AGRIBANK 2019 QUARTERLY REPORT

JUNE 30, 2019

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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 2018 Annual Report.

AgriBank is part of the customer-owned, nationwide Farm Credit System. Under Farm Credit's cooperative structure, AgriBank is primarily owned by 14 local Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. 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 2018 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 decreased $3.9 million, or 1.3 percent, to $287.1 million for the six months ended June 30, 2019, compared to the same period of the prior year. The decrease in net income was primarily due to a decrease in non-interest income. The decrease in non-interest income was mainly attributable to reversal of previously recorded mark-to-market gains on certain economic hedges, a decrease in mineral income and a decrease in distribution from the Farm Credit System Insurance Corporation (FCSIC). This decrease was partially offset by increased net interest income.

Return on assets ratio (ROA) of 53 basis points in the first half of 2019 is above our 50 basis point target.

Loan portfolio credit quality remained strong with 98.0 percent of our total loan portfolio in the acceptable category. As of June 30, 2019, two of AgriBank's wholesale loans were classified as other assets especially mentioned (special mention), and the remaining wholesale portfolio was classified as acceptable. Credit quality of our retail loan portfolio (accounting for approximately 9 percent of our total loan portfolio) increased slightly to 91.0 percent acceptable as of June 30, 2019, compared to 90.7 percent acceptable at

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Front cover photo: Carol Rice, Executive Assistant to the CEO
Back cover photo: Dave Berdahl, Manager Balance Sheet Management

December 31, 2018. Robust capital levels ensure we are well-positioned to manage the cyclicality that is characteristic of the agricultural market. Refer to the Loan Portfolio and Funding, Liquidity and Shareholders' Equity sections for further discussion.

Economic Conditions

Interest Rate Environment
U.S. economic activity is expected to advance at a moderate pace with forecasted growth of 2.5 percent in 2019 and 1.8 percent in 2020. U.S. economic growth should continue to be driven by consumer and investment spending. Consumer spending has remained strong due to elevated consumer confidence levels. Investment spending is expected to grow in 2019, but at a slower pace than in 2018. In addition, slower export growth due to the effects of the ongoing trade uncertainty with China, is expected to moderate economic growth in 2019.

The Federal Open Market Committee (FOMC) of the Federal Reserve lowered the federal funds rate by 25 basis points (bp) to 2.00 to 2.25 percent in July 2019. Recent comments from some FOMC members have shown an openness to lower the federal funds rate further in order to prolong the economic expansion, if inflation remains subdued. As such, the consensus forecast of economists suggests that the FOMC is likely to lower the federal funds rate by another 25 bp before the end of 2019. The U.S. Treasury yield curve has inverted (an inverted yield-curve occurs when long-term debts have a lower yield as compared with short-term debts) due to the expectation for interest rate cuts by the FOMC. Economists expect U.S. Treasury bond rates to remain mostly unchanged through the end of 2019 with the 2-year and 10-year rates around 1.85 and 2.15 percent, respectively.

We manage interest rate risk consistent with policies established by the AgriBank Board of Directors and limits established by AgriBank's Asset/Liability Committee (ALCO) (refer to Interest Rate Risk Management section of the 2018 Annual Report).

Agricultural Conditions
The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) has initially forecasted 2019 net farm income to increase $6.3 billion, or 10.0 percent, to $69.4 billion from the latest 2018 estimate of $63.1 billion. This increase is primarily driven by cash receipts, which more than offset decreased direct government payments and increased expenses. Although a notable improvement, this forecasted 2019 net farm income level measures $23.7 billion or 25.5 percent below the 10-year average when adjusting the value of the U.S. dollar for inflation over this time period.

Following this initial USDA-ERS forecast are some noteworthy events including: the proliferation of African Swine Fever (ASF) in China and Southeast Asia, another round of trade aid via the USDA, and the historically wet spring which has caused uncertainty around acreage planted and yield potential. These events could drive significant revisions to the U.S. farm sector financial outlook in updated forecasts.

Net cash farm income (net cash farm income excludes accrual based items like depreciation expense and inventory changes, which are included in net farm income calculations) is projected to increase by $4.3 billion in 2019 compared to 2018. This increase is based on projected higher cash crop, animal and animal products cash receipts, partially offset with only modestly higher projected cash expenses. Negatively impacting the net cash farm income projection is the expected decline in direct government payments. However, a 2019

Market Facilitation Program offers the potential for upside to cash farm income. Despite increased projected net cash farm income, U.S. farm sector working capital has declined in recent years, and further declines are projected in 2019, perpetuated by diminished levels of cash and other short-term assets, sustained low commodity prices and growing short-term debt.

While the farm sector's declining working capital remains a cause for concern in 2019, the solid U.S. economy does provide demand support for agricultural commodities. The primary area of risk will remain the export component of the demand for U.S. agricultural commodities, with a strong dollar and ongoing uncertainty surrounding the future of U.S. trade policy. The ASF outbreak has added a layer of complexity for both soybeans and hogs. The significant increase in hog futures early in the year provided an excellent opportunity for many pork producers to lock in profitable margins but those opportunities have nearly completely dissipated due to more recent futures price levels. Conversely, the ASF outbreak is bearish for soybeans as the substantial decline in Chinese hog numbers will reduce China's need for soybean imports overall. The revised Dairy Margin Protection Program in the Farm Bill and the new Dairy Revenue Protection Program may provide limited support for dairy farmers; however, the dairy market remains very challenged.

Producers who are able to realize cost of production efficiencies and market their farm products effectively are most likely to adapt to the current price environment. Optimal input usage, adoption of cost-saving technologies, negotiating adjustments to various business arrangements such as rental cost of agricultural real estate, and effective utilization of hedging and other price risk management strategies are all critical in yielding positive net income for producers.

Updated Industry Conditions
The following are industry conditions for which we have updated our outlook since December 31, 2018. For further analysis of industry conditions that have not experienced a change in outlook since December 31, 2018, refer to the Agricultural Conditions section of Management's Discussion and Analysis of the 2018 Annual Report.

Even though we have not changed our outlook for the pork and soybean industries, the continual proliferation of ASF in Europe and East Asia, particularly in China, has potential consequences for these markets. Generally, the ASF situation may result in support to U.S. animal protein producers and decreased Chinese demand for U.S. soybeans.

Cattle Feedlots
Operators experienced increased feed costs related to increased corn prices combined with increased supply of cattle on feed and decreased export demand in the first half of 2019. These conditions will pressure margins in the second half of the year. As a result we have changed our outlook for the cattle feedlots industry to Neutral-to-Negative from Neutral.

Timber
Data for the first half of 2019 indicate lower housing starts, which may result in decreased demand for forest products. As a result, we have changed our outlook for the timber industry to Neutral from Positive-to-neutral.

Land Values
Land values in the District are expected to remain stable or soften over the next year, primarily due to anticipated continued low levels of net farm income in 2019 and beyond. We will update the annual AgriBank District Benchmark Survey as of June 30, 2019, which will be available during the third quarter.

The Federal Reserve Banks of Minneapolis, Chicago, Kansas City and St. Louis reported on the change in farmland values from the end of the first quarter 2018 to the end of the first quarter 2019 in their respective districts. These Federal Reserve district reports indicated changes in overall farmland values ranging from a decrease of 1.5 percent to an increase of 1.0 percent.

The USDA 2018 land value survey, based primarily on agricultural producer opinions, indicated farmland values and cropland values in the AgriBank District increased 1.4 percent and 0.2 percent, respectively, compared to 2017 survey results.

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 limit lending to no more than 65 percent at origination. Many District Associations have implemented risk management practices that incorporate loan-to-appraised value thresholds below the 65 percent level. In addition, many District lenders impose lending caps per acre based on the land's sustainable income-producing capacity. While underwriting exceptions on loan-to-appraised-value are sometimes granted, in such cases loans are typically structured with shorter amortization schedules and/or additional principal payments in the early years to reduce risk.

Loan Portfolio

Components of Loans

(in thousands)	**June 30, 2019**	December 31, 2018
Accrual loans:		
Wholesale loans	**$85,514,881**	$83,806,569
Retail loans:		
Real estate mortgage	**$3,100,276**	$3,491,298
Production and intermediate-term	**4,824,273**	4,676,849
Loans to other financial institutions (OFIs)	**513,145**	549,113
Other	**177,325**	138,725
Total retail loans	**8,615,019**	8,855,985
Nonaccrual loans	**67,108**	54,147
Total loans	**$94,197,008**	$92,716,701

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

Loans totaled $94.2 billion at June 30, 2019, an increase of $1.5 billion from December 31, 2018. Within total loans, increased wholesale loans were driven by increased draws by District Associations, primarily to fund agribusiness volume and partially offset by paydowns on wholesale loans reflecting seasonal repayments on operating lines in the production and intermediate-term sector at District Associations.

