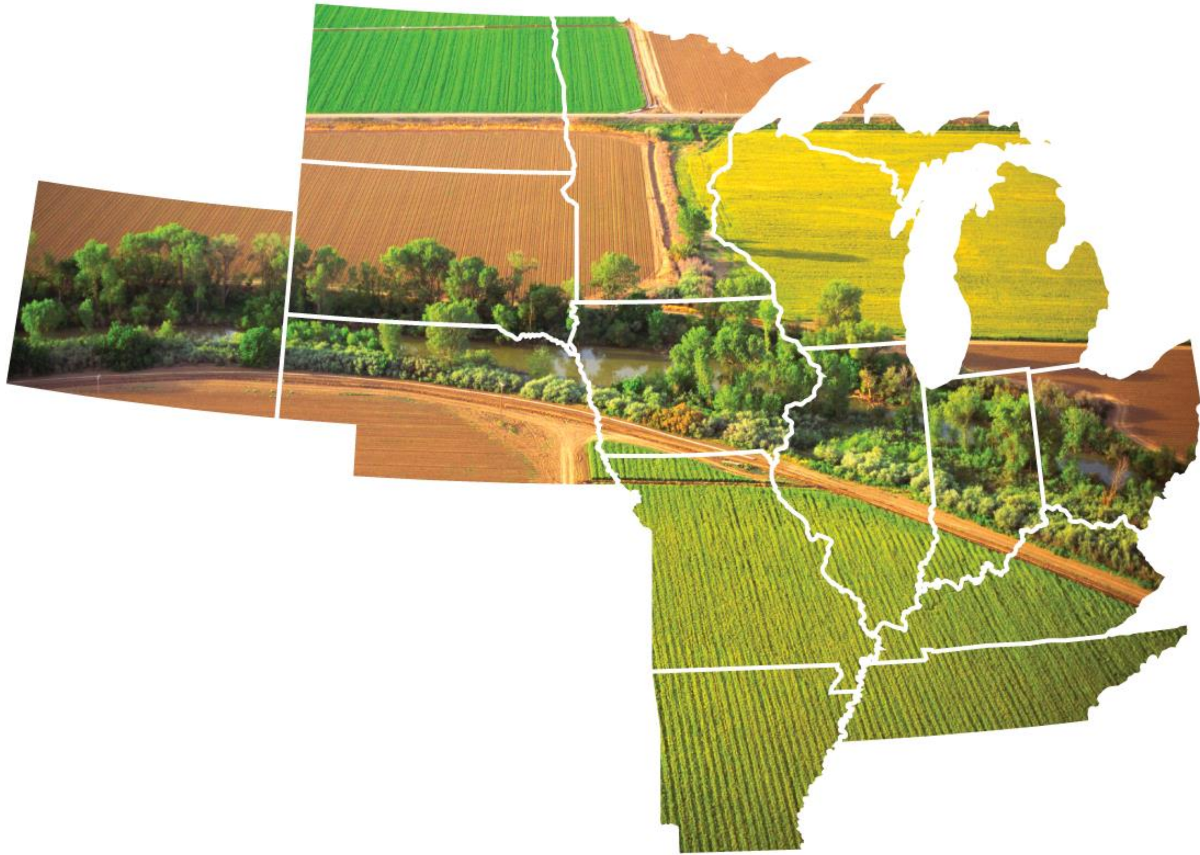

Quarterly Report - Third Quarter 2013
September 30, 2013

AGRIBANK, FCB AND AFFILIATED ASSOCIATIONS

Copies of quarterly and annual reports are available upon request by contacting AgriBank, FCB, 30 E. 7th Street, Suite 1600, St. Paul, MN 55101 or by calling (651) 282-8800. Reports are also available at www.agribank.com.

Management's Discussion and Analysis

AgriBank, FCB and Affiliated Associations

The following discussion is a review of the combined financial position and results of operations of AgriBank, FCB and Affiliated Associations which are part of the Farm Credit System (the System). This information should be read in conjunction with the accompanying combined financial statements, the notes to the combined financial statements and the 2012 annual report.

We serve customers in states across America's heartland. AgriBank, FCB (AgriBank) provides funding to, and is owned by, its affiliated Associations, certain related entities and other financial institutions (OFIs). AgriBank and its affiliated Associations are collectively referred to as the District. The affiliated 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. The affiliated Associations provide credit and financial services to farmers, ranchers, rural residents and agribusinesses.

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 2012 annual report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Results of Operations

District net income was strong for the nine months ended September 30, 2013 at $1.4 billion, a 5.6% increase, compared to $1.3 billion for the same period in 2012. The return on average assets was 1.9% for the nine months ended September 30, 2013, compared to 2.0% for the same period in 2012.

Changes in Significant Components of Net Income
(in millions)

For the nine months ended September 30,	2013	2012	Increase (Decrease) in Net Income
Net interest income	**$1,864.1**	$1,705.6	$158.5
Reversal of (provision for) credit losses	**12.7**	(22.0)	34.7
Non-interest income	**245.0**	268.8	(23.8)
Salaries and employee benefits	**(458.4)**	(390.1)	(68.3)
Other operating expenses	**(217.4)**	(203.0)	(14.4)
Farm Credit System insurance expense	**(51.6)**	(23.8)	(27.8)
Loss on debt extinguishment	**(4.0)**	--	(4.0)
Net impairment losses recognized in earnings	**(1.7)**	(14.2)	12.5
Provision for income taxes	**(38.5)**	(42.5)	4.0
Net income	**$1,350.2**	$1,278.8	$71.4

Net interest income for the nine months ended September 30, 2013 increased $158.5 million, or 9.3%, compared to the same period in 2012. The increase in net interest income was primarily due to the positive effects of changes in volume of $186.3 million, driven by increases in real estate mortgage loans due to demand for cropland, partially offset by negative effects of changes in rates of $20.9 million and changes in nonaccrual income of $6.9 million. Net interest income continues to be strong and reflects the positive impact of our funding actions as we proactively take advantage of the favorable interest rate environment and the increased volume of fixed rate loans. Callable debt replacement activity has diminished due to rising intermediate rates. Refinancing activity by customers has similarly slowed. Average earning assets increased 10.3% to $91.9 billion for the nine months ended September 30, 2013 compared to $83.3 billion for the same period in 2012.

Over time, as the interest rate environment changes and as our product mix changes, the positive impact on net interest income we have experienced over the last several years from calling and refinancing debt securities may diminish, but may be offset by improved earnings on equity in a rising rate environment.

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

(in millions)

For the nine months ended September 30,	**2013**			2012		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Accrual loans	**$76,316.0**	**4.11%**	**$2,352.8**	$68,872.1	4.41%	$2,278.2
Nonaccrual loans	**715.0**	**4.13%**	**22.1**	839.0	4.65%	29.3
Investment securities and federal funds	**14,767.0**	**0.91%**	**100.3**	13,450.1	1.06%	106.6
Other earning assets	**75.4**	**5.30%**	**3.0**	142.1	5.36%	5.7
Total	**91,873.4**	**3.60%**	**2,478.2**	83,303.3	3.87%	2,419.8
Interest bearing liabilities	**77,590.9**	**1.06%**	**614.1**	70,601.0	1.35%	714.2
Interest rate spread	**$14,282.5**	**2.54%**		$12,702.3	2.52%	
Impact of equity financing		**0.17%**			0.21%	
Net interest margin		**2.71%**			2.73%	
Net interest income			**$1,864.1**			$1,705.6

Net interest margin decreased two basis points over the same period last year primarily due to a four basis point decline in the impact of equity financing, partially offset by a two basis point increase in interest rate spread. Equity financing represents the benefit of non-interest rate bearing funding, which was lower due to continued low interest rates. The increase in interest rate spread was primarily due to increased spreads on converted fixed rate loans, reflecting the affiliated Associations' abilities to re-price borrowers' loans at lower interest rates and increased spreads. Changes in loans are further discussed in the Loan Portfolio section of this report.

The District's reversal of provision for credit losses for the nine months ended September 30, 2013 was $12.7 million compared to provision for credit losses of $22.0 million for the same period in 2012. The amounts reflect the change in the estimated losses in the loan portfolio during the periods. There was $9.9 million of reversal of provision for loan losses for the nine months ended September 30, 2013, primarily due to reversals of specific reserves on a large participated dairy credit and drought reserves from the prior year, as well as generally improved credit quality. Included in the reversal of provision for credit losses were reversals of provision expense for unfunded commitments and unfunded letters of credit of $2.0 million and $0.8 million, respectively. The reserves for unfunded commitments and letters of credit are recorded as liabilities on the Combined Statements of Condition. The provision for credit losses recorded for the same period in 2012 was primarily due to reserves related to the 2012 United States (U.S.) drought and additional specific reserves on a participated dairy credit. The amount of provision recorded during the three months ended September 30, 2012 was partially

offset by reversals during the first half of 2012 reflecting strong collateralization of the portfolios and continued improvement in credit quality.

The decrease in non-interest income was primarily due to a $79.1 million non-recurring distribution of our share of the Allocated Insurance Reserve Accounts we received during the second quarter of 2012. There were no such distributions in 2013. This decrease was partially offset by a $28.1 million increase in loan prepayment and fee income. Loan prepayment income increased primarily due to two large prepayments that resulted in $14.4 million and $3.1 million in fee income during the first and third quarters of 2013, respectively. Additionally, miscellaneous income and other gains (losses), net increased by $26.2 million for the nine months ended September 30, 2013 compared to the same period in 2012. This increase was primarily related to write downs to other property owned and non-recurring losses related to receive-fixed swaps that were de-designated as hedging instruments recorded for the nine months ended September 30, 2012. There were no non-recurring losses related to the de-designation of hedging instruments in 2013. Refer to Note 7 to the combined financial statements for further discussion related to derivative activities.

The increase in salaries and employee benefits resulted from the following:

- A $51.1 million increase in salary expense, primarily due to annual merit increases as well as an increase in head count of 230 full-time equivalents (4.1%) from September 30, 2012 to September 30, 2013.
- A $17.2 million increase in benefits expense driven primarily by: i) an increase in pension expense of $7.9 million, reflecting the impact of the decline in the discount rate and the continued amortization of losses on plan assets in 2008, ii) a $4.4 million increase in medical and dental insurance expenses due to the rising cost of medical care and iii) an increase in defined contribution plan expense of $2.4 million, reflecting the increase in staffing (all new employees are in this plan).

Other operating expenses increased $14.4 million, primarily related to occupancy and equipment, travel, purchased services, public and member relations and other miscellaneous expenses.

Farm Credit System insurance expense increased by $27.8 million reflecting the Farm Credit System Insurance Corporation premium rate of 10 basis points for the nine months ended September 30, 2013 compared to five basis points for the same period in 2012.

The loss on debt extinguishment of $4.0 million related to the transfer of $20.0 million of debt at fair value from AgriBank to another Farm Credit System bank to restructure liabilities in March 2013. This transaction was for the purpose of asset/liability rebalancing due to a large prepayment of a loan. This loss was more than offset by the receipt of fee income of $14.4 million on the loan prepayment.

AgriBank evaluates all investments in an unrealized loss position quarterly and determined that certain securities were in an other-than-temporary loss position at September 30, 2013. As a result of its evaluations, AgriBank recognized $1.7 million in impairment losses during the nine months ended September 30, 2013 compared to $14.2 million for the same period in 2012. Refer to additional discussion in the Investment Portfolio section of this report.

The decrease in provision for income taxes for the nine months ended September 30, 2013 was due to increased tax savings from patronage programs.

