AGRIBANK 2022 QUARTERLY REPORT
SEPTEMBER 30, 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 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 53 basis points was above our target of 50 basis points. Net interest income increased compared to the prior year primarily due to increased loan volume. Offsetting the increase in net interest income, non-interest expense increased, primarily related to higher loan servicing fees and an increase in Farm Credit System Insurance Corporation (FCSIC) insurance premiums. Additionally, 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.

Loan portfolio credit quality remained strong with 99.4 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 12 percent of our total loan portfolio) declined slightly to 95.2 percent acceptable as of September 30, 2022, compared to 95.4 percent acceptable at December 31, 2021. 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. gross domestic product is forecasted to grow by approximately 1.5 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.

Due to the high price inflation rate in 2022, the FOMC has tightened monetary policy and further raised the federal funds rate to a target range of 3.75 to 4.00 percent at its November 2022 meeting. The FOMC began to reduce the size of its balance sheet in June 2022, and its projection for interest rates suggests that it will raise the fed funds target rate to over 4.50 percent by the end of 2023.

As of the end of early November 2022, the fed funds futures market suggested the FOMC will increase the fed funds rate to nearly 5.00 percent by the middle of 2023.

With a high likelihood of further interest rate hikes in 2023, U.S. Treasury yields have moved higher in the first three quarters of 2022. Economists expect the U.S. Treasury bond yield curve to remain inverted 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.

Agricultural Conditions

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) updated its 2022 forecast of the U.S. aggregate farm income and financial conditions on September 1, 2022. The release also converted the 2021 forecasts to estimates. The updated figures showed substantial upward revisions to farm sector income, equity and working capital for both 2021 and 2022 compared to the February 2022 projections. Estimated 2021 net farm income (NFI) was revised up by $21.3 billion from the February 2022 forecast to $140.4 billion. That is up $45.9 billion from 2020 in nominal terms and marks the second highest inflation-adjusted level since the mid-1970s. The upward revision to the 2021 estimate was due to a $20.3 billion downward revision in total expenses. USDA operator surveys showed lower than previously forecast intermediate product expenses, capital consumption, labor costs, and interest expenses for 2021, which were behind the lower overall expense estimate.

The 2022 NFI forecast was revised $34.0 billion higher from the initial February 2022 forecast to $147.7 billion, marking a $7.3 billion, or 5.2 percent, nominal increase from 2021. The 2022 NFI forecast revision was driven by an upward revision in cash receipt expectations, which more than offset the upwardly revised total expense forecast. On an inflation-adjusted basis, the September 1, 2022 USDA-ERS forecast expects 2022 NFI will be down slightly from 2021 due to rising cash receipts being offset by rising expenses, a downward crop inventory value adjustment and lower direct government payments relative to 2021. The 2022 NFI forecast would be the third highest inflation-adjusted level since the mid-1970s and would be $43.7 billion, or 42.1 percent, above the 20-year average U.S. real net farm income average, if realized.

Historically high net farm income for 2021 and 2022 is expected to strengthen the farm sector balance sheet. High crop and animal/ animal product prices have been supportive for producer returns despite the rising cost environment. Many crop producers benefited from input prepayments in 2021 ahead of price increases, which supported returns for 2022 crops, and multiple years of above-average returns and low interest rates have supported strong demand and substantial increases in farmland values. Real estate is the largest ag sector asset equating to over 80.0 percent of total sector assets. The September 1, 2022 USDA-ERS forecast has total sector assets appreciating an inflation-adjusted 9.5 percent from 2020 to 2022, while sector debt increases 1.9 percent over that same period. If the forecasts are realized, farm sector equity would be up 10.8 percent, or $324.5 billion, from 2020 to 2022, and the debt-to-asset ratio would decline a full percentage point to 12.9 percent, the lowest level in five years.

Tight grain and oilseed stocks driven by strong demand the prior two years and ongoing production issues, both in the U.S. and globally, continue to support elevated crop prices. Market uncertainty also remains elevated, which is causing heightened price volatility. U.S. crop production estimates for the 2022 crop have been reduced into the fall of 2022 as drought and high temperatures in portions of the U.S. during critical crop development stages have reduced crop production potential. The EU and China also faced stressed growing conditions in 2022, while supply availability out of the Black Sea is uncertain given the rapidly changing events in respect to the Russian invasion of Ukraine. South American crop production is expected to increase significantly during the next crop cycle, which started in September 2022, but a third consecutive year with La Niña conditions may limit yields and production growth if weather turns dry. Demand for commodities is also increasingly uncertain given the high commodity price environment, inflation, transportation issues, the strong U.S. dollar reducing export potential, and global macroeconomic concerns. While there is increased demand uncertainty, strong crop prices are expected to support above-average producer returns for a third straight year despite the significantly higher cost environment. High input costs will be an increasing concern for the 2023 crop as all producers are expected to face increasing costs, while revenue from that crop is highly uncertain. High crop insurance price guarantees for the 2022 crop should support those producers that experienced production issues.

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 outbreaks have reduced animal numbers in the poultry and hog sectors, providing support for pork, egg, and turkey prices, while negatively impacting returns for those producers directly impacted by outbreaks. Highly pathogenic avian influenza (bird flu) appeared in U.S. migratory bird flyways in early 2022 and has returned in the fall. This is the first significant U.S. outbreak since 2015. Most outbreaks to date have occurred in egg layer and turkey flocks. Hog farms have coped 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 solid demand supported a return of favorable U.S. dairy margins in late 2021 and 2022. Positive dairy margins are expected to continue into early 2023. Beef feedlots have faced the most pressure across the animal agriculture sector in 2022. Poor pasture conditions in the Central and Southern Plains paired with high corn prices have prompted contraction of the cattle herd. The historically high amount of cattle in feedlots in early 2022 due to the herd liquidations has been negative for cattle prices, but the cattle market is in better balance and cattle prices improved in the second half 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 strong. Many factors, including weather, trade, government and monetary policy, global agricultural production levels, and pathogenic outbreaks in livestock and poultry, may keep agriculture market volatility elevated for the next few years. 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 34 regions of the District. The District's most recent real estate market value survey, based on the 12-month period ending June 30, 2022, indicated that District real estate value changes in the regions ranged from a 5.8 percent to 40.8 percent annual increase. 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 may experience additional, albeit more modest, increases over the next year due to strong net farm income, real estate demand outpacing land available for sale, and stock market volatility. However, higher interest rates may dampen demand for land purchases, which could negatively impact farmland values.

The Federal Reserve Banks of Chicago, Kansas City and Minneapolis reported on the change in farmland values from the end of the second quarter 2021 to the end of the second quarter 2022 in their respective districts. The Federal Reserve district reports indicated annual increases in non-irrigated farmland values ranging from 20 to 22 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 2022 survey showed increases of 13.0 percent for overall farm real estate values and 14.2 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 Farm Credit Administration (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. These proactive lending practices reduce the impact on District loan portfolios if land values materially decline.

