THIRD QUARTER 2015 QUARTERLY INFORMATION STATEMENT OF THE FARM CREDIT SYSTEM

Federal Farm Credit Banks Funding Corporation
10 Exchange Place, Suite 1401 • Jersey City, New Jersey 07302 • 201-200-8000

NOVEMBER 9, 2015

This quarterly information statement provides important information for investors in the debt securities jointly issued by the four Farm Credit System Banks — AgFirst Farm Credit Bank, AgriBank, FCB, CoBank, ACB and Farm Credit Bank of Texas (collectively, the Banks). These debt securities, which we refer to as Systemwide Debt Securities, include:

- Federal Farm Credit Banks Consolidated Systemwide Bonds,
- Federal Farm Credit Banks Consolidated Systemwide Discount Notes,
- Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes, and
- any other debt securities that the Farm Credit System Banks may jointly issue from time to time.

This quarterly information statement does not constitute an offer to sell or a solicitation of an offer to buy Systemwide Debt Securities. Systemwide Debt Securities are offered by the Federal Farm Credit Banks Funding Corporation on behalf of the Banks pursuant to offering circulars for each type of debt offering. The relevant offering circular as of this date is the Federal Farm Credit Banks Consolidated Systemwide Bonds and Discount Notes Offering Circular dated December 8, 2014.

The offering circular may be amended or supplemented from time to time and a new offering circular may be issued. Before purchasing Systemwide Debt Securities, you should carefully read the relevant offering circular, the most recent annual and quarterly information statements and other current information released by the Funding Corporation regarding the Banks and/or Systemwide Debt Securities. At this time, no Systemwide Debt Securities are being offered under the Federal Farm Credit Banks Global Debt Program Offering Circular dated October 10, 1996, the Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes Offering Circular dated July 19, 1993, as amended by supplements dated February 26, 1997 and June 11, 1999, or the Federal Farm Credit Banks Consolidated Systemwide Master Notes Offering Circular dated December 21, 1999, as amended by the supplement dated August 20, 2001. No securities previously offered under the Global Debt Program Offering Circular or the Master Notes Offering Circular are currently outstanding.

Systemwide Debt Securities are the joint and several obligations of the Banks and are not obligations of or guaranteed by the United States government. Systemwide Debt Securities are not required to be registered and have not been registered under the Securities Act of 1933. In addition, the Banks are not required to file and do not file periodic reports under the Securities Exchange Act of 1934. Systemwide Debt Securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of any offering material.

Certification

The undersigned certify that (1) we have reviewed this quarterly information statement, (2) this quarterly information statement has been prepared in accordance with all applicable statutory or regulatory requirements, and (3) the information contained in this quarterly information statement is true, accurate, and complete to the best of the signatories' knowledge and belief.

J. Less Guthrie Chairman of the Board	Theresa E. McCabe President and CEO	Karen R. Brenner Managing Director — Financial Management Division

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

Farm Credit System quarterly and annual information statements and press releases relating to financial results or other developments affecting the System issued by the Federal Farm Credit Banks Funding Corporation for the current fiscal year and the two preceding fiscal years, as well as offering circulars relating to Systemwide Debt Securities, are available for inspection at, or will be furnished without charge upon request to, the Federal Farm Credit Banks Funding Corporation, 10 Exchange Place, Suite 1401, Jersey City, New Jersey 07302; telephone (201) 200-8000. These documents are also available on the Funding Corporation's website located at www.farmcreditfunding.com. Other information regarding the System can be found on the System's website located at www.farmcredit.com.

In addition, copies of quarterly and annual reports of each Bank and each Farm Credit Bank (AgFirst Farm Credit Bank, AgriBank, FCB and Farm Credit Bank of Texas) combined with its affiliated Associations may be obtained from the individual Bank. Bank addresses and telephone numbers where copies of these documents may be obtained are listed on page S-5 of this quarterly information statement. These documents and further information on each Bank or each Farm Credit Bank combined with its affiliated Associations and links to a Bank's affiliated Associations' websites are also available on each Bank's website as follows:

- AgFirst Farm Credit Bank — www.agfirst.com
- AgriBank, FCB — www.agribank.com
- CoBank, ACB — www.cobank.com
- Farm Credit Bank of Texas — www.farmcreditbank.com

Information contained on these websites is not incorporated by reference into this quarterly information statement and you should not consider information contained on these websites to be part of this quarterly information statement.