Loan Portfolio

Components of Loans

(in millions)	**September 30, 2013**	December 31, 2012
Accrual loans:		
Real estate mortgage	**$45,928.2**	$43,388.4
Production and intermediate term	**20,895.7**	21,121.9
Agribusiness	**6,707.4**	6,364.0
Rural residential real estate	**2,573.1**	2,450.7
Other	**3,261.0**	3,063.3
Nonaccrual loans	**649.8**	700.8
Total loans	**$80,015.2**	$77,089.1

District loans totaled $80.0 billion at September 30, 2013, a $2.9 billion, or 3.8%, increase from December 31, 2012. The increase in total loans from December 31, 2012 was primarily due to continued business activity in the real estate mortgage sector as well as continued activity in large multiple lender credits (agribusiness sector). The production and intermediate term sector has increased $2.4 billion from March 31, 2013. The District experienced typical seasonal increases on operating lines in the production and intermediate term sector, although these increases were more than offset by paydowns in January as many borrowers sold crops and paid down these lines primarily for tax planning strategies. These increases were somewhat later due to excessive moisture in some of the District's territory which delayed planting and somewhat lower usage due to high level of cash held by grain farmers.

Components of Risk Assets

(in millions)	**September 30, 2013**	December 31, 2012
Nonaccrual loans	**$649.8**	$700.8
Accruing restructured loans	**62.2**	45.6
Accruing loans 90 days or more past due	**14.8**	20.5
Total risk loans	**726.8**	766.9
Other property owned	**49.6**	67.8
Total risk assets	**$776.4**	$834.7
Risk loans as a % of total loans	**0.90%**	0.99%
Delinquencies as a % of total loans	**0.53%**	0.65%

Note: Accruing loans include accrued interest receivable.

Our risk assets have decreased from December 31, 2012, remaining at acceptable levels. Total risk loans as a percentage of total loans remains within our established risk management guidelines.

Credit quality on loans remained at acceptable levels with 98.0% of our portfolio in the acceptable and special mention categories at September 30, 2013, compared to 97.4% at December 31, 2012. Adversely classified loans decreased primarily due to paydowns and credit quality improvements related to four significant credits and were 2.0% at September 30, 2013, compared to 2.6% at December 31, 2012.

Nonaccrual loans represented 0.8% of total loans at September 30, 2013, compared to 0.9% at December 31, 2012. At September 30, 2013, 61.8% of nonaccrual loans were current as to principal and interest compared

to 61.2% at December 31, 2012. The dollar decrease in nonaccrual loans was primarily due to repayments received on nonaccrual loans in the normal course of business, partially offset by the transfer into nonaccrual of a large credit within the pork industry during the first quarter of 2013. We received significant repayments on this credit during the third quarter of 2013.

Our accounting policy generally requires loans past due 90 days to be transferred into nonaccrual status. Based on management's analysis, all accruing loans 90 days or more past due were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

The decrease in other property owned was primarily due to the sale of a large participated ethanol credit, partially offset by transfers of credits from nonaccrual status.

Allowance Coverage Ratios

	September 30, 2013	December 31, 2012
Allowance as a % of:		
Loans	**0.29%**	0.34%
Nonaccrual loans	**35.45%**	37.52%
Total risk loans	**31.70%**	34.29%
Net charge-offs as a % of average loans	**0.03%**	0.09%
Adverse loans as a % of risk funds*	**10.33%**	14.03%

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

The District's allowance for loan losses is an estimate of losses on loans in the AgriBank and affiliated Association portfolios as of the financial statement date. AgriBank and affiliated Associations' management determine the appropriate allowance levels based on a periodic evaluation of factors such as loan loss history, probability of default, estimated loss severity, portfolio quality and current economic and environmental conditions. During the nine months ended September 30, 2013, we decreased our allowance for loan losses by $32.5 million. The decline in the allowance was primarily driven by net charge-offs of $22.6 million and reversals of provision for loan losses of $9.9 million (not including reversals of provision for unfunded commitments and unfunded letters of credit of $2.0 million and $0.8 million, respectively). The amounts reflect the change in the estimated losses in the loan portfolio during the periods. AgriBank and affiliated Associations' management consider the allowance for loan losses at September 30, 2013 to be reasonable in relation to the risk in the loan portfolios.

Investment Portfolio

At September 30, 2013, investment securities held for liquidity purposes by AgriBank totaled $11.2 billion, an increase of $174.0 million from December 31, 2012.

AgriBank evaluates all investments in an unrealized loss position quarterly. As a result of its evaluations, AgriBank recognized $1.7 million in impairment losses during the nine months ended September 30, 2013, which consisted of $0.4 million on a newly impaired mortgage-backed security and $1.3 million on previously impaired securities. No other securities have an other-than-temporary impairment. For the nine months ended September 30, 2013, the impairments reflect the deterioration of credit performance.

AgriBank continues to closely analyze and monitor our home equity asset-backed securities (ABS) and non-agency mortgage-backed securities (MBS), which are detailed in the table below:

(in millions)	As of September 30, 2013				As of December 31, 2012			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
First liens	$98.4	$0.5	$10.8	$88.1	$117.7	$ --	$20.1	$97.6
Second liens	--	4.5	--	4.5	0.5	4.1	--	4.6
Wrapped ABS	18.6	1.0	2.8	16.8	21.1	1.0	3.6	18.5
Total home equity asset-backed securities	$117.0	$6.0	$13.6	$109.4	$139.3	$5.1	$23.7	$120.7
Alt-A non-agency MBS - floating	$9.0	$1.3	$0.6	$9.7	$12.0	$1.1	$1.5	$11.6
Alt-A non-agency MBS - ARM	32.9	2.2	0.5	34.6	35.7	0.9	2.8	33.8
Jumbo non-agency MBS - floating	25.5	--	1.6	23.9	30.5	--	2.5	28.0
Jumbo non-agency MBS - fixed	14.8	1.8	0.1	16.5	16.6	2.0	0.2	18.4
Jumbo non-agency MBS - ARM	128.8	6.3	2.0	133.1	150.0	2.5	3.8	148.7
Total non-agency mortgage-backed securities	$211.0	$11.6	$4.8	$217.8	$244.8	$6.5	$10.8	$240.5
Total of above segments	$328.0	$17.6	$18.4	$327.2	$384.1	$11.6	$34.5	$361.2

The general market conditions for home equity asset-backed and non-agency mortgage-backed securities markets have improved in 2013. The net unrealized loss on these components of the investment portfolio has decreased to $0.8 million at September 30, 2013, from $22.9 million at December 31, 2012, reflecting improvements in the underlying housing data driving the performance of these securities, paydowns of principal and to a lesser extent the recognition of other than temporary impairment.

At September 30, 2013, AgriBank held securities that, because the ratings were downgraded below AAA, were no longer eligible under the Farm Credit Administration (FCA) regulations. The fair value of all ineligible investments totaled $315.7 million, including $185.3 million on which we have taken impairment charges. Effective January 1, 2013, securities that become ineligible no longer require formal FCA approval to hold beyond six months and can be included in the net collateral ratio provided certain conditions are met, including the security was eligible at the time it was purchased. These conditions were met for all ineligible securities and AgriBank’s current intent is to hold these securities.

In addition, AgriBank held split-rated non-agency mortgage-backed securities and home equity asset-backed securities with a fair value of $8.2 million that were downgraded below AAA by at least one rating agency. There are no split-rated securities on which AgriBank has taken impairment. There were no non-agency mortgage-backed or home equity asset-backed securities on credit watch negative as of September 30, 2013.

Investments held by certain affiliated Associations consisted of $1.8 billion of government guaranteed instruments, $280.1 million of securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac), $2.9 million of investment securities of Agricultural Rural Community (ARC) bonds and a $4.0 million venture capital equity investment. Refer to Note 3 to the combined financial statements for further discussion.

Agricultural Conditions

The United States Department of Agriculture (USDA) projects U.S. aggregate net farm income (NFI) to increase by $6.8 billion from 2012 to a record $120.6 billion in 2013. Despite the projected increase in NFI, projected 2013 aggregate net cash income (NCI) is projected to decline by $13.5 billion (5.5%) from $134.3 billion in 2012 to $120.8 billion in 2013. The contrast in directional change in NFI and NCI is primarily due to an increase of $18.6 billion in the value of inventories, a component of NFI but not part of NCI. Value of inventory change only affects NCI when inventories are sold and reflects higher anticipated yields in 2013. The farm sector’s debt-to-asset ratio

is currently forecasted at a record low 10.2% for 2013. The projected improvement in debt-to-asset ratio is primarily driven by a $173.3 billion (7.5%) increase in the projected value of farm real estate to a record aggregate value of $2.5 trillion.

In addition, many crop producers have strengthened their financial positions over the past several years, and with high utilization of multi-peril crop insurance, the 2012 drought had a very limited financial impact. However, the high prices for corn, soybeans and other feed grains have been, through the first half of 2013, placing pressure on livestock, poultry, ethanol and dairy producers who rely on these inputs. The 2013 harvest season is progressing well and the expectation is for a large corn crop and an average soybean crop. With the onset of the harvest season has come significant reductions in commodity prices in corn and other feed grains, and to a lesser extent soybeans. These lower commodity prices are expected to have some negative impact on crop producers. However, these lower prices generally will be positive for producers and processors who purchase these commodities as inputs in the production of livestock, poultry, dairy products and ethanol.

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 affiliated Associations throughout the District. The District's most recent real estate market value survey indicated that District real estate value changes ranged from -5.7% to 38.4% over the twelve-month period ending June 30, 2013. Qualitative surveys of lending officers compiled by the Federal Reserve Banks of Chicago, Kansas City, Minneapolis and St. Louis as of the end of the second quarter 2013 also indicated sharply increasing farmland values. The Federal Reserve Banks survey cited a year-over-year increase in the average value of non-irrigated farmland of 17% to 22%.

Declining land values are a potential lending risk following periods of sustained, rapid land value increases. Nominal and real (inflation-adjusted) agricultural land values have increased in proportions greater than other asset classes such as stocks and urban residential and commercial land during the last decade, but District agricultural land values have, for the most part, escaped the valuation declines that other assets suffered during the recession. This is largely because the agricultural sector, particularly crop farming, has remained profitable throughout the economic crisis period, and demand for agricultural land has remained very strong.

AgriBank District credit risk policies focus on loan repayment capacity in addition to conservative loan-to-value levels on the collateral that secures loans. Although FCA regulations allow real estate mortgage loans of up to 85% of appraised value, our underwriting standards generally limit lending to no more than 65% at origination. Due to very strong land values in much of our District, many affiliated Associations have implemented risk management practices that incorporate loan-to-appraised value thresholds below the 65% level. In addition, many District lenders impose lending caps per acre based on the land's sustainable income-producing capacity. While underwriting exceptions on loan-to-appraised-value are sometimes granted, in such cases loans are typically structured with shorter amortization schedules and/or additional principal payments in the early years to reduce risk.

Funding, Liquidity and Members' Equity

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 nine months ended September 30, 2013, investor demand for Systemwide Debt Securities has remained favorable.

AgriBank is responsible for meeting the District's funding, liquidity and asset/liability management needs. Access to the debt capital markets remains its primary source of liquidity. AgriBank also maintains liquidity through its investment portfolio. AgriBank's liquidity policy and FCA regulations require maintaining a minimum of 90 days of liquidity on a continuous basis. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments. AgriBank currently operates with a liquidity operating target of at least 125 days. As of September 30, 2013, AgriBank had sufficient liquidity to fund all debt maturing within 161 days. AgriBank also has a contingency plan 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. The composition of the liquidity investment portfolio is structured to 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 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, asset-backed securities and non-agency mortgage-backed securities. At September 30, 2013 AgriBank held qualifying assets in excess of each incremental level to meet the liquidity coverage intervals.

