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Supporting Farm Credit Associations that serve rural communities and agriculture.

AGRIBANK 2017 QUARTERLY REPORT
SEPTEMBER 30, 2017

AgriBank
FARM CREDIT BANK

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Management's Discussion and Analysis

AgriBank, FCB

(Unaudited)

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

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

During 2017 the AgriBank board directed an initiative to evaluate the current AgriBank business structure and determine necessary changes to achieve an effective funding bank model in light of recent merger activity in the District, change in the model for delivery of business services and ongoing strategic planning. A one-time workforce reduction plan was implemented at the Bank as part of this initiative that will reach completion by the end of 2017. The plan was announced October 16, 2017, and resulted in the elimination of ten positions at the Bank including the Executive Vice President, Banking and Finance and the Senior Vice President, Human Resources. The responsibilities under these senior officer roles were reassigned or eliminated under the broader restructure.

During 2016, District Associations and AgriBank conducted research related to the creation of a separate service entity to provide many of the business services offered by AgriBank. A separate service entity allows AgriBank and District Associations to develop and maintain long-term, cost-effective technology and business services. The service entity would be owned by AgriBank and certain District Associations and named SunStream Business Services (SunStream). An application to form the service entity was submitted in May 2017 to the FCA for approval. The SunStream interim board named Steve Jensen as President, effective November 13, 2017. Mr. Jensen's experience as a leader in technology gained through a variety of roles throughout his career will serve SunStream well as it delivers unmatched business services to the Farm Credit System.

Effective July 1, 2017 two District Associations, AgCountry Farm Credit Services, ACA and United FCS, ACA, merged under the name AgCountry Farm Credit Services, ACA (AgCountry) and is headquartered in Fargo, N.D. The outstanding wholesale note balance for AgCountry was $5.8 billion as of September 30, 2017.

Effective July 1, 2017, three District Associations, 1st Farm Credit Services, ACA, AgStar Financial Services, ACA, and Badgerland Financial, ACA, merged under the name Compeer Financial (Compeer) and is headquartered in

Sun Prairie, Wis. The outstanding wholesale note balance for Compeer was $15.2 billion as of September 30, 2017.

Forward-Looking Information

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2016 Annual Report. AgriBank undertakes no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Financial Overview

Net interest income increased, but was offset by decreases in non-interest income, resulting in a slight decrease in net income of $5.7 million, or 1.4 percent, to $399.8 million for the nine months ended September 30, 2017, as compared to the same period of the prior year. The decrease in non-interest income was driven primarily by decreased prepayment and other fee income and non-recurring investment gains. These results translated to an annualized return on average assets of 0.53 percent for the nine months ended September 30, 2017 down slightly compared to 0.54 percent during the same period of the prior year. Refer to the Results of Operations section for further discussion.

Loan portfolio credit quality remained strong with 99.5 percent of our total loan portfolio in the acceptable category. Credit quality of our retail loan portfolio (accounting for approximately 10 percent of our total loan portfolio) decreased slightly to 95.0 percent acceptable as of September 30, 2017, but remained in a sound position. Robust capital levels ensure we are well positioned to manage the cyclicality that is characteristic of the agricultural market. Refer to the Loan Portfolio and Funding, Liquidity and Shareholders' Equity sections for further discussion.

Economic Conditions

Interest Rate Environment
U.S. economic activity is expected to continue advancing at a moderate pace as consumer spending remains resilient and investment spending rebounds from its negative growth rate in 2016. For 2017, the U.S. economy is forecasted to grow at 2.2 percent due to the continued growth in consumer spending as a result of labor market improvements. While remaining strong, the U.S. dollar has slightly weakened in the first three quarters of 2017, which has added to demand for U.S. exports.

The Federal Open Market Committee (FOMC) of the Federal Reserve has started the process of normalizing the level of interest rates and will begin winding down its balance sheet in October 2017. After the 25 basis point (bps) rate increase in June 2017, the target range for the federal funds rate stands at 1.00 to 1.25 percent. The path for the federal funds rates is expected to remain data-dependent and, according to Federal Reserve communications, anticipated economic conditions will warrant only gradual increases in policy rates. The consensus forecast of economists suggests that the FOMC will increase the federal funds rate by an additional 25 bps in 2017 to a target range of 1.25 to 1.50 percent. The U.S. Treasury yield curve has flattened in 2017 due to the Federal Reserve's increases to short term rates and due to a decline in inflation

expectations, which has pushed long term rates lower. Economists expect U.S. Treasury rates to move slightly higher by the end of 2017 with the 2-year and 10-year rates approaching 1.60 and 2.40 percent respectively.