Overview of the Farm Credit System

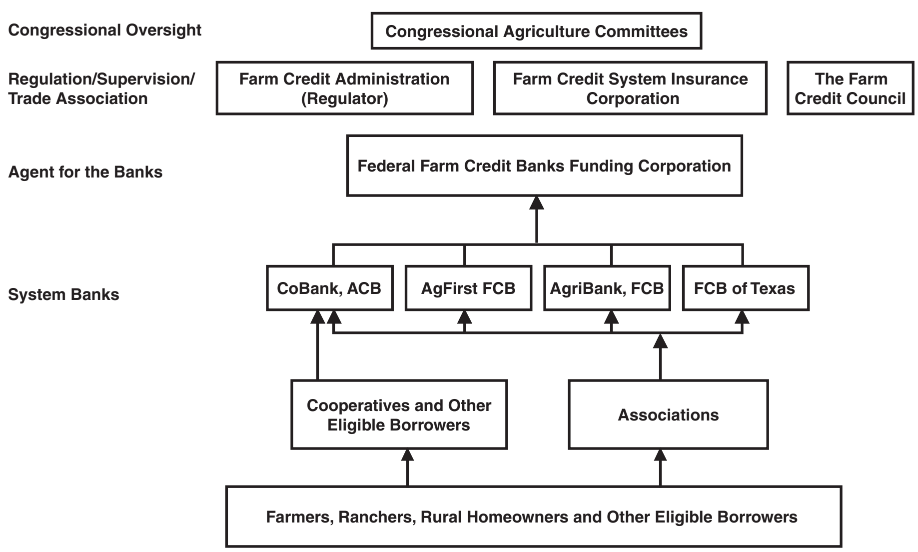
The Farm Credit System is a federally chartered network of borrower-owned lending institutions comprised of cooperatives and related service organizations. Cooperatives are organizations that are owned and controlled by their members who use the cooperatives' products or services. The U.S. Congress authorized the creation of the first System institutions in 1916. Our mission is to provide sound and dependable credit to American farmers, ranchers, producers or harvesters of aquatic products, their cooperatives, and certain farm-related businesses. We do this by making appropriately structured loans to qualified individuals and businesses at competitive rates and providing financial services and advice to those persons and businesses.

Consistent with our mission of serving rural America, we also make rural residential real estate loans, finance rural communication, energy and water infrastructures and make loans to support agricultural exports and to finance other eligible entities.

Congress established the Farm Credit Administration as the System's independent federal regulator to examine and regulate System institutions, including their safety and soundness. System institutions are federal instrumentalities.

Structure/Ownership of the Farm Credit System

The following chart depicts the overall structure and ownership of the System.



The Associations are cooperatives owned by their borrowers, and the Farm Credit Banks (AgFirst, AgriBank and Texas) are cooperatives primarily owned by their affiliated Associations. The Agricultural Credit Bank (CoBank) is a cooperative principally owned by cooperatives, other eligible borrowers and its affiliated Associations. The Banks and Associations each have their own board of directors and are not commonly owned. Each Bank and Association manages and controls its own business activities, operations and financial performance.

