

AGRIBANK 2021 ANNUAL REPORT

THRIVING

today and tomorrow

Who We Are

AgriBank supports local Farm Credit lenders, and, together, our cooperative network helps fulfill the Farm Credit mission to support rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow.



AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by local Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas. For more information, visit www.AgriBank.com.



Farm Credit supports rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow. It has been fulfilling its mission of helping rural America grow and thrive for more than a century with the capital necessary to make businesses successful and by financing vital infrastructure and communication services. For more information, visit www.FarmCredit.com.



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Copies of AgriBank, FCB's annual and quarterly reports and the AgriBank District annual and quarterly unaudited financial information are available free of charge upon request to:

AgriBank, FCB | 30 E. 7th St., Suite 1600 | St. Paul, MN 55101-4914 | (651) 282-8800 | FinancialReporting@AgriBank.com

The reports are also available through AgriBank's website at www.AgriBank.com. The quarterly reports are available approximately 40 days following the end of each calendar quarter, and the annual reports are available approximately 75 days following the end of the year.

Dear Shareholders

A year ago, few predicted the COVID-19 pandemic would remain so disruptive today. Yet the delta and omicron variants ensured the world is still concerned about rates of infection, hospitalization, mortality and vaccination, not to mention broader economic impacts.



Society continues to face immense challenges and a faster pace of change due to the pandemic. Each successive variant wave has impacted business and personal life, yet the grace and resourcefulness of many have carried us through to today.

The pandemic certainly affected AgriBank operations. Bank employees quickly transitioned to remote work in March 2020, and though the office has reopened, our workplace will likely not look the same. Through the pandemic, we have kept funding and financial solutions flowing to Farm Credit Associations in our District. We have continued to advance or complete major initiatives as planned. We also have stayed connected with each other and with you through virtual meetings, both formal and informal, and by mid-2021, we had begun to resume in-person meetings (usually with an option to participate online). It has been great to see so many others face to face after so long apart—and so important for our relationship-based Farm Credit culture.

As an organization and individually, we grew weary from the ongoing effect of the pandemic on our work and our lives. At times, it felt like we were simply surviving. Actually, we have been thriving.



Nicklaus J. Vande Weerd, *Chair, AgriBank*

Jeffrey R. Swanhorst, *Chief Executive Officer, AgriBank*

Although the pandemic persists, AgriBank continues to embrace our time-honored Farm Credit mission of supporting rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow. We are not just fulfilling our mission, we are helping District Associations and their rural customer/owners—who also are facing pandemic-driven challenges—succeed and prosper. Moreover, we are helping to lay the groundwork so that Farm Credit and rural America can thrive not just today, but for years to come.

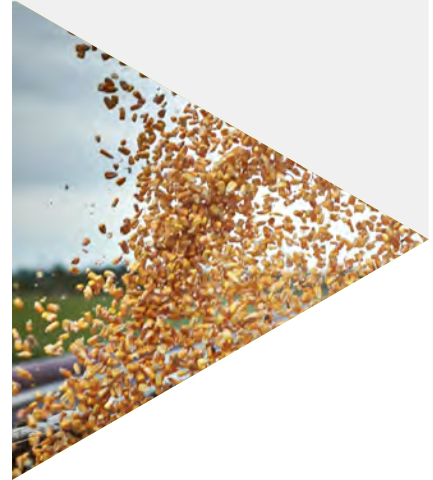
Farm Credit was built to perform in good times and bad. With that in mind, and with pandemic-related concerns lingering for the foreseeable future, AgriBank declared an end to our COVID-19-related business continuity protocols on January 10, 2022. As we evolve into a new way of working, we have adopted new workplace flexibility and safety policies to help foster our employees' work-life balance and well-being, while still effectively executing our mission. These policies give us confidence we can continue to thrive under any operating conditions.

Financial Strength

AgriBank has a mutually dependent relationship with District Associations, which are our customer/owners, as well as the farmers, ranchers and others who are their customer/owners. When the District Associations thrive, we thrive. AgriBank's 2021 financial performance demonstrates that our cooperative system is flourishing.

- Total loans were \$122.0 billion at December 31, 2021, up \$12.2 billion, or 11.1 percent, compared to December 31, 2020. This increase primarily resulted from a rise in wholesale volume, which was driven by increases in real estate mortgage, production and intermediate-term, and agribusiness volume at District Associations. Real estate mortgage volume increased at District Associations, as targeted marketing efforts and a low interest rate environment stimulated growth. Agribusiness volume increases were related to growth in capital markets lending at several District Associations.
- AgriBank's credit quality reflects the overall financial strength of District Associations and their underlying portfolios of retail loans. AgriBank's portfolio included 98.3 percent of loans classified as acceptable as of December 31, 2021, compared to 99.3 percent at December 31, 2020. Most of the wholesale portfolio was classified as acceptable, representing the highest-quality assets.

At times, it felt like we were simply surviving. Actually, we have been *thriving*.



Our Mission

Farm Credit supports rural communities and agriculture with reliable, consistent credit and financial services, today and tomorrow.

- Total capital remained very strong at \$7.0 billion as of December 31, 2021, up \$426.4 million compared to December 31, 2020. This increase was driven primarily by net income and net stock issuances, which were reduced by cash patronage distributions declared, consistent with AgriBank's capital plan. AgriBank exceeded all regulatory capital minimum requirements, including additional regulatory buffers.
- Net interest income was \$779.8 million for the year, up \$65.4 million, or 9.2 percent, compared to the prior year. Net income increased mainly due to continued increases in loan volume, compared to the prior year, in both AgriBank's wholesale and retail portfolios.
- AgriBank shared our financial success by returning \$748.0 million in earnings to our customer/owners primarily in the form of stock and cash patronage distributions.

Many dedicated directors and employees at AgriBank and across the District have worked hard to ensure continued financial strength throughout the COVID-19 pandemic. We are aligned in how we approach Our Mission, and we have remained steady amid uncertainty as well as through ups and downs in the agricultural markets and broader economy. This discipline and financial strength benefit not only the Bank, District and rural customer/owners—they also contribute to a financially stable U.S. farm economy.

Funding Bank Model

At AgriBank, Our Purpose is to expertly and reliably obtain funds and prudently provide funding and financial solutions to District Associations—this is the essence of our Funding Bank Model. We relentlessly focus on this model, which has proven especially resilient through the pandemic. In 2021, the AgriBank Board of Directors reaffirmed our commitment to the model, and we continue to refine and execute on our four Areas of Strategic Focus, which support it: Culture & People, Client Service, Operational Strength, and Capital Optimization.

When the District Associations thrive, we thrive. AgriBank's 2021 financial performance demonstrates that our cooperative system is flourishing.



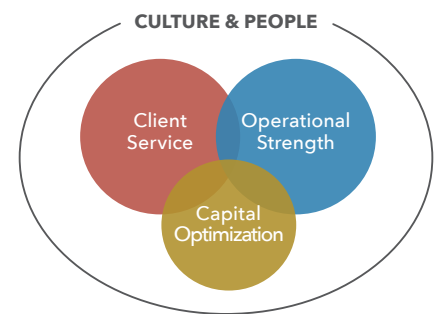
Culture & People

The pandemic has led AgriBank to reassess our approach to workplace flexibility, as it has for countless other employers. Our employees—aided by strong technology resources—have demonstrated their unwavering commitment to their responsibilities while working remotely, along with their interest in ongoing flexibility. Accordingly, we have adopted a new strategy, which we call Right Work/Right Place, which provides flexibility as a key tenet of our employee value proposition. Under this approach, leaders and employees collectively determine where to perform work for optimal business results. This approach has them getting together in person when it is beneficial and provides flexibility for employees to locate where they can perform their best work.

Another important tenet of our culture—we help each other succeed personally and professionally—naturally stems from the meaningful relationships, team dynamics and the cross-team connections we form through valuable in-person interactions that strengthen our bonds. Right Work/Right Place balances workplace flexibility with our relationship-based culture to ensure we stay connected and do our best work together. AgriBank will continually monitor our business results, culture evolution and stakeholder feedback to adjust our approach to Right Work/Right Place, as needed, to ensure AgriBank successfully fulfills Our Mission and Our Purpose.

The flexibility that Right Work/Right Place offers, combined with readily available vaccines and new Healthy Workplace measures, has enabled AgriBank to move forward after operating for nearly two years under business continuity protocols. Our Healthy Workplace measures include vaccination or testing requirements for all employees and visitors. These requirements and other safety protocols are integral in supporting our shared effort to promote the well-being of our employees and their families, and to reduce the ongoing presence and severity of COVID-19 at AgriBank and in our communities. These requirements may evolve as we continue to consider the many factors that helped shape them in the first place, including employee feedback, vaccination rates, practices at external organizations, guidance from official health agencies, government requirements, and measures that will provide for wellness and safety.

Right Work/Right Place provides flexibility as a key tenet of our employee value proposition while enabling us to produce optimal business results.



Client Service

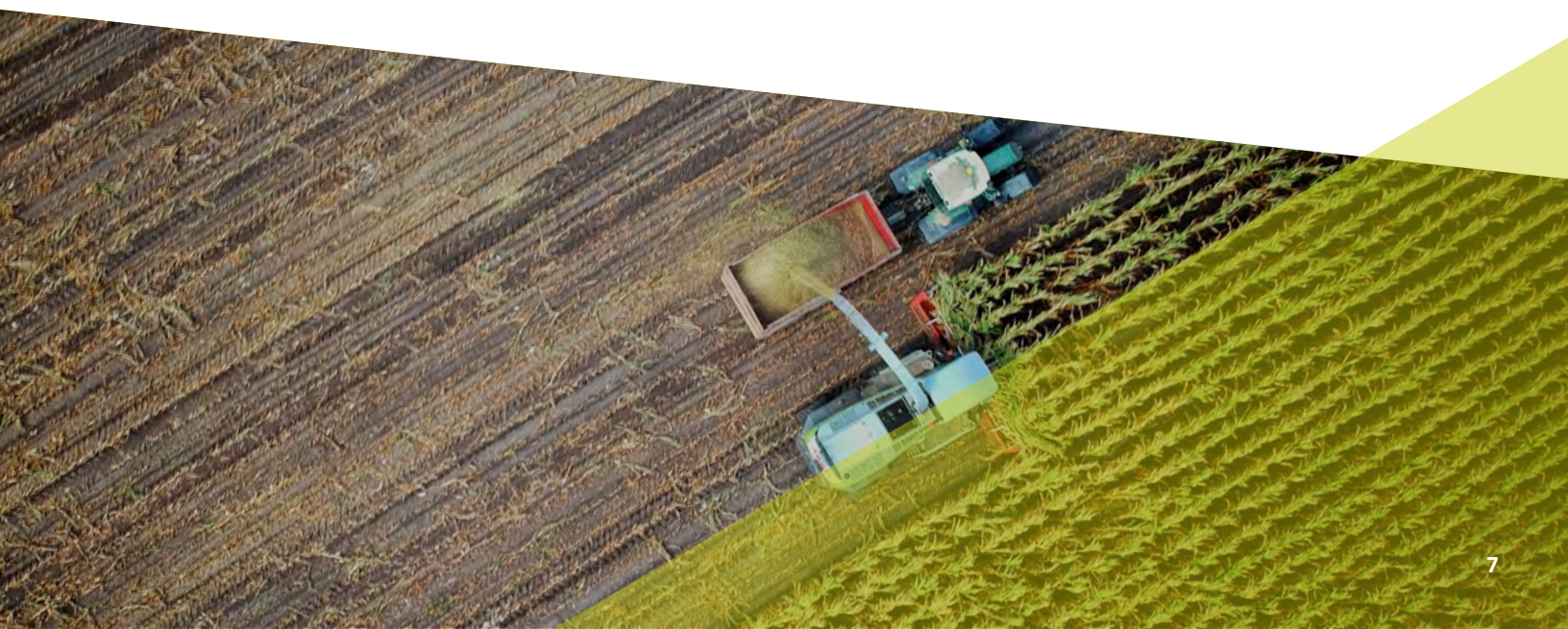
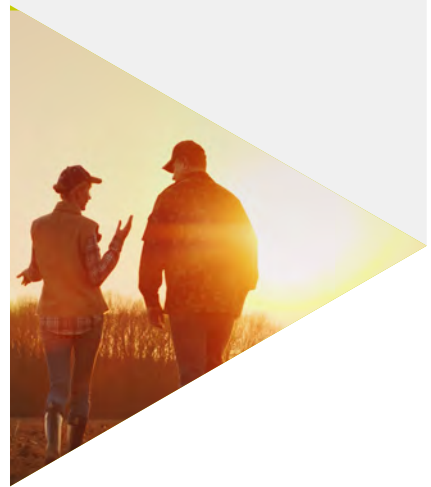
Our continued focus on client service includes embracing our newly adopted Stockholder Engagement Framework at the board level. AgriBank is enhancing collaboration across the District through more regular and structured opportunities to gather input and feedback from District Associations in order to better understand and support their needs. The framework includes organized calls, video conferences and personal visits that facilitate more consistent engagement between the Bank board and Association boards. Of course, the focus on client service extends from board activities to additional collaboration, communications and relationship-building at the management and employee levels.

Another way AgriBank focuses on client service is to be a strong advocate on behalf of the District. Accordingly, in 2021 the board approved the charter for our new Government Relations Committee, which monitors the Bank's government relations function. The committee includes AgriBank's representatives to the AgriBank District Farm Credit Council and the national Farm Credit Council with a focus on coordinating efforts between those organizations and management. In addition, we transitioned the government relations staff position from a Washington-based lobbyist to a strategist whose core function is to coordinate efforts at AgriBank, support the District and interact with Farm Credit System stakeholders.

Operational Strength

AgriBank focuses on and continues to make investments in our core operations to ensure we deliver operational strength every day. The Bank, in collaboration with District Associations and SunStream Business Services, our principal technology provider, is making a key investment in a digital transformation strategy, which involves transitioning applications from local servers to updated and efficient cloud-based solutions. As part of this multi-year strategy that covers AgriBank and many District Associations, we will convert more than 40 customized applications to cloud-based commercial software. Our overarching goal is to continue to achieve economies of scale in the use of technology services.

AgriBank is enhancing collaboration across the District through more regular and structured opportunities to gather input and feedback from District Associations in order to better understand and support their needs.



Among many other operational initiatives, we are working on mitigating risks related to security and financial controls. We are partnering with SunStream to continuously embrace our overall security position given the current threat environment. Financial controls continue to be an area of focus and, in 2021, we engaged third-party expertise to support management's operational effectiveness testing.

Our ongoing commitment to operational strength also includes workforce planning. The board recognizes that AgriBank faces resource and capacity challenges in some areas and supports management's work in assessing the Bank's ongoing and future workforce needs to ensure we continue addressing the needs of District Associations while maintaining the appropriate focus on efficiency.

Capital Optimization

We remain committed to capital optimization and continue to support initiatives that achieve this objective. We support District Associations by leveraging AgriBank's strong balance sheet to manage risk and to achieve other business objectives, including reducing dual capitalization, maintaining a low wholesale loan interest rate we charge to District Associations and increasing cash patronage we pay to District Associations. Our capital optimization efforts include:

- Prudent transfers of risk, using asset pools and other loan participations to reduce dual capitalization—working in tandem with District Associations, we continue to create and expand asset pool programs. AgriBank retail loans increased by \$1.8 billion, or 15.2 percent, in 2021, mainly driven by the purchase of loan participation interests and through AgriBank's asset pool programs to support District Associations.
- More optimal balance sheet composition that maximizes the economics of our Funding Bank Model consistent with our risk appetite—we continue to strengthen our capital management analytics and mature our risk appetite framework, including creating a comprehensive view of asset pool programs.

Whether we are considering optimizing capital through asset pool programs, patronage or other means, our tenets remain the same. Our actions must not risk an adverse impact to our funding costs, tax status, or to our joint and several liability partners.

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Environmental, Social and Governance

Farm Credit's cooperative principles and core values have been reflected in all aspects of our business for more than 100 years. As cooperatives, Farm Credit entities are owned and governed by our customers, ultimately farmers, ranchers and others in rural America. This structure ensures customer needs are always a top priority. And that customers share in their respective institution's success.

As Farm Credit proactively evaluates environmental, social and governance (ESG) transformations to our business, the Bank and District are pursuing various ESG opportunities. Examples include AgriBank's Corporate Social Responsibility program, through which we make financial contributions to the communities where our employees live; the Virtual Farm Credit System Diversity, Equity and Inclusion (DEI) Summit, which AgriBank hosted with other Farm Credit Banks in February 2022 to share best practices and other information; and District representation on the Presidents Planning Committee's ESG Workgroup, whose charge is to foster alignment around monitoring and communicating ESG efforts across Farm Credit. AgriBank also donates to Farm Credit's national contributions program, which supports programs such as HBCU Partnership Challenge (benefiting historically Black colleges and universities), FFA, 4-H, and programs that help veterans and other young, beginning and small-operation farmers.

The Federal Farm Credit Banks Funding Corporation, which issues debt on behalf of AgriBank and the other Farm Credit Banks, continues to work with an expanded selling group for Farm Credit securities. The selling group encompasses diverse entities that include certified minority, women, disabled veteran and American Indian tribally owned firms.

As Farm Credit proactively evaluates environmental, social and governance (ESG) transformations to our business, the Bank and District are pursuing various ESG opportunities.



Our Purpose

AgriBank expertly and reliably obtains funds and prudently provides funding and financial solutions to Farm Credit Associations.

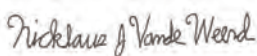


Planning for Tomorrow

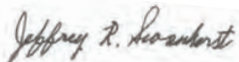
AgriBank's success navigating through the pandemic demonstrates the power of planning for uncertainty. Our Business Continuity Plan prepared us to operate our critical business functions with minimal disruption and virtually no interruption. Our Contingency Funding Plan provided a road map for maintaining access to funding markets that became severely constrained when the pandemic first gripped the nation. Moreover, our Crisis Communications Plan provided a template for keeping employees and other key stakeholders informed about the latest pandemic-related business changes.

Preparing for tomorrow is a task that is never done, as uncertainty always lurks around the corner. We cannot precisely predict what challenges we will face, but we can plan for how we will anticipate and address challenges that do materialize. We know we will face continued operating hurdles. The COVID-19 pandemic continues to wax and wane. Supply-chain disruptions and economic and political volatility appear to be the norm rather than the exception. Our conversations are filled with talk of opportunities and disruptors such as artificial intelligence, blockchain, cryptocurrency and other fintech activities. AgriBank and District leaders are discussing and planning how we should best prepare so we can continue to fulfill our vital mission and continue to thrive, along with farmers, ranchers and other rural customer/owners.

Farm Credit has succeeded for more than a century, helping rural communities and agriculture prosper. Our aim is to thrive for another 100 years—which we will do through continued focus, hard work and collaboration.



Nicklaus J. Vande Weerd
Chair, AgriBank, FCB



Jeffrey R. Swanhorst
CEO, AgriBank, FCB

March 1, 2022

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Performance Highlights



Strong net income generates record patronage refunds

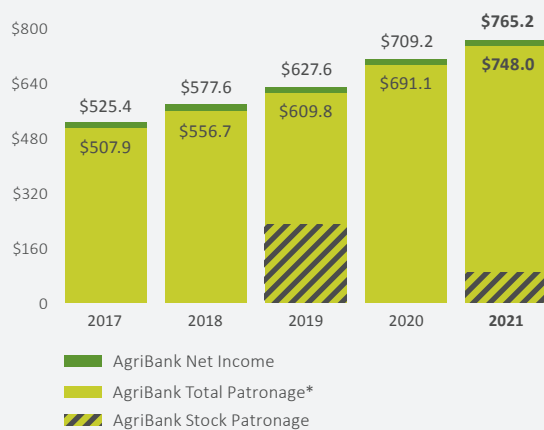
- AgriBank returned \$748.0 million in earnings to our owners primarily in the form of cash and stock patronage distributions—sharing our financial success with our customer/owners after maintaining appropriate capital levels to ensure our safety and soundness, and meeting all regulatory minimums and buffers
- Net income of \$765.2 million was driven by strong net interest income resulting mainly from increased loan volume in both AgriBank's wholesale and retail portfolios
- Return on assets of 57 basis points, which exceeded our target of 50 basis points, resulted from strong AgriBank net income

District Association loan growth boosts AgriBank loan portfolio

- The AgriBank loan portfolio increased 11.1 percent from the previous year to \$122.0 billion with nonadverse credit quality remaining strong at 99.7 percent, reflecting growth in wholesale loans to District Associations
- We optimize capital by first retaining what we need to meet our capital targets and distributing the remainder as cash patronage, resulting in a tier 1 leverage ratio of 5.2 percent, aligned with our capital plan target. Total regulatory capital far exceeded requirements, reflecting continued robust capital levels.
- Asset pool programs continued to expand, efficiently leveraging District capital, driven by the Bank and District Associations fulfilling the Farm Credit mission to provide reliable, consistent credit and financial services

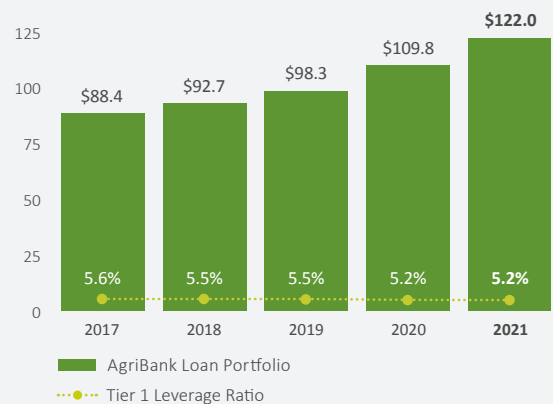
AgriBank Net Income and Patronage

MILLIONS OF DOLLARS



AgriBank Loan Portfolio and Leverage Ratio

BILLIONS OF DOLLARS OR %

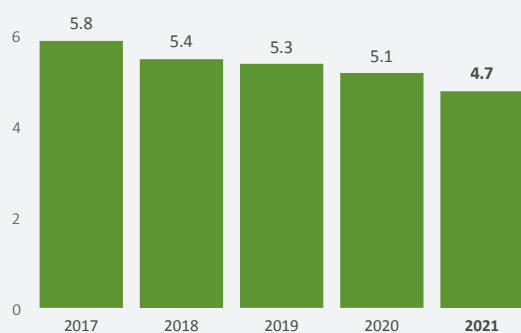


Strategic investments position AgriBank for long-term success

- The AgriBank net operating rate decreased compared to the previous year
- AgriBank continued to balance our focus on disciplined management of operating expenses with maintaining excellence in operations and investing in our people and technology

AgriBank Net Operating Rate

BASIS POINTS

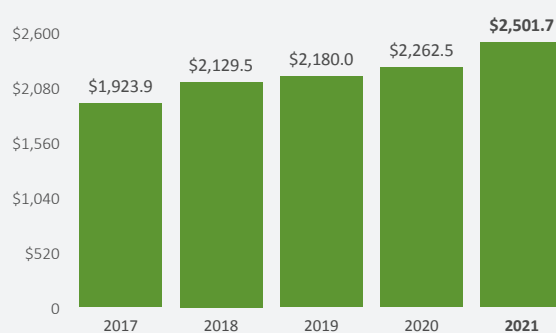


Strong earnings reflect continued District financial strength

- Net income for the District was \$2.5 billion, attributable to strong net interest income due to growth in loan volume across the District
- Agriculture fared well in 2021, resulting in reversals of provision for credit losses, which significantly contributed to the increased income compared to the previous year

District Net Income

MILLIONS OF DOLLARS

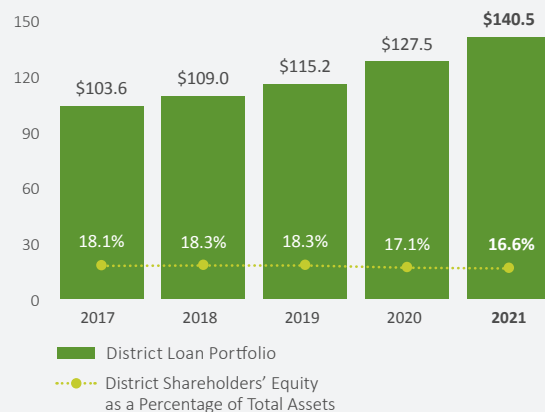


Customer/owners benefit from prudent leveraging of District capital

- The District loan portfolio increased 10.1 percent from the previous year to \$140.5 billion, driven by District Associations fulfilling the Farm Credit mission to support customers with reliable, consistent credit
- District Associations returned \$1.0 billion of patronage to customers
- District shareholders' equity as a percentage of total assets was 16.6 percent, reflecting continued robust capital levels and significant loan growth

District Loan Portfolio and Equity Position

BILLIONS OF DOLLARS OR %

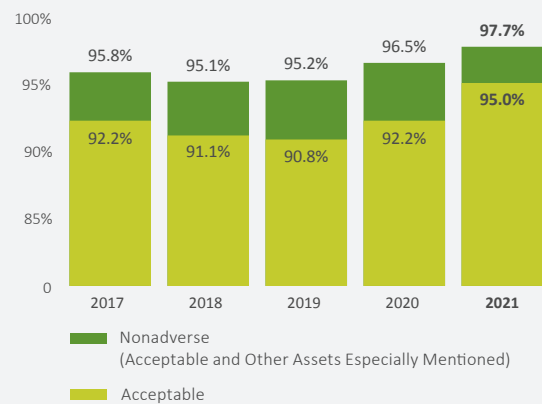


District credit quality continues to improve

- The District portfolio had 97.7 percent nonadverse loans, the third-consecutive year of improvement and the strongest credit quality since 2015
- District credit quality reflects disciplined underwriting and the favorable economic environment for agriculture

District Credit Quality

NONADVERSE LOANS %



Board of Directors



Matt Walther

Standing from left to right: Ivar Chhina, Christine Crumbaugh, George Stebbins, Tony Wilkie, Stan Claussen (Vice Chair), Nick Vande Weerd (Chair), Dale Crawford, Tim Rowe, Randy Peters, Jeff Austman, Dan Shaw, Tony Wolfe, Steve Cunningham,* John Schmitt*

Seated from left to right: Robert Bruxvoort, Rollin Tonneson, Donald Blankenship

**Appointed directors; all others elected*

Executive Leadership Team



From left to right: Barbara Stille, Chief Administrative Officer and General Counsel, and Interim Chief Information Officer; Jim Jones, Chief Credit Officer; Jeff Swanhorst, Chief Executive Officer; Jeff Moore, Chief Financial Officer

District Associations

Farm Credit Associations in the AgriBank District provide farmers, ranchers and other rural borrowers in their local communities with the capital they need to make their businesses successful.

AgriBank supports the following Farm Credit Associations that serve rural communities and agriculture in the 15 states of the AgriBank District. Under our cooperative structure, the farmers, ranchers and agribusinesses Farm Credit serves these locally owned District Associations, which in turn are the primary customers and owners of AgriBank.



AgCountry Farm Credit Services, ACA*
1900 44th St. S.
Fargo, ND 58108
(701) 282-9494
www.agcountry.com



AgHeritage Farm Credit Services, ACA
119 E. Third St., Suite 200
Little Rock, AR 72201
(800) 299-2290
www.agheritagefcs.com



Compeer Financial, ACA
2600 Jenny Wren Trail
Sun Prairie, WI 53590
(844) 426-6733
www.compeer.com



Delta Agricultural Credit Association
118 E. Speedway
Dermott, AR 71638
(870) 538-3258
www.deltaaca.com



FCS Financial, ACA
1934 E. Miller St.
Jefferson City, MO 65101
(573) 635-7956
www.myfcsfinancial.com



Farm Credit Illinois, ACA
1100 Farm Credit Drive
Mahomet, IL 61853
(217) 590-2200
www.farmcredital.com



Farm Credit Mid-America, ACA
12501 Lakefront Place
Louisville, KY 40299
(502) 420-3700
www.e-farmcredit.com



Farm Credit Midsouth, ACA
3000 Prosperity Drive
Jonesboro, AR 72404
(870) 932-2288
www.farmcreditmidsouth.com



Farm Credit Services of America, ACA
5015 S. 118th St.
Omaha, NE 68137
(402) 348-3333
www.fcsamerica.com



Farm Credit Services of Mandan, ACA
1600 Old Red Trail
Mandan, ND 58554
(701) 663-6487
www.farmcreditmandan.com



Farm Credit Services of Western Arkansas, ACA
3115 W. 2nd Court
Russellville, AR 72801
(479) 968-1434
www.myaglender.com



Farm Credit Southeast Missouri, ACA
1116 N. Main St.
Sikeston, MO 63801
(573) 471-0342
www.farmcreditsemo.com



GreenStone Farm Credit Services, ACA
3515 West Road
East Lansing, MI 48823
(800) 968-0061
www.greenstonefcs.com

*Farm Credit Services of North Dakota merged into AgCountry Farm Credit Services effective January 1, 2022.

Five-Year Summary of Selected Financial Data

AgriBank, FCB

(in thousands)

As of December 31,

Statement of Condition Data

	2021	2020	2019	2018	2017
Loans	\$121,994,112	\$109,785,695	\$98,298,023	\$92,716,701	\$88,374,923
Allowance for loan losses	37,558	39,850	32,089	25,571	26,047
Net loans	121,956,554	109,745,845	98,265,934	92,691,130	88,348,876
Investment securities	18,392,628	18,585,329	14,368,158	13,997,742	14,386,455
Other assets	2,067,414	1,976,960	2,597,978	3,082,812	1,809,394
Total assets	\$142,416,596	\$130,308,134	\$115,232,070	\$109,771,684	\$104,544,725
Obligations with maturities of one year or less	\$40,197,641	\$38,774,768	\$35,027,231	\$33,345,735	\$33,274,235
Other obligations with maturities greater than one year	95,213,040	84,953,849	74,022,446	70,538,184	65,628,608
Total liabilities	135,410,681	123,728,617	109,049,677	103,883,919	98,902,843
Perpetual preferred stock	250,000	250,000	250,000	250,000	250,000
Capital stock and participation certificates	3,826,290	3,301,599	2,871,767	2,551,085	2,345,655
Allocated retained earnings	1,377	1,550	227	191	—
Unallocated retained earnings	3,139,203	3,139,203	3,138,311	3,136,359	3,132,653
Accumulated other comprehensive loss	(210,955)	(112,835)	(77,912)	(49,870)	(86,426)
Total shareholders' equity	7,005,915	6,579,517	6,182,393	5,887,765	5,641,882
Total liabilities and shareholders' equity	\$142,416,596	\$130,308,134	\$115,232,070	\$109,771,684	\$104,544,725

For the year ended December 31,

Statement of Income Data

	2021	2020	2019	2018	2017
Net interest income	\$779,788	\$714,361	\$681,545	\$590,726	\$587,884
Provision for credit losses	1,000	11,000	11,500	5,500	8,500
Other expense (income), net	13,577	(5,818)	42,452	7,587	54,026
Net income	\$765,211	\$709,179	\$627,593	\$577,639	\$525,358

Key Financial Ratios

For the Year

Return on average assets	0.57 %	0.58 %	0.56 %	0.55 %	0.51 %
Return on average shareholders' equity	11.13 %	10.97 %	10.36 %	9.94 %	9.32 %
Net interest income as a percentage of average earning assets	0.59 %	0.59 %	0.62 %	0.56 %	0.58 %
Net charge-offs as a percentage of average loans	0.00 %	0.00 %	0.01 %	0.01 %	0.00 %

At Year End

Shareholders' equity as a percentage of total assets	4.92 %	5.05 %	5.37 %	5.36 %	5.40 %
Allowance for loan losses as a percentage of loans	0.03 %	0.04 %	0.03 %	0.03 %	0.03 %
Debt to shareholders' equity (:1)	19.2	18.7	17.5	17.5	17.4
Common equity tier 1 capital ratio	16.8 %	16.6 %	17.1 %	17.7 %	18.2 %
Tier 1 capital ratio	17.4 %	17.3 %	17.8 %	18.5 %	19.0 %
Total capital ratio	17.5 %	17.4 %	17.9 %	18.6 %	19.1 %
Tier 1 leverage ratio	5.2 %	5.2 %	5.5 %	5.5 %	5.6 %
UREE leverage ratio	2.4 %	2.5 %	3.0 %	3.0 %	3.2 %
Permanent capital ratio	17.4 %	17.3 %	17.8 %	18.5 %	19.0 %

Net Income Distributed

For the Year

Patronage distributions:

Cash	\$658,678	\$689,701	\$381,412	\$556,554	\$507,949
Stock	88,692	—	228,234	—	—
Allocated retained earnings	653	1,398	148	191	—
Total patronage distributions	\$748,023	\$691,099	\$609,794	\$556,745	\$507,949
Preferred stock dividends	\$17,188	\$17,188	\$17,188	\$17,188	\$17,188

Management's Discussion and Analysis

AgriBank, FCB

The following commentary is a review of the financial condition and results of operations of AgriBank, FCB (AgriBank, the Bank, we, us, our) and provides additional specific information. The accompanying Financial Statements and Notes to the Financial Statements also contain important information about our financial condition and results of operations.

Farm Credit System

The Farm Credit System (the System) provides loans, leases and financial services to farmers, ranchers, farmer-owned cooperatives, other agribusinesses and rural homebuyers across all 50 U.S. states and Puerto Rico. This focus on rural communities and agriculture is the reason Farm Credit was established over 100 years ago, and the System has been delivering on that mission ever since.

While the System has a national footprint, lenders are local—as of January 1, 2022, 65 independently owned and operated Farm Credit Associations provide services in local communities. Each Farm Credit Association is a cooperative that is owned by its members and has employees and a board of directors who have a deep understanding of agriculture in their area. This expertise enables them to understand the industry sectors they finance and provide an unparalleled level of knowledge and service to customer/owners. Two Associations in the AgriBank District completed a merger effective January 1, 2022.

Combined, Farm Credit organizations provide over \$326 billion in loans and leases. Farm Credit provides more than 44 percent of the credit used by U.S. agriculture. This capital helps over 590 thousand customer/owners buy or lease land and equipment, build facilities, purchase inventory, export products, operate farms and businesses, and much more. Farm Credit also offers cash management services, crop insurance, credit life insurance and other financial services. In addition, Farm Credit finances agricultural cooperatives and communications, electric, power and water providers that deliver essential infrastructure services to maintain vibrant rural communities.

Farm Credit Associations receive funding through one of four regional Banks, including AgriBank. System entities have specific lending authorities within their chartered territories. Farm Credit's funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation). The Funding Corporation issues a variety of Federal Farm Credit Banks Combined Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the System Banks. These bonds are insured by the Farm Credit System Insurance Corporation (FCSIC or the Insurance Corporation). System Banks and Associations are subject to examination and regulation by an independent federal agency, the Farm Credit Administration (FCA).

The Farm Credit System 2021 Annual Information Statement, issued by the Funding Corporation, includes additional information about the System, its funding activities and its combined financial results. You can obtain a copy of that report by contacting the Funding Corporation or visiting www.farmcreditfunding.com.

AgriBank

AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. AgriBank and those Associations comprise the AgriBank District. The District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

Our primary purpose, established by the board and management, is to expertly and reliably obtain funds and prudently provide funding and financial solutions to District Associations. Prudent lending standards and unwavering attention to risk management have resulted in a strong balance sheet. This balance sheet facilitates ongoing access to the financial markets, offering funding in the form of loan products with a wide variety of maturities, repricing and repayment options to District Associations. District Associations share in the positive benefits of a strong Funding Bank through consistent access to capital, a broad array of financial products they use to serve their customer/owners, and an appropriate return on their investment through patronage distributions.

Risk Management

Risk is inherent in our business, necessitating that sound risk management practices be a fundamental component of our operations. Some of the major types of risk in our business are:

- Credit risk is the risk of loss arising from a borrower or counterparty failing to perform on an obligation.
- Interest rate risk is the risk that changes in interest rates may adversely affect operating results and financial condition.
- Liquidity risk is the risk of loss arising from the inability to timely meet operating and funding needs without incurring excessive costs.
- Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, errors by employees or external events.
- Reputational risk is the risk of loss resulting from events, real or perceived, that shape the image of the Farm Credit System or any of its entities.

These and other risks, and the methods we use to manage them, are discussed throughout this Annual Report.

Our prudent and disciplined approach to risk management includes an enterprise risk management structure established to identify emerging and existing risks and evaluate risk implications of the decisions and actions of AgriBank and others. Enterprise risk management enables us to:

- Effectively assess, prioritize, monitor and report key organizational risks, enhancing our ability to achieve our business objectives
- Embed a risk-aware culture and risk appetite throughout AgriBank
- Identify and implement strategies to mitigate risk where appropriate
- Ensure we are adequately compensated for the risks that we take

Our board oversees risk management by adopting policies to guide the organization's risk governance framework and by monitoring performance against established risk limits. Management's first line roles establish controls to guide the day-to-day risk management activities of the organization within the risk limits and framework approved by our board. The various risk, controls and compliance oversight functions established by management are the second line roles. We maintain an independent internal audit function as the third line to monitor risk management and policy compliance to assure that management control functions are operating within the board-approved policies. The Vice President of Internal Audit reports to the board through the Audit Committee. Our board, through various committees, monitors this risk framework. This structure and board oversight promotes effective risk management of major types of risk and fosters the establishment and maintenance of an effective risk culture throughout the Bank. To enhance financial reporting governance and internal controls, we have voluntarily adopted an integrated audit with respect to internal controls over financial reporting. We mirror the material provisions of the Sarbanes-Oxley Act of 2002, including section 404, *Management Assessment of Internal Control over Financial Reporting*.

Forward-Looking Information

This Annual Report includes, and our representations may from time to time make, projections regarding financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services and assumptions underlying these projections and statements. These projections and statements represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These projections and statements may address, among other things, business strategy, competitive strengths, goals, market and industry developments and the growth of our businesses and operations. The words "anticipate," "believe," "estimate," "expect," "intend," "outlook" and similar expressions, as they relate to AgriBank or its management, are intended to identify forward-looking statements. Such statements reflect the current views of AgriBank with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or our outlook may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this Annual Report, including without limitation, the information under "Management's Discussion and Analysis" identifies important factors that could cause such differences, including, but not limited to, a change in the U.S. agricultural economy, overall economic conditions, changes in interest rates, and the effect of new legislation or government regulations or directives. The information in this report is based on current knowledge and are subject to many risks and uncertainties including, but not limited to:

- Political (including trade policies, environmental policies, and civil unrest), legal, regulatory, financial markets and economic or other conditions and developments in the United States and abroad
- Length and severity of an epidemic or pandemic
- Economic fluctuations in the agricultural, international, rural and farm-related business sectors
- Weather-related, disease and other adverse climatic or biological conditions that periodically occur and can impact agricultural productivity and income
- Changes in U.S. government support of the agricultural industry (including government support payments) and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises and other financial institutions
- Actions taken by the Federal Reserve System in implementing monetary policy
- 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
- Credit, interest rate and liquidity risk inherent in our lending activities
- Disruptive technologies impacting the banking and financial services industries or implemented by our competitors which negatively impact our ability to compete in the marketplace
- Changes in our assumptions for determining the allowance for loan losses, other than temporary impairment and fair value measurements
- Industry outlooks for agricultural conditions
- Price, supply and demand within the gas and oil industry
- Changes in interest rate indices utilized in our lending, derivative and funding contracts

Refer to additional discussion in the Risk Factors section at the end of this report.