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

Agricultural Conditions

The U.S. Department of Agriculture's Economic Research Service (USDA-ERS) projects net farm income for 2017 to increase $1.9 billion, or 3.1 percent, to $63.4 billion for 2017, from the final 2016 estimate of $61.5 billion. However, projected net farm income for 2017 is down as compared to the last 5 year average of 2012 through 2016 of $91.1 billion. The increase in net farm income in 2017, as compared to 2016, is primarily driven by an increase in cash receipts from livestock and livestock products. Most of this increase is expected to come from higher cash receipts across most sectors, but are expected to be partially offset by decreased value of inventories and increased operating costs.

Aggregate farm equity is forecasted to increase in 2017 due to an increase in aggregate farm asset values, while substantially smaller increases are projected for aggregate farm debt. The increase in farm asset values primarily relates to increased valuations on farm real estate and buildings. Increases are also forecasted for the value of livestock and livestock production, as well as increases in financial assets. These increases are partially offset by a decrease in the value of crop inventories. The increase in total farm debt is primarily related to increases in real estate debt.

An improving outlook for the U.S. economy is expected to support domestic demand for most agricultural commodities in 2017 and forward. The primary area of risk will remain the export side of the demand equation, with a strong dollar and ongoing uncertainty surrounding the future of U.S. trade policy. Major cash crops in the U.S. are projected to end 2017 with a high level of supply due to ending stocks building following a strong harvest. Wheat is likely in the weakest position from a supply-demand perspective, significantly impacted by supply abroad. In addition to cash crops, pork, broilers and dairy are most heavily dependent upon exports and the most susceptible to foreign trade related disruptions in 2017. Low feed costs should continue to support livestock and dairy margins. A full year of much lower feeder cattle prices should support margins in the cattle feedlot sector.

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

Updated Industry Conditions

The following are industry conditions for which we have updated our outlook since December 31, 2016. For further analysis of industry conditions which have not experienced a change in outlook since December 31, 2016, refer to the Agricultural Conditions section of Management's Discussion and Analysis of the 2016 Annual Report.

Cattle feedlots

Credit quality in the AgriBank District's beef feedlot portfolio experienced deterioration during the first half of 2017 with the receipt of 2016 financial information. Profitable margin opportunities in the first half of 2017 have since eroded with high priced replacements and a declining value of live cattle. As such, we have downgraded our outlook on the cattle feedlot industry from neutral to neutral-to-negative.

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

Land Values

The AgriBank District continues to monitor agricultural land values. We conduct an annual Benchmark Survey, completed by licensed real estate appraisers, of a sample of benchmark farms selected to represent the lending footprint of District Associations. The District's most recent real estate market value survey based on the twelve-month period ending June 30, 2017 indicated that the District real estate value changes ranged from a negative 5.8 percent to positive 7.9 percent. Land value increases continue to be most common in areas heavily influenced by livestock operations, off-farm income and areas with crop production other than the major crops of corn, soybeans and wheat. Conversely, modest declines in values were concentrated primarily in areas of corn, soybean and wheat production.

The Federal Reserve Banks of Chicago and St. Louis, as of the end of the second quarter 2017, reported a small overall change in value from the second quarter of 2016. The Kansas City Federal Reserve reported the largest decrease with respondents reporting a negative 7 percent for irrigated cropland values and a negative 5 percent for cropland values, citing low commodity prices and weaker credit conditions.

The USDA 2017 land value survey, based primarily on agricultural producer opinions, indicated a 0.7 percent increase in farmland values and stable cropland values in the AgriBank District.