The credit quality of our total loan portfolio remained strong with 98.0 percent classified as acceptable at June 30, 2019, unchanged from December 31, 2018. Adversely classified loans were 0.4 percent at June 30, 2019 compared to 0.5 percent at December 31, 2018. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong, even as some District Associations experience further gradual declines in their retail credit quality. Each District Association has allowances for loan losses, earnings and capital that absorb their credit losses before their losses would impact our wholesale loans. Credit quality of our retail loan portfolio increased slightly to 91.0 percent acceptable as of June 30, 2019, compared to 90.7 percent acceptable at December 31, 2018.

Components of Risk Assets

(in thousands)	**June 30, 2019**	December 31, 2018
Nonaccrual loans	**$67,108**	$54,147
Accruing restructured loans	**3,772**	3,819
Accruing loans 90 days or more past due	**21,203**	863
Total risk loans	**92,083**	58,829
Other property owned	**503**	566
Total risk assets	**$92,586**	$59,395
Risk loans as a % of total retail loans	**1.05%**	0.65%
Nonaccrual loans as a % of total retail loans	**0.76%**	0.60%
Delinquencies as a % of total retail loans	**1.15%**	0.82%
Risk loans as a % of total loans	**0.10%**	0.06%
Nonaccrual loans as a % of total loans	**0.07%**	0.06%
Delinquencies as a % of total loans	**0.11%**	0.08%

Note: Accruing loans include accrued interest receivable.

Risk assets remain at acceptable levels, and total risk loans as a percentage of total loans remains within our established risk management guidelines. Risk loans are primarily concentrated in the real estate mortgage and production and intermediate-term sectors, including certain loans in our crop input portfolio. Risk loans increased primarily due to loans in our crop input loan portfolio in the accruing loans past due 90 days. However, the risk in the crop input portfolio is mitigated by significant credit enhancements, including guarantees with third parties that are in a strong financial position. At June 30, 2019, 41.5 percent of nonaccrual loans were current as to principal and interest, compared to 51.8 percent at December 31, 2018.

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

	June 30, 2019	December 31, 2018
Allowance as a percentage of:		
Loans	**0.03%**	0.03%
Retail loans	**0.33%**	0.28%
Nonaccrual loans	**42.78%**	47.23%
Total risk loans	**31.17%**	43.47%
Adverse assets to capital and allowance for loan losses	**6.72%**	7.90%

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 June 30, 2019, the allowance increased $3.1 million, compared to December 31, 2018. This reflects $5.0 million of provision for loan losses during the six months ended June 30, 2019, partially offset by $1.9 million in net charge-offs.

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. The System continues to have reliable access to the debt capital markets to support its mission of providing credit to farmers, ranchers and other eligible borrowers. During the six months ended June 30, 2019, investor demand for Systemwide Debt Securities remained favorable.

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

Our liquidity policy and FCA regulations require maintaining minimum liquidity on a continuous basis of 120 days and 90 days, respectively. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments. As of June 30, 2019, we had sufficient liquidity to fund all debt maturing within 147 days. At June 30, 2019, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

Total shareholders' equity at June 30, 2019 was $6.0 billion, a $151.7 million increase from December 31, 2018. The increase was primarily driven by comprehensive income, which was substantially offset by patronage accrued.

At June 30, 2019, 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 six months ended June 30, 2019 was $287.1 million, a 1.3 percent decrease, compared to $291.0 million for the same period in 2018. Return on assets ratio through the six months ended June 30, 2019 of 53 basis points remained above AgriBank's 50 basis point target.

Changes in Significant Components of Net Income

(in thousands) **For the six months ended June 30,**	**2019**	2018	Increase in Net Income
Net interest income	**$322,604**	$298,405	$24,199
Provision for loan losses	**5,000**	1,000	(4,000)
Non-interest income	**37,022**	55,877	(18,855)
Non-interest expense	**67,545**	62,297	(5,248)
Net income	**$287,081**	$290,985	$(3,904)

The decrease in non-interest income was primarily due to the reversal of previously recorded mark-to-market gains on certain economic hedges and decreased mineral income. These options, related to our mineral income, increased in value during the fourth quarter of 2018, when oil prices decreased; however, as oil prices rebounded in the first half of 2019, the value of the options decreased. The losses recognized through June 30, 2019 have almost completely offset the gains recognized in the fourth quarter of 2018. Refer to Note 8 for additional information about derivatives and hedging.

Additionally, although we received an Allocated Insurance Reserve Accounts (AIRAs) distribution from the FCSIC during the first quarter of 2019, it was significantly less than the distribution received in 2018. The AIRAs were established by the FCSIC when premiums collected increased the level of the insurance fund beyond the required secured base amount of 2 percent of insured debt. Refer to the AgriBank 2018 Annual Report for additional information about the FCSIC.

The increase in non-interest expense was primarily due to increased servicing fees paid related to one of our retail portfolios.

The provision for loan losses for the first half of 2019 was higher than the same period of the prior year primarily due to an additional allowance requirement related to retail crop input financing portfolios and to a lesser extent, ongoing economic challenges impacting our retail credits.

Changes in Net Interest Income

(in thousands)

For the six months ended June 30,	2019 vs 2018		
Increase (decrease) due to:	Volume	Rate	Total
Interest income:			
Loans	$68,293	$211,858	$280,151
Investments	2,633	55,325	57,958
Total interest income	70,926	267,183	338,109
Interest expense:			
Systemwide debt securities and other	(54,463)	(259,447)	(313,910)
Net change in net interest income	$16,463	$7,736	$24,199

The increase in net interest income was attributable to contributions from both increased loan volume and increased interest rates earned on loans and investments. This increase was substantially offset by increased interest expense due to both higher interest expense paid on Systemwide debt and increased volume of Systemwide debt.

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 six months ended June 30,	2019			2018		
	ADB	Rate	NII	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	$84,267,293	2.84%	$1,185,574	$79,500,339	2.38%	$940,171
Retail accrual loans	8,442,437	4.62%	193,469	8,038,782	4.09%	163,170
Retail nonaccrual loans	58,007	22.22%	6,391	55,487	7.06%	1,943
Investment securities and federal funds	15,955,565	2.53%	200,565	15,671,098	1.84%	142,606
Total earning assets	108,723,302	2.94%	1,585,999	103,265,706	2.44%	1,247,890
Interest bearing liabilities	103,230,035	2.47%	1,263,395	97,844,302	1.96%	949,485
Interest rate spread	$5,493,267	0.47%		$5,421,404	0.48%	
Impact of equity financing		0.13%			0.10%	
Net interest margin		0.60%			0.58%	
Net interest income			$322,604			$298,405

Net interest margin for the six months ended June 30, 2019, increased 2 basis points compared to the same period of the prior year. This increase was primarily driven by equity financing and the increased interest rate spread on retail loans. Equity financing represents the benefit of non-interest bearing funding. As anticipated, the positive contribution from funding actions has declined due to the current interest rate environment.

Investment Securities Eligibility

The new FCA regulation governing the eligibility of investment securities for System Banks and Associations went into effect January 1, 2019. We have updated our policies, procedures and other documentation to ensure compliance with this new regulation. See our 2018 Annual Report for additional information about this new regulation.

Certification

The undersigned have reviewed the June 30, 2019 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.

Keri Votruba Chair of the Board AgriBank, FCB August 9, 2019	Jeffrey R. Swanhorst Chief Executive Officer AgriBank, FCB August 9, 2019	Jeffrey L. Moore Chief Financial Officer AgriBank, FCB August 9, 2019

Statements of Condition

AgriBank, FCB

(unaudited) **(in thousands)**	**June 30 2019**	December 31 2018
Assets		
Loans	**$94,197,008**	$92,716,701
Allowance for loan losses	**28,706**	25,571
Net loans	**94,168,302**	92,691,130
Investment securities	**14,446,095**	13,997,742
Cash	**316,466**	545,875
Federal funds	**1,749,700**	1,698,100
Accrued interest receivable	**741,781**	707,036
Derivative assets	**3,323**	29,981
Allocated prepaid pension costs	**44,189**	42,796
Cash collateral posted with counterparties	**42,175**	24,198
Other assets	**54,499**	34,826
Total assets	**$111,566,530**	$109,771,684
Liabilities		
Bonds and notes	**$104,948,676**	$103,123,344
Accrued interest payable	**411,252**	405,784
Derivative liabilities	**43,765**	14,584
Cash collateral posted by counterparties	**--**	5,231
Accounts payable and other payables	**100,293**	316,543
Other liabilities	**23,085**	18,433
Total liabilities	**105,527,071**	103,883,919
Commitments and contingencies (Note 10)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**2,721,942**	2,551,085
Allocated retained earnings	**262**	191
Unallocated retained earnings	**3,144,747**	3,136,359
Accumulated other comprehensive loss	**(77,492)**	(49,870)
Total shareholders' equity	**6,039,459**	5,887,765
Total liabilities and shareholders' equity	**$111,566,530**	$109,771,684