Loan Portfolio

Components of Loans

(in thousands)	**September 30, 2022**	December 31, 2021
Accrual loans:		
Wholesale loans	**$114,033,088**	$108,166,365
Retail loans:		
Real estate mortgage	**4,646,645**	4,357,270
Production and intermediate-term	**8,701,828**	7,644,823
Loans to other financing institutions (OFIs)	**837,683**	703,471
Other	**1,306,952**	1,070,843
Total retail loans	**15,493,108**	13,776,407
Nonaccrual loans	**47,986**	51,340
Total loans	**$129,574,182**	$121,994,112

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

Loans totaled $129.6 billion at September 30, 2022, an increase of $7.6 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.

Retail loans increased, driven by growth in production and intermediate-term, real estate mortgage loans, and agribusiness loans primarily related to the loans purchased mainly within our crop input financing portfolio, as well as several pool programs in the first half of 2022. These increases were partially offset by seasonal paydowns.

Overall, credit quality remains strong, primarily supported by favorable 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 99.4 percent in the acceptable category at September 30, 2022, compared to 98.3 percent at December 31, 2021. As of September 30, 2022, all outstanding wholesale loans were classified as acceptable. Adversely classified loans were 0.3 percent at September 30, 2022, compared to 0.3 percent at December 31, 2021. Credit quality of our retail loan portfolio decreased slightly to 95.2 percent acceptable as of September 30, 2022, compared to 95.4 percent acceptable at December 31, 2021. While credit quality is currently strong, many factors could impact borrowers and may result in changes to credit quality in our loan portfolio.

Components of Risk Assets

(in thousands)	**September 30, 2022**	December 31, 2021
Nonaccrual loans	**$47,986**	$51,340
Accruing restructured loans	**3,200**	3,424
Accruing loans 90 days or more past due	**12,216**	2,531
Total risk loans	**63,402**	57,295
Other property owned	**31**	1,126
Total risk assets	**$63,433**	$58,421
As a percent of retail loans		
Risk loans	**0.40 %**	0.41 %
Nonaccrual loans	**0.31 %**	0.37 %
Delinquencies	**0.32 %**	0.43 %
As a percent of loans		
Risk loans	**0.05 %**	0.05 %
Nonaccrual loans	**0.04 %**	0.04 %
Delinquencies	**0.04 %**	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 and real estate mortgage sectors, including loans in our equipment financing portfolio, crop input financing portfolio and other asset pools. At September 30, 2022, 78.4 percent of nonaccrual loans were current as to principal and interest.

The seasonality of our crop input financing portfolio was the primary driver of the increase in risk loans within accruing loans 90 days or more past due category. 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

	September 30, 2022	December 31, 2021
Allowance as a percentage of:		
Loans	**0.03 %**	0.03 %
Retail loans	**0.22 %**	0.27 %
Nonaccrual loans	**71.12 %**	73.16 %
Total risk loans	**53.83 %**	65.55 %
Adverse assets to capital and allowance for loan losses	**5.00 %**	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 September 30, 2022, the allowance decreased $3.4 million, compared to December 31, 2021. This decrease was primarily related to continued strong credit quality.

Funding, Liquidity and Shareholders' Equity

We are responsible for meeting the District's funding, liquidity and asset/liability management needs. Access to the unsecured debt capital markets remains our primary source of liquidity. We also maintain a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets.

The System access to the debt capital markets is critical to support its mission of providing credit to farmers, ranchers and other eligible borrowers. For the nine months ended September 30, 2022, investor demand for Systemwide Debt Securities remained acceptable.

Our liquidity policy and FCA regulations require maintaining minimum liquidity on a continuous basis of 120 days and 90 days, respectively. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments and cash. As of September 30, 2022, we had sufficient liquidity to fund all debt maturing within 159 days. At September 30, 2022, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals. Some volatility in liquidity coverage is expected; therefore, the level of days'coverage liquidity may rise and fall over the year.

We manage interest rate risk under policies established by our board and limits established by our ALCO. These policies and limits ensure that net interest income and economic value of equity at risk remain within the defined risk appetite of the board, including during periods of high interest rate volatility.

Total shareholders' equity at September 30, 2022 was $6.9 billion, a $66.0 million decrease from December 31, 2021. While net income and net stock issuances 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 through the third quarter of 2022. Interest rate risk within the investment portfolio is managed by the issuance of debt with similar terms to the investment assets. Unrealized gains and losses from the funding are not included in shareholders equity. In addition, the unrealized investment losses do not represent a deterioration in the quality of the investment portfolio and, based on our analysis, no investments are other than temporarily impaired at this time.

At September 30, 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 nine months ended September 30, 2022 was $576.1 million, a 3.1 percent increase, compared to $558.7 million for the same period in 2021. ROA of 53 basis points through the nine months ended September 30, 2022 remained above AgriBank's 50 basis point target.

Changes in Significant Components of Net Income

(in thousands) **For the nine months ended September 30,**	**2022**	2021	Increase (decrease) in Net Income
Net interest income	**$621,241**	$573,395	$47,846
Reversal of credit losses	**(5,000)**	—	5,000
Non-interest income	**87,012**	103,313	(16,301)
Non-interest expense	**137,147**	117,970	(19,177)
Net income	**$576,106**	$558,738	$17,368

Net interest income

Changes in Net Interest Income

(in thousands) **For the nine months ended September 30,**	**2022 vs 2021**		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$160,893**	**$281,563**	**$442,456**
Investments	**5,085**	**67,289**	**72,374**
Total interest income	**165,978**	**348,852**	**514,830**
Interest expense:			
Systemwide debt securities and other	**(99,881)**	**(367,103)**	**(466,984)**
Net change in net interest income	**$66,097**	**$(18,251)**	**$47,846**

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

(in thousands)

For the nine months ended September 30,	2022			2021		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$110,244,728**	**1.75 %**	**$1,440,275**	$99,548,085	1.40 %	$1,044,047
Retail accrual loans	**14,223,762**	**3.54 %**	**377,172**	12,644,336	3.48 %	329,177
Retail nonaccrual loans	**48,490**	**14.65 %**	**5,312**	62,095	15.24 %	7,079
Investment securities and federal funds	**20,189,126**	**1.03 %**	**156,068**	19,088,479	0.59 %	83,694
Total earning assets	**144,706,106**	**1.83 %**	**1,978,827**	131,342,995	1.49 %	1,463,997
Interest bearing liabilities	**138,290,146**	**1.31 %**	**1,357,586**	125,358,426	0.95 %	890,602
Interest rate spread	**$6,415,960**	**0.52 %**		$5,984,569	0.54 %	
Impact of equity financing		**0.05 %**			0.04 %	
Net interest margin		**0.57 %**			0.58 %	
Net interest income			**$621,241**			$573,395

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

Net interest margin for the nine months ended September 30, 2022 decreased slightly compared to the same period of the prior year. With interest rates rising rapidly throughout 2022, opportunities to call and refinance debt have declined and conversions within the loan portfolio have also diminished. Offsetting this, net interest margin was positively impacted by improved spreads on investments from the significant rise in interest rates. While relatively flat compared to the same period of the prior year, the impact of equity financing has improved slightly in 2022. Equity financing represents the benefit of non-interest bearing funding.