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

Loan Portfolio

Components of Loans

(in thousands)	September 30, 2017	December 31, 2016
Accrual loans:		
Wholesale loans	**$78,694,218**	$78,300,557
Retail loans:		
Real estate mortgage	**$4,050,173**	$3,436,953
Production and intermediate-term	**3,593,829**	3,600,231
Agribusiness	**95,420**	65,228
Loans to other financing institutions (OFIs)	**617,243**	577,505
Other	**59,117**	44,077
Total retail loans	**8,415,782**	7,723,994
Nonaccrual loans	**55,717**	53,851
Total loans	**87,165,717**	86,078,402

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

Loans totaled $87.2 billion at September 30, 2017, an increase of $1.1 billion, or 1.3 percent, from December 31, 2016. The increase in total loans was driven primarily by increases in our wholesale loan volume due to increased real estate mortgage and agribusiness loan volume at District Associations. This wholesale growth was significantly offset as a result of $1.0 billion of loan asset pool participations purchased throughout 2017 from certain District Associations.

The credit quality of our total loan portfolio remained strong at 99.5 percent in the acceptable category at September 30, 2017, compared to 99.6 percent at December 31, 2016. Adversely classified loans were 0.2 percent at September 30, 2017 and December 31, 2016. As a majority of our loans are wholesale loans, we expect our credit quality will remain strong even as District Associations experience declines in their retail credit quality. District Associations each have allowances for loan losses, earnings and capital that absorb their credit losses before they would impact our wholesale loans. Credit quality of our retail loan portfolio declined slightly to 95.0 percent acceptable as of September 30, 2017, compared to 95.5 percent acceptable at December 31, 2016.

Components of Risk Assets

(in thousands)	September 30, 2017	December 31, 2016
Nonaccrual loans	**$55,717**	$53,851
Accruing restructured loans	**4,596**	3,800
Accruing loans 90 days or more past due	**573**	378
Total risk loans	**60,886**	58,029
Other property owned	**168**	349
Total risk assets	**$61,054**	$58,378
Risk loans as a % of total loans	**0.07%**	0.07%
Nonaccrual loans as a % of total loans	**0.06%**	0.06%
Delinquencies as a % of total loans	**0.05%**	0.06%

Note: Accruing loans include accrued interest receivable.

Risk assets remain at acceptable levels and total risk loans as a percentage of total loans remains within our established risk management guidelines. Risk assets over the past five years have primarily been concentrated in the real estate mortgage and production and intermediate-term sectors. At September 30, 2017, 57.5 percent of nonaccrual loans were current as to principal and interest, compared to 60.6 percent at December 31, 2016.

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

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

Allowance Coverage Ratios

	September 30, 2017	December 31, 2016
Allowance as a percentage of:		
Loans	**0.03%**	0.02%
Nonaccrual loans	**45.70%**	39.52%
Total risk loans	**41.82%**	36.67%
Adverse assets to risk funds*	**3.76%**	3.49%

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

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions. As of September 30, 2017, the allowance increased $4.2 million, compared to December 31, 2016. This was driven by provision for loan losses of $6.5 million for the nine months ended September 30, 2017, primarily related to increases in loan loss reserves on certain loan participations in the production and intermediate term loan sector to grain producers, and to a lesser extent, the layers industry (poultry egg facilities). This increase in allowance was partially offset by net charge-offs of $2.3 million for the nine months ended September 30, 2017.

Funding, Liquidity and Shareholders' Equity

We are responsible for meeting the District's funding, liquidity and asset/liability management needs. Access to the unsecured debt capital markets remains our primary source of liquidity. The System continues to have reliable access to the debt capital markets to support its mission of providing credit to farmers, ranchers and other eligible borrowers. During the nine months ended September 30, 2017, investor demand for System-wide debt securities remained favorable.

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

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

Our liquidity policy and FCA regulations also require maintaining a minimum of 90 days of liquidity on a continuous basis. In addition, our Contractual Interbank Performance Agreement (CIPA) with other System Banks requires maintaining a minimum of 120 days of liquidity. The days of liquidity measurement refers to the number of days that maturing debt is covered by liquid investments. As of September 30, 2017, we had sufficient liquidity to fund all debt maturing within 148 days.