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited)

(in thousands)	Three months		Six months	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Interest income				
Loans	**$704,257**	$576,023	**$1,385,434**	$1,105,284
Investment securities	**100,313**	76,840	**200,565**	142,606
Total interest income	**804,570**	652,863	**1,585,999**	1,247,890
Interest expense	**640,955**	499,206	**1,263,395**	949,485
Net interest income	**163,615**	153,657	**322,604**	298,405
Provision for loan losses	**2,500**	1,000	**5,000**	1,000
Net interest income after provision for loan losses	**161,115**	152,657	**317,604**	297,405
Non-interest income				
Mineral income	**13,550**	16,824	**25,347**	31,437
Business services income	**5,384**	5,570	**11,405**	11,336
Loan prepayment and fee income	**3,061**	1,326	**4,855**	3,240
Allocated Insurance Reserve Accounts income	**--**	--	**2,391**	9,302
Miscellaneous income and other gains (losses), net	**893**	(477)	**(6,976)**	562
Total non-interest income	**22,888**	23,243	**37,022**	55,877
Non-interest expense				
Salaries and employee benefits	**9,039**	9,625	**18,079**	18,889
Other operating expenses	**10,834**	9,918	**21,066**	19,749
Loan servicing and other fees paid to District Associations	**12,298**	9,490	**24,380**	19,847
Farm Credit System insurance expense	**2,005**	1,879	**4,020**	3,812
Total non-interest expense	**34,176**	30,912	**67,545**	62,297
Net income	**$149,827**	$144,988	**$287,081**	$290,985
Other comprehensive (loss) income				
Not-other-than-temporarily-impaired investments	**$38,409**	$(4,355)	**$78,524**	$(34,412)
Derivatives and hedging activity	**(64,061)**	23,078	**(106,200)**	81,997
Employee benefit plan activity	**27**	32	**54**	64
Total other comprehensive (loss) income	**(25,625)**	18,755	**(27,622)**	47,649
Comprehensive income	**$124,202**	$163,743	**$259,459**	$338,634

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, 2017	$250,000	$2,345,655	$ --	$3,132,653	$(86,426)	$5,641,882
Net income				290,985		290,985
Other comprehensive income					47,649	47,649
Patronage				(194,965)		(194,965)
Perpetual preferred stock dividends				(8,594)		(8,594)
Capital stock/participation certificates issued		20,287				20,287
Capital stock/participation certificates retired		(13,832)				(13,832)
Balance at June 30, 2018	$250,000	$2,352,110	$ --	$3,220,079	$(38,777)	$5,783,412
Balance at December 31, 2018	$250,000	$2,551,085	$191	$3,136,359	$(49,870)	$5,887,765
Net income				**287,081**		**287,081**
Other comprehensive loss					**(27,622)**	**(27,622)**
Redemption of retained earnings allocated under patronage program			**(42)**			**(42)**
Patronage accrued		**132,857**		**(271,327)**		**(138,470)**
Retained earnings allocated under patronage program			**113**	**(113)**		**--**
Perpetual preferred stock dividends				**(8,594)**		**(8,594)**
Cumulative effect of change in accounting principal				**1,341**		**1,341**
Capital stock/participation certificates issued		**38,000**				**38,000**
Balance at June 30, 2019	**$250,000**	**$2,721,942**	**$262**	**$3,144,747**	**$(77,492)**	**$6,039,459**

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

Statements of Cash Flows

AgriBank, FCB

(unaudited)
(in thousands)

For the six months ended June 30,	2019	2018
Cash flows from operating activities		
Net income	$287,081	$290,985
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	2,093	1,572
Provision for loan losses	5,000	1,000
Amortization of discounts on investments, net	(71,739)	(41,021)
Amortization of discounts on debt and deferred debt issuance costs, net	39,303	30,033
Loss on derivative activities, net	6,142	275
Insurance refund related to FCS Financial Assistance Corporation stock	--	(3,376)
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	(1,173,811)	(939,779)
Increase in other assets	(18,754)	(2,027)
Increase in accrued interest payable	5,468	55,957
Increase (decrease) in other liabilities	17,613	(10,438)
Net cash used in operating activities	(901,604)	(616,819)
Cash flows from investing activities		
(Increase) decrease in loans, net	(343,106)	135,464
Proceeds from sales of other property owned	56	30
Purchases of investment securities	(2,341,824)	(1,969,250)
Proceeds from maturing investment securities	2,043,734	1,616,241
Purchases of premises and equipment, net	(1,641)	(1,664)
Proceeds from insurance refund related to FCS Financial Assistance Corporation stock	--	3,376
Net cash used in investing activities	(642,781)	(215,803)
Cash flows from financing activities		
Bonds and notes issued	100,070,052	97,127,074
Bonds and notes retired	(98,302,662)	(96,178,736)
(Increase) decrease in cash collateral posted with counterparties, net	(14,011)	6,841
(Decrease) increase in cash collateral posted by counterparties	(1,970)	6,390
Variation margin (paid) received on cleared derivatives, net	(46,570)	26,916
Patronage distributions paid	(367,669)	(295,998)
Preferred stock dividends paid	(8,594)	(8,594)
Capital stock/participation certificates issued, net	38,000	6,455
Net cash used in financing activities	1,366,576	690,348
Net decrease in cash and federal funds	(177,809)	(142,274)
Cash and federal funds at beginning of period	2,243,975	1,145,899
Cash and federal funds at end of period	$2,066,166	$1,003,625
Supplemental non-cash investing and financing activities		
Increase (decrease) in shareholders' equity from investment securities	$78,524	$(34,412)
Interest capitalized to loan principal	1,139,066	861,235
Patronage and preferred stock dividends accrued	183,520	107,969
Supplemental non-cash fair value changes related to hedging activities		
Decrease (increase) in derivative assets and liabilities, net	$93,703	$(69,503)
Increase (decrease) in bonds from derivative activity	18,639	(12,219)
(Decrease) increase in shareholders' equity from cash flow derivatives	(106,200)	81,997
Supplemental Information		
Interest paid	$1,218,624	$863,495

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

Notes to Financial Statements

AgriBank, FCB

(Unaudited)

NOTE 1

Organization and Significant Accounting Policies

AgriBank, FCB (AgriBank) is one of the Banks of the Farm Credit System (the System), a nationwide system of cooperatively owned Banks and Associations, established by Congress and subject to the provisions of the Farm Credit Act of 1971, as amended. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes. AgriBank and its District Associations are collectively referred to as the District. At June 30, 2019, the District had 14 Agricultural Credit Associations (ACA). Each parent ACA has wholly owned Federal Land Credit Association and Production Credit Association subsidiaries. AgriBank serves as the intermediary between the financial markets and the retail lending activities of the District Associations.

A description of our organization and operation, significant accounting policies followed, financial condition and results of operations as of and for the year ended December 31, 2018 are contained in the 2018 Annual Report. There have been no significant changes in our accounting policies since December 31, 2018, except as described in the Recently Issued Accounting Pronouncements. These unaudited second quarter 2019 Financial Statements should be read in conjunction with the Annual Report. The results for the six months ended June 30, 2019 do not necessarily indicate the results to be expected for the year ended December 31, 2019.

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. 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 February 2016, the FASB issued ASU 2016-02 "Leases." In July 2018, the FASB issued ASU 2018-11 “Leases (Topic 842): Targeted Improvements.” The guidance was effective for our first quarter of 2019.	The guidance modifies the recognition and accounting for lessees and lessors and requires expanded disclosures regarding assumptions used to recognize revenue and expenses related to leases. Upon adoption, a liability for lease obligations and a corresponding right-of-use asset is recognized on the Statements of Condition for all lease arrangements spanning more than 12 months. The guidance includes an optional transition method where an entity is permitted to apply the guidance as of the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings.	We adopted this guidance on January 1, 2019. The adoption of this guidance did not have a material impact on our financial condition, results of operations, and financial statement disclosures, and had no impact on our cash flows.
In August 2017, the FASB issued ASU 2017-12 “Targeted Improvements to Accounting for Hedging Activities.” This guidance was effective for our first quarter of 2019.	The guidance better aligns an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments in this guidance require an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. This guidance also addresses the timing of effectiveness testing, qualitative and quantitative effectiveness testing and components that can be excluded from effectiveness testing.	We adopted this guidance on January 1, 2019. The adoption of this guidance did not have a material impact to our results of operations as all derivative gains and losses, for which hedge accounting is applied, are now recognized in interest expense on the Statements of Comprehensive Income. We modified certain derivative-related financial statement disclosures. The adoption of this guidance did not impact our Statements of Financial Condition or Statements of Cash Flows.
In October 2018, the FASB issued ASU 2018-16 “Derivatives and Hedging (Topic 815).” This guidance was effective for our first quarter of 2019.	The amendments in this update permit the Overnight Index Swap (OIS) rate based on Secured Overnight Financing Rate (SOFR) as a U.S. benchmark interest rate. Including the OIS rate based on SOFR as an eligible benchmark interest rate during the early stages of the marketplace transition will facilitate the London Inter-bank Offered Rate (LIBOR) to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes.	Based on our review and analysis, this updated guidance is likely to impact our interest rate derivative contracts as future contracts will likely utilize the OIS rate based on SOFR. Further, existing contracts with expiration dates after the LIBOR phase-out date may be impacted by this updated guidance. We are currently unable to estimate the impact on our financial statements.

