AGRIBANK 2021 QUARTERLY REPORT
SEPTEMBER 30, 2021

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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 2020 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.

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 2020 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.

Financial Overview

Net income remained strong as our year-to-date return on assets (ROA) ratio of 56 basis points was above our target of 50 basis points. Net interest income increased compared to the prior year due to increases in loan volume offset by a decline in the impact of equity financing compared to the same period of the prior year. Also offsetting the increase in net interest income, non-interest income declined, primarily driven by lower fixed-rate loan conversion fee income. We experienced significant conversion activity in the prior year due to steep decline in interest rates as a result of the uncertainty of the COVID-19 pandemic. This decline in non-interest income resulted in a reduction in net income, which decreased $21.0 million, or 3.6 percent, to $558.7 million for the nine months ended September 30, 2021, compared to the same period of the prior year.

Loan portfolio credit quality remained strong with 98.1 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 12 percent of our total loan portfolio) increased slightly to 94.6 percent acceptable as of September 30, 2021, compared to 94.0 percent acceptable at December 31, 2020. The improvement in acceptable percentage was primarily the result of the purchase of loans from certain District Associations throughout 2021 as part of our pool programs. Additionally, continued strong forecast net farm income and improvement in farm sector working capital contributed to the overall improvement. See the Loan Portfolio section for additional discussion about how other factors may impact our loan portfolio performance.

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

COVID-19 Pandemic

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

Some AgriBank employees, at their discretion and in compliance with established health and safety measures, have periodically voluntarily returned to the office since June 2021. Due to the rise in hospitalizations and infection rates in Minnesota, AgriBank postponed a return to the office date for most employees and has not announced a new date at this time. The federal government has announced a vaccine mandate for certain employers. We expect this mandate may apply to AgriBank, and we are awaiting federal guidelines. AgriBank management will monitor both state COVID-19 metrics and information from the Occupational Safety and Health Administration (OSHA) before determining a return to the office date. District Associations are operating in a variety of capacities based on state and local requirements, as well as the facts and circumstances of each office. To date, the transition to and from alternative work environments has occurred without significant issues. Collectively, our business continuity responses have allowed us to continue to serve our mission. We have not had any significant changes to our internal controls over financial reporting due to working remotely.

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

Economic Conditions

Interest Rate Environment

U.S. economic activity is expected to continue to recover from the impacts of the COVID-19 pandemic, though the pace of growth is expected to decline due to the emergence of the delta variant of COVID-19 and supply chain constraints. U.S. gross domestic product (GDP) is forecasted to grow by 5.8 percent in 2021, as both consumer and investment spending rebound. The unemployment rate should continue to gradually decline. Consumer price inflation has been elevated due to imbalances between supply and demand as the economy reopens. The elevated rate of inflation is expected to be mostly temporary and should decline as supply begins to align with demand. Net exports may be a small drag on economic activity, as imports are expected to grow faster than exports.

In reaction to the impacts of the global pandemic, the Federal Open Market Committee (FOMC) of the Federal Reserve has maintained the federal funds rate at a target range of zero to 0.25 percent since March 2020 and also implemented an asset purchase program under its quantitative easing measures. These actions provided support for critical market functioning and added liquidity to debt markets, while also helping 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 fully recovered from the impacts of the pandemic. The FOMC is expected to gradually remove its asset purchase program before considering any increases to the federal funds rate. With the federal funds rate near zero, short-term U.S. Treasury yields are also low. Longer-term U.S. Treasury yields have moved somewhat higher as economic activity is recovering from the pandemic. Economists expect U.S. Treasury bond yields to move somewhat higher by the end of 2021, as the economy continues to recover. The two-year and 10-year rates are expected to increase to approximately 0.80 and 2.05 percent, respectively, by the end of 2022.

We manage interest rate risk consistent with policies established by the board of directors and limits established by AgriBank's Asset/Liability Committee (ALCO). While many factors can impact our net interest income, management expects that financial performance will remain relatively consistent under most interest rate environments over the next 12 months (refer to Interest Rate Risk Management section of the 2020 Annual Report).

Agricultural Conditions

Overview

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) updated its forecast of the U.S. aggregate farm income and financial conditions for 2021 in September. The release also converted the previous 2020 forecasts to estimates. The 2020 net farm income (NFI) estimate was lowered $26.5 billion from the February 5, 2021, forecast, to a nominal $94.6 billion. The lower estimate was based on a $13.2 billion downward adjustment to cash receipts, and an $11.7 billion increase in cash expenses.

The 2021 NFI forecast was revised $1.6 billion higher, to $113.0 billion, marking an $18.4 billion, or 19.5 percent, nominal increase from 2020. The higher 2021 NFI forecast is driven by the expectation of a $64.3 billion rise in cash receipts, which more than offsets a $17.7 billion decrease in government direct farm program payments, and a $25.3 billion increase in cash expenses. If realized, the 2021 NFI forecast would mark the highest inflation-adjusted NFI since 2013, and would be $18.3 billion, or 19.3 percent, above the 20-year average inflation-adjusted NFI of $94.7 billion.

The U.S. farm balance sheet forecast indicates that sector debt will decline nominally in 2021 for the first time since 2003. Higher cash receipts and still elevated government direct farm program payments for 2021 are forecast to exceed rising production expenses, allowing producers to reduce debt levels. Farm sector assets are forecast to rise $79.0 billion, a 2.5 percent increase, as real estate assets appreciate $51.5 billion, or 2.0 percent, while machinery and vehicle asset values increase $10.1 billion, or 3.6 percent, nominally. Rising asset values and declining debt results in an $80.0 billion increase in farm sector equity, a 2.9 percent nominal increase. Farm sector equity is forecast to decline in real terms as higher inflation offsets the nominal increase; however, the sector debt-to-asset ratio is forecast to decline to 13.6 percent in 2021, the first decline since 2012. While the 2021 debt-to-asset ratio forecast would still be more than 2.0 percent above the recent 2012 low, it would be more than 8.0 percent below the 1985 all-time high if realized. USDA-ERS will provide an updated farm income and financial condition forecast for 2021 on December 1, 2021.

Corn and soybean prices are down from the spring 2021 highs, but the average prices for the 2021/22 marketing year are still expected to be at the highest level since at least the 2013/14 marketing year. Larger than expected 2020/21 ending stocks, increased corn and soybean production prospects since August, and concerns over export demand have been negative for corn and soybean prices. The October 2021 USDA World Agricultural Supply and Demand Estimates (WASDE) report projects that 2021/22 corn and soybean ending stocks and their corresponding stocks-to-use ratios will increase from the tight 2020/2021 levels, but both are forecast to hold below their respective 10- and 20-year averages. Projected 2021/22 stocks-to-use ratios are also expected to be well below the levels just prior to 2020 that were negative for crop prices. Crop producers in the northwestern portion of the Corn Belt experienced difficult growing conditions in 2021 due to severe drought. Those conditions may have significantly reduced revenue for many in that region, but the highest crop insurance price guarantee in at least seven years should offset some of that lost revenue.

Livestock, poultry and dairy operations continue to face challenges in the high feed cost environment, but the decline in corn and soybean prices from the 2021 spring highs, and solid consumer and export demand for meats and dairy have offered support for the animal agriculture sector. Producers that grow their own feed or that have cost-plus contracts are better positioned to weather the high feed price environment. Spot cattle feeding margins remain challenging for feedlots. The cattle market remains stressed by a large inventory of cattle on feed, while processing rates at packing plants are challenged by labor issues. The hog market is facing similar processing challenges, but a decline in the swine herd has eased labor constraints for pork packers. Dairy margins have been mixed, but roughly breakeven at best for many dairy farms in 2021. That has driven some modest contraction in the U.S. dairy herd since mid-2021. USDA and October 2021 milk futures suggest dairy farmer margins will improve during late 2021 and into 2022.

The outlook for agriculture has improved remarkably since the second quarter of 2020. However, the market faces many challenges in the year ahead. Along with the usual risks for agriculture, rapidly rising input, energy and transportation costs could significantly increase breakeven levels for crop farmers in 2022. Labor issues remain a key concern for animal processors, which could keep downward pressure on animal prices. Adoption of cost-saving technologies, farm location, marketing methods and risk management strategies will continue to yield a wide range of results among the respective producers.

Industry Conditions

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

The following are industry conditions for which we have updated our outlook since December 31, 2020. For further analysis of industry conditions that have not experienced a change in outlook since December 31, 2020, refer to the Agricultural Conditions section of Management's Discussion and Analysis of the 2020 Annual Report.

Corn
The October 2021 USDA (WASDE) report projected the 2021 corn crop at 15.0 billion bushels, a 6.4 percent increase from the 2020 crop estimate. The projected average corn price for the 2021/2022 marketing year is $5.45 per bushel, the highest level since 2012/13. The tightest beginning stocks level since 2014/15, combined with improving ethanol production and still good export sales expectations continue to support corn prices. Based on October 2021 price expectations, supportive supply and demand fundamentals, a favorable crop insurance price trigger, and the expectation that producers are generally profitable with margins at or above historic norms, borrowers' credit quality may hold steady or improve. We changed our outlook for corn from Positive-to-Neutral to Positive in the first quarter of 2021, and this outlook rating remains appropriate as of the third quarter of 2021. However, rapidly increasing input costs, particularly for fertilizer, could reduce profitability in 2022 and may warrant a change in our outlook in early 2022.

