AGRIBANK 2022 QUARTERLY REPORT
MARCH 31, 2022

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AgriBank
FARM CREDIT BANK

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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 2021 Annual Report.

AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by 13 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 2021 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 52 basis points was above our target of 50 basis points. Net interest income increased compared to the prior year primarily due to increases in loan volume. Offsetting the increase in net interest income, non-interest income declined, primarily driven by lower loan prepayment and conversion activity than observed in 2021 due to higher interest rates year-over-year and a return to a more typical level of Association borrower conversion activity.

Loan portfolio credit quality remained strong with 98.4 percent of our total loan portfolio in the acceptable category, which 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 11 percent of our total loan portfolio) increased to 96.1 percent acceptable as of March 31, 2022, compared to 95.4 percent acceptable at December 31, 2021. The improvement in acceptable percentage was primarily the result of continued strong net farm income and stable farm sector working capital. 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.

Economic Conditions

Interest Rate Environment

U.S. economic activity is expected to continue to recover from the impacts of the COVID-19 pandemic, though growth is slowing due to supply chain constraints and the market impacts of the Russian invasion of Ukraine. U.S. gross domestic product is forecasted to grow by approximately 3.0 percent in 2022, as both consumer and investment spending continue to rebound. The unemployment rate has declined below 4.0 percent and is expected to remain low with the current high number of job openings. Consumer price inflation has been elevated due to imbalances between supply and demand as the economy has reopened. The Federal Reserve has stated that the elevated rate of inflation will recede, though at a much slower pace than the Federal Reserve originally expected.

The Federal Open Market Committee (FOMC) of the Federal Reserve is removing monetary accommodation in 2022 due to the high price inflation rate. The FOMC raised the federal funds rate to a target range of 0.75 to 1.00 percent at its May 2022 meeting. The FOMC has announced that it will begin to reduce the size of its balance sheet in June 2022, and its projection for interest rates suggest that it will raise the fed funds target rate to almost 2.00 percent by the end of 2022. As of early May, the fed funds futures market suggested the FOMC will increase the fed funds rate to almost 2.75 percent by the end of 2022.

With a higher likelihood of further interest rate hikes in 2022, U.S. Treasury yields have moved higher in the first part of 2022. Economists expect U.S. Treasury bond yield curve to remain relatively flat as the FOMC continues to raise the fed funds target rate.

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 2021 Annual Report).

Agricultural Conditions

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) released its initial forecast of the U.S. aggregate farm income and financial conditions for 2022. Net farm income (NFI) for 2022 is forecast to decline a nominal $5.4 billion, or 4.5 percent, from the revised $119.1 billion 2021 NFI forecast. If realized at $113.7 billion, the 2022 NFI projection would be the third highest level ever in nominal dollars, trailing only 2021 and 2013. The lower 2022 NFI forecast is largely driven by an expected $15.4 billion, or 56.8 percent, decline in direct government payments paired with a $20.1 billion, or 5.1 percent, increase in total production expenses. These two factors more than offset the $29.3 billion forecasted increase in cash receipts from crop and animal/animal product sales. The initial 2022 USDA-ERS farm sector income forecast was released on February 4, 2022 using price and production forecasts from the January 2022 World Agricultural Supply and Demand Estimates (WASDE) report. Rapidly evolving market conditions and geopolitical events since the initial USDA-ERS forecast release will likely result in significant revisions in their September 1, 2022 farm income and financial conditions forecast update.

Commodity prices remain elevated in early 2022 as supply chain issues, new COVID-19 variants, rising input costs, South American production issues and the Russian invasion of Ukraine have compounded global supply concerns. La Niña reduced soybean production in South America, and the loss of grain exports from the Black Sea region have tightened global crop supply prospects. The Russian invasion of Ukraine is a significant market driver for crops given that Russia and Ukraine combined historically have constituted roughly 20 percent of global corn exports, 30 percent of global wheat exports and 75 percent of global sunflower oil exports. U.S. soybeans and corn new crop futures for 2022 (November/December 2022 contracts) have increased 17.0 percent and 34.3 percent, respectively, from the beginning of 2022 to mid-April 2022. Rising input costs, particularly for fertilizer, are a key concern for the agriculture industry. That concern has increased since the Russian invasion of Ukraine and resulting sanctions on Russia, given that Russia is among the top global exporters of the various fertilizer types. Record high fertilizer prices and availability concerns among producers were confirmed in USDA's 2022 *Prospective Plantings* report. The producer survey showed that American farmers plan to plant roughly four million fewer corn acres in 2022 in favor of nearly four million more acres of soybeans, which require significantly lower levels of nitrogen fertilizer. Despite the rising input cost environment, most crop farmers should experience well above-average returns if crop futures prices hold near mid-April 2022 levels or higher and production runs near trend line levels. High crop insurance price guarantees established in February 2022 should provide support for those producers that experience production issues in 2022.

High crop prices present a challenge for livestock, dairy and poultry industries where feed is the highest variable expense for operations. The animal agriculture sector has been resilient in the high feed cost environment due to several factors, including solid demand and restrained production. Cost-plus contracts, which are most prevalent in the poultry sector, have also helped operations that have those contracts in place. Disease pressure has reduced animal numbers in the poultry and hog sectors, providing support for meat and egg prices. Highly pathogenic avian influenza (bird flu) has appeared in U.S. migratory bird flyways in early 2022 for the first time since 2015. The majority of outbreaks to date have occurred in layer flocks, which has tightened supplies and supported elevated egg prices. Hog farms continue to cope with a respiratory disease that has kept the hog herd smaller than expected and has been supportive for hog prices. The U.S. dairy market experienced significant herd contraction the second half of 2021 following the poor margins earlier in 2021. Falling international milk production and strong demand supported a return of favorable U.S. dairy margins in late 2021 and early 2022. Positive dairy margins are expected to continue into early 2023. Beef feedlots are likely to face the most pressure across the animal agriculture sector in 2022. Poor pasture conditions in the western U.S. paired with high corn prices have prompted the contraction of the cattle herd. The historically high amount of cattle in feedlots in early 2022 has been negative for cattle prices. The cattle market is expected to be in better balance later in the year, but high corn prices throughout the summer are expected to challenge cattle feeding margins for the balance of 2022.

Despite all the challenges and uncertainty in markets the past few years, the U.S. agriculture sector is positioned well in 2022, and farm balance sheets are generally strong. Many factors including weather, trade, government policy, global agricultural production levels and pathogenic outbreaks in livestock and poultry may keep agriculture market volatility elevated for the next 12 months. Implementation of cost-saving technologies, marketing methods and risk management strategies will continue to cause a wide range of results among the respective agricultural producers.

Land Values

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

The Federal Reserve Banks of Chicago, Kansas City and Minneapolis reported on the change in farmland values from the end of the fourth quarter 2020 to the end of the fourth quarter 2021 in their specific districts. The Federal Reserve district reports indicated increases in farmland values ranging from 20 to 27 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. With increased land values across the District, Associations continue to analyze credit using sustainable repayment capacity and/or utilize lending caps per acre based on the land's long-term income-producing capacity. Farm loan requests above 65 percent of appraised value are reviewed on an exception basis. These proactive lending practices reduce the impact on District loan portfolios if land values materially decline.