Financial Overview

AgriBank's financial strength is evidenced by our financial performance in 2021. This strength translates into lasting value for our customer/owners and reflects our commitment to the Farm Credit mission to support rural communities and agriculture. Our financial results reflect our focus on the Funding Bank Model, which optimizes Bank profitability and capital and maintains a District view of success rooted in cooperative principles.

We continue to follow our financial framework, which focuses on operational strength and disciplined cost management combined with appropriate levels of net income and capital consistent with our inherent risk. Under this framework, our 2021 return on average assets ratio was 57 basis points, in excess of our 50 basis point target.

Net income was \$765.2 million, an increase of 7.9 percent from the prior year, primarily driven by increased net interest income. Net interest income increased primarily due to higher wholesale and retail loan volume.

Refer to the Results of Operations section for further discussion.

Total loans were \$122.0 billion at December 31, 2021, an 11.1 percent increase from the prior year, primarily attributable to increased wholesale loans and, to a lesser extent, increases in retail production and intermediate-term and agribusiness loans. Throughout 2021, District Associations experienced loan growth in the real estate mortgage, production and intermediate-term, and agribusiness sectors, contributing to the growth in our wholesale loans.

Our loan portfolio credit quality was strong at 98.3 percent acceptable under the FCA's Uniform Classification System at December 31, 2021, compared to 99.3 percent at December 31, 2020. This strong credit quality reflects the overall strength of District Associations and their underlying portfolios of retail loans, which they pledge as collateral on their wholesale lines of credit with us. The credit quality of our retail loan portfolio (accounting for approximately 11 percent of our total loan portfolio) increased to 95.4 percent acceptable at December 31, 2021, compared to 94.0 percent acceptable at December 31, 2020. The improvement in acceptable percentage was primarily the result of the purchase of loan participations from certain District Associations in 2021 as part of our pool programs. Additionally, continued strong net farm income and commodity prices in certain sectors in 2021 contributed to the improvement. Refer to the Loan Portfolio section for additional discussion about how other factors may impact our loan portfolio performance.

Strong capital levels ensure we are well-positioned to manage the cyclical characteristic of the agricultural market, as well as the challenges and uncertainty of the overall economic environment. Total capital remained very strong at \$7.0 billion as of December 31, 2021, an increase of \$426.4 million compared to December 31, 2020. This increase was driven primarily by net income and net stock issuances, which was substantially offset by cash patronage distributions declared. Our capital strategy is to first retain

what we need to meet our capital targets and distributing the remainder as cash patronage to our owners. During 2021, a portion of the patronage was distributed as stock, representing what we retained to meet our capital target. Our capital reflects strong risk-based regulatory capital measures while meeting the non-risk-based regulatory capital measure to maintain a targeted tier 1 leverage ratio. Refer to the Shareholders' Equity section for further discussion.

COVID-19 Pandemic

As domestic public health measures have been implemented to limit the spread of the coronavirus, including the availability of vaccines, many restrictions have been lifted across the U.S. While the emergence of COVID-19 variants have negatively impacted certain regions of the U.S., the overall economy continues to recover, and the outlook is positive for many sectors, including agriculture.

Some AgriBank employees, at their discretion and in compliance with established health and safety measures, have periodically voluntarily returned to the office. In January 2022, we ended our business continuity protocols activation, which had been in place since the start of the COVID-19 pandemic. District Associations are operating in a variety of capacities based on state and local requirements, as well as the facts and circumstances of each office. To date, the transition to and from alternative work environments has occurred without significant issues. Collectively, our business continuity responses have allowed us to continue to serve our mission. We have not had any significant changes to our internal controls over financial reporting due to working remotely.

Additional information regarding the impact of the COVID-19 pandemic in relation to the loan portfolio, funding and liquidity can be found in the following sections.

Economic Conditions

Interest Rate Environment

U.S. economic activity is expected to continue to recover from the impacts of the COVID-19 pandemic, though the pace of growth is expected to decline due to the emergence of the omicron variant of COVID-19 and supply chain constraints. U.S. gross domestic product is forecasted to grow by approximately 4.0 percent in 2022, as both consumer and investment spending rebound. The unemployment rate has declined to around 4.0 percent and is expected to remain low with the high number of job openings currently. Consumer price inflation has been elevated due to imbalances between supply and demand as the economy reopens. The Federal Reserve believes that the elevated rate of inflation will be mostly temporary and should gradually decline as supply begins to align with demand.

In reaction to the impacts of the global pandemic, the Federal Open Market Committee (FOMC) of the Federal Reserve has maintained the federal funds rate at a target range of zero to 0.25 percent since March 2020 and also has implemented an asset purchase program under its quantitative easing measures. The FOMC has been lowering its monthly asset purchases and is expected to end purchases by March 2022. The FOMC has made comments that it could begin to reduce the size of its balance sheet later in 2022, after it has commenced with increasing the fed funds rate. The fed funds futures market suggests that the FOMC will increase the fed funds rate by approximately 1.5 percent in 2022.

With the improving economy and a higher likelihood of interest rate hikes in 2022, U.S. Treasury yields moved higher in 2021. Economists expect U.S. Treasury bond yields to continue to gradually move higher in 2022, as the economy continues to recover. The two-year and 10-year rates are expected to increase to approximately 1.69 and 2.21 percent, respectively, by the end of 2022.

We manage interest rate risk consistent with policies established by the board of directors and limits established by AgriBank's Asset/Liability Committee (ALCO). While many factors can impact our net interest income, management expects that financial performance will remain relatively consistent under most interest rate environments over the next 12 months (refer to the Interest Rate Risk Management section).

Agricultural Conditions

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) released its initial forecast of the U.S. aggregate farm income and financial conditions for 2022. Net farm income (NFI) for 2022 is forecast to decline a nominal \$5.4 billion, or 4.5 percent, from the revised \$119.1 billion 2021 NFI forecast. If realized at \$113.7 billion, the 2022 NFI projection would be the third highest level ever in nominal dollars, trailing only 2021 and 2013. After adjusting for inflation, the 2022 NFI forecast equates to a \$9.7 billion decline, or 7.9 percent, from the revised 2021 forecast. Despite the projected decline for 2022, the NFI forecast would still be more than \$10 billion higher than the 10-year average real NFI if the 2021 and 2022 forecasts are realized.

The declining 2022 NFI forecast is largely driven by an expected \$15.4 billion nominal decline, or 56.8 percent, in direct government payments paired with a \$20.1 billion increase, or 5.1 percent, in total production expenses that more than offset the \$29.3 billion forecasted increase in cash receipts from crop and animal/animal product sales. From the cash receipts perspective, USDA-ERS projects that 2022 receipts for crops will increase \$12.0 billion, or 5.1 percent, while livestock, poultry and dairy cash receipts will increase \$17.4 billion, or 8.9 percent, from 2021 levels. Crop cash receipts are forecast higher primarily due to higher production expectations and stable prices, while animal/animal products cash receipts are expected to be more heavily influenced by higher prices with relatively stable production.

Commodity markets remain volatile, as supply chain issues, the omicron variant, inflation, rising input costs and South American weather have created heightened uncertainty in early 2022. Reduced South American crop production prospects have supported higher corn and soybean futures prices early in 2022. Strong global demand, import tariffs and supply chain issues combined with high crop and energy prices have driven fertilizer and chemical prices substantially higher. Timely availability of inputs is also a greater concern for 2022. Despite the higher costs to plant 2022 crops, many producers will likely be profitable given the strong crop prices that are expected, and with many producers acquiring inputs before prices reached the very high late 2021 levels. High feed prices and labor issues are among the top challenges for the animal agriculture sector. Labor constraints at packing plants continue to challenge processing rates; however, herd contraction for hogs have lessened that stress. Cattle markets have seen a similar shortage in labor, however, are expected to improve later in 2022. Dairy prices are high and dairy futures are implying profitable margins for 2022 as the U.S. dairy herd has contracted and global milk production is down.

The outlook for U.S. agriculture remains positive despite the challenges of rising expenses, supply chain disruptions and labor issues that many sectors are facing. However, weather, trade, government policy, global agricultural production levels and the potential for pathogenic outbreaks in livestock and poultry may keep agriculture market volatility elevated for the next twelve months. Adoption of cost-saving technologies, marketing methods and risk management strategies will continue to cause a wide range of results among the respective producers.

Industry Conditions

We assess the outlook for commodities with the largest concentrations in our Districtwide portfolio. These outlooks are for the industry in general, and individual producers may perform better or worse than the industry as a whole.

Corn

The February 2022 USDA World Agricultural Supply and Demand Estimates (WASDE) report projects the 2021 corn crop at 15.1 billion bushels, a 7.1 percent increase from the 2020 crop estimate. USDA estimates the 2021/22 average corn price to be \$5.45 per bushel, which would be the highest level since 2012/13 marketing year. The tightest beginning stocks level since 2014/15, combined with improving ethanol production, solid export demand and South American production concerns are supporting corn prices. Significantly higher production expenses will likely reduce returns for corn producers in 2022; however, based on current price expectations, market fundamentals, and a near record high crop insurance price trigger, producers are generally expected to be profitable.

Soybeans

The February 2022 WASDE projects a 2021 soybean crop of 4.4 billion bushels, an increase of 4.8 percent from the estimated 2020 crop of 4.2 billion bushels. Soybean demand is projected to decline 2.7 percent during the 2021/22 marketing year, which would still be the second highest level on record. U.S. soybean ending stocks for the 2021/2022 marketing year were adjusted lower as domestic crush expectations were raised. The lower 2021/22 ending stock projection and reduced South American production forecasts have been supportive for soybean prices in early 2022. USDA revised up their 2021/22 average soybean price forecast to \$13.00 per bushel, the highest level since the 2013/14 marketing year. Based on current futures prices, market fundamental expectations, and a likely record high crop insurance price trigger, soybean growers should remain profitable and borrowers' credit quality is expected to remain strong.

Wheat

The February 2022 WASDE projects a 2021 total wheat crop of 1.6 billion bushels, a 10.0 percent decrease from the estimated 2020 crop. Lower 2021 yields and declining production are expected to drive 2021/22 wheat ending stocks lower for the fifth consecutive marketing year. The tighter supply along with strength in the corn and soybean markets and foreign unrest are providing support for wheat prices. Additionally, a higher crop insurance trigger price should provide stressed wheat regions some relief. USDA projects the 2021/22 average wheat price to be \$7.30 per bushel, the highest level since the 2012/2013 marketing year.

Cow-Calf

Continued beef cattle liquidations caused by drought conditions across much of the cattle growing states and high feed prices may limit improvement in feeder cattle prices in the short term. Annual feedlot placements ended 2021 3.0 percent above 2020. Feed

costs will continue to be a main determinant of feedlot placements in 2022. As feed prices increase, feedlot costs incentivize cow-calf growers to keep calves on pasture that is cheaper relative to corn. Although the beef cutout value has softened since mid-2021, it remains historically high due to strong domestic and foreign demand. High feed costs will likely be offset by continued strong demand.

Cattle Feedlots

The February 2022 WASDE projects 2021 beef production of 27.9 billion pounds, an increase of 2.6 percent compared to 2020 production. USDA reports the 2020 average steer price to be \$108.51/cwt., estimates the 2021 average steer price to be \$122.40/cwt., and projects a 2022 price of \$137.50/cwt. The 2021 calf crop was estimated to be 35.1 million head, which is down 1 percent from the 2020 crop, implying lower cattle feedlot supplies in the near term. Feedlot margins will be pressured in 2022 due to elevated feeder cattle prices and feed costs. However, the reopening of the food service sector combined with feedlot marketings becoming more current provide support for fed cattle prices.

Dairy

The February 2022 WASDE reports lower milk production forecasts for both 2021 and 2022 compared to last quarter based on lower milk cow numbers and production per cow (during 2021). The herd size is expected to remain flat for 2022 with only a slight increase in production per cow forecast. Modest production increases projected for 2022 combined with increasing domestic demand and steady export demand should continue to place upward pressure on milk and milk-product prices. The February 2022 WASDE projects the 2022 Class III average milk price of \$20.30/cwt., up from the \$17.08/cwt. 2021 average. Cost of production is a negative factor for 2022 as labor, fertilizer, feed and forage prices have increased materially and driven up cost of production.

Pork

The February 2022 WASDE projects 2022 production of 27.4 billion pounds, a decrease of 1.1 percent compared to 2021 production. The decrease in hog production is attributable to a contraction in the swine breeding herd and is indicative of additional production and processing challenges experienced by the industry. Current cash prices and the futures price curve indicate that cash margins are generally expected to provide producers with the opportunity for favorable profitability during 2022. Cost of production is a negative factor for 2022 as labor and feed prices, especially corn and soybeans, have escalated materially and driven up cost of production.

Timber

As the supply and demand imbalance has improved, lumber prices have softened significantly since the highs that were set in the spring of 2021. However, lumber prices increased significantly in late 2021 and early 2022 on strong demand, severe flooding in British Columbia in late 2021 and with increased tariffs on imports of Canadian softwood lumber. The U.S. Census Bureau reported December 2021 seasonally adjusted annualized housing starts of 1.7 million, which is up 2.5 percent from December 2020. Long-term mortgage rates remain historically low, which is supportive for housing demand, while low housing inventory is expected to support lumber demand even as material prices remain high. Since April/May of 2020, much of the increased profitability has been absorbed by millers due to milling capacity constraints. As high prices incentivize additional milling capacity, timber growers and harvesters are now receiving a larger share of the retail value.

Poultry

The poultry industry consists of broilers, turkeys and eggs, with the broiler industry comprising the largest share of District poultry volume. The broiler and turkey industries benefited from well-controlled production levels and a return of food service demand in 2021, resulting in profit opportunities for both industries in 2021 and into 2022. The February 2022 WASDE projects a price increase of 11.7 percent from 2021 to 113.0 cents per pound for broilers (whole bird) in 2022 and a price increase of 3.0 percent from 2021 to 126.5 cents per pound for turkeys (whole bird) in 2022. However, continued high feed and labor costs will limit strong margin improvement for broilers and turkeys throughout 2022. The egg industry slowed production growth in 2020 and 2021 due to oversupply and the uncertainty of the impacts of COVID-19. The February 2022 WASDE projects an average shell egg price of 131.5 cents/dozen in 2022, which is 11.0 percent higher than 118.5 cents/dozen in 2021. However, average production costs for many producers have increased due to a shift toward cage-free production, and liquid egg prices will continue to struggle until food service demand fully recovers. A potential risk factor for broilers, turkeys, and egg layers alike in 2022 is the discovery of Highly Pathogenic Avian Influenza (HPAI) in a commercial turkey flock in Indiana in February 2022; spread of HPAI throughout the U.S. could have a detrimental impact to poultry production and create volatility in pricing and profitability for the industry.

Land Values

The AgriBank District continues to monitor agricultural land values. We conduct an annual Benchmark Survey, completed by licensed real estate appraisers, on representative benchmark farms in 33 regions of the District. The District's most recent real estate market value survey, based on the 12-month period ending June 30, 2021, indicated that District real estate value changes in the regions ranged from a negative 0.7 percent to a positive 23.4 percent with 32 of the 33 regions experiencing increases. There continues to

be ample demand from farmers and ranchers, as well as interest from investors, providing support for land prices. Land values in the District should see continued increases over the next year due to a strong 2021 net farm income, real estate demand outpacing supply, continued low interest rates, and stock market volatility.

The Federal Reserve Banks of Chicago and Kansas City reported on the change in farmland values from the end of the fourth quarter 2020 to the end of the fourth quarter 2021 in their specific districts. The Federal Reserve district reports indicated increases in farmland values ranging from 22 to 24 percent. The Federal Reserve Bank of Minneapolis reported a 22 percent change in farmland values from the end of the third quarter 2020 to the end of the third quarter 2021.

The USDA land value survey, which is conducted annually using June values and published in August of each year, is based on a survey of agricultural producers across the United States. Results of the 2021 survey showed increases of 6.6 percent for overall farm real estate values and 7.6 percent for cropland values specific to the AgriBank District.

AgriBank District credit risk policies focus on loan repayment capacity in addition to conservative loan-to-value levels on the collateral that secures loans. Although FCA regulations allow real estate mortgage loans of up to 85 percent of appraised value, AgriBank's underwriting guidance generally limits lending to no more than 65 percent at origination. Many District Associations have implemented risk management practices that incorporate loan-to-appraised value thresholds below the 65 percent level. When land values began increasing at a rapid pace several years ago, several District lenders imposed lending caps per acre based on the land's sustainable income-producing capacity. These proactive lending practices reduce the impact on District loan portfolios if land values materially decline.

Loan Portfolio

Components of Loans

(in thousands)			
As of December 31,	2021	2020	2019
Accrual loans:			
Wholesale loans	\$108,166,365	\$97,777,508	\$89,068,140
Retail loans:			
Real estate mortgage	4,357,270	4,335,274	3,112,079
Production and intermediate-term	7,644,823	6,361,563	5,257,970
Loans to other financing institutions (OFIs)	703,471	610,952	631,037
Other	1,070,843	631,929	171,025
Total retail loans	\$13,776,407	\$11,939,718	\$9,172,111
Nonaccrual loans	51,340	68,469	57,772
Total loans	\$121,994,112	\$109,785,695	\$98,298,023

The Other category was primarily composed of agribusiness and rural residential real estate loans.

Our lending to District Associations accounts for 88.7 percent of our loan portfolio at December 31, 2021. Wholesale loans reflect the retail marketplace activities at District Associations, which are funded through their wholesale lines of credit with AgriBank. Wholesale loans grew substantially when compared to prior years primarily due to loan growth at District Associations driven by a rise in real estate mortgage volume at District Associations due to a low interest rate environment in 2021 and targeted marketing efforts throughout the year. Also contributing to the overall increase in wholesale loans were draws on agribusiness and production and intermediate-term loans in capital markets portfolios at District Associations, resulting in increased funds disbursed to borrowers.

Wholesale loans exhibit some seasonality, reflecting the patterns of input and operating financing by District Association borrowers. Operating loans are normally at their lowest levels following harvesting and selling of crops in the fourth quarter and increase in the spring and throughout the growing season as producers fund operating needs. The degree of seasonality exhibited by the wholesale loan portfolio is diminished as District Associations' retail portfolios experienced growth in real estate mortgage, agribusiness and part-time farmer loans. Additionally, we typically experience temporary increases in our wholesale loans driven by District Associations' borrowers increased drawing on their operating lines to purchase the next year's production inputs, primarily for tax-

planning strategies. While the seasonality is a recurring item, in the final months of 2021 we saw substantial utilization of operating loans, above that of prior years, as borrowers utilized these lines of credit to make seasonal purchases due to increased crop input prices for the upcoming growing season and marketing patterns for the prior year crop production.

From time to time, during the normal course of business, we purchase up to 90 percent participation in groups of certain Association retail loans. Collectively referred to as pool programs, these participation arrangements are designed to assist Association business goals and effectively leverage existing District capital. These pool programs primarily include real estate loans and consumer mortgage loans. The risk of loss in these loans is generally low due to the quality of the collateral. Real estate and consumer mortgage loans may be purchased as new or seasoned loans. Additionally, in 2021, we began purchasing participation interests across most of one District Association's loan portfolio. This program, for which we may purchase up to 15 percent of a District Association's portfolio, is available to all District Associations and, therefore, may expand in future years. We had \$4.9 billion, \$4.2 billion and \$2.8 billion of these pool program participation interests outstanding at December 31, 2021, 2020 and 2019, respectively.

We also purchase 100 percent participation interests in new agricultural equipment financing and crop input financing loan pools. At December 31, 2021, certain District Associations and Farm Credit institutions across the System participated in these pool programs. We had \$7.0 billion, \$6.0 billion and \$5.0 billion of these participation interests outstanding at December 31, 2021, 2020 and 2019, respectively.

Pool programs are typically capitalized at a rate mutually agreed upon in the pool agreements. Refer to the Shareholders' Equity - AgriBank Patronage Programs and Dividend Distributions section for discussion related to patronage programs.

Our retail portfolio also includes \$1.2 billion at both December 31, 2021 and 2020, and \$860.6 million at December 31, 2019 of loan participations primarily purchased from District Associations in support of their portfolio management, generally related to District Associations' borrower concentration limits.

Portfolio Diversification

District Associations use the wholesale loans to fund their retail loan portfolios. Each District Association has unique commodity and geographic credit portfolio concentrations. The table below illustrates commodity and geographic distribution of the District's \$140.5 billion loan portfolio as of December 31, 2021.

District Portfolio			
Commodity Distribution		Geographic Distribution	
Crops	43 %	Iowa	10 %
Cattle	9 %	Illinois	9 %
Investor and Rural residential real estate	9 %	Minnesota	8 %
Food products	7 %	Nebraska	7 %
Dairy	6 %	Indiana	7 %
Other	26 %	Michigan	6 %
		Wisconsin	5 %
		Ohio	5 %
		South Dakota	5 %
		Other	38 %
Total	100 %	Total	100 %

Other commodities consist primarily of loans in the pork, timber, poultry, rural utilities, farm supply and grain marketing sectors, none of which represented more than 5 percent of the District loan portfolio. Other states consist primarily of loans in Missouri, North Dakota, Tennessee, Arkansas, Kentucky, and Wyoming, none of which represented more than 5 percent of the District loan portfolio. The commodity and geographic concentrations have not changed materially from prior years.

While these concentrations represent a proportionate maximum potential credit risk, as it relates to the wholesale loans, a substantial portion of the underlying District Associations' lending activities are collateralized. Generally, collateral levels are significantly higher than the book value of the loan, and many District Associations' direct exposure (and, therefore, AgriBank's indirect exposure) to credit loss associated with lending is reduced accordingly. Refer to the Credit Risk Management section for additional information.

While the District has concentrations in crops, these crops primarily represent staple commodities of agriculture—corn, soybeans and wheat. To some extent, there is further concentration in crops related to the investor real estate sector, as these loans are typically made for the purchase of land that is rented for crop production. However, crop production is geographically diversified across the District. While the commodity distribution represents the primary commodity of the borrower, many of the crop producers may also have livestock operations or other forms of diversification, including off-farm income.

Certain District Associations have diversified the concentration in agricultural production loans through rural residential real estate and part-time farmer loans, as well as agribusiness loans. Rural residential real estate, investor real estate and part-time farmer borrowers generally have significant off-farm sources of income, and, therefore, are less subject to cycles in agriculture. These borrowers, as well as agribusiness borrowers, are typically more susceptible to changes in the general economy, and the condition of the general economy will influence the credit quality of these segments of the portfolio. Credit quality in these sectors has remained strong over the past three-year period.

Grain and livestock producers are somewhat subject to a counter-cyclical diversification effect. High grain prices are generally favorable to crop producers; however, livestock producers are adversely affected through higher feed costs. Conversely, low grain prices are generally negative to crop producers, but tend to improve the profitability for those livestock producers who purchase most or all of their feed. Severe fluctuations in commodity prices can negatively impact all District borrowers; however, recent cash grain price increases in late 2020 and into 2021 have contributed to increased net farm income in 2021 for many crop producers.

The table below illustrates commodity and geographic diversification of our \$13.8 billion retail portfolio as of December 31, 2021.

AgriBank Retail Portfolio			
Commodity Distribution		Geographic Distribution	
Crops	55 %	Minnesota	11 %
Cattle	12 %	Illinois	10 %
Investor and Rural residential real estate	7 %	Ohio	8 %
Dairy	6 %	Indiana	8 %
Loans to OFIs	5 %	Tennessee	7 %
Other	15 %	Nebraska	6 %
		Iowa	6 %
		Wisconsin	5 %
		Other	39 %
Total	<u>100 %</u>	Total	<u>100 %</u>

Other commodities consist primarily of loans in the food products, pork, timber and poultry sectors, none of which represented more than 5 percent of AgriBank's retail loan portfolio. Other states consist primarily of loans in Kentucky, California, Michigan, South Dakota, Missouri and Arkansas, none of which represented more than 5 percent of AgriBank's retail loan portfolio. The commodity concentrations have not changed materially from prior years. Geographic concentrations have changed compared to prior years, specifically with increases in Ohio, Tennessee and Indiana, primarily due to the addition of loans through pool program loan participation purchases during 2021.

Portfolio Maturities

As of December 31, 2021, all wholesale loan agreements mature in 36 months or less. Pricing terms of the wholesale loans are generally matched to District Associations' retail portfolios. Except in limited circumstances related to mergers or final regulatory-approved dissolution, where we would fund through the liquidation, we anticipate all wholesale loans will be renewed.

Contractual Maturities of Loans

(in thousands)

As of December 31, 2021	One Year or Less	Over One through Five Years	Five through Fifteen Years	Over Fifteen Years	Total
Wholesale loans	\$1,816,401	\$106,349,964	\$—	\$—	\$108,166,365
Retail loans:					
Real estate mortgage	399,523	1,289,802	1,807,048	876,965	4,373,338
Production and intermediate-term	3,151,446	4,276,139	251,108	—	7,678,693
Loans to OFIs	112,794	487,179	103,498	—	703,471
Other	457,276	239,384	254,839	120,746	1,072,245
Total retail loans	4,121,039	6,292,504	2,416,493	997,711	13,827,747
Total loans	\$5,937,440	\$112,642,468	\$2,416,493	\$997,711	\$121,994,112
Total of loans due after one year with:					
Fixed interest rates					\$7,542,443
Variable and adjustable interest rates					\$108,514,229

Credit Risk Management

We are authorized to make loans to District Associations and OFIs, and to buy participation interests in eligible loans as specified under the Farm Credit Act. As a result, our loan portfolio is concentrated in rural communities and the agricultural industry. Earnings, loan growth and credit quality of our loan portfolio can be affected significantly by the general state of the economy, primarily as it affects agriculture and users of agricultural products.

We actively manage our credit risk through various policies and standards, including our Loan Committee reviewing significant loan transactions. Our underwriting standards include analysis of five credit factors: repayment capacity, capital position, collateral, management ability and loan terms. These standards vary by agricultural industry and are updated to reflect current market conditions.

The credit quality of our loan portfolio has been consistently strong over the past three-year period, with 98.3 percent of our portfolio in the acceptable category at December 31, 2021, compared to 99.3 and 97.9 percent at December 31, 2020 and 2019, respectively. Acceptable loans represent the highest quality and are expected to be fully collectible. Overall credit quality remains strong, supported by commodity prices. As a majority of our loans are wholesale loans, we expect our credit quality will remain very strong, even if District Associations experience declines in their retail credit quality in the future. While these are individually large credits, numerous individual credits comprise District Associations' underlying portfolios. Each District Association has allowances for loan losses, earnings and capital that absorb their credit losses before they would impact our wholesale loans.

The credit quality of our retail portfolio remains strong with acceptable and other assets especially mentioned (special mention) at 97.7, 96.8 and 94.4 percent as of December 31, 2021, 2020 and 2019, respectively. Substandard and doubtful loans, collectively called adverse loans, are loans identified as showing some credit weakness according to our credit standards. Credit quality of the retail portfolio was positively impacted by participation purchases during 2021. While credit quality is currently strong, negative economic trends could impact borrowers and may result in changes to credit quality in our loan portfolio. While the credit classification reflects the likelihood that these loans will experience stress or other credit weakness, the potential loss is significantly mitigated as many of these loans are well collateralized or include significant credit enhancements including guarantees with third parties that generally have strong financial positions. Refer to the Risk Assets and Retail Credit Risk Management sections for further discussion.

Percentage of Adverse Loans by Commodity in the District Retail Portfolio

As of December 31,	2021	2020	2019
Dairy	2.8 %	4.5 %	7.4 %
Crops	2.8 %	4.5 %	6.2 %
Cattle	2.8 %	4.3 %	6.4 %
Other	1.9 %	2.4 %	3.0 %
Total	2.3 %	3.5 %	4.8 %

Percentage of Adverse Loans by Commodity in the AgriBank Retail Portfolio

As of December 31,	2021	2020	2019
Crops	2.6 %	3.7 %	6.6 %
Dairy	2.0 %	2.4 %	4.0 %
Cattle	1.3 %	2.4 %	5.6 %
Other	2.2 %	2.5 %	3.9 %
Total	2.3 %	3.2 %	5.6 %

Overall, we expect District credit quality to remain at acceptable levels in 2022. Adverse credit quality declined in 2021 across the District due to disciplined loan underwriting standards and strong commodity prices in specific sectors. Additionally, demand for new loans increased in 2021 in the continued low interest rate environment. However, many factors and unknowns could impact borrowers in the future.

A substantial portion of the loan portfolio is collateralized, which reduces the District's exposure to credit losses. Collateral held varies, but may include real estate, equipment, inventory, livestock and income-producing properties and, in the case of wholesale loans, substantially all assets of District Associations. An estimate of credit risk exposure is considered in the allowance for loan losses. Additionally, credit policies reduce credit risk, with emphasis placed on repayment capacity rather than exclusively on the underlying collateral. The District has an internally maintained database that uses market data to estimate market values of collateral for a significant portion of the District's real estate mortgage portfolio. Although FCA regulations allow real estate mortgage loans of up to 85 percent of appraised value, the underwriting standards at District Associations generally limit lending to 65 percent at origination. While underwriting exceptions on loan-to-appraised-value are sometimes granted, in such cases loans are typically structured with shorter amortization schedules and/or additional principal payments in the early years to reduce risk. In addition to sound underwriting standards, the District also has hold restrictions to limit the District's credit exposure of any one borrower.

Wholesale Credit Risk Management

Wholesale loans to District Associations represent the majority of our loan portfolio. The financial strength of District Associations directly impacts the credit quality of our portfolio. Substantially all assets of the District Associations are pledged as collateral for their respective wholesale loans. The earnings, capital and loan loss reserves of the Associations provide a buffer against losses in their retail portfolios. Currently, collection of the full wholesale loan amount due from each District Association is expected in accordance with the contractual terms of the debt arrangements, and no allowance has been recorded for any wholesale loans.

Select Information on AgriBank District Associations

(in thousands)							
As of December 31, 2021	Wholesale Loan Amount	% of Wholesale Portfolio	Total Assets	Total Allowance and Capital	Total Regulatory Capital Ratio	Risk Loans ⁽¹⁾ as a % of Total Loans	Return on Assets
Farm Credit Services of America	\$30,140,612	27.9 %	\$37,380,293	\$6,728,776	16.1 %	0.4 %	2.2 %
Farm Credit Mid-America	23,745,490	21.9 %	29,541,319	5,439,889	18.2 %	0.8 %	1.6 %
Compeer Financial	21,900,691	20.2 %	27,008,498	4,463,490	15.8 %	0.5 %	2.0 %
GreenStone Farm Credit Services	9,619,904	8.9 %	11,927,478	2,149,758	16.4 %	0.4 %	2.4 %
AgCountry Farm Credit Services ⁽²⁾⁽³⁾	7,381,040	6.8 %	9,533,332	2,035,572	17.9 %	0.2 %	2.0 %
FCS Financial	4,596,666	4.2 %	5,719,002	1,058,452	16.7 %	0.2 %	2.0 %
Farm Credit Illinois	3,954,673	3.7 %	5,136,166	1,115,247	19.5 %	0.1 %	1.9 %
AgHeritage Farm Credit Services	1,595,805	1.5 %	2,004,914	397,704	16.7 %	0.2 %	2.1 %
Farm Credit Services of Western Arkansas	1,360,997	1.3 %	1,732,746	347,158	18.9 %	0.5 %	1.8 %
Farm Credit Services of Mandan	1,098,284	1.0 %	1,436,891	323,769	18.5 %	0.4 %	2.0 %
Farm Credit Services of North Dakota ⁽³⁾	1,083,305	1.0 %	1,465,632	368,424	21.2 %	0.2 %	2.1 %
Farm Credit Midsouth	955,802	0.9 %	1,229,232	259,385	17.8 %	0.1 %	1.9 %
Farm Credit Southeast Missouri	706,978	0.7 %	906,112	185,917	18.8 %	0.3 %	2.3 %
Delta Agricultural Credit Association	26,118	0.0 %	36,726	10,037	29.9 %	0.8 %	(0.2)%
Total	<u>\$108,166,365</u>	<u>100.0 %</u>	<u>\$135,058,341</u>	<u>\$24,883,578</u>			
District Association weighted average ratios					17.0 %	0.5 %	2.0 %

⁽¹⁾ Risk loans are comprised of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due.

⁽²⁾ Loan amounts do not include fair value adjustments due to merger.

⁽³⁾ Merger effective January 1, 2022.

The previous chart illustrates that wholesale credit risk is concentrated in a few individually large loans to District Associations. Significant deterioration in a single wholesale loan could have a material adverse effect on our financial condition. This concentrated credit risk is substantially offset by the composition of the underlying collateral, which is made up of many diversified retail loans and other assets. Credit risk on wholesale loans is also reduced by the strong financial condition of District Associations.

At December 31, 2021, two of AgriBank's wholesale loans, representing only 1.3 percent of the wholesale portfolio, were classified as special mention, and the remaining wholesale portfolio was classified as acceptable. Wholesale loans classified as special mention are based upon certain weaknesses at the Associations. Repayment is not deemed at risk, as credit quality, capital and earnings remain strong and above regulatory standards and General Financing Agreement (GFA) covenants.

AgriBank's wholesale credit risk mitigation is primarily through the GFAs, which cover those matters reasonably related to the debtor/creditor relationship between the District Associations and AgriBank. We use various additional mechanisms to mitigate wholesale credit risk, including a robust wholesale credit underwriting process, wholesale loan collateral monitoring function, and review of Association-provided reports. Additionally, we maintain and periodically update the AgriBank Underwriting Guide (AUG), which is available to Associations via our District intranet site. The objective of the AUG is to communicate guidance to address lending requirements and underwriting criteria needed to support our wholesale lending relationships with Associations. Regarding the individual performance of District Associations, we internally generate multiple reports on the financial position, performance and loan portfolio performance of each District Association. These reports are produced monthly, quarterly, semi-annually or annually. We also conduct an annual stress test, which evaluates the impact of different severe scenarios on the Bank, District and individual Associations.

Disciplined credit administration and servicing reduce credit risk on the wholesale portfolio. The GFA underlying each wholesale lending relationship contains typical commercial lending provisions, including advance rates based on the quality of pledged assets and financial performance covenants. Additional provisions include:

- A pledge of substantially all an Association's assets as collateral for the loan.
- A risk score calculated based on a District Association's profitability, credit quality, capital adequacy and asset classification correlation. A risk premium of up to 30 basis points is added to base pricing if a District Association's risk score falls below established levels. The risk score closely aligns with the Contractual Interbank Performance Agreement (CIPA) score. Refer

to Note 9 of the accompanying Financial Statements for additional information related to the CIPA. Additionally, default interest rate provisions exist in the event the loan goes into default.

- A requirement that retail loans originated by a District Association over an established dollar amount, as well as all loans to a District Association's board members and employees and AgriBank board members, are approved by AgriBank's Credit Department in order to be eligible for inclusion in a District Association's borrowing base.
- A requirement that the District Association adopt and operate in accordance with policies, procedures and underwriting standards reasonably deemed necessary for satisfactory credit and credit administration as communicated in the AUG.

Throughout the year ended December 31, 2021, no District Association was declared in default of any GFA covenants.

AgriBank approval is required for significant structure changes at District Associations including, but not limited to: merger, acquisition, liquidation, or reaffiliation to another Farm Credit District. Refer to the Other Matters section for further discussion on pending or executed structure changes.

Our pricing of wholesale loans is governed by a GFA with each District Association. The components of the wholesale interest rate 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

Certain factors may impact wholesale interest rates, including market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

No District Association paid a risk premium during any of the years ended December 31, 2021, 2020 or 2019. Effective January 1, 2022, no District Association is paying a risk premium.

Retail Credit Risk Management

Our retail portfolio management policies include maximum exposure limits by individual borrowers based on probabilities of default, loss given default, commodity and lead lender. AgriBank has created several different types of pool programs to assist Association business goals and effectively leverage existing District capital. Each pool program has underwriting parameters designed according to the risks inherent to each type of asset pool. The pools consist of five primary programs:

- The equipment financing pool program consists of numerous participation interests in retail equipment financing contracts that have individual loan balances of generally less than \$500 thousand. Loan participations purchased under this program are primarily underwritten based on standardized credit scoring.
- Real estate pool portfolios are primarily composed of participation interests in high-quality real estate and consumer mortgage loans that conform to criteria set forth in the respective program agreements. Individual loan participation balances held in the pool portfolios are generally less than \$5 million.
- A crop input financing pool program portfolio is composed of numerous participation interests in loans exclusively used for purchasing crop inputs from suppliers that have individual loan commitments of generally less than \$250 thousand. Loan participations purchased under the crop input financing pool program are primarily underwritten based on standardized credit scoring. Many of these loans include significant credit enhancements including guarantees with third parties that generally have strong financial positions.
- The vertical asset pool portfolio is primarily composed of participation interests across most of an Association's loan portfolio. Individual loan participation balances vary in size, but are generally up to 15 percent interest in each loan.
- An adverse pool is composed of highly collateralized unimproved agriculture real estate loans. The loans eligible for this pool are typically classified as substandard credit quality, but have loan to value ratios of less than 50 percent, which minimizes the risk of loss. The pool is designed to help Associations manage portfolio risk, while adequately compensating AgriBank for the credit risk associated with these loans.

The remainder of the credits in our portfolio, primarily composed of participations purchased from Associations, tend to be large (the majority are greater than \$5 million) and complex; we do not use standardized credit scoring on these participations. We routinely monitor exceptions to underwriting standards and compliance with all portfolio management policies and guidelines.

Our concentrations in the 10 largest retail customers at December 31, 2021 (excluding OFIs) totaled \$329.6 million. All of these loans were in accrual status and 87.0% were classified as acceptable at December 31, 2021. Our largest retail customers may fluctuate each year due to changing market conditions.

10 Largest Retail Customers

As of December 31, 2021

% of total retail loans	2.4 %
% of total loans	0.3 %
Concentration by commodity	
Food Products	44.7 %
Dairy	29.5 %
Poultry	14.5 %
Other	11.3 %

Risk Assets

Risk assets are composed of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due (collectively, risk loans) and other property owned.

Components of Risk Assets

(in thousands)

As of December 31,	2021	2020	2019
Nonaccrual loans	\$51,340	\$68,469	\$57,772
Accruing restructured loans	3,424	3,999	3,969
Accruing loans 90 days or more past due	2,531	1,331	2,951
Total risk loans	57,295	73,799	64,692
Other property owned	1,126	447	437
Total risk assets	\$58,421	\$74,246	\$65,129
As a percent of retail loans			
Risk loans	0.41 %	0.61 %	0.69 %
Nonaccrual loans	0.37 %	0.56 %	0.62 %
Delinquencies	0.43 %	0.56 %	1.06 %
As a percent of total loans			
Risk loans	0.05 %	0.07 %	0.07 %
Nonaccrual loans	0.04 %	0.06 %	0.06 %
Delinquencies	0.05 %	0.06 %	0.10 %

Note: Accruing loans include accrued interest receivable.

