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Supporting Farm Credit Associations that serve rural communities and agriculture.

AGRIBANK 2017 QUARTERLY REPORT
JUNE 30, 2017

AgriBank
FARM CREDIT BANK

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Management's Discussion and Analysis

AgriBank, FCB

(Unaudited)

The following commentary is a review of the financial condition and results of operations of AgriBank, FCB (AgriBank or the Bank). This information should be read in conjunction with the accompanying Financial Statements, the Notes to the Financial Statements and the 2016 Annual Report.

AgriBank is one of the Banks of the Farm Credit System (the System). We serve customers in states across America's heartland. AgriBank provides funding to, and is primarily owned by, District Associations. AgriBank and District Associations are collectively referred to as the District. The District Associations are chartered to serve customers in substantially all of Arkansas, Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Tennessee, Wisconsin and Wyoming. In this position, with its prime location in America's agricultural heartland and 100 years of experience, AgriBank and District Associations are respected partners for rural America based on our collective expertise in providing financial products and services for rural communities and agriculture.

In April 2017, the owners of two District Associations, AgCountry Farm Credit Services, ACA and United FCS, ACA, voted in favor of merging the Associations. The Farm Credit Administration (FCA) provided final approval for the merger in the second quarter of 2017. The merger was effective July 1, 2017 and the merged Association is named AgCountry Farm Credit Services, ACA and is headquartered in Fargo, N.D. The outstanding combined wholesale note balances for the merging Associations totaled $5.7 billion as of June 30, 2017.

Also in April 2017, the owners of three District Associations, 1st Farm Credit Services, ACA, AgStar Financial Services, ACA, and Badgerland Financial, ACA voted in favor of merging the Associations. The FCA provided final approval for the merger in the second quarter of 2017. The merger effective date was July 1, 2017, and the merged Association is named Compeer Financial and is headquartered in Sun Prairie, Wis. The outstanding combined wholesale note balances for the merging Associations totaled $15.5 billion as of June 30, 2017.

During 2016, District Associations and AgriBank conducted research related to the creation of a separate service entity to provide many of the business services offered by AgriBank. A separate service entity allows AgriBank and District Associations to develop and maintain long-term, cost-effective technology and business services. The service entity would be owned by AgriBank and certain District Associations. An application to form the service entity was submitted in May 2017 to the FCA for approval with an intended first quarter of 2018 effective date.

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 2016 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 increased $7.4 million, or 2.8 percent, to $267.6 million for the six months ended June 30, 2017, as compared to the same period of the prior year, driven primarily by an increase in net interest income. These results translated to an annualized return on average assets of 0.53 percent for the six months ended June 30, 2017 and 2016. Refer to the Results of Operations section for further discussion.

Loan portfolio credit quality remained strong with 99.6 percent of our total loan portfolio in the acceptable category. Credit quality of our retail loan portfolio (accounting for approximately 9 percent of our total loan portfolio) declined slightly to 94.9 percent acceptable as of June 30, 2017, but remained in a sound position. 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 continue advancing at a moderate pace as consumer spending remains resilient and investment spending rebounds from its negative growth rate in 2016. For 2017, the U.S. economy is forecast to grow at 2.2 percent due to the continued growth in consumer spending as a result of labor market improvements. The U.S. dollar weakened slightly in first half of 2017, adding to demand for U.S. exports.

The Federal Open Market Committee (FOMC) of the Federal Reserve has started the process of normalizing the level of interest rates. After the 25 basis point (bps) rate increase in June 2017, the target range for the federal funds rate stands at 1.00 to 1.25 percent. The path for the federal funds rates is expected to remain data-dependent and, according to Federal Reserve communications, anticipated economic conditions will warrant only gradual increases in policy rates. The consensus forecast of economists suggests that the FOMC will increase the federal funds rate by an additional 25 bps in 2017 to a target range of 1.25 to 1.50 percent. The U.S. Treasury yield curve has flattened in the first half of 2017 due to the Federal Reserve's increases to short-term rates and due to a decline in inflation expectations, which has pushed long term rates lower. Economists expect an increase of approximately 30 bps in U.S. Treasury rates by the end of 2017 with the 2-year and 10-year rates approaching 1.70 and 2.65 percent, respectively.

We manage interest rate risk consistent with policies established by the Board of Directors and limits established by our Asset/Liability Committee (ALCO) (refer to Interest Rate Risk Management section of the 2016 Annual Report). While many factors can impact net interest income, our analysis indicates that, in regard to most interest rate scenarios, financial performance will remain relatively consistent over the next 12 months.

Agricultural Conditions

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) projects net farm income for 2017 to decline $6.0 billion, or 8.8 percent, to $62.3 billion for 2017, from the revised 2016 estimate of $68.3 billion. This decline was primarily driven by a decline in the value of farm inventories of unsold crops and livestock. In addition, crop receipts are projected to decline slightly in 2017, but are expected to be more than offset by an increase in other cash farm-related income items, primarily commodity insurance indemnities.

Aggregate farm balance sheet forecasts indicate that U.S. farmers are likely to see limited deterioration in their equity position in 2017 due to slight declines in farm asset values and increasing total farm debt. The decline in farm asset values primarily relates to lower valuations on farm machinery and motor vehicles as producers hold on to older equipment, as well as a reduction in crop inventories. The increase in total farm debt is primarily related to increases in real estate debt. The overall U.S. farm debt-to-asset ratio is forecast to rise slightly to 13.9 percent, but still remains well below the record highs of over 20 percent during the 1980s.

An improving outlook for the U.S. economy is expected to support domestic demand for most agricultural commodities in 2017. The primary area of risk will remain the export side of the demand equation, with increased uncertainty surrounding the future of U.S. trade policy and currency fluctuations, to a lesser extent, having an impact. Of the major cash crops, wheat is likely in the weakest position from a supply-demand perspective entering 2017. However, specific classes of wheat have had significant price increases over the last few months because of very dry growing conditions in the northern plains. In addition to cash crops, pork, broilers and dairy are the agricultural sectors most heavily dependent upon exports and the most susceptible to foreign trade-related disruptions in 2017. Current feed costs should continue to support livestock and dairy margins. A full year of much lower feeder cattle prices should support margins in the cattle feedlot sector.

Producers who are able to realize cost and marketing efficiencies are most likely to weather the current price environment. Optimal input usage, adoption of cost-saving technologies, and effective utilization of hedging and other price risk management strategies are all critical in yielding positive net income for producers.

For further analysis of industry conditions, refer to the Agricultural Conditions section of Management's Discussion & Analysis of the 2016 Annual Report.

Land Values

The AgriBank District continues to monitor agricultural land values. We conduct an annual Benchmark Survey, completed by licensed real estate appraisers, of a sample of benchmark farms selected to represent the lending footprint of District Associations. The annual survey results will be compiled during the third quarter of 2017.

The Federal Reserve Banks of Chicago, Kansas City and St. Louis, as of the end of the first quarter of 2017, reported an overall stabilization of land values. The Federal Reserve Banks surveys cited a year-over-year change in the average value of farmland of negative 3.5 percent to positive 10 percent.

The USDA 2016 land value survey, based primarily on agricultural producer opinions, indicated a 0.3 percent decrease in farmland values and a 1.0 percent decrease in cropland values in the AgriBank District. States heavily concentrated in corn, soybeans and wheat production experienced declines in cropland values.

Declining agriculture land values are a potential lending risk, especially following periods of sustained, rapid land value increases. Agriculture land values have generally shown significant increases during the period of the mid-2000s through 2013. These increases were driven by significant increases in net farm income, especially within crop production and, to a lesser extent, livestock production operations. In addition, historically low interest rates were a driver in land value increases. Since 2013, agriculture land values have generally stabilized. Land values are expected to remain stable or soften over the next year, primarily due to anticipated continued lower levels of net farm income in 2017 and beyond and, to a lesser extent, expected increases in the level of interest rates.

Loan Portfolio

Components of Loans

(in thousands)	**June 30, 2017**	December 31, 2016
Accrual loans:		
Wholesale	**$78,626,822**	$78,300,557
Retail loans:		
Real estate mortgage	**3,630,602**	3,436,953
Production and intermediate-term	**3,499,227**	3,600,231
Agribusiness	**90,881**	65,228
Loans to other financing institutions (OFIs)	**601,654**	577,505
Other	**43,636**	44,077
Total retail loans	**7,866,000**	7,723,994
Nonaccrual retail loans	**53,899**	53,851
Total loans	**$86,546,721**	$86,078,402

The Other category is primarily comprised of communication and rural residential real estate loans.

Loans totaled $86.5 billion at June 30, 2017, an increase of $468.3 million, or 0.5 percent, from December 31, 2016. The increase in total loans was driven primarily by increases in our wholesale portfolio, and to a lesser extent, purchases through the Asset Pool program within real estate mortgage retail participations.