Loan Portfolio

Components of Loans

(in thousands)	**March 31, 2022**	December 31, 2021
Accrual loans:		
Wholesale loans	**$110,243,293**	$108,166,365
Retail loans:		
Real estate mortgage	**4,204,701**	4,357,270
Production and intermediate-term	**7,222,308**	7,644,823
Loans to other financing institutions (OFIs)	**672,313**	703,471
Other	**1,219,763**	1,070,843
Total retail loans	**13,319,085**	13,776,407
Nonaccrual loans	**51,407**	51,340
Total loans	**$123,613,785**	$121,994,112

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

Loans totaled $123.6 billion at March 31, 2022, an increase of $1.6 billion from December 31, 2021. Within total loans, growth in wholesale loans was primarily driven by a rise in agribusiness and real estate mortgage volume throughout the AgriBank District, partially offset by declines in production and intermediate-term volume. Agribusiness volume increases were related to growth in capital markets lending at several District Associations, specifically in the grain sector, during the first quarter of 2022. Loan volume typically follows a seasonal pattern of significant growth in December and strong repayments in January and February. It is not unusual for first quarter volume to be flat or below year-end volume. However, in 2022, the strong growth in grain sector financing drove our wholesale volume significantly higher than typical. Additionally, real estate mortgage volume increased at District Associations due to continued demand for lower fixed rates as long-term rates have slowly begun to rise. Offsetting these increases, production and intermediate-term volume decreased related to seasonal tax-planning growth in December, followed by repayments in January.

Retail loans decreased, driven by the similar declines in production and intermediate-term loan volume and annual repayments on real estate loans in January outpaced loan growth in the first quarter 2022. Offsetting these decreases, retail agribusiness participation volume increased related to high input prices.

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 98.4 percent in the acceptable category at March 31, 2022, compared to 98.3 percent at December 31, 2021. As of March 31, 2022, two of AgriBank's wholesale loans, representing only 1.3% 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 0.2 percent at March 31, 2022, compared to 0.3 percent at December 31, 2021. Credit quality of our retail loan portfolio increased to 96.1 percent acceptable as of March 31, 2022, compared to 95.4 percent acceptable at December 31, 2021. While credit quality is currently strong, many factors, as more fully described in the 2021 Annual Report, could impact borrowers and may result in changes to credit quality in our loan portfolio.

Components of Risk Assets

(in thousands)	**March 31, 2022**	December 31, 2021
Nonaccrual loans	**$51,407**	$51,340
Accruing restructured loans	**3,231**	3,424
Accruing loans 90 days or more past due	**7,519**	2,531
Total risk loans	**62,157**	57,295
Other property owned	**1,126**	1,126
Total risk assets	**$63,283**	$58,421
As a percent of retail loans		
Risk loans	**0.46 %**	0.41 %
Nonaccrual loans	**0.38 %**	0.37 %
Delinquencies	**0.61 %**	0.43 %
As a percent of loans		
Risk loans	**0.05 %**	0.05 %
Nonaccrual loans	**0.04 %**	0.04 %
Delinquencies	**0.07 %**	0.05 %

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 were 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. At March 31, 2022, 74.5 percent of nonaccrual loans were current as to principal and interest.

Risk loans increased, primarily due to 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.

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

	March 31, 2022	December 31, 2021
Allowance as a percentage of:		
Loans	**0.03 %**	0.03 %
Retail loans	**0.25 %**	0.27 %
Nonaccrual loans	**66.39 %**	73.16 %
Total risk loans	**54.91 %**	65.55 %
Adverse assets to capital and allowance for loan losses	**3.86 %**	4.64 %

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions. As of March 31, 2022, the allowance decreased $3.4 million, compared to December 31, 2021. This decrease was primarily related to continued strong credit quality. However, commodity prices and potential continued high input costs may impact allowance for loan losses in the future.

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 three months ended March 31, 2022, 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.

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 March 31, 2022, we had sufficient liquidity to fund all debt maturing within 147 days. At March 31, 2022, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals. Due to macroeconomic events including, but not limited to, military actions and political instability abroad, volatility in liquidity coverage is expected; therefore, the level of days coverage liquidity may rise and fall over the year.

Total shareholders’ equity at March 31, 2022 was $6.8 billion, a $219.9 million decrease from December 31, 2021. While net income and net stock issuances, consistent with AgriBank's capital plan, positively impacted shareholders' equity, these increases were more than offset by unrealized investment losses, primarily on U.S. treasuries and fixed-rate U.S. government guaranteed mortgage-backed securities, related to the rapid increase in interest rates. The unrealized investment losses do not represent a deterioration in the quality of the investment portfolio.

At March 31, 2022, we exceeded the regulatory minimum capital ratios. Refer to the Additional Regulatory Information section as well as Note 4 in the accompanying Financial Statements for further discussion of capital ratios.

Results of Operations

Net income for the three months ended March 31, 2022 was $181.3 million, a 6.1 percent decrease, compared to $193.0 million for the same period in 2021. ROA of 52 basis points through the three months ended March 31, 2022 remained above AgriBank's 50 basis point target.

Changes in Significant Components of Net Income

(in thousands) **For the three months ended March 31,**	**2022**	2021	Increase (decrease) in Net Income
Net interest income	**$193,572**	$181,041	$12,531
Reversal of credit losses	**(2,000)**	(1,000)	1,000
Non-interest income	**27,488**	48,615	(21,127)
Non-interest expense	**41,726**	37,625	(4,101)
Net income	**$181,334**	$193,031	$(11,697)

Net interest income

Changes in Net Interest Income

(in thousands) **For the three months ended March 31,**	**2022 vs 2021**		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$49,797**	**$(19,674)**	**$30,123**
Investments	**855**	**(2,727)**	**(1,872)**
Total interest income	**50,652**	**(22,401)**	**28,251**
Interest expense:			
Systemwide debt securities and other	**(28,894)**	**13,174**	**(15,720)**
Net change in net interest income	**$21,758**	**$(9,227)**	**$12,531**

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

(in thousands)

For the three months ended March 31,	**2022**			2021		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$108,319,805**	**1.38 %**	**$369,856**	$97,961,132	1.44 %	$347,045
Retail accrual loans	**13,344,312**	**3.32 %**	**109,170**	11,568,641	3.56 %	101,491
Retail nonaccrual loans	**49,055**	**19.26 %**	**2,330**	67,091	16.30 %	2,697
Investment securities and federal funds	**19,660,877**	**0.58 %**	**28,290**	19,107,338	0.64 %	30,162
Total earning assets	**141,374,049**	**1.46 %**	**509,646**	128,704,202	1.52 %	481,395
Interest bearing liabilities	**135,234,268**	**0.95 %**	**316,074**	122,845,266	0.99 %	300,354
Interest rate spread	**$6,139,781**	**0.51 %**		$5,858,936	0.53 %	
Impact of equity financing		**0.05 %**			0.04 %	
Net interest margin		**0.56 %**			0.57 %	
Net interest income			**$193,572**			$181,041

Net interest income increased mainly due to higher loan volume, compared to the prior year. Growth in our retail portfolio, specifically in our equipment financing, asset pools and crop input financing portfolios, was the most significant driver of net interest income increases.

Net interest margin for the three months ended March 31, 2022 decreased slightly compared to the same period of the prior year, driven by the decline in spreads, partially offset by improved impact from equity financing. The impact of equity financing is greater in a rising interest rate environment. As rates have begun to rise in the first quarter of 2022, the impact of equity financing has started to slightly improve. Equity financing represents the benefit of non-interest bearing funding.

Non-interest income

The significant decrease in non-interest income for the three months ended March 31, 2022, compared to the same period of the prior year, was primarily driven by lower fixed-rate loan conversion and prepayment fees. Fee income has significantly slowed since the third quarter of 2021, and has returned to levels common in a rising interest rate environment. Mineral income increased for the three months ended March 31, 2022 compared to the same period of the prior year, primarily due to a significant increase in oil and gas prices in 2022. More recently, the conflict in Ukraine has caused prices to increase to levels not seen for the last nine years. Despite higher prices, production continues to lag behind the increase in demand.

Non-interest expense

Non-interest expense increased slightly for the three months ended March 31, 2022 compared to the same period of the prior year. Loan servicing fees grew, related to the addition of pool programs in the second half of 2021 and growth within our equipment financing portfolio 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 insured assets compared to the prior year.