Due to the low level of risk assets, movement of a single loan or borrower impacts the percent of risk assets year-over-year. Risk assets over the past three years have primarily been concentrated in the production and intermediate-term sector, including loans in our crop input financing portfolio, as well as the real estate mortgage sector. Strong net farm income in 2021 and increases in commodity prices positively impacted working capital for many producers. Higher input costs, including both intermediate costs and labor, as well as uncertainty surrounding supply chain recovery, inflation, and ongoing global pandemic factors, could impact risk assets and related allowance for loan losses as well as provision for loan losses in the coming year.

Total risk loans as a percentage of total loans remains well within our established risk management guidelines. At December 31, 2021, 73.6 percent of nonaccrual loans were current as to principal and interest.

Our accounting policy requires loans past due 90 days 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 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. We believe the allowance for loan losses is reasonable in relation to the risk in the portfolio at December 31, 2021.

Allowance for Loan Losses by Loan Category

(in thousands)	2021		2020		2019	
As of December 31,	Amount	%	Amount	%	Amount	%
Real estate mortgage	\$4,809	12.8 %	\$3,751	9.4 %	\$1,992	6.2 %
Production and intermediate term	30,572	81.4 %	34,779	87.3 %	29,187	91.0 %
Loans to OFIs	280	0.7 %	285	0.7 %	404	1.3 %
Other	1,897	5.1 %	1,035	2.6 %	506	1.5 %
Total allowance for loan losses	\$37,558	100.0 %	\$39,850	100.0 %	\$32,089	100.0 %

With most of our loan portfolio composed of wholesale loans, the inherent risk in the portfolio is significantly reduced by adequate allowances, strong earnings and capital positions at District Associations. We have not recorded a provision for loan loss, charge-off or recovery on a wholesale loan for any period presented.

We determine the amount of allowance that is required by analyzing risk loans and wholesale loans individually, and all other loans by grouping them into loan segments sharing similar risk characteristics. These loan segments include pool programs, other financing institutions loans and retail participation loans. We use a combination of estimated probability of default and estimated loss given default assumptions to estimate losses in these loan segments. These estimated losses may be adjusted for relevant current environmental factors. These factors may vary by the different segments, reflecting the risk characteristics of each segment. As these factors change, earnings are impacted. For all loans analyzed individually, we record a specific allowance, if appropriate, to reduce the carrying amount of the risk loan to the lower of book value or the net realizable value of collateral.

AgriBank's retail loan portfolio is primarily made up of participated credits from District Associations and other System entities. Generally, we review and follow the lead lender's credit analysis and recommendations regarding specific reserves and charge-offs on risk loans, unless our individual analysis and knowledge of the exposure supports an alternative conclusion.

Allowance Coverage Ratios

As of December 31,	2021	2020	2019
Allowance as a percentage of:			
Loans	0.03 %	0.04 %	0.03 %
Retail loans	0.27 %	0.33 %	0.35 %
Nonaccrual loans	73.16 %	58.20 %	55.54 %
Total risk loans	65.55 %	54.00 %	49.60 %
Adverse assets to capital and allowance for loan losses	4.64 %	5.87 %	8.51 %

Allowance for Loan Losses Activity

(in thousands)

For the year ended December 31,	2021	2020	2019
Balance at beginning of year	\$39,850	\$32,089	\$25,571
Charge-offs:			
Real estate mortgage	(160)	(42)	(22)
Production and intermediate term	(7,553)	(10,171)	(6,751)
Other	(1,049)	(2)	(2)
Total charge-offs	(8,762)	(10,215)	(6,775)
Recoveries:			
Real estate mortgage	165	168	211
Production and intermediate term	5,294	7,803	1,576
Other	11	5	6
Total recoveries	5,470	7,976	1,793
Net charge-offs	(3,292)	(2,239)	(4,982)
Provision for loan losses	1,000	10,000	11,500
Balance at end of year	\$37,558	\$39,850	\$32,089
Net charge-offs as a % of average loans	0.00 %	0.00 %	0.01 %

Refer to the Results of Operations - Provision for Credit Losses section for further discussion of provision for loan loss changes.

Investment Portfolio and Liquidity

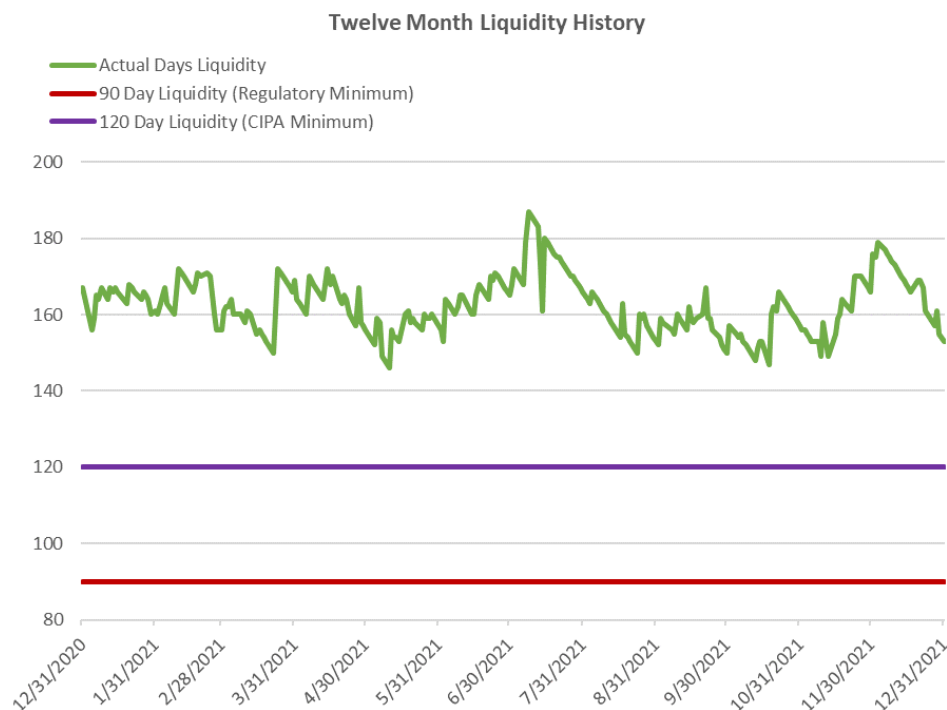
Liquidity Risk Management

We are responsible for meeting the District's funding, liquidity and asset/liability management needs. Access to the unsecured debt capital markets remains our primary source of liquidity. The System continues to have reliable access to the debt capital markets to support its mission of providing credit to farmers, ranchers and other eligible borrowers. During the year ended December 31, 2021, investor demand for Systemwide Debt Securities remained favorable.

We also maintain a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets. We manage liquidity for our operating and debt repayment needs by forecasting and anticipating seasonal demands, as well as through managing debt maturities. We manage short-term liquidity needs by maintaining maturing investments and cash balances of at least \$500 million on hand each day to meet cash management and loan disbursement needs in the normal course of business.

We manage intermediate and longer-term liquidity needs through the composition of the liquidity investment portfolio, which is structured to meet both regulatory requirements and our operational demands. Specifically, we provide at least 15 days of liquidity coverage from cash, overnight investments and U.S. Treasury securities less than three years in maturity. Other short-term money market investments, as well as government and agency mortgage-backed securities (MBS), are positioned to cover regulatory requirements for 30- and 90-day intervals. Additionally, a supplemental liquidity buffer provides days coverage in excess of 90 days from money market instruments greater than 90 days in maturity and asset-backed securities (ABS). At December 31, 2021, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

Our liquidity policy and FCA regulations require maintaining minimum liquidity on a continuous basis of 120 days and 90 days, respectively. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments. During 2021, we had a liquidity operating target between 135 and 185 days. As of December 31, 2021, we had sufficient liquidity to fund all debt maturing within 158 days. Some volatility in liquidity coverage is expected; therefore, the level of days coverage liquidity may rise and fall during the year.



Contingency Funding Plan

We maintain a Contingency Funding Plan (CFP) that helps inform our operating and funding needs and addresses actions we would consider in the event that there is not ready access to traditional funding sources. These potential actions include borrowing overnight via federal funds, using investment securities as collateral to borrow, using the proceeds from maturing investments and selling our liquid investments. We size our investment portfolio using the CFP to cover all operating and funding needs for a minimum of 30 days with a targeted \$500 million buffer. The Funding Corporation, on behalf of the System Banks, may also incur other obligations, such as federal funds purchased, that would be the joint and several obligations of the System Banks and would be insured by the Insurance Corporation to the extent funds are available in the Insurance Fund.

Funding from the Federal Financing Bank

The Insurance Corporation has an annual agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System banks in exigent market circumstances that threaten the banks' ability to pay maturing debt obligations. The decision whether to seek funds from the Federal Financing Bank is at the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

Investment Securities

All investment securities are classified as available-for-sale (AFS).

Composition of Investment Securities

(in thousands)

As of December 31,	2021	2020	2019
Commercial paper and other	\$4,049,426	\$6,538,715	\$5,850,142
U.S. Treasury securities	8,528,532	5,864,582	2,816,200
Mortgage-backed securities	5,653,330	5,637,301	5,044,460
Asset-backed securities	161,340	544,731	657,356
Total	\$18,392,628	\$18,585,329	\$14,368,158

Commercial paper and other is primarily corporate commercial paper and certificates of deposit. Mortgage-backed securities consist of instruments issued or guaranteed by the U.S. government, its agencies or government sponsored enterprises.

U.S. treasury securities increased due to the availability of and more preferable terms on Treasury Bills when factoring in credit spreads and the cost of FCSIC, compared to commercial paper or CDs.

Our ALCO and Counterparty Risk Committee oversee the credit risk in our investment portfolio. We manage investment portfolio credit risk by investing only in securities that are liquid, of high quality and whose risks are well understood. The composition of our investment portfolio is influenced by our liquidity strategy which considers regulatory surpluses, risk and relative return available, diversification, and other factors. All securities must meet eligibility requirements as permitted by FCA regulations.

Fair Value of Eligible Investment Securities by Credit Rating

(in thousands)

As of December 31, 2021	Eligible			Total
	AAA/Aaa	A1/P1/F1	Split Rated ⁽¹⁾	
Commercial paper and other	\$—	\$3,007,889	\$1,041,537	\$4,049,426
U.S. Treasury securities	—	—	8,528,532	8,528,532
Mortgage-backed securities	—	—	5,653,330	5,653,330
Asset-backed securities	161,340	—	—	161,340
Total	\$161,340	\$3,007,889	\$15,223,399	\$18,392,628

⁽¹⁾Investments that received the highest credit rating from at least one rating organization.

Credit risk in our investment portfolio is largely mitigated by investing primarily in securities issued or guaranteed by the U.S. government or one of its agencies. Credit risk in our investment portfolio primarily exists in investment securities that are not guaranteed by the U.S. government or one of its agencies, which include our certificates of deposit, commercial paper, non-agency mortgage-backed securities and asset-backed securities, all of which were of high credit quality and met eligibility requirements as of December 31, 2021.

Holdings of split-rated securities are related to U.S. government securities. At December 31, 2021, we held no ineligible securities.

We evaluate all investment securities in an unrealized loss position for other-than-temporary impairment (OTTI) on a quarterly basis. We continually evaluate our assumptions used in estimating fair value and impairment and adjust those assumptions as appropriate. We concluded from these evaluations that we did not hold any OTTI investment securities at December 31, 2021, 2020 or 2019, and we did not record any impairment losses during these periods.

Refer to Note 4 of the accompanying Financial Statements for further information on investment securities.

Shareholders' Equity

We believe a sound capital position is critical to long-term financial stability, and we are committed to long-term capital optimization within the AgriBank District. Capital management under our capital plan supports adequate capital protection to absorb adversity and support our mission over the long term. Our capital reflects strong risk-based regulatory capital measures while optimizing the non-risk-based regulatory capital measure to maintain a targeted tier 1 leverage ratio. Under our capital plan, capital growth is anticipated to be in the form of stock, either purchased or allocated through declaration of stock patronage, with retained earnings remaining relatively constant.

Total shareholders' equity was \$7.0 billion, \$6.6 billion and \$6.2 billion at December 31, 2021, 2020 and 2019, respectively. Total shareholders' equity increased \$426.4 million in 2021, driven primarily by net income and net stock issuances, which was substantially reduced by cash patronage distributions declared, consistent with our capital plan.

Select Capital Ratios

As of December 31,	Regulatory minimum and buffer	2021	2020	2019
Shareholders' equity to assets		4.9 %	5.0 %	5.4 %
Retained earnings and allowance to risk loans (:1)		55.5	43.1	49.0
Retained earnings to total shareholders' equity		44.8 %	47.7 %	50.8 %
Tier 1 capital ratio	8.5 %	17.4 %	17.3 %	17.8 %
Tier 1 leverage ratio	5.0 %	5.2 %	5.2 %	5.5 %

We have \$250 million of Series A Non-cumulative Perpetual Preferred Stock (Series A Preferred Stock) outstanding. Dividends on the Series A Preferred Stock, if declared by our board in its sole discretion, are non-cumulative and are payable quarterly in arrears.

Capital Plan and Regulatory Requirements

FCA regulatory capital requirements for System Banks and Associations consist of risk-based ratios, including common equity tier 1 capital, tier 1 capital and total capital. The requirements also include the non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents (UREE). Capital requirements also include capital conservation buffers. We exceeded all regulatory capital requirements in 2021, 2020 and 2019, including the capital conservation buffers.

Strong earnings, retail participation and pool programs, and stock investments have allowed us to maintain strong regulatory capital ratios while efficiently leveraging existing Bank capital for the benefit of District Associations. The various retail participation and pool programs leverage our strong risk-adjusted capital position while strengthening our non-risk-adjusted tier 1 leverage ratio.

We maintain a formal capital plan that addresses our capital targets in relation to our risks and establishes the required investment levels. The plan assesses the capital level and composition necessary to support financial viability and our mission over the long term. The plan considers factors such as credit risk and allowance levels, quality and quantity of earnings, sufficiency of liquid funds, operational risk, interest rate risk, and growth in determining optimal capital levels. Our capital plan continues to reflect strong risk-based regulatory capital measures while optimizing the non-risk-based tier 1 leverage ratio. We periodically review and modify these targets to reflect current business and economic conditions. Our capital plan is updated at least annually and is subject to change at the discretion of our board.

2022 Business Plan - Capital Ratio Targets

	Target	Regulatory Minimum	Regulatory Minimum plus buffer
Tier 1 leverage ratio	5.15% with at least 1.80% in UREE	4.0% with 1.5% UREE	5.0% with 1.5% UREE
Common equity tier 1 capital ratio	No lower than 7.15%	4.5%	7.0%
Tier 1 capital ratio	No lower than 8.65%	6.0%	8.5%
Total capital ratio	No lower than 10.65%	8.0%	10.5%
Permanent capital ratio	No lower than 9.65%	7.0%	n/a

UREE - unallocated retained earnings and equivalents

As part of our business plan, we model economic capital requirements and perform stress testing for AgriBank. In addition, we model economic capital requirements for District Associations. Economic capital measures total enterprise risk looking at credit, interest rate and operational risk.

AgriBank Patronage Programs and Dividend Distributions

All patronage and dividend payments are at the sole discretion of the board and are determined based on actual financial results, projections and long-term capital goals. Fundamental to our capital plan, we will first retain sufficient current period earnings to meet our capital and UREE targets and then distribute any remaining earnings as cash patronage. We may pay a portion of wholesale patronage, to District Associations and OFIs, in the form of allocated stock. Patronage was paid in cash and stock for the years ended December 31, 2021 and 2019, and in cash for the year ended December 31, 2020. Pool program patronage was primarily cash distributions from earnings on our various pool programs in the years ended December 31, 2021, 2020 and 2019.

Patronage Distributions

(in thousands)

For the year ended December 31,	2021	2020	2019
Wholesale patronage	\$588,243	\$548,187	\$491,925
Pool program patronage	159,780	142,912	117,869
Total patronage	\$748,023	\$691,099	\$609,794
Wholesale patronage in basis points	56.2	57.0	55.9

The wholesale bank earnings patronage rate is targeted to equal 100 percent of net income after preferred stock dividends and pool patronage, subject to the capital needs of AgriBank. We may declare patronage on certain patronage pools in the form of allocated retained earnings. Allocated retained earnings are eligible to be declared for redemption in future years and are not included in total regulatory capital.

In addition to patronage to our members, our board declared perpetual preferred stock dividends of \$17.2 million during each of 2021, 2020 and 2019, which is required to be paid before patronage distributions. Refer to Note 6 of the accompanying Financial Statements for additional information about Shareholders' Equity.

Accumulated Other Comprehensive Loss

Our derivative portfolio includes certain derivatives designated as cash flow hedges. Unrealized gains and losses on the effective portion of cash flow hedges are reported as a separate component of shareholders' equity. Unrealized gains and losses are reclassified into earnings when the hedged interest payments affect earnings. The majority of cash flow derivatives are hedging rising long-term interest rates.

Due to increasing interest rates, the value of certain cash flow derivatives increased, resulting in \$71.0 million of net other comprehensive income for the year ended December 31, 2021. Inversely, there was \$123.1 million and \$112.5 million of net other comprehensive loss for the years ended December 31, 2020 and 2019, respectively, due to declining interest rates.

Our investment portfolio is held primarily for liquidity purposes; accordingly, it is considered available-for-sale and is carried at fair value. Unrealized gains and losses on investment securities that are not OTTI are reported as a separate component of shareholders' equity. Unrealized gains and losses related to the non-credit component of OTTI investment securities are also reported as a separate component of shareholders' equity; however, we held no OTTI securities at any time during the years ended December 31, 2021, 2020 or 2019.

The value of our fixed-rate AFS investment securities have an inverse relationship with interest rates. Other comprehensive losses on AFS investment securities totaled \$169.1 million, for the year ended December 31, 2021, primarily driven by increasing interest rates. Additionally, other comprehensive gains of \$88.8 million and \$84.9 million for the years ended December 31, 2020 and 2019, respectively, were primarily driven by decreasing interest rates.

Results of Operations

Net income increased \$56.0 million, or 7.9 percent, for the year ended December 31, 2021 primarily driven by higher net interest income. Return on average assets ratio of 57 basis points in 2021 was in excess of our 50 basis point target. Our targeted return on assets ratio is a key part of our Bank financial framework which optimizes Bank earnings and capital combined with a focus on operational strength and disciplined cost management.

Profitability Information

(in thousands)

For the year ended December 31,	2021	2020	2019
Net income	\$765,211	\$709,179	\$627,593
Return on average assets	0.57 %	0.58 %	0.56 %
Return on average shareholders' equity	11.13 %	10.97 %	10.36 %

Changes in Significant Components of Net Income

(in thousands)				Increase (decrease) in Net Income	Prior Year Increase (decrease) in Net Income
For the year ended December 31,	2021	2020	2019		
Net interest income	\$779,788	\$714,361	\$681,545	\$65,427	\$32,816
Provision for credit losses	1,000	11,000	11,500	10,000	500
Non-interest income	145,548	190,088	97,185	(44,540)	92,903
Non-interest expense	159,125	184,270	139,637	25,145	(44,633)
Net income	\$765,211	\$709,179	\$627,593	\$56,032	\$81,586

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31,	2021 vs 2020			2020 vs 2019		
Increase (decrease) due to:	Volume	Rate	Total	Volume	Rate	Total
Interest income:						
Loans	\$210,840	\$(469,137)	\$(258,297)	\$278,268	\$(924,044)	\$(645,776)
Investments	10,920	(110,192)	(99,272)	44,492	(217,224)	(172,732)
Total interest income	221,760	(579,329)	(357,569)	322,760	(1,141,268)	(818,508)
Interest expense:						
Systemwide debt securities and other	(138,767)	561,763	422,996	(240,133)	1,091,457	851,324
Net change in net interest income	\$82,993	\$(17,566)	\$65,427	\$82,627	\$(49,811)	\$32,816

Net interest income increased during the year ended December 31, 2021 mainly due to continued increases in both wholesale and retail loan volume.

Interest rate spreads increased for the year ended 2021 compared to 2020, with average rates on interest earning assets and interest bearing liabilities both decreasing in 2021 when compared to the same period of 2020. While rates have generally increased some since the end of 2020, rates were much higher during the first quarter of 2020, and then dropped substantially. As such, interest rates were higher overall in 2020 when considering the full year. Additionally, spreads were positively impacted by changes in the composition of the loan portfolio in 2021. However, spreads on investments compressed in 2021 which was primarily driven

by elevated credit spreads on the investment portfolio in 2020 which subsequently returned to a more normal range in 2021. To a lesser extent, composition of the investment portfolio also contributed to compressed spreads in 2021.

Information regarding the average daily balances (ADB), average rates earned and components of net interest income (NII) on our portfolio follows:

(in thousands)

For the year ended December 31,	2021		
	ADB	Rate	NII
Interest earning assets:			
Wholesale loans	\$100,675,065	1.39 %	\$1,402,594
Retail accrual loans	13,021,674	3.43 %	447,290
Retail nonaccrual loans	60,313	14.67 %	8,851
Investment securities and federal funds	19,101,441	0.57 %	108,294
Total earning assets	132,858,493	1.48 %	1,967,029
Interest bearing liabilities	126,798,858	0.94 %	1,187,241
Interest rate spread	\$6,059,635	0.54 %	
Impact of equity financing		0.05 %	
Net interest margin		0.59 %	
Net interest income			\$779,788

(in thousands)

For the year ended December 31,	2020		
	ADB	Rate	NII
Interest earning assets:			
Wholesale loans	\$92,687,900	1.81 %	\$1,684,805
Retail accrual loans	10,879,803	3.90 %	425,519
Retail nonaccrual loans	63,364	10.56 %	6,709
Investment securities and federal funds	18,091,339	1.14 %	207,566
Total earning assets	121,722,406	1.90 %	2,324,599
Interest bearing liabilities	115,943,573	1.39 %	1,610,238
Interest rate spread	\$5,778,833	0.51 %	
Impact of equity financing		0.08 %	
Net interest margin		0.59 %	
Net interest income			\$714,361

(in thousands)

For the year ended December 31,	2019		
	ADB	Rate	NII
Interest earning assets:			
Wholesale loans	\$85,492,259	2.75 %	\$2,347,979
Retail accrual loans	8,714,048	4.64 %	404,595
Retail nonaccrual loans	60,293	16.98 %	10,235
Investment securities and federal funds	16,016,385	2.37 %	380,298
Total earning assets	110,282,985	2.85 %	3,143,107
Interest bearing liabilities	104,725,115	2.35 %	2,461,562
Interest rate spread	<u>\$5,557,870</u>	0.50 %	
Impact of equity financing		<u>0.12 %</u>	
Net interest margin		<u>0.62 %</u>	
Net interest income			<u>\$681,545</u>

Net interest margin for the year ended December 31, 2021 remained unchanged compared to the prior year as a result of improved spreads offset by a decline from the impact of equity financing. The impact of equity financing is reduced in a lower interest rate environment, which has stabilized at lower rates since June 2020. Equity financing represents the benefit of non-interest bearing funding. We estimate funding actions contributed 14 basis points to the interest rate spread in 2021, compared to 15 and 12 basis points in 2020 and 2019, respectively.

Provision for Credit Losses

The "Provision for credit losses" in the Statements of Comprehensive Income includes a reversal/provision for loan losses as well as a reversal/provision for unfunded commitments, the latter of which was primarily related to the cyclical nature of the crop input financing pool program. There was \$1.0 million of provision for loan losses for the year ended December 31, 2021. AgriBank had no provision for credit losses related to the unfunded commitments during the year ended December 31, 2021.

Provision for loan losses in any given year can be impacted by a single loan or borrower. The allowance for loan losses directly impacts our provision for loan losses. Refer to the discussion of the allowance for loan losses in the Loan Portfolio - Allowance for Loan Losses section of this report and in Note 3 of the accompanying Financial Statements.

Non-interest Income

The decrease in non-interest income for the year ended December 31, 2021, compared to the same period of the prior year, was primarily driven by a decline in conversion fees, which were significantly elevated in 2020, partially offset by increased mineral income.

Components of Non-Interest Income

(in thousands)

For the year ended December 31,	2021	2020	2019
Mineral income	\$54,487	\$33,993	\$53,638
Business services income	7,431	11,425	22,441
Loan prepayment and fee income	62,979	141,487	26,390
Other non-interest income, net	20,651	3,183	(5,284)
Total	<u>\$145,548</u>	<u>\$190,088</u>	<u>\$97,185</u>

Loan prepayment and fee income reflects prepayment and conversion fees recognized as a result of conversion activity, primarily related to funding our wholesale lending. The majority of our loan prepayment and fee income is recorded when District Association retail loans financed through our wholesale loan volume prepay or convert, and the District Association is assessed a wholesale fee. Decreasing interest rates during 2020 helped stimulate prepayment and conversion activity and was the primary driver of the decrease in related fee income in 2021 compared to the prior year. While well below 2020 levels, fee income was still elevated in 2021 compared to historical averages.

Mineral income increased during the year ended December 31, 2021, compared to the prior year related to an increase in oil prices following significant declines in 2020. As the economy began to recover, demand for oil and gasoline increased in 2021 compared to most of 2020. Additionally, while demand increased, supply levels still remain below pre-pandemic levels. Both factors have contributed to the increase in oil prices.

Other non-interest income, net increased primarily due to a non-recurring insurance settlement in 2021.

Business services income was primarily from SunStream Business Services (SunStream), which operated as a division of AgriBank until April 1, 2020. At that time, SunStream spun off from AgriBank and began operating as a separate organization. As such, business services income and operating expenses were lower in 2020 and have remained at a lower level in 2021.

Non-interest Expense

Components of Non-interest Expense

(in thousands)

For the year ended December 31,	2021	2020	2019
Salaries and employee benefits	\$25,759	\$30,724	\$36,302
Other operating expenses:			
Purchased services	22,912	18,924	11,629
Occupancy and equipment	6,665	8,442	14,805
Examination expense	6,628	6,307	6,244
Other	7,923	9,462	12,038
Loan servicing and other fees paid to District Associations	68,517	57,428	50,329
Farm Credit System insurance expense	21,205	11,002	8,290
Other non-interest expense, net	(484)	41,981	—
Total non-interest expense	\$159,125	\$184,270	\$139,637

For the years ended December 31, 2020 and 2019, a portion of non-interest expense was related to SunStream. As such, and as expected, we saw a reduction in non-interest expense related to the divestiture in 2020 and has remained lower through 2021. Partially offsetting this reduction, was an increase in purchased services from SunStream.

Loan servicing and other fees paid to District Associations increased as the volume of participations in pool programs continues to expand.

Farm Credit System insurance expense is directly impacted by the premium rate we are assessed. Premiums were 16 and 9 basis points for 2021 and 2019, respectively. Premiums were 8 basis points for the first half of 2020 and were updated to 11 basis points for the second half of 2020. The Insurance Corporation has announced continued premiums of 16 basis points in 2022. The Insurance Corporation board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

Additionally, debt extinguishment costs and a non-recurring loss contingency classified within other non-interest expense occurred in 2020. No such similar expenses were incurred in 2021 or 2019.

Interest Rate Risk Management

Interest rate risk is the risk that changes in interest rates may adversely affect operating results and financial condition. Interest rate risk arises primarily from funding fixed rate loans that can be prepaid, adjustable rate loans with interest rate caps and decisions related to the investment of our equity. We manage substantially all of the District's interest rate risk. Our ability to effectively manage interest rate risk relies on our ability to issue debt with terms and structures that match our asset terms and structures. Because a substantial portion of those assets are prepayable, we issue a significant amount of callable debt. We also use derivatives to manage interest rate risk and reduce our funding costs.

We manage exposure to changes in interest rates under policies established by our board and limits established by our ALCO. Policies and limits regulate maximum exposure to net interest income and economic value of equity changes for specified changes in market interest rates. A full analysis of interest rate risk is completed monthly. Through these analyses, appropriate funding strategies are developed to manage the sensitivity of net interest income and economic value of equity to changes in interest rates.

Our primary techniques used to analyze interest rate risk are:

- Interest rate gap analysis, which compares the amount of interest-sensitive assets to interest-sensitive liabilities repricing in selected time periods under various interest rate and prepayment assumptions.
- Net interest income sensitivity analysis, which projects net interest income in each of the next three years given various rate scenarios.
- Economic value of equity sensitivity analysis, which estimates the economic value of assets, liabilities and equity given various rate scenarios.

The assumptions used in our analyses are monitored routinely and adjusted as necessary. Assumptions about loan prepayment behavior are the most significant to the results. Prepayment speeds are estimated as a function of rate levels, age and seasoning. We monitor and track prepayment history and consider adjustments to our assumed prepayment speeds based on our historical observed experience. We use third-party prepayment models for MBS investments.

Interest Rate Gap Analysis

The following table is based on the known repricing dates of certain assets and liabilities and the assumed or estimated repricing dates of others under an implied forward rate scenario. Prepayment estimates for loans are calculated using our standard prepayment assumptions. Callable debt is shown at the first call date it is expected to be exercised given implied forward rates. Various assets and liabilities may not reprice according to the assumptions and estimates used. The analysis provides a static view of our interest rate sensitivity position and does not capture the dynamics of an evolving balance sheet, interest rate and spread changes in different interest rate environments, or the active role of asset and liability management.

Interest Rate Gap Position

(in millions)

As of December 31, 2021	Repricing Intervals						Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Over 5 Years	
Earning assets:							
Prepayable loans	\$54,462	\$10,294	\$8,230	\$7,843	\$6,461	\$29,048	\$116,338
Other loans	835	913	452	675	705	2,076	5,656
Investments and federal funds	9,773	4,346	2,121	557	586	1,010	18,393
Total earning assets	\$65,070	\$15,553	\$10,803	\$9,075	\$7,752	\$32,134	\$140,387
Callable debt	\$2,484	\$4,299	\$4,677	\$7,478	\$4,910	\$31,423	\$55,271
Other debt	60,676	9,954	4,526	1,236	825	2,215	79,432
Effect of interest rate swaps and other derivatives	550	(450)	(400)	—	—	300	—
Total rate-sensitive liabilities	\$63,710	\$13,803	\$8,803	\$8,714	\$5,735	\$33,938	\$134,703
Interest rate sensitivity gap	\$1,360	\$1,750	\$2,000	\$361	\$2,017	\$(1,804)	\$5,684
Cumulative gap	\$1,360	\$3,110	\$5,110	\$5,471	\$7,488	\$5,684	
Cumulative gap as a % of earning assets	2.1 %	3.9 %	5.6 %	5.4 %	6.9 %	4.0 %	

Net Interest Income and Economic Value of Equity (EVE) Sensitivity Analysis

The economic value of equity sensitivity analysis provides a point-in-time view of our interest rate sensitivity position, commensurate with the interest rate gap analysis. Net interest income projections and sensitivity analysis incorporate assumptions to capture the dynamics of an evolving balance sheet. Policy limits related to interest rate sensitivity assume interest rates for all points along the yield curve change immediately in the same direction and amount (a parallel shock). We also routinely review the impact of a gradual change over one year in interest rates in the same direction and same amount (a parallel ramp). Further, we routinely review multi-year net interest income projections and the impact of varying the amount of change in rates at different maturities (a twist, flattening or steepening of the yield curve). Our policies establish a maximum variance from our base case in a plus or minus 200 basis point change in rates, except when the U.S. Treasury three-month rate is below 4 percent, at which time the minus scenario is limited to one-half of the U.S. Treasury three-month rate.

Because of the low interest rates at December 31, 2021, the down scenario was limited to a down 3 basis point change.

NII Sensitivity Analysis

As of December 31, 2021	Basis Point Interest Rate Change		
	Down 3	Up 100	Up 200
Immediate Change (Shock):			
NII sensitivity	(0.1)%	(0.8)%	(1.9)%
Board policy	(15.0)%		(15.0)%
Gradual Change (Ramp):			
NII sensitivity		(1.1)%	(2.7)%

EVE Sensitivity Analysis

As of December 31, 2021	Basis Point Interest Rate Change		
	Down 3	Up 100	Up 200
Immediate Change (Shock):			
EVE sensitivity	0.1 %	(4.2)%	(7.6)%
Board policy	(12.0)%		(12.0)%

Derivative Financial Instruments

We primarily use derivative financial instruments to reduce funding costs, improve liquidity and manage interest rate risk. We do not hold or issue derivatives for speculative purposes.

Our derivative activities are monitored by our ALCO as part of the committee's oversight of our asset/liability and treasury functions. Our hedging strategies are developed within limits established by the board through our analysis of data derived from financial simulation models and other internal and industry sources. The resulting hedging strategies are then incorporated into our overall interest rate risk management strategies.

The types and uses of derivatives we primarily utilize are:

Derivative Products	Purpose of the Hedge Transaction	Strategic Impact
Receive-fixed swaps	To protect against the decline in interest rates on floating-rate assets by exchanging the debt's fixed-rate payment for a floating-rate payment.	These transactions enable us to improve liquidity, obtain lower funding cost or to hedge basis risk.
Pay-fixed swaps	To protect against an increase in interest rates by exchanging the debt's floating-rate payment for a fixed-rate payment that matches the cash flows of assets.	These transactions create lower cost synthetic fixed-rate funding, hedge future debt issuance costs or manage interest rate sensitivity.
Floating-for-floating swaps	To protect against large increases in interest rates on floating-rate liabilities by embedding an interest rate cap on the floating-rate payment leg of the swap.	These transactions help us to manage exposure to large increases in interest rates and offset interest rate caps that are embedded within our assets.

We also facilitate interest rate swaps to qualified borrowers of District Associations (referred to as customer swaps). These swaps allow qualified borrowers to manage their interest rate risk and lock in a fixed interest rate similar to a fixed-rate loan. We may manage the interest rate risk from customer swaps with the execution of offsetting interest rate swap transactions.

We may enter into commodity derivatives should the parameters of our mineral hedging program be met, including consideration for the expectations of oil prices over a specified length of time. These derivative instruments (put options on the price of oil) are used to mitigate a decline in mineral income in certain circumstances. During 2019, outstanding commodity derivative instruments matured and we held no commodity derivative instruments during the year ended December 31, 2020. In the fourth quarter of 2021 the parameters of our mineral hedging program were met and, accordingly, we purchased put options on the price of oil.

By using derivative instruments, we are subject to counterparty credit risk. If a counterparty is unable to perform under a derivative contract, our credit risk equals the net amount due to us. Generally, when the fair value of a derivative contract is positive, we have credit exposure to the counterparty, creating credit risk for us. When the fair value of the derivative contract is negative, we do not have credit exposure.

Derivative Credit Loss Exposure by Credit Rating

(in thousands) As of December 31, 2021	Years to Maturity			Maturity Distribution Netting	Exposure	Collateral Pledged	Exposure Net of Collateral
	Less Than One Year	One to Five Years	Over Five Years				
Moody's Credit Rating:							
Aa2	\$930	\$—	\$—	\$(283)	\$648	\$—	\$648
Cleared derivatives	896	—	—	(896)	—	—	—
Total	\$1,826	\$—	\$—	\$(1,179)	\$648	\$—	\$648

Derivative credit loss exposure is estimated by calculating the cost, on a present value basis, to replace all outstanding derivative contracts in a gain position. Within each maturity category, contracts in a loss position are netted against contracts in a gain position with the same counterparty. If the net position within a maturity category with a particular counterparty is a loss, no amount is reported. Maturity distribution netting represents the impact of netting derivatives in a gain position and derivatives in a loss position for the same counterparty across different maturity categories.

Expected Maturities of Derivative Products and Other Financial Instruments

(in millions)

As of December 31, 2021	2022	2023	2024	2025	2026	2027 and thereafter	Total	Fair Value
Bonds and Notes:								
Fixed rate	\$14,451	\$13,925	\$9,220	\$8,743	\$6,198	\$35,380	\$87,917	\$87,194
Average interest rate	0.7 %	0.7 %	0.8 %	0.8 %	1.3 %	1.9 %	1.2 %	
Variable rate	25,039	21,540	207	—	—	—	46,786	46,827
Average interest rate	0.2 %	0.1 %	0.1 %	— %	— %	— %	0.2 %	
Total bonds and notes	\$39,490	\$35,465	\$9,427	\$8,743	\$6,198	\$35,380	\$134,703	\$134,021
Derivative Instruments:								
Receive-fixed swaps								
Notional value	\$50	\$450	\$400	\$—	\$—	\$—	\$900	\$(3)
Weighted average receive rate	2.0 %	0.4 %	0.9 %	— %	— %	— %	0.7 %	
Weighted average pay rate	0.6 %	0.9 %	1.2 %	— %	— %	— %	1.0 %	
Pay-fixed swaps								
Notional value	5,120	—	—	—	40	382	5,542	(56)
Weighted average receive rate	0.1 %	— %	— %	— %	1.4 %	1.8 %	0.2 %	
Weighted average pay rate	0.1 %	— %	— %	— %	1.2 %	2.7 %	0.3 %	
Floating for floating swaps								
Notional value	200	650	—	—	550	—	1,400	(1)
Weighted average receive rate	0.6 %	1.0 %	— %	— %	1.4 %	— %	1.1 %	
Weighted average pay rate	0.6 %	1.0 %	— %	— %	1.5 %	— %	1.2 %	
Customer swaps								
Notional value	20	—	—	—	41	81	142	4
Weighted average receive rate	2.2 %	— %	— %	— %	1.3 %	2.1 %	1.9 %	
Weighted average pay rate	0.6 %	— %	— %	— %	1.4 %	1.5 %	1.4 %	
Credit valuation adjustment ⁽¹⁾								0
Variation margin settlement								5
Total derivative instruments ⁽²⁾	\$5,390	\$1,100	\$400	\$—	\$631	\$463	\$7,984	\$(51)
Total weighted average rates on swaps:								
Receive rate	0.2 %	0.7 %	0.9 %	— %	1.4 %	1.8 %	0.5 %	
Pay rate	0.1 %	1.0 %	1.2 %	— %	1.5 %	2.5 %	0.6 %	

⁽¹⁾ Credit valuation adjustment was immaterial as of December 31, 2021.

⁽²⁾ Excludes commodity hedges

The table was prepared based on implied forward variable interest rates as of December 31, 2021 and, accordingly, the actual interest rates to be received or paid will be different to the extent that the variable rates fluctuate from December 31, 2021 implied forward rates. A small portion of our derivative instruments include a reference rate tied to LIBOR. Refer to the Future of LIBOR section for further discussion about our derivatives impacted by LIBOR. Derivative instruments are also discussed further in Notes 2, 11 and 12 of the accompanying Financial Statements.