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

Total shareholders' equity at September 30, 2017 was $5.7 billion, a $232.7 million increase from December 31, 2016. The increase was primarily driven by comprehensive income and stock issuances during the period, substantially offset by earnings reserved for patronage distributions. The increase in patronage distributions for the nine months ended September 30, 2017, compared to the same period of the prior year, was primarily due to an increase in the wholesale patronage distribution rate under our 2017 capital plan. The decrease in accumulated other comprehensive loss compared to the same period of the prior year was primarily due to decreased unrealized losses from derivatives and hedging positions resulting from changes in the interest rate environment.

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

At September 30, 2017, we exceeded the regulatory minimum capital ratios. Refer to the Additional Regulatory Information section as well as Note 4 in the accompanying Financial Statements for further discussion of capital ratios and the recently effective regulations.

Results of Operations

Net income for the nine months ended September 30, 2017 was $399.8 million, a 1.4 percent decrease, compared to $405.5 million for the same period in 2016. The annualized return on average assets was 0.53 percent for the nine months ended September 30, 2017, compared to 0.54 percent for the same period in 2016.

Changes in Significant Components of Net Income

(in thousands) **For the nine months ended September 30,**	**2017**	2016	Increase (Decrease) in Net Income
Net interest income	**$443,464**	$425,705	$17,759
Provision for loan losses	**6,500**	5,500	(1,000)
Non-interest income	**55,272**	77,798	(22,526)
Non-interest expense	**92,455**	92,525	70
Net income	**$399,781**	$405,478	$(5,697)

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

Changes in Net Interest Income

(in thousands) **For the nine months ended September 30,**	**2017 vs 2016**		
Increase (decrease) due to:	**Volume**	**Rate**	**Total**
Interest income:			
Loans	**$30,247**	**$150,667**	**$180,914**
Investments	**(4,974)**	**44,021**	**39,047**
Total interest income	**25,273**	**194,688**	**219,961**
Interest expense:			
Systemwide debt securities and other	**(13,679)**	**(188,523)**	**(202,202)**
Net change in net interest income	**$11,594**	**$6,165**	**$17,759**

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

(in thousands)

For the nine months ended September 30,	2017			2016		
	ADB	**Rate**	**NII**	ADB	Rate	NII
Interest earning assets:						
Wholesale loans	**$77,927,151**	**2.00%**	**$1,166,046**	$75,478,213	1.74%	$988,403
Retail accrual loans	**$7,703,137**	**3.80%**	**$219,421**	$7,807,599	3.68%	$215,876
Retail nonaccrual loans	**53,777**	**6.65%**	**2,683**	49,431	7.97%	2,957
Investment securities and federal funds	**15,188,290**	**1.28%**	**145,969**	15,899,148	0.90%	106,922
Total earning assets	**100,872,355**	**2.03%**	**1,534,119**	99,234,391	1.76%	1,314,158
Interest bearing liabilities	**95,652,217**	**1.52%**	**1,090,655**	94,244,893	1.26%	888,453
Interest rate spread	**$5,220,138**	**0.51%**		$4,989,498	0.50%	
Impact of equity financing		**0.08%**			0.07%	
Net interest margin		**0.59%**			0.57%	
Net interest income			**$443,464**			$425,705

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

We recorded a $6.5 million provision for loan loss during the nine months ended September 30, 2017. Refer to the Loan Portfolio section for further discussion.

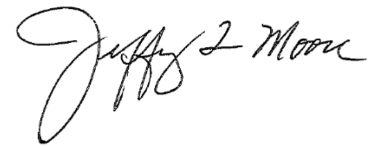
The decrease in non-interest income was primarily due to lower prepayment and other fee income realized on loan refinancing activity as the level of interest rates increased. Also contributing to this decrease were non-recurring net investment gains of $10.2 million realized on the sale of available-for-sale investment securities during the nine months ended September 30, 2016. These decreases were partially offset by increased mineral income primarily due to elevated oil and gas prices throughout the year relative to the low levels realized during the first quarter of 2016. An increase in mineral leasing activity during 2017 compared to the prior year further contributed to mineral income.

Certification

The undersigned have reviewed the September 30, 2017 Quarterly Report of AgriBank, FCB, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate and complete to the best of our knowledge and belief.