LIBOR Transition

ICE Benchmark Administration (the entity responsible for calculating LIBOR) ceased the publication of the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and has announced it intends to cease publication of the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. We have exposure to LIBOR, including financial instruments that reference LIBOR, that mature after 2021 and June 2023. As such, developments in the discontinuation and replacement of LIBOR, including, but not limited to, changes to applicable laws, could have a material impact on us, District Associations, other Farm Credit institutions, borrowers, investors and counterparties. Refer to the AgriBank 2021 Annual Report for further information regarding the cessation of LIBOR and our risk mitigation efforts as a result of this change.

LIBOR-Indexed Variable Rate Financial Instruments

(in thousands)

As of March 31, 2022

Year of Maturity	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Assets				
Loans	$48,599	$7,955	$218,615	$275,169
Investments	6	43	1,268,467	1,268,516
Total	$48,605	$7,998	$1,487,082	$1,543,685
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	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Derivatives (notional amount)	$350	$650	$1,091	$2,091

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

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

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.

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

In 2021, Delta, ACA's (Delta's) board of directors determined that it was in the best interests of Delta to voluntarily dissolve and approved a preliminary resolution to proceed with a plan to voluntarily liquidate and dissolve the Association (the Plan). On March 17, 2022, the FCA preliminarily approved the Plan. On April 14, 2022, Delta's stockholders approved the Plan, which includes an agreement to sell the loan portfolio to another District Association. Subsequently, on April 19, 2022, the FCA provided final approval of the Plan. The sale of Delta's entire loan portfolio to AgHeritage Farm Credit Services, ACA occurred on May 1, 2022. The ultimate timing of the final liquidation is uncertain and subject to multiple considerations.

Certification

The undersigned have reviewed the March 31, 2022 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	Jeffrey R. Swanhorst	Jeffrey L. Moore
Chair of the Board	Chief Executive Officer	Chief Financial Officer
AgriBank, FCB	AgriBank, FCB	AgriBank, FCB
May 6, 2022	May 6, 2022	May 6, 2022

Statements of Condition

AgriBank, FCB

(unaudited)

(in thousands)	**March 31, 2022**	December 31, 2021
Assets		
Loans	**$123,613,785**	$121,994,112
Allowance for loan losses	**34,128**	37,558
Net loans	**123,579,657**	121,956,554
Investment securities	**19,051,139**	18,392,628
Cash	**973,767**	1,304,994
Federal funds	**171,000**	—
Accrued interest receivable	**501,757**	519,172
Derivative assets	**835**	5,176
Allocated prepaid pension costs	**60,469**	59,067
Cash collateral posted with counterparties	**20,581**	30,561
Other assets	**158,414**	148,444
Total assets	**144,517,619**	142,416,596
Liabilities		
Bonds and notes	**137,241,989**	134,702,607
Accrued interest payable	**268,409**	260,462
Derivative liabilities	**27,770**	55,284
Patronage payable and other payables	**166,948**	367,588
Other liabilities	**26,516**	24,740
Total liabilities	**137,731,632**	135,410,681
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**3,910,522**	3,826,290
Allocated retained earnings	**906**	1,377
Unallocated retained earnings	**3,186,625**	3,139,203
Accumulated other comprehensive loss	**(562,066)**	(210,955)
Total shareholders' equity	**6,785,987**	7,005,915
Total liabilities and shareholders' equity	**$144,517,619**	$142,416,596

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited)

(in thousands)	Three months	
For the periods ended March 31,	**2022**	2021
Interest income		
Loans	**$481,356**	$451,233
Investment securities	**28,290**	30,162
Total interest income	**509,646**	481,395
Interest expense	**316,074**	300,354
Net interest income	**193,572**	181,041
Reversal of credit losses	**(2,000)**	(1,000)
Net interest income after reversal of credit losses	**195,572**	182,041
Non-interest income		
Mineral income	**18,808**	10,961
Business services income	**1,956**	1,745
Loan prepayment and fee income	**5,431**	31,589
Other non-interest income, net	**1,293**	4,320
Total non-interest income	**27,488**	48,615
Non-interest expense		
Salaries and employee benefits	**6,717**	6,619
Other operating expenses	**11,230**	10,743
Loan servicing and other expenses	**18,302**	15,923
Farm Credit System insurance expense	**5,348**	4,813
Other non-interest expenses, net	**129**	(473)
Total non-interest expense	**41,726**	37,625
Net income	**$181,334**	$193,031
Other comprehensive (loss) income		
Not-other-than-temporarily-impaired investments	**$(394,165)**	$(15,960)
Derivatives and hedging activity	**42,995**	64,686
Employee benefit plan activity	**59**	54
Total other comprehensive (loss) income	**(351,111)**	48,780
Comprehensive (loss) income	**$(169,777)**	$241,811

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, 2020	$250,000	$3,301,599	$1,550	$3,139,203	$(112,835)	$6,579,517
Net income				193,031		193,031
Other comprehensive income					48,780	48,780
Redemption of retained earnings allocated under patronage program			(424)			(424)
Cash patronage				(143,947)		(143,947)
Retained earnings allocated under patronage program			164	(164)		—
Perpetual preferred stock dividends				(4,297)		(4,297)
Capital stock/participation certificates issued		85,099				85,099
Capital stock/participation certificates retired		(30,155)				(30,155)
Balance at March 31, 2021	$250,000	$3,356,543	$1,290	$3,183,826	$(64,055)	$6,727,604
Balance at December 31, 2021	$250,000	$3,826,290	$1,377	$3,139,203	$(210,955)	$7,005,915
Net income				**181,334**		**181,334**
Other comprehensive loss					**(351,111)**	**(351,111)**
Redemption of retained earnings allocated under patronage program			**(602)**			**(602)**
Cash patronage				**(129,484)**		**(129,484)**
Retained earnings allocated under patronage program			**131**	**(131)**		—
Perpetual preferred stock dividends				**(4,297)**		**(4,297)**
Capital stock/participation certificates issued		**106,350**				**106,350**
Capital stock/participation certificates retired		**(22,118)**				**(22,118)**
Balance at March 31, 2022	**$250,000**	**$3,910,522**	**$906**	**$3,186,625**	**$(562,066)**	**$6,785,987**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)

(in thousands)

For the three months ended March 31,	2022	2021
Cash flows from operating activities		
Net income	**$181,334**	$193,031
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**77**	572
Reversal of credit losses	**(2,000)**	(1,000)
Loss on sale of investment securities, net	**361**	—
Amortization of premiums on investments, net	**12,709**	6,537
Amortization of discounts on debt and deferred debt issuance costs, net	**19,489**	24,939
Loss on derivative activities, net	**6,408**	4,288
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(341,113)**	(316,860)
Increase in other assets	**(11,735)**	(19,447)
Increase (decrease) in accrued interest payable	**7,947**	(41,872)
Decrease in other liabilities	**(22,235)**	(47,320)
Net cash used in operating activities	**(148,758)**	(197,132)
Cash flows from investing activities		
Increase in loans, net	**(1,260,575)**	(730,606)
Purchases of investment securities	**(3,837,127)**	(3,398,438)
Proceeds from maturing investment securities	**2,415,773**	3,452,057
Proceeds from the sale of investment securities	**355,608**	—
Other investing activities, net	**(179)**	(476)
Net cash used in investing activities	**(2,326,500)**	(677,463)
Cash flows from financing activities		
Bonds and notes issued	**52,967,679**	60,760,087
Bonds and notes retired	**(50,423,006)**	(59,721,949)
Decrease in cash collateral posted with counterparties, net	**9,980**	35,866
Variation margin (paid) received on cleared derivatives, net	**(10,901)**	22,702
Patronage distributions paid	**(308,656)**	(232,073)
Preferred stock dividends paid	**(4,297)**	(4,297)
Capital stock/participation certificates issued, net	**84,232**	54,944
Net cash provided by financing activities	**2,315,031**	915,280
Net (decrease) increase in cash and federal funds	**(160,227)**	40,685
Cash and federal funds at beginning of period	**1,304,994**	1,261,792
Cash and federal funds at end of period	**$1,144,767**	$1,302,477

