AGRIBANK 2020 QUARTERLY REPORT
MARCH 31, 2020

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Management's Discussion and Analysis

AgriBank, FCB

(Unaudited)

The following commentary is a review of the financial condition and results of operations of AgriBank, FCB (AgriBank, or the Bank). This information should be read in conjunction with the accompanying Financial Statements, the Notes to the Financial Statements and the 2019 Annual Report.

AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by 14 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. AgriBank and those Associations comprise the AgriBank District. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

Significant or Material Event

The Farm Credit Administration (FCA) provided regulatory approval for the formation of the separate service corporation, SunStream Business Services (SunStream), under Section 4.25 of the Farm Credit Act. Effective April 1, 2020, SunStream is owned by AgriBank and 11 District Associations and provides services to its owners and certain other Farm Credit institutions. SunStream's 81 employees, formerly AgriBank employees, are located at the organization's headquarters in St. Paul, Minn. At formation, AgriBank's investment in SunStream was $5.6 million and was contributed in the form of net assets. Additionally, AgriBank expects approximately $16 million of reduced business services income annually and a reduction in operating expenses of approximately $15 million annually, resulting in a net income impact of less than $1 million.

Forward-Looking Information

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2019 Annual Report. AgriBank undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COVID-19 Pandemic

The spread of COVID-19 has created a global public-health crisis that has stifled the worldwide economy, decreased liquidity in fixed income and equity markets, significantly increased unemployment levels, and disrupted global supply and demand chains. Unprecedented actions are being taken by governments, businesses and individuals to slow or contain the spread of COVID-19, including quarantines, “stay-at-home” orders, school closings, and travel bans that have substantially restricted daily activities and caused many businesses to curtail or cease operations. The impact of COVID-19 on companies is evolving rapidly, and its future effects are uncertain.

When the enormity of the COVID-19 situation was realized, we and District Associations implemented our respective Business Continuity Plans. Operations transitioned to alternative work environments without significant issues. Collectively, our business continuity responses have allowed us to continue to serve our mission. The remote work environment has maintained the health of our employees and allowed uninterrupted business functions. We are supporting District Associations by offering various funding options. In turn, District Associations continue to work with farmer-borrowers to offer appropriate solutions to meet their liquidity needs, which may include loan modifications for those borrowers impacted by COVID-19. We have not had any significant changes to our internal controls over financial reporting due to working remotely. Future transition back to our offices will be done in a manner that does not put the health of our employees or the operations of our business functions at risk.

This outbreak puts the economy and agriculture sector in uncharted territory. The overall impact of COVID-19 on U.S. agriculture will depend on the severity and duration of the outbreak, including a potential reoccurrence later in the year, the continued response by the U.S. government, and how quickly "normal" daily activities resume. The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition, including regulatory capital and liquidity ratios and other regulatory requirements, will depend on future developments that are highly uncertain and cannot be predicted. Overall, agriculture will adjust, providing an "essential service" to the U.S. and global consumer.

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

Financial Overview

Net income increased $85.9 million, or 62.6 percent, to $223.1 million for the three months ended March 31, 2020, compared to the same period of the prior year. The increase in net income was primarily due to increased non-interest income and to a lesser extent, increased net interest income. The increase in non-interest income was mainly attributable to increased fees resulting from refinancing activity at District Associations. Net interest income increased as interest expense reductions exceeded the decline in interest income primarily driven by higher debt refinancing activity, favorable reduction in short term rates along with a wider LIBOR/SOFR basis.

Return on assets (ROA) ratio of 77 basis points in the first quarter of 2020 is above our 50 basis point target. This ROA reflects annualizing nonrecurring items and is expected to decline over the rest of the year, but still achieve our target.

Loan portfolio credit quality remained strong with 98.0 percent of our total loan portfolio in the acceptable category and reflects the overall financial strength of District Associations and their underlying portfolios of retail loans. Credit quality of our retail loan portfolio (accounting for approximately 10 percent of our total loan portfolio) increased to 91.2 percent acceptable as of March 31, 2020, compared to 90.1 percent acceptable at December 31, 2019. While currently strong, negative economic trends will impact borrowers and may result in changes to credit quality in our loan portfolio. See the Loan Portfolio section below for additional discussion about how COVID-19 may impact credit quality in our loan portfolio.

Strong capital levels ensure we are well-positioned to manage the cyclicality that is characteristic of the agricultural market, as well as the challenges and uncertainty of the overall economic environment. Refer to the Loan Portfolio and Funding, Liquidity and Shareholders' Equity sections for further discussion.

Economic Conditions

Interest Rate Environment

U.S. economic activity is expected to slow due to the impacts of COVID-19. U.S. GDP is forecasted to contract 3.9 percent in 2020, as both consumer and investment spending decline. We expect consumer spending will decline due to an increase in the unemployment rate caused by widespread layoffs, especially in the service sector. Investment spending will decline as businesses conserve cash to withstand the economic contraction. In addition, exports will decline as the global economy contracts and trade slows.

In reaction to the impacts of COVID-19, the Federal Open Market Committee (FOMC) of the Federal Reserve has lowered the federal funds rate by 150 basis points (bp) in 2020 to achieve a target range of 0.00 to 0.25 percent. The Fed has also announced an unprecedented monetary stimulus package, including an open-ended commitment to purchase assets under its quantitative easing measures. The Federal Reserve has lowered some regulatory standards to ease liquidity strains on financial institutions. The actions taken by the Federal Reserve are intended to provide support for critical market functioning and to add liquidity to debt markets. They also help support the flow of credit to employers, consumers, businesses, and municipalities. Refer to the Funding, Liquidity and Shareholders' Equity section for additional information about our access to funding.

Comments from FOMC members suggest that the FOMC will maintain an accommodative policy until it becomes clear that the U.S. economy has recovered from the impacts of the coronavirus. With the lowering of the federal funds rate in 2020, the U.S. Treasury yield curve has shifted lower. Economists expect U.S. Treasury bond yields to remain low through the end of 2020 with the 2-year and 10-year rates at 0.50 and 1.00 percent, respectively.

We manage interest rate risk consistent with policies established by the AgriBank Board of Directors and limits established by AgriBank's Asset/Liability Committee (ALCO) (refer to Interest Rate Risk Management section of the 2019 Annual Report).

Agricultural Conditions

On February 5, 2020, the U.S. Department of Agriculture's Economic Research Service (USDA-ERS) released its initial 2020 net farm income forecast of $96.7 billion, a $3.1 billion, or 3.3 percent, increase from the 2019 estimate. The 2020 forecast would have marked the highest inflation-adjusted net farm income since 2014 and would have been just $2.7 billion shy of the elevated 10-year average. The forecasted rise in net farm income for 2020 was primarily driven by an increase in the value of crop production and livestock receipts. However, farm sector working capital has continued to decline and was projected to be at the lowest level in the past 10 years. The February 2020 forecast was assembled before the COVID-19 virus had spread worldwide and was officially declared a pandemic. Assumptions for production, consumption and prices for the agriculture sector will likely be subject to large revisions in upcoming forecasts. Additionally, the federal government has passed emergency ad hoc assistance packages for many industries, including agriculture, in response to the pandemic. Upcoming USDA income and working capital forecasts are expected to be revised downward. References to COVID-19 throughout the remainder of this section includes the severe reduction in economic activity, demand reduction and supply chain disruption.

Consumer consumption patterns have changed dramatically with stay-at-home orders enacted in nearly every state, and many agricultural markets are facing pressure from outside markets. Additionally, the U.S. agricultural industry is facing stress from labor shortages as a result of COVID-19 outbreaks at food processing plants, while exports could be challenged by logistics and the volatility of the U.S. dollar. For row crops, corn is experiencing the most pressure from the COVID-19 outbreak. Roughly 40 percent of U.S. corn production is processed into ethanol and distiller's dried grain with solubles, the feed byproduct of ethanol production. COVID-19 has resulted in rapidly reduced automobile traffic and fuel consumption, and in turn, ethanol and corn demand. The drop in fuel demand has resulted in reduced ethanol plant runtimes and plant shutdowns, which have pressured corn prices lower and reduced basis levels in the Corn Belt. Demand for soybeans remains highly questionable. The phase one trade deal between the U.S. and China would theoretically have been very supportive for U.S. soybeans, but the COVID-19 outbreak and reduced Chinese hog herd due to African Swine Fever have called into question if China will reach committed levels.

The livestock and animal agricultural sectors have rapidly experienced the effects of shifts in consumer food spending. Retail sales for at-home food consumption have risen sharply, while foodservice sales have dropped dramatically, including a nearly 100 percent decline in dine-in restaurant sales. Most animal protein and dairy prices have declined considerably in March and early April. Food supply chains have been disrupted by the rapid shift from foodservice to grocery sales as well as from plant closures due to widespread COVID-19 outbreaks at many food processing facilities. In late April, President Trump signed an executive order under the Defense Production Act to reopen shuttered meat processing plants and to encourage operating plants to remain open amid the coronavirus pandemic. The order declares the processing plants as critical infrastructure; however, labor shortages will likely remain an ongoing issue for many meat processors in the near term, which will continue to disrupt livestock supply chains.

In contrast to the February 5 USDA-ERS forecast, farm aid assistance will likely shift higher in 2020. To help mitigate deteriorating agricultural conditions, up to $19 billion of government aid has been approved under the Coronavirus Food Assistance Program (CFAP) to provide some relief to farmers and ranchers as a result of the COVID-19 pandemic. More aid could be provided later in the year; however, at this point, the timing, amount and the distribution is unknown. Because of all these factors, the outlooks for many agriculture production sectors have been downgraded on the assumption of unknown government assistance at a level that will likely only partially mitigate losses relative to COVID-19.