Credit quality on loans remained strong with 99.6 percent of our total portfolio in the acceptable category at June 30, 2017, unchanged from December 31, 2016. Adversely classified loans were 0.2 percent at June 30, 2017 and December 31, 2016. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong even as District Associations experience declines in their retail credit quality. District Associations each have allowances for loan losses, earnings and capital that absorb their credit losses before they would impact our wholesale loans. Credit quality of our retail loan portfolio declined slightly to 94.9 percent acceptable as of June 30, 2017, compared to 95.5 percent acceptable at December 31, 2016.

Components of Risk Assets

(in thousands)	**June 30, 2017**	December 31, 2016
Nonaccrual loans	**$53,899**	$53,851
Accruing restructured loans	**4,569**	3,800
Accruing loans 90 days or more past due	**1,025**	378
Total risk loans	**59,493**	58,029
Other property owned	**627**	349
Total risk assets	**$60,120**	$58,378
Risk loans as a % of total loans	**0.07%**	0.07%
Nonaccrual loans as a % of total loans	**0.06%**	0.06%
Delinquencies as a % of total loans	**0.05%**	0.06%

Note: Accruing loans include accrued interest receivable.

Risk assets remain at acceptable levels and total risk loans as a percentage of total loans remains within our established risk management guidelines. Risk assets over the past five years have primarily been concentrated in the real estate mortgage and production and intermediate-term sectors. At June 30, 2017, 58.2 percent of nonaccrual loans were current as to principal and interest, compared to 60.6 percent at December 31, 2016.

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.

As of June 30, 2017, no District Association was declared in default of any covenants of its General Financing Agreement. One District Association is currently paying a risk premium as part of its cost of borrowing under their wholesale line with us; however, this does not materially impact any of the financial statements presented herein. No other District Association is currently paying a risk premium.

Allowance Coverage Ratios

	June 30, 2017	December 31, 2016
Allowance as a percentage of:		
Loans	**0.03%**	0.02%
Nonaccrual loans	**43.09%**	39.52%
Total risk loans	**39.04%**	36.67%
Adverse assets to risk funds*	**3.76%**	3.49%

*Risk funds includes total capital and allowance for loan losses.

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, 2017, the allowance increased $1.9 million, compared to December 31, 2016. This was driven by provision for loan losses of $3.0 million for the six months ended June 30, 2017, primarily related to increases in loan loss reserves on certain loans to grain producers. This increase in allowance was partially offset by net charge-offs of $1.1 million for the six months ended June 30, 2017.

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, 2017, investor demand for System-wide debt securities remained favorable.

We also maintain a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets. We manage liquidity for our operating and debt repayment needs through managing debt maturities, as well as forecasting and anticipating seasonal demands. We maintain maturing investments and bank balances of at least $500 million on hand each day to meet cash management and loan disbursement needs in the normal course of business.

We manage intermediate and longer-term liquidity needs through the composition of the liquidity investment portfolio, which is structured to meet both regulatory requirements and our operational demands. Specifically, we provide at least 15 days of liquidity coverage from cash, overnight investments and U.S. Treasury securities less than three years in maturity. Other short-term money market investments, as well as government and agency mortgage-backed securities (MBS), are positioned to cover regulatory requirements for 30- and 90-day intervals. Additionally, a supplemental liquidity buffer provides days coverage in excess of 90 days from money market instruments greater than 90 days in maturity and asset-backed securities (ABS). At June 30, 2017, we held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

Our liquidity policy and FCA regulations also require maintaining a minimum of 90 days of liquidity on a continuous basis. In addition, our Contractual Interbank Performance Agreement (CIPA) with other System Banks requires maintaining a minimum of 120 days of liquidity. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments. As of June 30, 2017, we had sufficient liquidity to fund all debt maturing within 144 days.

We maintain a contingency funding plan (CFP) that helps inform our operating and funding needs and addresses actions we would consider in the event that there is not ready access to traditional funding sources. These potential actions include borrowing overnight via federal funds, using investment securities as collateral to borrow, using the proceeds from maturing investments and selling our liquid investments. We size our investment portfolio using the CFP to cover all operating and funding needs for a minimum of 30 days with a targeted $500 million buffer.

Total shareholders' equity at June 30, 2017 was $5.7 billion, a $178.1 million increase from December 31, 2016. The increase was primarily driven by comprehensive income for the period, partially offset by earnings reserved for patronage distributions. The increase in patronage distributions for the six months ended June 30, 2017, compared to the same period of the prior year, were primarily due to an increase in additional spread earned on our wholesale loan portfolio. The decrease in accumulated other comprehensive loss compared to the same period of the prior year was primarily due to decreased unrealized losses from derivatives and hedging positions resulting from changes in the interest rate environment.

Beginning in 2017, we are retiring stock annually in accordance with our revised capital plan related to minimum hold periods under the revised capital regulations. Also, this practice will better align with the seasonality of our portfolio. Prior to 2017, stock was retired quarterly. Refer to Note 4 of the accompanying Financial Statements for additional information about our revised capital plan.

At June 30, 2017, 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 and the recently effective regulations.

Results of Operations

Net income for the six months ended June 30, 2017 was $267.6 million, a 2.8 percent increase, compared to $260.2 million for the same period in 2016. The annualized return on average assets was 0.53 percent for the six months ended June 30, 2017 and 2016.

Changes in Significant Components of Net Income

(in thousands) **For the six months ended June 30,**	**2017**	2016	Increase (decrease) in net income
Net interest income	**$292,832**	$280,764	$12,068
Provision for loan losses	**3,000**	4,500	1,500
Non-interest income	**38,706**	44,021	(5,315)
Non-interest expense	**60,987**	60,087	(900)
Net income	**$267,551**	$260,198	$7,353

Net interest income (NII) for the six months ended June 30, 2017 increased compared to the same period of 2016. NII was positively impacted by increased interest rates charged on our wholesale loans to District Associations and other financing institutions (OFIs), as well as increased loan volume. These positive variances were partially offset by an increase in interest expense on System-wide debt securities, driven by increased interest rates and, to a lesser extent, increased volume of debt.

Changes in Net Interest Income

(in thousands)

For the six months ended June 30,	**2017 vs 2016**		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$25,069**	**$73,331**	**$98,400**
Investments	**(2,821)**	**26,423**	**23,602**
Total interest income	**22,248**	**99,754**	**122,002**
Interest expense:			
System-wide debt securities and other	**(10,609)**	**(99,325)**	**(109,934)**
Net change in NII	**$11,639**	**$429**	**$12,068**

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,	**2017**			2016		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$77,600,449**	**1.96%**	**$754,560**	$74,858,751	1.75%	$653,357
Retail accrual loans	**7,538,951**	**3.78%**	**141,279**	7,819,870	3.69%	143,915
Retail nonaccrual loans	**52,935**	**6.88%**	**1,806**	48,153	8.21%	1,972
Investment securities and federal funds	**15,152,785**	**1.23%**	**92,670**	15,777,412	0.88%	69,068
Total earning assets	**100,345,120**	**1.99%**	**990,315**	98,504,186	1.77%	868,312
Interest bearing liabilities	**95,195,181**	**1.48%**	**697,483**	93,542,878	1.26%	587,548
Interest rate spread	**$5,149,939**	**0.51%**		$4,961,308	0.51%	
Impact of equity financing		**0.08%**			0.06%	
Net interest margin		**0.59%**			0.57%	
Net interest income			**$292,832**			$280,764

Net interest margin for the six months ended June 30, 2017, increased two basis points compared to the same period of the prior year. This increase was primarily driven by additional spread charged on our wholesale loans to District Associations and OFIs. Equity financing represents the benefit of non-interest rate bearing funding, and was up slightly compared to the prior year due to higher equity volume and a higher level of interest rates.

We recorded a $3.0 million provision for loan loss during the six months ended June 30, 2017. Refer to the Loan Portfolio section for further discussion.

The decrease in non-interest income was primarily due to lower fee and prepayment income realized on loan refinancing activity as the level of interest rates increased. Also contributing to this decrease were non-recurring investment gains of $6.2 million realized on the sale of available-for-sale investment securities during the first six months of 2016. These decreases were partially offset by increased mineral income primarily due to elevated oil and gas prices in the current year relative to the low levels realized during the first quarter of 2016. An increase in leasing activity during the first half of 2017 compared to the same period of the prior year further contributed to mineral income.

Certification

The undersigned have reviewed the June 30, 2017 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.