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)

(in thousands)

For the three months ended March 31,	2022	2021
Supplemental non-cash investing and financing activities		
Decrease in shareholders' equity from investment securities	**$(394,165)**	$(15,960)
Interest capitalized to loan principal	**358,528**	341,574
Patronage and preferred stock dividends accrued	**134,384**	148,667
Supplemental non-cash fair value changes related to hedging activities		
Increase in derivative assets and liabilities, net	**$(11,807)**	$(58,804)
Decrease in bonds from derivative activity	**(24,780)**	(1,594)
Increase in shareholders' equity from cash flow derivatives	**42,995**	64,686
Supplemental Information		
Interest paid	**$282,786**	$313,059

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 March 31, 2022, the District had 13 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, 2021 are contained in the 2021 Annual Report. There have been no changes in our accounting policies since December 31, 2021. These unaudited first quarter 2022 Financial Statements should be read in conjunction with the 2021 Annual Report. The results for the three months ended March 31, 2022 do not necessarily indicate the results to be expected for the year ending December 31, 2022.

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.

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 June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The guidance is effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021. In November 2019, the FASB issued ASU 2019-10 which amends the mandatory effective date for this guidance for certain institutions. We have determined we qualify for the deferral of the mandatory effective date. As a result of the change, the standard is effective for our first quarter of 2023 and early adoption is permitted.	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	We expect to adopt the standard as of January 1, 2023. We have completed development and independent validation of our model to estimate credit losses for our loan portfolio. Processes and internal controls related to the model and the estimation of credit losses for loans have been substantially designed. We are also evaluating the impact of the standard as it relates to our AFS investment portfolio. We are in the process of drafting disclosures and accounting policies. The extent of the impact on our financial statements will depend on economic conditions, forecasts and the composition of our loan and investment portfolios at the time of adoption.
In April 2019, the FASB issued ASU 2019-04 "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." The guidance is effective the same as the effective dates and transition requirements in Update 2016-13 as amended.	The FASB decided to issue a separate Update for improvements to Updates 2016-01, 2016-13, and 2017-12 to increase stakeholders' awareness of the amendments and to expedite improvements to the Codification. The amendments in this Update are intended to improve the Codification or correcting its unintended application. The items addressed in the amendments generally are not expected to have a significant effect on current accounting practice or to create a significant administrative cost for most entities.	We have reviewed the accounting standard update and the amendments are not expected to have a material impact on our financial statements. We intend to adopt the portion of the guidance relevant to us concurrent with the adoption of ASU 2016-13 as amended.
In March 2022, the FASB issued ASU 2022-02 "Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures." The guidance is effective at the same time that ASU 2016-13 is adopted.	This guidance eliminates the accounting guidance for troubled debt restructurings by creditors in Subtopic 310-40, Receivables—Troubled Debt Restructurings by Creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings. This guidance also requires that an entity disclose current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost.	We intend to adopt the standard concurrently with the adoption of ASU 2016-13 as amended. The adoption of this guidance is not expected to have a material impact on our financial statements, but will modify certain disclosures required under ASU 2016-13.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

	March 31, 2022		December 31, 2021	
(in thousands)	Amount	%	Amount	%
Wholesale loans	$110,243,293	89.2 %	$108,166,365	88.7 %
Retail loans:				
Real estate mortgage	4,220,195	3.4 %	4,373,338	3.6 %
Production and intermediate-term	7,257,122	5.9 %	7,678,693	6.3 %
Loans to other financing institutions (OFIs)	672,313	0.5 %	703,471	0.6 %
Other	1,220,862	1.0 %	1,072,245	0.8 %
Total retail loans	13,370,492	10.8 %	13,827,747	11.3 %
Total loans	$123,613,785	100.0 %	$121,994,112	100.0 %

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

Participations
We may purchase participations from and sell participations to others, primarily District Associations. We had no purchases outside the System in the periods presented.

Retail Loan Participations Purchased

(in thousands)	March 31, 2022	December 31, 2021
Real estate mortgage	$4,220,195	$4,373,338
Production and intermediate-term	7,257,122	7,678,693
Other	1,220,862	1,072,245
Total loans	$12,698,179	$13,124,276

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

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

Credit Quality of Loans

(in thousands)								
As of March 31, 2022	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$109,172,978**	**98.7 %**	**$1,440,146**	**1.3 %**	**$—**	**— %**	**$110,613,124**	**100.0 %**
Retail loans:								
Real estate mortgage	**4,145,628**	**97.7 %**	**35,563**	**0.8 %**	**62,411**	**1.5 %**	**4,243,602**	**100.0 %**
Production and intermediate-term	**6,925,265**	**94.5 %**	**216,055**	**2.9 %**	**193,457**	**2.6 %**	**7,334,777**	**100.0 %**
Loans to OFIs	**674,617**	**100.0 %**	**—**	**— %**	**—**	**— %**	**674,617**	**100.0 %**
Other	**1,209,531**	**98.9 %**	**6,589**	**0.5 %**	**7,438**	**0.6 %**	**1,223,558**	**100.0 %**
Total retail loans	**12,955,041**	**96.1 %**	**258,207**	**1.9 %**	**263,306**	**2.0 %**	**13,476,554**	**100.0 %**
Total loans	**$122,128,019**	**98.4 %**	**$1,698,353**	**1.4 %**	**$263,306**	**0.2 %**	**$124,089,678**	**100.0 %**

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

Note: Accruing loans include accrued interest receivable.

We had no loans categorized as loss at March 31, 2022 or December 31, 2021.

Aging Analysis of Loans

(in thousands) **As of March 31, 2022**	**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	**$—**	**$—**	**$—**	**$110,613,124**	**$110,613,124**	**$—**
Retail loans:						
Real estate mortgage	**3,233**	**1,665**	**4,898**	**4,238,704**	**4,243,602**	**43**
Production and intermediate-term	**60,055**	**16,518**	**76,573**	**7,258,204**	**7,334,777**	**7,421**
Loans to OFIs	**—**	**—**	**—**	**674,617**	**674,617**	**—**
Other	**506**	**315**	**821**	**1,222,737**	**1,223,558**	**55**
Total retail loans	**63,794**	**18,498**	**82,292**	**13,394,262**	**13,476,554**	**7,519**
Total loans	**$63,794**	**$18,498**	**$82,292**	**$124,007,386**	**$124,089,678**	**$7,519**

(in thousands) As of December 31, 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	$—	$—	$—	$108,524,892	$108,524,892	$—
Retail loans:						
Real estate mortgage	5,485	1,316	6,801	4,394,395	4,401,196	—
Production and intermediate-term	42,582	10,348	52,930	7,723,282	7,776,212	2,531
Loans to OFIs	—	—	—	705,804	705,804	—
Other	346	161	507	1,074,184	1,074,691	—
Total retail loans	48,413	11,825	60,238	13,897,665	13,957,903	2,531
Total loans	$48,413	$11,825	$60,238	$122,422,557	$122,482,795	$2,531

Note: Accruing loans include accrued interest receivable.

Risk Loans

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands)	**March 31, 2022**	December 31, 2021
Nonaccrual loans:		
Current as to principal and interest	**$38,323**	$37,785
Past due	**13,084**	13,555
Total nonaccrual loans	**51,407**	51,340
Accruing restructured loans	**3,231**	3,424
Accruing loans 90 days or more past due	**7,519**	2,531
Total risk loans	**$62,157**	$57,295
Volume with specific reserves	**$33,717**	$34,929
Volume without specific reserves	**28,440**	22,366
Total risk loans	**$62,157**	$57,295
Specific reserves	**$6,823**	$7,561

Note: Accruing loans include accrued interest receivable.