Non-interest income

There was a decrease in non-interest income for the nine months ended September 30, 2022, compared to the same period of the prior year. As interest rates have risen, fixed-rate loan prepayment and conversion activity has slowed significantly and returned to levels common in a rising interest rate environment, resulting in lower fee income. Partially offsetting this decrease, mineral income increased for the nine months ended September 30, 2022 compared to the same period of the prior year, primarily due to a significant increase in oil prices in 2022. The ongoing conflict in Ukraine has caused prices to increase and remain at 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 for the nine months ended September 30, 2022 compared to the same period of the prior year. Loan servicing fees grew related to increases in pool programs in 2022, compared to the same period of the prior year. In June 2022, the FCSIC announced an increase in premium rates for all Farm Credit institutions from 16 basis points to 20 basis points, effective retroactively to January 1, 2022, resulting in an increase in insurance expense year-to-date when compared to the same period of 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 September 30, 2022

Year of Maturity	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Assets				
Loans	$10,477	$5,030	$185,067	$200,574
Investments	—	6	1,100,160	1,100,166
Total	$10,477	$5,036	$1,285,227	$1,300,740
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.

(in millions)

Year of Termination	2022	January 1 - June 30, 2023	July 1, 2023 and After	Total
Derivatives (notional amount)	$50	$650	$1,084	$1,784

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 Associations' 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.

On June 24, 2022, the boards of directors of Farm Credit Midsouth, ACA and Farm Credit Mid-America, ACA executed a letter of intent to merge the two Associations. The merged Association would be named Farm Credit Mid-America, ACA and headquartered in Louisville, Kentucky. Both Associations are undertaking due diligence to assess merger benefits. The boards of both Associations and AgriBank approved the merger, and it was submitted to the Farm Credit Administration on September 22, 2022, for review. If the Farm Credit Administration approves the merger, customer-owners would vote on the merger in early 2023. If approved, the target effective date for the merger is April 1, 2023.

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. All Delta employees were terminated effective May 31, 2022. The assets are under the control of a liquidation agent, and the ultimate timing of the final liquidation is uncertain and subject to multiple considerations.

Certification

The undersigned have reviewed the September 30, 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
Chair of the Board
AgriBank, FCB
November 7, 2022

Jeffrey R. Swanhorst
Chief Executive Officer
AgriBank, FCB
November 7, 2022

Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB
November 7, 2022

Statements of Condition

AgriBank, FCB

(unaudited)

(in thousands)	**September 30, 2022**	December 31, 2021
Assets		
Loans	**$129,574,182**	$121,994,112
Allowance for loan losses	**34,130**	37,558
Net loans	**129,540,052**	121,956,554
Investment securities	**20,172,490**	18,392,628
Cash	**905,564**	1,304,994
Accrued interest receivable	**815,307**	519,172
Derivative assets	**59,722**	5,176
Allocated prepaid pension costs	**63,271**	59,067
Cash collateral posted with counterparties	**32,173**	30,561
Other assets	**254,408**	148,444
Total assets	**151,842,987**	142,416,596
Liabilities		
Bonds and notes	**144,139,005**	134,702,607
Accrued interest payable	**470,973**	260,462
Derivative liabilities	**18,285**	55,284
Patronage payable and other payables	**235,658**	367,588
Cash collateral posted by counterparties	**13,820**	—
Other liabilities	**25,334**	24,740
Total liabilities	**144,903,075**	135,410,681
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**4,108,457**	3,826,290
Allocated retained earnings	**—**	1,377
Unallocated retained earnings	**3,385,906**	3,139,203
Accumulated other comprehensive loss	**(804,451)**	(210,955)
Total shareholders' equity	**6,939,912**	7,005,915
Total liabilities and shareholders' equity	**$151,842,987**	$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		Nine months	
For the periods ended September 30,	**2022**	2021	**2022**	2021
Interest income				
Loans	**$766,604**	$475,857	**$1,822,759**	$1,380,303
Investment securities	**82,186**	25,530	**156,068**	83,694
Total interest income	**848,790**	501,387	**1,978,827**	1,463,997
Interest expense	**626,397**	294,237	**1,357,586**	890,602
Net interest income	**222,393**	207,150	**621,241**	573,395
Provision for (reversal of) credit losses	**—**	2,000	**(5,000)**	—
Net interest income after provision for (reversal of) credit losses	**222,393**	205,150	**626,241**	573,395
Non-interest income				
Mineral income	**26,295**	13,703	**66,416**	38,311
Business services income	**1,777**	1,902	**5,621**	5,468
Loan prepayment and fee income	**4,487**	12,479	**15,557**	54,569
Other non-interest income (loss), net	**1,974**	734	**(582)**	4,965
Total non-interest income	**34,533**	28,818	**87,012**	103,313
Non-interest expense				
Salaries and employee benefits	**6,899**	6,695	**20,306**	20,089
Other operating expenses	**11,623**	10,574	**34,970**	32,815
Loan servicing and other expenses	**20,108**	17,553	**57,649**	50,047
Farm Credit System insurance expense	**7,680**	5,708	**21,472**	15,554
Other non-interest expenses, net	**185**	(104)	**2,750**	(535)
Total non-interest expense	**46,495**	40,426	**137,147**	117,970
Net income	**$210,431**	$193,542	**$576,106**	$558,738
Other comprehensive loss				
Not-other-than-temporarily-impaired investments	**$(156,557)**	$(19,819)	**$(783,376)**	$(78,754)
Derivatives and hedging activity	**98,363**	9,472	**189,703**	63,504
Employee benefit plan activity	**59**	55	**177**	164
Total other comprehensive loss	**(58,135)**	(10,292)	**(593,496)**	(15,086)
Comprehensive income (loss)	**$152,296**	$183,250	**$(17,390)**	$543,652

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				558,738		558,738
Other comprehensive loss					(15,086)	(15,086)
Redemption of retained earnings allocated under patronage program			(588)			(588)
Cash patronage				(400,726)		(400,726)
Retained earnings allocated under patronage program			431	(431)		—
Perpetual preferred stock dividends				(12,891)		(12,891)
Capital stock/participation certificates issued		335,280				335,280
Capital stock/participation certificates retired		(30,466)				(30,466)
Balance at September 30, 2021	$250,000	$3,606,413	$1,393	$3,283,893	$(127,921)	$7,013,778
Balance at December 31, 2021	$250,000	$3,826,290	$1,377	$3,139,203	$(210,955)	$7,005,915
Net income				**576,106**		**576,106**
Other comprehensive loss					**(593,496)**	**(593,496)**
Redemption of retained earnings allocated under patronage program			**(1,508)**			**(1,508)**
Cash patronage				**(316,381)**		**(316,381)**
Retained earnings allocated under patronage program			**131**	**(131)**		**—**
Perpetual preferred stock dividends				**(12,891)**		**(12,891)**
Capital stock/participation certificates issued		**304,285**				**304,285**
Capital stock/participation certificates retired		**(22,118)**				**(22,118)**
Balance at September 30, 2022	**$250,000**	**$4,108,457**	**$—**	**$3,385,906**	**$(804,451)**	**$6,939,912**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)

(in thousands)