Soybeans
The October 2021 WASDE projects a 2021 soybean crop of 4.4 billion bushels, an increase of 5.5 percent from the estimated 2020 crop of 4.2 billion bushels. The 2021/2022 average soybean price is projected to increase to $12.35 per bushel, the highest level since the 2013/14 marketing year. Soybean demand is projected to decline slightly during the 2021/22 marketing year, as high prices are forecast to reduce export demand. U.S. soybean ending stocks for the 2021/2022 marketing year were adjusted higher in the

September and October WASDE reports as the 2020 production estimate was increased and the 2021 production forecast was revised higher. The higher 2021/22 ending stock projections were negative for soybean prices. USDA revised down their 2021/22 average soybean price forecast, but the lower price forecast would still reach a multi-year high that offers profitable returns for producers. Based on higher prices and a favorable crop insurance price trigger level, we changed our outlook for soybeans from Positive-to-Neutral to Positive in the first quarter of 2021, and this rating remains appropriate as of the third quarter of 2021. Producers are expected to be generally profitable with margins at or above historic norms and borrowers' credit quality is expected to be maintained or improve. However, rapidly increasing input costs could reduce profitability in 2022 and may warrant a change in our outlook in early 2022.

Wheat
The October 2021 WASDE projects a 2021 total wheat crop of 1.6 billion bushels, a 10.0 percent decrease from the estimated 2020 crop. Lower 2021 yields paired with a relatively steady demand forecast is expected to drive total wheat ending stocks lower for the fifth consecutive marketing year, which is supportive of higher prices. Much of the expected decline in stocks this year is due to variability in growing conditions given drought in the northern wheat growing regions. Strength from the corn market should also provide modest support for wheat prices, while a higher crop insurance trigger price should provide stressed wheat regions some relief. USDA projects the 2021/22 average wheat price to be $6.70 per bushel, the highest level in eight years. Based on those factors, we changed our outlook for wheat from Neutral-to-Negative to Neutral in the second quarter of 2021 and are changing our outlook from Neutral to Positive-to-Neutral as of the third quarter of 2021. Producers are expected to generally be profitable and borrowers' credit quality is expected to be maintained.

Cow-Calf
Continued beef cattle liquidations caused by drought conditions across much of the cattle growing states may limit improvement in feeder cattle prices in the short term. Aside from March and April, feedlot placements have been mostly lower for the first eight reported months of 2021. Feed costs will continue to be a main determinant of feedlot placements for the remainder of 2021. As feed prices increase, feedlots incentivize cow-calf growers to keep calves on pasture that is cheaper relative to corn. Although the beef cutout value has softened since the grilling season peak, it remains historically high due to strong domestic and foreign demand. High feed costs will likely be offset by continued strong demand. As a result of these factors, we changed our outlook for the cow-calf industry from Negative to Neutral in the first quarter of 2021, and this rating remains appropriate as of the third quarter of 2021.

Cattle Feedlots
The October 2021 WASDE projects 2021 beef production of 27.9 billion pounds, an increase of 2.4 percent compared to 2020 production. The October 2021 WASDE projects a price increase of 11.6 percent from $108.51/cwt. in 2020, to $121.06/cwt. in 2021, which is just above the 2019 price of $116.78/cwt. Feedlot margins will be pressured in 2021 due to elevated feeder cattle and feed costs. However, the reopening of the food service sector combined with feedlot marketing becoming more current provide support for fed cattle prices. As a result of these factors, we changed our outlook for the cattle feedlots industry from Negative to Neutral in the first quarter of 2021, and this rating remains appropriate as of the third quarter of 2021.

Dairy
The October 2021 WASDE report projects production to increase by 1.7 percent, to 227.0 billion pounds, and projects the Class III average price to decrease by 6.1 percent, to $17.05/cwt., in 2021. However, for the fourth quarter of 2021 and calendar year 2022, futures prices are now averaging above $18.00/cwt. With the recently reported decline in dairy herd growth, lower production, and favorable exports, most producers can hedge profitable margins via the Dairy Revenue Protection program. Increased exports of dry skim milk products, whey products, cheese, and butterfat products are supportive. Negatively affecting 2021/22 is cost of production as feed and forage prices have escalated significantly for all producers, but that situation has also improved as corn/ soybean meal prices have moderated. On the West Coast, reduced irrigation water availability and increased cost of water is an issue. As a result of slowing production growth, improved exports, and future price expectations, we have changed our outlook for the dairy industry from Neutral-to-Negative to Neutral as of the third quarter of 2021.

Pork
The October 2021 WASDE projects 2021 production of 27.7 billion pounds, a decrease of 2.1 percent compared to 2020 production. The decrease in hog production is attributable to a contraction in the swine herd and is indicative of additional production challenges experienced by the industry. USDA projects the 2021 average hog price to be $69.45/cwt., and projects a 2022 price of $61.00/cwt. October 2021 cash prices and the futures curve indicate that cash margins are generally expected to provide producers with the opportunity for profitability. As a result of these factors, we changed our outlook for the pork industry from Neutral-to-Negative to Positive-to-Neutral in the first quarter of 2021, and this rating remains appropriate as of the third quarter of 2021.

Timber
As the supply and demand balance has normalized, lumber prices have softened significantly since the highs that were set in the beginning of May. However, prices still remain well above historic norms due to continued strong housing starts. The U.S. Census

Bureau reported September 2021 seasonally adjusted annualized housing starts of 1.56 million, which is up 7.4 percent from September 2020, and up 21.0 percent from the September 2019 total of 1.3 million. Long-term mortgage rates remain historically low, which is supportive for housing demand, while low housing inventory is expected to support lumber demand even as material prices remain high. Since April/May of 2020, much of the increased profitability has been absorbed by millers due to milling capacity constraints. As high prices incentivize additional milling capacity, timber growers and harvesters are now receiving a larger share of the retail value. As a result of these factors, we changed our outlook for the timber industry from Positive-to-Neutral to Positive in the first quarter of 2021, and this rating remains appropriate as of the third quarter of 2021.

Poultry
The poultry industry consists of broilers, turkeys and eggs, with the broiler industry comprising the largest share of District poultry volume. The broiler and turkey industries are benefiting from well-controlled production levels and a return of food service demand in 2021, resulting in profit opportunities for both industries. The October 2021 WASDE projects a price increase of 34.4 percent, to 98.4 cents per pound for broilers (whole bird) in 2021, and a price increase of 14.2 percent, to 121.6 cents per pound for turkeys (whole bird). Despite increased pricing, elevated feed costs will limit strong margin improvement for broilers and turkeys throughout 2021. The egg industry slowed production in 2020 due to oversupply and the uncertainty of the impacts of COVID-19. The October 2021 WASDE projects an average shell egg price of 118.0 cents/dozen in 2021, which is 5.2 percent higher than 112.2 cents/dozen in 2020. However, average production costs for many producers have increased due to a shift toward cage-free production, and liquid egg prices will continue to struggle until food service demand fully recovers. As a result of the above factors, primarily due to improved pricing for broilers and turkeys, we changed our overall outlook for the poultry industry from Negative to Neutral-to-Negative in the first quarter of 2021 and from Neutral-to-Negative to Positive-to-Neutral in the second quarter of 2021; the Positive-to-Neutral rating remains appropriate as of the third quarter of 2021.

Land Values

The AgriBank District continues to monitor agricultural land values. We conduct an annual Benchmark Survey, completed by licensed real estate appraisers, on representative benchmark farms in 33 regions of the District. The District's most recent real estate market value survey, based on the 12-month period ending June 30, 2021, indicated that District real estate value changes in the regions ranged from a negative 0.7 percent, to a positive 23.4 percent, with 32 of the 33 regions experiencing increases. There continues to be ample demand from farmers and ranchers, as well as interest from investors, providing additional support for land prices. Land values in the District should see continued increases over the next year due to continued improvement in net farm income, real estate demand outpacing supply, continued low interest rates, and stock market volatility.

The Federal Reserve Banks of Minneapolis, Chicago and Kansas City reported on the change in farmland values from the end of the second quarter 2020 to the end of the second quarter 2021 in their respective districts. These Federal Reserve district reports indicated increases in farmland values ranging from 10 to 16 percent.

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

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

Loan Portfolio

Components of Loans

(in thousands)	**September 30, 2021**	December 31, 2020
Accrual loans:		
Wholesale loans	**$102,089,469**	$97,777,508
Retail loans:		
Real estate mortgage	**4,524,759**	4,335,274
Production and intermediate-term	**8,055,162**	6,361,563
Loans to other financing institutions (OFIs)	**685,839**	610,952
Other	**1,043,672**	631,929
Total retail loans	**14,309,432**	11,939,718
Nonaccrual loans	**57,145**	68,469
Total loans	**$116,456,046**	$109,785,695

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

Loans totaled $116.5 billion at September 30, 2021, an increase of $6.7 billion from December 31, 2020. Within total loans, growth in wholesale loans was primarily driven by a rise in real estate mortgage and agribusiness volume throughout the AgriBank District. Real estate mortgage volume increased at District Associations as targeted marketing efforts throughout the year and low mortgage rate programs in the first half of 2021 have continued to stimulate growth through three quarters of 2021. Agribusiness volume increases were related to growth in capital markets lending at several District Associations through three quarters of 2021.

Retail loans increased, driven by the purchase of loan participation interests from certain District Associations as part of our asset pool programs. The purchased loans were primarily in the agribusiness, production and intermediate-term, and real estate mortgage sectors. Operating loans are normally at their lowest levels following the harvest in the fourth quarter and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. In addition to this typical seasonality, production and intermediate-term loan growth in our equipment financing and crop input financing portfolios further contributed to the overall increase in our retail portfolio.