Other Risks

Operational Risk

Operational risk represents the risk of loss resulting from inadequate or failed internal processes or systems, errors by employees or external events. Our primary operational risk includes external reporting, business model, human capital, fraud, business interruption, data and model integrity, security, and corporate governance. Operational risk is inherent in all business activities, and the management of this risk is important to the achievement of our objectives. We manage operational risk through established internal control processes and business continuity and disaster recovery plans. We maintain systems of controls with the objectives of providing appropriate transaction authorization and execution, proper system operations, safeguarding of assets and reliability of financial and other data. We have a strong control environment, including an independent audit committee, a code of ethics for senior officers and key financial personnel and an anonymous whistleblower program. Our control framework includes periodic review of vendors and annual review of certain vendor service organization control reports to evaluate risks and determine if risk mitigation actions are needed. We have developed and regularly update comprehensive business continuity and disaster recovery plans and routinely test these plans with the goal of ensuring ongoing operations under a variety of adverse scenarios. Due to COVID-19, AgriBank activated the BCP plans and had been operating through a BCP event since March 2020. In January 2022, we ended the BCP protocols and began operating under enhanced health and safety protocols and flexible work arrangements. In conjunction with our service provider, we maintain sound security infrastructure, which we periodically test. We also provide privacy, physical security and cybersecurity awareness training to staff.

To enhance financial reporting governance and internal controls, we have voluntarily adopted an integrated audit with respect to internal controls over financial reporting. We mirror the material provisions of the Sarbanes-Oxley Act of 2002, including section 404, *Management Assessment of Internal Control over Financial Reporting*. This also supports the Farm Credit System-level attestation, as well as a strong control environment through awareness, documentation and testing of key controls for all significant processes supporting ICFR. In addition, our independent auditor provides an opinion on the effectiveness of our ICFR program.

Reputational Risk

Reputational risk is defined as the negative impact resulting from events, real or perceived, that shape the image of the Farm Credit System or any of its entities. Such risks include impacts related to investors' perceptions about agriculture, the reliability of the System financial information or business practices by any System institution that may appear to conflict with the System mission. The Farm Credit System has various committees responsible for reviewing business practices and, where appropriate, risk mitigation efforts, as well as providing strategic direction on System reputation management initiatives.

Credit Risk Related to Joint and Several Liability

We have exposure to Systemwide credit risk because we are jointly and severally liable for all Systemwide debt issued. Under joint and several liability, if a System Bank is unable to pay its obligations as they come due, the other Banks in the System would ultimately be called upon to fulfill those obligations. The existence of the Farm Credit Insurance Fund (Insurance Fund), the CIPA and the Market Access Agreement (MAA) help to mitigate this risk. The Insurance Corporation was established to administer the Insurance Fund. Refer to Note 1 of the accompanying Financial Statements for further information on the Insurance Fund. Refer to Note 9 of the accompanying Financial Statements for additional information related to the CIPA and MAA.

Critical Accounting Policies

Our Financial Statements are reported based on accounting principles generally accepted in the United States of America and require that significant judgment be applied to various accounting, reporting and disclosure matters. We use assumptions and estimates to apply these principles where actual measurement is not possible or practical. For a complete discussion of significant accounting policies, refer to Note 2 of the accompanying Financial Statements. The following is a summary of certain critical accounting policies:

- Allowance for Loan Losses - The allowance for loan losses is our best estimate of the amount of losses on loans in our portfolio as of the date of the Financial Statements. We determine the allowance for loan losses based on a periodic evaluation of our loan portfolio, which considers loan loss history, estimated probability of default, estimated loss severity, portfolio quality and current economic and environmental conditions. Refer to the Loan Portfolio - Allowance for Loan Losses section for further discussion.
- Fair Value Measurements - We apply various valuation methods to assets and liabilities that often involve judgment, particularly when liquid markets do not exist for the particular items being valued. Quoted market prices are referred to when estimating fair values for certain assets, such as certain investment securities. However, for those items for which an observable active market does not exist, we utilize significant estimates and assumptions to value such items. These valuations require the use of various assumptions, including, among others, discount rates, rates of return on assets,

prepayment rates, cash flows, default rates, loss severity rates and third-party prices. The use of different assumptions could produce significantly different results.

Future of LIBOR

In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced its intention to stop persuading or compelling the group of major banks that sustains LIBOR to submit rate quotations after 2021. As a result, ICE Benchmark Administration (the entity responsible for calculating LIBOR) ceased the publication of the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and has announced it intends to cease publication of the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. It is widely anticipated that the Secured Overnight Financing Rate (SOFR) published by the CME group will be the fallback to LIBOR for certain types of outstanding loans, floating rate notes (which includes certain outstanding Systemwide Debt Securities) and derivatives based on LIBOR. U.S. prudential regulators and the FCA have encouraged banks and Farm Credit Institutions, respectively, to stop new USD LIBOR issuances by the end of 2021.

The Farm Credit System has established a LIBOR transition workgroup to provide leadership in addressing the LIBOR phase-out across System entities. In coordination with this group, AgriBank developed a comprehensive project plan to address the issues surrounding a transition away from LIBOR. This plan is consistent with regulatory guidance from the FCA, and it incorporated actions to address risk identification and reporting, mitigation strategies, development or adoption of products utilizing alternative reference rates, operational and system impacts, a process for monitoring regulatory and industry developments, as well as communication to stakeholders.

We have exposure to LIBOR, including financial instruments that reference LIBOR, that mature after 2021 and June 2023. As such, developments in the discontinuation and replacement of LIBOR, including, but not limited to, changes to applicable laws, could have a material impact on us, District Associations, other Farm Credit institutions, borrowers, investors and counterparties.

LIBOR-Indexed Variable Rate Financial Instruments

(in thousands)

As of December 31, 2021

Year of Maturity	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Assets				
Loans	\$84,439	\$31,922	\$249,589	\$365,950
Investments	\$13	\$75	\$1,380,458	\$1,380,546
Total	\$84,452	\$31,997	\$1,630,047	\$1,746,496
Shareholders' equity				
Preferred stock ⁽¹⁾	\$—	\$—	\$250,000	\$250,000

⁽¹⁾The preferred stock is redeemable in whole or in part, at our option, quarterly beginning January 1, 2024. Dividends accrue at a fixed annual rate of 6.875 percent from the date of issuance through December 31, 2023, and beginning January 1, 2024 will accrue at an annual rate equal to three-month United States Dollar LIBOR rate, reset quarterly, plus 4.225 percent. Refer to Note 6 of the accompanying Financial Statements for additional information about the preferred stock.

(in millions)

Year of Termination	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Derivatives (notional amount)	\$390	\$650	\$1,094	\$2,134

As advantageous opportunities arise, AgriBank has been terminating certain LIBOR-indexed swaps. These terminations are intended to opportunistically lower AgriBank's exposure to LIBOR instruments due to the LIBOR discontinuance.

Our exposure to loans indexed to LIBOR does not include wholesale loans, as they are not directly indexed to LIBOR. However, the wholesale pricing terms are generally matched to the District Association's retail portfolios, which contain loans indexed to LIBOR. As such, the wholesale loans have historically been partially funded by LIBOR-indexed bonds. LIBOR-indexed bonds were also used to fund a portion of our administered variable loans to District Associations and, in turn, their customers. As we have shifted our funding, with no remaining LIBOR-indexed bonds as of December 31, 2021, certain District Associations may see their basis risk

increase. With limited exceptions in accordance to FCA guidance, District Associations have ceased issuing new loans indexed to LIBOR, somewhat mitigating this basis risk.

Variable Rate Bonds by Interest Rate Index

(in thousands)

As of December 31,	2021	2020	2019
LIBOR	\$—	\$8,369,301	\$20,499,138
SOFR	24,608,346	21,215,570	7,255,641
Other ⁽¹⁾	20,990,269	20,299,480	19,349,305
Total	\$45,598,615	\$49,884,351	\$47,104,084

⁽¹⁾Other primarily includes bonds indexed to fed funds effective rate, 3 month T-Bill, or prime rate.

Other Matters

Effective January 1, 2022, two of our District Associations, AgCountry Farm Credit Services, ACA and North Dakota, ACA merged and are doing business as AgCountry Farm Credit Services, ACA with headquarters in Fargo, N.D.

On July 1, 2021, Delta's board of directors approved a preliminary resolution to proceed with a plan to voluntarily liquidate and dissolve the Association (the Plan). The board of directors has determined that it is in the best interests of Delta to voluntarily dissolve. In order for liquidation and dissolution to occur, the Plan must be approved by the FCA and a majority of the Association's voting stockholders voting, in person or by written proxy, at a duly authorized stockholders meeting. AgriBank must approve certain aspects of the Plan. Delta has commenced activities associated with obtaining such approvals over the upcoming months; however, the ultimate timing is uncertain and subject to multiple considerations.

Report of Management

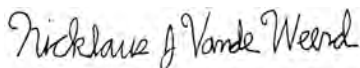
AgriBank, FCB

We prepare the Financial Statements of AgriBank, FCB (AgriBank) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Statements, in our opinion, fairly present the financial condition of AgriBank. Other financial information included in the Annual Report is consistent with that in the 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 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 Financial Statements. In addition, our independent auditor has audited our internal control over financial reporting as of December 31, 2021. The Farm Credit Administration also performs examinations for safety and soundness, as well as compliance with applicable laws and regulations.

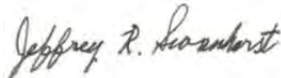
The board of directors has overall responsibility for our system of internal control and financial reporting. The board of directors and its Audit Committee consult regularly with us and meet periodically with the independent auditors and other auditors to review the scope and results of their work.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

The undersigned certify we have reviewed AgriBank, FCB's December 31, 2021 Annual Report, and it has been prepared in accordance with all applicable statutory and regulatory requirements and the information contained herein is true, accurate and complete to the best of our knowledge and belief.



Nicklaus J. Vande Weerd
Chair of the Board
AgriBank, FCB

March 1, 2022



Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB

March 1, 2022



Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB

March 1, 2022

Report of Audit Committee

AgriBank, FCB

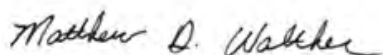
The Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the board of directors of AgriBank, FCB (AgriBank). The Audit Committee oversees the scope of AgriBank's internal audit program, the approval and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of AgriBank's system of internal controls and procedures and the adequacy of management's actions 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 the preparation of the Financial Statements in accordance with accounting principles generally accepted in the United States of America. Additionally, management is responsible for the design and operating effectiveness of internal control over financial reporting for the Financial Statements. PwC is responsible for expressing opinions on the Financial Statements and internal control over financial reporting based on their integrated audits which are performed in accordance with auditing standards of the Public Company Accounting Oversight Board (PCAOB) and in accordance with generally accepted auditing standards in the United States of America. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited 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 PCAOB Auditing Standard No. 1301, *Communications with Audit Committees*, 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 the audited Financial Statements be included in the Annual Report for the year ended December 31, 2021.



Matthew D. Walther
Audit Committee Chair
AgriBank, FCB

March 1, 2022

Donald Blankenship
Ivar Chhina
Stan Claussen
Dan Shaw

Report on Internal Control over Financial Reporting

AgriBank, FCB

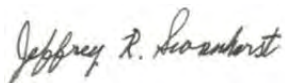
AgriBank, FCB's (AgriBank) principal executives and principal financial officers or persons performing similar functions are responsible for establishing and maintaining adequate internal control over financial reporting. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of AgriBank'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 and the preparation of the 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 AgriBank, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements 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 AgriBank and (3) provide reasonable assurance regarding prevention or timely detection, of unauthorized acquisition, use or disposition of AgriBank's assets that could have a material effect on its 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.

AgriBank'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, AgriBank concluded that as of December 31, 2021, the internal control over financial reporting was effective based upon the COSO criteria.

AgriBank's internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their accompanying report, which expresses an unqualified opinion on the effectiveness of AgriBank's internal control over financial reporting as of December 31, 2021.



Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB

March 1, 2022



Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB

March 1, 2022



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of AgriBank, FCB

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying statements of condition of AgriBank, FCB (the "Company") as of December 31, 2021, 2020 and 2019, and the related statements of comprehensive income, of changes in shareholders' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the relevant ethical requirements relating to our audit, which include standards of the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct and the Farm Credit Administration's independence rules set forth in 12 CFR Part 621, Accounting and Reporting Requirements, Subpart E, Auditor Independence.

We conducted our audits in accordance with the auditing standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Loan Losses – Loans Collectively Evaluated for Impairment

As described in Notes 2 and 3 to the financial statements, the allowance for loan losses was \$37.6 million, of which \$30.0 million is related to loans collectively evaluated for impairment as of December 31, 2021. As disclosed by management, the allowance for loan losses related to loans collectively evaluated for impairment is determined by management by grouping those loans into loan segments sharing similar risk characteristics. These loan segments include pool programs, loans to other financing institutions and retail participation loans. Management uses a combination of estimated probability of default and estimated loss given default assumptions to estimate losses related to loans collectively evaluated for impairment in these loan segments using 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 6-point scale addressing the loss given default. These estimated losses may be adjusted for relevant current environmental factors.

The principal considerations for our determination that performing procedures relating to the allowance for loan losses – loans collectively evaluated for impairment is a critical audit matter are the significant judgment by management in determining the allowance for loan losses, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing audit procedures and evaluating audit evidence relating to management's estimated probability of default and estimated loss given default assumptions.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures included testing the effectiveness of controls relating to management's allowance for loan losses estimation process, which included controls over the estimated probability of default and estimated loss given default assumptions used within the allowance for loan losses related to loans collectively evaluated for impairment. These procedures also included, among others, testing management's process for determining the allowance for loan losses, which included (i) testing the completeness and accuracy of certain data used in the estimate; (ii) evaluating the appropriateness of the methodology and models; and (iii) evaluating the reasonableness of management's estimated probability of default and estimated loss given default assumptions.



Minneapolis, Minnesota
March 1, 2022

We have served as the Company's auditor since 1985.

Statements of Condition

AgriBank, FCB

(in thousands)

As of December 31,	2021	2020	2019
Assets			
Loans	\$121,994,112	\$109,785,695	\$98,298,023
Allowance for loan losses	37,558	39,850	32,089
Net loans	121,956,554	109,745,845	98,265,934
Investment securities	18,392,628	18,585,329	14,368,158
Cash	1,304,994	622,092	675,780
Federal funds	—	639,700	1,050,000
Accrued interest receivable	519,172	495,635	727,636
Derivative assets	5,176	11,065	2,768
Allocated prepaid pension costs	59,067	53,219	48,455
Cash collateral posted with counterparties	30,561	56,960	48,488
Other assets	148,444	98,289	44,851
Total assets	\$142,416,596	\$130,308,134	\$115,232,070
Liabilities			
Bonds and notes	\$134,702,607	\$123,029,564	\$108,326,832
Accrued interest payable	260,462	273,685	407,865
Derivative liabilities	55,284	86,529	48,583
Patronage payable and other payables	367,588	276,998	241,776
Other liabilities	24,740	61,841	24,621
Total liabilities	135,410,681	123,728,617	109,049,677
Commitments and contingencies (Note 9)			
Shareholders' equity			
Perpetual preferred stock	250,000	250,000	250,000
Capital stock and participation certificates	3,826,290	3,301,599	2,871,767
Allocated retained earnings	1,377	1,550	227
Unallocated retained earnings	3,139,203	3,139,203	3,138,311
Accumulated other comprehensive loss	(210,955)	(112,835)	(77,912)
Total shareholders' equity	7,005,915	6,579,517	6,182,393
Total liabilities and shareholders' equity	\$142,416,596	\$130,308,134	\$115,232,070

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

Statements of Comprehensive Income

AgriBank, FCB

(in thousands)

For the year ended December 31,	2021	2020	2019
Interest income			
Loans	\$1,858,735	\$2,117,033	\$2,762,809
Investment securities and federal funds	108,294	207,566	380,298
Total interest income	1,967,029	2,324,599	3,143,107
Interest expense	1,187,241	1,610,238	2,461,562
Net interest income	779,788	714,361	681,545
Provision for credit losses	1,000	11,000	11,500
Net interest income after provision for credit losses	778,788	703,361	670,045
Non-interest income			
Mineral income	54,487	33,993	53,638
Business services income	7,431	11,425	22,441
Loan prepayment and fee income	62,979	141,487	26,390
Other non-interest income, net	20,651	3,183	(5,284)
Total non-interest income	145,548	190,088	97,185
Non-interest expense			
Salaries and employee benefits	25,759	30,724	36,302
Other operating expense	44,128	43,135	44,716
Loan servicing and other expense	68,517	57,428	50,329
Farm Credit System insurance expense	21,205	11,002	8,290
Other non-interest expense, net	(484)	41,981	—
Total non-interest expense	159,125	184,270	139,637
Net income	\$765,211	\$709,179	\$627,593
Other comprehensive loss			
Not-other-than-temporarily-impaired investments	\$(169,122)	\$88,774	\$84,867
Derivatives and hedging activity	70,966	(123,109)	(112,525)
Employee benefit plan activity	36	(588)	(384)
Total other comprehensive loss	(98,120)	(34,923)	(28,042)
Comprehensive income	\$667,091	\$674,256	\$599,551

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

Statements of Changes in Shareholders' Equity

AgriBank, FCB

(in thousands)	Perpetual Preferred Stock	Capital Stock and Participation Certificates	Allocated Retained Earnings	Unallocated Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2018	\$250,000	\$2,551,085	\$191	\$3,136,359	\$(49,870)	\$5,887,765
Cumulative effect of change in accounting principle				1,341		1,341
Net income				627,593		627,593
Other comprehensive loss					(28,042)	(28,042)
Redemption of retained earnings allocated under patronage program			(112)			(112)
Cash patronage				(381,412)		(381,412)
Stock patronage issued as capital stock		228,234		(228,234)		—
Retained earnings allocated under patronage program			148	(148)		—
Perpetual preferred stock dividends				(17,188)		(17,188)
Capital stock/participation certificates issued		92,448				92,448
Balance at December 31, 2019	\$250,000	\$2,871,767	\$227	\$3,138,311	\$(77,912)	\$6,182,393
Net income				709,179		709,179
Other comprehensive loss					(34,923)	(34,923)
Redemption of retained earnings allocated under patronage program			(75)			(75)
Cash patronage				(689,701)		(689,701)
Retained earnings allocated under patronage program			1,398	(1,398)		—
Perpetual preferred stock dividends				(17,188)		(17,188)
Capital stock/participation certificates issued		570,221				570,221
Capital stock/participation certificates retired		(140,389)				(140,389)
Balance at December 31, 2020	\$250,000	\$3,301,599	\$1,550	\$3,139,203	\$(112,835)	\$6,579,517
Net income				765,211		765,211
Other comprehensive loss					(98,120)	(98,120)
Redemption of retained earnings allocated under patronage program			(826)			(826)
Cash patronage				(658,678)		(658,678)
Stock patronage issued as capital stock		88,692		(88,692)		—
Retained earnings allocated under patronage program			653	(653)		—
Perpetual preferred stock dividends				(17,188)		(17,188)
Capital stock/participation certificates issued		466,465				466,465
Capital stock/participation certificates retired		(30,466)				(30,466)
Balance at December 31, 2021	\$250,000	\$3,826,290	\$1,377	\$3,139,203	\$(210,955)	\$7,005,915

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

Statements of Cash Flows

AgriBank, FCB

(in thousands)

For the year ended December 31,	2021	2020	2019
Cash flows from operating activities			
Net income	\$765,211	\$709,179	\$627,593
Adjustments to reconcile net income to cash flows from operating activities:			
Depreciation on premises and equipment	2,100	2,683	4,079
Provision for credit losses	1,000	11,000	11,500
Amortization of premiums (discounts) on investments, net	47,678	(36,490)	(130,045)
Amortization of discounts on debt and deferred debt issuance costs, net	93,540	108,574	82,410
Loss on derivative activities, net	22,150	6,085	6,335
Loss on debt extinguishment	—	12,981	—
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	(1,409,119)	(1,678,289)	(2,359,425)
Increase in other assets	(57,912)	(61,243)	(12,882)
(Decrease) increase in accrued interest payable	(13,223)	(134,180)	2,081
(Decrease) increase in other liabilities	(23,057)	41,704	4,390
Net cash used in operating activities	(571,632)	(1,017,996)	(1,763,964)
Cash flows from investing activities			
Increase in loans, net	(10,826,127)	(9,579,717)	(3,247,614)
Purchases of investment securities	(12,399,013)	(21,771,775)	(4,483,454)
Proceeds from maturing investment securities	12,374,914	17,679,868	4,327,950
Other investing activities, net	(1,399)	(299)	(2,972)
Net cash used in investing activities	(10,851,625)	(13,671,923)	(3,406,090)
Cash flows from financing activities			
Bonds and notes issued	252,678,299	205,873,174	214,344,783
Bonds and notes retired	(241,093,634)	(191,291,284)	(209,244,850)
Decrease (increase) in cash collateral posted with counterparties, net	26,399	(10,048)	(22,714)
Decrease in cash collateral posted by counterparties, net	—	—	(1,970)
Variation margin received (paid) on cleared derivatives, net	19,506	(98,682)	(43,773)
Patronage distributions paid	(582,922)	(659,873)	(454,877)
Preferred stock dividends paid	(17,188)	(17,188)	(17,188)
Capital stock/participation certificates issued, net	435,999	429,832	92,448
Net cash provided by financing activities	11,466,459	14,225,931	4,651,859
Net increase (decrease) in cash and federal funds	43,202	(463,988)	(518,195)
Cash and federal funds at beginning of period	1,261,792	1,725,780	2,243,975
Cash and federal funds at end of period	\$1,304,994	\$1,261,792	\$1,725,780

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(in thousands)

For the year ended December 31,	2021	2020	2019
Supplemental non-cash investing and financing activities			
(Decrease) increase in shareholders' equity from investment securities	\$(169,122)	\$88,774	\$84,867
Interest capitalized to loan principal	1,385,582	1,910,290	2,338,825
Patronage and preferred stock dividends accrued	312,954	236,370	206,467
Stock patronage issued	88,692	—	228,234
Supplemental non-cash fair value changes related to hedging activities			
(Increase) decrease in derivative assets and liabilities, net	\$(43,654)	\$129,907	\$97,715
(Decrease) increase in bonds from derivative activity	(5,162)	(713)	21,145
Increase (decrease) in shareholders' equity from cash flow derivatives	70,966	(123,109)	(112,525)
Supplemental Information			
Interest paid	\$1,085,014	\$1,630,259	\$2,377,071

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

Notes to Financial Statements

AgriBank, FCB

NOTE 1

Organization and Operations

Farm Credit System and District Organization

AgriBank, FCB (AgriBank) is one of the Banks of the Farm Credit System (the System), a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations, established by Congress and subject to the provisions of the Farm Credit Act of 1971, as amended. Cooperatives are organizations that are owned and governed by their members who use the cooperatives' products, supplies or services. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes.

At January 1, 2022, the System included three Farm Credit Banks, one Agricultural Credit Bank and 65 Associations across the nation. System entities have specific lending authorities within their chartered territories. AgriBank is chartered to serve Associations in substantially all of Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin and Wyoming. Our chartered territory is referred to as the AgriBank District. We serve our chartered territory by lending to the District's Federal Land Credit Associations (FLCAs), Production Credit Associations (PCAs) and Agricultural Credit Associations (ACAs).

Following the merger of two associations as of January 1, 2022, the District had 13 ACA parent Associations, each of which has wholly owned FLCA and PCA subsidiaries. AgriBank is primarily owned by these 13 Farm Credit Associations. FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their FLCA and PCA subsidiaries. District Associations are also authorized to provide lease financing options for agricultural purposes and to purchase and hold certain types of investments. District Associations may also offer credit life, term life, credit disability, crop hail, and multi-peril crop insurance to their borrowers and those eligible to borrow. Additionally, certain District Associations offer farm records, fee appraisals, income tax planning and preparation services, retirement and succession planning, and producer education services to their members. We are the primary funding source for all District Associations. We raise funds principally through the sale of consolidated Systemwide bonds and notes to the public through the Federal Farm Credit Banks Funding Corporation (the Funding Corporation).

The Farm Credit Act sets forth the types of authorized lending activity, persons eligible to borrow and financial services that we can offer. We are authorized to provide, in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents, farm-related service businesses, and processing or marketing operations. The Farm Credit Act, as amended, also allows us to participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers. We are also authorized to purchase and hold certain types of investments.

The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System Banks and Associations. The activities of the System Banks and Associations are examined by the FCA and certain actions by these entities require prior approval from the FCA.

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

The Insurance Corporation does not insure any payments on our preferred stock, common stock or risk participation certificates. In the event of default by another System Bank, and if no available amounts remain in the Insurance Fund, we are required to fund our allocated portion of another System Bank's portion of the Systemwide Debt Securities.

At the discretion of the Insurance Corporation, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the Insurance Corporation. Each System Bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund equal 2 percent (the secure base amount) of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. The percentage

of aggregate obligations can be changed by the Insurance Corporation, at its sole discretion, to a percentage it determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the Insurance Corporation is required to reduce premiums and, under certain circumstances, is required to transfer excess funds to establish Allocated Insurance Reserves Accounts (AIRAs). The Insurance Corporation may also distribute all or a portion of these accounts to the System Banks.

The basis for assessing premiums is insured debt outstanding. Nonaccrual loans and impaired investment securities are assessed a surcharge, while guaranteed loans and investment securities are deductions from the premium base. We, in turn, assess premiums to District Associations each year based on similar factors.

AgriBank Operations

We primarily lend to District Associations in the form of lines of credit to fund Associations' loan portfolios. These lines of credit (wholesale loans) are collateralized by a pledge of substantially all of each District Association's assets. The terms of the revolving lines of credit are governed by a General Financing Agreement (GFA) between us and each District Association. The wholesale funding we provide substantially matches the terms and embedded options of the Associations' retail loans. General operating expenses of the Associations are also funded through their lines of credit. We also fund District Association lending through the direct purchase of participations in retail loans from Associations.

In addition to providing loan funds to District Associations, we may provide certain business services to Associations and other Farm Credit entities. The revenue received for these services is included in "Business services income," a component of non-interest income, on our Statements of Comprehensive Income. As discussed in Note 2, effective April 1, 2020, SunStream Business Services (SunStream) began operating as a separate service corporation and offers certain services previously provided by AgriBank.

Service Organizations

System institutions jointly own several service organizations. These organizations were created to provide a variety of services for the System. We have ownership interests in the following service organizations:

- **Federal Farm Credit Banks Funding Corporation** provides for the issuance, marketing and processing of Systemwide Debt Securities using a network of investment dealers and dealer banks and financial management and reporting services
- **Farm Credit Services Building Association** owns and leases premises and equipment to the System's regulator, the FCA
- **Farm Credit System Association Captive Insurance Company** provides corporate insurance coverage to member organizations
- **Farm Credit Foundations (Foundations)** provides benefits and payroll services to AgriBank and District Associations as well as certain other System entities
- **SunStream Business Services (SunStream)** provides applications, technology services and business services to Farm Credit entities

In addition, the Farm Credit Council acts as a full-service federated trade association that represents the System before Congress, the Executive Branch and others, and provides support services to System institutions on a fee basis.

NOTE 2

Summary of Significant Accounting Policies

Our accounting policies conform to generally accepted accounting principles in the United States of America (GAAP) and prevailing practices within the financial services industry. The preparation of Financial Statements in conformity with GAAP requires management 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 Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Financial Statements include the accounts of AgriBank. These Financial Statements do not include the assets, obligations or results of operations of District Associations. AgriBank operates as a single segment for reporting purposes. SunStream results of operations are included in the Financial Statements through March 31, 2020, during which time it operated as a division of AgriBank. Effective April 1, 2020, SunStream began operating as separate service corporation, under Section 4.25 of the Farm Credit Act, and is owned by AgriBank and certain District Associations. The separation of SunStream did not have a material impact on these Financial Statements.

Loans: Loans are carried at their principal amount outstanding, net of any unearned income, cumulative net charge-offs and unamortized deferred fees. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Accrued interest on wholesale loans is capitalized to loan principal on a monthly basis. Origination fees, net of related costs, are deferred and recognized over the life of the loan as a yield adjustment in net interest income. The net amount of loan fees and related origination costs are not material to the Financial Statements taken as a whole. The majority of our loan-related fees are through funding our wholesale loans. These fees are considered funding charges, because the fees are related to actions of the underlying Association retail loans, which are funded through the wholesale loans. These wholesale fees are not subject to deferral and are recognized in the period in which they are assessed.

A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan remains contractually past due until it is formally restructured or until the entire amount past due, including principal, accrued interest and penalty interest incurred as the result of past due status, is collected or otherwise discharged in full.

Loans are placed in nonaccrual status when principal or interest is delinquent for 90 days or more (unless 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, and the interest is determined to be both uncollectible and the loss is known, we reverse current year accrued interest to the extent principal plus accrued interest before the transfer exceeds the net realizable value of the collateral. Any unpaid interest accrued in a prior year is charged-off against the allowance for loan losses. 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 certain other criteria are met. In these circumstances interest is credited to income when cash is received. Loans are charged off at the time they are determined to be uncollectible. Nonaccrual loans are 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, 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 troubled debt restructurings are considered risk loans (as defined in the Allowance for Loan Losses section). 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 (TDRs).

Allowance for Loan Losses: The allowance for loan losses is an estimate of losses inherent in our loan 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.

Loans in our portfolio that are considered impaired are assessed individually to establish a specific allowance. A loan is impaired when it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. We

generally measure impairment based on the net realizable value of the collateral. Risk loans include nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due. All risk loans are considered to be impaired loans.

We record a specific allowance to reduce the carrying amount of the risk loan by the amount the recorded investment exceeds the net realizable value of collateral. When we deem a loan to be uncollectible, 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.

We determine the amount of allowance that is required by assessing risk loans and wholesale loans individually and all other retail loans by grouping them into loan segments sharing similar risk characteristics. An allowance is recorded for probable and estimable credit losses as of the financial statement date for loans that are not individually assessed, using 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 6-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 in "Provision for credit losses" in the Statements of Comprehensive Income, recoveries and charge-offs.

For purchased loans acquired that are not deemed impaired at acquisition, credit discounts representing the principal losses expected over the life of the loan are a component of the initial fair value. Subsequent to the purchase date, the methods utilized to estimate the required allowance for credit losses for these loans is similar to originated loans; however, we record a provision for credit losses only when the required allowance exceeds any remaining credit discounts. The remaining differences between the purchase price and the unpaid principal balance at the date of acquisition are recorded in interest income over the life of the loans.

Investment Securities: Our investment securities may not necessarily be held to maturity and, accordingly, have been classified as available-for-sale (AFS). These investments are reported at fair value, and unrealized holding gains and losses on investments that are not other-than-temporarily impaired are netted and reported as a separate component of shareholders' equity ("Accumulated other comprehensive loss"). Changes in the fair value of investment securities are reflected as direct charges or credits to "Other comprehensive loss," unless the security is deemed to be other-than-temporarily impaired. Purchased premiums and discounts are amortized or accreted using the interest method over the terms of the respective securities.

We evaluate our investment securities for other-than-temporary impairment (OTTI) on a quarterly basis. Factors considered in determining whether an impairment is other-than-temporary include: the financial condition and near-term prospects of the issuer, the financial condition of any financial guarantor, if applicable, a current projection of expected cash flow compared to current net carrying value and contractual cash flow, our intent to sell the impaired security and whether we are more likely than not to be required to sell the security before recovery and qualitative consideration of other available information when assessing whether impairment is other-than-temporary.

When OTTI exists and we do not intend to sell the impaired debt security, nor are we more likely than not to be required to sell the security before recovery, we separate the loss into credit-related and non-credit-related components. If a security is deemed to be other-than-temporarily impaired, the security is written down to fair value, the credit-related component is recognized through earnings and the non-credit-related component is recognized in "Other comprehensive loss." Realized gains and losses are determined using the specific identification method and are recognized in current operations.

Cash: Cash, as included on the Financial Statements, represents cash on hand, money markets and deposits in banks.

Federal Funds: Federal funds, as included on the Financial Statements, represent excess reserve funds on deposit at the Federal Reserve banks that are lent to other commercial banks. These transactions represent an investment of cash balances overnight in other financial institutions at the federal funds rate. Term federal funds would be a similar investment held for a period longer than overnight.

Mineral Rights: In connection with past foreclosure and sale proceedings, we have retained certain mineral interests and equity positions in land from which we receive income from lease bonuses, rentals and leasing and production royalties. These intangible assets have no recorded value on the Statements of Condition. All income received on these mineral rights is recognized in the period earned and is included in "Mineral income" on the Statements of Comprehensive Income. The Farm Credit Act requires that mineral rights acquired after 1985 through foreclosure be sold to the buyer of the surface rights in the land.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. AgriBank's portion of the service cost component of net periodic benefit cost related to these plans is included in "Salaries and employee benefits" on our Statements of Comprehensive Income. For the Pension Restoration Plan, AgriBank's portion of the

components of net periodic benefit cost, other than the service cost component, is included in "Other operating expense" on our Statements of Comprehensive Income.

Certain employees participate in the defined benefit retirement plan of the District. The plan is composed of two benefit formulas. At their option, employees hired prior to October 1, 2001 are on the cash balance formula or on the final average pay formula. Benefits-eligible employees hired between October 1, 2001 and December 31, 2006 are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The District plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

Certain employees also participate in the non-qualified defined benefit Pension Restoration Plan of the AgriBank District. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above the Internal Revenue Code compensation or other limits.

The defined contribution plan allows eligible employees to save for their retirement pre-tax, post-tax, or both, with an employer match on a percentage of the employee's contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees' active service period.

Income Taxes: We are exempt from federal and other income taxes as provided in the Farm Credit Act.

Patronage Programs: We accrue patronage distributions throughout the year. We pay cash patronage in accordance with the declarations of the AgriBank Board of Directors (the board), throughout the year for which the patronage was declared. Accrued cash patronage is included in "Patronage payable and other payables" on the Statements of Condition. Stock patronage is issued in accordance with the declarations of the board, typically annually.

Preferred Stock Dividends: We accrue non-cumulative perpetual preferred stock dividends daily as declared by the board. Dividends on non-cumulative perpetual preferred stock are payable quarterly in arrears on the first day of January, April, July and October. Accrued dividends are included in "Patronage payable and other payables" on the Statements of Condition.

Derivative Instruments and Hedging Activity: We are party to derivative financial instruments, primarily interest rate swaps, which are used to manage interest rate risk on assets, liabilities and forecasted transactions. Derivatives are recorded on the Statements of Condition as assets or liabilities, measured at fair value and netted by counterparties pursuant to the provisions of master netting agreements.

Changes in the fair values of derivatives are recorded as gains or losses through earnings or as a component of "Other comprehensive loss," on the Statements of Comprehensive Income, depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. For fair value hedge transactions in which we are hedging changes in the fair value of an asset or liability, changes in the fair value of the derivative instrument are offset in net income in "Interest expense" on the Statements of Comprehensive Income by changes in the fair value of the hedged item. For cash flow hedge transactions hedging the variability of cash flows related to a variable-rate asset or liability, changes in the fair value of the derivative instrument are reported in "Other comprehensive loss" on the Statements of Comprehensive Income. To the extent the hedge is effective, the gains and losses on the derivative instrument are reported in "Other comprehensive loss," until earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges is recognized in current period earnings. For derivatives not designated as a hedging instrument, the related change in fair value is recorded in current period earnings in "Other non-interest income, net" on the Statements of Comprehensive Income.

We document all relationships between hedging instruments and hedged items, as well as our risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value or cash flow hedges to:

- Specific assets or liabilities on the Statements of Condition
- Firm commitments
- Forecasted transactions

For hedging relationships, we assess effectiveness of the hedging relationships through prospective effectiveness tests at inception and retrospective tests on an ongoing basis until the maturity or termination of the hedge. For prospective testing, we perform a shock test of interest rate movements. Alternative tests may be performed if those tests appear to be reasonable relative to the hedge relationship that is being evaluated. For retrospective testing, our procedure is to perform correlation and regression tests of

the value change of the hedge versus the value change of the hedged item using weekly data. If the hedge relationship does not pass the minimum levels established for effectiveness tests, hedge accounting will be discontinued.

We discontinue hedge accounting prospectively when we determine that:

- A derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item
- The derivative expires or is sold, terminated, exercised or de-designated as a hedge
- It is no longer probable that the forecasted transaction will occur
- A hedged firm commitment no longer meets the definition of a firm commitment
- Management determines that designating the derivative as a hedging instrument is no longer appropriate

When we discontinue hedge accounting for cash flow hedges, any remaining accumulated other comprehensive income or loss is amortized into earnings over the remaining life of the original hedged item. When we discontinue hedge accounting for fair value hedges, changes in the fair value of the derivative will be recorded in current period earnings, and the basis adjustment to the previously hedged item will be taken into earnings using the interest method over the remaining life of the hedged item. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we will carry the derivative at its fair value on the Statements of Condition, recognizing changes in fair value in current period earnings.

We may also enter into economic hedges for which we may choose not to elect hedge accounting treatment. We facilitate interest rate swaps to qualified borrowers of District Associations and execute an offsetting interest rate swap to manage the interest rate risk of the swap executed on behalf of the borrower. From time-to-time we also utilize commodity derivative instruments to manage mineral income volatility. The related derivative instruments are held at fair value with the change in fair value reported in "Other non-interest income, net" on the Statements of Comprehensive Income. Refer to Note 12 for further information.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to borrowers or participate in future lending arrangements in accordance with established contracts. These commitments generally have 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. Any reserve for unfunded lending commitments and unexercised letters of credit is based on management's best estimate of losses inherent in these instruments, but the commitments have not yet disbursed. Factors such as likelihood of disbursement and likelihood of losses given disbursement are utilized in determining a reserve, if needed. Based on management's assessment, any reserve is recorded in "Other liabilities" in the Statements of Condition and a corresponding loss is recorded in "Provision for credit losses" in the Statements of Comprehensive Income.

Statements of Cash Flows: For purposes of reporting cash flows, cash includes cash and federal funds. Cash flows on hedges are classified in the same category as the items being hedged.

Fair Value Measurements: We utilize a hierarchy to disclose the fair value measurement of financial instruments. A financial instrument's categorization within the valuation hierarchy is based upon the least transparent input that is significant to the fair value measurement.

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:

- 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
- 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 judgments about 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 may use various acceptable valuation techniques to determine fair value. The primary techniques used include:

- Market Approach uses prices and other relevant information generated by market transactions involving identical or comparable assets to derive a fair value amount
- Income Approach uses various valuation methods to convert future cash flows to a single discounted present value, which becomes the applicable fair value amount
- Cost Approach is based on the current cost to acquire a substitute asset of comparable utility

For certain pension investments presented at fair value, we have used net asset value per share as a practical expedient.

Refer to Notes 7 and 11 for further information on our fair value measurements.

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:

Standard and effective date	Description	Adoption status and financial statement impact
In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform, Topic 848." In January 2021, the FASB 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 amendments in this update provide optional guidance for a limited time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Additionally, the ASU 2021-01 clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition.	We adopted this standard effective March 12, 2020, with respect to hedge accounting. The standard applies to certain derivatives contracts we hold, and we expect to apply the expedients provided for in this standard as we transition from LIBOR as a reference rate. During first quarter 2021, we adopted this standard in relation to loans, leases and debt. To date, the adoption of this standard has not had a material impact on our Financial Statements.
In June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses." The guidance is 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 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 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 also evaluating the impact of the standard as it relates to our AFS investment portfolio. 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 April 2019, the FASB issued ASU 2019-04 "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." The guidance is effective the same as the effective dates and transition requirements in Update 2016-13 as amended.	The FASB decided to issue a separate Update for improvements to Updates 2016-01, 2016-13, and 2017-12 to increase stakeholders' awareness of the amendments and to expedite improvements to the Codification. The amendments in this Update are intended to improve the Codification or correcting its unintended application. The items addressed in the amendments generally are not expected to have a significant effect on current accounting practice or to create a significant administrative cost for most entities.	We have reviewed the accounting standard update and the amendments are not expected to have a material impact on our financial statements. We intend to adopt the portion of the guidance relevant to us concurrent with the adoption of ASU 2016-13 as amended.