For the nine months ended September 30,	2022	2021
Cash flows from operating activities		
Net income	**$576,106**	$558,738
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**203**	1,717
Reversal of credit losses	**(5,000)**	—
Loss on sale of investment securities, net	**3,998**	—
Amortization of (discounts) premiums on investments, net	**(3,762)**	31,364
Amortization of discounts on debt and deferred debt issuance costs, net	**61,318**	72,302
Loss on derivative activities, net	**19,510**	16,288
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(1,476,218)**	(1,058,660)
Increase in other assets	**(110,782)**	(47,090)
Increase (decrease) in accrued interest payable	**210,511**	(38,080)
Increase (decrease) in other liabilities	**77,162**	(23,158)
Net cash used in operating activities	**(646,954)**	(486,579)
Cash flows from investing activities		
Increase in loans, net	**(6,399,415)**	(5,637,405)
Purchases of investment securities	**(8,694,472)**	(9,577,726)
Proceeds from maturing investment securities	**5,241,212**	9,381,728
Proceeds from the sale of investment securities	**889,786**	—
Other investing activities, net	**(54)**	(1,292)
Net cash used in investing activities	**(8,962,943)**	(5,834,695)
Cash flows from financing activities		
Bonds and notes issued	**163,822,990**	177,549,967
Bonds and notes retired	**(154,384,330)**	(171,710,872)
(Increase) decrease in cash collateral posted with counterparties, net	**(1,612)**	20,013
Increase in cash collateral posted by counterparties, net	**13,820**	—
Variation margin received on cleared derivatives, net	**15,533**	20,863
Patronage distributions paid	**(525,210)**	(474,114)
Preferred stock dividends paid	**(12,891)**	(12,891)
Capital stock/participation certificates issued, net	**282,167**	304,814
Net cash provided by financing activities	**9,210,467**	5,697,780
Net decrease in cash and federal funds	**(399,430)**	(623,494)
Cash and federal funds at beginning of period	**1,304,994**	1,261,792
Cash and federal funds at end of period	**$905,564**	$638,298

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

Supplemental Statements of Cash Flows Information

AgriBank, FCB

(unaudited)
(in thousands)

For the nine months ended September 30,	2022	2021
Supplemental non-cash investing and financing activities		
Decrease in shareholders' equity from investment securities	**$(783,376)**	$(78,754)
Interest capitalized to loan principal	**1,180,083**	1,035,051
Patronage and preferred stock dividends accrued	**105,633**	163,570
Supplemental non-cash fair value changes related to hedging activities		
Increase in derivative assets and liabilities, net	**$(106,613)**	$(45,021)
Decrease in bonds from derivative activity	**(63,580)**	(2,195)
Increase in shareholders' equity from cash flow derivatives	**189,703**	63,504
Supplemental Information		
Interest paid	**$1,068,377**	$840,254

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. 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 third quarter 2022 Financial Statements should be read in conjunction with the 2021 Annual Report. The results for the nine months ended September 30, 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. The implementation of processes, procedures, internal controls, and policy updates are substantially complete. Based on analysis as of September 30, 2022, the adoption of the standard is expected to decrease our allowance for credit losses on our loan portfolio by approximately 30% to 40%. The decrease is largely due to the requirement of the standard to estimate losses to the assets’ contractual maturities, resulting in a decrease of allowances attributable to our short-term portfolios. Partially offsetting the decline are modest increases in allowance attributable to our long-term real estate portfolios. Additionally, our forecast of economic conditions is generally positive, especially with regard to the crops sector, which comprises a significant portion of our portfolio. The positive economic forecast results in lower estimated credit losses. We do not expect the adoption of the standard will have a material impact related to our AFS investment portfolio given the substantial majority of these investments carry a full faith and credit guarantee of the U.S. government or an implicit credit guarantee from its agencies and have an immaterial risk of credit loss. The final impact at adoption is highly dependent upon the composition and credit quality of our portfolios, and the macroeconomic conditions and related forecasts at the adoption date of January 1, 2023.

Standard and effective date	Description	Adoption status and financial statement impact
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

	September 30, 2022		December 31, 2021	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$114,033,088**	**88.0 %**	$108,166,365	88.7 %
Retail loans:				
Real estate mortgage	**4,661,581**	**3.6 %**	4,373,338	3.6 %
Production and intermediate-term	**8,733,554**	**6.8 %**	7,678,693	6.3 %
Loans to other financing institutions (OFIs)	**837,683**	**0.6 %**	703,471	0.6 %
Other	**1,308,276**	**1.0 %**	1,072,245	0.8 %
Total retail loans	**15,541,094**	**12.0 %**	13,827,747	11.3 %
Total loans	**$129,574,182**	**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)	**September 30, 2022**	December 31, 2021
Real estate mortgage	**$4,661,581**	$4,373,338
Production and intermediate-term	**8,733,554**	7,678,693
Other	**1,303,276**	1,072,245
Total loans	**$14,698,411**	$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 September 30, 2022	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	$114,651,342	100.0 %	$—	— %	$—	— %	$114,651,342	100.0 %
Retail loans:								
Real estate mortgage	4,614,008	98.2 %	26,564	0.6 %	55,971	1.2 %	4,696,543	100.0 %
Production and intermediate-term	8,251,278	93.1 %	359,617	4.1 %	245,516	2.8 %	8,856,411	100.0 %
Loans to OFIs	842,002	100.0 %	—	— %	—	— %	842,002	100.0 %
Other	1,250,143	95.3 %	15,016	1.1 %	47,478	3.6 %	1,312,637	100.0 %
Total retail loans	14,957,431	95.2 %	401,197	2.6 %	348,965	2.2 %	15,707,593	100.0 %
Total loans	$129,608,773	99.4 %	$401,197	0.3 %	$348,965	0.3 %	$130,358,935	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 September 30, 2022 or December 31, 2021.

Aging Analysis of Loans

(in thousands) As of September 30, 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	$—	$—	$—	$114,651,342	$114,651,342	$—
Retail loans:						
Real estate mortgage	5,580	2,033	7,613	4,688,930	4,696,543	295
Production and intermediate-term	23,227	18,481	41,708	8,814,703	8,856,411	11,921
Loans to OFIs	—	—	—	842,002	842,002	—
Other	331	478	809	1,311,828	1,312,637	—
Total retail loans	29,138	20,992	50,130	15,657,463	15,707,593	12,216
Total loans	$29,138	$20,992	$50,130	$130,308,805	$130,358,935	$12,216

(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)	**September 30, 2022**	December 31, 2021
Nonaccrual loans:		
Current as to principal and interest	**$37,602**	$37,785
Past due	**10,384**	13,555
Total nonaccrual loans	**47,986**	51,340
Accruing restructured loans	**3,200**	3,424
Accruing loans 90 days or more past due	**12,216**	2,531
Total risk loans	**$63,402**	$57,295
Volume with specific reserves	**$31,276**	$34,929
Volume without specific reserves	**32,126**	22,366
Total risk loans	**$63,402**	$57,295
Specific reserves	**$7,618**	$7,561

Note: Accruing loans include accrued interest receivable.

For the nine months ended September 30,	**2022**	2021
Income on accrual risk loans	**$460**	$524
Income on nonaccrual loans	**5,312**	7,079
Total income on risk loans	**$5,772**	$7,603
Average risk loans	**$62,155**	$76,747

Risk Loans by Type

(in thousands)	September 30, 2022	December 31, 2021
Nonaccrual loans:		
Real estate mortgage	**$14,935**	$16,068
Production and intermediate-term	**31,725**	33,869
Other	**1,326**	1,403
Total nonaccrual loans	**$47,986**	$51,340
Accruing restructured loans:		
Real estate mortgage	**$3,136**	$3,334
Production and intermediate-term	**16**	41
Other	**48**	49
Total accruing restructured loans	**$3,200**	$3,424
Accruing loans 90 days or more past due:		
Real estate mortgage	**$295**	$—
Production and intermediate-term	**11,921**	2,531
Total accruing loans 90 days or more past due	**$12,216**	$2,531
Total risk loans	**$63,402**	$57,295

Note: Accruing loans include accrued interest receivable.