Total members' equity at September 30, 2013 was $15.8 billion, a $1.4 billion increase from December 31, 2012. Members' equity was positively impacted by net income for the period, an issuance of perpetual preferred stock at one affiliated Association, a reduction in other comprehensive losses and an increase in capital stock and participation certificates. These equity increases were partially offset by earnings reserved for patronage distributions.

The noncontrolling interest represents the equity investment of Farm Credit System entities outside the AgriBank District who have ownership interests in AgDirect, LLP and Farm Credit Foundations (FCF). The noncontrolling interest for the AgDirect program and FCF at September 30, 2013 was $30.2 million and $0.4 million, respectively. Refer to Notes 1 and 2 in the 2012 annual report for a more complete description.

In May 2013, an affiliated Association, AgStar Financial Services, ACA, issued $100 million of Series A-1 non-cumulative perpetual preferred stock. The net proceeds from the issuance were used to increase regulatory capital, pursuant to current FCA regulations, for continued business development and general corporate purposes. Refer to Note 4 to the combined financial statements for further discussion.

On October 29, 2013, AgriBank issued $250 million of Series A non-cumulative perpetual preferred stock. The net proceeds from the issuance were used for general corporate purposes. Refer to Note 10 to the combined financial statements for further discussion.

At September 30, 2013, AgriBank and each affiliated Association exceeded the regulatory minimum capital ratios, which are further discussed in Note 4 to the combined financial statements.

Certification

The undersigned have reviewed the September 30, 2013 quarterly report of AgriBank, FCB and Affiliated Associations which has been prepared under the oversight of the AgriBank Audit Committee and in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate and complete to the best of our knowledge and belief.

Richard Davidson
Chairman of the Board
AgriBank, FCB
November 8, 2013

L. William York
Chief Executive Officer
AgriBank, FCB
November 8, 2013

Brian J. O'Keane
Executive Vice President, Banking and Finance and Chief Financial Officer
AgriBank, FCB
November 8, 2013

Combined Statements of Condition

AgriBank, FCB and Affiliated Associations

(Dollars in thousands)
(unaudited)

	September 30, 2013	December 31, 2012
Assets		
Loans	**$80,015,224**	$77,089,134
Allowance for loan losses	**230,387**	262,930
Net loans	**79,784,837**	76,826,204
Investment securities - AgriBank, FCB	**11,161,304**	10,987,313
Investment securities - Affiliated Associations	**2,052,173**	2,275,266
Other earning assets	**73,087**	144,199
Cash	**374,243**	560,753
Federal funds	**1,408,682**	744,548
Accrued interest receivable	**1,045,112**	793,344
Premises and equipment, net	**388,672**	360,464
Deferred tax assets, net	**8,192**	10,919
Assets held for lease, net	**546,292**	505,005
Derivative assets	**66,193**	70,255
Other property owned	**49,627**	67,836
Debt issuance costs	**39,654**	53,769
Other assets	**148,796**	108,804
Total assets	**$97,146,864**	$93,508,679
Liabilities		
Bonds and notes	**$79,474,860**	$77,135,855
Subordinated notes	**600,000**	600,000
Accrued interest payable	**210,248**	195,057
Derivative liabilities	**2,745**	18,345
Deferred tax liabilities, net	**148,970**	145,221
Accounts payable	**135,526**	124,686
Patronage payable	**86,847**	209,534
Postretirement liability	**493,325**	499,503
Cash collateral pledged by counterparties	**29,810**	22,320
Other liabilities	**196,748**	229,695
Total liabilities	**81,379,079**	79,180,216
Commitments and contingencies	**--**	--
Members' equity		
Protected borrower equities	**300**	305
Capital stock and participation certificates	**264,287**	261,818
Perpetual preferred stock	**100,000**	--
Allocated surplus	**323,627**	302,789
Unallocated surplus	**15,560,378**	14,324,793
Accumulated other comprehensive loss	**(511,371)**	(583,324)
Noncontrolling interest	**30,564**	22,082
Total members' equity	**15,767,785**	14,328,463
Total liabilities and members' equity	**$97,146,864**	$93,508,679

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

Combined Statements of Comprehensive Income

AgriBank, FCB and Affiliated Associations

(Dollars in thousands)
(Unaudited)

	Three months		Nine months	
For the three and nine months ended September 30,	**2013**	2012	**2013**	2012
Interest income				
Loans	**$813,322**	$782,444	**$2,374,908**	$2,307,459
Investment securities and other earning assets	**32,502**	37,294	**103,269**	112,342
Total interest income	**845,824**	819,738	**2,478,177**	2,419,801
Interest expense	**206,209**	225,811	**614,032**	714,164
Net interest income	**639,615**	593,927	**1,864,145**	1,705,637
(Reversal of) provision for credit losses	**(9,614)**	40,737	**(12,714)**	22,044
Net interest income after (reversal of) provision for credit losses	**649,229**	553,190	**1,876,859**	1,683,593
Non-interest income				
Financially related services	**52,450**	50,765	**93,692**	95,107
Loan prepayment and fee income	**17,262**	11,240	**61,677**	33,604
Mineral income	**21,597**	15,779	**58,632**	56,286
Allocated insurance reserve accounts distribution	**--**	--	**--**	79,065
Miscellaneous income and other gains (losses), net	**14,654**	(7,940)	**30,984**	4,747
Total non-interest income	**105,963**	69,844	**244,985**	268,809
Non-interest expense				
Salaries and employee benefits	**157,717**	134,469	**458,359**	390,097
Other operating expenses	**73,102**	69,133	**217,510**	203,050
Farm Credit System insurance expense	**17,590**	8,222	**51,586**	23,773
Loss on debt extinguishment	**--**	--	**3,951**	--
Impairment losses recognized in earnings:				
Total other-than-temporary impairment losses	**556**	7,787	**2,503**	25,149
Portion of loss recognized in other comprehensive income	**(194)**	(840)	**(808)**	(10,914)
Net impairment losses recognized in earnings	**362**	6,947	**1,695**	14,235
Total non-interest expense	**248,771**	218,771	**733,101**	631,155
Income before income taxes	**506,421**	404,263	**1,388,743**	1,321,247
Provision for income taxes	**6,575**	7,040	**38,543**	42,478
Net income	**$499,846**	$397,223	**$1,350,200**	$1,278,769
Other comprehensive income (loss)				
Investments available-for-sale:				
Not-other-than-temporarily-impaired investments	**$36,289**	$24,957	**$(21,204)**	$25,502
Other-than-temporarily-impaired investments	**(56,276)**	19,271	**(11,034)**	34,766
Derivatives and hedging activity	**7,040**	539	**73,151**	(10,612)
Employee benefit plans activity	**10,346**	7,331	**31,040**	21,994
Total other comprehensive income (loss)	**(2,601)**	52,098	**71,953**	71,650
Comprehensive income	**$497,245**	$449,321	**$1,422,153**	$1,350,419

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

Combined Statements of Changes in Members' Equity

AgriBank, FCB and Affiliated Associations

(Dollars in thousands)

(Unaudited)

	Protected Borrower Equities	Capital Stock and Participation Certificates	Perpetual Preferred Stock	Allocated Surplus	Unallocated Surplus	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Members' Equity
Balance at December 31, 2011	$2,056	$253,382	$ --	$290,516	$12,875,783	$(594,096)	$6,259	$12,833,900
Noncontrolling interest equity investment							11,725	11,725
Net income					1,278,769			1,278,769
Other comprehensive income						71,650		71,650
Patronage					(56,383)			(56,383)
Surplus allocated under nonqualified patronage program				35,337	(35,337)			--
Redemption of surplus allocated under nonqualified patronage program				(41,818)				(41,818)
Capital stock/participation certificates issued		20,434						20,434
Capital stock/participation certificates retired	(1,359)	(15,238)						(16,597)
Balance at September 30, 2012	$697	$258,578	$ --	$284,035	$14,062,832	$(522,446)	$17,984	$14,101,680
Balance at December 31, 2012	**$305**	**$261,818**	**$ --**	**$302,789**	**$14,324,793**	**$(583,324)**	**$22,082**	**$14,328,463**
Noncontrolling interest equity investment							**8,482**	**8,482**
Net income					**1,350,200**			**1,350,200**
Other comprehensive income						**71,953**		**71,953**
Patronage					**(62,052)**			**(62,052)**
Surplus allocated under nonqualified patronage program				**45,730**	**(45,730)**			**--**
Redemption of surplus allocated under nonqualified patronage program				**(24,892)**				**(24,892)**
Perpetual preferred stock issued			**100,000**		**(3,702)**			**96,298**
Perpetual preferred stock dividends					**(3,131)**			**(3,131)**
Capital stock/participation certificates issued		**18,769**						**18,769**
Capital stock/participation certificates retired	**(5)**	**(16,300)**						**(16,305)**
Balance at September 30, 2013	**$300**	**$264,287**	**$100,000**	**$323,627**	**$15,560,378**	**$(511,371)**	**$30,564**	**$15,767,785**

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

Combined Statements of Cash Flows

AgriBank, FCB and Affiliated Associations

(Dollars in thousands)
(Unaudited)

For the nine months ended September 30,	2013	2012
Cash flows from operating activities		
Net income	**$1,350,200**	$1,278,769
Depreciation on premises and equipment	**27,153**	25,996
Gain on sales of premises and equipment	**(1,661)**	(2,462)
Depreciation on assets held for lease	**70,901**	59,662
Gain on disposal of assets held for lease	**(612)**	(618)
(Reversal of) provision for credit losses	**(12,714)**	22,044
(Gain) loss on other property owned	**(181)**	17,410
Loss on debt extinguishment	**3,951**	--
(Gain) loss on derivative activities	**(386)**	3,643
Net impairment losses recognized in earnings	**1,695**	14,235
Amortization of premiums and discounts on loans and investments	**34,624**	32,530
Insurance refund related to Financial Assistance Corporation stock	**--**	(5,546)
Changes in operating assets and liabilities:		
Accrued interest receivable	**(251,768)**	(213,260)
Other assets	**(23,150)**	248
Accrued interest payable	**15,191**	2,085
Other liabilities	**(17,922)**	(20,265)
Net cash provided by operating activities	**1,195,321**	1,214,471
Cash flows from investing activities		
Increase in loans, net	**(2,968,679)**	(4,816,558)
Proceeds from sales of other property owned	**36,921**	23,535
Decrease in other earning assets, net	**71,112**	68,548
Increase in investment securities, net	**(18,030)**	(1,326,509)
Purchases of assets held for lease, net	**(111,576)**	(93,822)
Purchases of premises and equipment, net	**(53,700)**	(37,389)
Proceeds from insurance refund related to Financial Assistance Corporation stock	**--**	5,546
Net cash used in investing activities	**(3,043,952)**	(6,176,649)
Cash flows from financing activities		
Consolidated bonds and notes issued	**178,848,830**	198,263,579
Consolidated bonds and notes retired	**(176,451,777)**	(192,871,961)
Increase (decrease) in cash collateral pledged by counterparties	**7,490**	(75,350)
Patronage distribution paid	**(184,105)**	(176,640)
Redemption of surplus allocated under nonqualified patronage program	**(793)**	(19,260)
Capital stock/participation certificates issued, net	**1,830**	3,208
Perpetual preferred stock issued, net	**96,298**	--
Increase in noncontrolling interest	**8,482**	11,725
Net cash provided by financing activities	**2,326,255**	5,135,301
Net increase in cash and federal funds	**477,624**	173,123
Cash and federal funds at beginning of period	**1,305,301**	886,838
Cash and federal funds at end of period	**$1,782,925**	$1,059,961
Supplemental schedule of non-cash activities		
Decrease in derivative assets	**$4,062**	$57,447
(Decrease) increase in derivative liabilities	**(15,600)**	5,384
Decrease in bonds from derivative activity	**(61,999)**	(48,576)
Increase (decrease) in members' equity from cash flow derivatives	**73,151**	(10,612)
(Decrease) increase in members' equity from investment securities	**(32,238)**	60,268
Increase in members' equity from employee benefits	**31,040**	21,994
Loans transferred to other property owned	**25,560**	23,912
Patronage distributions payable to members	**86,847**	78,874
Financed sales of other property owned	**(7,029)**	(18,774)
Patronage payable of surplus allocated under nonqualified patronage program	**24,099**	22,558
Stock patronage issued	**634**	629
Supplemental Information		
Interest paid	**$598,841**	$712,079
Taxes paid	**35,948**	26,499

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

NOTE 1

Organization and Significant Accounting Policies

AgriBank, FCB and Affiliated Associations comprise one of the Districts 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, FCB (AgriBank) and its affiliated Associations are collectively referred to as the District. At September 30, 2013, the District had 17 Agricultural Credit Association parent Associations, each of which 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 the organization and operation of the District, significant accounting policies followed, combined financial condition and results of operations as of and for the year ended December 31, 2012 are contained in the 2012 annual report. These unaudited third quarter 2013 combined financial statements should be read in conjunction with the annual report. The results for the nine months ended September 30, 2013 are not necessarily indicative of the results to be expected for the year ended December 31, 2013.