Matthew D. Walther
Chair of the Board
AgriBank, FCB
August 9, 2017

William J. Thone
Chief Executive Officer
AgriBank, FCB
August 9, 2017

Brian J. O'Keane
Executive Vice President, Banking and Finance and Chief Financial Officer
AgriBank, FCB
August 9, 2017

Statements of Condition

AgriBank, FCB

(in thousands) *(unaudited)*	**June 30, 2017**	December 31, 2016
Assets		
Loans	**$86,546,721**	$86,078,402
Allowance for loan losses	**23,225**	21,282
Net loans	**86,523,496**	86,057,120
Investment securities	**14,241,480**	14,897,252
Cash	**269,302**	469,996
Federal funds	**816,400**	591,300
Accrued interest receivable	**471,559**	420,670
Derivative assets	**5,532**	13,125
Allocated prepaid pension costs	**35,551**	33,985
Cash collateral posted with counterparties	**35,539**	31,128
Other assets	**36,509**	48,720
Total assets	**$102,435,368**	$102,563,296
Liabilities		
Bonds and notes	**$96,339,853**	$96,633,431
Accrued interest payable	**256,220**	223,023
Derivative liabilities	**37,395**	34,407
Accounts and other payables	**120,292**	170,613
Other liabilities	**17,378**	15,719
Total liabilities	**96,771,138**	97,077,193
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**2,267,444**	2,183,701
Unallocated surplus	**3,218,689**	3,132,432
Accumulated other comprehensive loss	**(71,903)**	(80,030)
Total shareholders' equity	**5,664,230**	5,486,103
Total liabilities and shareholders' equity	**$102,435,368**	$102,563,296

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

Statements of Comprehensive Income

AgriBank, FCB

(in thousands)
(unaudited)

For the periods ended June 30,	Three months 2017	Three months 2016	Six months 2017	Six months 2016
Interest income				
Loans	**$465,620**	$403,131	**$897,644**	$799,245
Investment securities	**48,688**	35,532	**92,670**	69,067
Total interest income	**514,308**	438,663	**990,314**	868,312
Interest expense	**364,548**	298,454	**697,482**	587,548
Net interest income	**149,760**	140,209	**292,832**	280,764
Provision for loan losses	**1,000**	1,500	**3,000**	4,500
Net interest income after provision for loan losses	**148,760**	138,709	**289,832**	276,264
Non-interest income				
Mineral income	**12,215**	8,680	**22,462**	17,215
Loan prepayment and fee income	**2,069**	8,829	**4,626**	12,021
Business services income	**4,934**	4,164	**9,572**	8,264
Miscellaneous income and other (losses) gains, net	**(101)**	5,668	**2,046**	6,521
Total non-interest income	**19,117**	27,341	**38,706**	44,021
Non-interest expense				
Salaries and employee benefits	**9,694**	9,694	**19,854**	19,425
Other operating expenses	**9,112**	8,958	**18,338**	17,118
Loan servicing fees paid to District Associations	**8,100**	8,408	**16,880**	16,977
Farm Credit System insurance expense	**2,969**	3,237	**5,915**	6,567
Total non-interest expense	**29,875**	30,297	**60,987**	60,087
Net income	**$138,002**	$135,753	**$267,551**	$260,198
Other comprehensive income (loss)				
Investments available-for-sale:				
Not-other-than-temporarily-impaired investments	**$13,039**	$19,318	**$21,689**	$60,225
Other-than-temporarily-impaired investments	**--**	(6,234)	**--**	(6,316)
Derivatives and hedging activity	**(18,310)**	(43,929)	**(13,562)**	(115,261)
Total other comprehensive (loss) income	**(5,271)**	(30,845)	**8,127**	(61,352)
Comprehensive income	**$132,731**	$104,908	**$275,678**	$198,846

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

Statements of Changes in Shareholders' Equity

AgriBank, FCB

(in thousands) *(unaudited)*	Perpetual Preferred Stock	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2015	$250,000	$2,063,343	$2,945,638	$(84,865)	$5,174,116
Net income			260,198		260,198
Other comprehensive loss				(61,352)	(61,352)
Patronage			(146,780)		(146,780)
Perpetual preferred stock dividends			(8,594)		(8,594)
Capital stock/participation certificates issued		86,948			86,948
Capital stock/participation certificates retired		(37,936)			(37,936)
Balance at June 30, 2016	$250,000	$2,112,355	$3,050,462	$(146,217)	$5,266,600
Balance at December 31, 2016	$250,000	$2,183,701	$3,132,432	$(80,030)	$5,486,103
Net income			**267,551**		**267,551**
Other comprehensive income				**8,127**	**8,127**
Patronage			**(172,700)**		**(172,700)**
Perpetual preferred stock dividends			**(8,594)**		**(8,594)**
Capital stock/participation certificates issued		**83,743**			**83,743**
Balance at June 30, 2017	**$250,000**	**$2,267,444**	**$3,218,689**	**$(71,903)**	**$5,664,230**

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

Statements of Cash Flows

AgriBank, FCB

(in thousands)

(unaudited)

For the six months ended June 30,	2017	2016
Cash flows from operating activities		
Net income	**$267,551**	$260,198
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**1,848**	1,746
Provision for loan losses	**3,000**	4,500
Gain on sale of investment securities, net	**--**	(5,981)
Amortization of discounts on investments, net	**(12,738)**	(6,670)
Amortization of discounts on debt and deferred debt issuance costs, net	**48,728**	41,788
(Gain) loss on derivative activities, net	**(1,545)**	371
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(750,969)**	(646,653)
Decrease in other assets	**14,752**	10,133
Increase (decrease) in accrued interest payable	**33,197**	(973)
Decrease in other liabilities	**(21,318)**	(23,376)
Net cash used in operating activities	**(417,494)**	(364,917)
Cash flows from investing activities		
Decrease (increase) in loans, net	**229,711**	(1,064,200)
Proceeds from sales of other property owned	**733**	392
Decrease (increase) in investment securities, net	**690,199**	(969,764)
Proceeds from the sale of investment securities	**--**	8,735
Purchases of premises and equipment, net	**(1,398)**	(1,523)
Net cash provided by (used in) investing activities	**919,245**	(2,026,360)
Cash flows from financing activities		
Bonds and notes issued	**94,892,580**	99,109,322
Bonds and notes retired	**(95,229,399)**	(97,878,993)
Decrease (increase) in cash collateral posted with counterparties, net	**2,268**	(71,982)
Variation margin settled on cleared derivatives, net	**(13,602)**	--
Patronage distributions paid	**(204,341)**	(154,452)
Preferred stock dividends paid	**(8,594)**	(8,594)
Capital stock/participation certificates issued, net	**83,743**	49,012
Net cash (used in) provided by financing activities	**(477,345)**	1,044,313
Net increase (decrease) in cash and federal funds	**24,406**	(1,346,964)
Cash and federal funds at beginning of period	**1,061,296**	1,960,836
Cash and federal funds at end of period	**1,085,702**	$613,872
Supplemental schedule of non-cash activities		
Decrease (increase) in derivative assets	**$7,593**	$(1,125)
Increase in derivative liabilities	**9,911**	111,603
(Decrease) increase in bonds from derivative activity	**(5,487)**	5,154
Decrease in shareholders' equity from cash flow derivatives	**(13,562)**	(115,261)
Increase in shareholders' equity from investment securities	**21,689**	53,909
Loans transferred to other property owned	**993**	331
Interest capitalized to loan principal	**700,080**	614,988
Preferred stock dividends accrued	**4,297**	4,297
Patronage refunds payable to owners	**90,956**	79,407
Supplemental information		
Interest paid	**$615,557**	$588,521

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 July 1, 2017, the District had 14 Agricultural Credit Associations (ACA) following the mergers discussed in Note 10. 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, 2016 are contained in the 2016 Annual Report. These unaudited second quarter 2017 Financial Statements should be read in conjunction with the Annual Report. The results for the six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ended December 31, 2017.

The accompanying Financial Statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to accounting principles generally accepted in the United States of America and prevailing practices within the financial services industry.

Certain amounts in prior year's Financial Statements have been reclassified to conform to current year presentation.