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

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



Jeffrey L. Moore
Chief Financial Officer
AgriBank, FCB
November 9, 2017

Statements of Condition

AgriBank, FCB

(unaudited) (in thousands)	**September 30, 2017**	December 31, 2016
Assets		
Loans	**$87,165,717**	$86,078,402
Allowance for loan losses	**25,461**	21,282
Net loans	**87,140,256**	86,057,120
Investment securities	**14,325,014**	14,897,252
Cash	**231,800**	469,996
Federal funds	**724,300**	591,300
Accrued interest receivable	**512,797**	420,670
Derivative assets	**6,133**	13,125
Allocated prepaid pension costs	**34,617**	33,985
Cash collateral posted with counterparties	**34,435**	31,128
Other assets	**37,644**	48,720
Total assets	**$103,046,996**	$102,563,296
Liabilities		
Bonds and notes	**$96,786,674**	$96,633,431
Accrued interest payable	**306,845**	223,023
Derivative liabilities	**35,426**	34,407
Accounts payable and other payables	**183,813**	170,613
Other liabilities	**15,458**	15,719
Total liabilities	**97,328,216**	97,077,193
Commitments and contingencies (Note 6)		
Shareholders' equity		
Perpetual preferred stock	**250,000**	250,000
Capital stock and participation certificates	**2,333,579**	2,183,701
Unallocated surplus	**3,205,263**	3,132,432
Accumulated other comprehensive loss	**(70,062)**	(80,030)
Total shareholders' equity	**5,718,780**	5,486,103
Total liabilities and shareholders' equity	**$103,046,996**	$102,563,296

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

Statements of Comprehensive Income

AgriBank, FCB

(unaudited)

(in thousands)	Three months		Nine months	
For the period ended September 30,	**2017**	2016	**2017**	2016
Interest income				
Loans	**$490,506**	$407,991	**$1,388,150**	$1,207,236
Investment securities	**53,298**	37,855	**145,969**	106,922
Total interest income	**543,804**	445,846	**1,534,119**	1,314,158
Interest expense	**393,172**	300,905	**1,090,655**	888,453
Net interest income	**150,632**	144,941	**443,464**	425,705
Provision for loan losses	**3,500**	1,000	**6,500**	5,500
Net interest income after provision for loan losses	**147,132**	143,941	**436,964**	420,205
Non-interest income				
Mineral income	**10,776**	10,182	**33,237**	27,397
Business services income	**4,923**	4,260	**14,496**	12,524
Loan prepayment and fee income	**1,470**	13,867	**6,096**	25,888
Miscellaneous income and other (losses) gains, net	**(603)**	5,469	**1,443**	11,989
Total non-interest income	**16,566**	33,778	**55,272**	77,798
Non-interest expense				
Salaries and employee benefits	**9,560**	10,273	**29,414**	29,697
Other operating expenses	**9,485**	9,545	**27,823**	26,662
Loan servicing and other fees paid to District Associations	**9,277**	8,941	**26,157**	25,918
Farm Credit System insurance expense	**3,146**	3,680	**9,061**	10,248
Total non-interest expense	**31,468**	32,439	**92,455**	92,525
Net income	**$132,230**	$145,280	**$399,781**	$405,478
Other comprehensive income (loss)				
Investments available-for-sale:				
Not-other-than-temporarily-impaired investments	**$(1,399)**	$(22,112)	**$20,291**	$38,113
Other-than-temporarily-impaired investments	**--**	(4,245)	**--**	(10,561)
Derivatives and hedging activity	**3,240**	17,513	**(10,323)**	(97,748)
Total other comprehensive income (loss)	**1,841**	(8,844)	**9,968**	(70,196)
Comprehensive income	**$134,071**	$136,436	**$409,749**	$335,282

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

Statements of Changes in Shareholders' Equity

AgriBank, FCB

(unaudited) (in thousands)	Perpetual Preferred Stock	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive (Loss) Income	Total
Balance at December 31, 2015	$250,000	$2,063,343	$2,945,638	$(84,865)	$5,174,116
Net income			405,478		405,478
Other comprehensive loss				(70,196)	(70,196)
Patronage			(221,419)		(221,419)
Perpetual preferred stock dividends			(12,891)		(12,891)
Capital stock/participation certificates issued		122,193			122,193
Capital stock/participation certificates retired		(46,852)			(46,852)
Balance at September 30, 2016	$250,000	$2,138,684	$3,116,806	$(155,061)	$5,350,429
Balance at December 31, 2016	$250,000	$2,183,701	$3,132,432	$(80,030)	$5,486,103
Net income			**399,781**		**399,781**
Other comprehensive income				**9,968**	**9,968**
Patronage			**(314,059)**		**(314,059)**
Perpetual preferred stock dividends			**(12,891)**		**(12,891)**
Capital stock/participation certificates issued		**149,878**			**149,878**
Balance at September 30, 2017	**$250,000**	**$2,333,579**	**$3,205,263**	**$(70,062)**	**$5,718,780**