NOTE 3

Loans and Allowance for Loan Losses

Loans by Type

(in thousands) As of December 31,	2021		2020		2019	
	Amount	%	Amount	%	Amount	%
Wholesale loans	\$108,166,365	88.7 %	\$97,777,508	89.1 %	\$89,068,140	90.6 %
Retail loans:						
Real estate mortgage	4,373,338	3.6 %	4,355,940	4.0 %	3,127,501	3.2 %
Production and intermediate-term	7,678,693	6.3 %	6,408,983	5.8 %	5,300,260	5.5 %
Loans to other financing institutions (OFIs)	703,471	0.6 %	610,952	0.6 %	631,037	0.6 %
Other	1,072,245	0.8 %	632,312	0.5 %	171,085	0.1 %
Total retail loans	13,827,747	11.3 %	12,008,187	10.9 %	9,229,883	9.4 %
Total loans	\$121,994,112	100.0 %	\$109,785,695	100.0 %	\$98,298,023	100.0 %

The Other category was primarily composed of agribusiness and rural residential real estate loans.

Participations

We may purchase loan participations from and sell loan participations to others, primarily District Associations. We had no loan participation purchases outside of the System as of December 31, 2021, 2020 or 2019. During 2021, we sold certain loan participations from our pool programs back to a District Association of approximately \$1.1 billion. We also purchased loan participation interests totaling \$1.6 billion from the same Association. We did not have any participation interests sold during the years ended December 31, 2020 or 2019.

Retail Loan Participations Purchased

(in thousands)			
As of December 31,	2021	2020	2019
Real estate mortgage	\$4,373,338	\$4,355,940	\$3,127,441
Production and intermediate-term	7,678,693	6,408,983	5,300,260
Other	1,072,245	632,312	171,085
Total loans	\$13,124,276	\$11,397,235	\$8,598,786

Portfolio Diversification

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions.

A substantial portion of our loan portfolio consists of individual wholesale loans. Wholesale loans are composed of 14 loans ranging in size from \$26.1 million to \$30.1 billion. At December 31, 2021, the three largest District Associations represented 70.1 percent of wholesale loans and 62.1 percent of total loans. No other wholesale loan was greater than 10 percent of total loans.

The wholesale loans are used by District Associations to fund their loan portfolios, and, therefore, our distribution of credit risk in various commodities and geographic concentrations approximate that of the District as a whole. AgriBank District credit risk policies focus on loan repayment capacity in addition to conservative loan-to-value levels on the collateral that secures loans.

Portfolio Performance

The primary credit quality indicator we utilize is the FCA Uniform Loan Classification System, which categorizes loans into five categories. The categories are:

- Acceptable - assets are non-criticized assets representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other Assets Especially Mentioned (Special Mention) - are currently collectible, but exhibit some potential weakness. These assets involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard - assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan
- Doubtful - assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- Loss - assets are considered uncollectible.

Credit Quality of Loans

(in thousands)

As of December 31, 2021	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	\$107,132,392	98.7 %	\$1,392,500	1.3 %	\$—	— %	\$108,524,892	100.0 %
Retail loans:								
Real estate mortgage	4,279,841	97.2 %	44,016	1.0 %	77,339	1.8 %	4,401,196	100.0 %
Production and intermediate-term	7,269,150	93.5 %	265,026	3.4 %	242,036	3.1 %	7,776,212	100.0 %
Loans to OFIs	705,804	100.0 %	—	— %	—	— %	705,804	100.0 %
Other	1,059,292	98.6 %	7,671	0.7 %	7,728	0.7 %	1,074,691	100.0 %
Total retail loans	13,314,087	95.4 %	316,713	2.3 %	327,103	2.3 %	13,957,903	100.0 %
Total loans	\$120,446,479	98.3 %	\$1,709,213	1.4 %	\$327,103	0.3 %	\$122,482,795	100.0 %

(in thousands)

As of December 31, 2020	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	\$98,086,016	100.0 %	\$33,066	— %	\$—	— %	\$98,119,082	100.0 %
Retail loans:								
Real estate mortgage	4,111,458	93.6 %	122,449	2.8 %	158,658	3.6 %	4,392,565	100.0 %
Production and intermediate-term	6,050,490	93.1 %	223,001	3.4 %	224,874	3.5 %	6,498,365	100.0 %
Loans to OFIs	613,089	100.0 %	—	— %	—	— %	613,089	100.0 %
Other	628,459	99.2 %	432	0.1 %	4,716	0.7 %	633,607	100.0 %
Total retail loans	11,403,496	94.0 %	345,882	2.8 %	388,248	3.2 %	12,137,626	100.0 %
Total loans	\$109,489,512	99.3 %	\$378,948	0.3 %	\$388,248	0.4 %	\$110,256,708	100.0 %

(in thousands)

As of December 31, 2019	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	\$88,445,340	98.7 %	\$1,189,927	1.3 %	\$—	— %	\$89,635,267	100.0 %
Retail loans:								
Real estate mortgage	2,810,434	88.7 %	136,260	4.3 %	222,573	7.0 %	3,169,267	100.0 %
Production and intermediate-term	4,879,008	90.5 %	210,817	3.9 %	301,125	5.6 %	5,390,950	100.0 %
Loans to OFIs	580,093	91.4 %	54,624	8.6 %	—	— %	634,717	100.0 %
Other	166,591	96.9 %	613	0.4 %	4,611	2.7 %	171,815	100.0 %
Total retail loans	8,436,126	90.1 %	402,314	4.3 %	528,309	5.6 %	9,366,749	100.0 %
Total loans	\$96,881,466	97.9 %	\$1,592,241	1.6 %	\$528,309	0.5 %	\$99,002,016	100.0 %

Note: Accruing loans include accrued interest receivable.

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

Aging Analysis of Loans

(in thousands)						
As of December 31, 2021	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due Less than 30 Past Due	Total Loans	Accruing loans 90 days or more past due
Wholesale loans	\$—	\$—	\$—	\$108,524,892	\$108,524,892	\$—
Retail loans:						
Real estate mortgage	5,485	1,316	6,801	4,394,395	4,401,196	—
Production and intermediate-term	42,582	10,348	52,930	7,723,282	7,776,212	2,531
Loans to OFIs	—	—	—	705,804	705,804	—
Other	346	161	507	1,074,184	1,074,691	—
Total retail loans	48,413	11,825	60,238	13,897,665	13,957,903	2,531
Total loans	\$48,413	\$11,825	\$60,238	\$122,422,557	\$122,482,795	\$2,531

(in thousands)						
As of December 31, 2020	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due Less than 30 Past Due	Total Loans	Accruing loans 90 days or more past due
Wholesale loans	\$—	\$—	\$—	\$98,119,082	\$98,119,082	\$—
Retail loans:						
Real estate mortgage	5,825	4,511	10,336	4,382,229	4,392,565	190
Production and intermediate-term	41,951	14,422	56,373	6,441,992	6,498,365	1,141
Loans to OFIs	—	—	—	613,089	613,089	—
Other	607	249	856	632,751	633,607	—
Total retail loans	48,383	19,182	67,565	12,070,061	12,137,626	1,331
Total loans	\$48,383	\$19,182	\$67,565	\$110,189,143	\$110,256,708	\$1,331

(in thousands)						
As of December 31, 2019	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due Less than 30 Past Due	Total Loans	Accruing loans 90 days or more past due
Wholesale loans	\$—	\$—	\$—	\$89,635,267	\$89,635,267	\$—
Retail loans:						
Real estate mortgage	16,636	6,584	23,220	3,146,047	3,169,267	—
Production and intermediate-term	58,582	17,128	75,710	5,315,240	5,390,950	2,951
Loans to OFIs	—	—	—	634,717	634,717	—
Other	495	29	524	171,291	171,815	—
Total retail loans	75,713	23,741	99,454	9,267,295	9,366,749	2,951
Total loans	\$75,713	\$23,741	\$99,454	\$98,902,562	\$99,002,016	\$2,951

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. Interest income recognized and cash payments received on nonaccrual risk loans are applied as described in Note 2.

Risk Loan Information

(in thousands)

As of December 31,	2021	2020	2019
Nonaccrual loans:			
Current as to principal and interest	\$37,785	\$46,271	\$32,364
Past due	13,555	22,198	25,408
Total nonaccrual loans	51,340	68,469	57,772
Accruing restructured loans	3,424	3,999	3,969
Accruing loans 90 days or more past due	2,531	1,331	2,951
Total risk loans	\$57,295	\$73,799	\$64,692
Volume with specific reserves	\$34,929	\$49,844	\$33,756
Volume without specific reserves	22,366	23,955	30,936
Total risk loans	\$57,295	\$73,799	\$64,692
Specific reserves	\$7,561	\$9,795	\$5,065

Note: Accruing loans include accrued interest receivable.

For the year ended December 31,	2021	2020	2019
Income on accrual risk loans	\$627	\$1,338	\$1,183
Income on nonaccrual loans	8,851	6,709	10,235
Total income on risk loans	\$9,478	\$8,047	\$11,418
Average risk loans	\$73,514	\$86,632	\$78,090

Risk Loans by Type

(in thousands)

As of December 31,	2021	2020	2019
Nonaccrual loans:			
Real estate mortgage	\$16,068	\$20,668	\$15,421
Production and intermediate-term	33,869	47,419	42,291
Other	1,403	382	60
Total nonaccrual loans	\$51,340	\$68,469	\$57,772
Accruing restructured loans:			
Real estate mortgage	\$3,334	\$3,367	\$3,927
Production and intermediate-term	41	581	42
Other	49	51	—
Total accruing restructured loans	\$3,424	\$3,999	\$3,969
Accruing loans 90 days or more past due:			
Real estate mortgage	\$—	\$190	\$—
Production and intermediate-term	2,531	1,141	2,951
Total accruing loans 90 days or more past due	\$2,531	\$1,331	\$2,951
Total risk loans	\$57,295	\$73,799	\$64,692

Note: Accruing loans include accrued interest receivable.

Nonaccrual loans represented less than 0.1 percent of total loans at December 31, 2021, of which 73.6 percent were current as to principal and interest.

Our accounting policy requires loans past due 90 days 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.

We had no wholesale loans classified as risk loans at December 31, 2021, 2020 or 2019.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of December 31, 2021			For the year ended December 31, 2021	
(in thousands)	Recorded Investment ⁽¹⁾	Unpaid Principal Balance ⁽²⁾	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	\$8,433	\$9,206	\$2,745	\$9,850	\$—
Production and intermediate-term	25,437	28,534	4,450	32,096	—
Other	1,059	1,169	366	489	—
Total	\$34,929	\$38,909	\$7,561	\$42,435	\$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	\$10,969	\$12,543	\$—	\$11,751	\$3,417
Production and intermediate-term	11,004	30,051	—	18,482	6,058
Other	393	519	—	846	3
Total	\$22,366	\$43,113	\$—	\$31,079	\$9,478
Total impaired loans:					
Real estate mortgage	\$19,402	\$21,749	\$2,745	\$21,601	\$3,417
Production and intermediate-term	36,441	58,585	4,450	50,578	6,058
Other	1,452	1,688	366	1,335	3
Total	\$57,295	\$82,022	\$7,561	\$73,514	\$9,478

	As of December 31, 2020			For the year ended December 31, 2020	
(in thousands)	Recorded Investment ⁽¹⁾	Unpaid Principal Balance ⁽²⁾	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	\$11,967	\$12,583	\$2,625	\$4,590	\$—
Production and intermediate-term	37,848	40,951	7,159	38,172	—
Other	29	39	11	30	—
Total	\$49,844	\$53,573	\$9,795	\$42,792	\$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	\$12,258	\$19,880	\$—	\$13,937	\$2,983
Production and intermediate-term	11,293	29,386	—	29,669	5,061
Other	404	502	—	234	3
Total	\$23,955	\$49,768	\$—	\$43,840	\$8,047
Total impaired loans:					
Real estate mortgage	\$24,225	\$32,463	\$2,625	\$18,527	\$2,983
Production and intermediate-term	49,141	70,337	7,159	67,841	5,061
Other	433	541	11	264	3
Total	\$73,799	\$103,341	\$9,795	\$86,632	\$8,047

(in thousands)	As of December 31, 2019			For the year 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:					
Real estate mortgage	\$2,410	\$2,953	\$851	\$2,551	\$—
Production and intermediate-term	31,314	33,551	4,201	30,804	—
Other	32	40	13	32	—
Total	\$33,756	\$36,544	\$5,065	\$33,387	\$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	\$16,938	\$27,067	\$—	\$17,932	\$7,117
Production and intermediate-term	13,970	33,139	—	26,752	4,301
Other	28	124	—	19	—
Total	\$30,936	60,330	\$—	\$44,703	\$11,418
Total impaired loans:					
Real estate mortgage	\$19,348	\$30,020	\$851	\$20,483	\$7,117
Production and intermediate-term	45,284	66,690	4,201	57,556	4,301
Other	60	164	13	51	—
Total	\$64,692	\$96,874	\$5,065	\$78,090	\$11,418

⁽¹⁾The recorded investment is the face 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 charge-off of the investment.

⁽²⁾Unpaid principal balance represents the contractual principal balance of the loan.

We did not have any material commitments to lend additional money to borrowers whose loans were at risk at December 31, 2021.

Troubled Debt Restructurings

Included within our loans are troubled debt restructurings (TDRs). These loans have been modified by granting a concession in order to maximize the collection of amounts due when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses. The primary types of modification typically include interest rate reduction below market, deferral of principal, extension of maturity or forgiveness of interest. Our loans classified as TDRs and activity on these loans were not material at any time during the years ending December 31, 2021, 2020 or 2019. We did not have material loan commitments to lend additional money to borrowers whose loans have been modified in a TDR at December 31, 2021.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the year ended December 31,	2021	2020	2019
Balance at beginning of period	\$39,850	\$32,089	\$25,571
Provision for loan losses	1,000	10,000	11,500
Charge-offs	(8,762)	(10,215)	(6,775)
Recoveries	5,470	7,976	1,793
Balance at end of period	\$37,558	\$39,850	\$32,089

The “Provision for credit losses” in the Statements of Comprehensive Income includes a provision for loan losses as presented in the previous chart, as well as a provision for unfunded commitments. The accrued credit losses on unfunded commitments are recorded

in “Other liabilities” in the Statements of Condition. Typically, accrued credit losses are relieved and replaced with an allowance for loan loss as the related commitments are funded.

Changes in Allowance for Loan Losses and Period End Recorded Investments by Loan Type

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate- term	Loans to OFIs	Other	Total
Allowance for loan losses:						
Balance as of December 31, 2020	\$—	\$3,751	\$34,779	\$285	\$1,035	\$39,850
Provision for (reversal of) loan losses	—	1,053	(1,948)	(5)	1,900	1,000
Charge-offs	—	(160)	(7,553)	—	(1,049)	(8,762)
Recoveries	—	165	5,294	—	11	5,470
Balance as of December 31, 2021	\$—	\$4,809	\$30,572	\$280	\$1,897	\$37,558
As of December 31, 2021						
Ending balance: individually evaluated for impairment	\$—	\$2,745	\$4,450	\$—	\$366	\$7,561
Ending balance: collectively evaluated for impairment	\$—	\$2,064	\$26,122	\$280	\$1,531	\$29,997
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2021	\$108,524,892	\$4,401,196	\$7,776,212	\$705,804	\$1,074,691	\$122,482,795
Ending balance for loans individually evaluated for impairment	\$108,524,892	\$19,402	\$36,441	\$—	\$1,452	\$108,582,187
Ending balance for loans collectively evaluated for impairment	\$—	\$4,381,794	\$7,739,771	\$705,804	\$1,073,239	\$13,900,608

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate- term	Loans to OFIs	Other	Total
Allowance for loan losses:						
Balance as of December 31, 2019	\$—	\$1,992	\$29,187	\$404	\$506	\$32,089
Provision for (reversal of) loan losses	—	1,633	7,960	(119)	526	10,000
Charge-offs	—	(42)	(10,171)	—	(2)	(10,215)
Recoveries	—	168	7,803	—	5	7,976
Balance as of December 31, 2020	\$—	\$3,751	\$34,779	\$285	\$1,035	\$39,850
As of December 31, 2020						
Ending balance: individually evaluated for impairment	\$—	\$2,625	\$7,159	\$—	\$11	\$9,795
Ending balance: collectively evaluated for impairment	\$—	\$1,126	\$27,620	\$285	\$1,024	\$30,055
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2020	\$98,119,082	\$4,392,565	\$6,498,365	\$613,089	\$633,607	\$110,256,708
Ending balance for loans individually evaluated for impairment	\$98,119,082	\$24,225	\$49,141	\$—	\$433	\$98,192,881
Ending balance for loans collectively evaluated for impairment	\$—	\$4,368,340	\$6,449,224	\$613,089	\$633,174	\$12,063,827

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate- term	Loans to OFIs	Other	Total
Allowance for loan losses:						
Balance as of December 31, 2018	\$—	\$2,093	\$22,724	\$474	\$280	\$25,571
Provision for (reversal of) loan losses	—	(290)	11,638	(70)	222	11,500
Charge-offs	—	(22)	(6,751)	—	(2)	(6,775)
Recoveries	—	211	1,576	—	6	1,793
Balance as of December 31, 2019	\$—	\$1,992	\$29,187	\$404	\$506	\$32,089
As of December 31, 2019						
Ending balance: individually evaluated for impairment	\$—	\$851	\$4,201	\$—	\$13	\$5,065
Ending balance: collectively evaluated for impairment	\$—	\$1,141	\$24,986	\$404	\$493	\$27,024
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2019	\$89,635,267	\$3,169,267	\$5,390,950	\$634,717	\$171,815	\$99,002,016
Ending balance for loans individually evaluated for impairment	\$89,635,267	\$19,348	\$45,284	\$—	\$60	\$89,699,959
Ending balance for loans collectively evaluated for impairment	\$—	\$3,149,919	\$5,345,666	\$634,717	\$171,755	\$9,302,057

Note: Accruing loans include accrued interest receivable.

NOTE 4

Investment Securities

All investment securities are classified as AFS.

AFS Investment Securities

(in thousands)

As of December 31, 2021	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper and other	\$4,049,164	\$356	\$94	\$4,049,426	0.2%
U.S. Treasury securities	8,560,950	6,702	39,120	8,528,532	0.4%
Mortgage-backed securities	5,700,211	20,665	67,546	5,653,330	1.0%
Asset-backed securities	160,643	715	18	161,340	1.4%
Total	\$18,470,968	\$28,438	\$106,778	\$18,392,628	0.6%

(in thousands)

As of December 31, 2020	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper and other	\$6,538,166	\$565	\$16	\$6,538,715	0.3%
U.S. Treasury securities	5,831,098	33,572	88	5,864,582	1.2%
Mortgage-backed securities	5,586,928	55,825	5,452	5,637,301	1.4%
Asset-backed securities	538,353	6,416	38	544,731	2.6%
Total	\$18,494,545	\$96,378	\$5,594	\$18,585,329	1.2%

(in thousands)

As of December 31, 2019	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper and other	\$5,849,521	\$660	\$39	\$5,850,142	1.9%
U.S. Treasury securities	2,800,780	16,833	1,413	2,816,200	2.3%
Mortgage-backed securities	5,063,806	9,162	28,508	5,044,460	2.4%
Asset-backed securities	652,041	5,493	178	657,356	2.9%
Total	\$14,366,148	\$32,148	\$30,138	\$14,368,158	2.3%

Commercial paper and other is primarily corporate commercial paper and certificates of deposit.

As of December 31, 2021, 2020 and 2019, we had no investment securities or federal funds pledged as collateral.

Contractual Maturities of AFS Investment Securities

(in thousands)	Year of Maturity				Total
	One Year or Less	One to Five Years	Five to Ten Years	More Than Ten Years	
As of December 31, 2021					
Commercial paper and other	\$4,049,426	\$—	\$—	\$—	\$4,049,426
U.S. Treasury securities	2,888,505	5,640,027	—	—	8,528,532
Mortgage-backed securities	13	41,277	375,364	5,236,676	5,653,330
Asset-backed securities	1,451	159,889	—	—	161,340
Total	\$6,939,395	\$5,841,193	\$375,364	\$5,236,676	\$18,392,628
Weighted average yield	0.3 %	0.4 %	2.0 %	0.9 %	0.6 %

Expected maturities differ from contractual maturities because borrowers may have the right to prepay these obligations. The remaining expected average life is 0.4 years for asset-backed securities and 3.6 years for mortgage-backed securities at December 31, 2021.

A summary of the investment securities in an unrealized loss position presented by the length of time that the securities have been in a continuous unrealized loss position follows:

(in thousands) As of December 31, 2021	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper and other	\$832,849	\$94	\$—	\$—
U.S. Treasury securities	7,142,735	39,039	9,916	81
Mortgage-backed securities	2,811,181	54,858	538,480	12,688
Asset-backed securities	11,231	18	—	—
Total	\$10,797,996	\$94,009	\$548,396	\$12,769

(in thousands) As of December 31, 2020	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper and other	\$1,075,692	\$16	\$—	\$—
U.S. Treasury securities	2,156,894	88	—	—
Mortgage-backed securities	814,600	3,305	1,046,723	2,147
Asset-backed securities	9,887	38	—	—
Total	\$4,057,073	\$3,447	\$1,046,723	\$2,147

(in thousands) As of December 31, 2019	Less than 12 months		More than 12 months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Commercial paper and other	\$1,121,444	\$39	\$—	\$—
U.S. Treasury securities	259,634	1,352	115,095	61
Mortgage-backed securities	1,566,035	6,190	2,417,078	22,318
Asset-backed securities	137,660	178	—	—
Total	\$3,084,773	\$7,759	\$2,532,173	\$22,379

AgriBank sold no AFS investment securities during the years ended December 31, 2021, 2020 and 2019.

We evaluate our investment securities for OTTI on a quarterly basis. We have determined no securities were in an OTTI loss position at December 31, 2021, 2020 or 2019. There was no OTTI activity during the years ended December 31, 2021, 2020 or 2019. Refer to Note 2 for additional information regarding fair value measurements and the accounting policy for assessing OTTI.

NOTE 5

Bonds and Notes

The System obtains funds for its lending operations primarily from the sale of Systemwide Debt Securities issued by the System Banks through the Funding Corporation. Systemwide bonds and discount notes are joint and several obligations of the System Banks. Refer to Note 9 for further information.

AgriBank's Participation in Systemwide Bonds and Notes

(in thousands)

As of December 31,	2021	2020	2019
Systemwide obligations:			
Bonds	\$130,736,411	\$118,721,054	\$105,088,542
Discount notes	1,929,107	2,778,488	2,030,416
Member investment bonds	2,037,089	1,530,022	1,207,874
Total	\$134,702,607	\$123,029,564	\$108,326,832

Maturities and Weighted Average Interest Rate of Bonds and Notes

(in thousands)

As of December 31, 2021	Systemwide Obligations				Member Investment Bonds		Total	
	Bonds		Discount Notes					
Year of maturity	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
2022	\$35,523,371	0.4 %	\$1,929,107	0.1 %	\$2,037,089	0.1 %	\$39,489,567	0.4 %
2023	35,464,827	0.3 %	—	— %	—	— %	35,464,827	0.3 %
2024	9,426,684	0.8 %	—	— %	—	— %	9,426,684	0.8 %
2025	8,742,895	0.8 %	—	— %	—	— %	8,742,895	0.8 %
2026	6,198,416	1.3 %	—	— %	—	— %	6,198,416	1.3 %
2027 and thereafter	35,380,218	1.9 %	—	— %	—	— %	35,380,218	1.9 %
Total	\$130,736,411	0.9 %	\$1,929,107	0.1 %	\$2,037,089	0.1 %	\$134,702,607	0.9 %

Discount notes are issued with maturities ranging from one to 365 days. The average maturity of discount notes at December 31, 2021 was 74 days.

Callable debt may be called on the first call date and generally is continuously callable thereafter.

Bonds and Notes with Call Options

(in millions)

As of December 31, 2021	Maturing Amount	Callable Amount
Year of maturity / next call:		
2022	\$620	\$48,297
2023	3,905	4,509
2024	4,699	1,482
2025	7,508	878
2026	5,374	105
2027	4,457	—
2028	4,411	—
Thereafter	24,297	—
Total	\$55,271	\$55,271

Participation in Systemwide Debt Securities

Certain conditions must be met before System Banks can participate in the issuance of Systemwide Debt Securities. As one condition of participation, System Banks are required by the Farm Credit Act and FCA regulation to maintain specified eligible assets at least equal in value to the total amount of debt securities outstanding for which they are primarily liable. This requirement does not provide holders of Systemwide Debt Securities or bank bonds with a security interest in any assets of the System Banks. However, System Banks and the Funding Corporation have entered into a Market Access Agreement (MAA), which established criteria and procedures for the System Banks to provide certain information to the Funding Corporation and, under certain circumstances, for restricting or prohibiting an individual System Bank's participation in Systemwide debt issuances, thereby reducing other System Banks' exposure to statutory joint and several liability. At December 31, 2021, we were, and as of the date of this report remain, in compliance with the conditions of participation in the issuance of Systemwide Debt Securities.

Member Investment Bonds

Member investment bonds, specifically authorized by the Farm Credit Act, are an alternative source of funding in which we sell bonds directly to District members and employees. Member investment bonds issued by AgriBank are offered primarily through the Farm Cash Management program, which links a District Association members' revolving line of credit with an AgriBank investment bond to optimize the members' use of their funds. Member investment bonds are an unsecured obligation of AgriBank and are not insured or guaranteed by any other entity.

Insurance Fund

The Insurance Fund is available to insure the timely payment of principal and interest on consolidated bonds and notes of System Banks to the extent net assets are available in the Insurance Fund. At December 31, 2021, the assets of the Insurance Fund were \$6.0 billion; however, due to the other authorized uses of the Insurance Fund, there is no assurance that the amounts in the Insurance Fund will be sufficient to fund the timely payment of principal, or interest on, insured debt securities in the event of default by any System Bank having primary liability for repayment of the debt. Refer to Note 1 for further information about the Insurance Fund.

Short-term Borrowings

We use short-term borrowings as a source of funds.

Short-term borrowings by Category

(in thousands)	2021		2020		2019	
	Amount	Weighted average interest rate	Amount	Weighted average interest rate	Amount	Weighted average interest rate
Systemwide discount notes:						
Outstanding as of December 31	\$1,929,107	0.1 %	\$2,778,488	0.4 %	\$2,030,416	1.9 %
Average during year	2,370,083	0.1 %	4,257,240	0.8 %	2,284,259	2.3 %
Maximum month-end balance during the year	3,397,525		6,783,584		3,009,897	
Systemwide bonds ⁽¹⁾ :						
Outstanding as of December 31	\$2,897,427	0.1 %	\$1,720,020	0.2 %	\$1,021,329	2.6 %
Average during year	2,512,904	0.4 %	1,364,563	0.9 %	821,985	2.6 %
Maximum month-end balance during the year	3,147,672		1,741,311		1,044,007	

⁽¹⁾Represents bonds issued with an original maturity of one year or less.

NOTE 6

Shareholders' Equity

Description of Equities

All shares and participation certificates are \$5 par value, except the Series A Non-cumulative Perpetual Preferred Stock (Series A Preferred Stock), which is \$100 par value.

(in whole numbers)	Number of Shares Outstanding		
As of December 31,	2021	2020	2019
Series A Preferred Stock	2,500,000	2,500,000	2,500,000
Class F Common Stock	105,172,072	78,855,306	34,177,692
Class P Common Stock	653,119,468	575,235,516	534,274,397
Series A Participation Certificates	6,946,857	6,199,282	5,865,306
Protected Series C Participation Certificates	19,600	29,600	36,100

Perpetual Preferred Stock

We have an authorized class of preferred stock that may be issued to investors in accordance with applicable rules of offering. This stock is non-voting and may bear dividends. There are 8 million shares authorized at \$100 per share.

We have \$250 million of Series A Preferred Stock outstanding, representing 2.5 million shares at \$100 per share par value. This series may be held or transferred in blocks having an aggregate par value of \$25 thousand to investors meeting the eligibility requirements and an investor must hold at least 250 shares. We used the net proceeds from the issuance for general corporate purposes. For regulatory capital purposes, our Series A Preferred Stock is included in permanent capital, tier 1 capital and total capital, subject to certain limitations as defined by the FCA.

Dividends on the Series A Preferred Stock, if declared by our board in its sole discretion, are non-cumulative and are payable quarterly in arrears on the first day of January, April, July and October. Dividends accrue at a fixed annual rate of 6.875 percent from the date of issuance through December 31, 2023, and beginning January 1, 2024 will accrue at an annual rate equal to three-month United States Dollar LIBOR rate, reset quarterly, plus 4.225 percent. Upon the discontinuation of LIBOR, a new reference rate will be determined.

The Series A Preferred Stock is not mandatorily redeemable at any time. However, the Series A Preferred Stock will be redeemable at par value plus accrued and unpaid dividends, in whole or in part, at our option, quarterly beginning January 1, 2024. In addition, the Series A Preferred Stock will be redeemable in whole, at our option, at any time upon the occurrence of certain defined regulatory events.

The Series A Preferred Stock is junior to any series of preferred stock we may issue in the future with priority rights. The Series A Preferred Stock is senior to our outstanding capital stock.

Member Stock

In accordance with the Farm Credit Act, eligible borrowers are required to purchase common stock in AgriBank as a condition of borrowing. District Associations fund member stock purchases and stock patronage through cash liquidity generated from capital and earnings. OFIs make cash purchases of Series A Participation Certificates as a condition of borrowing.

Member stock is comprised of Class D Preferred Stock, Class F Common Stock, Class P Common Stock, Series A Participation Certificates, Series B Participation Certificates and Protected Series C Participation Certificates.

Class D Preferred Stock is available to be issued solely to District Associations based on allocated equities issued and as a conversion of Class P Common Stock that is in excess of the minimum amounts required under our capital plan. Class D Preferred Stock has no voting rights. No stock of this kind was outstanding at December 31, 2021, 2020 or 2019.

Class F Common Stock is issued to other System institutions. Class F Common Stock has no voting rights.

Class P Common Stock is issued to District Associations and as a conversion of Class D Preferred Stock. Class P Common Stock has voting rights as provided in our bylaws so long as the stock is held by an eligible holder. In certain circumstances, a holder of Class P Common Stock can convert to an equal number of units of Series B Participation Certificates.

Series A Participation Certificates are issued to those entities, including OFIs, identified in the Farm Credit Act that meet certain requirements of the Act in connection with loans made after October 5, 1988, in an amount required by our capital plan. Series A Participation Certificates have no voting rights.

Series B Participation Certificates are available to be issued to District Associations and direct borrowers. Series B Participation Certificates have no voting rights, and no stock of this kind was outstanding at December 31, 2021, 2020 or 2019.

Protected Series C Participation Certificates are issued to entities identified in the Farm Credit Act that meet certain requirements of the Act that were in existence before the close of business on October 5, 1988. Refer to discussion under Protection Mechanisms. Protected Series C Participation Certificates have no voting rights. Protected Series C Participation Certificates of \$98 thousand, \$148 thousand and \$181 thousand as of December 31, 2021, 2020 and 2019, respectively, are included in Capital Stock and Participation Certificates on the Statements of Changes in Shareholders' Equity.

All member stock shall have such rights, designations and restrictions as provided in our bylaws. No fractional shares of such stock or participation certificates, or cash in lieu of fractional shares, shall be issued or paid. All member stock is transferable to any eligible holder of such equities. If at any time we are out of compliance with minimum capital requirements as determined by the FCA, all member stock required to be purchased as a condition for obtaining a loan must be purchased from us.

Protected Series C Participation Certificates must be retired and paid at par value in accordance with FCA regulations as they relate to the retirement of stock protected by the provisions of the Farm Credit Act. The board is authorized, but not required, to make retirements of all other member stock on a case-by-case basis when requested by a holder of such equities without regard to the holder's total investment in us relative to the other holders of our equities. Such other member stock shall be retired at book value not to exceed par or face value and cannot be retired while we are not in compliance with capital adequacy standards as determined by the FCA, or if such retirement would cause us to be out of compliance with capital adequacy standards and may be retired only at the discretion of the board.

All member stock is subject to a statutory first lien in favor of us to secure any indebtedness of the holder of such capital investments to us.

In the event of our liquidation or dissolution, according to our bylaws, any remaining assets after payment or retirement of all liabilities will be distributed in the following order of priority:

- First, ratably to the holders of Series A Preferred Stock
- Second, to the holders of Class P and F Common Stock, Class D Preferred Stock and Series A, B and C Participation Certificates
- Third, to the holders of allocated retained earnings, pro rata, until an amount equal to the aggregate book value not to exceed face value has been distributed
- Finally, any remaining assets shall be distributed in accordance with established attribution of unallocated surplus.

In the event of impairment, losses will be absorbed pro rata by all classes of common stock and participation certificates then by Class D Preferred Stock followed by Series A Preferred Stock; however, protected stock will be retired at par value regardless of impairment.

Capitalization Requirements

In accordance with the Farm Credit Act, and our capitalization bylaws, we are authorized to issue Series A Preferred Stock, Class D Preferred Stock, Classes F and P Common Stock, Series A, B and C Participation Certificates and such other classes of equity in such amounts as may be necessary to conduct our business.

As a condition of borrowing, District Associations and OFIs are required to maintain an investment in AgriBank. Our bylaws authorize us to require an investment of up to 4 percent of the borrower's average wholesale loan balance with us (District Associations) or borrower's line of credit with us (OFIs) upon board approval. Our capital plan is updated at least annually and is subject to change at the discretion of our board. Our current capital plan requires an investment based on average wholesale loan balances (District Associations) and loan commitments (OFIs) with an additional amount required on association and OFIs growth above of a specified growth rate, if the District is also growing above a specified growth rate and non-risk adjusted capital ratios are outside of established thresholds. The 2021 requirements were 2.5 percent on average loan balances/commitments, plus an additional 3.0 percent on increases in loans/commitments that exceeded 7.83 percent, if the District is growing at a rate above 5.83 percent.

Additionally, pool programs are typically capitalized at a higher rate that is mutually agreed upon in the pool agreements. The 2022 requirements are 2.55 percent on average loan balances/commitments, plus an additional 3.0 percent on increases in loans/commitments that exceeded 7.90 percent, if the District is growing at a rate above 5.90 percent.

Protection Mechanisms

Protection of certain borrower capital is provided under the Farm Credit Act, which requires us to retire protected capital at par or stated value regardless of its book value when retiring protected borrower capital. Series C Participation Certificates are protected capital. Stock and participation certificates issued after October 5, 1988 are not subject to these protection provisions. If we are unable to retire protected borrower equity at par value or stated value, amounts required to retire this equity would be obtained from the Insurance Fund, if available.

Regulatory Capitalization Requirements and Restrictions

FCA regulations require us to maintain certain minimum capital ratios. 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 FCA approval. No such prohibitions were in effect as of December 31, 2021.

Regulatory Capital Requirements and Ratios

As of December 31,	2021	2020	2019	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:						
Common equity tier 1 capital ratio	16.8 %	16.6 %	17.1 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	17.4 %	17.3 %	17.8 %	6.0 %	2.5 %	8.5 %
Total capital ratio	17.5 %	17.4 %	17.9 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	17.4 %	17.3 %	17.8 %	7.0 %	— %	7.0 %
Non-risk-adjusted:						
Tier 1 leverage ratio	5.2 %	5.2 %	5.5 %	4.0 %	1.0 %	5.0 %
UREE ⁽¹⁾ leverage	2.4 %	2.5 %	3.0 %	1.5 %	— %	1.5 %

⁽¹⁾ Unallocated retained earnings and equivalents

Risk-adjusted assets have been defined by FCA 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 (referred herein as PCR risk-adjusted assets) 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 the FCA regulations and are calculated as follows:

- Common equity tier 1 capital ratio is the core capital of AgriBank including all at-risk borrower stock as it is intended to be held for a minimum of seven years, unallocated retained earnings as regulatorily prescribed, less certain regulatory required deductions including certain investments in other System institutions, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 capital plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital ratio is tier 1 capital plus allowance for loan losses and reserve for credit losses subject to certain limitations, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, non-cumulative perpetual preferred stock, unallocated retained earnings as regulatorily prescribed, less certain investments in other System institutions divided by PCR 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.
- UREE leverage is unallocated retained earnings as regulatorily prescribed, less certain regulatory required deductions, divided by average assets less regulatory deductions subject to tier 1 capital.

The amount of third-party capital instruments, including preferred stock and subordinated notes that may be counted in the total capital ratio must not exceed the lesser of 40 percent of total capital or 100 percent of common equity tier 1.

Patronage Distributions and Dividends

Payment of discretionary patronage and/or dividends is allowed under our bylaws if the distribution is in accordance with applicable laws and regulations, including the FCA capital adequacy regulations, and approved by the board. Patronage distributions may be in cash or stock. Cash patronage totaled \$658.7 million, \$689.7 million and \$381.4 million for the years ended December 31, 2021, 2020 and 2019, respectively. Stock patronage totaled \$88.7 million and \$228.2 million for the years ended December 31, 2021 and 2019, respectively. No stock patronage was issued during the year ended December 31, 2020. We declare patronage on certain pool programs in the form of allocated retained earnings. Allocated retained earnings is eligible to be declared for redemption in future years and is not included in total regulatory capital. Patronage declared as allocated retained earnings was \$653 thousand, \$1,398 thousand, and \$148 thousand for the years ended December 31, 2021, 2020 and 2019, respectively.

We declared \$17.2 million of non-cumulative perpetual preferred stock dividends during each year ended December 31, 2021, 2020 and 2019. Dividends on non-cumulative perpetual preferred stock are payable quarterly on the first day of January, April, July and October.

In the event preferred stock dividends for the current dividend period have not been declared, we may not declare or pay any dividends, patronage refunds or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock (including borrower stock, participation certificates and preferred stock), other than exercising our statutory lien under the Farm Credit Act, which allows us to apply member stock and/or participation certificates to reduce the aggregate principal amount of outstanding loans to District Associations. Dividends have been declared as scheduled since issuing preferred stock.

NOTE 7

Employee Benefit Plans

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans for which AgriBank and District Associations are participating employers. These governance committees are comprised of elected or appointed representatives (senior leadership and/or boards of director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefits plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any) and termination of specific benefits plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

The funded status of the post-employment benefit plans is recorded at the District level. Additional District-level financial information for these plans may be found in the “District-Level Pension and Post-Employment Benefit Plans Disclosures” section of this footnote.

Pension Benefit Plans

Pension Plan: Certain employees participate in the AgriBank District Retirement Plan, a Districtwide defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This Plan is noncontributory and covers certain eligible District employees. The assets, liabilities and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. There is no collective bargaining agreement in place as part of this plan. Since the formation of SunStream on April 1, 2020, SunStream is responsible for the funding for its employees in the plan.