Standard and effective date	Description	Adoption status and financial statement impact
In August 2018, the FASB issued ASU 2018-13 “Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement." This guidance is effective for public business entities for our first quarter of 2020 and early adoption is permitted.	The guidance removes, adds and modifies certain disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement.	Based on our review and analysis, we have, and expect to, modify certain fair value related disclosures. We adopted a portion of this guidance and removed certain fair value disclosures as permitted by the guidance. We have no plans to early adopt the remaining guidance.
In August 2018, the FASB issued ASU 2018-15 “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract.” This guidance is effective for public business entities for our first quarter of 2020 and early adoption is permitted.	The guidance clarifies that implementation costs incurred in a hosting arrangement that is a service contract should be accounted for in the same manner as implementation costs incurred to develop or obtain internal-use software.	We are in the process of reviewing the accounting standard. Based on our preliminary review and analysis, this new guidance will not have a material impact on our financial condition, results of operations, cash flows and financial statement disclosures.
In August 2018, the FASB issued ASU 2018-14 “Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans. This guidance is effective for public business entities for our first quarter of 2021 and early adoption is permitted.	The guidance removes and adds certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.	We are in the process of reviewing the accounting standard. Based on our preliminary review and analysis, we expect to modify certain employee benefit plan related disclosures. Prior to the effective date, we may early adopt this disclosure guidance.
In June 2016, the FASB issued ASU 2016-13 “Financial Instruments - Credit Losses." The guidance is effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021 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 have no plans to early adopt this guidance. We have reviewed the accounting standard, selected and substantially completed development of our system, and are in the process of drafting disclosures. Significant implementation matters yet to be addressed include system testing, drafting of accounting policies and designing processes and controls. We are currently unable to estimate the impact on our financial statements.
In April 2019, the FASB issued ASU 2019-04 “Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.” The guidance on Topic 825 shares the effective dates and transition requirements in Update 2016-13.	The FASB decided to issue a separate Update for improvements to Updates 2016-01, 2016-13, and 2017-12 to increase stakeholders’ awareness of the amendments and to expedite improvements to the Codification. The amendments in this Update are intended to improve the Codification or correcting its unintended application. The items addressed in the amendments generally are not expected to have a significant effect on current accounting practice or to create a significant administrative cost for most entities.	We are in the process of reviewing the accounting standard relevant to our financial statements. Based on our preliminary review and analysis, certain parts of the update related to ASU 2016-13 may have an immaterial impact on our financial statements. We intend to adopt the portion of the guidance relevant to us concurrent with adoption of ASU 2016-13.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

(in thousands)	June 30, 2019 Amount	%	December 31, 2018 Amount	%
Wholesale loans	**$85,514,881**	**90.8%**	$83,806,569	90.4%
Retail loans:				
Real estate mortgage	**3,116,337**	**3.3%**	3,507,591	3.8%
Production and intermediate-term	**4,875,255**	**5.2%**	4,714,668	5.1%
Loans to other financial institutions (OFIs)	**513,145**	**0.5%**	549,113	0.6%
Other	**177,390**	**0.2%**	138,760	0.1%
Total retail loans	**8,682,127**	**9.2%**	8,910,132	9.6%
Total loans	**$94,197,008**	**100.0%**	$92,716,701	100.0%

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

Participations

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

Retail Loan Participations Purchased

(in thousands)	June 30, 2019	December 31, 2018
Real estate mortgage	**$3,116,239**	$3,507,474
Production and intermediate-term	**4,875,255**	4,714,668
Other	**177,390**	138,760
Total loans	**$8,168,884**	$8,360,902

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 June 30, 2019**	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$84,979,587**	**98.7%**	**$1,139,805**	**1.3%**	**$ --**	**--**	**$86,119,392**	**100.0%**
Retail loans:								
Real estate mortgage	**2,921,230**	**92.7%**	**114,184**	**3.6%**	**117,451**	**3.7%**	**3,152,865**	**100.0%**
Production and intermediate-term	**4,477,691**	**90.5%**	**185,057**	**3.7%**	**285,271**	**5.8%**	**4,948,019**	**100.0%**
Loans to OFIs	**435,805**	**84.3%**	**80,923**	**15.7%**	**--**	**--**	**516,728**	**100.0%**
Other	**173,214**	**97.1%**	**467**	**0.3%**	**4,674**	**2.6%**	**178,355**	**100.0%**
Total retail loans	**8,007,940**	**91.0%**	**380,631**	**4.4%**	**407,396**	**4.6%**	**8,795,967**	**100.0%**
Total loans	**$92,987,527**	**98.0%**	**$1,520,436**	**1.6%**	**$407,396**	**0.4%**	**$94,915,359**	**100.0%**

(in thousands) As of December 31, 2018	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	$83,296,237	98.7%	$1,068,364	1.3%	$ --	--	$84,364,601	100.0%
Retail loans:								
Real estate mortgage	3,295,294	92.8%	124,113	3.5%	130,336	3.7%	3,549,743	100.0%
Production and intermediate-term	4,313,582	90.0%	149,625	3.1%	331,225	6.9%	4,794,432	100.0%
Loans to OFIs	453,415	82.0%	99,318	18.0%	--	--	552,733	100.0%
Other	134,131	96.4%	275	0.2%	4,774	3.4%	139,180	100.0%
Total retail loans	8,196,422	90.7%	373,331	4.1%	466,335	5.2%	9,036,088	100.0%
Total loans	$91,492,659	98.0%	$1,441,695	1.5%	$466,335	0.5%	$93,400,689	100.0%

Note: Accruing loans include accrued interest receivable.

We had no loans categorized as loss at June 30, 2019 or December 31, 2018.

Aging Analysis of Loans

(in thousands) **As of June 30, 2019**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less than 30 Days Past Due**	**Total Loans**	**Accruing Loans 90 Days or More Past Due**
Wholesale loans	**$ --**	**$ --**	**$ --**	**$86,119,392**	**$86,119,392**	**$ --**
Retail loans:						
Real estate mortgage	**12,958**	**7,353**	**20,311**	**3,132,554**	**3,152,865**	**995**
Production and intermediate-term	**33,301**	**47,848**	**81,149**	**4,866,870**	**4,948,019**	**20,208**
Loans to OFIs	**--**	**--**	**--**	**516,728**	**516,728**	**--**
Other	**131**	**--**	**131**	**178,224**	**178,355**	**--**
Total retail loans	**46,390**	**55,201**	**101,591**	**8,694,376**	**8,795,967**	**21,203**
Total loans	**$46,390**	**$55,201**	**$101,591**	**$94,813,768**	**$94,915,359**	**$21,203**

(in thousands) As of December 31, 2018	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 of More Past Due
Wholesale loans	$ --	$ --	$ --	$84,364,601	$84,364,601	$ --
Retail loans:						
Real estate mortgage	9,847	6,229	16,076	3,533,667	3,549,743	--
Production and intermediate-term	42,741	15,191	57,932	4,736,500	4,794,432	863
Loans to OFIs	--	--	--	552,733	552,733	--
Other	362	--	362	138,818	139,180	--
Total retail loans	52,950	21,420	74,370	8,961,718	9,036,088	863
Total loans	$52,950	$21,420	$74,370	$93,326,319	$93,400,689	$863

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)	June 30, 2019	December 31, 2018
Nonaccrual loans:		
Current as to principal and interest	**$27,829**	$28,033
Past due	**39,279**	26,114
Total nonaccrual loans	**67,108**	54,147
Accruing restructured loans	**3,772**	3,819
Accruing loans 90 days or more past due	**21,203**	863
Total risk loans	**$92,083**	$58,829
Volume with specific reserves	**$33,666**	$32,648
Volume without specific reserves	**58,417**	26,181
Total risk loans	**$92,083**	$58,829
Specific reserves	**$3,882**	$6,911

Note: Accruing loans include accrued interest receivable.

For the six months ended June 30,	2019	2018
Income on accrual risk loans	**$490**	$142
Income on nonaccrual loans	**6,391**	1,943
Total income on risk loans	**$6,881**	$2,085
Average risk loans	**$73,684**	$61,480

Risk Loans by Type

(in thousands)	June 30, 2019	December 31, 2018
Nonaccrual loans:		
Real estate mortgage	**$16,063**	$16,293
Production and intermediate-term	**50,982**	37,819
Other	**63**	35
Total nonaccrual loans	**$67,108**	$54,147
Accruing restructured loans:		
Real estate mortgage	**$3,772**	$3,819
Total accruing restructured loans	**$3,772**	$3,819
Accruing loans 90 days or more past due:		
Real estate mortgage	**$995**	$ --
Production and intermediate-term	**20,208**	863
Total accruing loans 90 days or more past due	**$21,203**	$863
Total risk loans	**$92,083**	$58,829

Note: Accruing loans include accrued interest receivable.