In recent years, producers have been adjusting to the normalization of crop prices near the long-run price trends. Optimal input usage, adoption of cost-saving technologies, and effective utilization of hedging and other price risk management strategies are all critical in yielding positive net income for producers. Those who have been most effectively able to realize cost and marketing efficiencies are most likely to weather the current economic environment, but many may still require flexibility from lenders through payment deferrals and other measures to preserve working capital.

Updated Industry Conditions

The following are industry conditions for which we have updated our outlook since December 31, 2019. We have not changed our outlook for corn, soybeans and wheat (remaining Negative for all three). For further analysis of industry conditions for these commodities, refer to the Agricultural Conditions section of Management's Discussion and Analysis of the 2019 Annual Report.

The global spread of COVID-19 has had widespread consequences for all commodities, as discussed earlier in the Agricultural Conditions section of this report. Outlook ratings for all commodities are subject to rapid changes in future quarters, as the impact of COVID-19 evolves and government support levels become better known.

Cow-Calf
The cow-calf industry is typically supported by ongoing demand from the beef feedlot and packing industries. However, due to demand disruption from COVID-19, fed cattle slaughter has declined, which has created a negative ripple effect down the supply chain from feedlots to cow-calf producers. Negative earnings are

anticipated for the majority of cow-calf producers. As a result, we have changed our outlook for the cow-calf industry from Neutral to Negative.

Cattle Feedlots
COVID-19 has created volatility in weekly slaughter capacity due to plant managers' needs to address human health issues, resulting in slower run rates or even temporary closures for cleaning. Due to COVID-19, losses are anticipated due to declining exports, domestic demand and weekly slaughter, while the supply of cattle on feed remains healthy. As a result, we have changed our outlook for the cattle feedlots industry from Neutral-to-Negative to Negative.

Dairy
Milk, butter and Cheddar prices have all decreased dramatically since March due to collapsing restaurant sales tied to the COVID-19 pandemic. Supply chains will be tested as supply and demand shifts from food service to retail. Losses are expected for many in the industry based on current prices. As a result, we have changed our outlook for the dairy industry from Neutral-to-Negative to Negative.

Pork
Hog prices and cash margins have dramatically fallen in recent weeks due to demand disruption from COVID-19. Many producers have strong financial profiles heading into a period of anticipated losses. However, the pork industry remains volatile, as uncertainty exists surrounding the impacts of COVID-19, African Swine Fever and global trade. As a result, we have changed our outlook for the pork industry from Neutral to Negative.

Timber
Many mills and processors are currently reducing production given the uncertain impacts of COVID-19 on construction demand, which is expected to result in reduced margins. Housing starts have shown positive year-over-year trends in recent months, and favorable interest rates may spur housing demand. However, due to high unemployment and uncertainty surrounding the length and severity of COVID-19 economic impacts, we have changed our outlook for the timber industry from Neutral to Neutral-to-Negative.

Poultry
The poultry industry outlook consists of a weighted average outlook for broilers, turkeys and eggs, with the broiler industry comprising the largest share of District poultry volume. While the broiler industry has seen a recent surge in retail sales due to COVID-19 panic buying, it is currently faced with oversupply and weak prices due to a sharp drop in food service demand, pointing to a Negative outlook. Based on current weakness in the broiler industry, volatility in egg markets and stable industry dynamics for turkeys, we have changed our overall outlook for the poultry industry from Neutral to Negative.

Land Values

Land values generally change at a slower pace than current events; therefore, the impacts of COVID-19 and the continued pressure on commodity prices and ultimately net farm income could put pressure on land values overall. Land values within the District have been mostly stable; however, potential softening may occur later in 2020 and into 2021 absent greater agricultural government support.

Agricultural real estate is the most significant asset on the farm sector's balance sheet and is an important driver for the financial strength of producers. The AgriBank District monitors agricultural land values as an integral part of our credit risk assessment process. We conduct an annual Benchmark survey, completed by certified real estate appraisers, of a sample of benchmark farms selected to represent the lending footprint of District Associations. The District's most recent real estate market value survey, based on the 12-month period ending June 30, 2019, indicated that District real estate value changes ranged from a negative 5.1 percent to a positive 9.8 percent.

The Federal Reserve Banks of Chicago and Kansas City reported on the change in farmland values from the end of the fourth quarter 2018 to the end of the fourth quarter 2019 in their respective districts. The Federal Reserve district reports indicated changes in overall farmland values ranging from no change in value to an increase of 4 percent.

The USDA land survey is conducted annually and is based on a survey of agricultural producers across the United States. Results of the 2019 survey specific to the AgriBank District indicated increases of 0.8 percent and 0.5 percent in overall farm real estate values an overall cropland values, respectively.

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 Farm Credit Administration (FCA) regulations allow real estate mortgage loans of up to 85 percent of appraised value, AgriBank's underwriting guidance generally recommends lending up to no more than 65 percent of appraised value at origination. Many District Associations have 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, most District Associations 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)	**March 31, 2020**	December 31, 2019
Accrual loans:		
Wholesale loans	**$91,480,717**	$89,068,140
Retail loans:		
Real estate mortgage	**2,988,651**	3,112,079
Production and intermediate-term	**4,971,967**	5,257,970
Loans to other financing institutions (OFIs)	**564,474**	631,037
Other	**227,939**	171,025
Total retail loans	**8,753,031**	9,172,111
Nonaccrual loans	**62,415**	57,772
Total loans	**$100,296,163**	$98,298,023

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

Loans totaled $100.3 billion at March 31, 2020, an increase of $2.0 billion from December 31, 2019. Within total loans, growth in wholesale loans were driven by draws by District Associations to fund higher agribusiness volume in capital markets portfolios and, to a lesser extent, real estate mortgage lending activity. These increases were partially offset by seasonal repayments on operating lines in the production and intermediate-term sector at District Associations. Similar seasonal repayment activity was reflected in our retail portfolio within the production and intermediate-term sector.

While overall credit quality remains strong, the impact of the global pandemic disruption to many agriculture industries, and with commodity prices expected to remain at relatively low levels, grower margins will likely be negatively impacted in 2020. These conditions may result in increases to adverse credit quality and related provision for credit losses across the District. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong even as some District Associations experience further declines in their retail credit quality. Each District Association has allowances for loan losses, earnings and capital that absorb their credit losses before their losses would impact our wholesale loans.

The credit quality of our total loan portfolio remained strong at 98.0 percent in the acceptable category at March 31, 2020, compared to 97.9 percent at December 31, 2019. Adversely classified loans were 0.4 percent at March 31, 2020 compared to 0.5 percent at December 31, 2019. Credit quality of our retail loan portfolio increased to 91.2 percent acceptable as of March 31, 2020, compared to 90.1 percent acceptable at December 31, 2019.

As of March 31, 2020, two of AgriBank's wholesale loans were classified as other assets especially mentioned (special mention), and the remaining wholesale portfolio was classified as acceptable. However, one of these loans was upgraded in April 2020, resulting in a transfer of $1.2 billion to acceptable classification. Effective April 1, 2020, one District Association was subject to a risk premium on its wholesale loan in accordance with their general financing agreement. This risk premium will not have a material impact on our financial statements, and no District Association was subject to a risk premium during 2019.

Components of Risk Assets

(in thousands)	**March 31, 2020**	December 31, 2019
Nonaccrual loans	**$62,415**	$57,772
Accruing restructured loans	**3,676**	3,969
Accruing loans 90 days or more past due	**16,122**	2,951
Total risk loans	**82,213**	64,692
Other property owned	**351**	437
Total risk assets	**$82,564**	$65,129
As a percent of retail loans		
Risk loans	**0.92 %**	0.69 %
Nonaccrual loans	**0.70 %**	0.62 %
Delinquencies	**1.76 %**	1.06 %
As a percent of total loans		
Risk loans	**0.08 %**	0.07 %
Nonaccrual loans	**0.06 %**	0.06 %
Delinquencies	**0.16 %**	0.10 %

Note: Accruing loans include accrued interest receivable.

Risk assets remain at acceptable levels, and total risk loans as a percentage of total loans remains within our established risk management guidelines. The impact of COVID-19, while unknown, may result in increased risk loans, adverse credit quality and delinquencies. Risk loans are primarily concentrated in the production and intermediate-term sector and real estate mortgage sector. However, the risk in the crop input financing portfolio is significantly mitigated by credit enhancements, including guarantees with third parties that are in a strong financial position. At March 31, 2020, 48.8 percent of nonaccrual loans were current as to principal and interest, compared to 56.0 percent at December 31, 2019.

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, all accruing loans 90 days or more past due were eligible to remain in accruing status. The increase in accruing loans 90 days past due was primarily related to our crop input financing portfolio and is typical during the first quarter given the seasonality of these loans.

Allowance Coverage Ratios

	March 31, 2020	December 31, 2019
Allowance as a percentage of:		
Loans	**0.03 %**	0.03 %
Retail loans	**0.37 %**	0.35 %
Nonaccrual loans	**52.09 %**	55.54 %
Total risk loans	**39.55 %**	49.60 %
Adverse assets to capital and allowance for loan losses	**7.24 %**	8.51 %

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions. As of March 31, 2020, the allowance increased $424 thousand, compared to December 31, 2019. This reflects $1.0 million reversal of provision for loan losses during the three months ended March 31, 2020, net of a provision for current economic impacts related to COVID-19 on various agricultural industries. We also recorded a $2.0 million provision for credit losses due to elevated risk in our crop inputs portfolio, as indicated in the results of our allowance analysis. The provision for credit losses is the combined adjustment to the allowance for loan losses, and allowance for unfunded balances recorded in "Other liabilities" on the Statements of Financial Condition.

Funding, Liquidity and Shareholders’ Equity

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. We also maintain a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets.