AgriBank District Retirement Plan Information

(in thousands)

As of December 31,	2021	2020	2019
Unfunded liability	\$46,421	\$169,640	\$220,794
Projected benefit obligation	1,500,238	1,563,421	1,421,126
Fair value of plan assets	1,453,817	1,393,781	1,200,332
Accumulated benefit obligation	1,384,554	1,426,270	1,298,942
For the year ended December 31,	2021	2020	2019
Total plan expense	\$28,048	\$42,785	\$36,636
Our allocated share of plan expenses	1,013	2,860	2,960
Contributions by participating employers	90,000	90,000	90,000
Our allocated share of contributions	6,861	7,625	8,619

The unfunded liability reflects the net of the fair value of the plan assets and the projected benefit obligation as of December 31. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding.

Benefits paid to participants in the District were \$88.6 million in 2021. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plans during 2022 is \$90.0 million. Our allocated share of these pension contributions is expected to be \$6.8 million. The amount ultimately to be contributed and the amount ultimately recognized as expense, as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the anticipated amounts.

Pension Restoration Plan: We also participate in the Districtwide non-qualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above the Internal Revenue Code compensation or other limits. The Pension Restoration Plan is unfunded, and we make annual contributions to fund benefits paid to our retirees covered by the plan. The obligation, cost and

contributions were not material to any of the years presented. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

Other Post-Employment Benefit Plans

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status. Postretirement benefit costs related to the retiree medical plans were not considered material for any of the years presented. Cash contributions were equal to the benefits paid.

Defined Contribution Plans

We participate in a Districtwide defined contribution retirement savings plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0 percent and 50 cents on the dollar on the next 4.0 percent on both pre-tax and post-tax contributions. The maximum employer match is 4.0 percent. For employees hired after December 31, 2006, we contribute 3.0 percent of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0 percent on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0 percent.

We also participate in a Districtwide Non-qualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, be either a chief executive officer or president of a participating employer or have previously elected pre-tax deferrals in 2006 under predecessor non-qualified deferred compensation plans. Under this plan, the employee may defer a portion of his/her salary, bonus and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Additionally, we participate in the Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purpose 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 will be made to the plan.

District-Level Pension and Post-Employment Benefit Plans Disclosures

All District employers, with the exception of one District Association, participate in the defined benefit pension plan. Certain District employers also participate in the nonqualified retirement plan. Additionally, District employers provide certain health insurance benefits to eligible retired employees in the District. The current measurement date is December 31 for the defined benefit and other post-employment benefit plans.

The decreases in the benefit obligation of the pension plans were primarily due to benefits paid and, to a lesser extent, actuarial gains reflecting an increase in the discount rates.

AgriBank District Obligations and Funded Status

(in thousands)

As of December 31,	Pension Benefits			Other Benefits		
	2021	2020	2019	2021	2020	2019
Change in benefit obligation:						
Benefit obligation at beginning of year	\$1,620,979	\$1,466,141	\$1,313,267	\$23,140	\$21,832	\$20,600
Service cost	26,964	25,757	25,169	209	211	217
Interest cost	30,422	41,059	51,724	387	582	783
Plan amendments	1,941	332	—	—	—	—
Actuarial (gain) loss	(18,750)	163,606	149,052	(1,138)	1,968	1,666
Benefits paid	(93,206)	(75,917)	(73,071)	(1,383)	(1,453)	(1,434)
Benefit obligation at end of year	\$1,568,350	\$1,620,978	\$1,466,141	\$21,215	\$23,140	\$21,832
Change in plan assets:						
Fair value of plan assets at beginning of year	\$1,393,781	\$1,200,332	\$997,613	\$—	\$—	\$—
Actual return on plan assets	58,627	174,382	181,471	—	—	—
Employer contributions	94,615	94,984	94,319	1,383	1,453	1,434
Benefits, premiums and expenses paid	(93,206)	(75,917)	(73,071)	(1,383)	(1,453)	(1,434)
Fair value of plan assets at end of year	\$1,453,817	\$1,393,781	\$1,200,332	\$—	\$—	\$—
Unfunded liability	\$(114,533)	\$(227,197)	\$(265,809)	\$(21,215)	\$(23,140)	\$(21,832)
Accumulated benefit obligation	\$1,432,380	\$1,469,217	\$1,337,665	n/a	n/a	n/a

(in thousands)

As of December 31,	Pension Benefits			Other Benefits		
	2021	2020	2019	2021	2020	2019
Amounts recognized in the District Statements of Condition consist of:						
Pension liabilities	\$114,533	\$227,197	\$265,809	\$21,215	\$23,140	\$21,832
Net loss (gain)	\$451,437	\$512,856	\$507,887	\$(7,498)	\$(7,118)	\$(10,299)
Prior service credit	(11,057)	(16,003)	(19,008)	—	—	—
Total recognized in accumulated other comprehensive loss (income)	\$440,380	\$496,853	\$488,879	\$(7,498)	\$(7,118)	\$(10,299)
Weighted-average assumptions used to determine benefit obligations:						
Discount rate	2.89 %	2.54 %	3.26 %	2.84 %	2.48 %	3.21 %
Rate of compensation increase ⁽¹⁾	4.60 %	4.60 %	6.75 %	n/a	n/a	n/a
Interest crediting rate	2.10 %	1.60 %	2.90 %	n/a	n/a	n/a

⁽¹⁾ The rate of compensation increase for the pension benefits utilizes an age-based scale beginning at 6.75%, ultimately decreasing to 3.50%

District Components of Net Periodic Benefit Cost

(in thousands)

For the year ended December 31,	Pension Benefits			Other Benefits		
	2021	2020	2019	2021	2020	2019
Net periodic benefit cost:						
Service cost	\$26,964	\$25,757	\$25,169	\$209	\$211	\$217
Interest cost	30,422	41,059	51,724	387	582	783
Expected return on plan assets	(64,138)	(66,574)	(68,672)	—	—	—
Amortization of prior service credit	(3,004)	(2,673)	(2,897)	—	—	—
Amortization of net loss (gain)	52,738	50,829	36,654	(757)	(1,215)	(1,518)
Other cost	(4,558)	—	—	—	—	—
Net periodic benefit cost	\$38,424	\$48,398	\$41,978	\$(161)	\$(422)	\$(518)
Other changes in plan assets and benefit obligations recognized in other comprehensive income:						
Net (gain) loss	\$(13,238)	\$55,798	\$36,252	\$(1,137)	\$1,966	\$1,666
Amortization of net (loss) gain	(48,180)	(50,829)	(36,654)	757	1,215	1,518
Prior service cost	1,941	332	—	—	—	—
Amortization of prior service credit	3,004	2,673	2,897	—	—	—
Total recognized in other comprehensive income	\$(56,473)	\$7,974	\$2,495	\$(380)	\$3,181	\$3,184
Total recognized in net periodic benefit cost and other comprehensive income	\$(18,049)	\$56,372	\$44,473	\$(541)	\$2,759	\$2,666
Weighted-average assumptions used to determine net costs:						
Discount rate:						
Projected benefit obligation	2.54 %	3.26 %	4.38 %	2.48 %	3.21 %	4.34 %
Service cost	2.72 %	3.38 %	4.47 %	2.88 %	3.46 %	4.56 %
Interest cost	1.97 %	2.91 %	4.08 %	1.74 %	2.76 %	3.95 %
Expected return on plan assets	4.75 %	5.75 %	6.50 %	n/a	n/a	n/a
Rate of compensation increase	4.60 %	4.60 %	5.25 %	n/a	n/a	n/a
Interest crediting rate	1.60 %	2.90 %	3.50 %	n/a	n/a	n/a

Effective March 2021, a change in accounting policy was elected to use the fair value method for calculating the market-related value of assets for the fixed-income pension assets. This change in accounting principle did not have a material impact and is included in Other cost, a component of net periodic benefit cost for the AgriBank District.

Assumptions

Benefit obligations and net periodic benefit costs are measured using assumptions designed to reflect future economic conditions. The most significant assumptions used in calculating the benefit obligations are discount rates, mortality rates and compensation rate increases. In addition to these assumptions, expected return on plan assets is also a significant driver in the measurement of net periodic benefit cost.

The discount rates used to estimate service and interest components of net periodic benefit cost are calculated using a full yield curve method developed by an independent actuary. The approach maps a high-quality bond yield curve to the duration of the plans' liabilities, thus approximating each cash flow of the liability stream to be discounted at an interest rate specifically applicable to its respective period in time.

The mortality improvement assumptions are updated when new tables are issued by the Society of Actuaries. The adoption of the most recent tables did not have a significant impact to the projected benefit obligation as of December 31, 2021.

Periodically, independent actuaries perform an assumption study based on actual plan participants' results over the past three years. Assumptions in this study include, but are not limited to: rates of termination, retirement age, and benefit form elected. The most

recent study was completed in 2019. The assumption updates made as a result of the study did not have a material impact on the District pension plans.

The expected return on plan assets assumption is determined by the Plan Sponsor Committee with input from the Trust Committee. Historical return information is used to establish a best-estimate range for each asset class in which the plans are invested. The most appropriate rate is selected from the best-estimate range, taking into consideration the duration of plan benefit liabilities and Plan Sponsor Committee investment policies. Generally, a lower rate of return assumption correlates to an increase in the net periodic benefit cost.

Assumed health care cost trend rates affect the amounts reported for the health care plans. A one percent change in assumed health care cost trend rates would have minimal effect for the District.

Estimated Future Contributions and Benefit Payments

The amount of total District employer contributions expected to be paid into the plans during 2022 is \$93.7 million for Pension Benefits and \$1.4 million for Other Benefits.

The following benefit payments are expected to be paid by the District plans and reflect expected future service, as appropriate:

(in thousands)		
As of December 31, 2021	Pension Benefits	Other Benefits
Year:		
2022	\$90,820	\$1,434
2023	93,250	1,436
2024	111,750	1,419
2025	98,170	1,384
2026	106,260	1,359
2027 to 2031	466,030	6,264

Plan Assets

The overall objective of the investment policy is intended to meet the benefit obligations for the plan beneficiaries and to earn a long-term rate of return consistent with the related cash flow profile of the underlying benefit obligations.

The policy uses a risk management strategy designed to reduce investment risks as the funded status improves. To implement the policy, the plan has adopted a diversified set of portfolio management strategies to optimize the risk reward profile of the plan. Plan assets are divided into two primary component portfolios:

- The "Growth Portfolio," which is a return-seeking portfolio that is invested in a diversified set of assets designed to generate return. Equity exposures are expected to be the primary drivers of excess returns, but also introduce the greatest level of volatility of returns. Accordingly, the Growth Portfolio contains additional asset classes that are intended to diversify equity risk as well as contribute to excess return.

The largest subset contains U.S. equities including securities that are both actively and passively managed to their benchmarks across a full spectrum of capitalization and styles. Non-U.S. equities contain securities both passively and actively managed as well as in both developed and emerging markets. Currency futures and forward contracts may be held for the sole purpose of hedging existing currency risk in the portfolio. Other investments that serve as equity diversifiers include:

- Non-core fixed income: fixed income portfolio including high yield debt, emerging market debt, and bank loans
- Real estate assets: publicly traded real estate and global infrastructure
- Hedge funds of funds: multi-manager strategies that seek to maximize skill-based returns by investing in a variety of active managers, including equity-oriented, diversification-oriented, and trend-following strategies
- Tactical tilt fund: portfolio including a variety of asset classes and instruments enabling a dynamic strategy to implement short- and medium-term views
- Private credit: multi-manager strategy of private debt managers
- Insurance-linked securities: investment structures that fund insurance companies for catastrophic losses

Other investment strategies may be employed to gain certain market exposures, reduce portfolio risk and to further diversify portfolio assets.

- The "Immunizing Portfolio," which is a liability hedging portfolio that is primarily invested in actively managed intermediate-term and long-term investment grade corporate bond strategies, paired with centrally cleared derivatives intended to match the plan's liability characteristics and reduce expected funded status risk. The combination of physical credit investments and derivatives are intended to hedge interest rate and credit spread risk targets.

Finally, there is a disbursement account intended to pay periodic plan benefits and expenses.

Portfolios are measured and monitored daily to ensure compliance with the investment policy. For year-end 2021, the asset allocation policy of the pension plan provides a target of 39.0 percent of assets in the Growth Portfolio and 61.0 percent of assets in the Immunizing Portfolio, but may be adjusted as plan funded status improves. Over time as the plan funded status improves, the size of the Growth Portfolio will decline and the Immunizing Portfolio will increase.

AgriBank District Fair Value of Pension Plan Assets

(in thousands) As of December 31, 2021	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$77,149	\$—	\$—	\$77,149
Mutual funds:				
International funds	151,621	46,520	—	198,141
Domestic funds	160,410	13,229	—	173,639
Bond funds	59,261	—	—	59,261
Real estate equity funds	—	—	4,602	4,602
Other funds	23,881	65,378	38,703	127,962
Investment insurance contracts	—	—	4,829	4,829
Corporate bonds	—	645,848	—	645,848
Other debt securities	—	162,386	—	162,386
Total assets at fair value	\$472,322	\$933,361	\$48,134	\$1,453,817

(in thousands) As of December 31, 2020	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$26,076	\$—	\$—	\$26,076
Mutual and exchange traded funds:				
International funds	30,590	234,954	—	265,544
Fixed income funds	—	329,830	—	329,830
Domestic funds	42,607	122,744	—	165,351
Bond funds	—	337,157	—	337,157
Real estate equity funds	—	61,077	3,728	64,805
Other funds	—	—	61,080	61,080
Investment insurance contracts	—	—	4,987	4,987
Total	\$99,273	\$1,085,762	\$69,795	\$1,254,830
Investments measured at net asset value ⁽¹⁾				138,951
Total assets at fair value				\$1,393,781

(in thousands) As of December 31, 2019	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$15,830	\$—	\$—	\$15,830
Mutual funds:				
International funds	—	268,989	—	268,989
Fixed income funds	—	439,705	—	439,705
Domestic funds	—	162,084	—	162,084
Bond funds	—	82,707	—	82,707
Real estate equity funds	—	17,322	3,520	20,842
Other funds	—	—	47,701	47,701
Investment insurance contracts	—	—	5,155	5,155
Total	\$15,830	\$970,807	\$56,376	\$1,043,013
Investments measured at net asset value ⁽¹⁾				157,319
Total assets at fair value				\$1,200,332

⁽¹⁾Certain investments that are measured at fair value using the net asset value per share as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the net assets in the pension plans.

There were no material changes in Level 3 pension plan assets for the years ended December 31, 2021, 2020 and 2019.

Valuation Techniques

Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets would be classified as Level 1. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with observable market data would be classified as Level 2. In addition, assets measured at Net Asset Value (NAV) per share and that can be redeemed at NAV per share at the measurement date are classified as Level 2. Assets valued using unobservable inputs (e.g., a company's own assumptions and data) would be classified as Level 3. All assets are evaluated at the fund level. Refer to Notes 2 and 11 for a complete description of fair value measurements.

NOTE 8

Related Party Transactions

As discussed in Notes 1, 3 and 10, we lend to District Associations to fund their loan portfolios.

We also purchase participations from District entities. At December 31, 2021, we had \$12.9 billion of such loan participations purchased.

We pay compensation within the District for servicing loans and loan participations. We paid \$68.2 million, \$57.3 million and \$50.1 million in 2021, 2020 and 2019, respectively, to District Associations and related entities.

Interest income recognized on District Associations' wholesale loans was \$1.4 billion, \$1.7 billion and \$2.3 billion during 2021, 2020 and 2019, respectively. In addition, we recorded fees of \$59.2 million, \$138.1 million and \$24.9 million during 2021, 2020 and 2019, respectively, representing fees assessed on funding District Associations' wholesale loans.

As of December 31, 2021, we offer certain business services to District entities. Until the formation of SunStream on April 1, 2020, we also offered financial and retail information technology, collateral, tax reporting, and insurance services. These services are now offered by SunStream. Refer to Note 1 for further information on the formation of SunStream. Business services income recorded from District entities totaled \$7.2 million, \$11.2 million and \$22.2 million during 2021, 2020 and 2019, respectively.

We, along with other System entities, collectively own the service entities, Foundations and SunStream, within the AgriBank District. Both service entities sublease office space from us. We purchase human resource information systems, benefit, payroll, and workforce management services from Foundations. Our investment in Foundations was \$25.0 thousand at December 31, 2021, 2020 and 2019, respectively. We purchase information technology, loan accounting and related services, and tax compliance services from SunStream. Our investment in SunStream was \$5.6 million at December 31, 2021 and 2020, respectively. Additionally, both Sunstream and Foundations have a line of credit with AgriBank of \$40.0 million and \$1.0 million, respectively. As of December 31, 2021, there were no outstanding balances on either of these lines.

Elected members of our board are District Association borrowers. We have no direct lending relationships with any of our board members or senior officers. We may, from time to time, participate in loans to our directors under pool programs or through other commercial participations. These participations are not material for any year presented and are purchased under the established pool program parameters and in the normal course of business. Further, in the ordinary course of business, our directors and senior officers are eligible to hold member investment bonds under the same terms and conditions as all other District Association borrowers and AgriBank employees. There were no material member investment bonds held by our directors or senior officers at December 31, 2021, 2020, or 2019. Refer to Note 5 for additional information regarding member investment bonds.

NOTE 9

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

On February 2, 2022, a complaint was filed in the United States District Court for the Southern District of New York by purported beneficial owners of our 9.125% subordinated notes originally scheduled to mature in 2019 ("Subordinated Notes"). We redeemed the Subordinated Notes at par plus accrued interest on July 15, 2016 due to the occurrence of a Regulatory Event (as defined under the Subordinated Notes). The plaintiffs have asserted a breach of contract claim and a breach of implied covenant of good faith and fair dealing claim alleging that we impermissibly redeemed the Subordinated Notes. The plaintiffs have requested damages in an amount to be determined at trial, reasonable attorneys' fees, and other relief. We intend to vigorously defend against these allegations. The likelihood of any outcome of this proceeding cannot be determined at this time.

Additionally, from time to time we may be named as defendants in lawsuits or legal actions in the normal course of business. At the date of these 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.

While primarily liable for our portion of Systemwide bonds and notes, we are jointly and severally liable for the Systemwide bonds and notes of the other System Banks. The total bonds and notes of the System at December 31, 2021 were \$352.8 billion.

We, together with all System Banks and the Funding Corporation, have entered into the Contractual Interbank Performance Agreement. This agreement establishes agreed-upon standards of District financial condition and performance to achieve and maintain. AgriBank, and each of the other System Banks, exceeded the minimum performance measures at December 31, 2021.

We, together with all System Banks and the Funding Corporation, have entered into the MAA. This agreement establishes criteria and procedures for the System Banks to provide information and, under specific circumstances, restricting or prohibiting participation in issuances of Systemwide Debt Securities. The agreement is intended to identify and resolve individual System Bank financial problems in a timely manner. AgriBank, and each of the other System Banks, were in compliance with all aspects of the agreement at December 31, 2021.

If a System Bank fails to meet the MAA performance criteria, it will be placed into one of three categories. Each category gives the other System Banks progressively more control over a System Bank that has declining financial performance under the MAA performance criteria. A "Category I" Bank is subject to additional monitoring and reporting requirements; a "Category II" Bank's ability to participate in issuances of Systemwide Debt Securities may be limited to refinancing maturing debt obligations; and a "Category III" Bank may not be permitted to participate in issuances of Systemwide Debt Securities.

NOTE 10

Financial Instruments With Off-Balance Sheet Risk

We participate in financial instruments with off-balance sheet risk to satisfy the financing needs of borrowers. These financial instruments are in the form of commitments to extend credit and letters of credit. The 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 borrower or participate in a future lending arrangement in accordance with established contracts. At December 31, 2021, AgriBank had various commitments, primarily to extend credit, totaling \$24.2 billion, of which \$20.6 billion were on wholesale loans. Standby letters of credit are agreements to pay a beneficiary if there is default on a contractual arrangement. At December 31, 2021, we had issued standby letters of credit of \$129.0 million.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses, and we may require payment of a fee. If commitments and letters of credit remain unfulfilled or have not expired, they may have credit risk not recognized on the Financial Statements. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers, and we apply the same credit practices. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

NOTE 11

Fair Value Measurements

The fair value of financial instruments is 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. We utilize a fair value hierarchy intended to maximize the use of observable inputs and is based upon the transparency of inputs used in the valuation of an asset or liability. A financial instrument's categorization within the valuation hierarchy is based upon the least transparent input that is significant to the fair value measurement. Refer to Note 2 for additional information about our fair value measurement policy.

Recurring Measurements

The following is a list of financial instruments each with a summary of the methods, valuation techniques and inputs used to measure fair value on a recurring basis:

Valuation Techniques and Significant Inputs Used to Measure Fair Value on a Recurring Basis

	Source	Valuation Technique	Inputs
Federal funds	Counterparty report	Cost approach	Principal plus accrued interest
Commercial paper and other	Third-party pricing service	Market approach	Benchmark yield curves
U.S. Treasury securities	Third-party pricing service	Market approach	Benchmark yield curves Quoted prices Bid prices Trade prices, yields, spreads Other observable market information
Mortgage-backed securities	Third-party pricing service	Market approach	Benchmark yield curves Volatilities Market spreads Prepayment speeds Quoted prices
Asset-backed securities	Third-party pricing service	Market approach	Benchmark yield curves Volatilities Market spreads Prepayment speeds Quoted prices
Cash collateral posted with counterparties	Counterparty report	Cost approach	Principal plus accrued interest
Cash collateral posted by counterparties	Counterparty report	Cost approach	Principal plus accrued interest
Derivative assets	Internally developed	Market approach	Benchmark yield curves Volatilities Quoted prices
Derivative liabilities	Internally developed	Market approach	Benchmark yield curves Volatilities Quoted prices

Federal Funds: The fair value of federal funds is generally their face value, plus accrued interest, as these instruments are readily convertible to cash.

Investments Available-for-Sale: The fair value of nearly all of our investment securities is determined from third-party valuation services that estimate current market prices using matrix pricing. Level 2 inputs and assumptions related to third-party market valuation services are typically observable in the marketplace.

Cash Collateral Posted With/By Counterparties: Derivative contracts are supported by bilateral collateral agreements with counterparties requiring us/them to either post cash or pledge investment securities as collateral in the event certain dollar thresholds of credit exposure are reached or in the case of cleared derivatives, the posting of initial and variation margins. The market value of cash collateral posted with counterparties and by counterparties is the face value of the collateral posted, as that approximates fair value.

Derivative Assets and Liabilities: The fair value of our derivative financial instruments is the estimated amount to be received to sell a derivative asset or paid to transfer a derivative liability in active markets among willing participants at the reporting date. Estimated fair values are determined through internal market valuation models and inputs are observable directly or indirectly in the marketplace. We compare internally calculated derivative valuations to broker/dealer quotes to substantiate the results.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2021	Level 1	Level 2	Level 3	Value
Assets:				
Investments available-for-sale:				
Commercial paper and other	\$—	\$4,049,426	\$—	\$4,049,426
U.S. Treasury securities	—	8,528,532	—	8,528,532
Mortgage-backed securities	—	5,653,330	—	5,653,330
Asset-backed securities	—	161,340	—	161,340
Total investments available-for-sale	—	18,392,628	—	18,392,628
Cash collateral posted with counterparties	30,561	—	—	30,561
Derivative assets	—	5,176	—	5,176
Total assets	\$30,561	\$18,397,804	\$—	\$18,428,365
Liabilities:				
Derivative liabilities	\$—	\$55,284	\$—	\$55,284
Total liabilities	\$—	\$55,284	\$—	\$55,284

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2020	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds	\$—	\$639,700	\$—	\$639,700
Investments available-for-sale:				
Commercial paper and other	—	6,538,715	—	6,538,715
U.S. Treasury securities	—	5,864,582	—	5,864,582
Mortgage-backed securities	—	5,637,301	—	5,637,301
Asset-backed securities	—	544,731	—	544,731
Total investments available-for-sale	—	18,585,329	—	18,585,329
Cash collateral posted with counterparties	56,960	—	—	56,960
Derivative assets	—	11,065	—	11,065
Total assets	\$56,960	\$19,236,094	\$—	\$19,293,054
Liabilities:				
Derivative liabilities	\$—	\$86,529	\$—	\$86,529
Total liabilities	\$—	\$86,529	\$—	\$86,529

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2019	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds	\$—	\$1,050,000	\$—	\$1,050,000
Investments available-for-sale:				
Commercial paper and other	—	5,850,142	—	5,850,142
U.S. Treasury securities	—	2,816,200	—	2,816,200
Mortgage-backed securities	—	5,044,460	—	5,044,460
Asset-backed securities	—	657,356	—	657,356
Total investments available-for-sale	—	14,368,158	—	14,368,158
Cash collateral posted with counterparties	48,488	—	—	48,488
Derivative assets	—	2,768	—	2,768
Total assets	\$48,488	\$15,420,926	\$—	\$15,469,414
Liabilities:				
Derivative liabilities	\$—	\$48,583	\$—	\$48,583
Total liabilities	\$—	\$48,583	\$—	\$48,583

There were no Level 3 assets measured at fair value on a recurring basis during the years ended December 31, 2021, 2020 or 2019.

Non-Recurring Measurements

The following represents a summary of the valuation techniques and inputs used to measure fair value on a non-recurring basis:

Impaired Loans: Represents the carrying amount of loans that 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.

We had \$28.7 million, \$42.1 million and \$30.1 million of level 3 impaired loans measured at fair value on a non-recurring basis as of December 31, 2021, 2020 and 2019, respectively.

Other Financial Instrument Measurements

Financial Instruments Not Measured at Fair Value on the Statements of Condition

(in thousands)	Fair Value Measurement Using				Total Fair
As of December 31, 2021	Total Carrying Amount	Level 1	Level 2	Level 3	Value
Assets:					
Cash	\$1,304,994	\$1,304,994	\$—	\$—	\$1,304,994
Net loans	121,929,186	—	—	121,710,345	121,710,345
Total assets	\$123,234,180	\$1,304,994	\$—	\$121,710,345	\$123,015,339
Liabilities:					
Bonds and notes	\$134,702,607	\$—	\$—	\$134,021,282	\$134,021,282
Unfunded loan commitments	1,000	—	—	1,000	1,000
Total liabilities	\$134,703,607	\$—	\$—	\$134,022,282	\$134,022,282
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		\$—	\$—	\$(1,770)	\$(1,770)

(in thousands)	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
As of December 31, 2020		Level 1	Level 2	Level 3	
Assets:					
Cash	\$622,092	\$622,092	\$—	\$—	\$622,092
Net loans	109,705,796	—	—	111,363,242	111,363,242
Total assets	\$110,327,888	\$622,092	\$—	\$111,363,242	\$111,985,334
Liabilities:					
Bonds and notes	\$123,029,564	\$—	\$—	\$124,244,196	\$124,244,196
Unfunded loan commitments	1,000	—	—	1,000	1,000
Total liabilities	\$123,030,564	\$—	\$—	\$124,245,196	\$124,245,196
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		\$—	\$—	\$(1,455)	\$(1,455)

(in thousands)	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
As of December 31, 2019		Level 1	Level 2	Level 3	
Assets:					
Cash	\$675,780	\$675,780	\$—	\$—	\$675,780
Net loans	98,237,243	—	—	99,198,110	99,198,110
Total assets	\$98,913,023	\$675,780	\$—	\$99,198,110	\$99,873,890
Liabilities:					
Bonds and notes	\$108,326,832	\$—	\$—	\$108,833,328	\$108,833,328
Total liabilities	\$108,326,832	\$—	\$—	\$108,833,328	\$108,833,328
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		\$—	\$—	\$(1,199)	\$(1,199)

NOTE 12

Derivative and Hedging Activity

Use of Derivatives

We maintain an overall interest rate risk management strategy that incorporates the use of derivative products to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. Our goals are to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets and liabilities so that movements in interest rates do not adversely affect net interest margin. As a result of interest rate fluctuations, fixed-rate liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by our gains or losses on the derivative instruments that are linked to fixed-rate liabilities. Another result of interest rate fluctuations is that the interest expense of floating-rate liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by our gains and losses on the derivative instruments that are linked to these floating-rate liabilities. We consider the use of derivatives to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

All of our derivative activities are monitored by the Asset/Liability Committee (ALCO) as part of the Committee's oversight of our asset/liability and treasury functions. ALCO ensures that the bank's derivative hedging strategies are implemented in line with the board's risk appetite and are incorporated into our overall asset/liability risk-management framework.

Interest Rate Risk Management

We primarily enter into derivative transactions, particularly interest rate swaps, to reduce funding costs, improve liquidity and manage interest rate sensitivity. Interest rate swaps allow us to change the characteristics of fixed or floating rate debt we issue by swapping to a synthetic fixed or floating rate lower than those available to us if borrowings were made directly. Under interest rate swap arrangements, we agree with other parties to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index.

Other Derivative Uses

Other uses for derivatives are as follows:

- We also facilitate interest rate swaps to qualified borrowers of the District Associations. These swaps allow qualified borrowers to manage their interest rate risk and lock in a fixed interest rate similar to a fixed rate loan. We manage the interest rate risk from customer swaps with the execution of offsetting interest rate swap transactions.
- We may utilize commodity derivative instruments to manage mineral income volatility. We may purchase commodity put options to protect against a decline in oil prices, which could significantly impact our mineral income. As of December 31, 2021 we had put option contracts with a total notional of 688 thousand barrels of oil, which are not included in the table below. No put options were outstanding as of December 31, 2020 or 2019.

Derivative Instruments Activity (notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2018	\$1,922	\$2,342	\$2,500	\$94	\$6,858
Additions	—	77	—	77	154
Maturities/amortization	(671)	(115)	(200)	(15)	(1,001)
As of December 31, 2019	\$1,251	\$2,304	\$2,300	\$156	\$6,011
Additions	1,205	—	—	—	1,205
Terminations	—	(823)	—	—	(823)
Maturities/amortization	(951)	(109)	(300)	(8)	(1,368)
As of December 31, 2020	\$1,505	\$1,372	\$2,000	\$148	\$5,025
Additions	700	6,000	—	—	6,700
Terminations	—	(705)	—	—	(705)
Maturities/amortization	(1,305)	(1,125)	(600)	(6)	(3,036)
As of December 31, 2021	\$900	\$5,542	\$1,400	\$142	\$7,984

Other derivatives consisted of retail customer interest rate swaps.

Credit Risk Management

By using derivative instruments, we are subject to credit and market risk. If a counterparty is unable to perform under a derivative contract, our credit risk equals the net amount due to us. Generally, when the fair value of a derivative contract is positive, we have credit exposure to the counterparty, creating credit risk for us. When the fair value of the derivative contract is negative, we do not have credit exposure.

With the exception of retail customer swaps, to minimize the risk of credit losses, we deal only with bilateral counterparties that have an investment-grade or better credit rating from a rating agency, and we monitor the credit standing and levels of exposure to individual counterparties. At December 31, 2021, we do not anticipate nonperformance by any of these counterparties. We typically enter into master agreements that contain netting provisions. These provisions allow us to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. All such derivative contracts are supported by bilateral collateral agreements with counterparties requiring collateral to be posted in the event certain dollar thresholds of exposure of one party to the other are reached. These thresholds vary depending on the counterparty's current credit rating.

Bilateral Derivatives

(In thousands)

As of December 31,	2021	2020	2019
Notional amount ⁽¹⁾	\$1,942,175	\$2,647,554	\$3,431,357
Cash collateral posted with counterparties	\$24,750	\$38,490	\$19,300

⁽¹⁾ Excludes notional amount for commodity hedges

We also clear derivative transactions through a futures commission merchant (FCM) with a clearinghouse or a central counterparty (CCP). When the swap is cleared by the two parties, the single bilateral swap is divided into two separate swaps with the CCP becoming the counterparty to both of the initial parties to the swap. CCPs have several layers of protection against default including margin, member capital contributions and FCM guarantees of their customers' transactions with the CCP. FCMs also pre-qualify the counterparties to all swaps that are sent to the CCP from a credit perspective, setting limits for each counterparty and collecting initial and variation margin daily from each counterparty for changes in the value of cleared derivatives. The margin collected from both parties to the swap protects against credit risk in the event a counterparty defaults. The initial and variation margin requirements are set by and held for the benefit of the CCP. Additional initial margin may be required and held by the FCM, due to its guarantees of its customers' trades with the CCP. Daily variation margin payments are recognized as settlements.

Centrally Cleared Derivatives

(in thousands)

As of December 31,	2021	2020	2019
Notional Amount	\$6,042,175	\$2,377,554	\$2,580,357
Initial margin posted with counterparties	\$5,811	\$18,470	\$27,612
Additional margin posted with counterparties	—	—	1,576
Total margin posted with counterparties, net	\$5,811	\$18,470	\$29,188

All margin posted by or with counterparties was in cash. We had no securities posted by counterparties or to counterparties for any year presented.

Certain derivative instruments contain provisions that require us to post additional collateral upon the occurrence of a specified credit risk-related event. These events, which are defined by existing derivative contracts, are downgrades in the credit rating of AgriBank or if the Farm Credit System is no longer considered a Federally Chartered Instrumentality of the United States. The fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position at December 31, 2021 and any collateral that we may be required to post related to these derivatives was \$56.3 million. In the event that we are downgraded, a tiered collateral posting would be activated which may require us to post collateral of up to \$33.6 million.

Accounting for Derivatives

Fair Value Hedges: For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk are recognized in current earnings. We include the gain or loss on the derivative in the same line item ("Interest expense") as the offsetting gain or loss on the related hedged item.

Cash Flow Hedges: For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative is reported as a component of "Other comprehensive loss," until earnings are affected by the variability of the cash flows of the hedged transaction. When reclassified to earnings, we include the gain or loss on the derivative in the "Interest expense" line item on the Statements of Comprehensive Income.

Derivatives not Designated as Hedges: For derivatives not designated as a hedging instrument, the related change in fair value is recorded in current period earnings in "Other non-interest income, net" on the Statements of Comprehensive Income.

Financial Statement Impact of Derivatives

The following tables present the gross fair value, offsetting and net exposure amounts of derivative assets and derivative liabilities. The fair value of our derivative contracts are presented as "Derivative assets" and "Derivative liabilities" on the Statements of Condition, and are presented net for counterparties with master netting agreements.

(in thousands) As of December 31,	2021		2020		2019	
	Fair Value Assets	Fair Value Liabilities	Fair Value Assets	Fair Value Liabilities	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:						
Receive-fixed swaps	\$725	\$3,251	\$2,865	\$234	\$3,863	\$151
Pay-fixed swaps	—	53,576	—	148,796	3,770	78,050
Floating-for-floating swaps	—	1,403	—	2,448	—	4,237
Total derivatives designated as hedging instruments	725	58,230	2,865	151,478	7,633	82,438
Derivatives not designated as hedging instruments:						
Pay-fixed swaps	306	2,676	—	9,170	1,803	1,353
Other derivative products	5,183	—	11,021	—	2,364	832
Total derivatives not designated as hedging instruments	5,489	2,676	11,021	9,170	4,167	2,185
Credit valuation adjustments	(7)	—	44	—	(81)	—
Total gross amounts of derivatives	\$6,207	\$60,906	\$13,930	\$160,648	\$11,719	\$84,623
Gross amounts offset in Statements of Condition	(1,031)	(1,031)	(2,865)	(2,865)	(8,951)	(8,951)
Variation margin settled	—	(4,591)	—	(71,254)	—	(27,089)
Net amounts in Statements of Condition	\$5,176	\$55,284	\$11,065	\$86,529	\$2,768	\$48,583

(in thousands) As of December 31,	2021	2020	2019
Derivative assets, net	\$5,176	\$11,065	\$2,768
Derivative liabilities, net	(55,284)	(86,529)	(48,583)
Accrued interest payable on derivatives, net	(1,196)	(978)	(1,417)
Gross amounts not offset in Statements of Condition:			
Cash collateral posted with counterparties	30,561	56,960	48,488
Net exposure amounts	\$(20,743)	\$(19,482)	\$1,256

The fair value of derivatives includes credit valuation adjustments (CVA). The CVA reflects credit risk of each derivative counterparty to which we have exposure, net of any collateral posted by the counterparty, and an adjustment for our credit worthiness where the counterparty has exposure to us. The CVA was not material in any of the periods presented. The change in the CVA for the period is included in "Interest expense" on the Statements of Comprehensive Income.

In relation to our cash flow hedges, the following table presents the amount of other comprehensive income (OCI) recognized on derivatives and the amount reclassified from accumulated other comprehensive income (AOCI) into earnings on effective cash flow hedges. During the next 12 months, \$31.5 million in losses on derivative instruments that qualify as cash flow hedges are expected to be reclassified into earnings.

Cash Flow Hedging Relationships

(in thousands)	Amount of Gain Recognized in OCI on Derivatives	Amount of Loss Reclassified from AOCI into Income
For the year ended December 31, 2021		
Pay-fixed swaps	\$33,824	\$(36,097)
Floating-for-floating swaps	43	(1,002)
Total	\$33,867	\$(37,099)

(in thousands)	Amount of (Loss) Gain Recognized in OCI on Derivatives	Amount of Loss Reclassified from AOCI into Income
For the year ended December 31, 2020		
Pay-fixed swaps	\$(154,494)	\$(29,597)
Floating-for-floating swaps	630	(1,158)
Total	\$(153,864)	\$(30,755)

(in thousands)	Amount of Loss Recognized in OCI on Derivatives	Amount of Gain (Loss) Reclassified from AOCI into Income
For the year ended December 31, 2019		
Pay-fixed swaps	\$(110,003)	\$1,536
Floating-for-floating swaps	(2,196)	(1,210)
Total	\$(112,199)	\$326

The following table shows the effect of fair value and cash flow hedge accounting as well as economic hedges on the Statements of Comprehensive Income for the year ended December 31, 2021.

(in thousands)	Other non-interest income, net			Interest Expense		
For the year ended December 31,	2021	2020	2019	2021	2020	2019
Total amount of income and expense line items presented in the Statements of Comprehensive Income in which the effects of the fair value, cash flow and economic hedges are recorded:	\$20,651	\$3,183	\$(5,284)	\$1,187,241	\$1,610,238	\$2,461,562
Asset and Liability Management Positions						
Fair value hedges:						
Interest rate derivatives	—	—	—	5,152	957	(21,575)
Bonds and notes	—	—	—	(5,162)	(713)	21,145
Cash flow hedges:						
Interest rate derivatives	—	—	—	37,099	30,755	(326)
Economic hedges:						
Interest rate derivatives	(82)	(131)	1,309	—	—	—
Commodity derivatives	(219)	—	(8,075)	—	—	—

Note: We do not exclude components from effectiveness testing for fair value or cash flow hedges. We reclassified gains or losses into earnings as a result of the discontinuance of certain cash flow hedges during the years ended December 31, 2021 and 2020. No gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges during the year ended December 31, 2019.