The accompanying combined financial statements include the accounts of AgriBank combined with its 17 affiliated Associations and certain related entities. All significant transactions and balances between AgriBank and the Associations have been eliminated in combination. The accompanying combined 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.

Recently Issued or Adopted Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (FASB) issued guidance, "*Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income*." The guidance requires entities to present either parenthetically on the face of the financial statements or in the notes to the financial statements, significant amounts reclassified from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The guidance is effective for annual periods beginning after December 15, 2012, and interim periods within those annual periods. The adoption of this guidance did not impact the financial condition or results of operations, but resulted in additional disclosures.

In December 2011, the FASB issued guidance entitled, "Balance Sheet – Disclosures about Offsetting Assets and Liabilities." In January 2013, the FASB issued clarifying guidance surrounding the scope of financial instruments covered under this guidance. The offsetting disclosures are only applied to derivatives, repurchase agreements and securities lending transactions. The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities. The requirements apply to in scope financial instruments that are offset in accordance with the rights of offset set forth in accounting guidance and for those financial instruments that are subject to an enforceable master

netting arrangement or similar agreement, irrespective of whether they are offset or not. This guidance is to be applied retrospectively for all comparative periods and is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this guidance did not impact financial condition or results of operations, but resulted in additional disclosures.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

(in thousands)	September 30, 2013		December 31, 2012	
	Amount	%	Amount	%
Real estate mortgage	**$46,318,587**	**57.9%**	$43,808,820	56.9%
Production and intermediate term	**21,046,516**	**26.3%**	21,293,391	27.6%
Agribusiness	**6,736,408**	**8.4%**	6,402,785	8.3%
Rural residential real estate	**2,618,296**	**3.3%**	2,501,794	3.2%
Other	**3,295,417**	**4.1%**	3,082,344	4.0%
Total loans	**$80,015,224**	**100.0%**	$77,089,134	100.0%

The other category is primarily comprised of communication and energy related loans, finance leases and loans originated under our Mission Related Investment authority as well as loans to AgriBank's other financial institutions.

Participations

We may purchase or sell participation interests with other parties in order to diversify risk, manage loans and comply with Farm Credit Administration (FCA) regulations or affiliated Association General Financing Agreement limitations.

Participations Purchased and Sold

(in thousands)	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
As of September 30, 2013	**Participations Purchased**	**Participations Sold**	**Participations Purchased**	**Participations Sold**	**Participations Purchased**	**Participations Sold**
Real estate mortgage	**$845,763**	**$193,572**	**$2,243,160**	**$38,735**	**$3,088,923**	**$232,307**
Production and intermediate term	**582,757**	**441,466**	**3,847,810**	**60,462**	**4,430,567**	**501,928**
Agribusiness	**2,931,875**	**456,441**	**692,461**	**219,154**	**3,624,336**	**675,595**
Rural residential real estate	**179**	**2,489**	**24,667**	**41**	**24,846**	**2,530**
Other	**1,637,785**	**111,615**	**10,631**	**--**	**1,648,416**	**111,615**
Total loans	**$5,998,359**	**$1,205,583**	**$6,818,729**	**$318,392**	**$12,817,088**	**$1,523,975**

(in thousands)	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
As of December 31, 2012	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$830,665	$154,048	$2,033,790	$37,200	$2,864,455	$191,248
Production and intermediate term	565,195	250,183	3,080,414	43,839	3,645,609	294,022
Agribusiness	2,626,587	461,628	684,936	299,231	3,311,523	760,859
Rural residential real estate	212	8	17,048	48	17,260	56
Other	1,497,242	102,082	18,582	--	1,515,824	102,082
Total loans	$5,519,901	$967,949	$5,834,770	$380,318	$11,354,671	$1,348,267

Information in the preceding chart excludes loans entered into under our Mission Related Investment and leasing authorities.

Portfolio Performance

One credit quality indicator we utilize is the 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 probabilities of default;
- 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; and
- Loss – assets are considered uncollectible.

Credit Quality of Loans

(in thousands) **As of September 30, 2013**	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Real estate mortgage	**$45,583,285**	**97.0%**	**$462,316**	**1.0%**	**$916,865**	**2.0%**	**$46,962,466**	**100.0%**
Production and intermediate term	**20,546,426**	**96.2%**	**356,511**	**1.7%**	**441,312**	**2.1%**	**21,344,249**	**100.0%**
Agribusiness	**6,342,499**	**93.7%**	**288,888**	**4.3%**	**135,654**	**2.0%**	**6,767,041**	**100.0%**
Rural residential real estate	**2,514,840**	**95.4%**	**21,259**	**0.8%**	**99,050**	**3.8%**	**2,635,149**	**100.0%**
Other	**3,225,812**	**97.7%**	**16,317**	**0.5%**	**59,724**	**1.8%**	**3,301,853**	**100.0%**
Total loans	**$78,212,862**	**96.6%**	**$1,145,291**	**1.4%**	**$1,652,605**	**2.0%**	**$81,010,758**	**100.0%**

(in thousands) As of December 31, 2012	Acceptable		Special mention		Substandard/Doubtful		Total	
Real estate mortgage	$42,612,339	96.3%	$533,087	1.2%	$1,107,867	2.5%	$44,253,293	100.0%
Production and intermediate term	20,760,442	96.3%	260,104	1.2%	532,001	2.5%	21,552,547	100.0%
Agribusiness	5,900,345	91.8%	289,457	4.5%	239,215	3.7%	6,429,017	100.0%
Rural residential real estate	2,389,026	95.0%	22,430	0.9%	102,200	4.1%	2,513,656	100.0%
Other	3,013,215	97.6%	9,437	0.3%	65,182	2.1%	3,087,834	100.0%
Total loans	$74,675,367	96.0%	$1,114,515	1.4%	$2,046,465	2.6%	$77,836,347	100.0%

Note: Accruing loans include accrued interest receivable.

Aging Analysis of Loans

(in thousands) **As of September 30, 2013**	**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**
Real estate mortgage	**$119,876**	**$116,320**	**$236,196**	**$46,726,270**	**$46,962,466**	**$2,682**
Production and intermediate term	**50,813**	**50,967**	**101,780**	**21,242,469**	**21,344,249**	**5,021**
Agribusiness	**15,315**	**10,875**	**26,190**	**6,740,851**	**6,767,041**	**5,255**
Rural residential real estate	**24,686**	**10,788**	**35,474**	**2,599,675**	**2,635,149**	**40**
Other	**7,245**	**23,500**	**30,745**	**3,271,108**	**3,301,853**	**1,761**
Total loans	**$217,935**	**$212,450**	**$430,385**	**$80,580,373**	**$81,010,758**	**$14,759**

(in thousands) As of December 31, 2012	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
Real estate mortgage	$142,573	$135,844	$278,417	$43,974,876	$44,253,293	$11,928
Production and intermediate term	62,754	50,235	112,989	21,439,558	21,552,547	6,670
Agribusiness	30,507	14,395	44,902	6,384,115	6,429,017	359
Rural residential real estate	29,750	15,292	45,042	2,468,614	2,513,656	332
Other	14,077	14,305	28,382	3,059,452	3,087,834	1,212
Total loans	$279,661	$230,071	$509,732	$77,326,615	$77,836,347	$20,501

Note: Accruing loans include accrued interest receivable.

Impaired 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)

	September 30, 2013	December 31, 2012
Nonaccrual loans:		
Current as to principal and interest	**$401,581**	$428,573
Past due	**248,234**	272,256
Total nonaccrual loans	**649,815**	700,829
Accruing restructured loans	**62,257**	45,565
Accruing loans 90 days or more past due	**14,759**	20,501
Total risk loans	**$726,831**	$766,895
Volume with specific reserves	**$169,692**	$175,035
Volume without specific reserves	**557,139**	591,860
Total risk loans	**$726,831**	$766,895
Specific reserves	**$52,102**	$60,235
For the nine months ended September 30,	**2013**	2012
Income on accrual risk loans	**$2,393**	$1,839
Income on nonaccrual loans	**22,134**	29,287
Total income on risk loans	**$24,527**	$31,126
Average risk loans	**$782,806**	$883,192

Note: Accruing loans include accrued interest receivable.

Risk Assets by Loan Type

(in thousands)	**September 30, 2013**	December 31, 2012
Nonaccrual loans:		
Real estate mortgage	**$390,338**	$419,837
Production and intermediate term	**150,853**	172,109
Agribusiness	**28,960**	38,817
Rural residential real estate	**45,239**	51,063
Other	**34,425**	19,003
Total nonaccrual loans	**$649,815**	$700,829
Accruing restructured loans:		
Real estate mortgage	**$45,846**	$33,099
Production and intermediate term	**7,918**	3,589
Agribusiness	**4,194**	4,398
Rural residential real estate	**458**	398
Other	**3,841**	4,081
Total accruing restructured loans	**$62,257**	$45,565
Accruing loans 90 days or more past due:		
Real estate mortgage	**$2,682**	$11,928
Production and intermediate term	**5,021**	6,670
Agribusiness	**5,255**	359
Rural residential real estate	**40**	332
Other	**1,761**	1,212
Total accruing loans 90 days or more past due	**$14,759**	$20,501
Total risk loans	**$726,831**	$766,895
Other property owned	**$49,627**	$67,836
Total risk assets	**$776,458**	$834,731

Note: Accruing loans include accrued interest receivable.

All risk loans are considered to be impaired loans.