For the three months ended March 31,	**2022**	2021
Income on accrual risk loans	**$83**	$111
Income on nonaccrual loans	**2,330**	2,697
Total income on risk loans	**$2,413**	$2,808
Average risk loans	**$56,707**	$76,666

Risk Loans by Type

(in thousands)	March 31, 2022	December 31, 2021
Nonaccrual loans:		
Real estate mortgage	**$15,495**	$16,068
Production and intermediate-term	**34,813**	33,869
Other	**1,099**	1,403
Total nonaccrual loans	**$51,407**	$51,340
Accruing restructured loans:		
Real estate mortgage	**$3,148**	$3,334
Production and intermediate-term	**34**	41
Other	**49**	49
Total accruing restructured loans	**$3,231**	$3,424
Accruing loans 90 days or more past due:		
Real estate mortgage	**$43**	$—
Production and intermediate-term	**7,421**	2,531
Other	**55**	—
Total accruing loans 90 days or more past due	**$7,519**	$2,531
Total risk loans	**$62,157**	$57,295

Note: Accruing loans include accrued interest receivable.

We had no wholesale loans classified as risk loans at March 31, 2022 or December 31, 2021.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of March 31, 2022			For the three months ended March 31, 2022	
(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	$8,354	$9,195	$2,664	$8,393	$—
Production and intermediate-term	24,707	27,709	3,969	25,072	—
Other	656	785	190	858	—
Total	$33,717	$37,689	$6,823	$34,323	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$10,332	$11,047	$—	$10,390	$1,126
Production and intermediate-term	17,561	35,626	—	11,427	1,286
Other	547	673	—	567	1
Total	$28,440	$47,346	$—	$22,384	$2,413
Total impaired loans:					
Real estate mortgage	$18,686	$20,242	$2,664	$18,783	$1,126
Production and intermediate-term	42,268	63,335	3,969	36,499	1,286
Other	1,203	1,458	190	1,425	1
Total	$62,157	$85,035	$6,823	$56,707	$2,413

(in thousands)	As of December 31, 2021 Recorded Investment[1]	Unpaid Principal Balance[2]	Related Allowance	For the three months ended March 31, 2021 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$8,433	$9,206	$2,745	$11,074	$—
Production and intermediate-term	25,437	28,534	4,450	36,740	—
Other	1,059	1,169	366	15	—
Total	$34,929	$38,909	$7,561	$47,829	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$10,969	$12,543	$—	$12,747	$545
Production and intermediate-term	11,004	30,051	—	15,659	2,262
Other	393	519	—	431	1
Total	$22,366	$43,113	$—	$28,837	$2,808
Total impaired loans:					
Real estate mortgage	$19,402	$21,749	$2,745	$23,821	$545
Production and intermediate-term	36,441	58,585	4,450	52,399	2,262
Other	1,452	1,688	366	446	1
Total	$57,295	$82,022	$7,561	$76,666	$2,808

[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 March 31, 2022 or December 31, 2021.

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 three months ended March 31, 2022 or 2021. We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of March 31, 2022.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the three months ended March 31,	**2022**	2021
Balance at beginning of period	**$37,558**	$39,850
Reversal of loan losses	**(4,000)**	(3,000)
Charge-offs	**(651)**	(1,949)
Recoveries	**1,221**	2,167
Balance at end of period	**$34,128**	$37,068

The “Reversal of credit losses” in the Statements of Comprehensive Income includes a reversal of 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 $2.0 million provision for unfunded commitments during the three months ended March 31, 2022.

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, 2021	**$—**	**$4,809**	**$30,572**	**$280**	**$1,897**	**$37,558**
(Reversal of) provision for loan losses	**—**	**(376)**	**(3,820)**	**(5)**	**201**	**(4,000)**
Charge-offs	**—**	**—**	**(649)**	**—**	**(2)**	**(651)**
Recoveries	**—**	**2**	**1,213**	**—**	**6**	**1,221**
Balance as of March 31, 2022	**$—**	**$4,435**	**$27,316**	**$275**	**$2,102**	**$34,128**
As of March 31, 2022						
Ending balance: individually evaluated for impairment	**$—**	**$2,664**	**$3,969**	**$—**	**$190**	**$6,823**
Ending balance: collectively evaluated for impairment	**$—**	**$1,771**	**$23,347**	**$275**	**$1,912**	**$27,305**
Recorded investments in loans outstanding:						
Ending balance as of March 31, 2022	**$110,613,124**	**$4,243,602**	**$7,334,777**	**$674,617**	**$1,223,558**	**$124,089,678**
Ending balance for loans individually evaluated for impairment	**$110,613,124**	**$18,686**	**$42,268**	**$—**	**$1,203**	**$110,675,281**
Ending balance for loans collectively evaluated for impairment	**$—**	**$4,224,916**	**$7,292,509**	**$674,617**	**$1,222,355**	**$13,414,397**

(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
(Reversal of) provision for loan losses	—	(117)	(2,890)	(24)	31	(3,000)
Charge-offs	—	(85)	(1,864)	—	—	(1,949)
Recoveries	—	96	2,070	—	1	2,167
Balance as of March 31, 2021	$—	$3,645	$32,095	$261	$1,067	$37,068
As of December 31, 2021						
Ending balance: individually evaluated for impairment	$—	$2,745	$4,450	$—	$366	$7,561
Ending balance: collectively evaluated for impairment	$—	$2,064	$26,122	$280	$1,531	$29,997
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2021	$108,524,892	$4,401,196	$7,776,212	$705,804	$1,074,691	$122,482,795
Ending balance for loans individually evaluated for impairment	$108,524,892	$19,402	$36,441	$—	$1,452	$108,582,187
Ending balance for loans collectively evaluated for impairment	$—	$4,381,794	$7,739,771	$705,804	$1,073,239	$13,900,608

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) **March 31, 2022**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Commercial paper and other	**$5,746,742**	**$638**	**$1,122**	**$5,746,258**	**0.8%**
U.S. Treasury securities	**7,587,438**	**612**	**169,713**	**7,418,337**	**0.4%**
Mortgage-backed securities	**6,069,798**	**2,321**	**304,833**	**5,767,286**	**1.1%**
Asset-backed securities	**119,665**	**147**	**554**	**119,258**	**1.8%**
Total	**$19,523,643**	**$3,718**	**$476,222**	**$19,051,139**	**0.7%**

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

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

Contractual Maturities of AFS Investment Securities

	Year of Maturity				
(in thousands) **As of March 31, 2022**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Commercial paper and other	**$5,746,258**	**$—**	**$—**	**$—**	**$5,746,258**
U.S. Treasury securities	**3,242,744**	**4,175,593**	**—**	**—**	**7,418,337**
Mortgage-backed securities	**6**	**39,229**	**323,699**	**5,404,352**	**5,767,286**
Asset-backed securities	**—**	**119,258**	**—**	**—**	**119,258**
Total	**$8,989,008**	**$4,334,080**	**$323,699**	**$5,404,352**	**$19,051,139**
Weighted average yield	**0.6 %**	**0.5 %**	**2.0 %**	**1.0 %**	**0.7 %**

The expected average life is 0.8 years for asset-backed securities and 4.7 years for mortgage-backed securities at March 31, 2022. Expected maturities differ from contractual maturities, because borrowers may have the right to prepay obligations.

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

	Less than 12 months		**More than 12 months**	
(in thousands)	**Fair**	**Unrealized**	**Fair**	**Unrealized**
As of March 31, 2022	**Value**	**Losses**	**Value**	**Losses**
Commercial paper and other	**$2,865,862**	**$1,122**	**$—**	**$—**
U.S. Treasury securities	**6,574,626**	**148,030**	**585,504**	**21,683**
Mortgage-backed securities	**4,286,731**	**244,195**	**750,681**	**60,638**
Asset-backed securities	**63,211**	**554**	**—**	**—**
Total	**$13,790,430**	**$393,901**	**$1,336,185**	**$82,321**

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

We sold $356.0 million of U.S Treasury securities during the three months ended March 31, 2022. There were no AFS investment securities sold during the three months ended March 31, 2021.

