AGRIBANK DISTRICT 2019 QUARTERLY FINANCIAL INFORMATION

Unaudited

JUNE 30, 2019

AGRIBANK, FCB AND DISTRICT ASSOCIATIONS

ADVANCING TOGETHER

FUNDING AND FINANCIAL SOLUTIONS, TODAY AND TOMORROW

AgriBank

FARM CREDIT BANK

AgriBank District Financial Information
AgriBank, FCB and District Associations
unaudited

INTRODUCTION AND DISTRICT OVERVIEW

AgriBank, FCB (“AgriBank” or “the Bank”) and District Associations (“Associations”) are part of the customer-owned, nationwide Farm Credit System (System or Farm Credit). The System provides loans, leases and financial services to farmers, ranchers and rural businesses across the United States and Puerto Rico. This focus on rural communities and agriculture is the reason Farm Credit was established in 1916, and the System has been delivering on that mission ever since – helping fund America's food, fuel and fiber and supporting the rural communities America's farmers and ranchers call home.

The System is a cooperative structure. Farm Credit’s funds are raised by the Federal Farm Credit Banks Funding Corporation (the Funding Corporation) and insured by the Farm Credit System Insurance Corporation (FCSIC or the Insurance Corporation). The Funding Corporation issues a variety of Federal Farm Credit Banks Combined Systemwide Debt Securities with broad ranges of maturities and structures on behalf of the four System Banks. Each System Bank has exposure to Systemwide credit risk because each Bank is joint and severally liable for all Systemwide debt issued. Farm Credit Associations receive funding through one of the System Banks. System entities have specific lending authorities within their chartered territories and are subject to examination and regulation by an independent federal agency, the Farm Credit Administration (FCA).

Under Farm Credit's cooperative structure, AgriBank is primarily owned by 14 local Farm Credit Associations, which provide financial products and services to rural communities and agriculture. AgriBank obtains funds and provides funding and financial solutions to those Associations. AgriBank and the 14 Associations are collectively referred to as the District. The AgriBank District covers a 15-state area stretching from Wyoming to Ohio and Minnesota to Arkansas.

The following commentary reviews the combined financial condition and results of operations of AgriBank and District Associations and provides additional specific information.

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

Combined Financial Highlights

AgriBank, FCB and District Associations

(dollars in thousands)

	June 30, 2019	December 31, 2018
Total loans	**$ 110,390,034**	$ 109,081,975
Allowance for loan losses	**496,458**	490,772
Net loans	**109,893,576**	108,591,203
Total assets	**130,767,668**	128,599,161
Total shareholders' equity	**24,312,427**	23,490,090
Six months ended June 30	**2019**	2018
Net interest income	**$ 1,597,453**	$ 1,514,604
Provision for credit losses	**13,911**	35,035
Net fee income	**28,898**	27,636
Net income	**1,060,720**	1,062,392
Net interest margin	**2.6%**	2.6%
Return on average assets	**1.6%**	1.7%
Return on average shareholders' equity	**8.9%**	9.4%
Operating expense as a percentage of net interest income and non-interest income	**36.3%**	34.7%
Net loan chargeoffs as a percentage of average loans	**(0.01%)**	0.02%
Average loans	**$ 109,118,573**	$ 103,178,437
Average earning assets	**126,534,951**	119,836,263
Average assets	**128,807,430**	121,855,736

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Net income was $1.1 billion for the six months ended June 30, 2019, comparable to the same period of the prior year. While net interest income remained strong due to increased loan volume across the District, it was more than offset by decreases in non-interest income and increases in non-interest expenses. The decrease in non-interest income was mainly attributable to a lower allocated insurance reserve accounts (AIRA) refund in March 2019 when compared to March 2018, and to a lesser extent, the reversal of previously recorded mark-to-market gains on certain economic hedges and decreased mineral income. The increase in non-interest expenses was due mainly to higher salaries and incentive compensation expenses and occupancy and equipment costs across the District.

