

TERM SHEET

*Federal Farm Credit Banks  
Consolidated Systemwide  
Bonds*



This Term Sheet relates to the Bonds described below and should be read in conjunction with the Federal Farm Credit Banks Consolidated Systemwide Bonds, Retail Bonds and Discount Notes Offering Circular dated December 8, 2014, as amended and supplemented (the "[Offering Circular](#)"). The Floating Rate Bonds described herein (the "SOFR Bonds") were sold to Merrill Lynch, Pierce, Fenner & Smith Inc and TD Securities (USA) LLC, as principals, for resale to investors at the Issue Price. Terms set forth below unless otherwise defined have the meaning ascribed to them in the Offering Circular.

**Principal Amount:** \$500,000,000

**Denomination:** \$1,000 and integral multiples of \$1,000 in excess thereof

**Issue Price:** 100.000%

**Issue Date & Settlement Date:** February 6, 2019

**Maturity Date:** February 6, 2020

**Reference Rate:** SOFR (as defined below)

**Interest Rate:** To be determined in accordance with the Offering Circular.

**Spread:** Plus 0.03%

**Maximum Interest Rate:** Not Applicable

**Minimum Interest Rate:** 0.000%

**Reset Dates:** Each calendar day, in accordance with the terms of the Offering Circular. For any Reset Date that is not a U.S. Government Securities Business Day the Reference Rate for such Reset Date will be the SOFR published on the first U.S. Government Securities Business Day immediately following such Reset Date. During the Rate Cut-Off Period, SOFR will be the rate in effect on the Calculation Date.

**Determination Date:** The day which is one U.S. Government Securities Business Day prior to each Reset Date.

**Calculation Date:** Two Business Days prior to each Interest Payment Date.

**Day Count Convention:** Actual/360

**Interest Payment Dates:** May 6, 2019, August 6, 2019, November 6, 2019, and the Maturity Date.

**Redemption:** The SOFR Bonds are not subject to redemption prior to the Maturity Date.

**Reopenings:** The outstanding principal amount of this issue may be increased from time to time.

**Underwriting Concession:** 0.01%

**Selling Concession:** 0.000%

**CUSIP Number:** 3133EJ 6X2

**Merrill Lynch, Pierce, Fenner & Smith Inc  
TD Securities (USA) LLC**

*The date of the Term Sheet is January 29, 2019.*

## **Risk Factors**

*The following supplements the “Risk Factors” section of the Offering Circular.*

The Secured Overnight Financing Rate (“SOFR”) is published by the FRBNY each U.S. Government Securities Business Day, for transactions made on the immediately preceding U.S. Government Securities Business Day, and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by United States Treasury (“UST”) securities. The FRBNY reports that the SOFR includes all trades in the Broad General Collateral Rate, plus bilateral UST repurchase agreement transactions cleared through the delivery-versus-payment service offered by the Fixed Income Clearing Corporation (the “FICC”), a subsidiary of the Depository Trust and Clearing Corporation (“DTCC”). The SOFR is filtered by the FRBNY to remove a portion of the foregoing transactions considered to be “specials”. The FRBNY reports that the SOFR is calculated as a volume-weighted median of transaction-level tri-party repo data collected from The Bank of New York Mellon as well as General Collateral Finance repurchase agreement transaction data and data on bilateral UST repurchase transactions cleared through the FICC’s delivery-versus-payment service. The FRBNY notes that it obtains information from DTCC Solutions LLC, an affiliate of DTCC.

The FRBNY notes on its publication page for the SOFR that use of the SOFR is subject to important limitations and disclaimers, including that the FRBNY may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR at any time without notice. Because the SOFR is published by the FRBNY based on data received from other sources, the Funding Corporation has no control over its determination, calculation or publication. There can be no guarantee that the SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the SOFR Bonds. If the manner in which the SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on the SOFR Bonds and the trading prices of the SOFR Bonds. If the rate at which interest accrues on any day (meaning SOFR for that Reset Date plus or minus the applicable spread) declines to zero or becomes negative, no interest will be payable on the SOFR Bonds in respect of that day.