Overall credit quality remains strong, primarily supported by commodity prices. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong even as some District Associations may experience declines in their retail credit quality in the future. 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 98.1 percent in the acceptable category at September 30, 2021, compared to 99.3 percent at December 31, 2020. As of September 30, 2021, two of AgriBank's wholesale loans, representing only 1.3 percent of the wholesale portfolio, were classified as other assets especially mentioned (special mention), and the remaining wholesale portfolio was classified as acceptable. Adversely classified loans were 0.3 percent at September 30, 2021, compared to 0.4 percent at December 31, 2020. Credit quality of our retail loan portfolio increased to 94.6 percent acceptable as of September 30, 2021, compared to 94.0 percent acceptable at December 31, 2020. The credit quality of our retail portfolio was positively impacted by the participation purchases during 2021. While credit quality is currently strong, many factors, as more fully described in the 2020 Annual Report, could impact borrowers and may result in changes to credit quality in our loan portfolio.

Components of Risk Assets

(in thousands)	**September 30, 2021**	December 31, 2020
Nonaccrual loans	**$57,145**	$68,469
Accruing restructured loans	**4,298**	3,999
Accruing loans 90 days or more past due	**10,099**	1,331
Total risk loans	**71,542**	73,799
Other property owned	**31**	447
Total risk assets	**$71,573**	$74,246
As a percent of retail loans		
Risk loans	**0.49 %**	0.61 %
Nonaccrual loans	**0.39 %**	0.56 %
Delinquencies	**0.37 %**	0.56 %
As a percent of loans		
Risk loans	**0.06 %**	0.07 %
Nonaccrual loans	**0.05 %**	0.06 %
Delinquencies	**0.05 %**	0.06 %

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. Risk loans are primarily concentrated in the production and intermediate-term sector, including loans in our crop input financing portfolio, as well as the real estate mortgage sector. Risk loans decreased, primarily due to lower nonaccrual loans in our equipment financing portfolio, which were mostly offset by increases in accruing loans 90 days or more past due in our crop input financing portfolio. 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 September 30, 2021, 71.7 percent of nonaccrual loans were current as to principal and interest.

Our accounting policy requires loans past due 90 days to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, all accruing loans 90 days or more past due were eligible to remain in accruing status.

Allowance Coverage Ratios

	September 30, 2021	December 31, 2020
Allowance as a percentage of:		
Loans	**0.03 %**	0.04 %
Retail loans	**0.27 %**	0.33 %
Nonaccrual loans	**67.80 %**	58.20 %
Total risk loans	**54.16 %**	54.00 %
Adverse assets to capital and allowance for loan losses	**5.57 %**	5.87 %

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 September 30, 2021, the allowance decreased $1.1 million, compared to December 31, 2020. This decrease was primarily related to improvement in credit quality as a result of higher commodity prices and benefit of government ad-hoc payments.

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 the nine months ended September 30, 2021, investor demand for Systemwide Debt Securities remained favorable.

Based on our analysis, no investments are other than temporarily impaired at this time. Overall, market mechanisms are functioning well, but demand and supply imbalances continue to influence some segments.

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 and cash. As of September 30, 2021, we had sufficient liquidity to fund all debt maturing within 150 days. At September 30, 2021, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals. AgriBank increased its days coverage throughout 2020 and began reducing additional levels of liquidity coverage in 2021. Some volatility in liquidity coverage is expected, as pace and progress on health crisis and economic recovery may not be steady; therefore, the level of days coverage liquidity may rise and fall over the year.

Total shareholders' equity at September 30, 2021 was $7.0 billion, a $434.3 million increase from December 31, 2020. This increase was driven primarily by net income and net stock issuances reduced by cash patronage distributions declared, consistent with AgriBank's capital plan.

At September 30, 2021, 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 nine months ended September 30, 2021 was $558.7 million, a 3.6 percent decrease, compared to $579.7 million for the same period in 2020. ROA of 56 basis points through the nine months ended September 30, 2021 remained above AgriBank's 50 basis point target.

Changes in Significant Components of Net Income

(in thousands)

For the nine months ended September 30,	2021	2020	Increase (decrease) in Net Income
Net interest income	**$573,395**	$548,192	$25,203
Provision for credit losses	**—**	9,000	9,000
Non-interest income	**103,313**	152,739	(49,426)
Non-interest expense	**117,970**	112,195	(5,775)
Net income	**$558,738**	$579,736	$(20,998)

Net interest income

Changes in Net Interest Income

(in thousands)

For the nine months ended September 30,	2021 vs 2020		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$164,820**	**$(446,395)**	**$(281,575)**
Investments	**14,531**	**(104,935)**	**(90,404)**
Total interest income	**179,351**	**(551,330)**	**(371,979)**
Interest expense:			
Systemwide debt securities and other	**(118,140)**	**515,322**	**397,182**
Net change in net interest income	**$61,211**	**$(36,008)**	**$25,203**

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 nine months ended September 30,**	**2021**			2020		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$99,548,085**	**1.40 %**	**$1,044,047**	$91,759,317	1.95 %	$1,343,233
Retail accrual loans	**12,644,336**	**3.48 %**	**329,177**	10,443,333	4.00 %	313,276
Retail nonaccrual loans	**62,095**	**15.24 %**	**7,079**	63,452	11.27 %	5,369
Investment securities and federal funds	**19,088,479**	**0.59 %**	**83,694**	17,488,737	1.33 %	174,099
Total earning assets	**131,342,995**	**1.49 %**	**1,463,997**	119,754,839	2.04 %	1,835,977
Interest bearing liabilities	**125,358,426**	**0.95 %**	**890,602**	114,005,759	1.51 %	1,287,785
Interest rate spread	**$5,984,569**	**0.54 %**		$5,749,080	0.53 %	
Impact of equity financing		**0.04 %**			0.08 %	
Net interest margin		**0.58 %**			0.61 %	
Net interest income			**$573,395**			$548,192

Net interest income increased mainly due to continued increases in loan volume, compared to the prior year, in both our wholesale and retail portfolios. The income impact from the increase in loan balances versus prior year was partially offset by interest rate-related items and composition changes in the portfolio.

Interest rate spreads were stable over the nine months ended September 30, 2021 and 2020, with rates on interest earning assets and interest bearing liabilities both decreasing in 2021 when compared to the same period of 2020. Additionally, spreads were positively impacted by changes in the composition of the loan portfolio. Spreads on investments compressed as credit spreads on the investment portfolio were elevated during most of 2020. In 2021, credit spreads have fallen back to a more normal range, contributing to the decrease in investment spreads.

Net interest margin for the nine months ended September 30, 2021 decreased compared to the same period of the prior year, driven by the impact of equity financing decreasing compared to the same period of the prior year. The impact of equity financing is reduced in a lower interest rate environment, which has stabilized at lower rates since June 2020. Equity financing represents the benefit of non-interest bearing funding.

Non-interest income

The significant decrease in non-interest income for the nine months ended September 30, 2021, compared to the same period of the prior year, was primarily driven by lower fixed-rate loan conversion fees. We experienced significant conversion activity in 2020 due to steep decline in interest rates as a result of the uncertainty of the COVID-19 pandemic. While well below 2020 levels, fee income was higher through the third quarter of 2021 compared to historical averages. Fee income slowed during the third quarter of 2021, and is expected to decline throughout the remainder of the year as interest rates and inflation rise. Business services income decreased compared to the prior year related to the spin-off of SunStream Business Services (SunStream) into a separate organization effective April 1, 2020. Refer to our 2020 Annual Report for further information regarding the spin-off of SunStream. Mineral income increased for the nine months ended September 30, 2021 compared to the same period of the prior year, primarily due to an increase in oil and gas prices in 2021 following significant declines in 2020. While not back to pre-pandemic levels, demand increased in 2021 compared to most of 2020. Additionally, while demand increased, supply levels still remain below pre-pandemic levels. Both factors have contributed to the increase in gas and oil prices.

Non-interest expense

Non-interest expense increased slightly for the nine months ended September 30, 2021 compared to the same period of the prior year. Farm Credit System insurance expenses increased compared to the same period of the prior year, related to an increase in premium rates in 2021. Loan servicing fees grew, related to the addition of pool programs and growth within our equipment financing portfolio. Partially offsetting these increases, debt extinguishment costs in 2020 resulted in decreased other non-interest expense in the current year. Also, the spin-off of SunStream Business Services on April 1, 2020, led to changes in various operating expenses, including decreases in salaries and employee benefits.

Future of LIBOR

In 2017, the United Kingdom's Financial Conduct Authority (the "UK FCA"), 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 had been uncertain whether LIBOR would continue to be quoted after 2021.

On November 30, 2020, the U.S. prudential regulators issued a statement encouraging banks to stop new USD LIBOR issuances by the end of 2021. On December 18, 2020, the Farm Credit Administration issued a response and guidance noting their agreement with the November 30, 2020 statement from the U.S. prudential regulators.

On March 5, 2021, ICE Benchmark Administration (IBA) (the entity responsible for calculating LIBOR) announced its intention to cease the publication of the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. On the same day, the UK FCA announced that the IBA had notified the UK FCA of its intent, among other things, to cease providing certain USD LIBOR settings as of June 30, 2023. In its announcement, the UK FCA confirmed that all 35 LIBOR tenors (including with respect to USD LIBOR) will be discontinued or declared non-representative as of either: (a) immediately after December 31, 2021 or (b) immediately after June 30, 2023.