We had no wholesale loans classified as risk loans at September 30, 2022 or December 31, 2021.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of September 30, 2022			For the nine months ended September 30, 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	$7,756	$8,782	$2,226	$8,152	$—
Production and intermediate-term	22,835	25,375	5,213	23,907	—
Other	685	792	179	637	—
Total	$31,276	$34,949	$7,618	$32,696	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$10,611	$11,278	$—	$10,859	$1,719
Production and intermediate-term	20,826	36,550	—	18,016	4,051
Other	689	865	—	584	2
Total	$32,126	$48,693	$—	$29,459	$5,772
Total impaired loans:					
Real estate mortgage	$18,367	$20,060	$2,226	$19,011	$1,719
Production and intermediate-term	43,661	61,925	5,213	41,923	4,051
Other	1,374	1,657	179	1,221	2
Total	$63,402	$83,642	$7,618	$62,155	$5,772

(in thousands)	As of December 31, 2021 Recorded Investment[1]	Unpaid Principal Balance[2]	Related Allowance	For the nine months ended September 30, 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	$10,204	$—
Production and intermediate-term	25,437	28,534	4,450	33,760	—
Other	1,059	1,169	366	347	—
Total	$34,929	$38,909	$7,561	$44,311	$—
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$10,969	$12,543	$—	$12,106	$2,878
Production and intermediate-term	11,004	30,051	—	19,602	4,723
Other	393	519	—	728	2
Total	$22,366	$43,113	$—	$32,436	$7,603
Total impaired loans:					
Real estate mortgage	$19,402	$21,749	$2,745	$22,310	$2,878
Production and intermediate-term	36,441	58,585	4,450	53,362	4,723
Other	1,452	1,688	366	1,075	2
Total	$57,295	$82,022	$7,561	$76,747	$7,603

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

We did not have material loan commitments to borrowers whose loans were at risk as of September 30, 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 nine months ended September 30, 2022 or 2021. We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of September 30, 2022.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the nine months ended September 30,	**2022**	2021
Balance at beginning of period	**$37,558**	$39,850
(Reversal of) provision for loan losses	**(4,000)**	1,000
Charge-offs	**(2,176)**	(6,215)
Recoveries	**2,748**	4,110
Balance at end of period	**$34,130**	$38,745

The “Provision for (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 $1.0 million reversal of net provision for unfunded commitments for the nine months ended September 30, 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**	**$37,558**
(Reversal of) provision for loan losses	**—**	**(1,354)**	**(4,999)**	**27**	**2,326**	**(4,000)**
Charge-offs	**—**	**(5)**	**(2,116)**	**—**	**(55)**	**(2,176)**
Recoveries	**—**	**5**	**2,732**	**—**	**11**	**2,748**
Balance as of September 30, 2022	**$—**	**$3,455**	**$26,189**	**$307**	**$4,179**	**$34,130**
As of September 30, 2022						
Ending balance: individually evaluated for impairment	**$—**	**$2,226**	**$5,213**	**$—**	**$179**	**$7,618**
Ending balance: collectively evaluated for impairment	**$—**	**$1,229**	**$20,976**	**$307**	**$4,000**	**$26,512**
Recorded investments in loans outstanding:						
Ending balance as of September 30, 2022	**$114,651,342**	**$4,696,543**	**$8,856,411**	**$842,002**	**$1,312,637**	**$130,358,935**
Ending balance for loans individually evaluated for impairment	**$114,651,342**	**$18,367**	**$43,661**	**$—**	**$6,404**	**$114,719,774**
Ending balance for loans collectively evaluated for impairment	**$—**	**$4,678,176**	**$8,812,750**	**$842,002**	**$1,306,233**	**$15,639,161**

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate-term	Loans to OFIs	Other	Total
Allowance for loan losses:						
Balance as of December 31, 2020	$—	$3,751	$34,779	$285	$1,035	$39,850
Provision for (reversal of) loan losses	—	730	(1,197)	11	1,456	1,000
Charge-offs	—	(158)	(6,055)	—	(2)	(6,215)
Recoveries	—	161	3,941	—	8	4,110
Balance as of September 30, 2021	$—	$4,484	$31,468	$296	$2,497	$38,745
As of 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) **September 30, 2022**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Commercial paper and other	**$8,298,315**	**$272**	**$2,314**	**$8,296,273**	**3.2%**
U.S. Treasury securities	**6,087,983**	**—**	**231,387**	**5,856,596**	**0.4%**
Mortgage-backed securities	**6,549,773**	**2,140**	**628,401**	**5,923,512**	**2.0%**
Asset-backed securities	**98,136**	**—**	**2,027**	**96,109**	**2.5%**
Total	**$21,034,207**	**$2,412**	**$864,129**	**$20,172,490**	**2.0%**

(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 composed primarily of corporate commercial paper and certificates of deposit.

Contractual Maturities of AFS Investment Securities

	Year of Maturity				
(in thousands) **As of September 30, 2022**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Commercial paper and other	**$8,296,273**	**$—**	**$—**	**$—**	**$8,296,273**
U.S. Treasury securities	**3,415,704**	**2,440,892**	**—**	**—**	**5,856,596**
Mortgage-backed securities	**22**	**74,131**	**228,039**	**5,621,320**	**5,923,512**
Asset-backed securities	**1,573**	**94,536**	**—**	**—**	**96,109**
Total	**$11,713,572**	**$2,609,559**	**$228,039**	**$5,621,320**	**$20,172,490**
Weighted average yield	**2.4 %**	**0.7 %**	**2.0 %**	**2.0 %**	**2.0 %**

The expected average life is 1.5 years for asset-backed securities and 5.9 years for mortgage-backed securities at September 30, 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 September 30, 2022	**Value**	**Losses**	**Value**	**Losses**
Commercial paper and other	**$5,097,032**	**$2,314**	**$—**	**$—**
U.S. Treasury securities	**1,921,897**	**78,835**	**3,934,700**	**152,552**
Mortgage-backed securities	**3,633,465**	**256,771**	**1,827,695**	**371,630**
Asset-backed securities	**96,109**	**2,027**	**—**	**—**
Total	**$10,748,503**	**$339,947**	**$5,762,395**	**$524,182**

	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 $893.8 million of U.S. Treasury securities during the nine months ended September 30, 2022, resulting in losses of $4.0 million. There were no AFS investment securities sold during the nine months ended September 30, 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 September 30, 2022 or at December 31, 2021. There was no OTTI activity during the nine months ended September 30, 2022 or 2021.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	September 30, 2022	December 31, 2021	**Regulatory Minimums**	**Capital Conservation Buffer**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**16.5 %**	16.8 %	4.5 %	2.5 %	7.0 %
Tier 1 capital ratio	**17.1 %**	17.4 %	6.0 %	2.5 %	8.5 %
Total capital ratio	**17.1 %**	17.5 %	8.0 %	2.5 %	10.5 %
Permanent capital ratio	**17.1 %**	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	**2.2 %**	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 September 30, 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.