The following table shows the cumulative hedging adjustment (fair value adjustment) for fair value hedges that are included in the carrying amount of the hedged assets (liabilities):

(in thousands) As of December 31,	Carrying Amount of the Hedged Item			Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item		
	2021	2020	2019	2021	2020	2019
Line Item on the Statements of Condition						
Bonds and notes	\$896,191	\$1,507,453	\$1,254,282	\$(2,424)	\$2,738	\$3,451

Note: AgriBank did not have any material hedging adjustments for discontinued fair value hedges.

NOTE 13

Accumulated Other Comprehensive Loss

Changes in Components of Accumulated Other Comprehensive (Loss) Income

(in thousands)	Not-other-than-temporarily-impaired-Investments	Derivatives and Activity	Employee Benefits Activity	Total
Balance at December 31, 2018	\$(82,857)	\$34,005	\$(1,018)	\$(49,870)
Other comprehensive income (loss) before reclassifications	84,867	(112,199)	(108)	(27,440)
Amounts reclassified from accumulated other comprehensive loss	—	(326)	(276)	(602)
Net other comprehensive income (loss)	84,867	(112,525)	(384)	(28,042)
Balance at December 31, 2019	\$2,010	\$(78,520)	\$(1,402)	\$(77,912)
Other comprehensive income (loss) before reclassifications	88,774	(153,864)	(736)	(65,826)
Amounts reclassified from accumulated other comprehensive loss	—	30,755	148	30,903
Net other comprehensive income (loss)	88,774	(123,109)	(588)	(34,923)
Balance at December 31, 2020	\$90,784	\$(201,629)	\$(1,990)	\$(112,835)
Other comprehensive (loss) income before reclassifications	(169,122)	33,867	(181)	(135,436)
Amounts reclassified from accumulated other comprehensive loss	—	37,099	217	37,316
Net other comprehensive (loss) income	(169,122)	70,966	36	(98,120)
Balance at December 31, 2021	\$(78,338)	\$(130,663)	\$(1,954)	\$(210,955)

The derivatives and hedging activity and employee benefit plans activity reclassified from AOCI is included in "Interest expense" and "Other operating expense" respectively, on the Statements of Comprehensive Income.

NOTE 14

Subsequent Events

We have evaluated subsequent events through March 1, 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 2021 Financial Statements or disclosure in the Notes to those Financial Statements.

NOTE 15

AgriBank and District Associations

The accompanying Financial Statements exclude financial information of District Associations. AgriBank and District Associations are collectively referred to as the “District.” We separately publish certain unaudited combined AgriBank District financial information, including a condensed statement of condition and statement of income, which can be found on our website at www.AgriBank.com.

Effective January 1, 2022, two of our District Associations, AgCountry Farm Credit Services, ACA and North Dakota, ACA merged and are doing business as AgCountry Farm Credit Services, ACA with headquarters in Fargo, N.D.

Additional Regulatory Information

AgriBank, FCB

(Unaudited)

(In whole dollars unless otherwise noted)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the Financial Statements included in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the "Management's Discussion and Analysis" section included in this Annual Report.

Description of Property

We lease our headquarters located in St. Paul, Minn. In addition to base rent, we are responsible for our share of the operating costs of the building under the lease agreement. Our lease agreement expires October 31, 2026. We sublease a portion of our office space to Farm Credit Foundations and SunStream Business Services.

Legal Proceedings

Information regarding legal proceedings is incorporated herein by reference from Note 9 to the Financial Statements included in this Annual Report. We were not subject to any enforcement actions as of December 31, 2021.

Description of Capital Structure

Information regarding capital structure is incorporated herein by reference from Note 6 to the Financial Statements included in this Annual Report.

Description of Liabilities

Information regarding liabilities is incorporated herein by reference from Notes 5, 7, 9, 11 and 12 to the Financial Statements included in this Annual Report.

Selected Financial Data

"Five-Year Summary of Selected Financial Data," included at the beginning of this Annual Report, is incorporated herein by reference.

Management's Discussion and Analysis

"Management's Discussion and Analysis," included in this Annual Report, is incorporated herein by reference.

Board of Directors of AgriBank, FCB

The board is organized into the following committees to carry out board responsibilities:

- The **Audit Committee** assists the board in fulfilling its oversight responsibilities for financial reporting, the adequacy of the Bank's internal control systems, the scope of the Bank's internal audit program, the independence of the outside auditors and the Bank's process for monitoring compliance with laws, regulations, and the standards of conduct including the code of ethics. The Audit Committee also oversees the adequacy of management's action with respect to recommendations arising from auditing activities.
- The **Compensation Committee** oversees Bank human resource programs and policies in areas such as, compensation, benefits, succession planning, performance management, diversity and inclusion, and other AgriBank programs that impact human capital.
- The **Governance Committee** oversees matters related to board governance and board operations, monitors director training and development, and monitors the board's involvement in AgriBank's strategic planning process.
- The **Risk Management Committee** assists the full board in overseeing the integration of risk management in the Bank through an enterprise risk management process. The Committee monitors the risk framework of the Bank, promotes effective management of all risks and fosters the establishment and maintenance of an effective risk culture throughout the Bank.
- The **Government Relations Committee** monitors federal legislative and regulatory policies that may affect AgriBank and its mission as a Farm Credit funding bank, as well as issues that may affect the Farm Credit System, and considers appropriate positions.

Information regarding directors who served as of December 31, 2021, including business experience in the past five years and any other business interest where a director serves on the board of directors or as a senior officer follows:

Name	Principal Occupation, Board Committees and Other Affiliations
Nick Vande Weerd, Board Chair Age: 40 Board Service Began: 2015 Current Term Expires: 2023	Principal Occupation: Owner of PVW Family Farms, LLC, a grain and livestock farming operation in Brookings, S.D. Owner of Vande Weerd Family Farms, LLC, a grain and livestock farming operation in Brookings, S.D. Board Committees: Government Relations Committee Other Affiliations: Major in the South Dakota Air National Guard, a U.S. military service in Sioux Falls, S.D. Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Owner of Vande Weerd Marketing, LLC, an investing and farming operation in Brookings, S.D. Owner of FATE, LLC, an investing entity in Brookings, S.D.
Stan Claussen, Board Vice Chair Age: 68 Board Service Began: 2016 Current Term Expires: 2024	Principal Occupation: Self-employed grain farmer in Montevideo, Minn. Owner of Claussen Land, LLP, a land holding company in Benson, Minn. Owner of Claussen Farms, LLP, a grain and sugar beet farming operation in Benson, Minn. Owner of Claussen Land Improvement, LLP, a tiling company in Benson, Minn. Board Committees: Audit Committee Vice Chair of the Government Relations Committee Other Affiliations: Investor/Member, Vice President of the Board of Bushmills Ethanol, Inc., an ethanol production company in Atwater, Minn. Director of the Fairland Management Company, a farm land management company in Windom, Minn. Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Director of the Farm Credit Council, a trade association representing the Farm Credit System in Washington, D.C. Investor in Limited Partnership, Riverview, LLP, a dairy farm in Hancock, Minn. Board Chair of Admiral Point 2/Sailfish Pass Homeowners Association in Punta Gorda, Fla.
Jeff Austman Age: 50 Board Service Began: 2021 Current Term Expires: 2025	Principal Occupation: Self-employed farmer at Austman Farms, a corn and soybean farming operation in Forrest, Ill. Board Committees: Risk Committee Other Affiliations: Secretary of Austman, Inc., a property management operation including farmland and timber in Forrest, Ill. Board Member for Gibson Area Fire Hospital Foundation, a charitable fundraising organization for a hospital in Gibson City, Ill.

Name	Principal Occupation, Board Committees and Other Affiliations
Donald Blankenship Age: 47 Board Service Began: 2020 Current Term Expires: 2024	Principal Occupation: Self-employed crops and livestock farmer in Murfreesboro, Tenn. Board Committees: Audit Committee Other Affiliations: Board Member for the Kittrell Fire Department, a volunteer fire department in Readyville, Tenn.
Robert Bruxvoort Age: 67 Board Service Began: 2020 Current Term Expires: 2024	Principal Occupation: President of Bruxvoort Ag., Inc., a crop farming operation in New Sharon, Iowa Former Partner of Madison Pork, LLC, a livestock farming operation in New Sharon, Iowa Board Committees: Chair of the Governance Committee Other Affiliations: None
Ivar Chhina Outside Director Financial Expert Age: 59 Board Service Began: 2021 Current Term Expires: 2025	Principal Occupation: Retired executive in Bellevue, Wash. Board Committees: Vice Chair of the Audit Committee Other Affiliations Director and Chair of the Audit Committee for Malibu Boats, Inc., a manufacturer of recreational boats (NASDAQ: MBUU) in Loudon, Tenn. Director and Chair of the Audit Committee for Sage Dental Management, LLC, a dental healthcare services company in Boca Raton, Fla. Director and Chair of the Audit Committee for Troy Lee Designs, Inc., a manufacturer of action sports equipment and apparel for bicycles and motorcycles in Corona, Calif. Director and Chair of the Audit Committee for PPV Holding Company, LLC, a veterinary healthcare services company in Olympia, Wash. Director and Chair of the Audit Committee for Lone Peak Holdings, LLC, a dental healthcare services company in Denver, Colo.
Dale Crawford Age: 65 Board Service Began: 2017 Current Term Expires: 2025	Principal Occupation: Self-employed crop farmer in Sullivan, Ill. Board Committees: Compensation Committee Government Relations Committee Other Affiliations: Secretary/Treasurer of the Moultrie-Sullivan Fair Association, a county agricultural fair in Sullivan, Ill. Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn
Christine Crumbaugh Age: 52 Board Service Began: 2018 Current Term Expires: 2022	Principal Occupation: Owner of Crumbaugh Legacy Farmland, LLC, a farmland holding company in St. Louis, Mich. Former Vice President, Secretary, and Treasurer of Crumbaugh Legacy, Inc., a farming operation in St. Louis, Mich. Owner of Captivating Creations Photography, LLC, a photography company in Ludington, Mich. Board Committees: Risk Committee Other Affiliations: None
Randy Peters Age: 68 Board Service Began: 2020 Current Term Expires: 2024	Principal Occupation: Owner and President of Randy Peters Seed Farms, Inc., a seed business and grain and livestock operation in McCook, Neb. Owner and President of Triple R Farms, Inc., a farming operation in McCook, Neb. Board Committees: Vice Chair of the Risk Management Committee Other Affiliations: None
Timothy Rowe Age: 61 Board Service Began: 2017 Current Term Expires: 2025	Principal Occupation: Owner and President of Rowe, Inc, a grain and livestock farming operation in Elwood, Neb. Owner and President of T. Rowe, Inc, a grain and livestock farming operation in Elwood, Neb. Board Committees: Chair of the Risk Management Committee Government Relations Committee Other Affiliations: Board Chair of Country Partners Cooperative, a local supply co-op in Gothenburg, Neb. Director of the Nebraska Cooperative Council, a trade association representing agricultural cooperatives in Lincoln, Neb. Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn.
John Schmitt Age: 65 Board Service Began: 2007 Current Term Expires: 2023	Principal Occupation: Self-employed grain and beef cattle farmer in Quincy, Ill. Board Committees: Chair of the Government Relations Committee Vice Chair of the Governance Committee Other Affiliations: Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Director of the Farm Credit Council, a trade association representing the Farm Credit System in Washington, D.C.

Name	Principal Occupation, Board Committees and Other Affiliations
Daniel Shaw Age: 66 Board Service Began: 2014 Current Term Expires: 2022	Principal Occupation: Owner of Shaw Grain, LLC, a grain merchandising operation in Edgar, Neb. Owner of Shaw Farms, LLC, a livestock and grain farming operation in Edgar, Neb. Owner of Shawsome Farms, LLC, a grain farming operation in Edgar, Neb. Owner of Dan & Jeanette Shaw Joint Venture, a farming operation in Edgar, Neb. Owner of The Shaw Ranch, LLC, a livestock and grain farming operation in Chadron, Neb. Board Committees: Audit Committee Other Affiliations: Board Chair of the Edgar Township Board, a town board in Edgar, Neb. Ruling Elder, Church of the Plains, a religious organization in Edgar, Neb.
George Stebbins Age: 68 Board Service Began: 2018 Current Term Expires: 2022	Principal Occupation: Owner of Stebbins Farms, Ltd., a crop farming operation in Englewood, Ohio Owner of Stebbins Land Company, Ltd., a land holding company in Englewood, Ohio Owner of WGTs Farms, Ltd., a crop farming operation in Englewood, Ohio Board Committees: Chair of the Compensation Committee Other Affiliations: Director on the Miami County Zoning Commission, a zoning commission in Troy, Ohio.
Rollin Tonneson Age: 69 Board Service Began: 2019 Current Term Expires: 2023	Principal Occupation: Owner of Tonneson Brothers, a grain farming operation in Souris, N.D. Owner of Tonneson Farms, a grain farming operation in Souris, N.D. Board Committees: Compensation Committee Other Affiliations: Board Member for Grace Lutheran Brethren Church, a religious organization in Bottineau, N.D.
Matthew Walther Age: 50 Board Service Began: 2011 Current Term Expires: 2023	Principal Occupation: Owner/Member of Matt Walther Farms, LLC, a crop and cow/calf herd and finished cattle operation in Centerville, Ind. Owner/Member of Buell Drainage, LLC, a tile drainage company in Centerville, Ind. Board Committees: Chair of the Audit Committee Other Affiliations: Board Chair of the Federal Farm Credit Banks Funding Corporation, the fiscal agent for the Farm Credit System, in Jersey City, N.J.
Thomas Wilkie, III Age: 76 Board Service Began: 2010 Current Term Expires: 2022	Principal Occupation: President and Owner of Wilkie Farms Inc., a grain farming operation in Forrest City, Ark. Manager of Thomas W. Wilkie III Investments, a land management and investment company in Forrest City, Ark. President and Owner of Wifco, Inc., a drainage supply company in Forrest City, Ark. Board Committees: Governance Committee Government Relations Committee Other Affiliations: Director of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Director of the Farm Credit Council, a trade association representing the Farm Credit System in Washington, D.C. Director of the Farm Credit System Coordinating Committee, a Farm Credit System coordinating committee in Washington, D.C.
Tony Wolfe Age: 72 Board Service Began: 2021 Current Term Expires: 2025	Principal Occupation: Self-employed farmer at Wolfe Farms, a sole-proprietorship in Hazelton, Ind. Board Committees: Governance Committee Other Affiliations: Director of Shiloh Cemetery Association, a volunteer board in Hazelton, Ind. Member of Wolfe Family Land, LLC, a limited liability company in Hazelton, Ind.

Information regarding days served and compensation paid during 2021 for each director follows:

	Days Served		Compensation Paid for Service on a Board Committee or Chair/ Vice Chair Positions	Name of Committee	Total Compensation Paid
	Board Meetings	Other Activities			
Nick Vande Weerd ⁽¹⁾	14	31	\$10,951	Chair	\$86,284
			1,789	Vice Chair	
			895	Governance	
Stan Claussen ⁽²⁾	14	23	5,475	Vice Chair	78,124
Jeff Austman ⁽⁴⁾	11	9	—		54,755
Donald Blankenship	14	16	—		72,649
Robert Bruxvoort	14	13	2,738	Governance	75,386
Joseph M. Busuttill ⁽⁵⁾	3	5	1,789	Audit	19,683
Ivar Chhina ⁽⁶⁾	11	15	—		54,755
Dale Crawford	14	15	—		72,649
Christine Crumbaugh	14	13	—		72,649
Richard Davidson ⁽³⁾	3	8	3,579	Chair	21,473
Natalie Laackman ⁽⁷⁾	7	5	1,807	Compensation	37,953
Randy Peters	14	11	—		72,649
Richard Price ⁽³⁾	3	5	—		17,894
Timothy Rowe	14	12	3,632	Risk	76,281
John Schmitt	14	18	—		72,649
Daniel Shaw	14	17	—		72,649
George Stebbins	14	10	1,915	Compensation	74,564
Rollin Tonneson	14	16	—		72,649
Matthew Walther	14	17	5,475	Audit	78,124
Thomas Wilkie, III	14	15	—		72,649
Tony Wolfe ⁽⁴⁾	11	10	—		54,755
Total			\$40,045		\$1,311,223

⁽¹⁾ Chair of the Board commencing March 2021 and Vice Chair of the Board ending March 2021

⁽²⁾ Vice Chair of the Board commencing March 2021

⁽³⁾ Term expired in 2021

⁽⁴⁾ Elected to the Board in 2021

⁽⁵⁾ Resigned from the Board in March 2021

⁽⁶⁾ Appointed outside director of the Board in March 2021

⁽⁷⁾ Resigned from the Board in May 2021

Days served in the preceding chart represent actual days at board meetings and activities. Board members may also spend additional time in preparation for meetings and in travel to and from meetings.

The board members receive a standard annual retainer, which is paid quarterly, for attendance at meetings and other official activities for which attendance is required or desirable. The retainer is adjusted for inflation effective the month following the Annual Meeting. The standard retainer effective April 1, 2020 through March 31, 2021 was \$71,575. The standard retainer effective April 1, 2021 through March 31, 2022 is \$73,007. An additional position retainer is paid for specified leadership roles on the board that involve an increased level of activity and time commitment. The leadership roles designated to receive the additional position retainer above the standard retainer, and the percentage of additional retainer, are as follows: Board Chair (20%); Board Vice Chair (10%); Audit Committee Chair (10%); Compensation, Risk, and Governance Chairs (5% each). In addition to the standard retainer and leadership position retainers, additional compensation may be provided to a director for extraordinary time and effort in the service

of AgriBank and its shareholders. Such compensation is provided in the amount of \$1,000 per additional day of service, and is paid at the discretion of the board upon request of the individual director performing the additional services. No extraordinary compensation was paid during the current year. Directors are also reimbursed for reasonable travel and expenses incurred.

Senior Officers

The senior officers of AgriBank, FCB at December 31, 2021 included:

Name	Position	Business experience and employment during past five years
Jeffrey R. Swanhorst	Chief Executive Officer	<p>Position began in April 2018. Prior to that served as executive vice president and chief credit officer for AgriBank beginning in August 2011.</p> <p>Other Affiliations: Board member on the Federal Farm Credit Banks Funding Corporation, the fiscal agent for the Farm Credit System in Jersey City, N. J. Chair/member of the Executive and Business Practices Committees of the Presidents Planning Committee, which provides management coordination and acts in an advisory role on matters that have potential for national impact on, or implications for, the Farm Credit System. Chair of the SunStream Business Services board, a technology and business services provider in St. Paul, Minn. Chief executive officer/president of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Member of the Farm Credit System Coordinating Committee, a research committee designed to shape the policy of the United States' agricultural credit system. Member of Executive Council of the National Council of Farmer Cooperatives, an organization advancing the business and policy interests of America's cooperatives and other farmer-owned enterprises in Washington, D.C.</p>
John J. Grace⁽¹⁾	Chief Risk Officer and Chief Information Officer	<p>Position as chief risk officer began in December 2018. Position as chief information officer began in April 2020. Prior to that served as president of Steller-Grace Consulting beginning in January 2017, a consulting firm in Chicago, Ill.</p>
James B. Jones	Chief Credit Officer	<p>Position began in October 2018. Prior to that served as chief risk officer for AgriBank beginning in August 2015.</p>
Jeffrey L. Moore	Chief Financial Officer	<p>Position began in October 2017. Prior to that served as senior vice president, finance for AgriBank beginning August 2012.</p> <p>Other Affiliations: Chair of the Farm Credit Foundations Trust Committee, a committee which serves as the fiduciary for the benefits plans and trust assets, and oversees the administration of the plans for Farm Credit Foundations in St. Paul, Minn. Treasurer of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Board Member and Treasurer of Acres for Life Therapy and Wellness Center, a non-profit providing mental health services in Forest Lake, Minn.</p>
Barbara Kay Stille⁽¹⁾	Chief Administrative Officer and General Counsel	<p>Position began in October 2017. Prior to that served as senior vice president and general counsel for AgriBank beginning in December 2014.</p> <p>Other Affiliations: Vice president of the board of governors and chairperson of the Governance and Nominating Committee of the Farm Credit System Association Captive Insurance Company, a captive insurance company in Greenwood Village, Colo. Secretary of the AgriBank District Farm Credit Council, a trade association representing the AgriBank District in St. Paul, Minn. Member of Stille Family Farm, LLC, a farm real estate holding entity in Alhambra, Ill.</p>

⁽¹⁾ As part of a restructuring of the Executive Leadership Team, Mr. Grace left the organization effective February 18, 2022. At that time, Ms. Stille was named Interim Chief Information Officer.

Senior Officer Compensation

All senior officers, including the chief executive officer (CEO), and highly compensated individuals are compensated with a mix of salary and incentives as well as various AgriBank Farm Credit District post-employment benefit plans. The Compensation Committee of the board determines the appropriate levels and mix of short-term and long-term incentives in a responsible manner. Annual compensation for senior officers and highly compensated individuals is intended to be competitive with annual compensation for comparable positions at peer organizations.

The Compensation Committee engages a consulting firm to conduct an independent review of external benchmark data on a regular basis for senior officers. Our compensation philosophy enables us to attract and retain highly qualified senior officers with the requisite skills and experience to achieve our desired business results, including our mission to ensure that safe, sound and reliable sources of credit and related services are provided to rural America.

Salary: Senior officers' and highly compensated individuals' base salaries reflect the individual's experience and level of responsibility. The base salary of the CEO is subject to review and approval by the board, and the Compensation Committee may make recommendations on the CEO's base salary to the board. All other senior officer salaries are subject to review and approval by the CEO.

Short-term Incentive Compensation: Annually, a short-term incentive compensation program is available to all employees, including senior officers and highly compensated individuals, based upon AgriBank performance criteria established by the board and personal objectives established by employees and their managers. The short-term incentive compensation amounts are calculated after the end of the plan year (calendar year) and are generally paid out in a lump sum within 90 days of year end. In all years presented, the criteria for AgriBank performance objectives included: financial measures for net operating expense and earnings available for wholesale patronage; a funding measure for our Contractual Interbank Performance Agreement (CIPA) performance score; and an operational strength measure for client satisfaction. The short-term incentive compensation of the CEO is subject to review and approval by the board, and the Compensation Committee may make recommendations on the CEO's short-term incentive to the board.

Long-term Incentive Compensation: The CEO and all senior officers participated in the long-term incentive compensation plan in each year presented. The long-term incentive compensation amounts for the CEO and senior officers are determined based upon three-year performance criteria established by the board. A new three-year plan is established each year. The criteria for the plan years beginning in each year presented were based on earnings available for wholesale patronage measure and our CIPA performance score. The long-term incentive compensation of the CEO is subject to review and approval by the board, and the Compensation Committee may make recommendations on the CEO's long-term incentive to the board.

The board, in its sole discretion, may increase or decrease the amount of any incentive calculated. The long-term incentive compensation amounts are calculated annually and are generally paid out in a lump sum within 90 days of the final three-year plan year. Additionally, long-term incentive compensation may be provided to new senior officers on a phased in basis during the initial three years of participation in the long-term incentive program. Annual long-term incentive amounts reflect long-term incentives earned in the applicable year based on an estimate of the total incentive over the three-year period.

Perquisites: Perquisites may include compensation associated with group term life and long-term disability insurance premiums, taxable reimbursements, relocation assistance, and tax reimbursement for perquisite compensation, as applicable. Due to the nature of timing and reimbursement for relocation assistance, it is included in the compensation table in the year it is paid.

Other:

- Employer contributions to the AgriBank District Retirement Savings Plan which is available to all employees, including senior officers and highly compensated individuals.
- Changes in the value of pension benefits, which is defined as the change in the vested portion of the present value of the accumulated benefit obligation from December 31 of the prior year to December 31 of the most recent year for the Districtwide Retirement Plan and Pension Restoration Plan, as applicable, as disclosed in Note 7 of the accompanying Financial Statements. This change in value does not represent cash payments made by AgriBank during the year, but rather is an estimate of the change in AgriBank's future obligations under the pension plans. Refer to the Pension Benefits Attributable to Senior Officers for further information regarding pension distributions.
- Service awards available to all employees meeting pre-established years of service anniversaries.
- Retirement payouts, including vacation payouts, available to all employees.
- Tax reimbursements, available to all employees.

“Other” fluctuates from year to year based primarily on changes to pension actuarial assumptions and changes in composition of the aggregate senior officers and highly compensated individuals.

Retirement Plans: The AgriBank District has various post-employment benefit plans which are generally available to all AgriBank employees, including the CEO, senior officers and highly compensated individuals, based on dates of service to AgriBank and are not otherwise differentiated by position, unless specifically stated. Information regarding the post-employment benefit plans is incorporated herein by reference from Notes 2 and 7 of the accompanying Financial Statements included in this Annual Report.

Senior officers and certain other individuals over a specified salary amount have an option to defer payments of their salary as well as payments under both the short-term and long-term incentive programs in accordance with applicable laws and regulations. Deferred compensation is based on the year it is earned. Jeffrey R. Swanhorst, CEO, deferred \$149 thousand in 2021. Mr. Swanhorst did not defer any compensation during 2020 or 2019. Total amounts deferred by senior officers (excluding the CEO) were \$19 thousand, \$190 thousand, and \$148 thousand for amounts earned in 2021, 2020, and 2019, respectively.

Compensation Paid to Senior Officers and Highly Compensated Individuals

(in thousands)			Short-term	Long-term			
			Incentive	Incentive			
Name of Individual	Year	Salary	Compensation	Compensation ⁽¹⁾	Perquisites	Other ⁽²⁾	Total
CEO:							
Jeffrey R. Swanhorst	2021	\$714	\$511	\$607	\$12	\$139	\$1,983
Jeffrey R. Swanhorst	2020	692	596	537	8	92	1,925
Jeffrey R. Swanhorst	2019	666	467	350	7	84	1,574
Aggregate Number of Senior Officers and Highly Compensated Individuals (excluding CEO):							
5⁽³⁾	2021	\$1,695	\$510	\$424	\$23	\$649	\$3,301
4	2020	1,354	519	492	21	959	3,345
4	2019	1,310	474	302	59	1,091	3,236

⁽¹⁾ All compensation is disclosed in the year it is earned. As the long-term incentive is on a rolling three-year basis, adjustments for earnings plan-to-date in a particular plan year may be reduced so the cumulative earned long-term compensation reflects the actual payments received at the end of the three-year period.

⁽²⁾ Generally, pension benefits increase annually as a result of an additional year of credited service and related compensation for plan participants. The value of the pension benefits can also be significantly impacted by changes in interest rates as of the measurement date.

⁽³⁾ Includes one highly compensated individual not serving as a senior officer in 2021.

Farm Credit Administration (FCA) regulations require the disclosure of the compensation paid during the last fiscal year to all senior officers and highly compensated individuals included in the above table to AgriBank shareholders and shareholders of related institutions upon request.

There were no highly compensated individuals who required disclosure under FCA regulations in 2020 or 2019 in the Compensation Paid to Senior Officers and Highly Compensated Individuals table.

Pension Benefits Attributable to Senior Officers

(in thousands)

2021

Aggregate Number of Senior Officers (excluding CEO)	Plan	Years of Credited Service	Present Value of Accumulated Benefits	Payments Made during the Reporting Period
3	AgriBank District Retirement Plan	24.7	\$4,448	\$—
3	AgriBank District Pension Restoration Plan	24.7	\$1,104	\$—

Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. Therefore, any employee starting employment with the AgriBank District after that date is not eligible to be in the plan, including the CEO and the other highly compensated individual.

The AgriBank District Pension Restoration Plan restores retirement benefits to certain highly compensated employees that would have been provided under the qualified plan if such benefits were not above the Internal Revenue Code compensation or other limits. Not all employees are eligible to participate in this plan.

Transactions with Senior Officers and Directors

Information regarding transactions with senior officers and directors, including investment bond transactions, is incorporated herein by reference from Note 8 of the accompanying Financial Statements included in this Annual Report. AgriBank had no other transactions with board members or senior officers in 2021.

Loans to Senior Officers and Directors

Elected directors of the AgriBank board are District Association borrowers. AgriBank does not have a direct lending relationship with any of its directors or senior officers. AgriBank may, from time to time, participate in loans to its directors under pool programs or through other commercial participations. These commercial participation may be to non-Farm Credit institutions or to affiliated organizations (as defined in FCA Regulation 620.1(a)) in which a director is a partner, director, officer or majority shareholder.

The Associations' direct lending to our directors, and in which we subsequently participated, were subject to special approval requirements contained in FCA regulations and were made on substantially the same terms and conditions as those prevailing at the time for comparable transactions with other persons. None of these loans outstanding at December 31, 2021, involved more than a normal risk of collectability.

Travel, Subsistence and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence and other related expenses associated with AgriBank's business functions. AgriBank directors were reimbursed for expenses in the amount of \$260,116, \$287,155 and \$443,340 in 2021, 2020 and 2019, respectively. A copy of AgriBank's policy for reimbursing these costs is available upon request.

Involvement in Certain Legal Proceedings

There were no events during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer of AgriBank on January 1, 2022 or at any time during 2021.

Shareholder Privacy

Shareholders' nonpublic personal financial information is protected by FCA regulations. Our directors and employees are restricted from disclosing information not normally contained in published reports or press releases about AgriBank, District Associations or their shareholders.

Relationship with Qualified Public Accountant

There were no changes in independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors.

Fees for professional services paid during 2021 to our independent qualified independent accountants, were as follows:

- Audit services of \$1.0 million and \$468 thousand related to the integrated audit for 2021 and 2020, respectively, and \$4 thousand of out-of-pocket expenses related to the 2021 audit. There were \$103 thousand of incremental fees incurred related to the 2020 audit. The engagement letter for integrated audit services for 2021 for the Bank reflect a fee of \$1.0 million, plus reasonable out-of-pocket expenses and incremental fees that may be assessed based on additional work not originally planned at the on-set of the engagement.
- Non-audit fees of \$54 thousand for comfort letter procedures service work and \$1 thousand for financial disclosure software, which occurred in the normal course of business. All non-audit fees were pre-approved by the Audit Committee.

There were no other audit, tax or non-audit services paid in 2021.

Financial Statements

The “Report of Management”, “Report on Internal Control over Financial Reporting”, “Report of Audit Committee”, “Report of Independent Registered Public Accounting Firm”, “Financial Statements” and “Notes to Financial Statements” included in this Annual Report, are incorporated herein by reference.

Regulatory Capital

The following information contains regulatory disclosures as required under Regulations 628.62 and 628.63, for risk-adjusted ratios, common equity tier 1 capital, tier 1 capital and total capital ratios. Refer to Note 6 of the accompanying Financial Statements for information regarding the statutorily required permanent capital ratio. As required, these disclosures are made available for at least three years and can be accessed at AgriBank's website at www.AgriBank.com.

Disclosure Requirement	Description	Annual Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries Description of entity consolidation Restrictions on transfers of funds or capital	Page 111 Page 111 Page 111
Capital Structure	Terms and conditions of capital instruments Regulatory capital components	Pages 78-81 Page 112
Capital Adequacy	Capital adequacy assessment Risk-weighted assets Regulatory capital ratios	Page 113 Page 113 Page 114
Capital Buffers	Quantitative disclosures	Pages 113-114
Credit Risk	Credit risk management and policies Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	Pages 26-30, 44-45, 60 Pages 114 Page 115 Pages 34, 43-44, 74, 116-117 Page 116 Pages 70-72, 116
Counterparty Credit Risk-Related Exposures	General description Counterparty exposures	Pages 116-117 Pages 43, 94-96, 116-117
Credit Risk Mitigation	General description Exposures with reduced capital requirements	Pages 26-30, 34, 42-44, 95-96, 116-117 Page 116-117
Securitization	General description Methods and key assumptions Securitization exposures	Pages 117-118 Page 91 Page 118
Equities	General description Equity exposures	Pages 118 Page 118
Interest Rate Risk for Non-Trading Activities	General description Interest rate sensitivity	Pages 41 Page 41-42

Scope of Application

AgriBank, FCB (AgriBank or the Bank) is one of the four Banks of the Farm Credit System (System), a nationwide system of cooperatively owned Banks and Associations, established by Congress and subject to the provisions of the Farm Credit Act of 1971, as amended. We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the financial services industry.

AgriBank has no subsidiaries; therefore, the financial statements are only those of AgriBank and are not consolidated with any other entity. In conjunction with other System entities, the Bank jointly owns certain service organizations: the Federal Farm Credit Banks Funding Corporation, the FCS Building Association, the Farm Credit Association Captive Insurance Corporation, Farm Credit Foundations and SunStream Business Services. The Bank's investments in other System institutions are deducted from regulatory capital as only the institution who issued the equities may count the amount as regulatory capital. The Bank has no unincorporated business entity (UBE) which would be included in risk-weighted assets and is not deducted from any capital component in accordance with FCA regulations. As AgriBank has no consolidated subsidiaries, there are no consolidated entities which the total capital requirement is deducted, there are no restrictions on transfer of funds or total capital with other consolidated entities, and no subsidiary exists which is below the minimum total capital requirement individually or when aggregated at the Bank's consolidated level.

Capital Structure

Refer to Note 6 of the accompanying Financial Statements for a description of capital structure.

Regulatory Capital Structure

(in thousands)

As of December 31, 2021

3-month
Average Daily
Balance

Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	\$23
Other required member purchased stock	2,154,502
Allocated equities:	
Allocated stock subject to retirement	1,454,179
Qualified allocated equities subject to retirement	—
Nonqualified allocated equities subject to retirement	—
Nonqualified allocated equities not subject to retirement	—
Unallocated retained earnings as regulatorily prescribed	3,295,453
Paid-in capital	—
Regulatory adjustments and deductions made to CET1	(10,785)
Total CET1	<u>\$6,893,372</u>
Tier 1 Capital	
Non-cumulative perpetual preferred stock	\$250,000
Regulatory adjustments and deductions made to tier 1 capital	—
Total additional tier 1 capital	<u>250,000</u>
Total Tier 1 Capital	<u><u>\$7,143,372</u></u>
Total Capital	
Common Cooperative Equities not included in CET1	\$—
Subordinated debt	—
Allowance for loan losses and reserve for credit losses on off-balance sheet credit exposures	38,482
Regulatory adjustments and deductions made to total capital	—
Total tier 2 capital	<u>38,482</u>
Total Capital	<u><u>\$7,181,854</u></u>

Reconciliation to the December 31, 2021 Statement of Condition	End of Period
Total Shareholders' Equity	\$7,005,915
Adjustments to Regulatory Capital:	
Protected stock	(98)
Nonqualified allocated equities subject to retirement	(1,377)
Accumulated other comprehensive loss	210,955
Regulatory adjustments and deductions	(10,785)
Tier 2 allowance and reserve for credit losses	38,558
Total Capital ⁽¹⁾	<u><u>\$7,243,168</u></u>

⁽¹⁾ The amount of total capital presented in the Regulatory Capital Structure table above is the three-month average daily balance used in calculating capital ratios, as required by FCA regulations, whereas the total capital amount in the reconciliation section is the amount outstanding as of December 31, 2021.

Capital Adequacy and Capital Buffers

We regularly assess the adequacy of our capital to support current and future activities. This assessment includes maintaining a formal capital plan that addresses our capital targets in relation to our risks and establishes the required investment levels. The plan assesses the capital level and composition necessary to absorb adversity and to support our mission over the long term. The plan considers factors such as credit risk and allowance levels, quality and quantity of earnings, sufficiency of liquid funds, operational risk, interest rate risk and growth in determining optimal capital levels. We periodically review and modify these targets to reflect current business and economic conditions. Our capital plan is updated at least annually and is subject to change at the discretion of our board.

Risk-Weighted Assets

(Risk-weighted 3-month average daily balance in thousands)

As of December 31, 2021

Exposures to:	
Sovereign entities	\$—
Foreign bank entities	227,679
Government-sponsored enterprises ⁽¹⁾	22,313,993
Depository institutions and credit unions ⁽²⁾	56,144
Public sector entities	—
Corporate, including borrower loans	17,066,731
Residential mortgage	1,036,939
Past due and nonaccrual	1,878
Securitization exposures	202,989
Cleared transactions	33
Unsettled transactions	—
All other assets	213,099
Deductions:	
Regulatory adjustments and deductions made to CET1	10,785
Regulatory adjustments and deductions made to AT1 ⁽³⁾	—
Regulatory adjustments and deductions made to T2 ⁽⁴⁾	—
Total standardized risk-weighted assets	<u><u>\$41,108,700</u></u>

⁽¹⁾ Includes exposures to Farm Credit System entities

⁽²⁾ Includes exposures to OFIs that are risk-weighted as U.S. depository institutions and credit unions

⁽³⁾ AT1 capital is additional tier 1 capital

⁽⁴⁾ T2 is tier 2 capital

As of December 31, 2021, the Bank was well-capitalized and exceeded all capital requirements to which it was subject, including applicable capital buffers. Because our capital level exceeded the buffer requirements, the Bank currently has no limitations on distributions and discretionary bonus payments. The aggregate amount of eligible retained income was \$423.4 million as of December 31, 2021.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	Required Buffer	As of December 31, 2021	Calculated Buffer
Common equity tier 1 capital ratio	4.5 %	2.5 %	16.8 %	12.3 %
Tier 1 capital ratio	6.0 %	2.5 %	17.4 %	11.4 %
Total capital ratio	8.0 %	2.5 %	17.5 %	9.5 %
Capital conservation buffer				9.5 %
Tier 1 leverage ratio	4.0 %	1.0 %	5.2 %	1.2 %
Leverage buffer				1.2 %

Regulatory Capitalization Requirements and Restrictions

FCA regulations require us to maintain certain minimum capital ratios. 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 FCA approval. No such prohibitions were in effect as of December 31, 2021, and we do not foresee any events that would result in this prohibition during 2022.

Credit Risk

We are exposed to various forms of credit risk including wholesale loan credit risk, retail loan credit risk and counterparty credit risk. We do not hold any credit derivatives as a means to manage credit risk. Refer to the Credit Risk Management, Wholesale Credit Risk Management, Retail Credit Risk Management and Allowance for Loan Losses sections of the Management's Discussion and Analysis for information regarding the credit risk we are exposed to and the mitigation techniques applied to manage that risk.

Credit Exposures - Lending and Investments

(in thousands)		
As of December 31, 2021	End of Period	3-month Average Daily Balance
Loans	\$121,994,112	\$118,215,667
Investments	18,392,628	19,119,344
Loan and other commitments	24,221,823	28,248,941
Letters of credit	129,008	117,964

The table below shows derivative credit exposures segregated by cleared and bilateral contracts. Gross positive fair value represents the credit exposure attributed to derivatives before the mitigating effects of counterparty collateral.

Credit Exposures - Derivatives

(in thousands)	End of Period		3-month Average Daily Balance	
As of December 31, 2021	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	\$6,042,175	\$—	\$5,578,472	\$—
Bilateral derivatives ⁽¹⁾	1,942,175	5,402	1,943,813	6,175

⁽¹⁾Excludes notional amount for commodity hedges

The following tables include distributions for the wholesale and retail loan portfolio as well as related commitments.