We had no wholesale loans classified as risk loans at June 30, 2019 or December 31, 2018.
All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of June 30, 2019			For the six months ended June 30, 2019	
(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	$2,672	$3,227	$940	$2,580	$ --
Production and intermediate-term	30,960	32,921	2,928	23,283	--
Other	33	40	14	34	--
Total	$33,665	$36,188	$3,882	$25,897	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$18,158	$28,404	$ --	$17,528	$3,918
Production and intermediate-term	40,230	54,440	--	30,254	2,963
Other	30	208	--	5	--
Total	$58,418	$83,052	$ --	$47,787	$6,881
Total impaired loans:					
Real estate mortgage	$20,830	$31,631	$940	$20,108	$3,918
Production and intermediate-term	71,190	87,361	2,928	53,537	2,963
Other	63	248	14	39	--
Total	$92,083	$119,240	$3,882	$73,684	$6,881

	As of December 31, 2018			For the six months ended June 30, 2018	
(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	$2,740	$3,101	$743	$2,702	$ --
Production and intermediate-term	29,873	31,634	6,152	28,807	--
Other	35	41	16	66	--
Total	$32,648	$34,776	$6,911	$31,575	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$17,372	$28,148	$ --	$21,104	$1,515
Production and intermediate-term	8,809	27,220	--	8,775	569
Other	-	177	--	26	1
Total	$26,181	$55,545	$ --	$29,905	$2,085
Total impaired loans:					
Real estate mortgage	$20,112	$31,249	$743	$23,806	$1,515
Production and intermediate-term	38,682	58,854	6,152	37,582	569
Other	35	218	16	92	1
Total	$58,829	$90,321	$6,911	$61,480	$2,085

(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 any material commitments to lend additional money to borrowers whose loans were classified as risk loans as of June 30, 2019.

Troubled Debt Restructurings

Included within our loans are troubled debt restructurings (TDRs). These loans have been modified by granting a concession in order to maximize the collection of amounts due when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses. The primary types of modifications are extension of maturity or interest rate reduction below market. Our loans classified as TDRs and activity on these loans were not material during the six months ended June 30, 2019 or 2018. We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of June 30, 2019.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the six months ended June 30,	2019	2018
Balance at beginning of period	$25,571	$26,047
Provision for loan losses	5,000	1,000
Charge-offs	(2,301)	(2,569)
Recoveries	436	658
Balance at end of period	$28,706	$25,136

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, 2018	$ --	$2,093	$22,724	$474	$280	$25,571
Provision for (reversal of) loan losses	--	85	4,820	(42)	137	5,000
Charge-offs	--	(46)	(2,254)	--	(1)	(2,301)
Recoveries	--	117	316	--	3	436
Balance as of June 30, 2019	$ --	$2,249	$25,606	$432	$419	$28,706
As of June 30, 2019:						
Ending balance: individually evaluated for impairment	$ --	$940	$2,928	$ --	$14	$3,882
Ending balance: collectively evaluated for impairment	$ --	$1,309	$22,678	$432	$405	$24,824
Recorded investments in loans outstanding:						
Ending balance as of June 30, 2019	$86,119,392	$3,152,865	$4,948,019	$516,728	$178,355	$94,915,359
Ending balance for loans individually evaluated for impairment	$86,119,392	$20,830	$71,190	$ --	$63	$86,211,475
Ending balance for loans collectively evaluated for impairment	$ --	$3,132,035	$4,876,829	$516,728	$178,292	$8,703,884

(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, 2017	$ --	$2,298	$22,711	$425	$613	$26,047
(Reversal of) provision for loan losses	--	(79)	1,235	(77)	(79)	1,000
Charge-offs	--	(196)	(2,372)	--	(1)	(2,569)
Recoveries	--	165	491	--	2	658
Balance as of June 30, 2018	$ --	$2,188	$22,065	$348	$535	$25,136
As of December 31, 2018:						
Ending balance: individually evaluated for impairment	$ --	$743	$6,152	$ --	$16	$6,911
Ending balance: collectively evaluated for impairment	$ --	$1,350	$16,572	$474	$264	$18,660
Recorded investments in loans outstanding:						
Ending balance as of December 31, 2018	$84,364,601	$3,549,743	$4,794,432	$552,733	$139,180	$93,400,689
Ending balance for loans individually evaluated for impairment	$84,364,601	$20,112	$38,682	$ --	$35	$84,423,430
Ending balance for loans collectively evaluated for impairment	$ --	$3,529,631	$4,755,750	$552,733	$139,145	$8,977,259

Note: Accruing loans include accrued interest receivable.

NOTE 3

Investment Securities

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

Investment Securities

AFS Investment Securities

(in thousands) **As of June 30, 2019**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Mortgage-backed securities	**$5,285,647**	**$10,088**	**$34,248**	**$5,261,487**	**2.5%**
Commercial paper and other	**5,930,196**	**1,468**	**1,393**	**5,930,271**	**2.6%**
U.S. Treasury securities	**2,763,844**	**16,080**	**1,713**	**2,778,211**	**2.2%**
Asset-backed securities	**470,745**	**5,550**	**169**	**476,126**	**3.0%**
Total	**$14,450,432**	**$33,186**	**$37,523**	**$14,446,095**	**2.5%**

(in thousands) As of December 31, 2018	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$5,680,151	$7,596	$79,635	$5,608,112	2.2%
Commercial paper and other	5,342,331	289	449	5,342,171	2.7%
U.S. Treasury securities	2,834,099	1,014	12,474	2,822,639	1.5%
Asset-backed securities	224,021	840	41	224,820	3.1%
Total	$14,080,602	$9,739	$92,599	$13,997,742	2.2%

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

Contractual Maturities of AFS Investment Securities

	Year of Maturity				
(in thousands) **As of June 30, 2019**	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Mortgage-backed securities	**$73**	**$11,995**	**$890,655**	**$4,358,764**	**$5,261,487**
Commercial paper and other	**5,930,271**	**--**	**--**	**--**	**5,930,271**
U.S. Treasury securities	**1,343,205**	**1,435,006**	**--**	**--**	**2,778,211**
Asset-backed securities	**--**	**476,126**	**--**	**--**	**476,126**
Total	**$7,273,549**	**$1,923,127**	**$890,655**	**$4,358,764**	**$14,446,095**
Weighted average yield	**2.4%**	**2.6%**	**2.0%**	**2.6%**	**2.5%**

The expected average life is 1.5 years for asset-backed securities (ABS) and 3.2 years for mortgage-backed securities (MBS) at June 30, 2019. 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 June 30, 2019	**Value**	**Losses**	**Value**	**Losses**
Mortgage-backed securities	**$1,197,486**	**$4,546**	**$2,958,239**	**$29,702**
Commercial paper and other	**2,100,894**	**1,393**	**--**	**--**
U.S. Treasury securities	**146,135**	**212**	**753,477**	**1,501**
Asset-backed securities	**58,509**	**169**	**--**	**--**
Total	**$3,503,024**	**$6,320**	**$3,711,716**	**$31,203**

	Less than 12 months		More than 12 months	
(in thousands)	Fair	Unrealized	Fair	Unrealized
As of December 31, 2018	Value	Losses	Value	Losses
Mortgage-backed securities	$977,756	$2,424	$3,199,680	$77,211
Commercial paper and other	3,040,106	449	--	--
U.S. Treasury securities	562,322	1,386	1,689,148	11,088
Asset-backed securities	17,969	31	9,035	10
Total	$4,598,153	$4,290	$4,897,863	$88,309

There were no AFS investment securities sold during the six months ended June 30, 2019 or 2018.

We evaluate our investment securities for other-than-temporary impairment (OTTI) on a quarterly basis. We have determined no securities were in an OTTI position at June 30, 2019 or at December 31, 2018.

There was no OTTI activity during the six months ended June 30, 2019 or 2018.

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	June 30, 2019	December 31, 2018	**Regulatory Minimums**	**Capital Conservation Buffer [(1)]**	**Total**
Risk-adjusted:					
Common equity tier 1 capital ratio	**17.2%**	17.7%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**17.9%**	18.5%	6.0%	2.5%	8.5%
Total capital ratio	**18.0%**	18.6%	8.0%	2.5%	10.5%
Permanent capital ratio	**18.0%**	18.5%	7.0%	0.0%	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**5.5%**	5.5%	4.0%	1.0%	5.0%
UREE[(2)] leverage ratio	**2.9%**	3.0%	1.5%	0.0%	1.5%

[(1)] The 2.5% capital conservation buffer over risk-adjusted ratio minimums is being phased in over three years under the FCA capital requirements. The phase in period ends on December 31, 2019.