Additional Impaired Loan Information by Loan Type

(in thousands)	As of September 30, 2013			For the nine months ended September 30, 2013	
	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	**$86,805**	**$103,820**	**$21,397**	**$93,013**	**$ --**
Production and intermediate term	**48,243**	**66,893**	**20,528**	**70,457**	**--**
Agribusiness	**2,390**	**6,347**	**1,228**	**2,735**	**--**
Rural residential real estate	**7,729**	**10,944**	**1,538**	**7,992**	**--**
Other	**24,525**	**25,085**	**7,411**	**21,262**	**--**
Total	**$169,692**	**$213,089**	**$52,102**	**$195,459**	**$ --**
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	**$352,061**	**$463,339**	**$ --**	**$376,837**	**$14,786**
Production and intermediate term	**115,549**	**236,744**	**--**	**117,483**	**6,179**
Agribusiness	**36,019**	**43,401**	**--**	**34,748**	**1,117**
Rural residential real estate	**38,007**	**51,393**	**--**	**41,013**	**1,539**
Other	**15,503**	**15,490**	**--**	**17,266**	**906**
Total	**$557,139**	**$810,367**	**$ --**	**$587,347**	**$24,527**
Total impaired loans:					
Real estate mortgage	**$438,866**	**$567,159**	**$21,397**	**$469,850**	**$14,786**
Production and intermediate term	**163,792**	**303,637**	**20,528**	**187,940**	**6,179**
Agribusiness	**38,409**	**49,748**	**1,228**	**37,483**	**1,117**
Rural residential real estate	**45,736**	**62,337**	**1,538**	**49,005**	**1,539**
Other	**40,028**	**40,575**	**7,411**	**38,528**	**906**
Total	**$726,831**	**$1,023,456**	**$52,102**	**$782,806**	**$24,527**

(in thousands)	As of December 31, 2012			For the nine months ended September 30, 2012	
	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	$79,805	$108,370	$21,486	$105,238	$ --
Production and intermediate term	72,978	119,237	31,696	106,077	--
Agribusiness	3,862	7,550	1,468	21,978	--
Rural residential real estate	8,784	12,055	1,936	8,900	--
Other	9,606	10,062	3,649	5,788	--
Total	$175,035	$257,274	$60,235	$247,981	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$385,059	$481,570	$ --	$405,261	$11,882
Production and intermediate term	109,390	206,515	--	124,996	8,877
Agribusiness	39,712	48,993	--	40,477	8,948
Rural residential real estate	43,009	54,128	--	47,888	1,192
Other	14,690	14,607	--	16,589	227
Total	$591,860	$805,813	$ --	$635,211	$31,126
Total impaired loans:					
Real estate mortgage	$464,864	$589,940	$21,486	$510,499	$11,882
Production and intermediate term	182,368	325,752	31,696	231,073	$8,877
Agribusiness	43,574	56,543	1,468	62,455	$8,948
Rural residential real estate	51,793	66,183	1,936	56,788	$1,192
Other	24,296	24,669	3,649	22,377	$227
Total	$766,895	$1,063,087	$60,235	$883,192	$31,126

*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.

Troubled Debt Restructurings

A restructuring of a loan constitutes a troubled debt restructuring, also known as formally restructured, if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and are borrower-specific and may include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. The post-modification outstanding recorded investment may be higher than the pre-modification outstanding recorded investment, in certain segments, primarily due to the acceptance of additional collateral as well as amounts capitalized upon restructuring. As discussed above, we generally provide concessions which do not reduce the principal or interest to be collected. In limited circumstances, principal may be forgiven. When a restructured loan constitutes a troubled debt restructuring, these loans are included within our risk loans. All risk loans are analyzed within our allowance for loan losses. We record a specific allowance to reduce the carrying amount of the formally restructured loan to the lower of book value or net realizable value of collateral, if required.

Troubled Debt Restructuring Activity

(in thousands) **As of September 30, 2013**	**Pre-modification Outstanding Recorded Investment***	**Post-modification Outstanding Recorded Investment***
Troubled debt restructurings:		
Real estate mortgage	**$19,763**	**$20,256**
Production and intermediate term	**31,584**	**31,058**
Agribusiness	**277**	**278**
Rural residential real estate	**1,430**	**1,238**
Other	**15,494**	**15,494**
Total loans	**$68,548**	**$68,324**

(in thousands) As of September 30, 2012	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:		
Real estate mortgage	$16,611	$16,649
Production and intermediate term	11,994	11,923
Rural residential real estate	1,308	1,202
Total loans	$29,913	$29,774

* Pre-modification outstanding represents the recorded investment just prior to restructuring and post-modification outstanding represents the recorded investment immediately following the restructuring. The recorded investment is the face amount of the receivable 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 following table presents information regarding troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the respective periods:

(in thousands) **As of September 30,**	**Recorded Investment 2013**	Recorded Investment 2012
Troubled debt restructurings that subsequently defaulted:		
Real estate mortgage	**$1,928**	$2,452
Production and intermediate term	**573**	1,133
Rural residential real estate	**555**	409
Total	**$3,056**	$3,994

Troubled debt restructurings outstanding at September 30, 2013 totaled $188.7 million, of which $126.5 million were in nonaccrual status. This was compared to $163.5 million of which $117.9 million were in nonaccrual status at December 31, 2012. Additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring totaled $17.3 million at September 30, 2013.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands)

For the nine months ended September 30,	**2013**	2012
Balance at beginning of year	**$262,930**	$300,508
Provision for (reversal of) loan losses	**(9,910)**	19,294
Charge-offs	**(32,408)**	(59,449)
Recoveries	**9,775**	13,266
Balance at end of period	**$230,387**	$273,619

During the nine months ended September 30, 2013, we decreased our allowance for loan losses by $32.5 million. The decline in the allowance was primarily driven by net charge-offs of $22.6 million and reversals of provision for loan losses of $9.9 million (not including reversal of provision for unfunded commitments and unfunded letters of credit of $2.0 million and $0.8 million, respectively). AgriBank and affiliated Associations' management consider the allowance for loan losses at September 30, 2013 to be reasonable in relation to the risk in the loan portfolios.

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

(in thousands)	Real estate mortgage	Production and intermediate term	Agribusiness	Rural residential real estate	Other	Total
Allowance for loan losses:						
Balance at December 31, 2012	**$94,385**	**$91,565**	**$48,434**	**$11,683**	**$16,863**	**$262,930**
Provision for (reversal of) loan losses	**2,204**	**(2,472)**	**(14,692)**	**2,999**	**2,051**	**(9,910)**
Charge-offs	**(17,062)**	**(8,971)**	**(763)**	**(5,203)**	**(409)**	**(32,408)**
Recoveries	**3,508**	**3,618**	**2,278**	**370**	**1**	**9,775**
Balance at September 30, 2013	**$83,035**	**$83,740**	**$35,257**	**$9,849**	**$18,506**	**$230,387**
At September 30, 2013:						
Ending balance: individually evaluated for impairment	**$21,397**	**$20,528**	**$1,228**	**$1,538**	**$7,411**	**$52,102**
Ending balance: collectively evaluated for impairment	**$61,638**	**$63,212**	**$34,029**	**$8,311**	**$11,095**	**$178,285**
Recorded investments in loans outstanding:						
Ending balance at September 30, 2013	**$46,962,466**	**$21,344,249**	**$6,767,041**	**$2,635,149**	**$3,301,853**	**$81,010,758**
Ending balance for loans individually evaluated for impairment	**$438,866**	**$163,792**	**$38,409**	**$45,736**	**$40,028**	**$726,831**
Ending balance for loans collectively evaluated for impairment	**$46,523,600**	**$21,180,457**	**$6,728,632**	**$2,589,413**	**$3,261,825**	**$80,283,927**

(in thousands)	Real estate mortgage	Production and intermediate term	Agribusiness	Rural residential real estate	Other	Total
Allowance for loan losses:						
Balance at December 31, 2011	$107,075	$124,448	$47,933	$12,789	$8,263	$300,508
Provision for (reversal of) loan losses	(675)	(4,378)	9,849	4,323	10,175	19,294
Charge-offs	(17,407)	(31,982)	(4,601)	(5,450)	(9)	(59,449)
Recoveries	6,583	5,364	1,169	139	11	13,266
Balance at September 30, 2012	$95,576	$93,452	$54,350	$11,801	$18,440	$273,619
At December 31, 2012:						
Ending balance: individually evaluated for impairment	$21,486	$31,696	$1,468	$1,936	$3,649	$60,235
Ending balance: collectively evaluated for impairment	$72,899	$59,869	$46,966	$9,747	$13,214	$202,695
Recorded investments in loans outstanding:						
Ending balance at December 31, 2012	$44,253,293	$21,552,547	$6,429,017	$2,513,656	$3,087,834	$77,836,347
Ending balance for loans individually evaluated for impairment	$464,864	$182,368	$43,574	$51,793	$24,296	$766,895
Ending balance for loans collectively evaluated for impairment	$43,788,429	$21,370,179	$6,385,443	$2,461,863	$3,063,538	$77,069,452

Note: Accruing loans include accrued interest receivable.

NOTE 3

Investment Securities

AgriBank Investment Securities

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

Summary of AFS Securities

(in thousands) **As of September 30, 2013**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Mortgage-backed securities	**$4,122,611**	**$30,061**	**$31,071**	**$4,121,601**	**1.1%**
Commercial paper and other	**3,347,345**	**254**	**111**	**3,347,488**	**0.3%**
U.S. Treasury securities	**2,846,795**	**3,209**	**638**	**2,849,366**	**1.3%**
Asset-backed securities	**743,657**	**5,976**	**14,075**	**735,558**	**0.4%**
U.S. Agencies	**100,170**	**7,121**	**--**	**107,291**	**4.4%**
Total	**$11,160,578**	**$46,621**	**$45,895**	**$11,161,304**	**0.8%**

(in thousands) As of December 31, 2012	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$4,138,378	$47,366	$12,232	$4,173,512	1.1%
Commercial paper and other	2,856,341	325	103	2,856,563	0.3%
U.S. Treasury securities	3,186,053	4,619	24	3,190,648	1.3%
Asset-backed securities	559,342	5,398	23,766	540,974	0.5%
U.S. Agencies	214,233	11,383	--	225,616	4.2%
Total	$10,954,347	$69,091	$36,125	$10,987,313	0.9%

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

Contractual Maturities of AFS Investment Securities

(in thousands)	**Year of Maturity**				
As of September 30, 2013	**One Year or Less**	**One to Five Years**	**Five to Ten Years**	**More Than Ten Years**	**Total**
Mortgage-backed securities	**$ --**	**$13,802**	**$108,646**	**$3,999,153**	**$4,121,601**
Commercial paper and other	**3,347,488**	**--**	**--**	**--**	**3,347,488**
U.S. Treasury securities	**1,382,948**	**1,466,418**	**--**	**--**	**2,849,366**
Asset-backed securities	**955**	**623,621**	**1,497**	**109,485**	**735,558**
U.S. Agencies	**--**	**107,291**	**--**	**--**	**107,291**
Total	**$4,731,391**	**$2,211,132**	**$110,143**	**$4,108,638**	**$11,161,304**
Weighted average yield	**0.4%**	**1.4%**	**0.8%**	**1.1%**	**0.8%**

The expected average life is 1.2 years for asset-backed securities and 3.4 years for mortgage-backed securities at September 30, 2013. Expected maturities differ from contractual maturities because borrowers may have the right to prepay obligations.