Net Interest Income

Net interest income increased $82.8 million, or 5.5 percent, compared to the same period of the prior year, primarily due to increased loan volume and the impact of equity financing. This increase was partially offset by a decline in the positive contribution from funding actions, as anticipated, due to the current interest rate environment.

Net interest margin was 2.6 percent for the six months ended June 30, 2019, comparable to the same period of the prior year, as the lending environment remained competitive across the District. The benefit of equity financing substantially offset the impact of spread compression compared to the prior year. Equity financing represents the benefit of non-interest bearing funding and increased compared to the prior year due to higher equity volume and higher interest rates.

Provision for (reversal of) Credit Losses

The provision for credit losses was $13.9 million for the six months ended June 30, 2019. Any reserves for unfunded commitments and letters of credit are recorded in "Other liabilities" on the Combined Balance Sheets.

The year-over-year fluctuations for the District's provision for credit losses can be impacted by economic stress in individual agricultural sectors. The overall provision decreased compared to the same period of the prior year, primarily due to the reversal of provision recorded at one District Association based on an updated analysis of industry stress. This Association's customers have experienced less stress in the agricultural economy than had been expected. Notwithstanding this reversal of provision, low net farm income and credit quality deterioration, primarily in the grain and dairy industries, have resulted in additional provision for credit losses during the six months ended June 30, 2019. Prolonged lower levels of net farm income and other economic factors could contribute to further declines in credit quality, which may increase provision for credit losses across the District.

Non-interest Income

The decrease in non-interest income was driven primarily by the decreased AIRA distributions received from the FCSIC during the first quarter of 2019 compared to the same period of the prior year. The AIRA were established by the FCSIC when premiums collected increased the level of the insurance fund beyond the required secured base amount of 2 percent of insured debt.

The decrease in non-interest income was further impacted by the reversal of previously recorded mark-to-market gains on certain economic hedges and decreased mineral income. These options, related to AgriBank's mineral income, increased in value during the fourth quarter of 2018, when oil prices decreased; however, as oil prices rebounded in the first quarter of 2019, the value of the options decreased. The losses recognized through June 30, 2019 have almost completely offset the gains recognized in the fourth quarter of 2018. These losses are classified as "Other (loss) income" on the Combined Statements of Income.

Non-interest Expense

Overall, non-interest expense increased, primarily driven by increased salaries and benefits expense. The increase in salaries and benefits expense was primarily due to an increase in the number of employees in the District, as well as annual merit increases.

Loan Portfolio

District Loans by Loan Type		
(in thousands)	**June 30, 2019**	December 31, 2018
Real estate mortgage	**$ 59,977,346**	$59,810,146
Production and intermediate-term	**26,263,445**	26,888,339
Agribusiness:		
Loans to cooperatives	**1,451,844**	1,227,755
Processing and marketing	**11,710,039**	10,552,428
Farm-related businesses	**1,412,573**	1,288,785
Rural infrastructure:		
Power	**1,197,267**	1,175,525
Communications	**2,043,125**	1,761,466
Water/Wastewater	**215,093**	103,438
Rural residential real estate	**2,691,678**	2,708,589
Agricultural export finance	**318,414**	320,434
Lease receivables	**203,998**	207,450
Loans to other financing institutions	**513,145**	549,113
Mission related investments	**2,392,067**	2,488,507
Total	**$ 110,390,034**	$109,081,975

District loans increased $1.3 billion, or 1.2 percent, from December 31, 2018. The increase in total loans was primarily due to growth in the agribusiness sector related to capital markets lending. The overall increase in loans was partially offset by repayments on production and intermediate-term loans across the District following draws made prior to year-end for tax-planning purposes.

The loan portfolio exhibits some seasonality relating to the patterns of operating loans made to crop producers. Operating loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs. The degree of seasonality exhibited by the loan portfolio is diminished primarily due to growth in real estate mortgage, agribusiness and part-time farmer sectors.