District Components of Net Periodic Benefit Cost

(in thousands)	Pension Benefits		Other Benefits	
For the nine months ended September 30,	**2022**	2021	**2022**	2021
Net periodic benefit cost:				
Service cost	**$19,879**	$20,223	**$135**	$156
Interest cost	**27,154**	22,817	**343**	290
Expected return on plan assets	**(50,097)**	(44,990)	**—**	—
Amortization of prior service credit	**(2,069)**	(2,254)	**—**	—
Amortization of net loss (gain)	**36,236**	44,606	**(657)**	(568)
Other cost	**1,163**	(4,558)	**—**	—
Net periodic benefit cost	**$32,266**	$35,844	**$(179)**	$(122)

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

For the nine months ended September 30, 2022, District employers have contributed $71.4 million to fund pension benefits. District employers anticipate contributing an additional $22.7 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. On June 20, 2022, AgriBank entered into a settlement agreement with the plaintiffs on all claims, and the lawsuit was dismissed.

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

While we are primarily liable for our portion of Systemwide bonds and notes, we are jointly and severally liable for the Systemwide bonds and notes of the other System Banks. The total bonds and notes of the System at September 30, 2022 was $377.2 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 other financial instruments consist of cash, loans, bonds, and notes and commitments to extend credit and letters of credit. Refer to 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 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 September 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Investments available-for-sale:				
Commercial paper and other	**$—**	**$8,296,273**	**$—**	**$8,296,273**
U.S. Treasury securities	**—**	**5,856,596**	**—**	**5,856,596**
Mortgage-backed securities	**—**	**5,923,512**	**—**	**5,923,512**
Asset-backed securities	**—**	**96,109**	**—**	**96,109**
Total investments available-for-sale	**—**	**20,172,490**	**—**	**20,172,490**
Cash collateral posted with counterparties	**32,173**	**—**	**—**	**32,173**
Derivative assets	**—**	**59,722**	**—**	**59,722**
Total assets	**$32,173**	**$20,232,212**	**$—**	**$20,264,385**
Liabilities:				
Cash collateral posted by counterparties	**$13,820**	**$—**	**$—**	**$13,820**
Derivative liabilities	**—**	**18,285**	**—**	**18,285**
Total liabilities	**$13,820**	**$18,285**	**$—**	**$32,105**

(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 September 30, 2022 or December 31, 2021.

Non-Recurring Measurements

We had $24.8 million and $28.7 million of level 3 impaired loans measured at fair value on a non-recurring basis at September 30, 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 September 30, 2022	**Amount**	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:					
Cash	**$905,564**	**$905,564**	**$—**	**$—**	**$905,564**
Net loans	**129,516,394**	**—**	**—**	**120,112,166**	**120,112,166**
Total assets	**$130,421,958**	**$905,564**	**$—**	**$120,112,166**	**$121,017,730**
Liabilities:					
Bonds and notes	**$144,139,005**	**$—**	**$—**	**$134,455,861**	**$134,455,861**
Total liabilities	**$144,139,005**	**$—**	**$—**	**$134,455,861**	**$134,455,861**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$—**	**$—**	**$(1,837)**	**$(1,837)**

(in thousands) As of December 31, 2021	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
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 290 thousand and 688 thousand barrels of oil as of September 30, 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
Additions	—	4,501	—	—	4,501
Terminations	—	(705)	—	—	(705)
Maturities/amortization	(955)	(104)	(600)	(4)	(1,663)
As of September 30, 2021	$550	$5,064	$1,400	$144	$7,158
As of December 31, 2021	$900	$5,542	$1,400	$142	$7,984
Additions	**2,075**	**9,445**	**2,600**	**—**	**14,120**
Maturities/amortization	**—**	**(7,575)**	**(200)**	**(25)**	**(7,800)**
As of September 30, 2022	**$2,975**	**$7,412**	**$3,800**	**$117**	**$14,304**

Other Derivatives consisted of retail customer derivative products.

Credit Risk Management

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

With the exception of retail customer swaps, to minimize the risk of credit losses, we deal only with counterparties that have an investment-grade or better credit rating from a rating agency, and we monitor the credit standing and levels of exposure to individual counterparties. As of September 30, 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)	**September 30, 2022**	December 31, 2021
Notional amount[(1)]	**$7,467,045**	$1,942,175
Cash collateral posted with counterparties	**—**	24,750
Cash collateral posted by counterparties	**(13,820)**	—
Total collateral posted with counterparties, net	**$(13,820)**	**$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)	September 30, 2022	December 31, 2021
Notional Amount	**$6,837,045**	$6,042,175
Initial margin posted with counterparties	**32,173**	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" 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 (loss), net” on the Statements of Comprehensive Income.

Financial Statement Impact of Derivatives

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

	September 30, 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	**$51**	**$66,379**	$725	$3,251
Pay-fixed swaps	**100,402**	**377**	—	53,576
Floating-for-floating swaps	**17,839**	**110**	—	1,403
Total derivatives designated as hedging instruments	**118,292**	**66,866**	725	58,230
Derivatives not designated as hedging instruments:				
Pay-fixed swaps	**12,329**	**—**	306	2,676
Other derivative products	**126**	**11,090**	5,183	—
Total derivatives not designated as hedging instruments	**12,455**	**11,090**	5,489	2,676
Credit valuation adjustments	**(412)**	**—**	(7)	—
Total gross amounts of derivatives	**$130,335**	**$77,956**	$6,207	$60,906
Gross amounts offset in Statements of Condition	**(59,671)**	**(59,671)**	(1,031)	(1,031)
Variation margin settled	**(10,942)**	**—**	—	(4,591)
Net amounts in Statements of Condition	**$59,722**	**$18,285**	$5,176	$55,284

(in thousands)	**September 30, 2022**	December 31, 2021
Derivative assets, net	**$59,722**	$5,176
Derivative liabilities, net	**(18,285)**	(55,284)
Accrued interest payable on derivatives, net	**(6,842)**	(1,196)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted by counterparties	**(13,820)**	—
Cash collateral posted with counterparties	**32,173**	30,561
Net exposure amounts	**$52,948**	$(20,743)

The fair value of derivatives includes a credit valuation adjustment (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, $7.0 million of net gains in AOCI on derivative instruments that qualified as cash flow hedges are expected to be reclassified into earnings.

Cash Flow Hedging Relationships

(in thousands) **For the nine months ended September 30, 2022**	**Amount of Gain Recognized in OCI on Derivatives**	**Amount of Loss Reclassified from AOCI into Income**
Pay-fixed swaps	**$144,989**	**$(25,583)**
Floating-for-floating swaps	**17,112**	**(2,019)**
Total	**$162,101**	**$(27,602)**

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

The following table shows the effect of fair value and cash flow hedge accounting as well as economic hedges on the Statements of Comprehensive Income for the nine months ended September 30, 2022.