We evaluate our investment securities for other-than-temporary impairment (OTTI) on a quarterly basis. We have determined no securities were in an OTTI loss position at March 31, 2022 or at December 31, 2021. There was no OTTI activity during the three months ended March 31, 2022 or 2021.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	March 31, 2022	December 31, 2021	**Regulatory Minimums**	**Capital Conservation Buffer**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**17.2 %**	16.8 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**17.8 %**	17.4 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**17.9 %**	17.5 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**17.8 %**	17.4 %	7.0 %	— %	7.0 %
Non-risk-adjusted:					
Tier 1 leverage ratio	**5.1 %**	5.2 %	4.0 %	1.0 %	5.0 %
UREE[(1)] leverage	**2.3 %**	2.4 %	1.5 %	— %	1.5 %

[(1)]Unallocated retained earnings and equivalents

Effective January 1, 2022, the FCA regulations slightly modified the calculation of the unallocated retained earnings and equivalents leverage ratio to include certain additional deductions. The modification did not have a material impact on this calculation.

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 $70 thousand and $98 thousand were included in Capital Stock and Participation Certificates on the Statements of Changes in Shareholders' Equity as of March 31, 2022 and December 31, 2021, 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 three months ended March 31,	**2022**	2021	**2022**	2021
Net periodic benefit cost:				
Service cost	**$6,626**	$6,741	**$45**	$52
Interest cost	**9,051**	7,606	**114**	97
Expected return on plan assets	**(16,699)**	(14,997)	**—**	—
Amortization of prior service credit	**(690)**	(751)	**—**	—
Amortization of net loss (gain)	**12,079**	14,869	**(219)**	(189)
Other cost	**—**	(4,558)	**—**	—
Net periodic benefit cost	**$10,367**	$8,910	**$(60)**	$(40)

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 2021 Annual Report for a more complete description of the Employee Benefit Plans.

For the three months ended March 31, 2022, District employers have contributed $25.8 million to fund pension benefits. District employers anticipate contributing an additional $67.8 million to fund pension benefits in 2022. The Plan Sponsor Committee of the AgriBank District Retirement Plan determines the funding frequency of the plan. The Nonqualified Pension plan is funded as benefits are paid.

NOTE 6

Commitments and Contingencies

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Financial Statements. We do not anticipate any material losses because of the contingencies or commitments.

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

Additionally, from time to time we may be named as defendants in certain lawsuits or legal actions in the normal course of business. At the date of these Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

While we are primarily liable for our portion of Systemwide bonds and notes, we are jointly and severally liable for the Systemwide bonds and notes of the other System Banks. The total bonds and notes of the System at March 31, 2022 was $371.7 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 2021 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 2021 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 March 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds	**$—**	**$171,000**	**$—**	**$171,000**
Investments available-for-sale:				
Commercial paper and other	**—**	**5,746,258**	**—**	**5,746,258**
U.S. Treasury securities	**—**	**7,418,337**	**—**	**7,418,337**
Mortgage-backed securities	**—**	**5,767,286**	**—**	**5,767,286**
Asset-backed securities	**—**	**119,258**	**—**	**119,258**
Total investments available-for-sale	**—**	**19,051,139**	**—**	**19,051,139**
Cash collateral posted with counterparties	**20,581**	**—**	**—**	**20,581**
Derivative assets	**—**	**835**	**—**	**835**
Total assets	**$20,581**	**$19,222,974**	**$—**	**$19,243,555**
Liabilities:				
Derivative liabilities	**$—**	**$27,770**	**$—**	**$27,770**
Total liabilities	**$—**	**$27,770**	**$—**	**$27,770**

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

We had no level 3 assets measured at fair value on a recurring basis at March 31, 2022 or December 31, 2021.

Non-Recurring Measurements

We had $28.2 million and $28.7 million of level 3 impaired loans measured at fair value on a non-recurring basis at March 31, 2022 and December 31, 2021, 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 March 31, 2022	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:					
Cash	**$973,767**	**$973,767**	**$—**	**$—**	**$973,767**
Net loans	**123,552,763**	**—**	**—**	**119,457,121**	**119,457,121**
Total assets	**$124,526,530**	**$973,767**	**$—**	**$119,457,121**	**$120,430,888**
Liabilities:					
Bonds and notes	**$137,241,989**	**$—**	**$—**	**$132,445,070**	**$132,445,070**
Unfunded loan commitments	**3,000**	**—**	**—**	**3,000**	**3,000**
Total liabilities	**$137,244,989**	**$—**	**$—**	**$132,448,070**	**$132,448,070**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(1,683)**	**$(1,683)**

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

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.

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 put option contracts with a total notional of 665 thousand and 688 thousand barrels of oil as of March 31, 2022 and December 31, 2021, respectively, which are not included in the table below.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2020	$1,505	$1,372	$2,000	$148	$5,025
Terminations	—	(705)	—	—	(705)
Maturities/amortization	(355)	(1)	(600)	(1)	(957)
As of March 31, 2021	$1,150	$666	$1,400	$147	$3,363
As of December 31, 2021	$900	$5,542	$1,400	$142	$7,984
Additions	**—**	**800**	**—**	**—**	**800**
Maturities/amortization	**—**	**(3,272)**	**—**	**(21)**	**(3,293)**
As of March 31, 2022	**$900**	**$3,070**	**$1,400**	**$121**	**$5,491**

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 March 31, 2022, 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)	**March 31, 2022**	December 31, 2021
Notional amount[(1)]	**$1,920,477**	$1,942,175
Cash collateral posted with counterparties	**11,250**	24,750

[(1)] Excludes notional amount for commodity hedges

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

Centrally Cleared Derivatives

(in thousands)	**March 31, 2022**	December 31, 2021
Notional Amount	**$3,570,477**	$6,042,175
Initial margin posted with counterparties	**9,331**	5,811

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 recognized in current earnings. We include the gain or loss on the derivative in the same line item ("Interest expense") on the Statements of Comprehensive Income as the offsetting gain or loss on the related hedged item.

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

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

Financial Statement Impact of Derivatives

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

	March 31, 2022		December 31, 2021	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$197**	**$27,287**	$725	$3,251
Pay-fixed swaps	**5,081**	**23,584**	—	53,576
Floating-for-floating swaps	**1,095**	**287**	—	1,403
Total derivatives designated as hedging instruments	**6,373**	**51,158**	725	58,230
Derivatives not designated as hedging instruments:				
Pay-fixed swaps	**4,670**	**197**	306	2,676
Other derivative products	**920**	**2,888**	5,183	—
Total derivatives not designated as hedging instruments	**5,590**	**3,085**	5,489	2,676
Credit valuation adjustments	**(147)**	**—**	(7)	—
Total gross amounts of derivatives	**$11,816**	**$54,243**	$6,207	$60,906
Gross amounts offset in Statements of Condition	**(10,981)**	**(10,981)**	(1,031)	(1,031)
Variation margin settled	**—**	**(15,492)**	—	(4,591)
Net amounts in Statements of Condition	**$835**	**$27,770**	$5,176	$55,284

(in thousands)	**March 31, 2022**	December 31, 2021
Derivative assets, net	**$835**	$5,176
Derivative liabilities, net	**(27,770)**	(55,284)
Accrued interest payable on derivatives, net	**(2,453)**	(1,196)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted with counterparties	**20,581**	30,561
Net exposure amounts	**$(8,807)**	$(20,743)

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, $26.1 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 three months ended March 31, 2022**	**Amount of Gain Recognized in OCI on Derivatives**	**Amount of Loss Reclassified from AOCI into Income**
Pay-fixed swaps	**$32,305**	**$(8,479)**
Floating-for-floating swaps	**1,967**	**(244)**
Total	**$34,272**	**$(8,723)**

(in thousands) For the three months ended March 31, 2021	Amount of Gain Recognized in OCI on Derivatives	Amount of Loss Reclassified from AOCI into Income
Pay-fixed swaps	$53,654	$(10,117)
Floating-for-floating swaps	659	(256)
Total	$54,313	$(10,373)

The following table shows the effect of fair value and cash flow hedge accounting as well as economic hedges on the Statements of Comprehensive Income for the three months ended March 31, 2022.