Loan Quality

The primary credit quality indicator utilized by the Bank and Associations is the FCA Uniform Loan Classification System, which categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (Special Mention) – assets are currently collectible but exhibit some potential weakness.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to 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.

The following table shows loans and related accrued interest classified under the Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable.

District Loan Quality		
	June 30, 2019	December 31, 2018
Acceptable	**90.4%**	91.1%
Special Mention	**4.5%**	4.0%
Substandard/Doubtful	**5.1%**	4.9%
Total	**100.0%**	100.0%

The credit quality of the District loan portfolio remained sound at June 30, 2019. Substandard/Doubtful loans, collectively called adverse loans, are loans AgriBank and District Associations have identified as showing some credit weakness outside the credit standards. While acceptable loan volume remains strong, loan volume classified in categories other than acceptable have continued to increase as the District adjusts to the current environment. No loans were categorized as loss as of June 30, 2019 or December 31, 2018.

Overall, District credit quality is expected to remain at acceptable levels throughout 2019, despite recent increases in adverse credit quality. Due to continued erosion of farm sector working capital, low net farm income levels (primarily driven by low commodity prices) and uncertain trade policy, the downturn in credit quality has worsened within many sectors of the District's retail portfolio and has impacted retail borrower working capital. Given continued projected low net farm income and the product mix within this retail portfolio, adverse credit quality and related allowance for loan losses and provision for loan losses may continue to increase.

Nonperforming Assets (in thousands)	**June 30, 2019**	December 31, 2018
Nonaccrual Loans:		
Real estate mortgage	**$ 487,083**	$ 454,787
Production and intermediate-term	**273,492**	224,889
Agribusiness	**75,393**	60,166
Rural infrastructure	**26,155**	27,120
Rural residential real estate	**27,439**	28,375
Other	**1,726**	1,321
Total nonaccrual loans	**$ 891,288**	$ 796,658
Accruing Restructured Loans:		
Real estate mortgage	**$ 58,072**	$ 59,329
Production and intermediate-term	**17,797**	17,867
Agribusiness	**2,033**	3,004
Rural residential real estate	**1,879**	1,947
Total accruing restructured loans	**$ 79,781**	$ 82,147
Accruing Loans 90 Days or More Past Due:		
Real estate mortgage	**$ 18,156**	$ 8,954
Production and intermediate-term	**33,653**	5,695
Agribusiness	**127**	--
Rural residential real estate	**144**	337
Other	**28,096**	27,257
Total accruing loans 90 days or more past due	**$ 80,176**	$ 42,243
Total nonperforming loans	**1,051,245**	921,048
Other property owned	**39,484**	47,267
Total nonperforming assets	**$ 1,090,729**	$ 968,315

Note: Accruing loans include accrued interest receivable.

The Other category is primarily composed of certain assets originated under the Mission Related Investment authority and finance leases.

Increased nonperforming assets have been driven primarily by declines in net farm income levels for certain borrowers within the District. Based on current forecasts for net farm income levels in certain agricultural production sectors, risk assets are expected to continue to rise. Nonperforming assets have primarily been concentrated in the real estate mortgage and production and intermediate-term sectors during the periods presented.

Aging Analysis of Loans

(in thousands) **As of June 30, 2019**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	**$ 219,065**	**$ 164,688**	**$ 383,753**	**$ 60,340,138**	**$ 60,723,891**
Production and intermediate-term	**210,267**	**170,565**	**380,832**	**26,302,227**	**26,683,059**
Agribusiness	**3,166**	**8,507**	**11,673**	**14,634,097**	**14,645,770**
Rural infrastructure	**--**	**--**	**--**	**3,464,452**	**3,464,452**
Rural residential real estate	**20,695**	**7,516**	**28,211**	**2,678,181**	**2,706,392**
Other	**113,042**	**29,675**	**142,717**	**3,303,836**	**3,446,553**
Total	**$ 566,235**	**$ 380,951**	**$ 947,186**	**$ 110,722,931**	**$ 111,670,117**