(in thousands)	Other non-interest income (loss), net		Interest Expense	
For the nine months ended September 30,	**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:	**$(582)**	$4,965	**$1,357,586**	$890,602
Asset and Liability Management Positions				
Fair value hedges:				
Interest rate derivatives	**—**	—	**64,208**	2,093
Bonds and notes	**—**	—	**(63,580)**	(2,196)
Cash flow hedges:				
Interest rate derivatives	**—**	—	**27,603**	28,479
Economic hedges:				
Interest rate derivatives	**(585)**	(317)	**—**	—
Commodity derivatives	**(1,328)**	—	**—**	—

Note: We do not exclude components from effectiveness testing for fair value or cash flow hedges. We reclassified gains or losses into earnings as a result of the discontinuance of certain cash flow hedges during the nine months ended September 30, 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)	**September 30, 2022**	December 31, 2021	**September 30, 2022**	December 31, 2021
Line Item on the Statements of Condition				
Bonds and notes	**$2,905,764**	$896,191	**$(66,003)**	$(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 Hedging Activity**	**Employee Benefits Activity**	**Total**
Balance at December 31, 2020	$90,784	$(201,629)	$(1,990)	$(112,835)
Other comprehensive (loss) income before reclassifications	(78,754)	35,025	—	(43,729)
Amounts reclassified from accumulated other comprehensive loss	—	28,479	164	28,643
Net other comprehensive (loss) income	(78,754)	63,504	164	(15,086)
Balance at September 30, 2021	$12,030	$(138,125)	$(1,826)	$(127,921)
Balance at December 31, 2021	$(78,338)	$(130,663)	$(1,954)	$(210,955)
Other comprehensive (loss) income before reclassifications	**(787,374)**	**162,101**	**—**	**(625,273)**
Amounts reclassified from accumulated other comprehensive loss	**3,998**	**27,602**	**177**	**31,777**
Net other comprehensive (loss) income	**(783,376)**	**189,703**	**177**	**(593,496)**
Balance at September 30, 2022	**$(861,714)**	**$59,040**	**$(1,777)**	**$(804,451)**

The derivatives and hedging activity and employee benefit 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 November 7, 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. All Delta employees were terminated effective May 31, 2022. The assets are under the control of a liquidation agent and 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.

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

Disclosure Requirement	Description	Third Quarter 2022 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	38
Capital Structure	Regulatory capital components	38
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	39
Capital Buffers	Quantitative disclosures	39
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	40-41
Counterparty Credit Risk-Related Exposures	Counterparty exposures	41-42
Credit Risk Mitigation	Exposures with reduced capital requirements	42
Securitization	Securitization exposures	42
Equities	Equity exposures	43
Interest Rate Risk for Non-trading Activities	Interest rate sensitivity	43

Scope of Application

The AgriBank District is composed of Agricultural Credit Associations, each of which has wholly owned Farm Land Credit Association and Production Credit Association subsidiaries. AgriBank is primarily owned by these 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

Regulatory Capital Structure

(in thousands) **As of September 30, 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	**2,504,316**
Allocated equities:	
Allocated stock subject to retirement	**1,541,648**
Qualified allocated equities subject to retirement	**—**
Nonqualified allocated equities subject to retirement	**—**
Nonqualified allocated equities not subject to retirement	**—**
Unallocated retained earnings	**3,328,325**
Paid-in capital	**—**
Regulatory adjustments and deductions made to CET1	**(10,641)**
Total CET1	**$7,363,670**
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	**$7,613,670**
Total Capital	
Common Cooperative Equities not included in CET1	**$—**
Subordinated debt	**—**
Allowance for loan losses and reserves for commitments	**34,087**
Regulatory adjustments and deductions made to total capital	**—**
Total tier 2 capital	**34,087**
Total Capital	**$7,647,757**

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

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

As of September 30, 2022	
Exposures to:	
Sovereign entities	**$—**
Foreign bank entities	**523,959**
Government-sponsored enterprises[1]	**23,588,773**
Depository institutions and credit unions[2]	**81,163**
Public sector entities	**—**
Corporate, including borrower loans	**18,670,222**
Residential mortgage	**1,281,587**
Past due and nonaccrual	**93,890**
Securitization exposures	**171,409**
Cleared transactions	**240**
Unsettled transactions	**—**
All other assets	**236,883**
Deductions:	
Regulatory adjustments and deductions made to CET1	**10,641**
Regulatory adjustments and deductions made to AT1[3]	**—**
Regulatory adjustments and deductions made to T2[4]	**—**
Total standardized risk-weighted assets	**$44,637,485**

[1] Includes exposures to Farm Credit System entities

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

[3] AT1 capital is additional tier 1 capital

[4] T2 is tier 2 capital

As of September 30, 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 $537.6 million as of September 30, 2022.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	**Required Buffer**	**As of September 30, 2022**	**Calculated Buffer**
Common equity tier 1 capital ratio	4.5 %	2.5 %	**16.5 %**	**12.0 %**
Tier 1 capital ratio	6.0 %	2.5 %	**17.1 %**	**11.1 %**
Total capital ratio	8.0 %	2.5 %	**17.1 %**	**9.1 %**
Capital conservation buffer				**9.1 %**
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 September 30, 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 September 30, 2022**	End of Period	3-month Average Daily Balance
Loans	**$129,574,182**	**$127,047,282**
Investments (including federal funds)	**20,172,490**	**19,928,664**
Loan and other commitments	**20,600,147**	**23,316,250**
Letters of credit	**152,925**	**152,369**

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of September 30, 2022**	Notional Amount	Gross Positive Value	Notional Amount	Gross Positive Value
Cleared derivatives	**$6,837,045**	**$14,464**	**$5,235,653**	**$2,102**
Bilateral derivatives [1]	**7,467,045**	**42,765**	**6,130,440**	**13,648**

[1] Excludes notional amount for commodity hedges

Exposures by Final Contractual Maturity

(in thousands) **As of September 30, 2022**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$22,888,550**	**$91,762,792**	**$—**	**$114,651,342**
Retail loans	**4,866,079**	**9,078,714**	**1,762,800**	**15,707,593**
Investments (including federal funds)	**11,713,573**	**2,609,559**	**5,849,358**	**20,172,490**
Wholesale loan commitments	**4,111,337**	**12,778,491**	**—**	**16,889,828**
Retail loan and other commitments [1]	**2,070,040**	**1,505,154**	**135,125**	**3,710,319**
Cleared derivative notional	**3,150,000**	**2,613,970**	**1,073,075**	**6,837,045**
Bilateral derivative notional [2]	**5,900,000**	**888,970**	**678,075**	**7,467,045**

[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 September 30, 2022

Wholesale Portfolio		Retail Portfolio	
Iowa	**10 %**	Illinois	**12 %**
Illinois	**9 %**	Minnesota	**11 %**
Nebraska	**8 %**	Nebraska	**7 %**
Minnesota	**7 %**	Indiana	**7 %**
Indiana	**6 %**	Ohio	**6 %**
Michigan	**6 %**	Iowa	**6 %**
Wisconsin	**5 %**	Tennessee	**6 %**
Ohio	**5 %**	Other	**45 %**
South Dakota	**5 %**		
Missouri	**5 %**		
Other	**34 %**		
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 2021 Annual Report. Current period distribution has not materially changed from December 31, 2021.

