Benefits payout

Assume that all participants who terminate with a vested benefit will elect lump sum option for 2006 and 2005. For all participants who retire, assume 80% elect lump sum option and 20% elect an annuity option for 2006 and 2005.

As summarized above, the expected retirement rates assumption (schedule by age) was updated to better reflect current experience. This change is reflected in the current year FAS 35 disclosure and funding valuation. In addition, the current liability interest rate (used to calculate the "supermax") was decreased from 4.59% to 4.37% to reflect the lowest allowable rate for 2006. These current year changes contributed to the \$1,595,560 change in actuarial assumptions for 2006.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(3) Investments

The Plan's investments consist of common stock, equities, mutual funds and money market funds. The Plan's investments are held by a bank-administered trust and are presented at fair value on the statements for net assets available for benefits.

The following presents investments that represent 5% or more of the Plan's net assets:

	December 31,	
	2006	2005
Investments at fair value as determined by quoted market price:		
Mutual funds		
PIMCO FDS FAC Invt Mgmt Ser	\$ 37,340,705	\$ 34,743,611
Vanguard Total Stock Mkt. Ind. Fds	-	28,101,480
State Street Gobal Advisor Index Plus	21,634,972	18,671,774
SPDR Trust S&P Ser	29,192,249	-

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(3) Investments (continued)

During 2006 and 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$10,211,150 and \$4,812,581, respectively, as follows:

Net appreciation (depreciation) schedule:

	Years Ended December 31,	
	2006	2005
Investments at fair value as determined by quoted market price:		
Mutual Funds	\$ (4,417,934)	\$ 2,646,888
Common stock	14,629,084	2,165,693
	<u>\$ 10,211,150</u>	<u>\$ 4,812,581</u>

(4) Related party transactions

Certain Plan investments are shares of a money market fund managed by State Street Bank and Trust Company (State Street). State Street is the Plan's investment custodian as defined by the Plan and, therefore, these transactions qualify as related party transactions. Fees paid by the Plan for the investment management services provided by State Street amounted to \$52,752 and \$50,665 for the years ended December 31, 2006 and 2005, respectively.

(5) Actuarial present value of accumulated plan benefits

The actuarial present value of accumulated plan benefits as determined by the Plan's actuary at January 1, 2006 and 2005 is summarized below:

	December 31,	
	2006	2005
Vested benefits:		
Participants currently receiving payments	\$ 43,003,548	\$ 37,462,263
Other participants	32,850,745	31,387,769
	75,854,293	68,850,032
Nonvested benefits	11,309,107	9,071,395
Total actuarial present value of accumulated plan benefits	<u>\$ 87,163,400</u>	<u>\$ 77,921,427</u>

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(5) Actuarial present value of accumulated plan benefits (continued)

Changes in the actuarial present value of accumulated plan benefits were the result of the following factors at January 1, 2006 and 2005:

	December 31,	
	2006	2005
Actuarial present value of accumulated plan benefits, beginning of year	\$ 77,921,427	\$ 71,075,618
Increase (decrease) during the year attributable to:		
Benefits accumulated	6,352,862	4,924,737
Increase for interest due to the decrease in the discount period	6,233,714	5,686,049
Benefits paid	(5,046,969)	(3,854,500)
Plan change	106,806	89,523
Change in actuarial assumptions	1,595,560	-
Net increase	<u>9,241,973</u>	<u>6,845,809</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 87,163,400</u>	<u>\$ 77,921,427</u>

The information presented above is based on data as of January 1, 2006 and 2005, respectively.

(7) Plan Amendments

Effective January 1, 2007, the Plan was amended and restated to encompass various amendments approved during the year ended December 31, 2006 related to the restructuring of the Ninth Farm Credit District employee benefit plans (see subsequent events footnote below) and to conform to new provisions required by law. Benefits for participants whose positions are lost due to restructuring were amended to provide qualification for certain enhanced benefits for those who meet certain requirements.