[(2)] Unallocated retained earnings and equivalents

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Protected participation certificates of $181 thousand are included in Capital Stock and Participation Certificates on the Statements of Changes in Shareholders' Equity as of June 30, 2019 and December 31, 2018.

NOTE 5

Employee Benefit Plans

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

District Components of Net Periodic Benefit Cost

(in thousands)	**Pension Benefits**		**Other Benefits**	
For the six months ended June 30,	**2019**	2018	**2019**	2018
Net periodic benefit cost:				
Service cost	**$12,584**	$15,139	**$108**	$132
Interest cost	**25,862**	23,214	**392**	336
Expected return on plan assets	**(34,336)**	(32,830)	**--**	--
Amortization of prior service credit	**(1,449)**	(1,808)	**--**	--
Amortization of net loss (gain)	**18,327**	24,678	**(759)**	(855)
Net periodic benefit cost	**$20,988**	$28,393	**$(259)**	($387)

Certain employees in the AgriBank District participate in the AgriBank District Retirement Plan, a governmental defined benefit retirement plan covering most of the District. The employers contribute amounts in accordance with the governing body's funding policy to provide the plan with sufficient assets to meet the benefits to be paid to participants. Refer to Note 8 in the 2018 Annual Report for a more complete description of the Employee Benefit Plans.

For the six months ended June 30, 2019, District employers have contributed $34.2 million to fund pension benefits. District employers anticipate contributing an additional $59.7 million to fund pension benefits in 2019. The Plan Sponsor Committee of the AgriBank District Retirement Plan determines the funding frequency of the plan. The Nonqualified Pension plan is funded as benefits are paid.

NOTE 6

Commitments and Contingencies

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

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

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

While we are primarily liable for our portion of Systemwide bonds and notes, we are jointly and severally liable for the Systemwide bonds and notes of the other System Banks. The total bonds and notes of the System at June 30, 2019 was $283.5 billion.

NOTE 7

Fair Value Measurements

We use fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Assets and liabilities measured at fair value on a recurring and non-recurring basis consist of federal funds, investments available-for-sale, derivative assets and liabilities, impaired loans, other property owned, and collateral assets and liabilities. The fair value is also calculated and disclosed for other financial instruments that are not measured at fair value on the Statements of Condition. These assets and liabilities consist of cash, loans, bonds and notes and commitments to extend credit and letters of credit. Refer to Note 12 in the 2018 Annual Report for descriptions of the valuation methodologies we use for asset and liabilities recorded at fair value on a recurring or non-recurring basis and for estimating fair value for financial instruments not recorded at fair value.

A fair value hierarchy is used for disclosure of fair value measurements to maximize the use of observable inputs. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Refer to Note 2 within the 2018 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 June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds	**$ --**	**$1,749,700**	**$ --**	**$1,749,700**
Investments available-for-sale:				
Mortgage-backed securities	**--**	**5,261,487**	**--**	**5,261,487**
Commercial paper and other	**--**	**5,930,271**	**--**	**5,930,271**
U.S. Treasury securities	**--**	**2,778,211**	**--**	**2,778,211**
Asset-backed securities	**--**	**476,126**	**--**	**476,126**
Total investments available-for-sale	**--**	**14,446,095**	**--**	**14,446,095**
Cash collateral posted with counterparties	**42,175**	**--**	**--**	**42,175**
Derivative assets	**--**	**3,323**	**--**	**3,323**
Total assets	**$42,175**	**$16,199,118**	**$ --**	**$16,241,293**
Liabilities:				
Derivative liabilities	**$ --**	**$43,765**	**$ --**	**$43,765**
Total liabilities	**$ --**	**$43,765**	**$ --**	**$43,765**

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2018	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds	$ --	$1,698,100	$ --	$1,698,100
AgriBank investments available-for-sale:				
Mortgage-backed securities	--	5,608,112	--	5,608,112
Commercial paper and other	--	5,342,171	--	5,342,171
U.S. Treasury securities	--	2,822,639	--	2,822,639
Asset-backed securities	--	224,820	--	224,820
Total investments available-for-sale	--	13,997,742	--	13,997,742
Cash collateral posted with counterparties	24,198	--	--	24,198
Derivative assets	--	29,981	--	29,981
Total assets	$24,198	$15,725,823	$ --	$15,750,021
Liabilities:				
Cash collateral posted by counterparties	$5,231	$ --	$ --	$5,231
Derivative liabilities	--	14,584	--	14,584
Total liabilities	$5,231	$14,584	$ --	$19,815

We had no level 3 assets measured at fair value on a recurring basis at any time during the six months ended June 30, 2019.

Non-Recurring Measurements

Assets Measured at Fair Value on a Non-recurring Basis

	As of June 30, 2019			
	Fair Value Measurement Using			Total Fair
(in thousands)	Level 1	Level 2	Level 3	Value
Impaired loans	$ --	$ --	$31,273	$31,273

	As of December 31, 2018			
	Fair Value Measurement Using			Total Fair
(in thousands)	Level 1	Level 2	Level 3	Value
Impaired loans	$ --	$ --	$27,023	$27,023

Other Financial Instrument Measurements

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

(in thousands) As of June 30, 2019	Total Carrying Amount	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$316,466	$316,466	$ --	$ --	$316,466
Net loans	94,138,518	--	--	94,728,954	94,728,954
Total assets	$94,454,984	$316,466	$ --	$94,728,954	$95,045,420
Liabilities:					
Bonds and notes	$104,948,676	$ --	$ --	$105,263,630	$105,263,630
Total liabilities	$104,948,676	$ --	$ --	$105,263,630	$105,263,630
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		$ --	$ --	$(1,256)	$(1,256)

(in thousands) As of December 31, 2018	Total Carrying Amount	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$545,875	$545,875	$ --	$ --	$545,875
Net loans	92,665,393	--	--	91,859,428	91,859,428
Total assets	$93,211,268	$545,875	$ --	$91,859,428	$92,405,303
Liabilities:					
Bonds and notes	$103,123,344	$ --	$ --	$102,061,474	$102,061,474
Total liabilities	$103,123,344	$ --	$ --	$102,061,474	$102,061,474
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		$ --	$ --	$(1,333)	$(1,333)

NOTE 8

Derivative and Hedging Activity

Use of Derivatives

We maintain an overall interest rate risk management strategy that incorporates the use of derivative products to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. Our goals are to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets and liabilities so that movements in interest rates do not adversely affect net interest margin. As a result of interest rate fluctuations, fixed-rate liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by our gains or losses on the derivative instruments that are linked to fixed-rate liabilities. Another result of interest rate fluctuations is that the interest expense of floating-rate liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by our gains and losses on the derivative instruments that are linked to these floating-rate liabilities. We consider the use of derivatives to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

All of our derivative activities are monitored by the Asset/Liability Committee (ALCO) as part of the Committee's oversight of our asset/liability and treasury functions. ALCO ensures that the Bank's derivative hedging strategies are implemented in line with the board's risk appetite and are incorporated into our overall asset/liability risk-management framework. Refer to Note 13 of the 2018 Annual Report for additional information regarding counterparty risk and our risk mitigation practices.

Interest Rate Risk Management

We primarily enter into derivative transactions, particularly interest rate swaps, to reduce funding costs, improve liquidity and manage interest rate sensitivity. Interest rate swaps allow us to change the characteristics of fixed or floating rate debt we issue by swapping to a synthetic fixed or floating rate lower than those available to us if borrowings were made directly. Under interest rate swap arrangements, we agree with other parties to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index.

Other Derivative Uses

Other uses for derivatives are as follows:

- We also provide interest rate swaps to qualified borrowers of the District Associations. These swaps allow qualified borrowers to manage their interest rate risk and lock in a fixed interest rate similar to a fixed rate loan. We manage the interest rate risk from customer swaps with the execution of offsetting interest rate swap transactions.
- We utilize commodity derivative instruments to manage mineral income volatility. We purchase commodity put options to protect against a decline in oil prices, which could significantly impact our mineral income.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed Swaps	Floating-for-Floating	Other Derivatives	Total
As of December 31, 2017	$2,617	$2,316	$2,700	$88	$7,721
Additions	200	78	--	8	286
Maturities/amortization	(625)	(51)	(200)	(1)	(877)
As of June 30, 2018	$2,192	$2,343	$2,500	$95	$7,130
As of December 31, 2018	$1,922	$2,342	$2,500	$94	$6,858
Additions	**--**	**47**	**--**	**47**	**94**
Maturities/amortization	**(90)**	**(15)**	**--**	**(15)**	**(120)**
As of June 30, 2019	**$1,832**	**$2,374**	**$2,500**	**$126**	**$6,832**

Other derivatives consisted of retail customer derivative products.