As of December 31, 2018	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total
Real estate mortgage	$ 162,493	$ 116,328	$ 278,821	$ 60,293,800	$ 60,572,621
Production and intermediate-term	211,265	109,034	320,299	27,020,582	27,340,881
Agribusiness	6,230	3,808	10,038	13,119,852	13,129,890
Rural infrastructure	--	--	--	3,046,431	3,046,431
Rural residential real estate	17,977	7,626	25,603	2,697,941	2,723,544
Other	53,471	28,162	81,633	3,502,208	3,583,841
Total	$ 451,436	$ 264,958	$ 716,394	$ 109,680,814	$ 110,397,208

Note: Accruing loans include accrued interest receivable.

The Other category is composed of certain assets originated under the Mission Related Investment authority, loans to other financing institutions, agricultural export finance and finance leases.

Past due loans have increased and are reflective of the overall credit quality in the portfolio. Additionally, delinquencies tend to exhibit some seasonality as many loans within the portfolio mature or have annual payments due during the first quarter of the year. Certain portfolios contain recourse agreements from crop input dealers which significantly reduces the risk of non-collection. Generally, repayment through the recourse agreements are collected in the second half of the year.

Changes in Allowance for Loan Losses and Year End Recorded Investments by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for loan losses:							
As of December 31, 2018:	**$ 226,295**	**$ 161,872**	**$ 72,745**	**$ 16,728**	**$ 7,767**	**$ 5,365**	**$ 490,772**
(Reversal of) provision for credit losses	**(3,937)**	**12,620**	**3,114**	**2,568**	**(271)**	**(183)**	**13,911**
Loan recoveries	**1,444**	**2,678**	**737**	**--**	**182**	**1**	**5,042**
Loan charge-offs	**(947)**	**(10,579)**	**(36)**	**--**	**(369)**	**(1)**	**(11,932)**
Reclassification from (to) reserve for unfunded commitments*	**--**	**(1,335)**	**--**	**--**	**--**	**--**	**(1,335)**
Balance as of June 30, 2019	**$ 222,855**	**$ 165,256**	**$ 76,560**	**$ 19,296**	**$ 7,309**	**$ 5,182**	**$ 496,458**
As of June 30, 2019:							
Ending balance: individually evaluated for impairment	**20,598**	**30,052**	**30,469**	**7,619**	**427**	**128**	**89,293**
Ending balance: collectively evaluated for impairment	**202,257**	**135,204**	**46,091**	**11,677**	**6,882**	**5,054**	**407,165**
Recorded investment in loans outstanding:							
Ending balance as of June 30, 2019:	**$ 60,723,891**	**$ 26,683,059**	**$ 14,645,770**	**$ 3,464,452**	**$ 2,706,392**	**$ 3,446,553**	**$ 111,670,117**
Ending balance: individually evaluated for impairment	**563,311**	**324,942**	**77,553**	**26,155**	**29,462**	**29,822**	**1,051,245**
Ending balance: collectively evaluated for impairment	**60,160,580**	**26,358,117**	**14,568,217**	**3,438,297**	**2,676,930**	**3,416,731**	**110,618,872**

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Rural Infrastructure	Rural Residential Real Estate	Other	Total
Allowance for loan losses:							
As of December 31, 2017:	$ 193,669	$ 159,264	$ 54,817	$ 14,030	$ 8,965	$ 5,314	$ 436,059
Provision for credit losses	16,889	5,333	8,500	3,593	216	504	35,035
Loan recoveries	1,508	3,961	81	--	230	--	5,780
Loan charge-offs	(2,294)	(10,717)	(117)	(473)	(868)	--	(14,469)
Reclassification to reserve for unfunded commitments*	--	(3,627)	--	--	--	--	(3,627)
Balance as of June 30, 2018	$ 209,772	$ 154,214	$ 63,281	$ 17,150	$ 8,543	$ 5,818	$ 458,778
As of December 31, 2018:							
Ending balance: individually evaluated for impairment	20,866	30,214	25,351	7,619	520	127	84,697
Ending balance: collectively evaluated for impairment	205,428	131,658	47,394	9,109	7,247	5,239	406,075
Recorded investment in loans outstanding:							
Ending balance as of December 31, 2018:	$ 60,572,621	$ 27,340,881	$ 13,129,890	$ 3,046,431	$ 2,723,543	$ 3,583,842	$ 110,397,208
Ending balance: individually evaluated for impairment	523,070	248,451	63,170	27,120	30,659	13,932	906,402
Ending balance: collectively evaluated for impairment	60,049,551	27,092,430	13,066,720	3,019,311	2,692,884	3,569,910	109,490,806