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), but are not yet effective, and have determined the following standards to be applicable to our business:

Standard	Description	Effective date and financial statement impact
In March 2017, the FASB issued Accounting Standards Update (ASU) 2017-07 “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost.”	This guidance requires that an employer disaggregate the service cost component from the other components of net benefit cost. Specifically, the guidance requires non-service cost components of net benefit cost to be recognized in a non-operating income line item of the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.	This guidance is effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those annual periods. Early adoption is permitted with certain restrictions. AgriBank is currently evaluating the impact of the guidance on the results of operations and financial statement disclosures. This guidance will have no impact on the financial condition or cash flows.
In August 2016, the FASB issued ASU 2016-15 “Classification of Certain Cash Receipts and Cash Payments.”	The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing.	This guidance is effective for public entities for interim and annual periods beginning after December 15, 2017. The adoption of this guidance does not impact the financial condition or results of operations, but could change the classification of certain items in the statement of cash flows.
In June 2016, the FASB issued ASU 2016-13 “Financial Instruments - Credit Losses."	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.	The guidance is effective for non-U.S. Securities Exchange Commission filers for annual reporting periods beginning after December 15, 2020 including interim periods within those annual periods. Early adoption is permitted as of annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods. We are currently evaluating the impact of the guidance on the financial condition, results of operations, cash flows, and financial statement disclosures.
In February 2016, the FASB issued ASU 2016-02 "Leases."	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.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2018 including interim periods within that year. Early adoption is permitted and modified retrospective adoption is required. Based on our preliminary review and analysis, this new guidance will have an insignificant impact on our financial condition, results of operations, and financial statement disclosures, and will have no impact on cash flows.

Standard	Description	Effective date and financial statement impact
In January 2016, the FASB issued ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.”	The guidance is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments address certain aspects of recognition, measurement, presentation, and disclosure in the financial statements.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2017 including interim periods within that year. Early adoption is permitted for only a portion of the guidance, but that guidance does not apply to the Financial Statements. We are currently evaluating the impact of the remaining guidance on the financial condition, results of operations, cash flows, and financial statement disclosures.
In May 2014, the FASB issued ASU 2014-09 “Revenue from Contracts with Customers."	The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of contracts within the District would be excluded from the scope of this new guidance.	The guidance is effective for public entities for the first interim reporting period within the annual reporting periods beginning after December 15, 2017. In March 2016, the FASB issued ASUs 2016-08 and 2016-10 which provided further clarifying guidance on the previously issued standard. We are in the process of reviewing contracts to determine the effect, if any, on the financial condition, results of operations or cash flows.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

	June 30, 2017		December 31, 2016	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$78,626,822**	**90.8%**	$78,300,557	91.0%
Retail loans:				
Real estate mortgage	**3,652,370**	**4.2%**	3,461,590	4.0%
Production and intermediate-term	**3,531,016**	**4.1%**	3,629,121	4.2%
Agribusiness	**90,908**	**0.1%**	65,228	0.1%
Loans to other financing institutions (OFIs)	**601,654**	**0.7%**	577,505	0.7%
Other	**43,951**	**0.1%**	44,401	--
Total retail loans	**7,919,899**	**9.2%**	7,777,845	9.0%
Total loans	**$86,546,721**	**100.0%**	$86,078,402	100.0%

The Other category is primarily comprised of communication 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 of the System in the periods presented. Also, we did not have any participation interests sold in the periods presented.

Retail Loan Participations Purchased

(in thousands)	**June 30, 2017**	December 31, 2016
Real estate mortgage	**$3,652,087**	$3,461,281
Production and intermediate-term	**3,531,016**	3,629,121
Agribusiness	**90,908**	65,228
Other	**43,951**	44,401
Total loans	**$7,317,962**	$7,200,031

Portfolio Performance
One credit quality indicator we utilize is the Farm Credit Administration (FCA) Uniform Loan Classification System that 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, 2017**	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$79,019,775**	**100.0%**	**$ --**	**--**	**$ --**	**--**	**$79,019,775**	**100.0%**
Retail loans:								
Real estate mortgage	**3,469,674**	**94.0%**	**111,966**	**3.0%**	**109,757**	**3.0%**	**3,691,397**	**100.0%**
Production and intermediate-term	**3,369,798**	**95.0%**	**77,834**	**2.2%**	**98,019**	**2.8%**	**3,545,651**	**100.0%**
Agribusiness	**86,350**	**94.7%**	**--**	**--**	**4,849**	**5.3%**	**91,199**	**100.0%**
Loans to OFIs	**604,100**	**100.0%**	**--**	**--**	**--**	**--**	**604,100**	**100.0%**
Other	**43,141**	**98.0%**	**242**	**0.6%**	**607**	**1.4%**	**43,990**	**100.0%**
Total retail loans	**7,573,063**	**94.9%**	**190,042**	**2.4%**	**213,232**	**2.7%**	**7,976,337**	**100.0%**
Total loans	**$86,592,838**	**99.6%**	**$190,042**	**0.2%**	**$213,232**	**0.2%**	**$86,996,112**	**100.0%**

(in thousands) As of December 31, 2016	Acceptable		Special mention		Substandard/Doubtful		Total	
Wholesale loans	$78,639,626	100.0%	$ --	--	$ --	--	$78,639,626	100.0%
Retail loans:								
Real estate mortgage	3,301,768	94.4%	96,122	2.7%	100,736	2.9%	3,498,626	100.0%
Production and intermediate-term	3,489,268	95.7%	67,352	1.8%	90,139	2.5%	3,646,759	100.0%
Agribusiness	65,467	100.0%	--	--	--	--	65,467	100.0%
Loans to OFIs	579,652	100.0%	--	--	--	--	579,652	100.0%
Other	43,391	97.6%	245	0.6%	800	1.8%	44,436	100.0%
Total retail loans	7,479,546	95.5%	163,719	2.1%	191,675	2.4%	7,834,940	100.0%
Total loans	$86,119,172	99.6%	$163,719	0.2%	$191,675	0.2%	$86,474,566	100.0%

Note: Accruing loans include accrued interest receivable.

We had no loans categorized as loss at June 30, 2017 or December 31, 2016.

Aging Analysis of Loans

(in thousands) **As of June 30, 2017**	**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	**$ --**	**$ --**	**$ --**	**$79,019,775**	**$79,019,775**	**$ --**
Real estate mortgage	**9,358**	**6,924**	**16,282**	**3,675,115**	**3,691,397**	**68**
Production and intermediate-term	**17,444**	**11,543**	**28,987**	**3,516,664**	**3,545,651**	**957**
Agribusiness	**--**	**26**	**26**	**91,173**	**91,199**	**--**
Loans to OFIs	**--**	**--**	**--**	**604,100**	**604,100**	**--**
Other	**267**	**--**	**267**	**43,723**	**43,990**	**--**
Total loans	**$27,069**	**$18,493**	**$45,562**	**$86,950,550**	**$86,996,112**	**$1,025**

(in thousands) As of December 31, 2016	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	$ --	$ --	$ --	$78,639,626	$78,639,626	$ --
Real estate mortgage	10,132	7,015	17,147	3,481,479	3,498,626	156
Production and intermediate-term	22,678	9,024	31,702	3,615,057	3,646,759	222
Agribusiness	26	--	26	65,441	65,467	--
Loans to OFIs	--	--	--	579,652	579,652	--
Other	252	--	252	44,184	44,436	--
Total loans	$33,088	$16,039	$49,127	$86,425,439	$86,474,566	$378

Note: Accruing loans include accrued interest receivable.

Risk Assets

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, 2017**	December 31, 2016
Nonaccrual loans:		
Current as to principal and interest	**$31,360**	$32,622
Past due	**22,539**	21,229
Total nonaccrual loans	**53,899**	53,851
Accruing restructured loans	**4,569**	3,800
Accruing loans 90 days or more past due	**1,025**	378
Total risk loans	**$59,493**	$58,029
Volume with specific reserves	**$30,471**	$27,187
Volume without specific reserves	**29,022**	30,842
Total risk loans	**$59,493**	$58,029
Specific reserves	**$5,312**	$4,394

Note: Accruing loans include accrued interest receivable.

Income on Risk Loans

(in thousands)

For the six months ended June 30,	**2017**	2016
Income on accrual risk loans	**$128**	$124
Income on nonaccrual loans	**1,806**	1,972
Total income on risk loans	**$1,934**	$2,096
Average recorded risk loans	**$57,743**	$53,702

Risk Assets by Loan Type

(in thousands)	**June 30, 2017**	December 31, 2016
Nonaccrual loans:		
Real estate mortgage	**$21,768**	$24,637
Production and intermediate-term	**31,789**	28,890
Agribusiness	**26**	316
Other	**316**	8
Total nonaccrual loans	**$53,899**	$53,851
Accruing restructured loans:		
Real estate mortgage	**$4,569**	$3,800
Total accruing restructured loans	**$4,569**	$3,800
Accruing loans 90 days or more past due:		
Real estate mortgage	**$68**	$156
Production and intermediate-term	**957**	222
Total accruing loans 90 days or more past due	**$1,025**	$378
Total risk loans	**$59,493**	$58,029
Other property owned	**627**	349
Total risk assets	**$60,120**	$58,378

Note: Accruing loans include accrued interest receivable.