The System access to the debt capital markets is critical to support its mission of providing credit to farmers, ranchers and other eligible borrowers. For most of the three months ended March 31, 2020, investor demand for Systemwide Debt Securities remained favorable. However, the negative economic, market and social impacts of COVID-19 during the last few weeks of March and into April created a high level of uncertainty causing investors to shift toward cash and highly rated cash-like investments. As such, the willingness of investors to purchase longer-dated debt securities declined significantly. This, in turn, reduced our flexibility to issue certain types of debt and callable debt with longer non-call periods. During this period, we maintained access to the short-term debt market and periodically issued longer-term debt as market demand allowed. During the latter part of April 2020, the System’s flexibility to fund has improved to near normal pre-COVID-19 levels.

In March, AgriBank enacted its Contingency Funding Plan in response to tight funding markets. As a result, we intentionally increased investments and cash holdings by over $2 billion, resulting in higher days of liquidity. We guided Associations to manage new loan pricing and conversions, and implemented a funding premium into our pricing ranging from 8 to 30 bps across different maturities. We maintained our match funding strategy and were able to keep up funding with new loan pricing during the quarter. Later in March, we suspended calling and replacing debt that was in-the-money to reduce new issuance and preserve term funding. Thus far in April, funding market conditions have improved and we have been able to issue and refinance debt at lower spreads under near normal conditions.

There has been limited impact to the value and liquidity of our investments portfolio, with the portfolio remaining liquid and unrealized losses resulting from temporary market factors. Due to market volatility, we completed extra due diligence to review market prices at mid-month and at month-end, and were able to follow our normal process as a review of the pricing inputs was deemed reasonable. We did have an increase in unrealized losses on our investment portfolio during the first quarter; however, a significant portion of the portfolio is effectively guaranteed by the U.S. government. Loss not guaranteed by the U.S. government is primarily in our fixed asset-backed securities portfolio. As rates fell and credit spreads widened in the second half of March, yields moved higher, causing our fixed asset-backed securities portfolio to show an unrealized loss. This was due to timing of security purchases and moving yields and is not an indication of credit deterioration or an illiquid market. No investments are anticipated to be other than temporarily impaired at this time. The fixed income markets where our bank investments trade have also improved notably during the month of April.

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. As of March 31, 2020, we had sufficient liquidity to fund all debt maturing within 163 days. At March 31, 2020, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

During January 2020, investments in certain commercial paper with an exposure of $78.0 million were downgraded to ineligible as regulatorily prescribed. Full repayment of these investments was collected at maturity in March 2020.

Total shareholders’ equity at March 31, 2020 was $6.1 billion, a $38.2 million decrease from December 31, 2019. This decrease was driven primarily by net income and net stock issuances reduced by cash patronage distributions declared, consistent with AgriBank’s capital plan, which was more than offset by $160.6 million in unrealized derivative losses in comprehensive income. The fair value of pay-fixed derivative instruments designated as cash flow hedges decline when interest rates fall.

Our capital plan was amended effective May 1, 2020 to lower our capital ratio targets in response to adjustments made by the regulator to the thresholds utilized in determining the financial health of System Banks. Most notably, our non-risk-weighted tier 1 leverage ratio was lowered to a target of 5.15 percent, with at least 1.80 percent in unallocated retained earnings and equivalents. Our amended capital plan continues to reflect strong risk-based regulatory capital measures while optimizing the non-risk-based tier 1 leverage ratio.

At March 31, 2020, we exceeded the regulatory minimum capital ratios. Refer to the Additional Regulatory Information section as well as Note 4 in the accompanying Financial Statements for further discussion of capital ratios.

Results of Operations

Net income for the three months ended March 31, 2020 was $223.1 million, a 62.6 percent increase, compared to $137.3 million for the same period in 2019. ROA of 77 basis points through the first quarter of 2020 remained above AgriBank’s 50 basis point target and was primarily driven by conversion fee income and funding benefits resulting from the sharp decline in interest rates in March. This ROA reflects annualizing nonrecurring items and is expected to decline over the rest of the year, but still achieve our target.

Changes in Significant Components of Net Income

(in thousands)

For the three months ended March 31,	2020	2019	Increase in Net Income
Net interest income	**$191,169**	$158,988	$32,181
Provision for credit losses	**1,000**	2,500	1,500
Non-interest income	**69,053**	14,135	54,918
Non-interest expense	**36,097**	33,369	(2,728)
Net income	**$223,125**	$137,254	$85,871

Net interest income

Changes in Net Interest Income

(in thousands)

For the three months ended March 31,	2020 vs 2019		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$44,639**	**$(79,481)**	**$(34,842)**
Investments	**4,118**	**(24,593)**	**(20,475)**
Total interest income	**48,757**	**(104,074)**	**(55,317)**
Interest expense:			
Systemwide debt securities and other	**(37,694)**	**125,192**	**87,498**
Net change in net interest income	**$11,063**	**$21,118**	**$32,181**

Net interest income increased during the quarter as interest expense reductions exceeded the decline in interest income. Bond call activity rose substantially, with the first quarter 2020 impact on interest expense outweighing the impact from increased loan refinancing during the same period. In addition, interest expense on variable-rate debt declined faster than the assets being funded by this debt as we intentionally funded a portion of fixed rate assets with floating rate debt (and most short term rates declined sharply in March 2020). Lastly, funding LIBOR-indexed assets with SOFR-indexed debt also led to higher net interest income as the LIBOR/SOFR basis widened.

Information regarding the year-to-date average daily balances (ADBs) and annualized average rates earned and paid on our portfolio follows:

(in thousands)

For the three months ended March 31,	2020			2019		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$88,949,026**	**2.47 %**	**$547,756**	$83,306,171	2.83 %	$581,051
Retail accrual loans	**8,814,358**	**4.41 %**	**96,803**	8,490,323	4.64 %	97,093
Retail nonaccrual loans	**59,118**	**12.04 %**	**1,775**	54,969	22.38 %	3,033
Investment securities and federal funds	**16,562,971**	**1.93 %**	**79,776**	15,918,800	2.55 %	100,251
Total earning assets	**114,385,473**	**2.55 %**	**726,110**	107,770,263	2.94 %	781,428
Interest bearing liabilities	**108,777,676**	**1.97 %**	**534,941**	102,301,457	2.47 %	622,440
Interest rate spread	**$5,607,797**	**0.58 %**		$5,468,806	0.47 %	
Impact of equity financing		**0.09 %**			0.13 %	
Net interest margin		**0.67 %**			0.60 %	
Net interest income			**$191,169**			$158,988

Net interest margin for the three months ended March 31, 2020, increased 7 basis points compared to the same period of the prior year. This year-over-year increase was primarily due to an increase in the contribution to net interest income from the structure of our funding, resulting in the widening of interest rate spread. This increase was partially offset by a decline in the impact of equity financing compared to the first quarter of the prior year. The benefit of equity financing is reduced in a lower interest rate environment. Equity financing represents the benefit of non-interest bearing funding.

Non-interest income

The significant increase in non-interest income for the three months ended March 31, 2020 compared to the same period of the prior year was primarily driven by increased fees resulting from refinancing activity, most notably in March. Association retail loan conversions picked up as interest rates decreased during the first quarter, resulting in increased fee income. Mineral income during the first quarter was consistent with the same period of the prior year. However, the collapse in crude oil prices due to oversupply has caused operators to slow production and, in certain cases, remove wells from active service. Demand for crude has dropped dramatically due to travel bans and shelter-in-place orders in effect in many countries, resulting in very limited use of fossil fuels. We anticipate our mineral leasing activity will produce significantly less income compared to the prior year until oil prices recover and production becomes viable for well operators.

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, it is uncertain whether LIBOR will continue to be quoted after 2021. We have exposure to LIBOR, including financial instruments that reference LIBOR, that mature after 2021.

Our exposure arises from loans that are made to borrowers and Associations, investment securities, Systemwide Debt Securities, preferred stock and our derivative transactions.

At this time, we are unable to predict whether or when LIBOR will cease to be available or if the Secured Overnight Funding Rate, also known as SOFR, will become the benchmark to replace LIBOR. Because we engage in transactions involving financial instruments that reference LIBOR, these developments could have a material impact on us, District Associations, other Farm Credit Institutions, borrowers, investors and counterparties.

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 has 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 incorporates actions to address risk identification and reporting, mitigation strategies, development or adoption of products utilizing alternative reference rates, operational and system impacts, process for monitoring regulatory and industry developments, as well as communication to stakeholders.

LIBOR-Indexed Variable Rate Financial Instruments

(in thousands)

As of March 31, 2020

Year of Maturity	**2020**	**2021**	**2022 and After**	**Total**
Assets				
Loans	**$20,486**	**$19,668**	**$132,838**	**$172,992**
Investments	**555,073**	**50,007**	**2,535,748**	**$3,140,828**
Total	**$575,559**	**$69,675**	**$2,668,586**	**$3,313,820**
Liabilities				
Bonds	**$11,015,392**	**$7,603,851**	**$—**	**$18,619,243**
Shareholders' equity				
Preferred stock[1]	**$—**	**$—**	**$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 our Annual Report for additional information about the preferred stock.

(in millions)

Year of Termination	**2020**	**2021**	**2022 and After**	**Total**
Derivatives (notional amount)	**$1,259**	**$1,020**	**$3,590**	**$5,869**

Beginning in 2020, as advantageous opportunities arise, we started terminating certain LIBOR-indexed swaps to begin lowering our exposure to LIBOR instruments.

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 are partially funded by LIBOR-indexed bonds. LIBOR-indexed bonds are also used to fund a portion of our administered variable loans to associations and in turn, their customers.

Variable Rate Bonds by Interest Rate Index

(in thousands)	**March 31, 2020**	December 31, 2019
LIBOR	**$18,619,243**	$20,499,138
SOFR	**9,965,211**	7,255,641
Other[1]	**18,069,518**	19,349,305
Total	**$46,653,972**	$47,104,084

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

Other Matters

Our approval is required for significant structural changes at District Associations, including, but not limited to merger, acquisition, liquidation or reaffiliation to another Farm Credit District. On April 24, 2020, we received a formal request from Delta, ACA petitioning for consent to the transfer of Delta, ACA to another System Bank. We are currently evaluating this request.