On April 6, 2021, the New York governor signed into law the New York State Legislature's Senate Bill 297B/Assembly Bill 164B (the "New York LIBOR Legislation"). The New York LIBOR Legislation amends the New York General Obligations Law by adding new Article 18-c and mirrors a legislative proposal drafted by the Alternative Reference Rates Committee (the "ARRC") aimed at ensuring legal clarity for legacy instruments governed by New York law during the USD LIBOR transition. The New York LIBOR Legislation applies to USD LIBOR-based contracts, securities, and instruments governed under New York law that (i) do not have any USD LIBOR fallback provisions in place, (ii) have USD LIBOR fallback provisions that result in replacement rates that are in some way based on USD LIBOR, or (iii) have USD LIBOR fallback provisions that allow or require one of the parties or an outsider to select a replacement rate for USD LIBOR. The New York LIBOR Legislation (a) provides in respect of (i) and (ii) above, upon the occurrence of a "LIBOR Discontinuance Event" and the related "LIBOR Replacement Date" (each as defined in the New York LIBOR Legislation), that the then-current USD LIBOR based benchmark, by operation of law, be replaced by a "Recommended Benchmark Replacement" (as defined in the New York LIBOR Legislation) based on the Secured Overnight Financing Rate ("SOFR"), or, (b) in respect of (iii), encourages the replacement of LIBOR with the "Recommended Benchmark Replacement" by providing a safe harbor from legal challenges under New York law.

In light of the proliferation of alternatives to LIBOR, and the slower than expected transition away from LIBOR, regulators, the ARRC and market participants have more aggressively taken steps to speed up this transition. In July 2021, the ARRC formally recommended Term SOFR, a forward looking term rate based on SOFR published by the CME Group, suggesting that this rate is now an appropriate fallback to LIBOR to be used for certain types of currently outstanding loans, floating rate notes (which would include certain outstanding Systemwide Debt Securities) and derivatives based on LIBOR, when LIBOR was discontinued or deemed unrepresentative, and, in more limited circumstances, for new loans, floating rate notes and other transactions, including certain derivatives.

On October 20, 2021, the U.S. prudential regulators issued a joint statement emphasizing the expectation that supervised institutions with LIBOR exposure continue to progress toward an orderly transition away from LIBOR, reiterating that supervised institutions should, with limited exceptions, cease entering into new contracts that use LIBOR as a reference rate as soon as practicable, but no later than December 31, 2021.

We have exposure to LIBOR, including financial instruments that reference LIBOR, that mature after 2021 and June 2023. In addition, the New York LIBOR Legislation may apply to certain of AgriBank's LIBOR-based instruments.

At this time, we are unable to completely predict when LIBOR will cease to be available or become unrepresentative, or if the SOFR will become the only benchmark to replace LIBOR. However, in light of the announcements by the UK FCA, the IBA and U.S. prudential regulators noted above, USD LIBOR, except in very limited circumstances, will be discontinued or declared unrepresentative (depending on the tenor) as of either immediately after December 31, 2021 or June 30, 2023. 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, a process for monitoring regulatory and industry developments, as well as communication to stakeholders.

LIBOR-Indexed Variable Rate Financial Instruments

(in thousands)

As of September 30, 2021

Year of Maturity	**2021**	**2022**	**2023 and After**	**Total**
Assets				
Loans	**$5,701**	**$60,175**	**$207,572**	**$273,448**
Investments	**—**	**23**	**1,510,548**	**1,510,571**
Total	**$5,701**	**$60,198**	**$1,718,120**	**$1,784,019**
Liabilities				
Bonds	**$2,334,895**	**$—**	**$—**	**$2,334,895**
Shareholders' equity				
Preferred stock[1]	**$—**	**$—**	**$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	**2021**	**2022**	**2023 and After**	**Total**
Derivatives (notional amount)	$20	$390	$1,748	**$2,158**

As advantageous opportunities arise, AgriBank has been terminating certain LIBOR-indexed swaps. These terminations are intended to opportunistically begin lowering AgriBank's exposure to LIBOR instruments due to the upcoming LIBOR discontinuance at the end of 2021.

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 Associations' 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-rate loans to Associations and in turn, their customers. As we shift our funding, certain District Associations may see their basis risk increase.

Variable Rate Bonds by Interest Rate Index

(in thousands)	**September 30, 2021**	December 31, 2020
LIBOR	**$2,334,895**	$8,369,301
SOFR	**22,226,151**	21,215,570
Other[1]	**18,645,060**	20,299,480
Total	**$43,206,106**	$49,884,351

[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 re-affiliation to another Farm Credit District.

The boards of directors of AgCountry Farm Credit Services, ACA and Farm Credit Services of North Dakota, ACA made a strategic decision to pursue a merger of the two organizations. The consolidated Association would be named AgCountry Farm Credit Services, ACA and would be headquartered in Fargo, N.D. The boards unanimously approved a resolution in favor of merging the two Associations and have received approval from AgriBank. The Farm Credit Administration (FCA) has granted its preliminary approval of the application for merger, and a stockholder vote is scheduled in November 2021. If approved by stockholders and final approval is granted by FCA, the merger will be effective no earlier than January 1, 2022.

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

Certification

The undersigned have reviewed the September 30, 2021 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.

Nicklaus J. Vande Weerd
Chair of the Board
AgriBank, FCB
November 5, 2021

Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB
November 5, 2021

Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB
November 5, 2021

Statements of Condition

AgriBank, FCB

(unaudited)

(in thousands)	**September 30, 2021**	December 31, 2020
Assets		
Loans	**$116,456,046**	$109,785,695
Allowance for loan losses	**38,745**	39,850
Net loans	**116,417,301**	109,745,845
Investment securities	**18,671,209**	18,585,329
Cash	**638,298**	622,092
Federal funds	**—**	639,700
Accrued interest receivable	**519,244**	495,635
Derivative assets	**5,698**	11,065
Allocated prepaid pension costs	**56,153**	53,219
Cash collateral posted with counterparties	**36,947**	56,960
Other assets	**142,020**	98,289
Total assets	**136,486,870**	130,308,134
Liabilities		
Bonds and notes	**128,938,766**	123,029,564
Accrued interest payable	**235,605**	273,685
Derivative liabilities	**57,004**	86,529
Patronage payable and other payables	**215,653**	276,998
Other liabilities	**26,064**	61,841
Total liabilities	**129,473,092**	123,728,617
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**3,606,413**	3,301,599
Allocated retained earnings	**1,393**	1,550
Unallocated retained earnings	**3,283,893**	3,139,203
Accumulated other comprehensive loss	**(127,921)**	(112,835)
Total shareholders' equity	**7,013,778**	6,579,517
Total liabilities and shareholders' equity	**$136,486,870**	$130,308,134

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited)

(in thousands)	Three months		Nine months	
For the periods ended September 30,	**2021**	2020	**2021**	2020
Interest income				
Loans	**$475,857**	$477,359	**$1,380,303**	$1,661,878
Investment securities	**25,530**	38,583	**83,694**	174,099
Total interest income	**501,387**	515,942	**1,463,997**	1,835,977
Interest expense	**294,237**	357,199	**890,602**	1,287,785
Net interest income	**207,150**	158,743	**573,395**	548,192
Provision for credit losses	**2,000**	2,000	**—**	9,000
Net interest income after provision for credit losses	**205,150**	156,743	**573,395**	539,192
Non-interest income				
Mineral income	**13,703**	6,534	**38,311**	26,256
Business services income	**1,902**	1,634	**5,468**	9,636
Loan prepayment and fee income	**12,479**	33,249	**54,569**	112,756
Allocated Insurance Reserve Accounts income	**—**	—	**—**	2,344
Miscellaneous income and other non-interest gains (losses), net	**734**	(1,292)	**4,965**	1,747
Total non-interest income	**28,818**	40,125	**103,313**	152,739
Non-interest expense				
Salaries and employee benefits	**6,695**	6,779	**20,089**	23,454
Other operating expenses	**10,574**	10,684	**32,815**	32,457
Loan servicing and other expenses	**17,553**	14,917	**50,047**	41,830
Farm Credit System insurance expense	**5,708**	3,443	**15,554**	7,555
Other non-interest expenses, net	**(104)**	6,899	**(535)**	6,899
Total non-interest expense	**40,426**	42,722	**117,970**	112,195
Net income	**$193,542**	$154,146	**$558,738**	$579,736
Other comprehensive income (loss)				
Not-other-than-temporarily-impaired investments	**$(19,819)**	$(6,908)	**$(78,754)**	$110,657
Derivatives and hedging activity	**9,472**	16,674	**63,504**	(149,932)
Employee benefit plan activity	**55**	37	**164**	111
Total other comprehensive (loss) income	**(10,292)**	9,803	**(15,086)**	(39,164)
Comprehensive income	**$183,250**	$163,949	**$543,652**	$540,572

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, 2019	$250,000	$2,871,767	$227	$3,138,311	$(77,912)	$6,182,393
Net income				579,736		579,736
Other comprehensive loss					(39,164)	(39,164)
Redemption of retained earnings allocated under patronage program			(64)			(64)
Cash patronage				(500,047)		(500,047)
Retained earnings allocated under patronage program			422	(422)		—
Perpetual preferred stock dividends				(12,891)		(12,891)
Capital stock/participation certificates issued		530,829				530,829
Capital stock/participation certificates retired		(140,389)				(140,389)
Balance at September 30, 2020	$250,000	$3,262,207	$585	$3,204,687	$(117,076)	$6,600,403
Balance at December 31, 2020	$250,000	$3,301,599	$1,550	$3,139,203	$(112,835)	$6,579,517
Net income				**558,738**		**558,738**
Other comprehensive loss					**(15,086)**	**(15,086)**
Redemption of retained earnings allocated under patronage program			**(588)**			**(588)**
Cash patronage				**(400,726)**		**(400,726)**
Retained earnings allocated under patronage program			**431**	**(431)**		**—**
Perpetual preferred stock dividends				**(12,891)**		**(12,891)**
Capital stock/participation certificates issued		**335,280**				**335,280**
Capital stock/participation certificates retired		**(30,466)**				**(30,466)**
Balance at September 30, 2021	**$250,000**	**$3,606,413**	**$1,393**	**$3,283,893**	**$(127,921)**	**$7,013,778**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)