Credit Risk Management

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

To minimize the risk of credit losses, for non-customer bilateral derivatives we deal only with counterparties that have an investment-grade or better credit rating from a rating agency, and we monitor the credit standing and levels of exposure to individual counterparties. At June 30, 2019, we do not anticipate nonperformance by any of these counterparties. We typically enter into master agreements that contain netting provisions. These provisions allow us to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. All such derivative contracts are supported by bilateral collateral agreements with counterparties requiring collateral to be posted in the event certain dollar thresholds of exposure of one party to the other are reached. These thresholds vary depending on the counterparty's current credit rating.

Bilateral Interest Rate Swaps

(in thousands)	**June 30, 2019**	December 31, 2018
Notional amount	**$3,701,106**	$3,669,654
Cash collateral posted with counterparties	**$17,550**	$5,250
Cash collateral posted by counterparties	**--**	(1,970)
Total collateral posted with counterparties, net	**$17,550**	$3,280

We also clear derivative transactions through a futures commission merchant (FCM) with a clearinghouse or a central counterparty (CCP). When the swap is cleared by the two parties, the single bilateral swap is divided into two separate swaps with the CCP becoming the counterparty to both of the initial parties to the swap. CCPs have several layers of protection against default including margin, member capital contributions and

FCM guarantees of their customers' transactions with the CCP. FCMs also pre-qualify the counterparties to all swaps that are sent to the CCP from a credit perspective, setting limits for each counterparty and collecting initial and variation margin daily from each counterparty for changes in the value of cleared derivatives. The margin collected from both parties to the swap protects against credit risk in the event a counterparty defaults. The initial and variation margin requirements are set by and held for the benefit of the CCP.

Additional initial margin may be required and held by the FCM, due to its guarantees of its customers' trades with the CCP. Typically, daily variation margin payments are recognized as settlements rather than collateral posted.

Centrally Cleared Interest Rate Swaps

(in thousands)	**June 30, 2019**	December, 31 2018
Notional Amount	**$3,130,706**	$3,188,774
Initial margin posted with counterparties	**$20,658**	$18,948
Additional margin posted with (by) counterparties	**3,967**	(3,261)
Total margin posted with counterparties, net	**$24,625**	$15,687

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. Effective January 1, 2019, we include the gain or loss on the derivative in the same line item ("Interest expense") as the offsetting gain or loss on the related hedged item. Prior to the implementation of ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities," the gain or loss on derivatives representing hedge components excluded from the assessment of effectiveness were recorded in "Miscellaneous income and other gains (losses), net" on the Statements of Comprehensive Income.

Cash Flow Hedges: For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative is reported as a component of other comprehensive (loss) income, until earnings are affected by the variability of the cash flows of the hedged transaction. When reclassified to earnings, we include the gain or loss on the derivative in the "Interest expense" line item on the Statements of Comprehensive Income. Prior to the implementation of ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities," the gain or loss on derivatives representing hedge components excluded from the assessment of effectiveness were recorded in "Miscellaneous income and other gains (losses), net" on the Statements of Comprehensive Income.

Derivatives not Designated as Hedges: For derivatives not designated as a hedging instrument (economic hedges), the related change in fair value is recorded in current period earnings in "Miscellaneous income and other gains (losses), net" on the Statements of Comprehensive Income.

Financial Statement Impact of Derivatives

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

	June 30, 2019		December 31, 2018	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$4,202**	**$2,537**	$542	$18,176
Pay-fixed swaps	**5,892**	**74,342**	55,736	18,478
Floating-for-floating swaps	**--**	**3,745**	--	3,252
Total derivatives designated as hedging instruments	**10,094**	**80,624**	56,278	39,906
Derivatives not designated as hedging instruments:				
Pay-fixed swaps	**1,459**	**1,043**	4,030	118
Other derivative products	**3,291**	**1,085**	10,827	3,557
Total derivatives not designated as hedging instruments	**4,750**	**2,128**	14,857	3,675
Credit valuation adjustments	**(29)**	**--**	(309)	--
Total gross amounts of derivatives	**$14,815**	**$82,752**	$70,826	$43,581
Gross amounts offset in Statements of Condition	**(11,492)**	**(11,492)**	(28,997)	(28,997)
Variation margin settled	**--**	**(27,495)**	(11,848)	--
Net amounts in Statements of Condition	**$3,323**	**$43,765**	$29,981	$14,584

(in thousands)	**June 30, 2019**	December 31, 2018
Derivative assets, net	**$3,323**	$29,981
Derivative liabilities, net	**(43,765)**	(14,584)
Accrued interest payable on derivatives, net	**(3,409)**	(1,478)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted by counterparties	**--**	(5,231)
Cash collateral posted with counterparties	**42,175**	24,198
Net exposure amounts	**$(1,676)**	$32,886

The fair value of derivatives includes credit valuation adjustments (CVA). The CVA reflects credit risk of each derivative counterparty to which we have exposure, net of any collateral posted by the counterparty, and an adjustment for our creditworthiness 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. Prior to the implementation of ASU 2017-12 "Targeted Improvements to Accounting for Hedging Activities," the change in the CVA was included in "Miscellaneous income and other gains (losses), net" 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, $7.8 million of net losses in AOCI on derivative instruments that qualified as cash flow hedges are expected to be reclassified into earnings.

(in thousands) For the six months ended June 30, 2019	Amount of Loss Recognized in OCI on Derivatives	Amount of Gain (Loss) Reclassified from AOCI into Income
Pay-fixed swaps	$(102,603)	$3,104
Floating-for-floating swaps	(1,096)	(603)
Total	$(103,699)	$2,501

(in thousands) For the six months ended June 30, 2018	Amount of Gain Recognized in OCI on Derivatives	Amount of Gain Reclassified from AOCI into Income
Pay-fixed swaps	$79,904	$ --
Floating-for-floating swaps	2,093	--
Total	$81,997	$ --

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 six months ended June 30, 2019.

(in thousands) For the six months ended June 30, 2019	Miscellaneous Income and Other (Losses) Gains, net	Interest Expense
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:	$(6,976)	$1,263,395
Asset and Liability Management Positions		
Fair value hedges:		
Interest rate derivatives	--	(19,579)
Bonds and notes	--	18,639
Cash flow hedges:		
Interest rate derivatives	--	(2,501)
Economic hedges:		
Interest rate derivatives	778	--
Commodity derivatives	(7,859)	--

Note: AgriBank does not exclude components from effectiveness testing for fair value or cash flow hedges. AgriBank did not reclassify gains or losses into earnings as a result of the discontinuance of cash flow hedges during the the three months ended March 31, 2019.

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

(in thousands) For the six months ended June 30, 2019	Carrying Amount of the Hedged Item	Cumulative Fair Value Adjustment Included in the Carrying Amount of the Hedged Item
Line Item on the Statements of Condition		
Bonds and notes	$1,832,616	$946

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

NOTE 9

Accumulated Other Comprehensive Loss

Changes in Components of Accumulated Other Comprehensive Loss

(in thousands)	Not-other-than-temporarily-impaired Investments	Derivatives and Hedging Activity	Employee Benefit Plans Activity	Total
Balance at December 31, 2017	$(75,184)	$(10,119)	$(1,123)	$(86,426)
Other comprehensive (loss) income before reclassifications	(34,412)	81,997	--	47,585
Amounts reclassified from accumulated other comprehensive loss	--	--	64	64
Net other comprehensive (loss) income	(34,412)	81,997	64	47,649
Balance at June 30, 2018	$(109,596)	$71,878	$(1,059)	$(38,777)
Balance at December 31, 2018	$(82,857)	$34,005	$(1,018)	$(49,870)
Other comprehensive income (loss) before reclassifications	**78,524**	**(103,699)**	**--**	**(25,175)**
Amounts reclassified from accumulated other comprehensive loss	**--**	**(2,501)**	**54**	**(2,447)**
Net other comprehensive income (loss)	**78,524**	**(106,200)**	**54**	**(27,622)**
Balance at June 30, 2019	**$(4,333)**	**$(72,195)**	**$(964)**	**$(77,492)**

There were no material reclassifications from AOCI in either period ending June 30, 2019 or 2018.

NOTE 10

Subsequent Events

We have evaluated subsequent events through August 9, 2019, 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.

Additional Regulatory Information

AgriBank, FCB

(Unaudited)

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 2018 Annual Report, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in the 2018 Annual Report. As required by FCA Regulations, these disclosures, including Regulatory Capital ratios are made available for at least three years and can be accessed in our financial reports at www.AgriBank.com under Investor Relations.