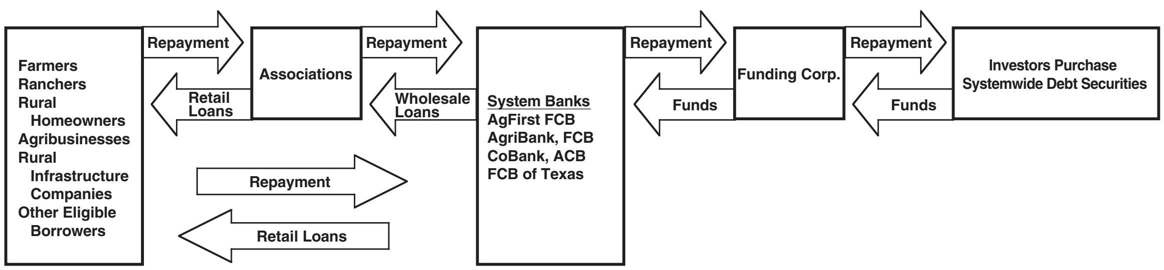
The Banks jointly own the Federal Farm Credit Banks Funding Corporation (Funding Corporation). The Funding Corporation, as agent for the Banks, issues and markets Systemwide Debt Securities in order to raise funds for the lending activities and operations of the Banks and Associations. The Funding Corporation also provides the Banks with certain consulting, accounting and financial reporting services, including the preparation of the System's quarterly and annual information statements and the System's combined financial statements contained in those information statements. As the System's financial spokesperson, the Funding Corporation is primarily responsible for financial disclosure and the release of public information concerning the financial condition and performance of the System.

Systemwide Debt Securities are the general unsecured joint and several obligations of the Banks. Systemwide Debt Securities are not obligations of and are not guaranteed by the United States government. In addition, Systemwide Debt Securities are not the direct obligations of the Associations and, as a result, the capital of the Associations may not be available to support principal or interest payments on Systemwide Debt Securities.

Our Business Model

A Bank and its affiliated Associations are financially and operationally interdependent as the Bank is statutorily required to serve as an intermediary between the financial markets and the retail lending activities of its affiliated Associations. The Banks are the primary source of funds for the Associations. Associations are not legally authorized to accept deposits and may not borrow from other financial institutions without the approval of their affiliated Bank. The Banks are not legally authorized to accept deposits and they principally obtain their funds through the issuance of Systemwide Debt Securities. Other less significant sources of funding for the Banks include internally generated earnings, the issuance of common and preferred equities and the issuance of subordinated debt. As a result, the loans made by the Associations are primarily funded by the issuance of Systemwide Debt Securities by the Banks. The repayment of Systemwide Debt Securities is dependent upon the ability of borrowers to repay their loans from the Associations. In addition, CoBank makes retail loans and leases directly to cooperatives, rural infrastructure companies, and other eligible borrowers. The Banks also purchase retail loan participations from Associations, other Banks and non-System lenders. Therefore, the repayment of Systemwide Debt Securities is also dependent upon the ability of these borrowers to repay their loans.

The chart below illustrates the flow of funds from investors in Systemwide Debt Securities to the System's borrowers and the ultimate repayment of funds to investors resulting from borrower loan repayments.



Overview of Our Business

As required by the Farm Credit Act, we specialize in providing financing and related services to eligible, creditworthy borrowers in the agricultural and rural sectors, to certain related entities, and to domestic or foreign parties in connection with the export of U.S. agricultural products. We make credit available in all 50 states, the Commonwealth of Puerto Rico, and, under conditions set forth in the Farm Credit Act, U.S. territories.

System institutions may also provide a variety of services to their borrowers designed to enhance their business, including acting as agent or broker for: credit and mortgage-life insurance, disability insurance, various types of crop insurance, livestock risk protection, estate planning, record keeping services, tax planning and preparation, fee appraisal services, cash management products and services, and consulting. The insurance is made available through private insurers.

As more fully discussed on pages 9 and 10 in the *2014 Annual Information Statement*, a limited number of Associations have entered into a contractual arrangement to provide financial support to a captive reinsurance company in specified amounts that are not material to the System's financial condition or results of operations. That reinsurance company provides reinsurance for crop insurance policies.

In addition, some System institutions provide leasing and related services to their customers.

Government-Sponsored Enterprise Status

In order to better accomplish our mission, Congress has granted the System certain attributes that result in government-sponsored enterprise status for the System. As a government-sponsored enterprise, we have traditionally been able to raise funds at competitive rates and terms, in varying economic environments. This ability to raise funds has historically allowed us to make competitively priced loans to eligible borrowers through all economic cycles and thus accomplish our mission. (See "Risk Factors" in the *2014 Annual Information Statement* for a discussion of the potential impact of changes on the sovereign credit rating of the U.S. on the System given its government-sponsored enterprise status and the uncertainty about the future of government-sponsored enterprises.)