(in thousands)

For the nine months ended September 30,	2021	2020
Cash flows from operating activities		
Net income	**$558,738**	$579,736
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**1,717**	2,098
Provision for credit losses	**—**	9,000
Amortization of premiums (discounts) on investments, net	**31,364**	(40,627)
Amortization of discounts on debt and deferred debt issuance costs, net	**72,302**	82,798
Loss on derivative activities, net	**16,288**	3,060
Loss on debt extinguishment	**—**	6,899
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(1,058,660)**	(1,355,855)
Increase in other assets	**(47,090)**	(45,156)
Decrease in accrued interest payable	**(38,080)**	(133,171)
Decrease in other liabilities	**(23,158)**	(1,855)
Net cash used in operating activities	**(486,579)**	(893,073)
Cash flows from investing activities		
Increase in loans, net	**(5,637,405)**	(7,286,456)
Purchases of investment securities	**(9,577,726)**	(12,961,282)
Proceeds from maturing investment securities	**9,381,728**	9,250,781
Other investing activities, net	**(1,292)**	(271)
Net cash used in investing activities	**(5,834,695)**	(10,997,228)
Cash flows from financing activities		
Bonds and notes issued	**177,549,967**	171,169,551
Bonds and notes retired	**(171,710,872)**	(159,669,274)
Decrease (increase) in cash collateral posted with counterparties, net	**20,013**	(28,002)
Variation margin received (paid) on cleared derivatives, net	**20,863**	(107,694)
Patronage distributions paid	**(474,114)**	(481,955)
Preferred stock dividends paid	**(12,891)**	(12,891)
Capital stock/participation certificates issued, net	**304,814**	390,440
Net cash provided by financing activities	**5,697,780**	11,260,175
Net decrease in cash and federal funds	**(623,494)**	(630,126)
Cash and federal funds at beginning of period	**1,261,792**	1,725,780
Cash and federal funds at end of period	**$638,298**	$1,095,654

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)

(in thousands)

For the nine months ended September 30,	2021	2020
Supplemental non-cash investing and financing activities		
(Decrease) increase in shareholders' equity from investment securities	**$(78,754)**	$110,657
Interest capitalized to loan principal	**1,035,051**	1,548,114
Patronage and preferred stock dividends accrued	**163,570**	224,623
Supplemental non-cash fair value changes related to hedging activities		
(Increase) decrease in derivative assets and liabilities, net	**$(45,021)**	$150,398
(Decrease) increase in bonds from derivative activity	**(2,195)**	2,594
Increase (decrease) in shareholders' equity from cash flow derivatives	**63,504**	(149,932)
Supplemental Information		
Interest paid	**$840,254**	$1,338,158

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 network 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. As of September 30, 2021, the District had 14 Agricultural Credit Associations (ACAs). 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 operations, significant accounting policies followed, financial condition and results of operations as of and for the year ended December 31, 2020 are contained in the 2020 Annual Report. A change in the accounting policy for pension assets was made in the first quarter of 2021; refer to Note 5 for more detail. There have been no other changes in our accounting policies since December 31, 2020, except as described in the Recently Issued or Adopted Accounting Pronouncements. These unaudited third quarter 2021 Financial Statements should be read in conjunction with the 2020 Annual Report. The results for the nine months ended September 30, 2021 do not necessarily indicate the results to be expected for the year ending December 31, 2021.

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.

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

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business:

Standard and effective date	Description	Adoption status and financial statement impact
In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform, Topic 848." In January 2021, the FASB issued ASU 2021-01 further amending Topic 848. This guidance may be elected and applied prospectively over time from March 12, 2020 through December 31, 2022 as reference rate reform activities occur.	The amendments in this update provide optional guidance for a limited time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Additionally, the ASU 2021-01 clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition.	We adopted this standard effective March 12, 2020 with respect to hedge accounting. The standard applies to certain derivatives contracts we hold, and we expect to apply the expedients provided for in this standard as we transition from LIBOR as a reference rate. During first quarter 2021, we adopted this standard in relation to loans, leases and debt. To date, the adoption of this standard has not had a material impact on our financial statements.
In June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses." The guidance is effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021. In November 2019, the FASB issued ASU 2019-10 which amends the mandatory effective date for this guidance for certain institutions. We have determined we qualify for the deferral of the mandatory effective date. As a result of the change, the standard is effective for our first quarter of 2023 and early adoption is permitted.	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	We expect to adopt the standard as of January 1, 2023. We have reviewed the accounting standard, selected and substantially completed development and testing of our model, 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.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

	September 30, 2021		December 31, 2020	
(in thousands)	Amount	%	Amount	%
Wholesale loans	**$102,089,469**	**87.7 %**	$97,777,508	89.1 %
Retail loans:				
Real estate mortgage	**4,541,300**	**3.9 %**	4,355,940	4.0 %
Production and intermediate-term	**8,093,665**	**6.9 %**	6,408,983	5.8 %
Loans to other financing institutions (OFIs)	**685,839**	**0.6 %**	610,952	0.6 %
Other	**1,045,773**	**0.9 %**	632,312	0.5 %
Total retail loans	**14,366,577**	**12.3 %**	12,008,187	10.9 %
Total loans	**$116,456,046**	**100.0 %**	$109,785,695	100.0 %

The Other category was primarily composed of rural residential real estate and agribusiness 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. On July 1, 2021, we sold certain loan participations with a net book value of approximately $1.1 billion from our pool programs back to a District Association. This sale did not result in any gain or loss being recorded. On the same date, we also purchased loan participation interests totaling $1.6 billion from the same Association. These participation interests represent a 10 percent participation across most of the Association's loan portfolio and included an immaterial amount of credit-impaired loans.

Retail Loan Participations Purchased

(in thousands)	September 30, 2021	December 31, 2020
Real estate mortgage	**$4,541,300**	$4,355,940
Production and intermediate-term	**8,093,665**	6,408,983
Other	**1,045,773**	632,312
Total loans	**$13,680,738**	$11,397,235

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 September 30, 2021**	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$101,059,230**	**98.7 %**	**$1,380,771**	**1.3 %**	**$—**	**— %**	**$102,440,001**	**100.0 %**
Retail loans:								
Real estate mortgage	**4,411,870**	**96.4 %**	**77,566**	**1.7 %**	**86,818**	**1.9 %**	**4,576,254**	**100.0 %**
Production and intermediate-term	**7,592,097**	**92.6 %**	**308,583**	**3.8 %**	**296,840**	**3.6 %**	**8,197,520**	**100.0 %**
Loans to OFIs	**688,228**	**100.0 %**	**—**	**— %**	**—**	**— %**	**688,228**	**100.0 %**
Other	**1,031,109**	**98.3 %**	**8,238**	**0.8 %**	**8,999**	**0.9 %**	**1,048,346**	**100.0 %**
Total retail loans	**13,723,304**	**94.6 %**	**394,387**	**2.7 %**	**392,657**	**2.7 %**	**14,510,348**	**100.0 %**
Total loans	**$114,782,534**	**98.1 %**	**$1,775,158**	**1.6 %**	**$392,657**	**0.3 %**	**$116,950,349**	**100.0 %**

(in thousands) As of December 31, 2020	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	$98,086,016	100.0 %	$33,066	0.0 %	$—	— %	$98,119,082	100.0 %
Retail loans:								
Real estate mortgage	4,111,458	93.6 %	122,449	2.8 %	158,658	3.6 %	4,392,565	100.0 %
Production and intermediate-term	6,050,490	93.1 %	223,001	3.4 %	224,874	3.5 %	6,498,365	100.0 %
Loans to OFIs	613,089	100.0 %	—	— %	—	— %	613,089	100.0 %
Other	628,459	99.2 %	432	0.1 %	4,716	0.7 %	633,607	100.0 %
Total retail loans	11,403,496	94.0 %	345,882	2.8 %	388,248	3.2 %	12,137,626	100.0 %
Total loans	$109,489,512	99.3 %	$378,948	0.3 %	$388,248	0.4 %	$110,256,708	100.0 %

Note: Accruing loans include accrued interest receivable.

We had no loans categorized as loss at September 30, 2021 or December 31, 2020.