Certification

The undersigned have reviewed the March 31, 2020 Quarterly Report of AgriBank, FCB, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate and complete to the best of our knowledge and belief.

Richard H. Davidson
Chair of the Board
AgriBank, FCB
May 8, 2020

Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB
May 8, 2020

Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB
May 8, 2020

Statements of Condition

AgriBank, FCB

(unaudited)

(in thousands)	**March 31, 2020**	December 31, 2019
Assets		
Loans	**$100,296,163**	$98,298,023
Allowance for loan losses	**32,513**	32,089
Net loans	**100,263,650**	98,265,934
Investment securities	**15,711,685**	14,368,158
Cash	**1,182,428**	675,780
Federal funds	**2,500,000**	1,050,000
Accrued interest receivable	**682,869**	727,636
Derivative assets	**14,033**	2,768
Allocated prepaid pension costs	**49,637**	48,455
Cash collateral posted with counterparties	**92,496**	48,488
Other assets	**57,864**	44,851
Total assets	**$120,554,662**	$115,232,070
Liabilities		
Bonds and notes	**$113,739,613**	$108,326,832
Accrued interest payable	**340,320**	407,865
Derivative liabilities	**127,939**	48,583
Patronge payable and other payables	**179,526**	241,776
Other liabilities	**23,032**	24,621
Total liabilities	**114,410,430**	109,049,677
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**2,908,112**	2,871,767
Allocated retained earnings	**250**	227
Unallocated retrained earnings	**3,208,342**	3,138,311
Accumulated other comprehensive loss	**(222,472)**	(77,912)
Total shareholders' equity	**6,144,232**	6,182,393
Total liabilities and shareholders' equity	**$120,554,662**	$115,232,070

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited)

(in thousands)

For the periods ended March 31,	Three months 2020	Three months 2019
Interest income		
Loans	**$646,334**	$681,176
Investment securities	**79,776**	100,251
Total interest income	**726,110**	781,427
Interest expense	**534,941**	622,439
Net interest income	**191,169**	158,988
Provision for credit losses	**1,000**	2,500
Net interest income after provision for credit losses	**190,169**	156,488
Non-interest income		
Mineral income	**13,430**	11,797
Business services income	**6,000**	6,021
Loan prepayment and fee income	**47,155**	1,794
Allocated Insurance Reserve Accounts income	**2,344**	2,391
Miscellaneous income and other non-interest gains (losses), net	**124**	(7,868)
Total non-interest income	**69,053**	14,135
Non-interest expense		
Salaries and employee benefits	**10,120**	9,040
Other operating expenses	**11,179**	10,232
Loan servicing and other expenses	**12,925**	12,082
Farm Credit System insurance expense	**1,873**	2,015
Total non-interest expense	**36,097**	33,369
Net income	**$223,125**	$137,254
Other comprehensive income (loss)		
Not-other-than-temporarily-impaired investments	**$15,990**	$40,114
Derivatives and hedging activity	**(160,587)**	(42,138)
Employee benefit plan activity	**37**	27
Total other comprehensive income (loss)	**(144,560)**	(1,997)
Comprehensive Income	**$78,565**	$135,257

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

Statements of Changes in Shareholders' Equity

AgriBank, FCB

(unaudited) (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
Net income				137,254		137,254
Other comprehensive loss and other					(1,997)	(1,997)
Redemption of retained earnings allocated under patronage program			(12)			(12)
Patronage				(102,890)		(102,890)
Retained earnings allocated under patronage program			23	(23)		—
Perpetual preferred stock dividends				(4,297)		(4,297)
Cumulative effect of change in accounting principle				1,341		1,341
Capital stock/participation certificates issued		7,555				7,555
Balance at March 31, 2019	$250,000	$2,558,640	$202	$3,167,744	$(51,867)	$5,924,719
Balance at December 31, 2019	$250,000	$2,871,767	$227	$3,138,311	$(77,912)	$6,182,393
Net income				**223,125**		**223,125**
Other comprehensive income					**(144,560)**	**(144,560)**
Redemption of retained earnings allocated under patronage program			**(18)**			**(18)**
Patronage				**(148,756)**		**(148,756)**
Retained earnings allocated under patronage program			**41**	**(41)**		**—**
Perpetual preferred stock dividends				**(4,297)**		**(4,297)**
Capital stock/participation certificates issued		**169,808**				**169,808**
Capital stock/participation certificates retired		**(133,463)**				**(133,463)**
Balance at March 31, 2020	**$250,000**	**$2,908,112**	**$250**	**$3,208,342**	**$(222,472)**	**$6,144,232**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)
(in thousands)

For the three months ended March 31,	2020	2019
Cash flows from operating activities		
Net income	**$223,125**	$137,254
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**941**	996
Provision for credit losses	**1,000**	2,500
Amortization of discounts on investments, net	**(23,276)**	(35,832)
Amortization of discounts on debt and deferred debt issuance costs, net	**25,418**	18,133
(Gain) loss on derivative activities, net	**(195)**	6,790
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(522,360)**	(561,786)
Increase in other assets	**(14,914)**	(8,471)
(Decrease) increase in accrued interest payable	**(67,545)**	47,211
Decrease in other liabilities	**(12,391)**	(6,241)
Net cash used in operating activities	**(390,197)**	(399,446)
Cash flows from investing activities		
(Increase) decrease in loans, net	**(1,429,589)**	565,669
Purchases of investment securities	**(3,118,579)**	(1,621,574)
Proceeds from maturing investment securities	**1,814,318**	1,179,974
Other investing activities, net	**(222)**	(1,051)
Net cash used in investing activities	**(2,734,072)**	123,018
Cash flows from financing activities		
Bonds and notes issued	**62,342,682**	44,224,131
Bonds and notes retired	**(56,963,444)**	(44,240,103)
Increase in cash collateral posted with counterparties, net	**(45,584)**	(7,858)
Decrease in cash collateral posted by counterparties	**—**	(1,970)
Variation margin paid on cleared derivatives, net	**(82,600)**	(23,396)
Patronage distributions paid	**(202,185)**	(275,524)
Preferred stock dividends paid	**(4,297)**	(4,297)
Capital stock/participation certificates issued, net	**36,345**	7,555
Net cash provided by (used in) financing activities	**5,080,917**	(321,462)
Net increase (decrease) in cash and federal funds	**1,956,648**	(597,890)
Cash and federal funds at beginning of period	**1,725,780**	2,243,975
Cash and federal funds at end of period	**$3,682,428**	$1,646,085

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)

(in thousands)

For the three months ended March 31,	2020	2019
Increase in shareholders' equity from investment securities	**$15,990**	$40,114
Interest capitalized to loan principal	**567,127**	558,032
Patronage and preferred stock dividends accrued	**153,056**	107,198
Supplemental non-cash fair value changes related to hedging activities		
Decrease in derivative assets and liabilities, net	**$152,267**	$42,058
Increase in bonds from derivative activity	**8,125**	6,870
Decrease in shareholders' equity from cash flow derivatives	**(160,587)**	(42,138)
Supplemental Information		
Interest paid	**$577,068**	$557,095

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

Notes to Financial Statements

AgriBank, FCB

(Unaudited)

NOTE 1

Organization and Significant Accounting Policies

AgriBank, FCB (AgriBank) is one of the Banks of the Farm Credit System (the 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. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes. AgriBank and its District Associations are collectively referred to as the District. At March 31, 2020, the District had 14 Agricultural Credit Associations (ACA). Each parent ACA has wholly owned Federal Land Credit Association and Production Credit Association subsidiaries. AgriBank serves as the intermediary between the financial markets and the retail lending activities of the District Associations.

A description of our organization and operation, significant accounting policies followed, financial condition and results of operations as of and for the year ended December 31, 2019 are contained in the 2019 Annual Report. There have been no significant changes in our accounting policies since December 31, 2019, except as described in the Recently Issued or Adopted Accounting Pronouncements. These unaudited first quarter 2020 Financial Statements should be read in conjunction with the Annual Report. The results for the three months ended March 31, 2020 do not necessarily indicate the results to be expected for the year ended December 31, 2020.

The accompanying Financial Statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and 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.

Certain amounts in prior year’s Financial Statements have been reclassified to conform to current year presentation.

The Financial Statements include the accounts of AgriBank. The Financial Statements do not include the assets, obligations, or results of operations of District Associations. AgriBank operates as a single segment for reporting purposes.

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 August 2018, the FASB issued ASU 2018-13 “Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement." This guidance was effective for public business entities for our first quarter of 2020 and early adoption was permitted.	The guidance removes, adds and modifies certain disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement.	We adopted the portions of this guidance relevant to our business during 2019 and removed certain fair value disclosures as permitted by the guidance. The remaining disclosure changes are for Level 3 financial instruments measured at fair value on a recurring basis, of which we have none for any period presented.
In August 2018, the FASB issued ASU 2018-15 “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.” This guidance was effective for public business entities for our first quarter of 2020 and early adoption was permitted.	The guidance clarifies that implementation costs incurred in a hosting arrangement that is a service contract should be accounted for in the same manner as implementation costs incurred to develop or obtain internal-use software.	We adopted this guidance on January 1, 2020. As this guidance will be applied prospectively, it has not had, nor do we expect it to have, a material impact on our financial condition, results of operations, cash flows and financial statement disclosures.
In August 2018, the FASB issued ASU 2018-14 “Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans. This guidance is effective for public business entities for year end 2020 and early adoption is permitted.	The guidance removes and adds certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.	We are in the process of reviewing the accounting standard. Based on our preliminary review and analysis, we expect to modify certain employee benefit plan related disclosures. We have no plans to early adopt this guidance.
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 are evaluating the deferral and have not yet determined if we will early adopt the standard. We have reviewed the accounting standard, selected and substantially completed development and testing of our system, and are in the process of drafting disclosures. Significant implementation matters yet to be addressed include drafting of accounting policies and designing processes and controls. We are currently unable to estimate the impact on our financial statements.
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 are in the process of reviewing the accounting standard relative to our financial statements. Based on our preliminary review and analysis, certain parts of the update related to ASU 2016-13 may have an immaterial 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.