(in thousands)	Other non-interest income, net		Interest Expense	
For the three months ended March 31,	**2022**	2021	**2022**	2021
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:	**$1,293**	$4,320	**$316,074**	$300,354
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**24,705**	1,504
Bonds and notes	**—**	—	**(24,780)**	(1,594)
Cash flow hedges:				
Interest rate derivatives	**—**	—	**8,723**	10,373
Economic hedges:				
Interest rate derivatives	**98**	(170)	**—**	—
Commodity derivatives	**(871)**	—	**—**	—

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 three months ended March 31, 2022 and 2021.

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

	Carrying Amount of the Hedged Item		Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item	
(in thousands)	**March 31, 2022**	December 31, 2021	**March 31, 2022**	December 31, 2021
Line Item on the Statements of Condition				
Bonds and notes	**$871,560**	$896,191	**$(27,204)**	$(2,424)

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, 2020	$90,784	$(201,629)	$(1,990)	$(112,835)
Other comprehensive (loss) income before reclassifications	(15,960)	54,313	—	38,353
Amounts reclassified from accumulated other comprehensive loss	—	10,373	54	10,427
Net other comprehensive (loss) income	(15,960)	64,686	54	48,780
Balance at March 31, 2021	$74,824	$(136,943)	$(1,936)	$(64,055)
Balance at December 31, 2021	$(78,338)	$(130,663)	$(1,954)	$(210,955)
Other comprehensive (loss) income before reclassifications	**(394,526)**	**34,272**	**—**	**(360,254)**
Amounts reclassified from accumulated other comprehensive loss	**361**	**8,723**	**59**	**9,143**
Net other comprehensive (loss) income	**(394,165)**	**42,995**	**59**	**(351,111)**
Balance at March 31, 2022	**$(472,503)**	**$(87,668)**	**$(1,895)**	**$(562,066)**

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. Investments activity reclassified from AOCI is included in "Other non-interest income, net" on the Statements of Comprehensive Income.

NOTE 10

Subsequent Events

We have evaluated subsequent events through May 6, 2022, which is the date the Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in 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.

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

In 2021, Delta, ACA's (Delta's) board of directors determined that it was in the best interests of Delta to voluntarily dissolve and approved a preliminary resolution to proceed with a plan to voluntarily liquidate and dissolve the Association (the Plan). On March 17, 2022, the FCA preliminarily approved the Plan. On April 14, 2022, Delta's stockholders approved the Plan, which includes an agreement to sell the loan portfolio to another District Association. Subsequently, on April 19, 2022, the FCA provided final approval of the Plan. The sale of Delta's entire loan portfolio to AgHeritage Farm Credit Services, ACA occurred on May 1, 2022. The ultimate timing of the final liquidation is uncertain and subject to multiple considerations.

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 2021 Annual Report, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in the 2021 Annual Report. As required by FCA regulations, these disclosures, including regulatory capital ratios, are made available for at least three years and can be accessed in our financial reports at www.AgriBank.com under Investor Relations.

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

Disclosure Requirement	Description	First Quarter 2022 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	35
Capital Structure	Regulatory capital components	35
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	36
Capital Buffers	Quantitative disclosures	36
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	37-38
Counterparty Credit Risk-Related Exposures	Counterparty exposures	38-39
Credit Risk Mitigation	Exposures with reduced capital requirements	39
Securitization	Securitization exposures	39
Equities	Equity exposures	40
Interest Rate Risk for Non-trading Activities	Interest rate sensitivity	40

Scope of Application

As of March 31, 2022, the AgriBank District has 13 Agricultural Credit Associations, each of which has wholly owned Farm Land Credit Association and Production Credit Association subsidiaries. AgriBank is primarily owned by these 13 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 2021 Annual Report for a description of capital structure.

Regulatory Capital Structure

(in thousands) **As of March 31, 2022**	**3-month Average Daily Balance**
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	**$22**
Other required member purchased stock	**2,283,670**
Allocated equities:	
Allocated stock subject to retirement	**1,541,720**
Qualified allocated equities subject to retirement	—
Nonqualified allocated equities subject to retirement	—
Nonqualified allocated equities not subject to retirement	—
Unallocated retained earnings	**3,236,735**
Paid-in capital	—
Regulatory adjustments and deductions made to CET1	**(10,785)**
Total CET1	**$7,051,362**
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	**$7,301,362**
Total Capital	
Common Cooperative Equities not included in CET1	**$—**
Subordinated debt	—
Allowance for loan losses and reserves for commitments	**38,788**
Regulatory adjustments and deductions made to total capital	—
Total tier 2 capital	**38,788**
Total Capital	**$7,340,150**

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

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

As of March 31, 2022	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**238,037**
Government-sponsored enterprises[1]	**22,971,896**
Depository institutions and credit unions[2]	**70,193**
Public sector entities	**—**
Corporate, including borrower loans	**16,358,912**
Residential mortgage	**995,860**
Past due and nonaccrual	**1,982**
Securitization exposures	**128,889**
Cleared transactions	**47**
Unsettled transactions	**—**
All other assets	**210,598**
Deductions:	
Regulatory adjustments and deductions made to CET1	**10,785**
Regulatory adjustments and deductions made to AT1[3]	**—**
Regulatory adjustments and deductions made to T2[4]	**—**
Total standardized risk-weighted assets	**$40,965,629**

[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 March 31, 2022, 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 $524.7 million as of March 31, 2022.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	**Required Buffer**	**As of March 31, 2022**	**Calculated Buffer**
Common equity tier 1 capital ratio	4.5 %	2.5 %	**17.2 %**	**12.7 %**
Tier 1 capital ratio	6.0 %	2.5 %	**17.8 %**	**11.8 %**
Total capital ratio	8.0 %	2.5 %	**17.9 %**	**9.9 %**
Capital conservation buffer				**9.9 %**
Tier 1 leverage ratio	4.0 %	1.0 %	**5.1 %**	**1.1 %**
Leverage buffer				**1.1 %**

Credit Risk

Refer to Note 2 of the accompanying Financial Statements for amounts of impaired loans with and without related allowance, loans in nonaccrual status and greater than 90 days past due, loans past due greater than 90 days and still accruing, the allowance at the end of each reporting period, charge-offs during the period, and changes in components of our allowance for credit losses. Allowance is determined individually by loan or by pool based on homogeneous characteristics such as probability of default (PD) and loss given default (LGD). Allowance needs by geographic region are only considered in rare circumstances, for example flooding, drought, etc., that may not otherwise be reflected in the PD and LGD. There was no allowance attributed to a geographic area as of March 31, 2022. 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, 2021.