*Represents reclassifications between the allowance for loan losses and the reserve for unfunded commitments as a result of advances on or repayments of seasonal lines of credit or other loans.

Investments

To maintain alignment with new FCA regulations effective January 1, 2019, certain financial instruments held by one District Association were reclassified from "Investment securities" to "Loans" in the Combined Statements of Condition. This reclassification was applied to December 31, 2018 balances to conform to this revised presentation resulting in investments decreasing by $1.4 billion and loans increasing by the same amount.

AgriBank is responsible for meeting the District's funding, liquidity and asset/liability management needs. While access to the unsecured debt capital markets remains the District's primary source of liquidity, the Bank also maintains a secondary source of liquidity through a high-quality investment portfolio and other short-term liquid assets. The Bank typically holds these investments on an available-for-sale basis. Refer to the AgriBank 2018 Annual Report for additional information about the Bank's investment portfolio. District Associations have regulatory authority to enter into certain guaranteed investments, typically mortgage-backed or asset-backed securities, and are typically held to maturity. Refer to individual District Associations' 2018 annual reports for specific information about the investments at the District Associations.

Investment Information

(in thousands) **As of June 30, 2019**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**
AgriBank investments	**$ 14,450,432**	**$ 33,186**	**$ 37,523**	**$ 14,446,095**
District Association investments	**1,725,560**	**27,683**	**8,797**	**1,744,446**
Total District investments	**16,175,992**	**60,869**	**46,320**	**16,190,541**
(in thousands) As of December 31, 2018	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AgriBank investments	$ 14,080,602	$ 9,739	$ 92,599	$ 13,997,742
District Association investments	1,096,230	6,748	17,550	1,085,428
Total District investments	15,176,832	16,487	110,149	15,083,170

District Capital

AgriBank and District Associations believe a sound capital position is critical to long-term financial stability. AgriBank and District Associations maintain adequate capital to protect against unanticipated losses as well as to meet the District's growth needs. Total shareholders' equity increased $822.3 million, primarily resulting from net income for the six months ended June 30, 2019, partially offset by patronage distributions declared.

Accumulated Other Comprehensive Loss

(in thousands)	**June 30, 2019**	December 31, 2018
Unrealized loss on investment securities	**$ (4,333)**	$ (82,857)
Derivatives and hedging activity	**(72,195)**	34,005
Employee benefit plans activity	**(457,152)**	(473,623)
Total accumulated other comprehensive loss	**$ (533,680)**	$ (522,475)

The increase in accumulated other comprehensive loss (AOCL) in 2019 primarily relates to increased unrealized losses on pay fixed derivative instruments designated as cash flow hedges that decrease in value when interest rates fall. Conversely, the decreasing interest rate environment during the first half of 2019, resulted in increased fair values of certain investment securities helping to offset the overall increase in AOCL. Investment securities held by AgriBank and District Associations are primarily debt securities that increase in value as interest rates fall.

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations.