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." The guidance is effective for all entities as of March 12, 2020 through December 31, 2022.	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.	We adopted this standard effective March 12, 2020. 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. The adoption of this standard did not have an impact on our financial statements through the three months ended March 31, 2020.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

	March 31, 2020		December 31, 2019	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$91,480,716**	**91.2 %**	$89,068,140	90.6 %
Retail loans:				
Real estate mortgage	**3,003,498**	**3.0 %**	3,127,501	3.2 %
Production and intermediate-term	**5,019,477**	**5.0 %**	5,300,260	5.5 %
Loans to other financing institutions (OFIs)	**564,474**	**0.6 %**	631,037	0.6 %
Other	**227,998**	**0.2 %**	171,085	0.1 %
Total retail loans	**8,815,447**	**8.8 %**	9,229,883	9.4 %
Total loans	**$100,296,163**	**100.0 %**	$98,298,023	100.0 %

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

Participations

We may purchase participations from and sell participations to others, primarily District Associations. We had no purchases outside the System in the periods presented. We did not have any participation interests sold in the periods presented.

Retail Loan Participations Purchased

(in thousands)	**March 31, 2020**	December 31, 2019
Real estate mortgage	**$3,003,438**	$3,127,441
Production and intermediate-term	**5,019,477**	5,300,260
Other	**227,998**	171,085
Total loans	**$8,250,913**	$8,598,786

Portfolio Performance

The primary credit quality indicator we use is the Farm Credit Administration (FCA) Uniform Loan Classification System, which categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are non-criticized assets representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probability of default ratings.

- 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 March 31, 2020	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$90,779,119**	**98.6 %**	**$1,249,334**	**1.4 %**	**$—**	**—**	**$92,028,453**	**100.0 %**
Retail loans:								
Real estate mortgage	**2,702,108**	**89.0 %**	**134,158**	**4.4 %**	**200,418**	**6.6 %**	**3,036,684**	**100.0 %**
Production and intermediate-term	**4,695,296**	**92.2 %**	**157,879**	**3.1 %**	**241,762**	**4.7 %**	**5,094,937**	**100.0 %**
Loans to OFIs	**519,027**	**91.4 %**	**48,661**	**8.6 %**	**—**	**—**	**567,688**	**100.0 %**
Other	**224,063**	**97.8 %**	**476**	**0.2 %**	**4,490**	**2.0 %**	**229,029**	**100.0 %**
Total retail loans	**8,140,494**	**91.2 %**	**341,174**	**3.8 %**	**446,670**	**5.0 %**	**8,928,338**	**100.0 %**
Total loans	**$98,919,613**	**98.0 %**	**$1,590,508**	**1.6 %**	**$446,670**	**0.4 %**	**$100,956,791**	**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 March 31, 2020 or December 31, 2019.

Aging Analysis of Loans

(in thousands) **As of March 31, 2020**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less than 30 Days Past Due**	**Total Loans**	**Accruing Loans 90 Days or More Past Due**
Wholesale loans	**$—**	**$—**	**$—**	**$92,028,453**	**$92,028,453**	**$—**
Retail loans:						
Real estate mortgage	**11,715**	**6,256**	**17,971**	**3,018,713**	**3,036,684**	**276**
Production and intermediate-term	**104,685**	**34,479**	**139,164**	**4,955,773**	**5,094,937**	**15,846**
Loans to OFIs	**—**	**—**	**—**	**567,688**	**567,688**	**—**
Other	**424**	**—**	**424**	**228,605**	**229,029**	**—**
Total retail loans	**116,824**	**40,735**	**157,559**	**8,770,779**	**8,928,338**	**16,122**
Total loans	**$116,824**	**$40,735**	**$157,559**	**$100,799,232**	**$100,956,791**	**$16,122**

(in thousands) As of December 31, 2019	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less than 30 Days Past Due**	**Total Loans**	**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.

Risk Loan Information

(in thousands)	March 31, 2020	December 31, 2019
Nonaccrual loans:		
Current as to principal and interest	**$30,463**	$32,364
Past due	**31,952**	25,408
Total nonaccrual loans	**62,415**	57,772
Accruing restructured loans	**3,676**	3,969
Accruing loans 90 days or more past due	**16,122**	2,951
Total risk loans	**$82,213**	$64,692
Volume with specific reserves	**$40,055**	$33,756
Volume without specific reserves	**42,158**	30,936
Total risk loans	**$82,213**	$64,692
Specific reserves	**$6,611**	$5,065

Note: Accruing loans include accrued interest receivable.

For the three months ended March 31,	2020	2019
Income on accrual risk loans	**$167**	$132
Income on nonaccrual loans	**1,775**	3,033
Total income on risk loans	**$1,942**	$3,165
Average risk loans	**$71,571**	$64,750

Risk Loans by Type

(in thousands)	March 31, 2020	December 31, 2019
Nonaccrual loans:		
Real estate mortgage	**$14,847**	$15,421
Production and intermediate-term	**47,509**	42,291
Other	**59**	60
Total nonaccrual loans	**$62,415**	$57,772
Accruing restructured loans:		
Real estate mortgage	**$3,676**	$3,927
Production and intermediate-term	**—**	42
Total accruing restructured loans	**$3,676**	$3,969
Accruing loans 90 days or more past due:		
Real estate mortgage	**$276**	$—
Production and intermediate-term	**15,846**	2,951
Total accruing loans 90 days or more past due	**$16,122**	$2,951
Total risk loans	**$82,213**	$64,692

Note: Accruing loans include accrued interest receivable.

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

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

(in thousands)	As of March 31, 2020 Recorded Investment[(1)]	Unpaid Principal Balance[(2)]	Related Allowance	For the three months ended March 31, Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	**$2,854**	**$3,385**	**$1,042**	**$2,632**	**$—**
Production and intermediate-term	**37,170**	**39,374**	**5,557**	**34,242**	**—**
Other	**31**	**39**	**12**	**31**	**—**
Total	**$40,055**	**$42,798**	**$6,611**	**$36,905**	**$—**
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	**$15,945**	**$26,577**	**$—**	**$16,434**	**$399**
Production and intermediate-term	**26,185**	**43,377**	**—**	**18,204**	**1,543**
Other	**28**	**123**	**—**	**28**	**—**
Total	**$42,158**	**$70,077**	**$—**	**$34,666**	**$1,942**
Total impaired loans:					
Real estate mortgage	**$18,799**	**$29,962**	**$1,042**	**$19,066**	**$399**
Production and intermediate-term	**63,355**	**82,751**	**5,557**	**52,446**	**1,543**
Other	**59**	**162**	**12**	**59**	**—**
Total	**$82,213**	**$112,875**	**$6,611**	**$71,571**	**$1,942**

(in thousands)	As of December 31, 2019 Recorded Investment[(1)]	Unpaid Principal Balance[(2)]	Related Allowance	For the three months ended March 31, 2019 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$2,410	$2,953	$851	$2,392	$—
Production and intermediate-term	31,314	33,551	4,201	$29,748	—
Other	32	40	13	34	—
Total	$33,756	$36,544	$5,065	$32,174	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$16,938	$27,067	$—	$18,034	$2,787
Production and intermediate-term	13,970	33,139	—	14,542	378
Other	28	124	—	—	—
Total	$30,936	$60,330	$—	$32,576	$3,165
Total impaired loans:					
Real estate mortgage	$19,348	$30,020	$851	$20,426	$2,787
Production and intermediate-term	45,284	66,690	4,201	44,290	378
Other	60	164	13	34	—
Total	$64,692	$96,874	$5,065	$64,750	$3,165

(1) The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges and acquisition costs and may also reflect a previous direct write-down of the investment. The recorded investment may be less than the unpaid principal balance as payments on non-cash basis nonaccrual loans reduce the recorded investment.
(2) Unpaid principal balance represents the contractual principal balance of the loan.

We had commitments to lend additional money to borrowers whose loans were classified as risk loans of $48.2 million as of March 31, 2020. We did not have material loan commitments to borrowers whose loans were at risk as of December 31, 2019.

Troubled Debt Restructurings

Included within our loans are troubled debt restructurings (TDRs). These loans have been modified by granting a concession when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses. The primary types of modifications are interest rate reduction below market or extension of maturity. Other common types of modifications are deferral of principal, interest compromise and principal compromise. Our loans classified as TDRs and activity on these loans were not material during the three months ended March 31, 2020 or 2019. We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of March 31, 2020.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the three months ended March 31,	**2020**	2019
Balance at beginning of period	**$32,089**	$25,571
(Reversal of) provision for loan losses	**(1,000)**	2,500
Charge-offs	**(1,443)**	(1,345)
Recoveries	**2,867**	184
Balance at end of period	**$32,513**	$26,910

The “Provision for credit losses” in the Statements of Comprehensive Income includes a (reversal of) 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. We recorded $2.0 million of provision for unfunded commitments during the three months ended March 31, 2020. There was no provision for unfunded commitments during the same period of the prior year.