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

Statements of Cash Flows

AgriBank,FCB

(unaudited)
(in thousands)

For the nine months ended September 30,	**2017**	2016
Cash flows from operating activities		
Net income	**$399,781**	$405,478
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation on premises and equipment	**2,729**	2,640
Provision for loan losses	**6,500**	5,500
Gain on sale of investment securities, net	**--**	(10,178)
Amortization of discounts on investments, net	**(22,539)**	(10,849)
Amortization of discounts on debt and deferred debt issuance costs, net	**66,473**	71,876
(Gain) loss on derivative activities, net	**(1,970)**	292
Changes in operating assets and liabilities:		
Increase in accrued interest receivable	**(1,185,159)**	(995,146)
Decrease (increase) in other assets	**9,964**	(4,318)
Increase in accrued interest payable	**83,822**	18,657
(Decrease) increase in other liabilities	**(12,941)**	6,134
Net cash used in operating activities	**(653,340)**	(509,914)
Cash flows from investing activities		
Decrease (increase) in loans, net	**2,313**	(1,277,411)
Proceeds from sales of other property owned	**1,405**	681
Decrease (increase) in investment securities, net	**615,068**	(1,078,198)
Proceeds from the sale of investment securities	**--**	70,479
Purchases of premises and equipment, net	**(2,571)**	(2,408)
Net cash provided by (used in) investing activities	**616,215**	(2,286,857)
Cash flows from financing activities		
Bonds and notes issued	**137,374,968**	150,858,323
Bonds and notes retired	**(137,282,267)**	(148,261,488)
Subordinated notes retired	**--**	(500,000)
Decrease (increase) in cash collateral posted with counterparties, net	**3,372**	(99,328)
Variation margin settled on cleared derivatives, net	**(12,952)**	--
Patronage distributions paid	**(288,179)**	(225,751)
Preferred stock dividends paid	**(12,891)**	(12,891)
Capital stock/participation certificates issued, net	**149,878**	75,341
Net cash (used in) provided by financing activities	**(68,071)**	1,834,206
Net decrease in cash and federal funds	**(105,196)**	(962,565)
Cash and federal funds at beginning of period	**1,061,296**	1,960,836
Cash and federal funds at end of period	**$956,100**	$998,271
Supplemental schedule of non-cash activities		
Decrease (increase) in derivative assets	**$6,993**	$(1,030)
Increase in derivative liabilities	**7,291**	104,296
Decrease in bonds from derivative activity	**(5,931)**	(5,226)
Decrease in shareholders' equity from cash flow derivatives	**(10,323)**	(97,748)
Increase in shareholders' equity from investment securities	**20,291**	27,552
Loans transferred to other property owned	**1,083**	423
Interest capitalized to loan principal	**1,093,032**	944,750
Preferred stock dividends accrued	**4,297**	4,297
Patronage refunds payable to owners	**148,477**	82,747
Supplemental Information		
Interest paid	**$940,360**	$869,796

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

Notes to Financial Statements

AgriBank, FCB

(Unaudited)

NOTE 1

Organization and Significant Accounting Policies

AgriBank, FCB (AgriBank) is one of the Banks of the Farm Credit System (the System), a nationwide system of cooperatively owned Banks and Associations, established by Congress and subject to the provisions of the Farm Credit Act of 1971, as amended. The System specializes in providing financing and related services to qualified borrowers for agricultural and rural purposes. AgriBank and its District Associations are collectively referred to as the District. At September 30, 2017, the District had 14 Agricultural Credit Associations (ACA). Each parent ACA has wholly owned Federal Land Credit Association and Production Credit Association subsidiaries. AgriBank serves as the intermediary between the financial markets and the retail lending activities of the District Associations.