We had no wholesale loans classified as risk loans at June 30, 2017 or December 31, 2016.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

	As of June 30, 2017			For the six months ended June 30, 2017	
(in thousands)	Recorded Investment *	Unpaid Principal Balance**	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$4,562	$5,663	$1,421	$3,595	$ --
Production and intermediate-term	25,870	26,480	3,870	28,906	--
Agribusiness	--	--	--	--	--
Other	39	42	21	40	--
Total loans	$30,471	$32,185	$5,312	$32,541	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$21,842	$38,349	$ --	$17,213	$1,357
Production and intermediate-term	6,876	6,052	--	7,683	577
Agribusiness	26	26	--	26	--
Other	278	508	--	280	--
Total loans	$29,022	$44,935	$ --	$25,202	$1,934
Total impaired loans:					
Real estate mortgage	$26,404	$44,012	$1,421	$20,808	$1,357
Production and intermediate-term	32,746	32,532	3,870	36,589	577
Agribusiness	26	26	--	26	--
Other	317	550	21	320	--
Total loans	$59,493	$77,120	$5,312	$57,743	$1,934

	As of December 31, 2016			For the six months ended June 30, 2016	
(in thousands)	Recorded Investment*	Unpaid Principal Balance**	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$5,107	$6,249	$1,095	$5,273	$ --
Production and intermediate-term	22,039	22,508	3,277	17,402	--
Agribusiness	--	--	--	--	--
Other	41	43	22	34	--
Total loans	$27,187	$28,800	$4,394	$22,709	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$23,487	$39,431	$ --	$25,765	$1,192
Production and intermediate-term	7,072	5,951	--	4,939	904
Agribusiness	--	--	--	--	--
Other	283	514	--	289	--
Total loans	$30,842	$45,896	$ --	$30,993	$2,096
Total impaired loans:					
Real estate mortgage	$28,594	$45,680	$1,095	$31,038	$1,192
Production and intermediate-term	29,111	28,459	3,277	22,341	904
Agribusiness	--	--	--	--	--
Other	324	557	22	323	--
Total loans	$58,029	$74,696	$4,394	$53,702	$2,096

*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.

**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 at risk as of June 30, 2017.

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.

We modified certain real estate mortgage loans as TDRs during the six months ended June 30, 2017. The recorded investment in these loans prior to and immediately following modification was $78 thousand. The primary types of modification typically include forgiveness of interest, interest rate reduction below market or extension of maturity. There were no TDRs that occurred during the six months ended June 30, 2016.
We had no loans classified as TDRs that defaulted during the six months ended June 30, 2017 or 2016, in which the modifications were within 12 months of the respective reporting period.

TDRs Outstanding

(in thousands)	**June 30, 2017**	December 31, 2016
Accrual status		
Real estate mortgage	**$4,569**	$3,800
Total TDRs in accrual status	**$4,569**	$3,800
Nonaccrual status		
Real estate mortgage	**$2,908**	$3,900
Production and intermediate-term	**3**	7
Total TDRs in nonaccrual status	**$2,911**	$3,907
Total TDRs	**$7,480**	$7,707

Note: Accruing loans include accrued interest receivable.

We did not have any material commitments to lend to borrowers whose loans have been modified as TDRs as of June 30, 2017.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the six months ended June 30,	**2017**	2016
Balance at beginning of period	**$21,282**	$18,076
Provision for loan losses	**3,000**	4,500
Charge-offs	**(1,758)**	(2,703)
Recoveries	**701**	601
Balance at end of period	**$23,225**	$20,474

Our allowance for loan losses increased from December 31, 2016, to $23.2 million at June 30, 2017, reflecting provision for loan losses of $3.0 million for the period, primarily related to increases in loan loss reserves on certain loans to grain producers. This increase in allowance was partially offset by net charge-offs of $1.1 million for the period.

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	Agribusiness	Loans to OFIs	Other	Total
Allowance for loan losses:							
Balance at December 31, 2016	$ --	$1,874	$18,930	$147	$220	$111	$21,282
Provision for loan losses	--	619	2,193	169	7	12	3,000
Charge-offs	--	(267)	(1,487)	(4)	--	--	(1,758)
Recoveries	--	99	599	--	--	3	701
Balance at June 30, 2017	$ --	$2,325	$20,235	$312	$227	$126	$23,225
At June 30, 2017:							
Ending balance: individually evaluated for impairment	$ --	$1,421	$3,870	$ --	$ --	$21	$5,312
Ending balance: collectively evaluated for impairment	$ --	$904	$16,365	$312	$227	$105	$17,913
Recorded investments in loans outstanding:							
Ending balance at June 30, 2017	$79,019,775	$3,691,397	$3,545,651	$91,199	$604,100	$43,990	$86,996,112
Ending balance for loans individually evaluated for impairment	$79,019,775	$26,404	$32,746	$26	$ --	$317	$79,079,268
Ending balance for loans collectively evaluated for impairment	$ --	$3,664,993	$3,512,905	$91,173	$604,100	$43,673	$7,916,844

(in thousands)	Wholesale loans	Real estate mortgage	Production and intermediate-term	Agribusiness	Loans to OFIs	Other	Total
Allowance for loan losses:							
Balance at December 31, 2015	$ --	$1,928	$15,381	$269	$278	$220	$18,076
Provision for (reversal of) loan losses	--	865	3,489	149	(49)	46	4,500
Charge-offs	--	(650)	(1,997)	--	--	(56)	(2,703)
Recoveries	--	100	497	--	--	4	601
Balance at June 30, 2016	$ --	$2,243	$17,370	$418	$229	$214	$20,474
At December 31, 2016:							
Ending balance: individually evaluated for impairment	$ --	$1,095	$3,277	$ --	$ --	$22	$4,394
Ending balance: collectively evaluated for impairment	$ --	$779	$15,653	$147	$220	$89	$16,888
Recorded investments in loans outstanding:							
Ending balance at December 31, 2016	$78,639,626	$3,498,626	$3,646,759	$65,467	$579,652	$44,436	$86,474,566
Ending balance for loans individually evaluated for impairment	$78,639,626	$28,594	$29,111	$ --	$ --	$324	$78,697,655
Ending balance for loans collectively evaluated for impairment	$ --	$3,470,032	$3,617,648	$65,467	$579,652	$44,112	$7,776,911

Note: Accruing loans include accrued interest receivable.

NOTE 3

Investment Securities

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

Investment Securities

(in thousands) **As of June 30, 2017**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Mortgage-backed securities	**$5,740,996**	**$10,394**	**$40,269**	**$5,711,121**	**1.5%**
Commercial paper and other	**4,711,963**	**397**	**161**	**4,712,199**	**1.3%**
U.S. Treasury securities	**3,266,811**	**13**	**11,140**	**3,255,684**	**1.2%**
Asset-backed securities	**562,893**	**60**	**477**	**562,476**	**1.2%**
Total	**$14,282,663**	**$10,864**	**$52,047**	**$14,241,480**	**1.4%**

(in thousands) As of December 31, 2016	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$5,607,671	$7,012	$58,924	$5,555,759	1.3%
Commercial paper and other	4,786,207	794	219	4,786,782	1.0%
U.S. Treasury securities	3,823,520	576	12,298	3,811,798	1.1%
Asset-backed securities	742,728	289	104	742,913	1.1%
Total	$14,960,126	$8,671	$71,545	$14,897,252	1.2%

Commercial paper and other is primarily corporate commercial paper, certificates of deposit and term federal funds.

Contractual Maturities of Investment Securities

(in thousands) **As of June 30, 2017**	**Year of Maturity** **One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Mortgage-backed securities	**$117**	**$8,325**	**$160,930**	**$5,541,749**	**$5,711,121**
Commercial paper and other	**4,712,199**	--	--	--	**4,712,199**
U.S. Treasury securities	**1,515,509**	**1,740,175**	--	--	**3,255,684**
Asset-backed securities	**6,994**	**555,482**	--	--	**562,476**
Total	**$6,234,819**	**$2,303,982**	**$160,930**	**$5,541,749**	**$14,241,480**
Weighted average yield	**1.3%**	**1.3%**	**1.7%**	**1.5%**	**1.4%**

The expected average life is 0.4 years for asset-backed securities (ABS) and 3.6 years for mortgage-backed securities (MBS) at June 30, 2017. 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:

(in thousands) **As of June 30, 2017**	**Less than 12 months** **Fair Value**	**Unrealized Losses**	**More than 12 months** **Fair Value**	**Unrealized Losses**
Mortgage-backed securities	**$2,165,434**	**$24,484**	**$1,898,452**	**$15,785**
Commercial paper and other	**2,124,380**	**161**	--	--
U.S. Treasury securities	**2,826,476**	**9,669**	**244,072**	**1,471**
Asset-backed securities	**532,133**	**477**	--	--
Total	**$7,648,423**	**$34,791**	**$2,142,524**	**$17,256**

(in thousands) As of December 31, 2016	Less than 12 months Fair Value	Unrealized Losses	More than 12 months Fair Value	Unrealized Losses
Mortgage-backed securities	$3,375,456	$39,175	$1,784,315	$19,749
Commercial paper and other	713,576	219	--	--
U.S. Treasury securities	2,955,305	12,298	--	--
Asset-backed securities	246,081	102	6,897	2
Total	$7,290,418	$51,794	$1,791,212	$19,751

There were no AFS investment securities sold during the six months ended June 30, 2017.