Loan and Commitment Geographic Distribution

As of December 31, 2021

Wholesale Portfolio		Retail Portfolio	
Iowa	11 %	Illinois	12 %
Illinois	9 %	Minnesota	11 %
Nebraska	8 %	Nebraska	7 %
Minnesota	7 %	Indiana	7 %
Indiana	6 %	Iowa	6 %
Michigan	6 %	Ohio	6 %
Wisconsin	6 %	Tennessee	6 %
Ohio	5 %	Wisconsin	5 %
South Dakota	5 %	Other	40 %
Missouri	4 %		
Other	33 %		
Total	100 %	Total	100 %

Wholesale loan and commitment portfolio distribution in the table above is based on the underlying District Associations' retail portfolios. For additional information regarding the geographic distribution of the retail loans held at District Associations, refer to the Portfolio Diversification section of the Management's Discussion and Analysis.

Loan and Commitment Commodity Distribution

As of December 31, 2021

Retail Portfolio	
Crops	58 %
Cattle	10 %
Loans to OFIs	8 %
Dairy	5 %
Other	19 %
Total	100 %

Refer to the Portfolio Diversification section of the Management's Discussion and Analysis for additional detail of the commodities underlying the District Associations' loan portfolios.

Our retail portfolio is substantially concentrated within our chartered territory of Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin and Wyoming at 78 percent as of December 31, 2021. All impaired loans, past due loans and allowance are within our retail portfolio. Impaired loans, past due loans and allowance needs by geographic region are only considered in rare circumstances that may not otherwise be reflected in the PD and LGD (flooding, drought, etc.). There was no allowance attributed to a geographic area as of December 31, 2021.

Maturities in the following table are reflective of the wholesale loan agreements and retail loan agreements, respectively, and are based on the final maturity without consideration for amortization payments. Loan exposures include accrued interest receivable, as applicable, and investment exposures are at fair value.

Exposures by Final Contractual Maturity

(in thousands)				
As of December 31, 2021	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	\$1,821,296	\$106,703,596	\$—	\$108,524,892
Retail loans	2,247,306	5,883,336	5,827,261	13,957,903
Investments (including federal funds)	6,939,394	5,841,194	5,612,040	18,392,628
Wholesale loan commitments	671,201	19,950,165	—	20,621,366
Retail loan and other commitments ⁽¹⁾	1,482,829	2,045,096	72,532	3,600,457
Cleared derivative notional	5,070,000	890,696	81,479	6,042,175
Bilateral derivative notional ⁽²⁾	320,000	1,240,696	381,479	1,942,175

⁽¹⁾ Includes commitments to OFIs and service entities

⁽²⁾ Excludes notional amount for commodity hedges

Note: Accruing loans include accrued interest receivable.

Refer to Note 2 of the accompanying Financial Statements for our policy for determining past due or delinquency status, policy for placing loans on nonaccrual status, policy for returning loans to accrual status, definition of and policy for identifying impaired loans, description of the methodology used to estimate allowance for loan losses, and policy for charging-off uncollectible amounts.

Refer to Note 3 of the accompanying Financial Statements for amounts of impaired loans with and without related allowance, loans in nonaccrual status and greater than 90 days past due, loans past due greater than 90 days and still accruing, the allowance at the end of each reporting period, charge-offs during the period, and changes in components of our allowance for loan losses.

Refer to Note 4 of the accompanying Financial Statements for a summary of contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type.

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

Refer to the Derivative Financial Instruments section in the Management's Discussion and Analysis and Note 12 of the accompanying Financial Statements for more information on credit risk mitigation related to derivatives.

With the exception of retail customer swaps, to minimize the risk of credit losses, we deal only with bilateral counterparties that have an investment-grade or better credit rating from a rating agency, and we monitor the credit standing and levels of exposure to individual counterparties. Collateral is typically cash and in limited circumstances, securities. The fair value of collateral assets and liabilities related to derivative contracts is their face value plus accrued interest, if applicable. Collateral exchanged is typically cash; therefore, fair value approximates face value.

We have not entered into any credit default swap agreements to mitigate our credit exposure to counterparties. Refer to Note 12 of the accompanying Financial Statements for the gross positive fair value of contracts, collateral held and the net unsecured credit exposure. The derivative portfolio is not covered by guarantees.

Current credit exposure is the greater of \$0 or the fair market value of a single derivative contract. The net current credit exposure is the greater of the net sum of all positive and negative fair market value of the individual derivative contracts subject to the qualifying master netting agreement or \$0. The net current credit exposure is equal to the gross positive fair values as disclosed in Credit Exposures - Derivatives table above.

Credit Risk Mitigation Related to Loans

Refer to the Credit Risk Management section of the Management's Discussion and Analysis for information about credit risk mitigation related to loans including wholesale credit risk management and retail credit risk management.

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities or within close proximity, which could cause them to be similarly impacted by economic or other conditions. We assess the outlook for commodities with the largest concentrations in our Districtwide portfolio. These outlooks are for the industry in general, and individual producers may perform better or worse than the industry as a whole. Refer to the Agricultural Conditions and Land Values sections of the Management's Discussion and Analysis in the accompanying Financial Statements for further information.

In certain circumstances, our loan participations may have guarantees from the U.S. government or one of its agencies.

Financial collateral is not used to mitigate credit risk in our loan portfolio. Refer to Note 12 of the accompanying Financial Statements for further information on financial collateral obtained to mitigate credit risk exposure for derivatives.

Loan and Commitment Exposures Covered by Guarantees

(in thousands)	3-month Average Daily Balance	Risk-weighted 3- month Average Daily Balance
As of December 31, 2021		
Unconditionally guaranteed		
Loans	\$200	\$—
Conditionally guaranteed		
Loans	25,873	5,175
Total	<u>\$26,073</u>	<u>\$5,175</u>

We had no commitments that were covered by guarantees during the three months ended December 31, 2021.

Credit Risk Mitigation Related to Investments

Refer to the Investment Portfolio and Liquidity section of the Management's Discussion and Analysis for information related to our investment securities credit risk management.

Financial collateral is not used to mitigate credit risk in our investment portfolio.

Investment Exposures Covered by Guarantees

(in thousands)	3-month Average Daily Balance	Risk-weighted 3- month Average Daily Balance
As of December 31, 2021		
Unconditionally guaranteed	\$11,920,077	\$—
Conditionally guaranteed	2,237,740	447,548
Total	<u>\$14,157,817</u>	<u>\$447,548</u>

Securitization

Securitizations are transactions in which:

- The credit risk of the underlying exposure is transferred to third parties, and has been separated into two or more tranches;
- The performance of the securitization depends upon the performance of the underlying exposures or reference assets; and
- All or substantially all of the underlying exposures or reference assets are financial exposures.

Securitizations include on- or off-balance sheet exposures (including credit enhancements) that arise from a securitization or re-securitization transaction; or an exposure that directly or indirectly references a securitization (e.g., credit derivative). A re-securitization is a securitization transaction in which one or more of the underlying exposures that have been securitized is itself a securitization. We do not currently hold re-securitization investments.

The Bank currently only participates in securitizations as an investor through the purchase of mortgage-backed securities (MBS) and asset-backed securities (ABS) as included in its investment portfolio. We do not originate, service, provide credit enhancements or sponsor securitizations. We are not a liquidity provider or swap provider for securitization transactions. We do not hold any off-

balance sheet securitization exposures and no securitization exposures have been deducted from capital. We manage exposure to changes in credit and market risk of securitization exposures under policies established by our Asset/Liability Committee. Further, FCA regulations require us to establish risk limits for eligible investments, including appropriate standards of credit worthiness.

We are subject to liquidity risk with respect to our securitization exposures. In volatile market conditions, it could be difficult to sell such investments, if the need arises, and the discounts from face value would likely be significant. In addition, because of the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for the investments.

For our current portfolio of non-agency ABS securitization exposures, we have elected to utilize the “Gross Up” risk-based capital approach on an individual security level. Individual securities for which a “Gross Up” calculation cannot be performed (i.e. unavailable inputs) will receive a 1,250 percent risk weight. Refer to Risk-Weighted Assets table herein for additional information related to our securitization exposures. There have been no significant changes to the securitization portfolio since the last reporting period.

Securitization Exposures

(3-month average daily balance in thousands)			
As of December 31, 2021	Exposure	Weighted average risk-weight factor	Risk-weighted assets
Gross up risk weight bands:			
100%	\$144,440	100%	\$144,440
> 100% and < 1,250%	57,868	101%	58,549
1250%	—	1250%	—
Total risk-weighted securitization assets	<u>\$202,308</u>	<u>100%</u>	<u>\$202,989</u>

Refer to Note 4 of the accompanying Financial Statements for additional information related to purchases and sales of securitization exposures as well as the amortized cost, unrealized gains/(losses) and fair value of MBS and ABS held in our investment portfolio. However, there were no purchases or sales of securitization exposures during the year ended December 31, 2021. Refer to Note 11 of the accompanying Financial Statements for a description of the methods and assumptions, including any changes as applicable, applied in valuing our purchased interests in securitization exposures.

Equities

We are limited partners in Rural Business Investment Company (RBIC) investments for various relationship and strategic reasons. A RBIC facilitates equity and debt investments in agriculture-related businesses that create growth and job opportunities in rural America. We do not hold any equity investments on which capital gains are expected. These investments are accounted for under the equity method when we are considered to have significant influence; otherwise, it would be accounted for at cost less impairment. These investments are not publicly traded and the book value approximates fair value. There have been no sales or liquidations of these investments during the period. As of December 31, 2021, all RBICs were accounted for under the equity method; therefore, no unrealized gains (losses) exist for the exposure. Further, we do not believe any significant latent revaluation gains (losses) exist for these exposures. No RBIC exposures are included in tier 1 or tier 2 capital.

Equity Investments included in Capital Ratios

(in thousands)		
As of December 31, 2021	Disclosed in Other Assets	Life-to-Date losses recognized in Retained Earnings ⁽¹⁾
RBIC	\$22,559	\$4,824

⁽¹⁾ Retained earnings is included in common equity tier 1, tier 1 and total capital ratios

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect operating results and financial condition. Refer to the Interest Rate Risk Management section of the Management’s Discussion and Analysis for information related to interest rate risk.

District Young, Beginning and Small Farmers and Ranchers

As part of the System's commitment to rural America, District Associations have specific programs in place to serve the credit and related needs of young, beginning and small farmers and ranchers in their territories. The definitions of young, beginning and small farmers and ranchers follow:

- **Young:** A farmer, rancher, or producer or harvester of aquatic products who is age 35 or younger as of the loan transaction date
- **Beginning:** A farmer, rancher, or producer or harvester of aquatic products who has 10 years or less farming or ranching experience as of the loan transaction date
- **Small:** A farmer, rancher, or producer or harvester of aquatic products who normally generates less than \$250 thousand in annual gross sales of agricultural or aquatic products

It is important to note that a farmer/rancher may be included in multiple categories based on meeting specific definitions. A more detailed discussion of each District Association's programs for young, beginning and small farmers and ranchers can be found within their respective Annual Reports.

Young and Beginning Farmers and Ranchers Served by AgriBank District

As of December 31, 2021	Young	Beginning	Small
As a percentage of total District farm members:			
Number of loans	20.1 %	27.9 %	46.3 %
Loans and commitment volume	12.8 %	18.2 %	19.8 %

Risk Factors

AgriBank, FCB

In the course of conducting our business operations, we are exposed to a variety of risks, some of which are inherent in the financial services industry and others of which are more specific to our own business. The following discussion summarizes some of the more important risk factors that we face. This discussion is not exhaustive and there may be other risk factors we face that are not described below. These risk factors, if realized, could negatively or positively affect our business, financial condition and future results of operations and, among other things, could result in our inability to pay principal and interest on Farm Credit System (the System or Systemwide) Debt Securities on a timely basis.

Our business may be adversely affected by the liquidity (cost and availability) of funding across the capital markets.

Our ability to fund our operations, meet our financial obligations, including unfunded commitments to extend credit, and generate income depends on the System's ability to issue Systemwide Debt Securities in the debt markets on a regular basis. The System's ability to continue to issue Systemwide Debt Securities depends, in part, on the conditions in the capital markets at that time, which may be outside the System's control. Such conditions include, but are not limited to, general disruption in the U.S. and global financial markets, negative views about government-sponsored enterprises (GSEs) or the financial services industry, the willingness of domestic and foreign investors to purchase Systemwide debt and/or a downgrade in Farm Credit institutions', other banks, or AgriBank's credit ratings. As a result, the System cannot make any assurances that it will be able to issue competitively priced debt or issue any debt at all. If the System cannot issue competitively priced debt or cannot access the capital markets, the System's ability to access funding would be negatively impacted. This situation would have a negative effect on our financial condition and results of operations, which could be material.

In addition to issuances of Systemwide Debt Securities, we have accessed other third-party capital, primarily preferred stock, to support our requisite regulatory capital levels and loan growth. These third-party capital sources have supplemented our issuances of Systemwide Debt Securities and enhanced our capital position, but there is no guarantee such third-party capital resources will be available or competitively priced.

Factors which could have an adverse effect on the System's ability to issue Systemwide Debt Securities at favorable rates and terms.

The System's GSE status has been an important factor in its ability to continually access the debt capital markets. For example, the System's funding costs historically have been below that of similar non-GSEs. Periodically housing-related GSE status reform has been a topic of debate by Congress and the U.S. administration. While the status and reform debate has not, to date, specifically related to the System, any change in the System's status as a GSE or investors' general perception of GSE status could have a significant adverse impact on the System's ability to issue debt at favorable rates and terms.

The System is also subject to periodic review by credit rating agencies. Any event that could have an adverse impact on the System's financial condition or results of operations may cause the rating agencies to downgrade, place on negative watch, or change their outlook on the System's credit ratings. Such actions could have an adverse effect on the System's ability to issue Systemwide Debt Securities at favorable rates and terms and could trigger additional collateral requirements. Also, changes in the credit ratings or credit ratings outlook of the U.S. government may influence changes in the System's credit ratings and credit ratings outlook given its GSE status.

Any downgrades in credit ratings and outlook could also result in higher funding costs or disruptions in the System's access to capital markets. To the extent that the System cannot access the capital markets when needed on acceptable terms or is unable to effectively manage its costs of funds, its financial condition and results of operations could be negatively affected.

The System also competes for competitively priced debt funding with the U.S. Treasury, highly rated institutions and companies, as well as other GSEs, including Fannie Mae, Freddie Mac and the Federal Home Loan Banks. Competition for debt funding from these entities can vary with changes in economic, financial market and regulatory environments. In addition, any change in the perceptions of GSE status may intensify competition with other highly rated institutions and companies in connection with the issuance of Systemwide Debt Securities. Increased competition for competitively priced debt funding of highly rated institutions may result in a higher cost to finance our business, which could negatively affect our financial results. An inability to issue Systemwide Debt Securities at favorable rates and terms in amounts sufficient to fund business activities and meet obligations could have an adverse effect on our liquidity, financial condition and results of operations.

The System issues combined financial statements and assurance of adequate disclosure controls and procedures around internal control over financial reporting. Failure by a System institution to provide required information for financial reporting, or to have adequate disclosure controls or procedures over financial reporting may delay the timely publication of the System's combined

financial statements or cause an error in the accuracy or completeness of the financial statements. Failure to timely issue the System's combined financial statements could disrupt the System's ability to access debt capital markets. Errors in the System's combined financial statements could disrupt trust and may impact our ability to issue at terms and pricing to support our operations, which is discussed further below.

We and the other Banks in the System are liable for Systemwide debt securities.

We, along with the other Banks in the System obtain funds for our lending activities and operations primarily from the Funding Corporation's sale of Systemwide Debt Securities. The Systemwide Debt Securities are not obligations of and are not guaranteed by the United States of America or any agency or instrumentality thereof, other than the System Banks. Under the Farm Credit Act, each Bank is primarily liable for the portion of the Systemwide Debt Securities issued on its behalf. The Banks are also jointly and severally liable for interest payments on certain other debt securities issued individually by other Banks pursuant to Section 4.4(a)(1) of the Farm Credit Act (12 U.S.C. § 2155(a)(1)) (the "Co-Liability Statute"). Additionally, each Bank is jointly and severally liable for the Systemwide Debt Securities issued on behalf of a Bank that is in default on its portion of the Systemwide Debt Securities and where the Farm Credit Insurance Fund (Insurance Fund) of the Farm Credit System Insurance Corporation (FCSIC) is insufficient to cure the default. Although the Banks have established a system of mutual covenants and measures that are monitored on a quarterly basis, there is no assurance that these would be sufficient to protect a Bank from liability, should another Bank default and the Insurance Fund be insufficient to cure the default.

The Insurance Fund is available from the FCSIC to ensure the timely payment by each Bank of its primary obligations on the Systemwide Debt Securities, and can also be used by the FCSIC for its operating expenses and for other mandatory and permissive purposes. Under the Farm Credit Act, before joint and several liability can be invoked, available amounts in the Insurance Fund would be utilized to make the payment on such obligations. There is no assurance, however, that the Insurance Fund will have sufficient resources to fund a Bank's defaulted payment of principal and interest on its portion of the Systemwide Debt Securities. If the Insurance Fund is insufficient, then the non-defaulting Banks must pay the default amount in proportion to their respective available collateral positions. "Available collateral" is collateral in excess of the aggregate of each Bank's "collateralized" obligations and is approximately equal to AgriBank's capital. The FCSIC does not insure any payments on the Series A Preferred Stock or any class of our common stock or preferred stock.

To the extent we must fund our allocated portion of another Bank's portion of the Systemwide Debt Securities as a result of its default on those securities, our earnings and capital would be reduced, possibly materially.

We are subject to regulation under the Farm Credit Act.

System institutions, including AgriBank, are created and extensively subject to federal statutes and regulated by the Farm Credit Administration (FCA). Any change in the laws or regulations that govern the Bank's business could have a material impact on the Bank and its operations. Laws and regulations may change from time to time and the interpretations of the relevant laws and regulations also are subject to change. We are subject to regulatory oversight, supervision and examination by the FCA, including compliance with certain capital and other requirements. Compliance with capital and other requirements may limit the System's business activities and could adversely affect its financial performance. Furthermore, noncompliance with these standards could also adversely affect its financial performance.

We are exposed to credit risk.

In the course of our lending and investment activities, we are exposed to credit risk directly and indirectly through District Association retail lending. Credit risk is the risk that arises from the unwillingness or inability of borrowers, debt issuers or counterparties, including guarantors and third-party providers of other credit enhancements (such as bond insurers), to meet their contractual obligations to us.

Factors that can influence credit risk exposure include, but are not limited to:

- A general slowdown in the global economy and the relationship of demand for, and supply of, U.S. agricultural commodities in a global marketplace
- Political or regulatory changes that disrupt or modify an established market
- Length and severity of an epidemic or pandemic
- Major international events, including a downturn in the world economy, military or other armed conflicts, political disruptions, civil unrest or tariffs and embargoes or sanctions which negatively impact trade agreements. These events can affect the price of commodities or products used or sold by our borrowers and their access to markets.
- Fluctuations in prices of agricultural commodities
- The failure of one or more financial institutions could lead to market-wide disruptions and increased credit risk
- Changes in the general U.S. economy that may impact the availability of off-farm sources of income and prices of real estate
- Changes in farmland values

- Extreme adverse seasonal or weather conditions (such as flooding or drought) or market-related risks that significantly affect agricultural production and commodity prices
- Changes in technology, regulations or shifts in demographics which affect the competitiveness of our borrowers
- Changes in production expenses (such as feed, fuel and fertilizer)
- Availability and cost of agricultural workers
- Availability and cost of processing facilities
- An outbreak of a widespread disease in livestock/poultry populations, or in humans attributable to agricultural production
- Federal support for agriculture that may be reduced or eliminated, including the federal crop insurance program
- Development of alternative uses and market for agricultural commodities, or the cessation thereof, including ethanol and other biofuel production
- Environmental conditions or regulations and policies impacting our lending and business activities or the activities of Farm Credit borrowers
- Changes in U.S. tax laws modifying deductions taken by Farm Credit System borrowers
- Impact of movements in interest rates

We and District Associations employ many standards and tools to manage credit risk exposures. While we believe these standards and tools are appropriate to manage our credit risk, there is no assurance that significant deterioration in credit quality will not occur, which would reduce our earnings, possibly materially.

We face the risk that our derivatives counterparties may not meet their payment and other obligations in hedging transactions. We also face the risk of operational failure of any of the clearing members, exchanges, clearinghouses, or other financial intermediaries used to facilitate such hedging transactions. If a clearing member or clearinghouse were to fail, we could experience losses related to any collateral we had posted with such clearing member or clearinghouse to cover initial or variation margin. A default by a counterparty with significant obligations to us could adversely affect our ability to conduct our operations efficiently, which in turn could adversely affect our results of operations or our financial condition.

We are exposed to concentration risks associated with the agricultural industry and commodity prices.

We are chartered to make loans to District Associations and other financing institutions (OFIs), as provided in the Farm Credit Act. Due to these statutory provisions, we have a significant concentration of lending to agricultural concerns. Our loan portfolio consists of wholesale loans to District Associations, OFIs and participations with other lenders in loans to eligible borrowers. Our earnings, loan growth and the credit quality of our lending portfolio can be impacted significantly by the general state of the agricultural economy. Production agriculture remains a cyclical business that is heavily influenced by the demand for U.S. agricultural products, which in turn impacts the demand for loans and financial services offered by us and District Associations and our ability to make payments on Systemwide Debt Securities. Factors that could affect demand for or supply of U.S. agricultural products include:

- Changes to trade and environmental policies
- General economic conditions, both in rural areas and globally
- Changes to the U.S. dollar's value relative to foreign currencies
- Weather and extreme seasonal conditions
- Commodity prices
- Availability of agricultural workers and processing facilities
- Changes in value of farmland and rural real estate values
- Changes in production expenses, particularly feed, fuel and fertilizer
- Disease outbreak affecting supply and/or demand for livestock products
- Changes in consumer preferences and/or government support for certain industries

These factors, in turn, could increase our nonperforming assets, decrease the value of our loan portfolio, reduce our loan growth, and decrease the value of collateral securing certain loans, which could have a significant adverse impact on our financial condition and results of operations.

The U.S. agricultural sector receives significant financial support from the U.S. government through payments authorized under federal legislation, including USDA-sponsored crop insurance programs and certain other temporary support programs. While U.S. government support for agriculture has historically remained consistent, congressional efforts to decrease the U.S. budget deficit may result in continued pressure to reduce federal spending.

Fluctuations in both commodity prices and production expenses (including interest rates), may have an adverse impact on the cash flow and profitability of certain District Association borrowers, which, in turn, may negatively affect their ability to repay their loans. While certain borrowers may be negatively impacted by these conditions, other borrowers may benefit. For example, decreased prices for grains will result in lower risk profiles for livestock producers, processors and marketers of grains and oilseeds, and

borrowers that purchase corn or other grains for use in their products. However, grain farmers may be negatively impacted by lower prices. Fluctuations in the agricultural commodities market and the cost of farm inputs may adversely impact the credit quality of our loan portfolio and, as a result, negatively affect operating results.

The volatility and prices for both crude oil and gasoline, diesel fuel and other refined petroleum products fluctuate widely and can have an adverse impact on the cash flow of District Association borrowers, as well as other System loan participation partners. Additionally, the level of mineral income generated from mineral rights we own is a function of oil prices. Various factors beyond our control influence these prices, including, but not limited to: levels of worldwide and domestic supplies, the ability of the members of the Organization of Petroleum Exporting Countries (OPEC) to agree to and maintain oil price and production controls, the price and level of foreign imports and exports, disruption in supply, the level of consumer demand, the price and availability of alternative fuels, the availability of pipeline capacity, unrest or instability of large foreign producers, and domestic and foreign governmental regulations and taxes. Our mineral income is predominantly derived from royalties received from the extraction of crude oil. Should extraction slow, stop entirely or the supply chain be disrupted, our mineral income could be severely and adversely impacted. While we may under certain circumstances strive to manage this risk through the use of commodity derivative instruments, there is no guarantee this risk management strategy will be effective.

We and District Associations may lend only to qualified borrowers in the agricultural and rural sectors and certain related entities and are subject to geographic lending restrictions.

Unlike commercial banks and other financial institutions that lend to both the agricultural sector and other sectors of the economy, we and District Associations are restricted solely to making loans and providing financial services to qualified, eligible borrowers in the agricultural and rural sectors and to certain related entities. In addition, we are subject to certain geographic lending restrictions. As a result, we do not have as much flexibility in attempting to diversify our loan portfolios as compared to commercial banks and other financial institutions. This concentration may limit our ability to offset adverse performance in one sector against positive performance in another sector like most diversified financial institutions.

We and District Associations face intense competition from competitors, many of whom are substantially larger and have more capital and other resources.

We and District Associations face intense competition, primarily from mortgage banking companies, commercial banks, thrift institutions, insurance companies, finance companies, and other non-traditional sources of funding. Many of these competitors in the financial services business are substantially larger and have more capital and other resources. Our and District Associations' future results may become increasingly sensitive to fluctuations in the volume and cost of their retail lending activities resulting from competition from other lenders and purchasers of loans. There can be no assurance that we and District Associations will be able to continue to compete successfully in the markets served.

We are exposed to political risk.

Political risk is the risk that adverse consequences through domestic and foreign governmental policies, regulations or other actions could affect our viability or create instability in agriculture, impacting the viability of District borrowers. We, as a GSE, are directly at risk of changing legislation. Legislative change could inhibit our ability to fulfill the Farm Credit mission of reliably extending credit to agricultural producers and rural communities.

Agricultural production and trade flows can be impacted by domestic and foreign governmental policies, regulations and other actions, such as taxes, tariffs, duties, subsidies, immigration, crop insurance, and import and export restrictions on agricultural commodities and commodity products. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Geopolitical risk associated with wars, terrorist acts and tensions between parties, including international trade wars, could adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Future domestic and foreign governmental policies, regulations and other actions could adversely affect the supply of, demand for and prices of commodities and agricultural products, impact or restrict the ability of the District's borrowers to do business in existing and target markets and could cause a deterioration in their financial condition and results of operations, which could, in turn, adversely affect ours and the District's financial condition and results of operations.

We are exposed to climate change risk.

Climate change poses both short- and long-term risks globally, including to the agricultural and financial sectors. Climate change arises from physical (acute or chronic risks to the physical effects of climate change) and transition risk (risks related to societal risks, including regulatory, legal, market or reputational changes). Overall, climate change risks may result in increased compliance costs, lower profitability for us and District Associations, as well as many of their borrowers. Additionally, climate change impacts could negatively affect the credit quality of our and District Associations' loan portfolios.

Physical risk such as adverse weather conditions, particularly during the planting and growing season, can significantly affect agricultural production, with the timing and quantity of rainfall being two of the most important factors in agricultural production. Insufficient levels of rain prevent farmers from planting new crops and may cause growing crops to die or result in lower yields. Excessive rain or flooding can prevent planting from occurring at optimal times, and may cause crop loss through increased disease or mold growth. Temperatures outside normal ranges can also cause decreased yields, failure or quality issues for crops. Additionally, livestock and dairy production can be negatively impacted by weather extremes as well, due to impact on feed and other input costs or reduced production.

Transition risks may result in changes in regulations and in market preferences, which in turn could have a negative impact on the asset values and results of operations of agricultural producers. In addition, market perceptions could change impacting both our reputation as well as the reputation of District Associations and their borrowers.

An unfavorable change in or an adverse interpretation of existing U.S. tax laws could negatively impact our financial results.

We are exempt from federal and other taxes as provided in the Farm Credit Act. If we were to lose this exemption, or if it were to be otherwise modified, our financial results could be negatively impacted. Changes to U.S. tax laws could affect our business, District Associations and customers. The impacts could include, but are not limited to, modifications to deductions surrounding interest expense and equipment purchases, tax incentives related to renewable energy initiatives and the overall changes in the competitive environment impacting financial institutions.

We are exposed to operational risk.

The structure and organization we have implemented to carry out our business activities may include risks including, but not limited to:

- Business Model Risk - Changes to the business model do not meet expectations of its owners or loses viability in the judgment of regulators, the financial markets, or other influencers.
- Corporate Governance - The Board of Directors members, on a collective basis, do not maintain sufficient expertise and training to provide effective strategic guidance to management, influence System and District direction, or hire and retain a high-quality CEO to lead the organization. The Executive Leadership Team does not maintain sufficient expertise and training to lead the organization or fails to develop and train talent within AgriBank to promote and sustain the culture and operational success of the organization.
- External Reporting Risk - Our reports produced to satisfy regulatory agencies, investors, borrowers or in connection with the business service are incomplete (including disclosures), inaccurate, or untimely, causing damage to reputation and exposing AgriBank to fines, penalties or sanctions.
- Data and Model integrity - The quality, completeness, and accuracy of our data as it is entered into, processed by, and reported on by various systems and models AgriBank deploys. Models used to analyze or interpret risks are insufficient, flawed or inappropriately used.

We may be subject to information technology system failures, network disruptions or breaches in data security, including failures of critical vendors and other third parties.

We rely to a large extent upon information technology systems and infrastructure to operate our business. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and random attack. While our systems are primarily centralized within the AgriBank District, there is de-centralization of systems across the Farm Credit System resulting in increased complexity in the technology infrastructure. Additionally, we and District Associations utilize vendors and third-party systems to perform certain critical services. If one or more of these key external parties were not able to perform their functions for a period of time, at an acceptable service level, or for increased volumes, our business operations could be constrained, disrupted, or otherwise negatively affected. Data privacy breaches by employees and others with permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While we have invested in protection of data and information technology, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business.

We are developing and implementing significant information technology system conversion projects during 2021 and beyond. During system conversion projects, we are exposed to risks including those involved with data migration, user acceptance and understanding of new systems, and disruptions in processes that depend on these systems. We implement project planning and testing processes in order to minimize these risks, but there can be no assurance that business disruptions or system failures will not occur.

We are subject to cyber security risks.

Information security risks for large institutions such as ours have significantly increased in recent years and, from time to time, we have been and will likely continue to be the target of attempted cyberattacks and other information security breaches. To date, we have not experienced any material losses relating to cyberattacks or other information security breaches, but we could suffer such

losses in the future. If one or more of such events occur, this potentially could jeopardize confidential and other information, including nonpublic personal information and sensitive business data, processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our customers or counterparties. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. We maintain insurance coverage relating to cyber security risks, and we may still be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures. Despite having insurance coverage, we may be subject to litigation and financial losses. Additionally, third parties with which we do business may also be sources of cyber security or other technological risks.

Certain third-party service providers may be impacted by measures being enacted by governments in response to COVID-19, which could be obstructing the regular functioning of business work forces. Accordingly, the risks described above may be heightened under current conditions.

A failure or circumvention of our controls and procedures could have an adverse effect on our business, results of operations and financial condition.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. However, no control system, no matter how well designed and operated, can provide absolute assurance that the objectives of the control systems are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or errors can be detected. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. In addition, while we continue to evaluate our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have an adverse effect on our business, results of operations and financial condition.

Our ability to attract and retain qualified board members and employees is critical to successfully fulfilling our mission.

Our continued success depends in large part on the efforts and abilities of board members and employees throughout the organization. The competition for board members and employees who possess the requisite knowledge of the banking, agricultural, finance and other relevant industries is intense. Our ability to attract, develop and retain highly qualified board members and employees to execute the appropriate business operations and strategies will impact our future performance, including the successful execution of internal controls.

We depend on the accuracy and completeness of customer and counterparty information.

We rely on information furnished by or on behalf of customers, including Association customers, and counterparties, including financial information. We may also rely on representations of those customers and counterparties as to the accuracy and completeness of that information. If the financial or other information provided to us is incorrect, we could suffer credit losses or other consequences.

We are exposed to interest rate risk.

In the course of our borrowing, lending and investing activities, we are subject to interest rate risk, which is defined as the sensitivity of an institution's earnings, economic value of equity and retail market competition (rate and product) to changes in interest rates. Sensitivity to interest rates may arise from re-pricing risk, yield curve risk, basis risk and option risk. The Board of Governors of the Federal Reserve System establishes policies that influence our cost of funds and the return we earn on loans and investments, which impacts our net interest margin, and can materially affect the value of the debt, loans and investments we hold. Changes in Federal Reserve Board policies and other market events are beyond our control and are difficult to predict or anticipate.

Interest rate risk arises from differences in timing between the contractual maturity, repricing characteristics and prepayments of our assets and the contractual maturity and repricing characteristics of the financing obtained to fund these assets. The risk can also arise from differences between the interest rate indices used to price our assets and the indices used to fund those assets. It is expected that we will from time to time incur interest rate risk in the form of a "gap" in the interest rate sensitivities of our assets and liabilities, meaning that either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest earning assets, or vice versa. In either event, if market interest rates should move contrary to our position, the "gap" will adversely affect earnings and the net present value of our interest-sensitive assets and liabilities.

We have asset/liability management policies, including risk limits, and strategies to actively manage our interest rate risk, including an Asset/Liability Committee comprised of a cross-functional group of senior leaders. However, there can be no assurance that our interest rate risk management procedures will be effective or that changes in interest rates will not adversely impact our earnings and capital.

We indirectly fund real estate mortgage loans and purchase mortgage-backed and asset-backed securities that are impacted by changes in interest rates. Changes in interest rates can significantly impact the prepayment patterns of these assets and, thus, affect our earnings. We strive to manage or reduce this risk by “match-funding” debt securities issued to the maturities of our loans and investments and entering into interest-rate derivative transactions, and through the rebalancing of cash-flow mismatches of assets and liabilities. Our inability to “match-fund” debt securities to longer-term assets may increase the prepayment risks.

We use derivative financial instruments to minimize the financial effects of changes in interest rates and must determine the extent of these hedging transactions. The effectiveness of the hedging transactions depends upon our ability to determine the appropriate hedging position, taking into consideration our assets, liabilities and prevailing and anticipated market conditions. In addition, the usefulness of the hedging strategy depends on the availability of cost-effective hedging instruments and the ability to enter into hedging transactions with high quality counterparties. If we are unable to manage our hedging position properly, it will negatively impact our financial condition and results of operations.

Changes in LIBOR could adversely affect our operations and cash flows and the value of certain Systemwide Debt Securities.

In 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, announced its intention to stop persuading or compelling the group of major banks that sustains LIBOR to submit rate quotations after 2021. As a result, ICE Benchmark Administration (the entity responsible for calculating LIBOR) ceased the publication of the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and has announced it intends to cease publication of the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. AgriBank and District Associations have exposure to LIBOR, including in financial instruments that reference LIBOR that mature after 2021 and June 2023. AgriBank’s exposure arises from loans to customers, investment securities, Systemwide Debt Securities that are issued by the Funding Corporation, preferred stock and derivative transactions. The Secured Overnight Financing Rate (SOFR) published by the CME group or other alternative reference rates that replace LIBOR may not yield the same or similar economic results over the lives of the financial instruments, which could adversely affect the value of and return on instruments held by AgriBank.

The discontinuance of LIBOR could result in disputes and litigation with counterparties and borrowers surrounding the implementation of alternative reference rates in our financial instruments that reference LIBOR. Financial instruments indexed to LIBOR could experience disparate outcomes based on their contractual terms, ability to amend those terms, market or product type, legal or regulatory jurisdiction, and a host of other factors. There can be no assurance that legislative or regulatory actions will dictate what happens when all LIBOR tenors cease to be published.

We are exposed to liquidity risk associated with our investments.

We are subject to liquidity risk in the course of our investing activities. We purchase only high credit quality investments to best position our investment portfolio to be readily marketable and available to serve as a source of funding in the event of disruption of our normal funding mechanisms. However, if the market for our investments becomes less liquid, the underlying credit fundamentals deteriorate or the investments decline in value, it may make it more difficult for such investments to be sold if the need arises. Because of the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a ready market existed for the investments. Ultimately, these factors could lead to further write-downs in the value of investments and impairment of assets that, if significant, could have adverse effects on our business, financial condition, results of operations and liquidity.

We maintain a liquidity plan covering certain contingencies in the event our access to normal funding mechanisms is not available, but there is no guarantee that such mechanisms will be successful.

The majority of our investment portfolio consists of securities issued or guaranteed by GSEs or the U.S. government, which remain liquid. The remainder of our investment portfolio represents investments in commercial paper, federal funds, certificates of deposit, reverse repo and asset-backed securities. In further support of our liquidity, we have cash on deposit at the Federal Reserve Bank and correspondent banks.

We are subject to legal proceedings and legal compliance risks.

We are subject to a variety of legal proceedings and legal compliance risks. We are regularly reviewed by the FCA and other governmental authorities, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages. While we believe we have adopted appropriate risk management and compliance programs, legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time.

We are subject to reputational risk.

Reputational risk arising from negative public opinion could adversely affect our ability to obtain financing, impede our ability to hire and retain qualified personnel or expose us to greater regulatory scrutiny or adverse regulatory or legislative changes. Such risk encompasses the loss of confidence, trust and esteem among investors, retail borrowers, partners, policymakers, shareholders and other key stakeholders. Like all businesses, we are subject to a wide variety of reputational risks both within and outside our control, including credit difficulties with individual customers or industries, business disputes, lawsuits, credit market disruptions, regulatory events and public allegations of misconduct against associates. As a member of the System, we could also be indirectly impacted by events that damage the reputation of another System entity.

We face risks from catastrophic events.

We are exposed to the risk that a catastrophic event, such as a terrorist event, severe damage to our workplace due to fire or a similar event, or natural disaster, could result in a significant business disruption and an inability to access funding or process transactions through normal business processes. Any measures we take to mitigate this risk may not be sufficient to respond to the full range of catastrophic events that may occur and we may not have sufficient insurance coverage for catastrophic events. Our borrowers and District Association borrowers may also be negatively affected by such events, which could have a negative impact on their ability to repay loans. The impact of such events on borrowers and the overall economy may also adversely affect our financial condition and results of operations.

Our accounting policies, methodologies, assumptions and estimates have a significant impact on our financial condition, results of operations and disclosures.

We must exercise judgment in selecting and applying various accounting policies, methodologies, assumptions and estimates so that they not only comply with generally accepted accounting principles in the U.S. and reflect best practices, but also reflect our judgment as to the most appropriate manner in which to record and report the financial condition and results of operations. These policies, methods, assumptions and estimates impact key financial statement items including, but not limited to, our allowance for credit losses and the fair value of certain assets and liabilities. The misapplication of accounting policies, methods, assumptions, or estimates could adversely affect the financial condition, results of operations or financial statement disclosures.

From time to time, the Financial Accounting Standards Board changes the financial accounting standards that govern the preparation of our financial statements. We could be required to apply a new or revised accounting standard retrospectively, which may result in the revision of prior period financial statements by material amounts. These changes are beyond our control and can be difficult to predict and could impact how we report our financial condition and results of operations.

Our risk management framework may not be effective.

Our risk management framework is designed to identify, monitor and manage risk. We seek to identify, measure, monitor, report and control our exposure to the aforementioned risks, among others. While we employ a broad and diversified set of risk monitoring and mitigation techniques, those techniques are inherently limited because they cannot anticipate the existence or future development of currently unanticipated or unknown risks. For example, increases in the overall complexity of our operations, among other developments, have resulted in the creation of a variety of previously unanticipated or unknown risks, highlighting the intrinsic limitations of our risk monitoring and mitigation techniques. As such, we may incur future losses due to the development of such previously unanticipated or unknown risks.