Aging Analysis of Loans

(in thousands) **As of September 30, 2021**	**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	**$—**	**$—**	**$—**	**$102,440,001**	**$102,440,001**	**$—**
Retail loans:						
Real estate mortgage	**5,416**	**1,985**	**7,401**	**4,568,853**	**4,576,254**	**—**
Production and intermediate-term	**24,445**	**19,754**	**44,199**	**8,153,321**	**8,197,520**	**10,099**
Loans to OFIs	**—**	**—**	**—**	**688,228**	**688,228**	**—**
Other	**139**	**1,763**	**1,902**	**1,046,444**	**1,048,346**	**—**
Total retail loans	**30,000**	**23,502**	**53,502**	**14,456,846**	**14,510,348**	**10,099**
Total loans	**$30,000**	**$23,502**	**$53,502**	**$116,896,847**	**$116,950,349**	**$10,099**

(in thousands) As of December 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	$—	$—	$—	$98,119,082	$98,119,082	$—
Retail loans:						
Real estate mortgage	5,825	4,511	10,336	4,382,229	4,392,565	190
Production and intermediate-term	41,951	14,422	56,373	6,441,992	6,498,365	1,141
Loans to OFIs	—	—	—	613,089	613,089	—
Other	607	249	856	632,751	633,607	—
Total retail loans	48,383	19,182	67,565	12,070,061	12,137,626	1,331
Total loans	$48,383	$19,182	$67,565	$110,189,143	$110,256,708	$1,331

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)	**September 30, 2021**	December 31, 2020
Nonaccrual loans:		
Current as to principal and interest	**$40,997**	$46,271
Past due	**16,148**	22,198
Total nonaccrual loans	**57,145**	68,469
Accruing restructured loans	**4,298**	3,999
Accruing loans 90 days or more past due	**10,099**	1,331
Total risk loans	**$71,542**	$73,799
Volume with specific reserves	**$40,587**	$49,844
Volume without specific reserves	**30,955**	23,955
Total risk loans	**$71,542**	$73,799
Specific reserves	**$8,518**	$9,795

Note: Accruing loans include accrued interest receivable.

For the nine months ended September 30,	**2021**	2020
Income on accrual risk loans	**$524**	$1,148
Income on nonaccrual loans	**7,079**	5,369
Total income on risk loans	**$7,603**	$6,517
Average risk loans	**$76,747**	$89,593

Risk Loans by Type

(in thousands)	**September 30, 2021**	December 31, 2020
Nonaccrual loans:		
Real estate mortgage	**$16,541**	$20,668
Production and intermediate-term	**38,501**	47,419
Other	**2,103**	382
Total nonaccrual loans	**$57,145**	$68,469
Accruing restructured loans:		
Real estate mortgage	**$3,720**	$3,367
Production and intermediate-term	**528**	581
Other	**50**	51
Total accruing restructured loans	**$4,298**	$3,999
Accruing loans 90 days or more past due:		
Real estate mortgage	**$—**	$190
Production and intermediate-term	**10,099**	1,141
Total accruing loans 90 days or more past due	**$10,099**	$1,331
Total risk loans	**$71,542**	$73,799

Note: Accruing loans include accrued interest receivable.

We had no wholesale loans classified as risk loans at September 30, 2021 or December 31, 2020.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of September 30, 2021			**For the nine months ended September 30, 2021**	
(in thousands)	**Recorded Investment[(1)]**	**Unpaid Principal Balance[(2)]**	**Related Allowance**	**Average Impaired Loans**	**Interest Income Recognized**
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	**$8,809**	**$9,566**	**$2,468**	**$10,204**	**$—**
Production and intermediate-term	**30,484**	**33,559**	**5,100**	**33,760**	**—**
Other	**1,294**	**1,993**	**950**	**347**	**—**
Total	**$40,587**	**$45,118**	**$8,518**	**$44,311**	**$—**
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	**$11,452**	**$17,692**	**$—**	**$12,106**	**$2,878**
Production and intermediate-term	**18,643**	**37,984**	**—**	**19,602**	**4,723**
Other	**860**	**1,167**	**—**	**728**	**2**
Total	**$30,955**	**$56,843**	**$—**	**$32,436**	**$7,603**
Total impaired loans:					
Real estate mortgage	**$20,261**	**$27,258**	**$2,468**	**$22,310**	**$2,878**
Production and intermediate-term	**49,127**	**71,543**	**5,100**	**53,362**	**4,723**
Other	**2,154**	**3,160**	**950**	**1,075**	**2**
Total	**$71,542**	**$101,961**	**$8,518**	**$76,747**	**$7,603**

	As of December 31, 2020			For the nine months ended September 30, 2020	
(in thousands)	Recorded Investment[1]	Unpaid Principal Balance[2]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$11,967	$12,583	$2,625	$2,746	$—
Production and intermediate-term	37,848	40,951	7,159	38,253	—
Other	29	39	11	31	—
Total	$49,844	$53,573	$9,795	$41,030	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$12,258	$19,880	$—	$16,193	$2,173
Production and intermediate-term	11,293	29,386	—	32,200	4,344
Other	404	502	—	170	—
Total	$23,955	$49,768	$—	$48,563	$6,517
Total impaired loans:					
Real estate mortgage	$24,225	$32,463	$2,625	$18,939	$2,173
Production and intermediate-term	49,141	70,337	7,159	70,453	4,344
Other	433	541	11	201	—
Total	$73,799	$103,341	$9,795	$89,593	$6,517

[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 did not have material loan commitments to borrowers whose loans were at risk as of September 30, 2021 or December 31, 2020.

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. There may be modifications made in the normal course of business that would not be considered TDRs. All risk loans, including TDRs, are analyzed within our allowance for loan losses. Modifications may include interest rate reduction below market, deferral of principal, interest compromise, principal compromise or extension of maturity. Our loans classified as TDRs and activity on these loans were not material during the nine months ended September 30, 2021 or 2020. We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of September 30, 2021.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the nine months ended September 30,	**2021**	2020
Balance at beginning of period	**$39,850**	$32,089
Provision for loan losses	**1,000**	9,000
Charge-offs	**(6,215)**	(4,956)
Recoveries	**4,110**	4,991
Balance at end of period	**$38,745**	$41,124

The "Provision for credit losses" in the Statements of Comprehensive Income includes a provision for loan losses as presented in the previous chart, and includes any provision for unfunded commitments. The accrued credit losses on unfunded commitments are recorded in “Other liabilities” in the Statements of Condition. Typically, accrued credit losses are relieved and replaced with an allowance for loan loss as the related commitments are funded. There was a $1.0 million reversal of provision for unfunded commitments for the nine months ended September 30, 2021.

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

(in thousands)	**Wholesale loans**	**Real estate mortgage**	**Production and intermediate-term**	**Loans to OFIs**	**Other**	**Total**
Allowance for loan losses:						
Balance as of December 31, 2020	**$—**	**$3,751**	**$34,779**	**$285**	**$1,035**	**$39,850**
Provision for (reversal of) loan losses	**—**	**730**	**(1,197)**	**11**	**1,456**	**1,000**
Charge-offs	**—**	**(158)**	**(6,055)**	**—**	**(2)**	**(6,215)**
Recoveries	**—**	**161**	**3,941**	**—**	**8**	**4,110**
Balance as of September 30, 2021	**$—**	**$4,484**	**$31,468**	**$296**	**$2,497**	**$38,745**
As of September 30, 2021						
Ending balance: individually evaluated for impairment	**$—**	**$2,468**	**$5,100**	**$—**	**$950**	**$8,518**
Ending balance: collectively evaluated for impairment	**$—**	**$2,015**	**$26,368**	**$296**	**$1,547**	**$30,226**
Recorded investments in loans outstanding:						
Ending balance as of September 30, 2021	**$102,440,001**	**$4,576,254**	**$8,197,520**	**$688,228**	**$1,048,346**	**$116,950,349**
Ending balance for loans individually evaluated for impairment	**$102,440,001**	**$20,261**	**$49,127**	**$—**	**$2,154**	**$102,511,543**
Ending balance for loans collectively evaluated for impairment	**$—**	**$4,555,993**	**$8,148,393**	**$688,228**	**$1,046,192**	**$14,438,806**

(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	—	43	8,636	(24)	345	9,000
Charge-offs	—	(25)	(4,929)	—	(2)	(4,956)
Recoveries	—	123	4,866	—	2	4,991
Balance as of September 30, 2020	$—	$2,133	$37,760	$380	$851	$41,124
As of December 31, 2020						
Ending balance: individually evaluated for impairment	$—	$2,625	$7,159	$—	$11	$9,795
Ending balance: collectively evaluated for impairment	$—	$1,126	$27,620	$285	$1,024	$30,055
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2020	$98,119,082	$4,392,565	$6,498,365	$613,089	$633,607	$110,256,708
Ending balance for loans individually evaluated for impairment	$98,119,082	$24,225	$49,141	$—	$433	$98,192,881
Ending balance for loans collectively evaluated for impairment	$—	$4,368,340	$6,449,224	$613,089	$633,174	$12,063,827

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) **September 30, 2021**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Commercial paper and other	**$4,093,115**	**$227**	**$40**	**$4,093,302**	**0.2%**
U.S. Treasury securities	**8,724,112**	**12,987**	**8,320**	**8,728,779**	**0.5%**
Mortgage-backed securities	**5,598,084**	**44,130**	**38,137**	**5,604,077**	**1.0%**
Asset-backed securities	**243,870**	**1,414**	**233**	**245,051**	**2.0%**
Total	**$18,659,181**	**$58,758**	**$46,730**	**$18,671,209**	**0.7%**

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

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 September 30, 2021**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Commercial paper and other	**$4,093,302**	**$—**	**$—**	**$—**	**$4,093,302**
U.S. Treasury securities	**3,542,871**	**5,185,908**	**—**	**—**	**8,728,779**
Mortgage-backed securities	**183**	**26,665**	**428,545**	**5,148,684**	**5,604,077**
Asset-backed securities	**1,003**	**244,048**	**—**	**—**	**245,051**
Total	**$7,637,359**	**$5,456,621**	**$428,545**	**$5,148,684**	**$18,671,209**
Weighted average yield	**0.5 %**	**0.6 %**	**2.0 %**	**0.9 %**	**0.7 %**

The expected average life is 0.5 years for asset-backed securities and 2.9 years for mortgage-backed securities at September 30, 2021. 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 September 30, 2021	**Value**	**Losses**	**Value**	**Losses**
Commercial paper and other	**$524,974**	**$40**	**$—**	**$—**
U.S. Treasury securities	**5,449,657**	**8,295**	**9,972**	**25**
Mortgage-backed securities	**2,457,121**	**36,916**	**257,996**	**1,221**
Asset-backed securities	**51,193**	**200**	**4,145**	**33**
Total	**$8,482,945**	**$45,451**	**$272,113**	**$1,279**

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

There were no AFS investment securities sold during the nine months ended September 30, 2021 or 2020.