A summary of the investments in an unrealized loss position presented by the length of time that the investments have been in a continuous unrealized loss position follows:

(in thousands)	Less than 12 months		More than 12 months	
As of September 30, 2013	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Mortgage-backed securities	**$2,582,271**	**$26,957**	**$126,009**	**$4,114**
Commercial paper and other	**1,101,031**	**111**	**--**	**--**
U.S. Treasury securities	**632,929**	**638**	**--**	**--**
Asset-backed securities	**517,414**	**2,249**	**82,574**	**11,826**
Total	**$4,833,645**	**$29,955**	**$208,583**	**$15,940**

(in thousands)	Less than 12 months		More than 12 months	
As of December 31, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$377,826	$1,096	$308,222	$11,136
Commercial paper and other	665,523	103	--	--
U.S. Treasury securities	124,949	24	--	--
Asset-backed securities	84,915	79	119,812	23,687
Total	$1,253,213	$1,302	$428,034	$34,823

AgriBank evaluates its investment securities for other-than-temporary impairment on a quarterly basis. Factors considered in determining whether an impairment is other-than-temporary include: 1) the length of time and the extent to which the fair value is less than cost, 2) the financial condition and near-term prospects of the issuer and, if applicable, the financial condition of any financial guarantor, 3) the estimated cash flow projections compared to contractual cash flows and 4) AgriBank's intent to sell the impaired security and whether AgriBank is more likely than not to be required to sell the security before recovery. In addition, AgriBank qualitatively considers other available information when assessing whether impairment is other-than-temporary. Based on the results of these evaluations, if it is determined that the impairment is other-than-temporary, the loss is separated into credit-related and non-credit-related components. The credit-related component is recognized through earnings and the non-credit-related component is recognized in other comprehensive income. The credit-related components of the other-than-temporary impairment losses were determined by projecting cash flows using cash flow models which require certain market assumptions. The significant inputs into the models include assumptions with regard to interest rates, prepayment speeds, default rates and loss severities. The assumptions are applied at the individual security and associated collateral pool level. Default rate assumptions are generally estimated using historical loss and performance information to estimate future defaults. Prepayment speed assumptions are based on historical prepayment rates. Loss severity assumptions are estimated based on underlying collateral type using research available from market research sources including broker/dealers and rating agencies as well as recent historical information.

The unrealized losses primarily reflect concerns about the creditworthiness and liquidity of home equity related asset-backed and non-agency mortgage-backed securities. AgriBank determined that securities with a fair value of $185.3 million at September 30, 2013 were in an other-than-temporary loss position compared to securities with a fair value of $189.1 million at December 31, 2012. As a result of its evaluations, AgriBank has recognized $1.7 million in net impairment losses during the nine months ended September 30, 2013, reflecting a gross impairment charge of $2.5 million, net of $0.8 million related to the non-credit component which was recognized in other comprehensive income. AgriBank has determined no other securities were in an other-than-temporary loss position at September 30, 2013.

The following represents the activity related to the credit-loss component for investments that have been written down for other-than-temporary impairment that has been recognized in earnings:

(in thousands) **For the nine months ended September 30,**	**2013**	2012
Credit-loss component, beginning of year	**$129,162**	$103,680
Additions:		
Initial credit impairment	**357**	1,393
Subsequent credit impairments	**1,338**	12,842
Reductions:		
For increases in expected cash flows	**(2,403)**	(1)
Credit-loss component, end of year	**$128,454**	$117,914

Affiliated Association Investment Securities
Investment securities held by certain affiliated Associations are classified as held-to-maturity (HTM).

Summary of HTM Securities

(in thousands) **As of September 30, 2013**	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Fair Value**	**Weighted Average Yield**
Government guaranteed instruments	**$1,765,064**	**$22,417**	**$30,264**	**$1,757,217**	**2.6%**
Farmer Mac mortgage-backed securities	**280,128**	**2,204**	**3,557**	**278,775**	**4.5%**
ARC bonds	**2,946**	**37**	**--**	**2,983**	**4.0%**
Venture capital equity investment	**4,035**	*****	*****	*****	*****
Total	**$2,052,173**	**$24,658**	**$33,821**	**$2,038,975**	**2.9%**

(in thousands) **As of December 31, 2012**	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Weighted Average Yield
Government guaranteed instruments	$1,968,661	$21,922	$34,217	$1,956,366	2.5%
Farmer Mac mortgage-backed securities	302,650	5,361	112	307,899	4.7%
ARC bonds	720	35	--	755	9.8%
Venture capital equity investment	3,235	*	*	*	*
Total	$2,275,266	$27,318	$34,329	$2,265,020	2.8%

* Not applicable due to the nature of the investment

NOTE 4

Capital

FCA's capital adequacy regulations require AgriBank and the affiliated Associations to maintain permanent capital of at least 7.0% of risk-adjusted assets. In addition, each System institution is required to maintain a total surplus to risk-adjusted assets ratio of at least 7.0% and a core surplus to risk-adjusted assets ratio of at least 3.5%. At September 30, 2013, AgriBank exceeded these requirements with a 21.4% permanent capital ratio, 17.9% total surplus ratio and 10.7% core surplus ratio. All District Associations exceeded the regulatory minimums at September 30, 2013.

FCA regulations also require AgriBank to maintain a net collateral ratio of at least 103.0%. However, AgriBank is required by the regulator to maintain a higher minimum of 104.0% during the period in which AgriBank has subordinated notes outstanding. At September 30, 2013, AgriBank's net collateral ratio was 106.2%.

Perpetual Preferred Stock

In May 2013, an affiliated Association, AgStar Financial Services, ACA, issued $100 million of Series A-1 non-cumulative perpetual preferred stock, representing 100,000 shares of $1 thousand per share par value. This series may be held or transferred in blocks having an aggregate par value of not less than $250 thousand and an investor must hold at least 250 shares. The net proceeds from the issuance were used to increase regulatory capital, pursuant to current FCA regulations, for continued business development and general corporate purposes. For regulatory capital purposes, the Series A-1 preferred stock is included in permanent capital, total surplus and core surplus, subject to certain limitations.

Dividends on the Series A-1 preferred stock, if declared by its Board of Directors in its sole discretion, are non-cumulative and are payable quarterly in arrears on the fifteenth day of February, May, August and November, beginning on August 15, 2013. Dividends accrue at a fixed annual rate of 6.75% from the date of issuance through August 14, 2023, and beginning on August 15, 2023 accrue at an annual rate equal to the three-month United States Dollar LIBOR rate, reset quarterly, plus 4.58%. During the third quarter of 2013, $3.1 million of dividends were declared. The Series A-1 preferred stock is not mandatorily redeemable at any time. However, the Series A-1 preferred stock will be redeemable at par value, in whole or in part, at the affiliated Association's option, quarterly beginning on August 15, 2023. In addition, the Series A-1 preferred stock will be redeemable in whole, at the affiliated Association's option, at any time upon the occurrence of certain defined regulatory events. The Series A-1 preferred stockholders do not have any voting rights, but may appoint two Board observers after six unpaid dividend payments.

The Series A-1 preferred stock is junior to any subordinated debt, existing and future debt obligations and any series of preferred stock issued in the future with priority rights. The Series A-1 preferred stock is senior to the affiliated Association's outstanding common stock, participation certificates, preferred stock and patronage equities.

NOTE 5

Employee Benefit Plans

AgriBank and affiliated Associations participate in District-wide employee benefit plans.

District Components of Net Periodic Benefit Cost

(in thousands)	2013		2012	
For the nine months ended September 30,	**Pension Benefits**	**Other Benefits**	Pension Benefits	Other Benefits
Service cost	**$21,996**	**$445**	$19,520	$419
Interest cost	**33,712**	**1,003**	34,528	1,099
Expected return on plan assets	**(37,134)**	**--**	(35,383)	--
Amortization of prior service cost	**(900)**	**(522)**	(848)	(522)
Actuarial loss (gain)	**32,462**	**--**	23,528	(164)
Net periodic benefit cost	**$50,136**	**$926**	$41,345	$832

The District previously disclosed in its financial statements for the year ended December 31, 2012, that the District expected to contribute $58.7 million for pension benefits and $1.8 million for other postretirement benefits in 2013. As of September 30, 2013, the District expects to contribute $60.5 million for pension benefits and $1.8 million for other postretirement benefits in 2013.

For the nine months ended September 30, 2013, District employers have contributed $25.0 million to the pension plan. District employers anticipate contributing an additional $35.5 million to fund pension benefits in 2013.

For the nine months ended September 30, 2013, District employers have contributed $1.1 million for other postretirement benefits. District employers anticipate contributing an additional $0.7 million for other postretirement benefits in 2013.

NOTE 6

Fair Value Measurements

Accounting guidance defines fair value, establishes a framework for measuring fair value and requires disclosures for certain assets and liabilities measured at fair value on a recurring and non-recurring basis. These assets and liabilities consist of investments available-for-sale, federal funds, derivative assets and liabilities, impaired loans, other property owned, collateral liabilities and certain letters of credit. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a fair value hierarchy 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 2012 annual report for a more complete description of these input levels. Accounting guidance also establishes a framework for measuring the fair value of other financial instruments that are not measured at fair value on the Combined Statements of Condition. These assets and liabilities consist of cash, investments held-to-maturity, non-impaired loans, other earning assets, bonds and notes, subordinated notes and commitments to extend credit and certain letters of credit.

Recurring Measurements

The following represents a summary of the valuation techniques and inputs used to measure fair value on a recurring basis:

Federal Funds: The fair value of federal funds is generally their face value, plus accrued interest, as these instruments are highly liquid, readily convertible to cash, and short-term in nature.

Investments Available-for-Sale: The fair value of substantially all of our investment securities are determined from third-party valuation services that estimate current market prices. Level 2 inputs and assumptions related to third-party market valuation services are typically observable in the marketplace. Such services incorporate repayment assumptions and underlying mortgage-backed or asset-backed collateral information to generate cash flows that are discounted using appropriate benchmark interest rate curves and volatilities including LIBOR, Treasury and other Index benchmarks. Third-party valuations also incorporate information regarding broker/dealer quotes, available trade information, historical cash flows, credit ratings and other market information. Such valuations represent an estimated exit price, or price expected to be received by a

seller in active markets to sell the investment securities to a willing participant. Level 3 inputs are based on the relatively illiquid marketplace for some investments and the lack of marketplace information available for significant inputs and assumptions to the valuation process. The fair value measurements of these assets are based on multiple factors including information obtained from third-party valuation services using both Level 2 and Level 3 inputs. Significant increases in volatilities, market spreads, default probabilities, loss severities and possibly prepayment speeds would result in significantly lower fair value measurements. Conversely, significant increases in dealer quotes and possibly prepayment speeds would result in significantly higher fair value measurements. Generally, a change in the assumption used for the probability of default may be accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Accounting guidance requires us to provide quantitative information about significant unobservable inputs used in the fair value measurement for recurring and nonrecurring assets and liabilities within Level 3. However, a reporting entity is not required to create quantitative information if the unobservable inputs are not developed by the reporting entity. As the fair value is determined by third-party valuation services without adjustment by management, we have not reported this disclosure as these inputs are not reasonably available to us. The valuation process is described above.

Derivative Assets and Liabilities: The fair value of our derivative financial instruments is the estimated amount to be received to sell a derivative asset or paid to transfer a derivative liability in active markets among willing participants at the reporting date. Estimated fair values are determined through internal market valuation models. These models incorporate LIBOR swap curves, market volatilities and other inputs which are observable directly or indirectly in the marketplace. We compare internally calculated derivative valuations to broker/dealer quotes to substantiate the results.

Cash Collateral Pledged by Counterparties: The majority of derivative contracts are supported by bilateral collateral agreements with counterparties requiring the posting of cash or investment securities as collateral in the event certain dollar thresholds of credit exposure are reached. The market value of cash collateral pledged by counterparties is its face value as that approximates fair value.