Regulatory Capital Requirements and Ratios

As of June 30, 2019	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer[1]	Bank	District Associations
Risk adjusted:					
Common equity tier 1 capital ratio (CET1)	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)[2]	4.5%	7.0%	**17.2%**	**14.6% - 24.0%**
Tier 1 capital ratio	CET1 capital, non-cumulative perpetual preferred stock	6.0%	8.5%	**17.9%**	**15.1% - 24.0%**
Total capital ratio	Tier 1 capital, allowance for loan losses[3], common cooperative equities[4] and term preferred stock and subordinated debt[5]	8.0%	10.5%	**18.0%**	**15.6% - 24.3%**
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	**18.0%**	**15.5% - 24.8%**
Non-risk adjusted:					
Tier 1 leverage ratio	Tier 1 capital	4.0%	5.0%	**5.5%**	**15.0% - 23.4%**
UREE leverage ratio	URE and URE Equivalents	1.5%	1.5%	**2.9%**	**14.3% - 23.6%**

(1) The 2.5% capital conservation buffer over risk-adjusted ratio minimums is being phased in over three years under the FCA capital requirements. The phase-in period ends on December 31, 2019.
(2) Equities outstanding 7 or more years
(3) Capped at 1.25% of risk-adjusted assets
(4) Outstanding 5 or more years, but less than 7 years
(5) Outstanding 5 or more years

Other Matters

During 2016, District Associations and AgriBank conducted research related to moving certain business services offered by AgriBank into a separate entity jointly owned by AgriBank and participating Associations. The long-term strategic objectives of this initiative are to increase scale, improve operating efficiency, and enhance technology and business services. The proposed service entity will be named SunStream Business Services (SunStream). An application to form the service entity was submitted to the FCA for approval in May 2017, and the FCA continues its due diligence on this request.

Select Information on AgriBank District Associations

(in thousands) **As of June 30, 2019**	**Wholesale Loan Amount**	**% of Wholesale Portfolio**	**Total Assets**	**Total Allowance and Capital**	**Total Regulatory Capital Ratio**	**Nonperforming[1] as a % of Total Loans**	**Return on Assets**
Farm Credit Services of America	**$23,807,440**	**27.8%**	**$29,892,098**	**$5,971,099**	**16.8%**	**0.9%**	**2.0%**
Farm Credit Mid-America	**18,922,731**	**22.1%**	**24,073,557**	**4,926,476**	**21.2%**	**1.4%**	**1.8%**
Compeer Financial[2]	**17,168,650**	**20.1%**	**21,284,862**	**3,827,767**	**15.6%**	**0.9%**	**1.8%**
GreenStone Farm Credit Services	**7,311,310**	**8.5%**	**9,180,138**	**1,816,178**	**17.5%**	**1.0%**	**2.2%**
AgCountry Farm Credit Services[2]	**6,025,148**	**7.0%**	**7,861,289**	**1,769,852**	**18.8%**	**0.6%**	**1.6%**
FCS Financial	**3,433,421**	**4.0%**	**4,370,535**	**902,192**	**18.3%**	**0.4%**	**1.8%**
Farm Credit Illinois	**3,261,866**	**3.8%**	**4,305,871**	**1,015,012**	**19.7%**	**0.2%**	**1.6%**
AgHeritage Farm Credit Services	**1,160,783**	**1.4%**	**1,487,894**	**317,472**	**18.8%**	**0.9%**	**2.0%**
Farm Credit Services of Western Arkansas	**1,088,070**	**1.3%**	**1,423,388**	**298,996**	**20.0%**	**0.9%**	**2.0%**
Farm Credit Services of North Dakota	**1,025,435**	**1.2%**	**1,346,189**	**311,475**	**19.9%**	**0.9%**	**2.0%**
Farm Credit Services of Mandan	**994,474**	**1.2%**	**1,274,358**	**269,288**	**17.6%**	**0.3%**	**2.2%**
Farm Credit Midsouth	**715,010**	**0.8%**	**951,317**	**228,451**	**21.4%**	**0.9%**	**1.8%**
Farm Credit Southeast Missouri	**557,427**	**0.7%**	**722,414**	**157,048**	**21.0%**	**0.5%**	**2.2%**
Delta Agricultural Credit Association	**43,216**	**0.1%**	**53,557**	**9,912**	**24.3%**	**0.6%**	**1.0%**
Total	**$85,514,981**	**100.0%**	**$108,227,467**	**$21,821,218**			

[1] Nonperforming loans are comprised of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due.