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 September 30, 2021 or at December 31, 2020. There was no OTTI activity during the nine months ended September 30, 2021 or 2020.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	September 30, 2021	December 31, 2020	**Regulatory Minimums**	**Capital Conservation Buffer**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**17.0 %**	16.6 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**17.6 %**	17.3 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**17.7 %**	17.4 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**17.6 %**	17.3 %	7.0 %	— %	7.0 %
Non-risk-adjusted:					
Tier 1 leverage ratio	**5.3 %**	5.2 %	4.0 %	1.0 %	5.0 %
UREE[1] leverage	**2.5 %**	2.5 %	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 $98 thousand and $148 thousand were included in Capital Stock and Participation Certificates on the Statements of Changes in Shareholders' Equity as of September 30, 2021 and December 31, 2020, 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. AgriBank's portion of the service cost component of net periodic benefit cost related to these plans is included in “Salaries and employee benefits” on our Statements of Comprehensive Income. For the Pension Restoration Plan, AgriBank's portion of the components of net periodic benefit cost, other than the service cost component, is included in “Other operating expenses” on our Statements of Comprehensive Income.

District Components of Net Periodic Benefit Cost

(in thousands)	Pension Benefits		Other Benefits	
For the nine months ended September 30,	**2021**	2020	**2021**	2020
Net periodic benefit cost:				
Service cost	**$20,223**	$19,318	**$156**	$158
Interest cost	**22,817**	30,794	**290**	436
Expected return on plan assets	**(44,990)**	(49,930)	**—**	—
Amortization of prior service credit	**(2,254)**	(2,254)	**—**	—
Amortization of net loss (gain)	**44,606**	38,122	**(568)**	(911)
Other cost	**(4,558)**	—	**—**	—
Net periodic benefit cost	**$35,844**	$36,050	**$(122)**	$(317)

Certain employees in the AgriBank District participate in the AgriBank District Retirement Plan, a governmental defined benefit retirement plan. 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 2020 Annual Report for a more complete description of the Employee Benefit Plans.

For the nine months ended September 30, 2021, District employers have contributed $64.8 million to fund pension benefits. District employers anticipate contributing an additional $29.7 million to fund pension benefits in 2021. 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.

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

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.

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 September 30, 2021 was $329.0 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 2020 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 2020 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
As of September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Investments available-for-sale:				
Commercial paper and other	$—	$4,093,302	$—	$4,093,302
U.S. Treasury securities	—	8,728,779	—	8,728,779
Mortgage-backed securities	—	5,604,077	—	5,604,077
Asset-backed securities	—	245,051	—	245,051
Total investments available-for-sale	—	18,671,209	—	18,671,209
Cash collateral posted with counterparties	36,947	—	—	36,947
Derivative assets	—	5,698	—	5,698
Total assets	$36,947	$18,676,907	$—	$18,713,854
Liabilities:				
Derivative liabilities	$—	$57,004	$—	$57,004
Total liabilities	$—	$57,004	$—	$57,004

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

We had no level 3 assets measured at fair value on a recurring basis at September 30, 2021 and December 31, 2020. We had loans held for sale as of June 30, 2021, which were related to the July 1, 2021 sale of participation interests to a District Association and were valued using level 3 inputs.

Non-Recurring Measurements

We had $33.7 million and $42.1 million of level 3 impaired loans measured at fair value on a non-recurring basis at September 30, 2021 and December 31, 2020, respectively.

Other Financial Instrument Measurements

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

(in thousands)	Total Carrying	Fair Value Measurement Using			Total Fair
As of September 30, 2021	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:					
Cash	**$638,298**	**$638,298**	**$—**	**$—**	**$638,298**
Net loans	**116,385,232**	**—**	**—**	**116,931,750**	**116,931,750**
Total assets	**$117,023,530**	**$638,298**	**$—**	**$116,931,750**	**$117,570,048**
Liabilities:					
Bonds and notes	**$128,938,766**	**$—**	**$—**	**$129,005,397**	**$129,005,397**
Total liabilities	**$128,938,766**	**$—**	**$—**	**$129,005,397**	**$129,005,397**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(1,621)**	**$(1,621)**

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

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 2020 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 may utilize commodity derivative instruments to manage mineral income volatility. We may purchase commodity put options to protect against a decline in oil prices, which could significantly impact our mineral income. We had no commodity derivative instruments outstanding during 2020 or during the nine months ended September 30, 2021.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2019	$1,251	$2,304	$2,300	$156	$6,011
Additions	1,205	—	—	—	1,205
Terminations	—	(598)	—	—	(598)
Maturities/amortization	(626)	(107)	(300)	(7)	(1,040)
As of September 30, 2020	$1,830	$1,599	$2,000	$149	$5,578
As of December 31, 2020	$1,505	$1,372	$2,000	$148	$5,025
Additions	**—**	**4,501**	**—**	**—**	**4,501**
Terminations	**—**	**(705)**	**—**	**—**	**(705)**
Maturities/amortization	**(955)**	**(104)**	**(600)**	**(4)**	**(1,663)**
As of September 30, 2021	**$550**	**$5,064**	**$1,400**	**$144**	**$7,158**

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.

With the exception of retail customer swaps, to minimize the risk of credit losses, 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. As of September 30, 2021, we do not anticipate nonperformance by any of these counterparties. We typically enter into master agreements that contain netting provisions. These provisions allow us to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. All such derivative contracts are supported by bilateral collateral agreements with counterparties requiring collateral to be posted in the event certain dollar thresholds of exposure of one party to the other are reached. These thresholds vary depending on the counterparty's current credit rating.

Bilateral Derivatives

(in thousands)	**September 30, 2021**	December 31, 2020
Notional amount	**$1,943,859**	$2,647,554
Cash collateral posted with counterparties	**25,840**	38,490

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 Derivatives

(in thousands)	September 30, 2021	December 31, 2020
Notional Amount	**$5,213,859**	$2,377,554
Initial margin posted with counterparties	**11,107**	18,470

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 income (loss)" until earnings are affected by the variability of the cash flows of the hedged transaction. When reclassified to earnings, we include the gain or loss on the derivative in the “Interest expense” line item on the Statements of Comprehensive Income.

Derivatives not Designated as Hedges: For derivatives not designated as a hedging instrument (economic hedges), the related change in fair value is recorded in current period earnings in “Miscellaneous income and other non-interest gains (losses), 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.

	September 30, 2021		December 31, 2020	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$1,088**	**$554**	$2,865	$234
Pay-fixed swaps	**—**	**54,827**	—	148,796
Floating-for-floating swaps	**—**	**1,829**	—	2,448
Total derivatives designated as hedging instruments	**1,088**	**57,210**	2,865	151,478
Derivatives not designated as hedging instruments:				
Pay-fixed swaps	**—**	**4,116**	—	9,170
Other derivative products	**5,706**	**—**	11,021	—
Total derivatives not designated as hedging instruments	**5,706**	**4,116**	11,021	9,170
Credit valuation adjustments	**(8)**	**—**	44	—
Total gross amounts of derivatives	**$6,786**	**$61,326**	$13,930	$160,648
Gross amounts offset in Statements of Condition	**(1,088)**	**(1,088)**	(2,865)	(2,865)
Variation margin settled	**—**	**(3,234)**	—	(71,254)
Net amounts in Statements of Condition	**$5,698**	**$57,004**	$11,065	$86,529

(in thousands)	**September 30, 2021**	December 31, 2020
Derivative assets, net	**$5,698**	$11,065
Derivative liabilities, net	**(57,004)**	(86,529)
Accrued interest payable on derivatives, net	**(3,584)**	(978)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted with counterparties	**36,947**	56,960
Net exposure amounts	**$(17,943)**	$(19,482)

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, $33.2 million of net losses in AOCI on derivative instruments that qualified as cash flow hedges are expected to be reclassified into earnings.

Cash Flow Hedging Relationships

(in thousands) **For the nine months ended September 30, 2021**	**Amount of Gain (Loss) Recognized in OCI on Derivatives**	**Amount of Loss Reclassified from AOCI into Income**
Pay-fixed swaps	**$35,159**	**$(27,726)**
Floating-for-floating swaps	**(134)**	**(753)**
Total	**$35,025**	**$(28,479)**

(in thousands) For the nine months ended September 30, 2020	Amount of (Loss) Gain Recognized in OCI on Derivatives	Amount of Loss Reclassified from AOCI into Income
Pay-fixed swaps	$(170,333)	$(19,245)
Floating-for-floating swaps	282	(874)
Total	$(170,051)	$(20,119)

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 nine months ended September 30, 2021.

(in thousands)	**Miscellaneous Income and Other Non-interest Gains (Losses), net**		**Interest Expense**	
For the nine months ended September 30,	**2021**	2020	**2021**	2020
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:	**$4,965**	$1,747	**$890,602**	$1,287,785
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**2,093**	(2,230)
Bonds and notes	**—**	—	**(2,196)**	2,594
Cash flow hedges:				
Interest rate derivatives	**—**	—	**28,479**	20,119
Economic hedges:				
Interest rate derivatives	**(317)**	(51)	**—**	—

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 nine months ended September 30, 2021 and 2020.