We sold $8.7 million of AFS investment securities at a net gain of $6.0 million during the six months ended June 30, 2016. All securities sold during the six months ended June 30, 2016, were other-than-temporarily impaired (OTTI) securities.

We evaluate our investment securities for OTTI on a quarterly basis. We have determined no securities were in an OTTI loss position at June 30, 2017 or at December 31, 2016.

There was no OTTI activity during the six months ended June 30, 2017. The following represents the activity related to the credit-loss component for investment securities that had been written down for OTTI that had been recognized in earnings in 2016:

(in thousands) For the six months ended June 30,	2016
Credit-loss component, beginning of period	$25,160
Reductions:	
Gains on securities sold	(6,155)
Incremental impairment previously recognized on securities sold	(8,174)
Increases in expected cash flows	(464)
Credit-loss component, end of period	$10,367

NOTE 4

Shareholders' Equity

Regulatory Capital Requirements and Ratios

	June 30, 2017	**Regulatory Minimums**	**Capital Conservation Buffer***	**Total**
Risk adjusted:				
Common equity tier 1 capital ratio	**18.5%**	4.5%	2.5%	7.0%
Tier 1 capital ratio	**19.3%**	6.0%	2.5%	8.5%
Total capital ratio	**19.4%**	8.0%	2.5%	10.5%
Permanent capital ratio	**19.3%**	7.0%	N/A	7.0%
Non-risk adjusted:				
Tier 1 leverage ratio	**5.6%**	4.0%	1.0%	5.0%
Unallocated retained earnings equivalents (UREE) leverage ratio	**3.2%**	1.5%	0.0%	1.5%

*The 2.5% capital conservation buffer over risk-adjusted ratio minimums will be phased in over three years under the FCA capital requirements.

Effective January 1, 2017, the regulatory capital requirements for System Banks and Associations were modified. The new regulations replaced existing core surplus and total surplus ratios with common equity tier 1, tier 1 capital and total capital risk-based capital ratios. The new regulations also added non-risk adjusted tier 1 leverage and UREE leverage ratios to replace the net collateral ratio. The permanent capital ratio continues to remain in effect.

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for loan losses as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with FCA Regulations and are calculated as follows:

- Common equity tier 1 ratio is the core capital of the Bank including all at-risk borrower stock as it is intended to be held for a minimum of 7 years, unallocated retained earnings as regulatorily prescribed, less certain regulatory required deductions including certain investments in other System institutions, divided by average risk-adjusted assets.

- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus allowance and reserve for credit losses under certain limitations, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, unallocated retained earnings as regulatorily prescribed, less certain investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, less certain regulatory required deductions, divided by average assets less regulatory deductions subject to tier 1 capital.

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.

We amended our capital plan effective July 1, 2017 to provide for adequate capital under the new capital regulations as well as to create a path to long-term capital optimization within the District. The plan includes an anticipated transition to increase the required stock investment on wholesale loans and other financing institutions from 2.25% to 3.00%, dependent on loan growth throughout the District. The plan optimizes capital at the Bank—distributing all available Bank earnings in the form of patronage, either cash or stock. A key part of these changes involves maintaining capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet our tier 1 leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

Beginning in 2014, one District Association entered into a contractual agreement with AgriBank whereby their required investment in AgriBank was reduced by a total of up to $26.2 million. In return for having a lower required investment, this District Association agreed to pay an additional spread on a portion of their wholesale loan equal to the reduction in their required investment. This agreement ended as of April 30, 2017.

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, 2017 and December 31, 2016.

NOTE 5

Employee Benefit Plans

We participate in District-wide employee benefit plans. The funded status of the post-employment benefit plans is recorded at the District-level only.

Components of District Net Periodic Benefit Cost

(in thousands)	Pension Benefits		Other Benefits	
For the six months ended June 30,	**2017**	2016	**2017**	2016
Service cost	**$14,269**	$15,303	**$217**	$226
Interest cost	**23,452**	23,168	**512**	542
Expected return on plan assets	**(30,972)**	(29,668)	**--**	--
Amortization of prior service credit	**(1,945)**	(560)	**(192)**	(222)
Amortization of net loss (gain)	**19,572**	20,045	**(268)**	(221)
Settlements	**385**	2,330	**--**	--
Net periodic benefit cost	**$24,761**	$30,618	**$269**	$325

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 2016 Annual Report for a more complete description of the Employee Benefit Plans.

For the six months ended June 30, 2017, District employers have contributed $38.8 million to fund Pension Benefits and our share was $4.8 million. District employers anticipate contributing an additional $54.1 million to fund Pension Benefits in 2017. District employers typically fund 40 percent of their annual contributions to the AgriBank District Retirement Plan in June and the remaining 60 percent in December. The Nonqualified Pension plan is typically funded as benefits are paid.

For the six months ended June 30, 2017, District employers have contributed $686 thousand for Other Benefits and our share was $144 thousand. District employers anticipate contributing an additional $913 thousand for Other Benefits in 2017.

Our allocated portion of the District benefit expenses for the six months ended June 30, 2017 was $1.9 million for Pension Benefits and income of $71 thousand for Other Benefits.

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 4, 2016 an alleged class action complaint was filed in the Supreme Court of the State of New York against AgriBank by a purported beneficial owner of our Subordinated Notes. The plaintiff has asserted a breach of contract claim and a breach of implied covenant of good faith and fair dealing claim alleging that we impermissibly redeemed the Notes. The plaintiff has requested damages in an amount to be determined at trial, reasonable attorneys' fees and other relief. On December 14, 2016, the case was removed to federal court and is pending in the Southern District of New York. On January 27, 2017, AgriBank filed its motion to dismiss the lawsuit. On February 17, 2017, Plaintiff filed its opposition to the motion to dismiss. On February 24, 2017, AgriBank filed its reply brief. The case is in the early pleading stage, and we intend to vigorously defend against these allegations. As of the date of these financial statements, the likelihood of any outcome of this proceeding 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 primarily liable for our portion of System-wide bonds and notes, we are jointly and severally liable for the System-wide bonds and notes of the other System Banks. The total bonds and notes of the System at June 30, 2017 was $258.4 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 2016 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 upon 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 upon the lowest level of input that is significant to the fair value measurement. Refer to Note 2 within the 2016 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, 2017	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds	$ --	$816,400	$ --	$816,400
Investments available-for-sale:				
Mortgage-backed securities	--	5,711,121	--	5,711,121
Commercial paper and other	--	4,712,199	--	4,712,199
U.S. Treasury securities	--	3,255,684	--	3,255,684
Asset-backed securities	--	562,476	--	562,476
Total investments available-for-sale	--	14,241,480	--	14,241,480
Cash collateral posted with counterparties	35,539	--	--	35,539
Derivative assets	--	5,532	--	5,532
Total assets	$35,539	$15,063,412	$ --	$15,098,951
Liabilities:				
Derivative liabilities	$ --	$37,395	$ --	$37,395
Total liabilities	$ --	$37,395	$ --	$37,395

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2016	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds	$ --	$591,300	$ --	$591,300
Investments available-for-sale:				
Mortgage-backed securities	--	5,555,759	--	5,555,759
Commercial paper and other	--	4,786,782	--	4,786,782
U.S. Treasury securities	--	3,811,798	--	3,811,798
Asset-backed securities	--	742,913	--	742,913
Total investments available-for-sale	--	14,897,252	--	14,897,252
Cash collateral posted with counterparties	31,128	--	--	31,128
Derivative assets	--	13,125	--	13,125
Total assets	$31,128	$15,501,677	$ --	$15,532,805
Liabilities:				
Derivative liabilities	$ --	$34,407	$ --	$34,407
Total liabilities	$ --	$34,407	$ --	$34,407

We had no level 3 assets at any time during the six months ended June 30, 2017.

Fair Value Measurement Activity of Level 3 Instruments

	Investments Available-For-Sale		
(in thousands)	Mortgage-backed Securities	Asset-backed Securities	Total
Balance at December 31, 2015	$70,438	$7,958	$78,396
Total gains (losses) realized/unrealized:			
Included in earnings	415	5,566	5,981
Included in other comprehensive income	(280)	(5,957)	(6,237)
Sales	(1,417)	(7,318)	(8,735)
Settlements	(7,605)	(249)	(7,854)
Balance at June 30, 2016	$61,551	$ --	$61,551

There were no assets or liabilities transferred between levels during the six months ended June 30, 2017 or 2016.