[2] Loan amounts do not include fair value adjustments due to merger.

Combined Balance Sheets

AgriBank, FCB and District Associations

(unaudited)
(in thousands)

	June 30, 2019	December 31, 2018
Assets		
Cash	**$ 348,272**	$ 670,856
Federal funds and securities purchased under resale agreements	**1,749,700**	1,698,100
Investments	**16,171,655**	15,093,972
Loans	**110,390,034**	109,081,975
Allowance for loan losses	**496,458**	490,772
Net loans	**109,893,576**	108,591,203
Accrued interest receivable	**1,324,890**	1,357,081
Premises and equipment, net	**618,850**	577,523
Other assets	**660,725**	610,426
Total assets	**$ 130,767,668**	$ 128,599,161
Liabilities		
Bonds and notes	**$ 103,767,074**	$ 102,181,163
Member investment bonds	**1,181,602**	942,181
Accrued interest payable	**411,252**	405,784
Notes payable and other interest bearing liabilities	**--**	--
Patronage distribution payable	**320,215**	732,471
Other liabilities	**775,098**	847,472
Total liabilities	**106,455,241**	105,109,071
Shareholders' equity		
Preferred stock	**350,000**	350,000
Capital stock and participation certificates	**314,240**	311,527
Additional paid-in capital	**2,084,988**	2,084,988
Allocated retained earnings	**426,845**	426,967
Unallocated retained earnings	**21,600,356**	20,771,011
Accumulated other comprehensive loss	**(533,680)**	(522,475)
Noncontrolling interest	**69,678**	68,072
Total shareholders' equity	**24,312,427**	23,490,090
Total liabilities and shareholders' equity	**$ 130,767,668**	$ 128,599,161

Combined Statements of Income

AgriBank, FCB and District Associations

(unaudited)
(in thousands)

	Three months		Six months	
For the periods ended June 30,	**2019**	2018	**2019**	2018
Interest Income				
Loans	**$ 1,330,559**	$ 1,173,789	**$ 2,630,756**	$ 2,301,648
Investment securities	**116,413**	87,221	**229,308**	162,426
Total interest income	**1,446,972**	1,261,010	**2,860,064**	2,464,074
Interest Expense	**641,311**	499,208	**1,262,611**	949,470
Net interest income	**805,661**	761,802	**1,597,453**	1,514,604
(Reversal of) provision for credit losses	**(6,086)**	21,842	**13,911**	35,035
Net interest income after provision for credit losses	**811,747**	739,960	**1,583,542**	1,479,569
Non-interest income				
Net fee income	**16,705**	12,393	**28,898**	27,636
Financially related services income	**20,670**	23,039	**46,229**	47,888
Net gains on sales of investments and other assets	**1,441**	63	**1,512**	369
Mineral income	**13,550**	16,824	**25,347**	31,437
Allocated Insurance Reserve Accounts	**--**	--	**25,526**	65,941
Other (loss) income	**(1,237)**	8,314	**(8,129)**	19,474
Total non-interest income	**51,129**	60,633	**119,383**	192,745
Non-interest expense				
Salaries and employee benefits	**188,551**	176,369	**380,291**	356,061
Occupancy and equipment	**30,703**	25,672	**60,274**	50,608
Purchased services	**19,172**	17,058	**36,557**	33,068
Farm Credit System Insurance Corporation expense	**21,297**	20,068	**42,201**	39,983
Other expense	**54,732**	58,477	**106,271**	114,469
Total non-interest expense	**314,455**	297,644	**625,594**	594,189
Income before income taxes	**548,421**	502,949	**1,077,331**	1,078,125
Provision for income taxes	**9,237**	6,019	**16,611**	15,733
Net income	**$ 539,184**	$ 496,930	**$ 1,060,720**	$ 1,062,392

ADVANCING TOGETHER

FUNDING AND FINANCIAL SOLUTIONS, TODAY AND TOMORROW

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