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, 2019	**$—**	**$1,992**	**$29,187**	**$404**	**$506**	**$32,089**
Provision for (reversal of) loan losses	**—**	**189**	**(1,197)**	**(76)**	**84**	**(1,000)**
Charge-offs	**—**	**(16)**	**(1,427)**	**—**	**—**	**(1,443)**
Recoveries	**—**	**46**	**2,820**	**—**	**1**	**2,867**
Balance as of March 31, 2020	**$—**	**$2,211**	**$29,383**	**$328**	**$591**	**$32,513**
As of March 31, 2020						
Ending balance: individually evaluated for impairment	**$—**	**$1,042**	**$5,557**	**$—**	**$12**	**$6,611**
Ending balance: collectively evaluated for impairment	**$—**	**$1,169**	**$23,826**	**$328**	**$579**	**$25,902**
Recorded investments in loans outstanding:						
Ending balance as of March 31, 2020	**$92,028,453**	**$3,036,684**	**$5,094,937**	**$567,688**	**$229,029**	**$100,956,791**
Ending balance for loans individually evaluated for impairment	**$92,028,453**	**$18,799**	**$63,355**	**$—**	**$59**	**$92,110,666**
Ending balance for loans collectively evaluated for impairment	**$—**	**$3,017,885**	**$5,031,582**	**$567,688**	**$228,970**	**$8,846,125**

(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	—	59	2,390	(65)	116	2,500
Charge-offs	—	(17)	(1,328)	—	—	(1,345)
Recoveries	—	42	141	—	1	184
Balance as of March 31, 2019	$—	$2,177	$23,927	$409	$397	$26,910
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 3

Investment Securities

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

Investment Securities

AFS Investment Securities

(in thousands) **As of March 31, 2020**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Mortgage-backed securities	**$5,081,240**	**$19,912**	**$58,284**	**$5,042,868**	**2.0%**
Commercial paper and other	**7,178,148**	**1,377**	**489**	**7,179,036**	**1.8%**
U.S. Treasury securities	**2,722,973**	**62,931**	**—**	**2,785,904**	**2.1%**
Asset-backed securities	**711,325**	**1,927**	**9,375**	**703,877**	**2.7%**
Total	**$15,693,686**	**$86,147**	**$68,148**	**$15,711,685**	**1.9%**

(in thousands) As of December 31, 2019	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$5,063,806	$9,162	$28,508	$5,044,460	2.4%
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%
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 was primarily corporate commercial paper and certificates of deposit.

Contractual Maturities of AFS Investment Securities

	Year of Maturity				
(in thousands) **As of March 31, 2020**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Mortgage-backed securities	**$—**	**$24,176**	**$719,992**	**$4,298,700**	**$5,042,868**
Commercial paper and other	**7,179,036**	**—**	**—**	**—**	**7,179,036**
U.S. Treasury securities	**933,506**	**1,852,398**	**—**	**—**	**2,785,904**
Asset-backed securities	**—**	**703,877**	**—**	**—**	**703,877**
Total	**$8,112,542**	**$2,580,451**	**$719,992**	**$4,298,700**	**$15,711,685**
Weighted average yield	**1.8 %**	**2.2 %**	**2.0 %**	**2.0 %**	**1.9 %**

The expected average life is 1.3 years for asset-backed securities and 2.9 years for mortgage-backed securities at March 31, 2020. Expected maturities differ from contractual maturities because borrowers may have the right to prepay obligations.

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:

	Less than 12 months		More than 12 months	
(in thousands)	Fair	Unrealized	Fair	Unrealized
As of March 31, 2020	**Value**	**Losses**	**Value**	**Losses**
Mortgage-backed securities	**$755,394**	**$7,276**	**$2,559,941**	**$51,008**
Commercial paper and other	**3,444,181**	**489**	**—**	**—**
Asset-backed securities	**467,011**	**9,375**	**—**	**—**
Total	**$4,666,586**	**$17,140**	**$2,559,941**	**$51,008**

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

There were no AFS investment securities sold during the three months ended March 31, 2020 or 2019.

We evaluate our investment securities for other-than-temporary impairment (OTTI) on a quarterly basis. We have determined no securities were in an OTTI loss position at March 31, 2020 or at December 31, 2019.

There was no OTTI activity during the three months ended March 31, 2020 or 2019.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	March 31, 2020	December 31, 2019	**Regulatory Minimums**	**Capital Conservation Buffer**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**17.3 %**	17.1 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**18.0 %**	17.8 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**18.1 %**	17.9 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**18.0 %**	17.8 %	7.0 %	— %	7.0 %
Non-risk-adjusted:					
Tier 1 leverage ratio	**5.5 %**	5.5 %	4.0 %	1.0 %	5.0 %
UREE[1] leverage ratio	**2.8 %**	3.0 %	1.5 %	— %	1.5 %

[1]Unallocated retained earnings and equivalents

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.

Protected participation certificates of $148 thousand and $181 thousand were included in Capital Stock and Participation Certificates on the Statements of Changes in Shareholders' Equity as of March 31, 2020 and December 31, 2019, respectively.

NOTE 5

Employee Benefit Plans

We participate in Districtwide employee benefit plans. The funded status of the post-employment benefit plans is recorded at the District level. The components of net periodic benefit cost other than the service cost component, are included in the line item "Other operating expenses" on the Statements of Comprehensive Income. Service costs are included in the line item "Salaries and employee benefits" on the Statements of Comprehensive Income.

District Components of Net Periodic Benefit Cost

(in thousands)	Pension Benefits		Other Benefits	
For the three months ended March 31,	**2020**	2019	**2020**	2019
Net periodic benefit cost:				
Service cost	**$6,439**	$6,292	**$53**	$54
Interest cost	**10,265**	12,931	**145**	196
Expected return on plan assets	**(16,643)**	(17,168)	**—**	—
Amortization of prior service credit	**(751)**	(724)	**—**	—
Amortization of net loss (gain)	**12,707**	9,164	**(304)**	(380)
Net periodic benefit cost	**$12,017**	$10,495	**$ (106)**	$(130)

Certain employees in the AgriBank District participate in the AgriBank District Retirement Plan, a governmental defined benefit retirement plan covering most of the District. The employers contribute amounts in accordance with the governing body's funding policy to provide the plan with sufficient assets to meet the benefits to be paid to participants. Refer to Note 7 in the 2019 Annual Report for a more complete description of the Employee Benefit Plans.

For the three months ended March 31, 2020, District employers have contributed $27.3 million to fund pension benefits. District employers anticipate contributing an additional $67.7 million to fund pension benefits in 2020. The Plan Sponsor Committee of the AgriBank District Retirement Plan determines the funding frequency of the plan. The Nonqualified Pension plan is funded as benefits are paid.

NOTE 6

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

On November 11, 2016, Diverse Partners, LP (“Diverse”) served AgriBank with an alleged class action lawsuit (“Lawsuit”). Diverse purported to be the beneficial owner of some of the previously issued and redeemed 9.125% Subordinated Notes (“Notes”). The Lawsuit was filed in New York state court. AgriBank removed the Lawsuit to federal court in the Southern District of New York. Diverse asserted a breach of contract claim and a breach of an implied covenant of good faith and fair dealing alleging that AgriBank impermissibly redeemed the Notes. Diverse requested damages in an amount to be determined at trial, reasonable attorneys’ fees, and other relief. On July 31, 2018, Diverse filed a second amended complaint adding Troy Bank & Trust (“Troy”) as a second named plaintiff (Diverse and Troy collectively “Plaintiffs”). Troy alleged the same claims against AgriBank as Diverse. On August 30, 2018, AgriBank filed an answer to the amended complaint. On February 1, 2019, Plaintiffs filed a motion to certify the class and appoint Plaintiffs as co-class representatives. On March 18, 2019, AgriBank filed a motion opposing Plaintiffs’ motion for class certification and appointment as class representatives. On September 11, 2019, the court issued an order denying Plaintiffs’ joint motion to certify a class action on behalf of all purchasers of the Notes and to appoint them as co-class representatives. On November 13, 2019, the court issued a scheduling order for a bench trial to start on June 1, 2020. On March 25, 2020, the court issued an order postponing the trial date. The court did not set a new trial date. We intend to vigorously defend against these allegations. As of the date of this report, the likelihood of any outcome of the Lawsuit cannot be determined.

Additionally, from time to time we may be named as defendants in certain 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 we are 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 March 31, 2020 was $314.9 billion.

NOTE 7

Fair Value Measurements

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities measured at fair value on a recurring and non-recurring basis consist of federal funds, investments available-for-sale, derivative assets and liabilities, impaired loans, other property owned, and collateral assets and liabilities. The fair value is also calculated and disclosed for other financial instruments that are not measured at fair value on the Statements of Condition. These assets and liabilities consist of cash, loans, bonds and notes and commitments to extend credit and letters of credit. Refer to Note 11 in the 2019 Annual Report for descriptions of the valuation methodologies we use for asset and liabilities recorded at fair value on a recurring or non-recurring basis and for estimating fair value for financial instruments not recorded at fair value.

A fair value hierarchy is used for disclosure of fair value measurements to maximize the use of observable inputs. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument’s categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Refer to Note 2 within the 2019 Annual Report for a more complete description of these input levels.

Recurring Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in thousands)	Fair Value Measurement Using			Total Fair Value
As of March 31, 2020	**Level 1**	**Level 2**	**Level 3**	
Assets:				
Federal funds	**$—**	**$2,500,000**	**$—**	**$2,500,000**
Investments available-for-sale:				
Mortgage-backed securities	**—**	**5,042,868**	**—**	**5,042,868**
Commercial paper and other	**—**	**7,179,036**	**—**	**7,179,036**
U.S. Treasury securities	**—**	**2,785,904**	**—**	**2,785,904**
Asset-backed securities	**—**	**703,877**	**—**	**703,877**
Total investments available-for-sale	**—**	**15,711,685**	**—**	**15,711,685**
Cash collateral posted with counterparties	**92,496**	**—**	**—**	**92,496**
Derivative assets	**—**	**14,033**	**—**	**14,033**
Total assets	**$92,496**	**$18,225,718**	**$—**	**$18,318,214**
Liabilities:				
Derivative liabilities	**$—**	**$127,939**	**$—**	**$127,939**
Total liabilities	**$—**	**$127,939**	**$—**	**$127,939**

(in thousands)	Fair Value Measurement Using			Total Fair Value
As of December 31, 2019	Level 1	Level 2	Level 3	
Assets:				
Federal funds	$—	$1,050,000	$—	$1,050,000
AgriBank investments available-for-sale:				
Mortgage-backed securities	—	5,044,460	—	5,044,460
Commercial paper and other	—	5,850,142	—	5,850,142
U.S. Treasury securities	—	2,816,200	—	2,816,200
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

We had no level 3 assets measured at fair value on a recurring basis at any time during the three months ended March 31, 2020 or the year ended December 31, 2019.