Non-Recurring Measurements

Assets Measured at Fair Value on a Non-recurring Basis

	As of June 30, 2017				For the six months ended June 30, 2017
	Fair Value Measurement Using			Total Fair	Total
(in thousands)	Level 1	Level 2	Level 3	Value	(Losses) Gains
Impaired loans	$ --	$ --	$26,417	$26,417	$(2,676)
Other property owned	--	--	652	652	18

	As of December 31, 2016				For the six months ended June 30, 2016
	Fair Value Measurement Using			Total Fair	Total
(in thousands)	Level 1	Level 2	Level 3	Value	Losses
Impaired loans	$ --	$ --	$23,933	$23,933	$(3,374)
Other property owned	--	--	363	363	(77)

Other Financial Instrument Measurements

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

(in thousands) **As of June 30, 2017**	**Total Carrying Amount**	**Fair Value Measurement Using**			**Total Fair Value**
		Level 1	**Level 2**	**Level 3**	
Assets:					
Cash	**$269,302**	**$269,302**	**$ --**	**$ --**	**$269,302**
Net loans	**86,498,337**	**--**	**--**	**86,326,457**	**86,326,457**
Total assets	**$86,767,639**	**$269,302**	**$ --**	**$86,326,457**	**$86,595,759**
Liabilities:					
Bonds and notes	**$96,339,853**	**$ --**	**$ --**	**$96,147,814**	**$96,147,814**
Total liabilities	**$96,339,853**	**$ --**	**$ --**	**$96,147,814**	**$96,147,814**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$ --**	**$ --**	**$(23,731)**	**$(23,731)**

(in thousands) As of December 31, 2016	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash	$469,996	$469,996	$ --	$ --	$469,996
Net loans	86,034,327	--	--	85,475,621	85,475,621
Total assets	$86,504,323	$469,996	$ --	$85,475,621	$85,945,617
Liabilities:					
Bonds and notes	$96,633,431	$ --	$ --	$96,111,397	$96,111,397
Total liabilities	$96,633,431	$ --	$ --	$96,111,397	$96,111,397
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		$ --	$ --	$(18,915)	$(18,915)

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 goal is 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. 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.

We primarily enter into derivative transactions, particularly interest rate swaps, to lower funding costs, diversify sources of funding, alter interest rate exposures arising from mismatches between assets and liabilities or better manage liquidity. We use various derivative instruments as follows:

- Interest rate swaps allow us to change the characteristics of fixed or floating 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.
- Interest rate options allow us to manage the impact of changing interest rates on certain assets and liabilities.
- We also facilitate interest rate swaps to qualified borrowers of the District Associations. These swaps allow qualified borrowers to manage their interest rate risk and lock in a fixed interest rate similar to a fixed rate loan. We generally manage the interest rate risk from customer swaps with the execution of offsetting interest rate swap transactions.

Derivative Instruments Activity (in notional amount)

(in millions)	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for Floating	Other Derivatives	Total
As of December 31, 2016	$2,566	$2,088	$3,100	$90	$7,844
Additions	**500**	**80**	**--**	**--**	**580**
Maturities/amortization	**(100)**	**(1)**	**(100)**	**(1)**	**(202)**
As of June 30, 2017	**$2,966**	**$2,167**	**$3,000**	**$89**	**$8,222**
As of December 31, 2015	1,550	1,523	2,500	35	$5,608
Additions	664	390	1,400	--	2,454
Maturities/amortization	--	--	(800)	--	(800)
As of June 30, 2016	$2,214	$1,913	$3,100	$35	$7,262

Other derivatives consisted of retail customer derivative products.

By using derivative products, we expose ourselves to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, our credit risk will equal the fair value gain in a derivative. 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, 2017 we do not anticipate nonperformance by any of these counterparties. We typically enter into master agreements that contain netting provisions. All derivative contracts are supported by bilateral collateral agreements with counterparties. Certain derivatives were in a negative fair value position, requiring us to post cash collateral to counterparties of $15.4 million as of June 30, 2017, and $10.0 million as of December 31, 2016.

We may also clear derivative transactions through a futures commission merchant (FCM) with a clearinghouse or a central counterparty (CCP). 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 credit worthiness of counterparties to all swaps that are sent to the CCP, set limits for each counterparty, collect initial margin as well as variation margin settlements from each counterparty for changes in the value of cleared derivatives. At June 30, 2017, initial margin posted with counterparties was $20.1 million compared to $27.9 million as of December 31, 2016. In 2017, contracts with certain CCPs changed which resulted in treating daily variation margin payments as settlements rather than collateral posted. As of June 30, 2017, variation margin of $6.9 million was settled with counterparties, compared to variation margin posted as collateral by counterparties of $6.7 million as of December 31, 2016.

Our derivative activities are monitored by our Asset/Liability Committee (ALCO) as part of the Committee's oversight of our asset/liability and treasury functions. Our hedging strategies are developed within limits established by our Board of Directors through our analysis of data derived from financial simulation models and other internal and industry sources. The resulting hedging strategies are then incorporated into our overall interest rate risk-management strategies. Refer to Note 13 of the 2016 Annual Report for additional information regarding counterparty risk and our risk mitigation practices.

Financial Statement Impact of Derivatives

Refer to Notes 2 and 13 of the 2016 Annual Report for additional information regarding the accounting for 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, 2017		December 31, 2016	
(in thousands)	**Fair Value Assets**	**Fair Value Liabilities**	Fair Value Assets	Fair Value Liabilities
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$ --**	**$8,683**	$2,099	$6,746
Pay-fixed and amortizing pay-fixed swaps	**24,958**	**51,419**	33,102	50,378
Floating-for-floating and amortizing floating-for-floating swaps	**--**	**4,257**	1,744	1,625
Total derivatives designated as hedging instruments	**24,958**	**64,359**	36,945	58,749
Derivatives not designated as hedging instruments:				
Pay-fixed and amortizing pay-fixed swaps	**3,288**	**174**	3,568	130
Other derivative products	**275**	**2,729**	257	2,975
Total derivatives not designated as hedging instruments	**3,563**	**2,903**	3,825	3,105
Credit valuation adjustments	**(45)**	**--**	(198)	--
Total gross amounts of derivatives	**$28,476**	**$67,262**	$40,572	$61,854
Gross amounts offset in Statements of Condition	**(22,944)**	**(22,944)**	(27,447)	(27,447)
Variation margin settled	**--**	**(6,923)**	--	--
Net amounts in Statements of Condition	**$5,532**	**$37,395**	$13,125	$34,407

(in thousands)	**June 30, 2017**	December 31, 2016
Derivative assets, net	**$5,532**	$13,125
Derivative liabilities, net	**(37,395)**	(34,407)
Accrued interest payable on derivatives, net	**(2,077)**	(568)
Gross amounts not offset in Statements of Condition:		
Cash collateral posted with counterparties	**35,539**	31,128
Net exposure amounts	**$1,599**	$9,278

The fair value of derivatives includes credit valuation adjustments (CVA). The CVA reflects credit risk of each derivative counterparty to which we have exposure, net of any collateral posted by the counterparty, and an adjustment for our credit worthiness where the counterparty has exposure to us. The change in the CVA for the period is included in "Miscellaneous income and other (losses) gains, net" on the Statements of Comprehensive Income.

Fair-Value Hedges: We recorded $1.5 million of gains related to swaps for the six months ended June 30, 2017, compared to $506 thousand of losses for the same period in 2016. The gains and losses on the derivative instruments are recognized in "Interest expense" on the Statements of Comprehensive Income.

Cash Flow Hedges: The following table presents the amount of other comprehensive income (OCI) recognized on derivatives and the amount excluded from effectiveness testing.

(in thousands) **For the six months ended June 30, 2017** **Cash Flow Hedging Relationships**	**Amount of Loss Recognized in OCI on Derivatives (Effective Portion)**	**Amount of Loss Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing**
Pay-fixed and amortizing pay-fixed swaps	**$(9,187)**	**$ --**
Floating-for-floating and amortizing floating-for-floating swaps	**(4,376)**	**--**
Total	**$(13,563)**	**$ --**

(in thousands) For the six months ended June 30, 2016 Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)	Amount of Loss Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing
Pay-fixed and amortizing pay-fixed swaps	$(111,735)	$ --
Floating-for-floating and amortizing floating-for-floating swaps	(3,526)	(47)
Total	$(115,261)	$(47)

There were no amounts reclassified from AOCI into income for either six month period ended June 30, 2017 or 2016.