Loan and Commitment Commodity Distribution

As of September 30, 2022

Retail Portfolio	
Crops	**58 %**
Cattle	**9 %**
Loans to OFIs	**8 %**
Other	**25 %**
Total	**100 %**

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

Refer to the Derivative Financial Instruments section in the Management's Discussion and Analysis and Note 8 of the accompanying Financial Statements for more information on credit risk mitigation related to derivatives.

We have not entered into any credit default swap agreements to mitigate our credit exposure to counterparties. Refer to Note 8 of the accompanying Financial Statements for the gross positive fair value of contracts, collateral held and the net unsecured credit exposure. The derivative portfolio is not covered by guarantees.

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

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

Loan and Commitment Exposures Covered by Guarantees

(in thousands) **As of September 30, 2022**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed		
Loans	**$188**	**$—**
Conditionally guaranteed		
Loans	**$24,319**	**$4,864**
Commitments	**9**	**1**
Total	**$24,516**	**$4,865**

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

Investment Exposures Covered by Guarantees

(in thousands) **As of September 30, 2022**	**3-month Average Daily Balance**	**Risk-weighted 3-month Average Daily Balance**
Unconditionally guaranteed	**$11,214,629**	**$—**
Conditionally guaranteed	**1,776,194**	**355,239**
Total	**$12,990,823**	**$355,239**

Credit risk in our investment portfolio is largely mitigated by investing primarily in securities issued or guaranteed by the U.S. government or one of its agencies. Credit risk in our investment portfolio primarily exists in investment securities that are not guaranteed by the U.S. government or one of its agencies, which include our certificates of deposit, commercial paper, non-agency mortgage-backed securities and asset-backed securities, all of which were of high credit quality and met eligibility requirements as of September 30, 2022.

Securitization

For the three months ended September 30, 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 September 30, 2022**	**Exposure**	**Weighted average risk-weight factor**	**Risk-weighted assets**
Gross up risk weight bands:			
100%	**$38,325**	**100%**	**$38,325**
> 100% and < 1,250%	**65,991**	**202%**	**133,084**
1250%	**—**	**1250%**	**—**
Total risk-weighted securitization assets	**$104,316**	**164%**	**$171,409**

Equities

We are a limited partner in certain Rural Business Investment Companies (RBICs) for various relationship and strategic reasons. These are not publicly traded, and the book value approximates fair value. There have been no sales or liquidations of these investments during the period. As of September 30, 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 September 30, 2022**	**Disclosed in Other Assets**	**Life-to-Date losses recognized in Retained Earnings[1]**
RBIC	**$26,632**	**$3,752**

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

Interest Rate Risk

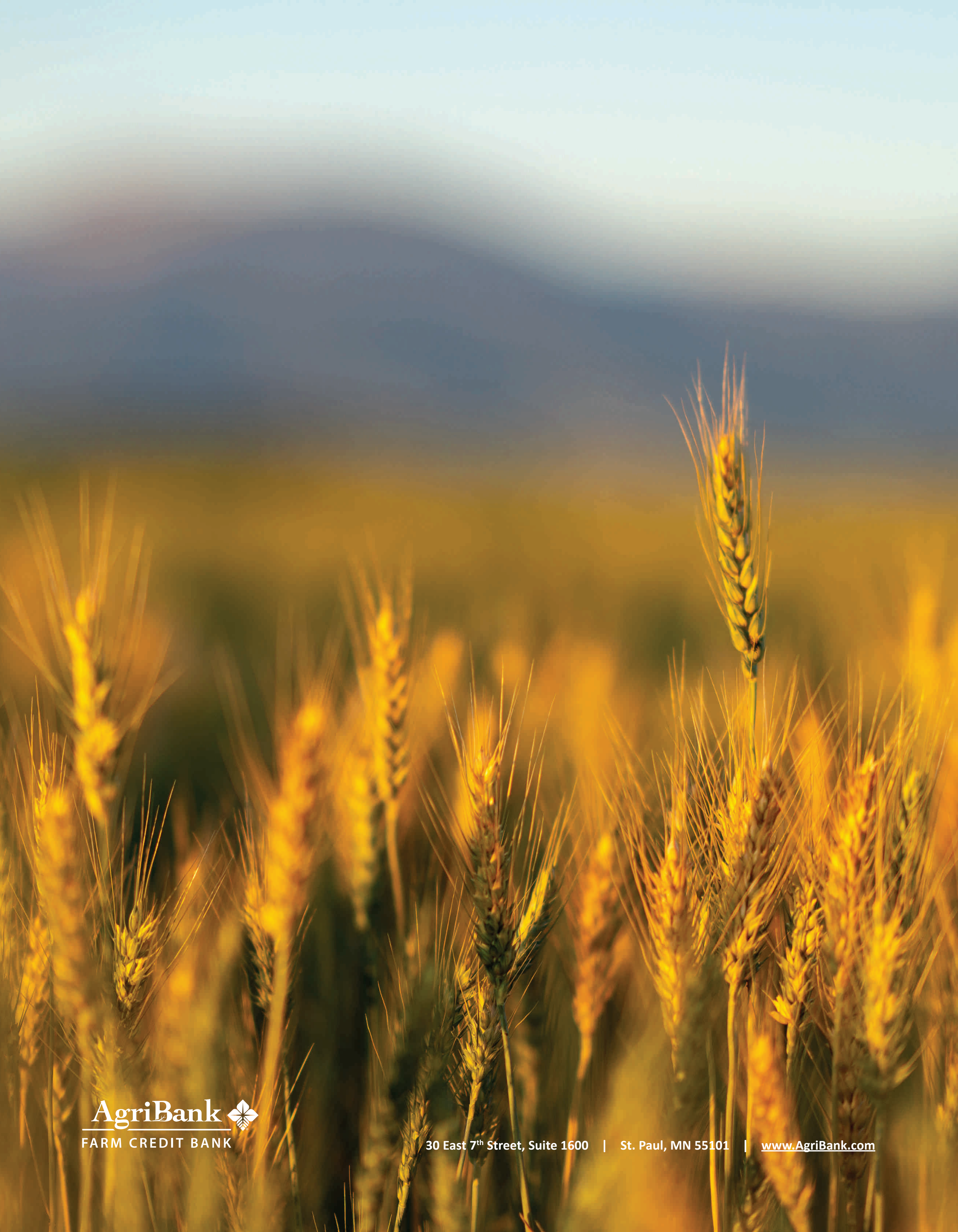
Our policies establish a maximum variance from our base case in a plus or minus 200 basis point change in rates, except when the U.S. Treasury three-month rate is below 4 percent, at which time the minus scenario is limited to one-half of the U.S. Treasury three-month rate. Because of the low interest rates at September 30, 2022, the down scenario is limited to a down 165 basis point change.

NII Sensitivity Analysis

	Basis Point Interest Rate Change			
As of September 30, 2022	**Down 165**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
NII sensitivity	**(1.2)%**	**(0.8)%**	**0.9 %**	**1.5 %**
Board policy	**(15.0)%**			**(15.0)%**
Gradual Change (Ramp):				
NII sensitivity			**0.1 %**	**(0.1)%**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change			
As of September 30, 2022	**Down 165**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
EVE sensitivity	**7.6 %**	**4.0 %**	**(2.8)%**	**(5.0)%**
Board policy	**(12.0)%**			**(12.0)%**



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