Effective January 1, 2007, a participant may elect to commence distribution of his vested accrued benefit in the absence of a separation from service (in-service distribution) upon attaining age 62, subject to certain terms and conditions.

Effective January 1, 2007, traditional participants who have separated from service prior to age 55 shall no longer be eligible for early retirement pension provisions.

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(8) Tax status

The Internal Revenue Service has determined and informed the Company by a letter dated May 7, 2007 that the Plan, as restated January 1, 2007, was in compliance with the applicable requirements of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter to create a terminating plan for the spinoff of a portion of the Plan (as part of the restructuring of the Ninth Farm Credit District benefit plans). The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

(9) Risks and uncertainties

The Plan invests in various investments securities. Investments securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' accounts balances and the amounts reported in the statements of net assets available for benefit.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(10) Subsequent event

On August 6, 2006, the Board of Trustees of the various employee benefit plans of the Company, voted to consolidate the existing employee benefit plans of the Company with AgriBank, FCB and its affiliated Associations. Effective January 1, 2007, U.S. AgBank, FCB and its affiliated Associations, AgriBank, FCB and its affiliated Associations, and certain other Farm Credit System employers will enter into the Farm Credit System Administrative Agreement Regarding Employee Benefit Plans in order to provide a common set of employee benefit plans to their employees and their eligible dependents. In addition, the Board of Trustees of the Plan voted to assign the sponsorship of the Ninth Farm Credit District Pension Plan to the Foundations Plan Sponsor and the trusteeship, and administration of the pension plan to the Foundations Trust Committee. As a result, the Company's employee benefit plans (or a portion thereof) will be amended, and/or restated or terminated.

NINTH FARM CREDIT DISTRICT PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

(10) Subsequent event (continued)

Effective January 1, 2007, Farm Credit Foundations Trust Committee will replace Ninth Farm Credit District Trust Committee as Trustee and Plan Administrator. In addition, the Plan Sponsor will be assigned to the Foundation's Plan Sponsor who has limited powers to change the Plan document (only as required by law). The duties and responsibilities of the Farm Credit Foundations Trust Committee are set forth in the Farm Credit System (FCS) Administrative Agreement. As of January 1, 2007, The Ninth Farm Credit District Pension Plan is closed to new participants. No contribution credits will be allocated to any participant's account for any quarter of the calendar year beginning after September 30, 2007. However, participants' accounts in the traditional pension plan will be allowed to accrue with pay credits for an eligible participant who is involuntarily terminated, not for cause, or due to the death of an eligible participant. Effective January 1, 2007, the allocation of interest credits will decrease to 1.25% (5% annualized, compounded quarterly) of a participant's account balance on the first day of the calendar quarter.

All account balance only participants of the Plan will be transitioned to a new defined contribution plan effective October 1, 2007. Those participants who are active employees and who are accruing benefits under the "account balance" provisions of the Ninth District Plan (but not under the "traditional pension" provisions or the "best of either" provisions) as of September 30, 2007, will be moved from the Plan into the Ninth Farm Credit District Spinoff Pension Plan (Spinoff Plan). Additionally, participants in the Plan who are entitled to a vested accrued benefit under the "account balance" provisions of the Plan (but not under the "traditional pension" provisions or the "best of either" provisions) as of September 30, 2007, will be moved from the Plan into the Spinoff Plan. The Spinoff Plan is to be formally terminated, also on September 30, 2007.

Following termination, the assets of the Spinoff Plan will be distributed to the Participants in accordance with the provisions of the Spinoff Plan.

All other participants in the remaining Plan will continue to participate in the Plan, as of the effective date of the Spinoff Plan, in accordance with the terms and conditions of the Plan.

As part of the restructuring, new investment fund managers have been selected to manage the Plan's assets. All assets are to be transferred during the period January 1, 2007 through March 31, 2007.