Standby Letters of Credit: Estimating the fair value of letters of credit is determined by the inherent credit loss in such instruments.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in thousands)	Fair Value Measurement Using			Total Fair
As of September 30, 2013	**Level 1**	**Level 2**	**Level 3**	**Value**
Assets:				
Federal funds	**$ --**	**$1,408,682**	**$ --**	**$1,408,682**
Investments available-for-sale:				
Mortgage-backed securities	**--**	**3,903,762**	**217,839**	**4,121,601**
Commercial paper and other	**--**	**3,347,488**	**--**	**3,347,488**
U.S. Treasury securities	**--**	**2,849,366**	**--**	**2,849,366**
Asset-backed securities	**--**	**624,576**	**110,982**	**735,558**
U.S. Agency securities	**--**	**107,291**	**--**	**107,291**
Total investments available-for-sale	**--**	**10,832,483**	**328,821**	**11,161,304**
Derivative assets	**731**	**65,462**	**--**	**66,193**
Total assets	**$731**	**$12,306,627**	**$328,821**	**$12,636,179**
Liabilities:				
Cash collateral pledged by counterparties	**$29,810**	**$ --**	**$ --**	**$29,810**
Derivative liabilities	**--**	**2,745**	**--**	**2,745**
Standby letters of credit	**--**	**--**	**2,946**	**2,946**
Total liabilities	**$29,810**	**$2,745**	**$2,946**	**$35,501**

(in thousands)	Fair Value Measurement Using			Total Fair
As of December 31, 2012	Level 1	Level 2	Level 3	Value
Assets:				
Federal funds	$ --	$744,548	$ --	$744,548
Investments available-for-sale:				
Mortgage-backed securities	--	3,933,012	240,500	4,173,512
Commercial paper and other	--	2,856,563	--	2,856,563
U.S. Treasury securities	--	3,190,648	--	3,190,648
Asset-backed securities	--	415,535	125,439	540,974
U.S. Agency securities	--	225,616	--	225,616
Total investments available-for-sale	--	10,621,374	365,939	10,987,313
Derivative assets	--	70,255	--	70,255
Total assets	$ --	$11,436,177	$365,939	$11,802,116
Liabilities:				
Cash collateral pledged by counterparties	$22,320	$ --	$ --	$22,320
Derivative liabilities	--	18,345	--	18,345
Standby letters of credit	--	--	3,750	3,750
Total liabilities	$22,320	$18,345	$3,750	$44,415

Fair Value Measurement Activity of Level 3 Instruments

(In thousands)	Investments Available-for-Sale		
	Mortgage-backed Securities	Asset-backed Securities	Standby Letters of Credit
Balance at December 31, 2012	**$240,500**	**$125,439**	**$(3,750)**
Total gains or (losses) realized/unrealized:			
Included in earnings	**(1,180)**	**(515)**	**804**
Included in other comprehensive income	**11,062**	**10,269**	**--**
Settlements	**(32,543)**	**(24,211)**	**--**
Transfers in and/or out of Level 3	**--**	**--**	**--**
Balance at September 30, 2013	**$217,839**	**$110,982**	**$(2,946)**
Balance at December 31, 2011	$253,741	$146,102	$ --
Total gains or (losses) realized/unrealized:			
Included in earnings	(8,991)	(5,244)	(3,750)
Included in other comprehensive income	35,734	21,037	--
Settlements	(35,391)	(32,602)	--
Transfers in and/or out of Level 3	--	--	--
Balance at September 30, 2012	$245,093	$129,293	$(3,750)

There were no assets or liabilities transfers between levels during the nine months ended September 30, 2013 or 2012.

Non-Recurring Measurements

The following represents a summary of the valuation techniques and inputs used to measure fair value on a non-recurring basis:

Loans: Certain collateral dependent loans are measured at fair value on a non-recurring basis when they are evaluated for impairment under accounting guidance in which fair values are based upon the underlying collateral. Costs to sell represent transaction costs and are not included as a component of the fair value. Since the value of the collateral, less estimated costs to sell, was less than the principal balance of the loan, specific reserves were established for these loans. If the process uses independent appraisals and other market-based information, they fall under Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they fall under Level 3.

Other Property Owned: Other property owned is measured at fair value on a non-recurring basis when the fair value for other property owned is based upon the collateral fair value. Costs to sell represent transaction costs and are not included as a component of the fair value. If the process uses independent appraisals and other market-based information, they fall under Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they fall under Level 3.

Assets Measured at Fair Value on a Non-recurring Basis

(in thousands)	Fair Value Measurement Using			Total Fair	Total
As of September 30, 2013	**Level 1**	**Level 2**	**Level 3**	**Value**	**(Losses) Gains**
Loans	**$ --**	**$45,245**	**$96,715**	**$141,960**	**$(24,275)**
Other property owned	**--**	**--**	**51,612**	**51,612**	**181**

(in thousands)	Fair Value Measurement Using			Total Fair	Total
As of December 31, 2012	Level 1	Level 2	Level 3	Value	Losses
Loans	$ --	$51,432	$71,739	$123,171	$(47,645)
Other property owned	--	--	70,549	70,549	(22,469)

Other Financial Instrument Measurements

A description of the methods and assumptions used to estimate the fair value of each class of our financial instruments, measured at carrying amounts and not measured at fair value on the Combined Statements of Condition, follows:

Cash: The carrying value is a reasonable estimate of fair value.

Investments held-to-maturity: Investment securities held-to-maturity are valued using a discounted cash flow model based on the appropriate interest rate yield curve, prepayment rates, contractual investment information and credit classification.

Loans: Because no active market exists for our loans, the fair value of loans that are not individually specifically impaired is estimated by segregating the loan portfolio into pools of loans with approximate homogeneous characteristics. Expected future cash flows and interest rates reflecting appropriate credit risk are separately determined for each individual pool. The expected future cash flows are discounted using current interest rates at which similar loans would be made or repriced to borrowers with similar credit risk. In addition, loans are valued using the Farm Credit interest rate yield curve, prepayment rates, contractual loan information, credit classification and collateral values. As the discount rates are based upon internal pricing mechanisms and other management estimates, management has no basis to determine whether the fair values presented would be indicative of the exit price negotiated in an actual sale. Furthermore, certain statutory or regulatory factors not considered in the valuation, such as the unique statutory rights of Farm Credit System borrowers, could render our portfolio less marketable outside the Farm Credit System.

Other Earning Assets: Other earning assets are valued using a discounted cash flow model based on the Farm Credit interest rate yield curve, prepayment rates, contractual investment information and credit classification.

Bonds and notes: Systemwide debt securities are not all traded in the secondary market and those that are traded may not have readily available quoted market prices. Therefore, the fair value of the instruments is estimated by calculating the discounted value of the expected future cash flows. The discount rates used are based on the sum of quoted market yields for the Treasury yield curve and an estimated yield-spread relationship between Systemwide debt securities and Treasury securities. We estimate an appropriate yield-spread taking into consideration selling group member (banks and securities dealers) yield indications, observed new Government-sponsored enterprise debt security pricing and pricing levels in the related U.S. dollar interest rate swap market.

Subordinated notes: The fair value of obligations held by us is based on an estimated fair value using credit spreads, market trends, interest rate risks and comparisons to similar institutions which we receive from an independent investment dealer.

Commitments to extend credit and letters of credit: Estimating the fair value of commitments and letters of credit is determined by the inherent credit loss in such instruments based on rate of funding and credit loss factors.

Financial instruments measured at carrying amounts and not measured at fair value on the Combined Statements of Condition are summarized as follows:

(in thousands)	**As of September 30, 2013**				
	Total Carrying Amount	**Fair Value Measurement Using**			**Total Fair Value**
		Level 1	**Level 2**	**Level 3**	
Assets:					
Cash	**$374,243**	**$374,243**	**$ --**	**$ --**	**$374,243**
Investments held-to-maturity	**2,052,173**	**--**	**653,598**	**1,385,378**	**2,038,975**
Net loans	**79,667,247**	**--**	**--**	**79,461,480**	**79,461,480**
Other earning assets	**73,087**	**--**	**--**	**71,290**	**71,290**
Total assets	**$82,166,750**	**$374,243**	**$653,598**	**$80,918,148**	**$81,945,988**
Liabilities:					
Bonds and notes	**$79,474,860**	**$ --**	**$ --**	**$78,817,712**	**$78,817,712**
Subordinated notes	**600,000**	**--**	**--**	**743,214**	**743,214**
Total liabilities	**$80,074,860**	**$ --**	**$ --**	**$79,560,926**	**$79,560,926**
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		**$ --**	**$ --**	**($25,821)**	**($25,821)**

(in thousands)	As of December 31, 2012				
	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash	$560,753	$560,753	$ --	$ --	$560,753
Investments held-to-maturity	2,275,266	--	974,295	1,290,725	2,265,020
Net loans	76,703,033	--	--	77,984,790	77,984,790
Other earning assets	144,199	--	--	147,519	147,519
Total assets	$79,683,251	$560,753	$974,295	$79,423,034	$80,958,082
Liabilities:					
Bonds and notes	$77,135,855	$ --	$ --	$77,635,287	$77,635,287
Subordinated notes	600,000	--	--	770,853	770,853
Total liabilities	$77,735,855	$ --	$ --	$78,406,140	$78,406,140
Unrecognized financial instruments:					
Commitments to extend credit and letters of credit		$ --	$ --	($23,907)	($23,907)

NOTE 7

Derivative and Hedging Activity

Use of Derivatives

AgriBank maintains 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. AgriBank's goals are to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain balance sheet assets and liabilities so that movements in interest rates do not adversely affect the net interest margin. As a result of interest rate fluctuations, hedged fixed-rate liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by AgriBank's gains or losses on the derivative instruments that are linked to these hedged assets and liabilities. Another result of interest rate fluctuations is that the interest income and interest expense of hedged floating-rate liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by AgriBank's gains and losses on the derivative instruments that are linked to these hedged assets and liabilities.

AgriBank enters 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. AgriBank may also enter into derivatives with District Associations as a service to enable them to transfer, modify or reduce their exposure to retail interest rate risk. AgriBank manages this risk by concurrently entering into offsetting agreements with non-System institutional counterparties. Interest rate swaps allow AgriBank to raise long-term borrowings at fixed-rates and swap them into floating-rates that are lower than those available to AgriBank if floating-rate borrowings were made directly. Under interest rate swap arrangements, AgriBank agrees 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. AgriBank may purchase interest rate options, such as caps, in order to offset the impact of rising interest rates on AgriBank's floating-rate debt, and floors, in order to offset the impact of falling interest rates on related floating-rate assets.

AgriBank's Derivative Instruments Activity (in notional amounts)

(in millions)	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for-Floating	Other Derivatives	Total
Balance at December 31, 2012	**$3,500**	**$1,076**	**$1,750**	**$100**	**$6,426**
Maturities/amortization	**(400)**	**(185)**	**(400)**	**--**	**(985)**
Balance at September 30, 2013	**$3,100**	**$891**	**$1,350**	**$100**	**$5,441**
Balance at December 31, 2011	$4,750	$972	$2,250	$200	$8,172
Additions	250	150	--	--	$400
Maturities/amortization	(450)	(45)	(500)	(100)	(1,095)
Balance at September 30, 2012	$4,550	$1,077	$1,750	$100	$7,477

AgriBank's other derivatives consist of forward starting swaps and swaptions.

By using derivative products, AgriBank exposes itself to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, AgriBank's credit risk will equal the fair value gain in a derivative. Generally, when the fair value of a derivative contract is positive, this indicates that the counterparty owes AgriBank, thus creating credit risk for AgriBank. When the fair value of the derivative

contract is negative, AgriBank owes the counterparty and, therefore, AgriBank does not assume credit risk to that counterparty.

To minimize the risk of credit losses, AgriBank only deals with non-customer counterparties that have an investment grade or better credit rating from a rating agency and also monitors the credit standing and levels of exposure to individual counterparties. At September 30, 2013, AgriBank does not anticipate nonperformance by any of these counterparties. AgriBank typically enters into master agreements that contain netting provisions. These provisions allow AgriBank to require the net settlement of covered contracts with the same counterparty in the event of default by the counterparty on one or more contracts. Substantially all derivative contracts are supported by bilateral collateral agreements with counterparties requiring the posting of collateral in the event certain dollar thresholds of exposure of one party to the other are reached. These thresholds vary depending on the counterparty's current credit rating.