A description of our organization and operation, significant accounting policies followed, financial condition and results of operations as of and for the year ended December 31, 2016 are contained in the 2016 Annual Report. These unaudited third quarter 2017 Financial Statements should be read in conjunction with the Annual Report. The results for the nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the year ended December 31, 2017.

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

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

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB), but are not yet effective, and have determined the following standards to be applicable to our business:

Standard	Description	Effective date and financial statement impact
In August 2017, the FASB issued Accounting Standards Update (ASU) 2017-12 “Targeted Improvements to Accounting for Hedging Activities.”	The guidance better aligns an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments in this guidance require an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. This guidance also addresses the timing of effectiveness testing, qualitative and quantitative effectiveness testing and components that can be excluded from effectiveness testing.	This guidance is effective for public business entities for annual periods beginning after December 15, 2018. We are currently evaluating the impact of adoption on our financial condition, results of operations, cash flows, and financial statement disclosures.
In March 2017, the FASB issued ASU 2017-07 “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost.”	This guidance requires that an employer disaggregate the service cost component from the other components of net benefit cost. Specifically, the guidance requires non-service cost components of net benefit cost to be recognized in a non-operating income line item of the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.	This guidance is effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those annual periods. Early adoption is permitted with certain restrictions. We are currently evaluating the impact of the guidance on the results of operations and financial statement disclosures. This guidance will have no impact on the financial condition or cash flows.
In August 2016, the FASB issued ASU 2016-15 “Classification of Certain Cash Receipts and Cash Payments.”	The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing.	This guidance is effective for public entities for interim and annual periods beginning after December 15, 2017. The adoption of this guidance does not impact the financial condition or results of operations. After review of the classifications of the payments related to discount notes, no changes in the classification of statement of cash flows are required as a result of this guidance.

Standard	Description	Effective date and financial statement impact
In June 2016, the FASB issued ASU 2016-13 “Financial Instruments - Credit Losses."	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	The guidance is effective for non-U.S. Securities Exchange Commission filers for annual reporting periods beginning after December 15, 2020 including interim periods within that year. Early adoption is permitted as of annual reporting periods beginning after December 15, 2018, including interim periods within that year. We are currently evaluating the impact of the guidance on the financial condition, results of operations, cash flows, and financial statement disclosures.
In February 2016, the FASB issued ASU 2016-02 "Leases."	The guidance modifies the recognition and accounting for lessees and lessors and requires expanded disclosures regarding assumptions used to recognize revenue and expenses related to leases.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2018 including interim periods within that year. Early adoption is permitted and modified retrospective adoption is required. Based on our preliminary review and analysis, this new guidance will not have a material impact on our financial condition, results of operations, and financial statement disclosures, and will have no impact on cash flows.
In January 2016, the FASB issued ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.”	The guidance is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments address certain aspects of recognition, measurement, presentation, and disclosure in the financial statements.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2017 including interim periods within that year. Early adoption is permitted for only a portion of the guidance, but that guidance does not apply to the Financial Statements. The adoption of this guidance will not impact our financial condition, results of operations or cash flows. Financial statement disclosures related to the methods and significant assumptions used to estimate fair value for financial instruments measured at amortized cost on the statement of condition are no longer required and will be excluded upon adoption of this guidance in the 2018 Annual Report.

Standard	Description	Effective date and financial statement impact
In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers."	The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of contracts within the District would be excluded from the scope of this new guidance.	The guidance is effective for public entities for the first interim reporting period within the annual reporting periods beginning after December 15, 2017. In March 2016, the FASB issued ASUs 2016-08 and 2016-10 which provided further clarifying guidance on the previously issued standard. Based on our review of affected contracts, we have determined this guidance will not have a material impact, on the financial condition, results of operations or cash flows.