Non-Recurring Measurements

We had $35.1 million and $30.1 million of impaired loans measured at fair value on a non-recurring basis at March 31, 2020 and December 31, 2019, respectively.

Other Financial Instrument Measurements

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

(in thousands) **As of March 31, 2020**	**Total Carrying Amount**	**Fair Value Measurement Using**			**Total Fair Value**
		Level 1	**Level 2**	**Level 3**	
Assets:					
Cash	**$1,182,428**	**$1,182,428**	**$—**	**$—**	**$1,182,428**
Net loans	**100,230,206**	**—**	**—**	**102,231,117**	**102,231,117**
Total assets	**$101,412,634**	**$1,182,428**	**$—**	**$102,231,117**	**$103,413,545**
Liabilities:					
Bonds and notes	**$113,739,613**	**$—**	**$—**	**$115,023,120**	**$115,023,120**
Unfunded loan commitments	**2,000**	**—**	**—**	**2,000**	**2,000**
Total liabilities	**$113,741,613**	**$—**	**$—**	**$115,025,120**	**$115,025,120**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(1,234)**	**$(1,234)**

(in thousands) As of December 31, 2019	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		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	$93,211,268	$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 8

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. Refer to Note 12 of the 2019 Annual Report for additional information regarding counterparty risk and our risk mitigation practices.

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 utilize commodity derivative instruments to manage mineral income volatility. We purchase commodity put options to protect against a decline in oil prices, which could significantly impact our mineral income. We had no commodity derivative instruments outstanding during the period ending March 31, 2020.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swap	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2018	$1,922	$2,342	$2,500	$94	$6,858
Additions	—	—	—	—	—
Maturities/amortization	(90)	—	—	(1)	(91)
As of March 31, 2019	$1,832	$2,342	$2,500	$93	$6,767
As of December 31, 2019	$1,251	$2,304	$2,300	$156	$6,011
Additions	**—**	**—**	**—**	**—**	**—**
Terminations	**—**	**(40)**	**—**	**—**	**(40)**
Maturities/amortization	**—**	**(1)**	**(100)**	**(1)**	**(102)**
As of March 31, 2020	**$1,251**	**$2,263**	**$2,200**	**$155**	**$5,869**

Other derivatives consisted of retail customer derivative products.

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; however, there is a risk of our nonperformance under the terms of the derivative transaction.

To minimize the risk of credit losses, for non-customer bilateral derivatives we deal only with 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 March 31, 2020, 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 Interest Rate Swaps

(in thousands)	**March 31, 2020**	December 31, 2019
Notional amount	**$3,330,167**	$3,431,357
Cash collateral posted with counterparties	**$60,640**	$19,300

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. Typically, daily variation margin payments are recognized as settlements rather than collateral posted.

Centrally Cleared Interest Rate Swaps

(in thousands)	**March 31, 2020**	December 31, 2019
Notional Amount	**$2,539,167**	$2,580,357
Initial margin posted with counterparties	**$31,856**	$27,612
Additional margin posted with counterparties	**—**	1,576
Total margin posted with counterparties, net	**$31,856**	$29,188

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

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 included in the "Interest expense" line item on the Statements of Comprehensive Income and recognized in current earnings.

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) income, 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 (economic hedges), the related change in fair value is recorded in current period earnings in “Miscellaneous income and other gains, 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 on a net basis for counterparties with master netting agreements.

	March 31, 2020		December 31, 2019	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$10,872**	**$6**	$3,863	$151
Pay-fixed swaps	**3**	**232,763**	3,770	78,050
Floating-for-floating swaps	**—**	**3,502**	—	4,237
Total derivatives designated as hedging instruments	**10,875**	**236,271**	7,633	82,438
Derivatives not designated as hedging instruments:				
Pay-fixed swaps	**—**	**10,965**	1,803	1,353
Other derivative products	**13,013**	**—**	2,364	832
Total derivatives not designated as hedging instruments	**13,013**	**10,965**	4,167	2,185
Credit valuation adjustments	**1,021**	**—**	(81)	—
Total gross amounts of derivatives	**$24,909**	**$247,236**	$11,719	$84,623
Gross amounts offset in Statements of Condition	**(10,876)**	**(10,876)**	(8,951)	(8,951)
Variation margin settled	**—**	**(108,421)**	—	(27,089)
Net amounts in Statements of Condition	**$14,033**	**$127,939**	$2,768	$48,583

(in thousands)	**March 31, 2020**	December 31, 2019
Derivative assets, net	**$14,033**	$2,768
Derivative liabilities, net	**(127,939)**	(48,583)
Accrued interest payable on derivatives, net	**(6,444)**	(1,417)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted with counterparties	**92,496**	48,488
Net exposure amounts	**$(27,854)**	$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, $33.4 million of net losses in AOCI on derivative instruments that qualified as cash flow hedges are expected to be reclassified into earnings.

(in thousands) **For the the three months ended March 31, 2020**	**Amount of (Loss) Gain Recognized in OCI on Derivatives**	**Amount of Loss Reclassified from AOCI into Income**
Pay-fixed swaps	**$(164,073)**	**$(2,752)**
Floating-for-floating swaps	**440**	**(294)**
Total	**$(163,633)**	**$(3,046)**

(in thousands) For the three months ended March 31, 2019	Amount of Loss Recognized in OCI on Derivatives	Amount of Gain (Loss) Reclassified from AOCI into Income
Pay-fixed swaps	$(39,078)	$1,743
Floating-for-floating swaps	(1,617)	(300)
Total	$(40,695)	$1,443

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 three months ended March 31, 2020.

(in thousands)	Miscellaneous income and other non-interest gains (losses), net		Interest expense	
For the three months ended March 31,	**2020**	2019	**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:	**$124**	$(7,868)	**$534,941**	$622,439
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**(8,410)**	(7,886)
Bonds and notes	**—**	—	**8,125**	6,870
Cash flow hedges:				
Interest rate derivatives	**—**	—	**3,046**	(1,443)
Economic hedges:				
Interest rate derivatives	**64**	(27)	**—**	—
Commodity derivatives	**—**	(9,259)	**—**	—

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 the three months ended March 31, 2020. No gains or losses were reclassified into earnings as a result of the discontinuance of cash flow hedges during the the three months ended March 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):

	Carrying Amount of the Hedged Item		Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item	
(in thousands)	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**
Line Item on the Statements of Condition				
Bonds and notes	**$1,262,470**	$1,254,282	**$11,577**	$3,451

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

NOTE 9

Accumulated Other Comprehensive Loss

Changes in Components of Accumulated Other Comprehensive Income (Loss)

(in thousands)	Not-other-than-temporarily-impaired Investments	Derivatives and Hedging Activity	Employee Benefit Plans Activity	Total
Balance at December 31, 2018	$(82,857)	$34,005	$(1,018)	$(49,870)
Other comprehensive income (loss) before reclassifications	40,114	(40,695)	—	(581)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(1,443)	27	(1,416)
Net other comprehensive income (loss)	40,114	(42,138)	27	(1,997)
Balance at March 31, 2019	$(42,743)	$(8,133)	$(991)	$(51,867)
Balance at December 31, 2019	$2,010	$(78,520)	$(1,402)	$(77,912)
Other comprehensive income (loss) before reclassifications	**15,990**	**(163,633)**	**—**	**(147,643)**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**3,046**	**37**	**3,083**
Net other comprehensive income (loss)	**15,990**	**(160,587)**	**37**	**(144,560)**
Balance at March 31, 2020	**$18,000**	**$(239,107)**	**$(1,365)**	**$(222,472)**

There were no material reclassifications from AOCI in either period ending March 31, 2020 or 2019.

NOTE 10

Subsequent Events

We have evaluated subsequent events through May 8, 2020, which is the date the Financial Statements were available to be issued.

On May 1, 2020 we purchased participation interests of approximately $2.1 billion of real estate mortgage loans from certain District Associations as part of our asset pool programs.

On April 24, 2020, we received a formal request from Delta, ACA petitioning for consent to the transfer of Delta, ACA to another System Bank. We are currently evaluating this request.

Effective April 9, 2020 one Association loan of $1.2 billion was upgraded to acceptable from special mention based on improved financial trends and non-financial enhancements in the organization.

Effective April 1, 2020, SunStream Business Services began operating as separate service corporation, under Section 4.25 of the Farm Credit Act, and is owned by AgriBank and 11 District Associations. We contributed $5.6 million in net assets to SunStream to fulfill our required capital contribution.

There have been no other material subsequent events that would require recognition in the Quarterly Financial Statements or disclosure in the Notes to those Financial Statements.

NOTE 11

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 no later than 75 days following the end of the calendar year and 40 days following the end of each interim calendar quarter, including a condensed statement of condition and statement of income, which can be found on our website at www.AgriBank.com. Such information is not incorporated by reference into, and should not be considered part of, this Quarterly Report.

Additional Regulatory Information

AgriBank, FCB

(Unaudited)

2019 Disclosure Notification

Our 2019 Annual Report excluded the following regulatory disclosure and will not be re-issued:

As of December 31, 2019, Mr. Dan Shaw, AgriBank board member, serves on the Federal Agricultural Mortgage Corporation (Farmer Mac) Board, an agricultural secondary market real estate lending corporation, Washington, D.C.

Our 2019 Quarterly Reports excluded the following regulatory disclosure and will not be re-issued:

AgriBank reports exclude information of District Associations. Unaudited combined AgriBank District financial information can be found in the "2019 District Financial Information" on our website www.AgriBank.com. Such information is not incorporated by reference into, and should not be a part of, these Quarterly Reports.