AgriBank's derivative activities are monitored by its Asset-Liability Management Committee (ALCO) as part of the Committee's oversight of AgriBank's asset/liability and treasury functions. AgriBank's ALCO is responsible for approving hedging strategies that are developed within limits established by the Bank's Board of Directors through AgriBank's analysis of data derived from financial simulation models and other internal and industry sources. The resulting hedging strategies are then incorporated into AgriBank's overall interest rate risk-management strategies.

During the third quarter of 2013, one affiliated Association entered into forward commitments to buy to-be-announced (TBAs) securities classified as derivatives not designated as hedging instruments (other derivative products) totaling $731 thousand. The forward commitments are used to economically hedge the interest rate risk in its real estate mortgage activities.

Accounting for Derivatives

Fair-Value Hedges: For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. AgriBank includes the gain or loss on the derivative in the same line item (interest expense) as the offsetting loss or gain on the related hedged item. Gains and losses on the derivatives representing hedge components excluded from the assessment of effectiveness are recorded in current period earnings in "Miscellaneous income and other gains (losses), net" in the Combined Statements of Comprehensive Income.

Cash Flow Hedges: For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings (interest expense) in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivatives representing hedge components excluded from the assessment of effectiveness are recorded in current period earnings in "Miscellaneous income and other gains (losses), net" in the Combined Statements of Comprehensive Income.

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

Financial Statement Impact of Derivatives

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

(in thousands)	**September 30, 2013**		December 31, 2012	
	Fair Value Assets:	**Fair Value Liabilities:**	Fair Value Assets:	Fair Value Liabilities:
Derivatives designated as hedging instruments:				
Receive-fixed swaps	**$87,181**	**$ --**	$149,085	$ --
Pay-fixed and amortizing pay-fixed swaps	**25,666**	**42,161**	1,055	87,378
Floating-for-floating and amortizing floating-for-floating swaps	**--**	**7,863**	--	11,347
Total derivatives designated as hedging instruments	**112,847**	**50,024**	150,140	98,725
Derivatives not designated as hedging instruments:				
Receive-fixed swaps	**--**	**40**	--	123
Other derivative products	**731**	**--**	--	--
Total derivatives not designated as hedging instruments	**731**	**40**	--	123
Credit valuation adjustments	**(66)**	**--**	618	--
Total gross amounts of derivatives	**$113,512**	**$50,064**	$150,758	$98,848
Gross amounts offset in Combined Statements of Condition	**(47,319)**	**(47,319)**	(80,503)	(80,503)
Net amounts in Combined Statements of Condition	**$66,193**	**$2,745**	$70,255	$18,345

(in thousands)	**September 30, 2013**	December 31, 2012
Derivative assets, net	**$66,193**	$70,255
Derivative liabilities, net	**$(2,745)**	(18,345)
Accrued interest on derivatives, net	**17,308**	12,740
Gross amounts not offset in Combined Statements of Condition:		
Cash collateral pledged by counterparties	**(29,810)**	(22,320)
Securities posted as collateral from counterparties	**(13,064)**	(19,121)
Net exposure amounts	**$37,882**	$23,209

The fair value of derivatives includes credit valuation adjustments (CVA). The CVA reflects credit risk of each derivative counterparty to which AgriBank has exposure, net of any collateral posted by the counterparty, and an adjustment for AgriBank's credit worthiness where the counterparty has exposure to AgriBank. The favorable CVA in 2012 was due to AgriBank's counterparties' exposure to AgriBank. The change in the CVA for the period is included in "Miscellaneous income and other gains (losses), net" on the Combined Statements of Comprehensive Income.

Fair-Value Hedges: AgriBank recorded $97 thousand of gains for the nine months ended September 30, 2013 compared to $7.7 million of gains for the same period in 2012 related to receive-fixed swaps which are designated as hedging instruments on the Combined Statements of Comprehensive Income. The gains and losses on the derivative instruments are recognized in "Interest expense" on the Combined Statements of Comprehensive Income.

Cash Flow Hedges: The following table presents the amount of Other Comprehensive Income (OCI) recognized on derivatives. The gain (loss) on derivatives designated as hedges reclassified from accumulated other comprehensive income (AOCI) into income is included in "Interest expense" on the Combined Statements of Comprehensive Income.

(in thousands) **For the nine months ended September 30, 2013** **Cash Flow Hedging Relationships**	**Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)**	**Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)**	**Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing**
Pay-fixed and amortizing pay-fixed swaps	**$69,688**	**$366**	**$16**
Floating-for-floating and amortizing floating-for-floating swaps	**3,607**	**--**	**--**
Other derivative products	**--**	**(222)**	**--**
Total	**$73,295**	**$144**	**$16**

(in thousands) For the nine months ended September 30, 2012 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing
Pay-fixed and amortizing pay-fixed swaps	$(10,169)	$367	$17
Floating-for-floating and amortizing floating-for-floating swaps	(395)	--	--
Other derivative products	--	(319)	--
Total	$(10,564)	$48	$17

Derivatives not Designated as Hedges: AgriBank and one affiliated Association recorded $108 thousand of gains for the nine months ended September 30, 2013 compared to $12.6 million of losses for the same period in 2012 related to receive-fixed swaps and TBAs which are not designated as hedging instruments on the Combined Statements of Comprehensive Income. The gains and losses on the derivative instruments are recognized in "Miscellaneous income and other gains (losses), net" on the Combined Statements of Comprehensive Income. The losses during the nine months ended September 30, 2012 primarily represented swaps AgriBank purchased from another Farm Credit Bank in October 2008 that became ineffective in March 2012 requiring that the market value of the swaps be recognized on a mark-to-market basis. These losses were partially offset by gains recognized in "Interest expense" on the Combined Statements of Comprehensive Income representing the amortization of the fair value adjustment recorded on hedged debt for the period the hedge was deemed effective. With the discontinuance of hedge accounting the fair value adjustment is amortized to income over the remaining life of the hedged item using the effective interest method. These swaps matured in October 2012.

NOTE 8

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 accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

District entities may, from time to time, be named as defendants in certain lawsuits or legal actions in the normal course of business. At the date of these financial statements, management was not aware of any such actions that would have a material impact on the entities' financial condition. However, AgriBank and

affiliated Association management cannot ensure that such actions or other contingencies will not arise in the future.

While AgriBank is primarily liable for its portion of Systemwide bonds and notes, AgriBank is jointly and severally liable for the Systemwide bonds and notes of the other Farm Credit System Banks. The total bonds and notes of the System at September 30, 2013 were $200.9 billion.

NOTE 9

Accumulated Other Comprehensive Income (Loss)

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	Employee Benefit Plans Activity	Total
Balance at December 31, 2011	$(9,389)	$(34,982)	$(103,653)	$(446,072)	$(594,096)
Other comprehensive income (loss) before reclassifications	24,109	21,924	(10,564)	--	35,469
Amounts reclassified from accumulated other comprehensive income (loss)	1,393	12,842	(48)	21,994	36,181
Net other comprehensive income (loss)	25,502	34,766	(10,612)	21,994	71,650
Balance at September 30, 2012	$16,113	$(216)	$(114,265)	$(424,078)	$(522,446)
Balance at December 31, 2012	**$14,046**	**$18,919**	**$(97,291)**	**$(518,998)**	**$(583,324)**
Other comprehensive income (loss) before reclassifications	**(21,561)**	**(12,372)**	**73,295**	**--**	**39,362**
Amounts reclassified from accumulated other comprehensive income (loss)	**357**	**1,338**	**(144)**	**31,040**	**32,591**
Net other comprehensive income (loss)	**(21,204)**	**(11,034)**	**73,151**	**31,040**	**71,953**
Balance at September 30, 2013	**$(7,158)**	**$7,885**	**$(24,140)**	**$(487,958)**	**$(511,371)**

In the third quarter of 2013, we have adjusted the accumulated other comprehensive income classifications of other-than-temporarily-impaired and not-other-than-temporarily-impaired investments to correct for a misclassification between these two categories. We have determined that the effect of this misclassification is immaterial for prior periods presented.

Reclassifications out of Accumulated Other Comprehensive Income (Loss)

(in thousands)

Accumulated Other Comprehensive Income (Loss) Components	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Affected Line Item in the Combined Statement of Comprehensive Income (Loss)
For the nine months ended September 30,	**2013**	2012	
Not-other-than-temporarily-impaired investments:			
Impairment losses	**$357**	$1,393	Net impairment losses recognized in earnings
Other-than-temporarily-impaired investments:			
Impairment losses	**1,338**	12,842	Net impairment losses recognized in earnings
Derivatives and hedging activity:			
Interest rate contracts	**(144)**	(48)	Interest expense
Employee benefit plans activity:			
Prior service cost	**(1,422)**	(1,370)	Salaries and employee benefits
Actuarial loss	**32,462**	23,364	
	31,040	21,994	
Total reclassifications	**$32,591**	$36,181	

NOTE 10

Subsequent Events

We have evaluated subsequent events through November 8, 2013, which is the date the financial statements were available to be issued. There have been no other material subsequent events that would require recognition in our Combined Financial Statements or disclosure in the Notes to those Combined Financial Statements except as noted below.

On October 29, 2013, AgriBank issued $250 million of Series A non-cumulative perpetual preferred stock, representing 2.5 million shares at $100 per share par value. This series may be held or transferred in blocks having an aggregate par value of $25 thousand and an investor must hold at least 250 shares. The net proceeds from the issuance were used for general corporate purposes. For regulatory capital purposes, AgriBank's Series A preferred stock is included in permanent capital, total surplus and core surplus, subject to certain limitations.

Dividends on the Series A preferred stock, if declared by AgriBank's Board of Directors in its sole discretion, are non-cumulative and are payable quarterly in arrears on the first day of January, April, July and October, beginning on January 1, 2014. Dividends will accrue at a fixed annual rate of 6.875% from the date of issuance through December 31, 2023, and beginning January 1, 2024 will accrue at an annual rate equal to three-month United States Dollar LIBOR rate, reset quarterly, plus 4.225%. The Series A preferred stock is not mandatorily redeemable at any time. However, the Series A preferred stock will be redeemable at par value plus accrued and unpaid dividends, in whole or in part, at AgriBank's option, quarterly beginning January 1, 2024. In addition, the Series A preferred stock will be redeemable in whole, at AgriBank's option, at any time upon the occurrence of certain defined regulatory events.

The Series A preferred stock is junior to any series of preferred stock AgriBank may issue in the future with priority rights. The Series A preferred stock is senior to AgriBank's outstanding capital stock.

NOTE 11

AgriBank Only Data

Statements of Condition (in thousands)	September 30, 2013	December 31, 2012
Net loans	**$71,509,531**	$69,685,356
Other assets	**13,423,883**	12,613,847
Total assets	**$84,933,414**	$82,299,203
Total liabilities	**$80,341,357**	$78,043,422
Total members' equity	**4,592,057**	4,255,781
Total liabilities and members' equity	**$84,933,414**	$82,299,203

Statements of Income	For the nine months ended September 30,	
(in thousands)	**2013**	2012
Interest income	**$998,434**	$1,060,781
Interest expense	**607,296**	707,305
Net interest income	**391,138**	353,476
(Reversal of) provision for loan losses	**(1,500)**	6,400
Other, net	**28,270**	37,739
Net income	**$420,908**	384,815
Patronage	**$208,442**	$202,572

Substantially all patronage is paid to the affiliated Associations and is eliminated in combination.