NOTE 2

Loans and Allowance for Loan Losses

Loans by Type

	September 30, 2017		December 31, 2016	
(in thousands)	**Amount**	**%**	Amount	%
Wholesale loans	**$78,694,218**	**90.3%**	$78,300,557	91.0%
Retail loans:				
Real estate mortgage	**$4,070,148**	**4.7%**	3,461,590	4.0%
Production and intermediate-term	**3,629,452**	**4.2%**	3,629,121	4.2%
Agribusiness	**95,447**	**0.1%**	65,228	0.1%
Loans to other financing institutions (OFIs)	**617,243**	**0.7%**	577,505	0.7%
Other	**59,209**	**0.0%**	44,401	0.0%
Total retail loans	**8,471,499**	**9.7%**	7,777,845	9.0%
Total loans	**$87,165,717**	**100.0%**	$86,078,402	100.0%

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

Participations

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

Retail Loan Participations Purchased

(in thousands)	**September 30, 2017**	December 31, 2016
Real estate mortgage	**$4,069,875**	$3,461,281
Production and intermediate-term	**3,629,452**	3,629,121
Agribusiness	**95,447**	65,228
Other	**59,209**	44,401
Total loans	**$7,853,983**	$7,200,031

Portfolio Performance

One credit quality indicator we utilize is the Farm Credit Administration (FCA) Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are non-criticized assets representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probability of default ratings.
- Other Assets Especially Mentioned (Special Mention) – are currently collectible, but exhibit some potential weakness. These assets involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

Credit Quality of Loans

(in thousands)

As of September 30, 2017	**Acceptable**		**Special mention**		**Substandard/Doubtful**		**Total**	
Wholesale loans	**$79,105,669**	**100.0%**	**$ --**	**--**	**$ --**	**--**	**$79,105,669**	**100.0%**
Retail loans:								
Real estate mortgage	**$3,906,973**	**94.6%**	**$114,496**	**2.8%**	**$107,304**	**2.6%**	**$4,128,773**	**100.0%**
Production and intermediate-term	**3,451,906**	**94.6%**	**95,119**	**2.6%**	**103,281**	**2.8%**	**3,650,306**	**100.0%**
Agribusiness	**90,646**	**94.6%**	**118**	**0.1%**	**5,052**	**5.3%**	**95,816**	**100.0%**
Loans to OFIs	**620,010**	**100.0%**	**--**	**--**	**--**	**--**	**620,010**	**100.0%**
Other	**58,530**	**98.7%**	**461**	**0.8%**	**334**	**0.5%**	**59,325**	**100.0%**
Total retail loans	**8,128,065**	**95.0%**	**210,194**	**2.5%**	**215,971**	**2.5%**	**8,554,230**	**100.0%**
Total loans	**$87,233,734**	**99.6%**	**$210,194**	**0.2%**	**$215,971**	**0.2%**	**$87,659,899**	**100.0%**

(in thousands)

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

Note: Accruing loans include accrued interest receivable.

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

Aging Analysis of Loans

(in thousands) **As of September 30, 2017**	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less than 30 Days Past Due**	**Total Loans**	**Accruing loans 90 days or more past due**
Wholesale loans	**$ --**	**$ --**	**$ --**	**$79,105,669**	**$79,105,669**	**$ --**
Real estate mortgage	**7,340**	**7,526**	**14,866**	**4,113,907**	**4,128,773**	**308**
Production and intermediate-term	**16,976**	**13,328**	**30,304**	**3,620,002**	**3,650,306**	**265**
Agribusiness	**--**	**26**	**26**	**95,790**	**95,816**	**--**
Loans to OFIs	**--**	**--**	**--**	**620,010**	**620,010**	**--**
Other	**281**	**--**	**281**	**59,044**	**59,325**	**--**
Total loans	**$24,597**	**$20,880**	**$45,477**	**$87,614,422**	**$87,659,899**	**$573**

(in thousands) As of December 31, 2016	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total Loans	Accruing loans 90 days or more past due
Wholesale loans	$ --	$ --	$ --	$78,639,626	$78,639,626	$ --
Real estate mortgage	10,132	7,015	17,147	3,481,479	3,498,626	156
Production and intermediate-term	22,678	9,024	31,702	3,615,057	3,646,759	222
Agribusiness	26	--	26	65,441	65,467	--
Loans to OFIs	--	--	--	579,652	579,652	--
Other	252	--	252	44,184	44,436	--
Total loans	$33,088	$16,039	$49,127	$86,425,439	$86,474,566	$378

Note: Accruing loans include accrued interest receivable.