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)	**September 30, 2021**	December 31, 2020	**September 30, 2021**	December 31, 2020
Line Item on the Statements of Condition				
Bonds and notes	**$550,426**	$1,507,453	**$542**	$2,738

Note: AgriBank did not have any material 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 Activity	Employee Benefits Activity	Total
Balance at December 31, 2019	$2,010	$(78,520)	$(1,402)	$(77,912)
Other comprehensive income (loss) before reclassifications	110,657	(170,051)	—	(59,394)
Amounts reclassified from accumulated other comprehensive income (loss)	—	20,119	111	20,230
Net other comprehensive income (loss)	110,657	(149,932)	111	(39,164)
Balance at September 30, 2020	$112,667	$(228,452)	$(1,291)	$(117,076)
Balance at December 31, 2020	$90,784	$(201,629)	$(1,990)	$(112,835)
Other comprehensive income (loss) before reclassifications	**(78,754)**	**35,025**	**—**	**(43,729)**
Amounts reclassified from accumulated other comprehensive income (loss)	**—**	**28,479**	**164**	**28,643**
Net other comprehensive income (loss)	**(78,754)**	**63,504**	**164**	**(15,086)**
Balance at September 30, 2021	**$12,030**	**$(138,125)**	**$(1,826)**	**$(127,921)**

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

NOTE 10

Subsequent Events

We have evaluated subsequent events through November 5, 2021, which is the date the Financial Statements were available to be issued. There have been no 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, including a condensed statement of condition and statement of income, which can be found on our website at www.AgriBank.com.

Additional Regulatory Information

AgriBank, FCB

(Unaudited)

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 2020 Annual Report, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in the 2020 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	Third Quarter 2021 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	39
Capital Structure	Regulatory capital components	39
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	40
Capital Buffers	Quantitative disclosures	40
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	41-42
Counterparty Credit Risk-Related Exposures	Counterparty exposures	42-43
Credit Risk Mitigation	Exposures with reduced capital requirements	43
Securitization	Securitization exposures	43
Equities	Equity exposures	44
Interest Rate Risk for Non-trading Activities	Interest rate sensitivity	44

Scope of Application

As of September 30, 2021, 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 2020 Annual Report for a description of capital structure.

Regulatory Capital Structure

(in thousands) **As of September 30, 2021**	**3-month Average Daily Balance**
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	**$24**
Other required member purchased stock	**2,102,499**
Allocated equities:	
Allocated stock subject to retirement	**1,453,215**
Qualified allocated equities subject to retirement	**—**
Nonqualified allocated equities subject to retirement	**—**
Nonqualified allocated equities not subject to retirement	**—**
Unallocated retained earnings as regulatorily prescribed	**3,305,921**
Paid-in capital	**—**
Regulatory adjustments and deductions made to CET1	**(10,786)**
Total CET1	**$6,850,873**
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	**$7,100,873**
Total Capital	
Common Cooperative Equities not included in CET1	**$—**
Subordinated debt	**—**
Allowance for loan losses and reserves for commitments	**37,023**
Regulatory adjustments and deductions made to total capital	**—**
Total tier 2 capital	**37,023**
Total Capital	**$7,137,896**

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

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

As of September 30, 2021	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**204,138**
Government-sponsored enterprises[(1)]	**21,692,083**
Depository institutions and credit unions[(2)]	**73,345**
Public sector entities	**—**
Corporate, including borrower loans	**16,809,559**
Residential mortgage	**1,079,167**
Past due and nonaccrual	**1,603**
Securitization exposures	**297,946**
Cleared transactions	**20**
Unsettled transactions	**—**
All other assets	**187,622**
Deductions:	
Regulatory adjustments and deductions made to CET1	**10,786**
Regulatory adjustments and deductions made to AT1[(3)]	**—**
Regulatory adjustments and deductions made to T2[(4)]	**—**
Total standardized risk-weighted assets	**$40,334,697**

[(1)] Includes exposures to Farm Credit System entities

[(2)] Includes exposures to Loans to other financing institutions (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 September 30, 2021, 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, as regulatorily calculated, was $323.1 million as of September 30, 2021.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	**Required Buffer**	**As of September 30, 2021**	**Calculated Buffer**
Common equity tier 1 capital ratio	4.5 %	2.5 %	**17.0 %**	**12.5 %**
Tier 1 capital ratio	6.0 %	2.5 %	**17.6 %**	**11.6 %**
Total capital ratio	8.0 %	2.5 %	**17.7 %**	**9.7 %**
Capital conservation buffer				**9.7 %**
Tier 1 leverage ratio	4.0 %	1.0 %	**5.3 %**	**1.3 %**
Leverage buffer				**1.3 %**

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 September 30, 2021. 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, 2020.

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 September 30, 2021**	End of Period	3-month Average Daily Balance
Loans	**$116,456,046**	**$114,485,669**
Investments	**18,671,209**	**19,086,945**
Loan and other commitments	**29,986,996**	**30,114,960**
Letters of credit	**107,751**	**101,998**

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of September 30, 2021**	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	**$5,213,859**	**$—**	**$1,448,214**	**$—**
Bilateral derivatives	**1,943,859**	**5,935**	**1,952,943**	**6,953**

Exposures by Final Contractual Maturity

(in thousands) **As of September 30, 2021**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$1,097,758**	**$101,342,243**	**$—**	**$102,440,001**
Retail loans	**3,099,902**	**5,473,051**	**5,937,395**	**14,510,348**
Investments (including federal funds)	**7,637,359**	**5,456,621**	**5,577,229**	**18,671,209**
Wholesale loan commitments	**552,750**	**26,112,502**	**—**	**26,665,252**
Retail loan and other commitments	**1,947,813**	**1,261,921**	**112,010**	**3,321,744**
Cleared derivative notional	**4,890,000**	**241,261**	**82,598**	**5,213,859**
Bilateral derivative notional	**320,000**	**1,241,261**	**382,598**	**1,943,859**

Note: Accruing loans include accrued interest receivable.

Loan and Commitment Geographic Distribution

As of September 30, 2021

Wholesale Portfolio		Retail Portfolio	
Iowa	**11 %**	Illinois	**12 %**
Illinois	**9 %**	Minnesota	**11 %**
Nebraska	**8 %**	Nebraska	**7 %**
Minnesota	**7 %**	Indiana	**7 %**
Indiana	**6 %**	Iowa	**6 %**
Michigan	**6 %**	Ohio	**6 %**
Wisconsin	**6 %**	Tennessee	**6 %**
South Dakota	**5 %**	Wisconsin	**5 %**
Ohio	**5 %**	Other	**40 %**
Missouri	**5 %**		
Other	**32 %**		
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 2020 Annual Report. Current period distribution has not materially changed from December 31, 2020.

Loan and Commitment Commodity Distribution

As of September 30, 2021

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

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

Refer to the Derivative Financial Instruments section in the Management's Discussion and Analysis and Note 8 of the accompanying Financial Statements for more information on 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. The derivative portfolio is not covered by guarantees.

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

Credit Risk Mitigation Related to Loans
Financial collateral is not used to mitigate credit risk in our loan portfolio.

Loan and Commitment Exposures Covered by Guarantees

(in thousands) **As of September 30, 2021**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Conditionally guaranteed		
Loans	**$26,098**	**$5,220**

We had no commitments that were covered by guarantees during the three months ended September 30, 2021.

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 September 30, 2021**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$11,461,893**	**$—**
Conditionally guaranteed	**2,440,696**	**488,139**
Total	**$13,902,589**	**$488,139**

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 September 30, 2021.

Securitization

For the three months ended September 30, 2021, we did not hold any off-balance sheet securitization exposures, retain any resecuritization exposures, nor were any securitization exposures deducted from capital.

Securitization Exposures

(3-month average daily balance in thousands) **As of September 30, 2021**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$221,927**	**100%**	**$221,927**
> 100% and < 1,250%	**64,966**	**117%**	**76,019**
1250%	**—**	**1250%**	**—**
Total risk-weighted securitization assets	**$286,893**	**104%**	**$297,946**

Equities

We are a limited partner in certain Rural Business Investment Companies (RBICs) for various relationship and strategic reasons. These are not publicly traded, and the book value approximates fair value. There have been no sales or liquidations of these investments during the period. As of September 30, 2021, all RBICs were accounted for under the equity method; therefore, no unrealized gains (losses) exist for the exposure. Further, we do not believe any significant latent revaluation gains (losses) exist for these exposures. No RBIC exposures are included in tier 1 or tier 2 capital.

Equity Investments included in Capital Ratios

(in thousands) **As of September 30, 2021**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings**[1]
RBIC	**$22,132**	**$4,314**

[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 September 30, 2021, the down scenario is limited to a down 2 basis point change.

NII Sensitivity Analysis

	Basis Point Interest Rate Change		
As of September 30, 2021	**Down 2**	**Up 100**	**Up 200**
Immediate Change (Shock):			
NII sensitivity	**(0.2)%**	**2.0 %**	**2.1 %**
Board policy	**(15.0)%**		**(15.0)%**
Gradual Change (Ramp):			
NII sensitivity		**(0.7)%**	**(2.4)%**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change		
As of September 30, 2021	**Down 2**	**Up 100**	**Up 200**
Immediate Change (Shock):			
EVE sensitivity	**0.1 %**	**(3.1)%**	**(6.0)%**
Board policy	**(12.0)%**		**(12.0)%**

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