Derivatives not Designated as Hedges: We recorded $59 thousand of net losses on swaps for the six months ended June 30, 2017, compared to $1.1 million of net losses for same period in 2016. The gains and losses on the derivative instruments are recognized in "Miscellaneous income and other (losses) gains, net" on the Statements of Comprehensive Income.

NOTE 9

Accumulated Other Comprehensive Income

Changes in Components of Accumulated Other Comprehensive Income (Loss)

(in thousands)	Not-other-than-temporarily-impaired Investments	Other-than-temporarily-impaired Investments	Derivatives and Hedging Activity	Total
Balance at December 31, 2015	$(31,002)	$10,561	$(64,424)	$(84,865)
Other comprehensive income (loss) before reclassifications	60,051	(161)	(115,261)	(55,371)
Amounts reclassified from accumulated other comprehensive income	174	(6,155)	--	(5,981)
Other comprehensive income (loss)	60,225	(6,316)	(115,261)	(61,352)
Balance at June 30, 2016	$29,223	$4,245	$(179,685)	$(146,217)
Balance at December 31, 2016	$(62,874)	$ --	$(17,156)	$(80,030)
Other comprehensive income (loss) before reclassifications	**21,689**	--	**(13,562)**	**8,127**
Balance at June 30, 2017	**$(41,185)**	**$ --**	**$(30,718)**	**$(71,903)**

Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

(in thousands) Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statements of Comprehensive Income
For the six months ended June 30,	2016	
Not-other-than-temporarily-impaired investments:		
Realized loss on sale of investment securities	$174	Miscellaneous income and other (losses) gains, net
Other-than-temporarily-impaired investments:		
Realized gain on sale of investment securities	(6,155)	Miscellaneous income and other (losses) gains, net
Total reclassifications	$(5,981)	

There were no amounts reclassified from AOCI during the period ending June 30, 2017.

NOTE 10

Subsequent Events

We have evaluated subsequent events through August 9, 2017, which is the date the Financial Statements were available to be issued. Effective July 1, 2017, there were two mergers involving five of our owners and wholesale borrowers:

- AgCountry Farm Credit Services, ACA and United FCS, ACA, merged and are doing business as AgCountry Farm Credit Services, ACA with headquarters in Fargo, N.D.
- 1st Farm Credit Services, ACA, AgStar Financial Services, ACA and Badgerland Financial, ACA merged and are doing business as Compeer Financial with headquarters in Sun Prairie, Wis.

There have been no other 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 regulatory disclosures effective January 1, 2017, as required under 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. As required, these disclosures are made available for at least three years and can be accessed via AgriBank's website at www.AgriBank.com.

Scope of Application

As of June 30, 2017, the AgriBank District has 17 ACA parent Associations, each of which has wholly owned FLCA and PCA subsidiaries. Two mergers within the District were effective July 1, 2017, thereby reducing the number of Agricultural Credit Associations within the District to 14. 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 2016 Annual Report for a description of capital structure.

Regulatory Capital Structure

(3-month average daily balance in thousands)	As of June 30, 2017
Common Equity Tier 1 Capital (CET1)	
Common Cooperative Equities:	
Statutory minimum purchased borrower stock	$30
Other required member purchased stock	998,226
Allocated equities:	
Allocated stock subject to retirement	1,222,830
Unallocated retained earnings as regulatorily prescribed	3,244,259
Regulatory adjustments and deductions made to CET1	(5,234)
Total CET1	$5,460,111
Tier 1 Capital	
Non-cumulative perpetual preferred stock	$250,000
Total additional tier 1 capital	250,000
Total Tier 1 Capital	$5,710,111
Total Capital	
Allowance for loan losses	$22,565
Total tier 2 capital	22,565
Total Capital	$5,732,676

Capital Adequacy and Capital Buffers

Risk-Weighted Assets

(Risk-weighted 3-month average daily balance in thousands)	As of June 30, 2017
Exposures to:	
Cash held at depository institutions	$883
Securities avaliable for sale, excluding securitizations	4,296,604
Securitization exposures	757,915
Wholesale exposures to Farm Credit Institutions	16,335,969
Retail exposures, including OFIs	8,075,566
Derivative exposures	8,604
Intrasystem equity investments	5,234
All other assets	62,708
Deductions:	
Regulatory adjustments and deductions made to CET1	5,234
Regulatory adjustments and deductions made to AT1	--
Regulatory adjustments and deductions made to T2	--
Total standardized risk-weighted assets	$29,538,249

As of June 30, 2017, 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 $346.8 million as of June 30, 2017.

Regulatory Capital Requirements and Ratios

	Regulatory Minimums	Required Buffer	As of June 30, 2017	Calculated Buffer
Common equity tier 1 capital ratio*	4.5%	0.625%	18.5%	14.0%
Tier 1 capital ratio*	6.0%	0.625%	19.3%	13.3%
Total capital ratio*	8.0%	0.625%	19.4%	11.4%
Capital conservation buffer				11.4%
Tier 1 leverage ratio	4.0%	1.0%	5.6%	1.6%
Leverage buffer				1.6%

*The capital conservation buffer over risk-adjusted ratio minimums will be phased in over 3 years under the Farm Credit Administration revised capital requirements, up to 2.5%

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 day 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 that may not otherwise be reflected in the PD and LGD (flooding, drought, etc.) There was no allowance attributed to a geographic area as of June 30, 2017. 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.

Exposures by Contractual Maturity
As of June 30, 2017

(in thousands)	One Year or Less	Over One Year but Less than Five Years	Five Years or More	Total
Wholesale loans	**$47,818,669**	**$31,201,106**	**$ --**	**$79,019,775**
Retail loans	**814,220**	**3,563,983**	**3,598,134**	**7,976,337**
Investments (including federal funds)	**7,051,219**	**2,303,982**	**5,702,679**	**15,057,880**
Wholesale loan commitments	**9,103,357**	**8,555,662**	**--**	**17,659,019**
Retail loan commitments	**304,189**	**688,294**	**167,709**	**1,160,192**
Cleared derivative notional	**225,000**	**1,550,000**	**1,083,379**	**2,858,379**
Bilateral derivative notional	**1,800,000**	**1,589,000**	**1,975,379**	**5,364,379**

Retail Portfolio Distribution
As of June 30, 2017

Commodity Distribution		Geographic Distribution	
Crops	**54%**	Minnesota	**14%**
Cattle	**10%**	Illinois	**14%**
Dairy	**8%**	Wisconsin	**10%**
OFIs	**8%**	Iowa	**9%**
Investor real estate	**5%**	Nebraska	**7%**
Other	**15%**	Michigan	**5%**
Total	**100%**	Indiana	**5%**
		Other	**36%**
		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, 2017
Interest rate contracts	$25,381

Credit Risk Mitigation Related to Loans

Financial collateral is not used to mitigate credit risk in our loan portfolio. Refer to the Credit Risk Mitigation Related to Derivatives section for further information on financial collateral obtained to mitigate credit risk exposure.

Loan and Commitment Exposures Covered by Guarantees
As of June 30, 2017

(in thousands)	3-month Average Daily Balance	Risk-adjusted 3-month Average Daily Balance
Conditionally guaranteed		
Loans	$62,939	$12,588
Commitments	20,367	815
Total	$83,306	$13,403

Credit Risk Mitigation Related to Investments

Financial collateral is not used to mitigate credit risk in our investment portfolio. Refer to the Credit Risk Mitigation Related to Derivatives section for further information on financial collateral obtained to mitigate credit risk exposure.

Investment Exposures Covered by Guarantees
As of June 30, 2017

(in thousands)	3-month Average Daily Balance	Risk-adjusted 3-month Average Daily Balance
Unconditionally guaranteed	$6,218,826	$ --
Conditionally guaranteed	5,039,475	1,007,895
Total	$11,258,301	$1,007,895

Securitization

Securitization Exposures
As of June 30, 2017

(3-month average daily balance in thousands)	Exposure	Weighted average risk-weight factor	Risk adjusted assets
Gross up capital approach	$644,924	118%	$757,915

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, 2017	Disclosed in Other Assets	Life-to-Date gains (losses) recognized in Retained Earnings[1]
RBIC	$10,878	$191

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

Interest Rate Risk

NII Sensitivity Analysis

	Basis Point Interest Rate Change		
As of June 30, 2017	**Down 51**	**Up 100**	**Up 200**
Immediate Change (Shock):			
NII sensitivity	(0.0%)	(0.9%)	(2.4%)
Board policy	(15.0%)		(15.0%)
Gradual Change (Ramp):			
NII sensitivity		0.1%	(0.2%)

EVE Sensitivity Analysis

	Basis Point Interest Rate Change		
As of June 30, 2017	**Down 51**	**Up 100**	**Up 200**
Immediate Change (Shock):			
EVE sensitivity	3.0%	(4.0%)	(7.5%)
Board policy	(12.0%)		(12.0%)