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

Disclosure Requirement	Description	Second Quarter 2019 Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	34
Capital Structure	Regulatory capital components	35
Capital Adequacy	Risk-weighted assets Regulatory capital ratios	36
Capital Buffers	Quantitative disclosures	37
Credit Risk	Summary of exposures Geographic distribution Additional industry and counterparty distribution Contractual maturity Impaired loans and allowance for credit losses	37-39
Counterparty Credit Risk-Related Exposures	Counterparty exposures	39
Credit Risk Mitigation	Exposures with reduced capital requirements	39-40
Securitization	Securitization exposures	40
Equities	Equity exposures	40
Interest Rate Risk for Non-Trading Activities	Interest rate sensitivity	40-41

Scope of Application

As of June 30, 2019, the AgriBank District has 14 Agricultural Credit Associations, each of which has wholly owned Farm Land Credit Association and Production Credit Association subsidiaries. AgriBank is primarily owned by these 14 Farm Credit Associations. AgriBank is the primary funding source for all District Associations. AgriBank has no subsidiaries; therefore, the financial statements are only those of AgriBank and are not consolidated with any other entity.

Capital Structure

Refer to Note 4 of the accompanying financial statements and Note 7 of the 2018 Annual Report for a description of capital structure.

Regulatory Capital Structure

(in thousands) **As of June 30, 2019**	**3-month Average Daily Balance**
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	**$26**
Other required member purchased stock	**1,334,448**
Allocated equities:	
Allocated stock subject to retirement	**1,224,990**
Nonqualified allocated equities subject to retirement	**--**
Nonqualified allocated equities not subject to retirement	**--**
Unallocated retained earnings as regulatorily prescribed	**3,260,195**
Regulatory adjustments and deductions made to CET1	**(5,419)**
Total CET1	**$5,814,240**
Tier 1 Capital	
Non-cumulative perpetual preferred stock	**$250,000**
Total additional tier 1 capital	**250,000**
Total Tier 1 Capital	**$6,064,240**
Total Capital	
Allowance for loan losses	**$27,063**
Regulatory adjustments and deductions made to total capital	**--**
Total tier 2 capital	**27,063**
Total Capital	**$6,091,303**

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

(Risk-weighted 3-month average daily balance in thousands) **As of June 30, 2019**	
Exposures to:	
Sovereign entities	**$ --**
Foreign bank entities	**204,093**
Government-sponsored enterprises[(1)]	**18,487,461**
Depository insitutions and credit unions[(2)]	**345,193**
Public sector entities	**--**
Corporate, including borrower loans	**14,034,611**
Residential mortgage	**70,631**
Past due and nonaccrual	**1,159**
Securitization exposures	**570,162**
Cleared transactions	**155**
Unsettled transactions	**--**
All other assets	**81,032**
Deductions:	
Regulatory adjustments and deductions made to CET1	**5,419**
Regulatory adjustments and deductions made to AT1[(3)]	**--**
Regulatory adjustments and deductions made to T2[(4)]	**--**
Total standardized risk-weighted assets	**$33,789,078**

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

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

[(3)] AT1 capital is additional tier 1 capital

[(4)] T2 is tier 2 capital

As of June 30, 2019, the Bank was well-capitalized and exceeded all capital requirements to which it was subject, including applicable capital buffers. Because capital exceeded the buffer requirements, the Bank currently has no limitations on its distributions and discretionary bonus payments. The aggregate amount of eligible retained income was $205.3 million as of June 30, 2019.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	Required Buffer	As of June 30, 2019	Calculated Buffer
Common equity tier 1 capital ratio*	4.5%	1.3%	**17.2%**	**12.7%**
Tier 1 capital ratio*	6.0%	1.3%	**17.9%**	**11.9%**
Total capital ratio*	8.0%	1.3%	**18.0%**	**10.0%**
Capital conservation buffer				**10.0%**
Tier 1 leverage ratio	4.0%	1.0%	**5.5%**	**1.5%**
Leverage buffer				**1.5%**

*The 2.5% capital conservation buffer over risk-adjusted ratio minimums is being phased in over three years under the FCA capital requirements. The phase in period ends on December 31, 2019.

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 June 30, 2019. Refer to Note 3 for a summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type.

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 June 30, 2019**	End of Period	3-month Average Daily Balance
Loans	**$94,197,008**	**$93,673,941**
Investments	**16,195,795**	**15,955,773**
Loan commitments	**24,865,143**	**24,976,198**
Letters of credit	**99,481**	**101,276**

Credit Exposures - Derivatives

	End of Period		3-month Average Daily Balance	
(in thousands) **As of June 30, 2019**	Notional Amount	Net Liability Exposure	Notional Amount	Net Asset (Liability) Exposure
Cleared derivatives	**$3,130,706**	**$(30,382)**	**$3,093,179**	**$18,980**
Bilateral derivatives	**3,701,106**	**(40,933)**	**3,663,699**	**(28,428)**

Exposures by Final Contractual Maturity

(in thousands) **As of June 30, 2019**	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$2,213,904**	**$83,905,488**	**$ --**	**$86,119,392**
Retail loans	**1,618,772**	**3,880,912**	**3,296,283**	**8,795,967**
Investments (including federal funds)	**9,023,248**	**1,788,178**	**5,384,369**	**16,195,795**
Wholesale loan commitments	**546,706**	**21,801,038**	**--**	**22,347,744**
Retail loan and other commitments	**1,567,942**	**857,969**	**91,488**	**2,517,399**
Cleared derivative notional	**1,207,000**	**969,000**	**954,706**	**3,130,706**
Bilateral derivative notional	**500,400**	**2,024,000**	**1,176,706**	**3,701,106**

Note: Accruing loans include accrued interest receivable.

Loan and Commitment Geographic Distribution

As of June 30, 2019			
Wholesale Portfolio*		**Retail Portfolio**	
Nebraska	**28%**	Illinois	**13%**
Kentucky	**22%**	Minnesota	**13%**
Wisconsin	**20%**	Nebraska	**9%**
North Dakota	**9%**	Wisconsin	**8%**
Michigan	**9%**	Iowa	**8%**
Other	**12%**	Indiana	**5%**
Total	**100%**	Other	**44%**
		Total	**100%**

*Wholesale loan and commitment portfolio distribution is based on the headquarters of the District Association. For additional information regarding the geographic distribution of the retail loans held at District Associations, refer to the Portfolio Diversification section of the 2018 Annual Report. Current period distribution has not materially changed from December 31, 2018.

Loan and Commitment Commodity Distribution

As of June 30, 2019	
Retail Portfolio	
Crops	**59%**
Loans to OFIs	**10%**
Cattle	**7%**
Dairy	**6%**
Other	**18%**
Total	**100%**

Counterparty Credit Risk and Credit Risk Mitigation

Credit Risk Mitigation Related to Derivatives

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

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

Current credit exposure is the greater of zero or the fair market value of a derivative contract.

Current Credit Exposure

(in thousands)	As of June 30, 2019
Interest rate contracts	**$14,844**
Other contracts	**1,934**
Total	**$16,778**

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 June 30, 2019	3-month Average Daily Balance	Risk-weighted 3-month Average Daily Balance
Conditionally guaranteed		
Loans	**$19,334**	**$3,867**
Commitments	**59,599**	**2,384**
Total	**$78,933**	**$6,251**

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 June 30, 2019	3-month Average Daily Balance	Risk-weighted 3-month Average Daily Balance
Unconditionally guaranteed	$6,015,649	$ --
Conditionally guaranteed	4,832,559	762,419
Total	$10,848,208	$762,419

Securitization

Securitization Exposures

(3-month average daily balance in thousands) As of June 30, 2019	Exposure	Weighted average risk-weight factor	Risk-weighted assets
Gross up risk weight bands:			
100%	$11,317	100%	$11,317
> 100% and < 1,250%	396,113	141%	558,845
1,250%	--	1,250%	--
Total risk-weighted securitization assets	$407,430	140%	$570,162

Equities

We are a limited partner in certain Rural Business Investment Companies (RBIC) for various relationship and strategic reasons. These investments are not publicly traded, and the book value approximates fair value. There have been no sales or liquidations of these investments during the period.

Equity Investments included in Capital Ratios

(in thousands) As of June 30, 2019	Disclosed in Other Assets	Life-to-Date losses recognized in Retained Earnings[1]
RBIC	$16,080	$3,502

[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 June 30, 2019, the down scenario is limited to a down 105 basis point change.

NII Sensitivity Analysis

	Basis Point Interest Rate Change			
As of June 30, 2019	**Down 105**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
NII sensitivity	**6.0%**	**5.0%**	**4.9%**	**6.3%**
Board policy	**(15.0%)**			**(15.0%)**
Gradual Change (Ramp):				
NII sensitivity			**4.0%**	**6.0%**

Economic Value of Equity (EVE) Sensitivity Analysis

	Basis Point Interest Rate Change			
As of June 30, 2019	**Down 105**	**Down 100**	**Up 100**	**Up 200**
Immediate Change (Shock):				
EVE sensitivity	**2.1%**	**2.1%**	**(3.0%)**	**(6.2%)**
Board policy	**(12.0%)**			**(12.0%)**

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