The FRBNY began to publish the SOFR in April 2018. The FRBNY has also begun publishing historical indicative SOFRs going back to 2014. Investors should not rely on any historical changes or trends in the SOFR as an indicator of future changes in the SOFR. Also, since the SOFR is a relatively new market index, the SOFR Bonds will likely have no established trading market when issued, and an established trading market may never develop or may not be liquid. Market terms for bonds indexed to the SOFR, such as the spread over the index, may evolve over time, and trading prices of the SOFR Bonds may be lower than those of later-issued SOFR indexed bonds as a result. Similarly, if the SOFR does not prove to be widely used in securities like the SOFR Bonds, the trading price of the SOFR Bonds may be lower than those of bonds indexed to indices that are more widely used. Investors in the SOFR Bonds may not be able to sell the SOFR Bonds at all or may not be able to sell the SOFR Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. In addition, because the SOFR is a new market index, the opportunity to hedge exposure to the interest rate on the SOFR Bonds through futures, options, or other listed or over-the-counter derivative instruments linked to the SOFR may be limited as compared to an investment in bonds bearing an interest rate tied to a different market index.

## **Calculation of SOFR**

Each SOFR Bond will bear interest from and including its Issue Date to, but excluding, its Maturity Date at a rate per annum equal to the SOFR calculated as provided below either plus or minus a Spread, if any. Interest on the SOFR Bonds will be computed using an Actual/360 Day Count Convention.

“SOFR” means, with respect to any Reset Date:

- (1) the SOFR appearing at 3:00 p.m. (New York City time) on the FRBNY’s website (currently at <http://www.newyorkfed.org>, or any successor website of the FRBNY) based on the calculation of SOFR on the Determination Date using data from trades entered into on that date.
- (2) if the rate specified in (1) above does not so appear, and a SOFR Index Cessation Event and SOFR Index Cessation Date have not occurred, then the Funding Corporation shall use the SOFR published on the FRBNY’s website from the first preceding U.S. Government Securities Business Day on which the SOFR was last published on the FRBNY’s website.
- (3) if a SOFR Index Cessation Event and SOFR Index Cessation Date have occurred, the Funding Corporation shall calculate the SOFR as if references to the SOFR were references to the rate that was recommended as the replacement for the SOFR by the Federal Reserve Board and/or the FRBNY or a committee officially endorsed or convened by the Federal Reserve Board and/or the FRBNY for the purpose of recommending a replacement for the SOFR (which rate may be produced by the FRBNY or other designated administrator, and which rate may include adjustments and or spreads). If no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Event, then the Funding Corporation shall use the Overnight Bank Funding Rate appearing at 3:00 p.m. (New York City time) on the FRBNY’s website (“OBFR”) for any Reset Date after the SOFR Index Cessation Date (it being understood that the OBFR for any such Reset Date will be for transactions made on the related Determination Date).
- (4) if the Funding Corporation is required to use the OBFR, as described in (3) above, and an OBFR Index Cessation Event has occurred, then for any Reset Date after the OBFR Index Cessation Date, the Funding Corporation shall use the short-term interest rate target set by the Federal Open Market Committee and published on the FRBNY’s website, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee and published on the FRBNY’s website (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range).

The following definitions apply to the preceding description of the SOFR:

“OBFR Index Cessation Event” means the occurrence of one or more of the following events:

- (a) a public statement by the FRBNY (or a successor administrator of the OBFR) announcing that it has ceased or will cease to publish or provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide an OBFR; or
- (b) the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the OBFR) has ceased or will cease to provide the OBFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the OBFR.

“OBFR Index Cessation Date” means, in respect of an OBFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the OBFR), ceases to publish the OBFR, or the date as of which the OBFR may no longer be used.

“SOFR Index Cessation Date” means, in respect of a SOFR Index Cessation Event, the date on which the FRBNY (or any successor administrator of the SOFR), ceases to publish the SOFR, or the date as of which the SOFR may no longer be used.

“SOFR Index Cessation Event” means the occurrence of one or more of the following events:

- (a) a public statement by the FRBNY (or a successor administrator of the SOFR) announcing that it has ceased or will cease to publish or provide the SOFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a SOFR; or
- (b) the publication of information which reasonably confirms that the FRBNY (or a successor administrator of the SOFR) has ceased or will cease to provide the SOFR permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the SOFR.