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

Credit Exposures - Lending and Investments

(in thousands) **As of March 31, 2022**	End of Period	3-month Average Daily Balance
Loans	**$123,613,785**	**$121,713,172**
Investments (including federal funds)	**19,222,139**	**19,466,232**
Loan and other commitments	**22,140,367**	**23,807,553**
Letters of credit	**126,656**	**128,879**

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of March 31, 2022**	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	**$3,570,477**	**$—**	**$4,849,119**	**$—**
Bilateral derivatives [1]	**1,920,477**	**975**	**1,925,629**	**2,465**

[1] Excludes notional amount for commodity hedges

Exposures by Final Contractual Maturity

(in thousands) **As of March 31, 2022**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$22,718**	**$110,590,406**	**$—**	**$110,613,124**
Retail loans	**2,267,797**	**5,662,109**	**5,546,648**	**13,476,554**
Investments (including federal funds)	**9,160,007**	**4,334,081**	**5,728,051**	**19,222,139**
Wholesale loan commitments	**17,297**	**18,699,886**	**—**	**18,717,183**
Retail loan and other commitments [1]	**2,582,690**	**746,313**	**94,181**	**3,423,184**
Cleared derivative notional	**2,500,000**	**890,124**	**180,353**	**3,570,477**
Bilateral derivative notional [2]	**700,000**	**840,124**	**380,353**	**1,920,477**

[1] Includes commitments to OFIs and service entities

[2] Excludes notional amount for commodity hedges

Note: Accruing loans include accrued interest receivable.

Loan and Commitment Geographic Distribution

As of March 31, 2022

Wholesale Portfolio		Retail Portfolio	
Iowa	11 %	Minnesota	12 %
Illinois	9 %	Illinois	11 %
Nebraska	8 %	Nebraska	7 %
Minnesota	8 %	Indiana	7 %
Indiana	6 %	Ohio	7 %
Michigan	6 %	Iowa	6 %
Wisconsin	5 %	Tennessee	6 %
Ohio	5 %	Wisconsin	5 %
South Dakota	5 %	Other	39 %
Missouri	4 %		
Other	33 %		
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 2021 Annual Report. Current period distribution has not materially changed from December 31, 2021.

Loan and Commitment Commodity Distribution

As of March 31, 2022

Retail Portfolio	
Crops	56 %
Cattle	10 %
Loans to OFIs	8 %
Dairy	5 %
Other	21 %
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 March 31, 2022**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed		
Loans	**$198**	**$—**
Conditionally guaranteed		
Loans	**$24,958**	**$4,992**
Total	**$25,156**	**$4,992**

We had no commitments that were covered by guarantees during the three months ended March 31, 2022.

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

Investment Exposures Covered by Guarantees

(in thousands) **As of March 31, 2022**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$12,397,411**	**$—**
Conditionally guaranteed	**2,058,768**	**411,754**
Total	**$14,456,179**	**$411,754**

Credit risk in our investment portfolio is largely mitigated by investing primarily in securities issued or guaranteed by the U.S. government or one of its agencies. Credit risk in our investment portfolio primarily exists in investment securities that are not guaranteed by the U.S. government or one of its agencies, which include our certificates of deposit, commercial paper, non-agency mortgage-backed securities and asset-backed securities, all of which were of high credit quality and met eligibility requirements as of March 31, 2022.

Securitization

For the three months ended March 31, 2022, 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 March 31, 2022**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$120,783**	**100%**	**$120,783**
> 100% and < 1,250%	**4,268**	**190%**	**8,106**
1250%	**—**	**1250%**	**—**
Total risk-weighted securitization assets	**$125,051**	**103%**	**$128,889**

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 March 31, 2022, 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 March 31, 2022**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings[1]**
RBIC	**$22,359**	**$6,263**

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

Interest Rate Risk

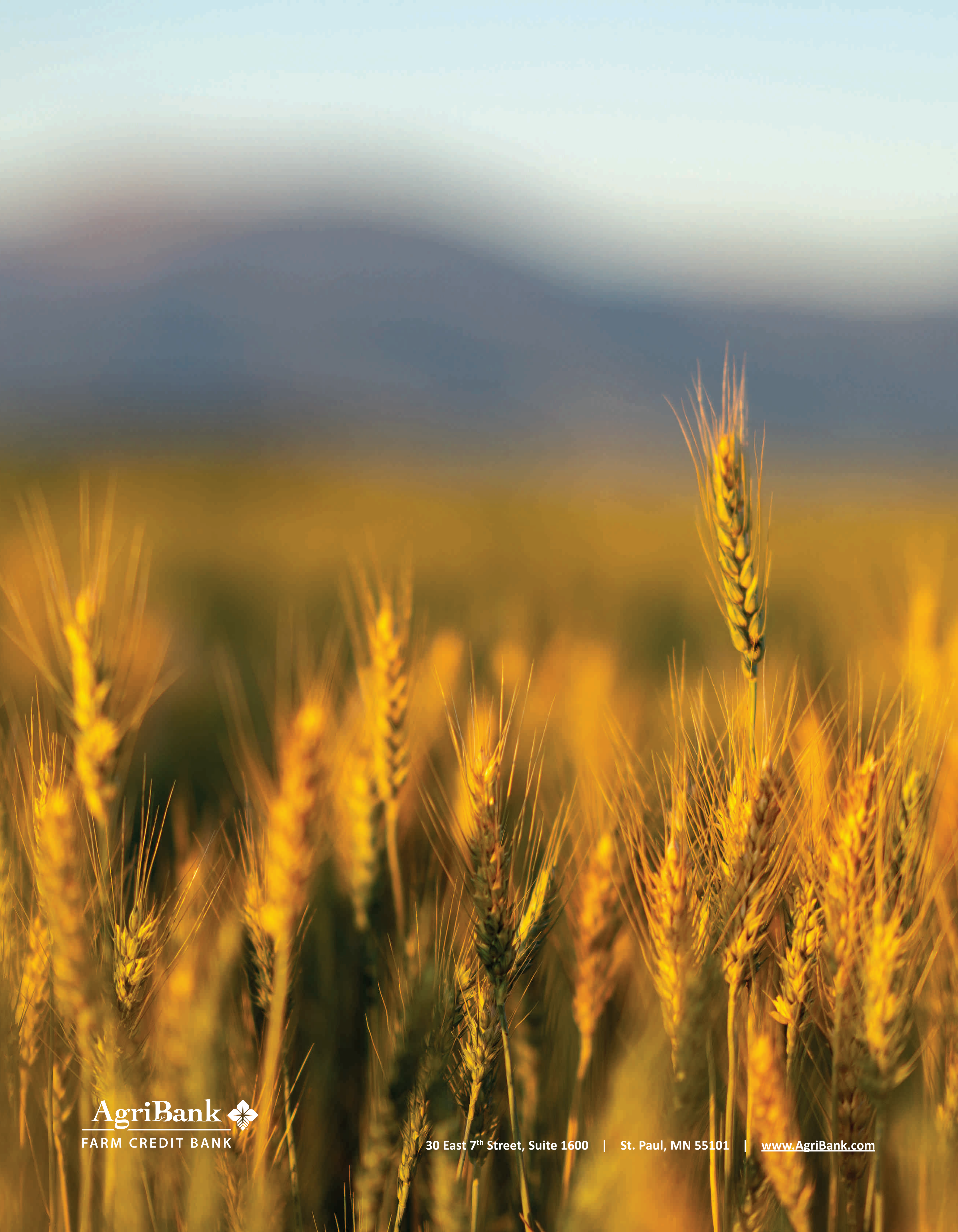
Our policies establish a maximum variance from our base case in a plus or minus 200 basis point change in rates, except when the U.S. Treasury three-month rate is below 4 percent, at which time the minus scenario is limited to one-half of the U.S. Treasury three-month rate. Because of the low interest rates at March 31, 2022, the down scenario is limited to a down 26 basis point change.

NII Sensitivity Analysis

	Basis Point Interest Rate Change		
As of March 31, 2022	**Down 26**	**Up 100**	**Up 200**
Immediate Change (Shock):			
NII sensitivity	**(0.2)%**	**(1.7)%**	**(3.5)%**
Board policy	**(15.0)%**		**(15.0)%**
Gradual Change (Ramp):			
NII sensitivity		**(0.8)%**	**(1.7)%**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change		
As of March 31, 2022	**Down 26**	**Up 100**	**Up 200**
Immediate Change (Shock):			
EVE sensitivity	**1.2 %**	**(4.1)%**	**(7.3)%**
Board policy	**(12.0)%**		**(12.0)%**



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