Regulatory Capital Disclosures

The following information contains quarterly regulatory disclosures as required under FCA Regulations 628.62 and 628.63, for risk-adjusted ratios, common equity tier 1, tier 1 capital and total capital ratios. Refer to Note 4 of the accompanying Financial Statements for information regarding the statutorily required permanent capital ratio. These disclosures should be read in conjunction with our 2019 Annual Report, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in the 2019 Annual Report. As required by FCA Regulations, these disclosures, including Regulatory Capital ratios are made available for at least three years and can be accessed in our financial reports at www.AgriBank.com under Investor Relations.

The following table summarizes the interim disclosure requirements and indicates where each matter is disclosed in this quarterly report.

Disclosure Requirement	Description	First Quarter 2020 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	43
Capital Structure	Regulatory capital components	43
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	44
Capital Buffers	Quantitative disclosures	44
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	45-46
Counterparty Credit Risk-Related Exposures	Counterparty exposures	47
Credit Risk Mitigation	Exposures with reduced capital requirements	47
Securitization	Securitization exposures	48
Equities	Equity exposures	48
Interest Rate Risk for Non-Trading Activities	Interest rate sensitivity	48

Scope of Application

As of March 31, 2020, the AgriBank District has 14 Agricultural Credit Associations, each of which has wholly owned Farm Land Credit Association and Production Credit Association subsidiaries. AgriBank is primarily owned by these 14 Farm Credit Associations. AgriBank is the primary funding source for all District Associations. AgriBank has no subsidiaries; therefore, the financial statements are only those of AgriBank and are not consolidated with any other entity.

Capital Structure

Refer to Note 4 of the accompanying financial statements and Note 6 of the 2019 Annual Report for a description of capital structure.

Regulatory Capital Structure

(in thousands) **As of March 31, 2020**	**3-month Average Daily Balance**
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	**$26**
Other required member purchased stock	**1,421,785**
Allocated equities:	
Allocated stock subject to retirement	**1,453,217**
Nonqualified allocated equities subject to retirement	**—**
Nonqualified allocated equities not subject to retirement	**—**
Unallocated retained earnings as regulatorily prescribed	**3,228,222**
Paid-in capital	**—**
Regulatory adjustments and deductions made to CET1	**(5,418)**
Total CET1	**$6,097,832**
Tier 1 Capital	
Non-cumulative perpetual preferred stock	**$250,000**
Regulatory adjustments and deductions made to tier 1 capital	**—**
Total additional tier 1 capital	**250,000**
Total Tier 1 Capital	**$6,347,832**
Total Capital	
Allowance for loan losses and reserves for commitments	**$32,626**
Regulatory adjustments and deductions made to total capital	**—**
Total tier 2 capital	**32,626**
Total Capital	**$6,380,458**

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

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

As of March 31, 2020	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**342,757**
Government-sponsored enterprises[1]	**19,084,142**
Depository insitutions and credit unions[2]	**336,869**
Public sector entities	**—**
Corporate, including borrower loans	**14,317,759**
Residential mortgage	**64,869**
Past due and nonaccrual	**13,512**
Securitization exposures	**1,003,711**
Cleared transactions	**124**
Unsettled transactions	**—**
All other assets	**77,495**
Deductions:	
Regulatory adjustments and deductions made to CET1	**5,418**
Regulatory adjustments and deductions made to AT1[3]	**—**
Regulatory adjustments and deductions made to T2[4]	**—**
Total standardized risk-weighted assets	**$35,235,820**

[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 March 31, 2020, the Bank was well-capitalized and exceeded all capital requirements to which it was subject, including applicable capital buffers. Because capital exceeded the buffer requirements, the Bank currently has no limitations on its distributions and discretionary bonus payments. The aggregate amount of eligible retained income was $321.3 million as of March 31, 2020.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	Required Buffer	As of March 31, 2020	Calculated Buffer
Common equity tier 1 capital ratio	4.5 %	2.5 %	**17.3 %**	**12.8 %**
Tier 1 capital ratio	6.0 %	2.5 %	**18.0 %**	**12.0 %**
Total capital ratio	8.0 %	2.5 %	**18.1 %**	**10.1 %**
Capital conservation buffer				**10.1 %**
Tier 1 leverage ratio	4.0 %	1.0 %	**5.5 %**	**1.5 %**
Leverage buffer				**1.5 %**

Credit Risk

Refer to Note 2 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 credit losses. Allowance is determined individually by loan or by pool based on homogeneous characteristics such as probability of default (PD) and loss given default (LGD). Allowance needs by geographic region are only considered in rare circumstances, for example flooding, drought, etc., that may not otherwise be reflected in the PD and LGD. There was no allowance attributed to a geographic area as of March 31, 2020. Refer to Note 3 for a summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type. All impaired loans, past due loans and allowance are within our retail portfolio. The retail portfolio is substantially concentrated in our chartered territory and has not changed significantly since December 31, 2019.

Refer to the Capital Adequacy and Capital Buffers section for information regarding types of credit risk exposures.

Credit Exposures - Lending and Investments

(in thousands) **As of March 31, 2020**	End of Period	3-month Average Daily Balance
Loans	**$100,296,163**	**$97,822,503**
Investments	**18,211,685**	**16,586,160**
Loan commitments	**19,474,708**	**21,580,477**
Letters of credit	**87,591**	**89,247**

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of March 31, 2020**	Notional Amount	Net Liability Exposure	Notional Amount	Net Liability Exposure
Cleared derivatives	**$2,539,167**	**$(105,742)**	**$2,567,362**	**$(66,517)**
Bilateral derivatives	**3,330,167**	**(124,049)**	**3,391,658**	**(81,963)**

Exposures by Final Contractual Maturity

(in thousands) **As of March 31, 2020**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$32,309**	**$91,996,144**	**$—**	**$92,028,453**
Retail loans	**1,448,483**	**4,133,524**	**3,346,331**	**8,928,338**
Investments (including federal funds)	**10,612,542**	**2,513,817**	**5,085,326**	**18,211,685**
Wholesale loan commitments	**28,731**	**16,961,614**	**—**	**16,990,345**
Retail loan and other commitments	**1,962,555**	**459,329**	**62,479**	**2,484,363**
Cleared derivative notional	**1,155,000**	**620,000**	**764,167**	**2,539,167**
Bilateral derivative notional	**904,000**	**1,220,000**	**1,206,167**	**3,330,167**

Note: Accruing loans include accrued interest receivable.

Loan and Commitment Geographic Distribution

As of March 31, 2020

Wholesale Portfolio		**Retail Portfolio**	
Iowa	**11 %**	Minnesota	**14%**
Illinois	**9 %**	Illinois	**13%**
Minnesota	**8 %**	Nebraska	**9%**
Nebraska	**8 %**	Iowa	**9%**
Michigan	**6 %**	Wisconsin	**7%**
Indiana	**6 %**	Other	**48%**
Wisconsin	**6 %**		
Ohio	**6 %**		
South Dakota	**5 %**		
Missouri	**5 %**		
Other	**30 %**		
Total	**100 %**	Total	**100%**

Wholesale loan and commitment portfolio distribution 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 2019 Annual Report. Current period distribution has not materially changed from December 31, 2019.

Loan and Commitment Commodity Distribution

As of March 31, 2020

Retail Portfolio	
Crops	**60 %**
Loans to OFIs	**10 %**
Cattle	**7 %**
Dairy	**6 %**
Other	**17 %**
Total	**100 %**

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

We have not entered into any credit default swap agreements to mitigate our credit exposure to counterparties.

Refer to Note 8 of the accompanying Financial Statements for the gross positive fair value of contracts, collateral held and the net unsecured credit exposure.

Current credit exposure is the greater of zero or the fair market value of a derivative contract. We had derivative interest rate contracts with a current credit exposure of $20.2 million as of March 31, 2020.

Credit Risk Mitigation Related to Loans

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

Loan and Commitment Exposures Covered by Guarantees

(in thousands) **As of March 31, 2020**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Conditionally guaranteed		
Loans	**$16,210**	**$3,242**
Total	**$16,210**	**$3,242**

We had no commitments that were covered by guarantees during the three months ended March 31, 2020.

Credit Risk Mitigation Related to Investments

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

Investment Exposures Covered by Guarantees

(in thousands) **As of March 31, 2020**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$5,909,745**	**$—**
Conditionally guaranteed	**2,061,436**	**412,287**
Total	**$7,971,181**	**$412,287**

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 March 31, 2020.

Securitization

Securitization Exposures

(3-month average daily balance in thousands) **As of March 31, 2020**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$76,913**	**100%**	**$76,913**
> 100% and < 1,250%	**583,291**	**159%**	**926,798**
1250%	**—**	**1,250%**	**—**
Total risk-weighted securitization assets	**$660,204**	**152%**	**$1,003,711**

Equities

We are a limited partner in certain Rural Business Investment Companies (RBIC) for various relationship and strategic reasons. 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.

Equity Investments included in Capital Ratios

(in thousands) **As of March 31, 2020**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings**[1]
RBIC	**$15,887**	**$5,860**

[1] Retained earnings is included in common equity tier 1, tier 1 and total capital ratios

Interest Rate Risk

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 March 31, 2020, the down scenario is limited to a down 6 basis point change.

NII Sensitivity Analysis

	Basis Point Interest Rate Change		
As of March 31, 2020	**Down 6**	**Up 100**	**Up 200**
Immediate Change (Shock):			
NII sensitivity	**0.1 %**	**(3.0)%**	**(2.9)%**
Board policy	**(15.0)%**		**(15.0)%**
Gradual Change (Ramp):			
NII sensitivity		**(1.7)%**	**(2.8)%**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change		
As of March 31, 2020	**Down 6**	**Up 100**	**Up 200**
Immediate Change (Shock):			
EVE sensitivity	**(0.1)%**	**(1.4)%**	**(6.4)%**
Board policy	**(12.0)%**		**(12.0)%**

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