Agricultural Industry Overview

The agricultural sector has been a key economic force in the U.S. economy and is strongly affected by domestic and global economic conditions. The System was created to provide support for this sector because of its significance to the well-being of the U.S. economy and the U.S. consumer. Profitability in our business is dependent on the health of the U.S. agricultural sector, which is heavily influenced by domestic and world demand for agricultural products, and impacted by government support programs, including crop insurance to producers of certain agricultural commodities. (See "Risk Factors" in the *2014 Annual Information Statement* for a discussion of potential changes in the agricultural spending policies of the U.S. government in light of the U.S. budget deficit and its potential impact on the System's borrowers.) Further, off-farm income is important to the repayment ability of many agricultural producers. Accordingly, our business also may be impacted by the health of the general U.S. economy.

System Lending Institutions

The two types of entities through which we conduct our lending business are the Banks and the Associations.

Banks

At September 30, 2015, the System had four Banks (three Farm Credit Banks and one Agricultural Credit Bank). The Banks' lending operations include wholesale loans to their affiliated Associations and loan participations in eligible loans purchased from Associations, other Banks and non-System lenders. In addition, CoBank, as the Agricultural Credit Bank, has additional nationwide authority to make retail loans directly to agricultural and rural infrastructure cooperatives and businesses and other eligible entities.

The Banks obtain a substantial majority of funds for their lending operations through the issuance of Systemwide Debt Securities, but also obtain some of their funds from internally generated earnings, from the issuance of common and preferred equities and from the issuance of subordinated debt.

Associations

At September 30, 2015, the System had 76 Associations throughout the nation and the Commonwealth of Puerto Rico. There were 74 Agricultural Credit Associations with Production Credit Association subsidiaries and Federal Land Credit Association subsidiaries, and two Federal Land Credit Associations. The Federal Land Credit Associations make real estate mortgage loans, including rural residential real estate loans. Agricultural Credit Associations may, directly or through their subsidiaries, make real estate mortgage loans, production and intermediate-term loans, agribusiness loans (processing and marketing loans, and certain farm-related business loans) and rural residential real estate loans. These retail loans are made to farmers, ranchers, producers or harvesters of aquatic products, farm-related businesses and rural homeowners. Associations may also purchase eligible loan participations from other System entities and non-System lenders.

The Associations obtain a substantial majority of the funds for their lending operations from their affiliated Bank, but also obtain some of their funds from internally generated earnings and from the issuance of equities.

Farm Credit Insurance Fund

As more fully discussed on page 20 in the *2014 Annual Information Statement*, the Farm Credit System Insurance Corporation's primary purpose is to insure the timely payment of principal and interest on Systemwide Debt Securities. The Insurance Corporation maintains the Insurance Fund for this purpose and for certain other mandatory and discretionary purposes. In the event a Bank is unable to timely pay principal or interest on any insured debt obligation for which that Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the debt obligation cannot be invoked until the Insurance Fund has been exhausted. The insurance provided through use of the Insurance Fund is not an obligation of and is not a guarantee by the United States government.

Disclosure Obligations

The Farm Credit Administration has promulgated regulations intended to ensure the appropriate disclosure of financial and other information concerning the System to investors in Systemwide Debt Securities and other interested parties. These disclosures are the responsibility of the System Disclosure Entities, which consist of the Banks and the Funding Corporation. For a description of the responsibilities of the System Disclosure Entities, see page 17 of the *2014 Annual Information Statement*.

Governance — Code of Ethics

Each Bank and the Funding Corporation have adopted codes of ethics that apply to their chief executive officers, certain other executives, and senior professionals in the finance and accounting areas who are involved with the preparation of the System's financial statements and the maintenance of the financial records supporting the financial statements.

The Funding Corporation will disclose material amendments to or any waivers from a required provision of the codes of ethics for any individual covered by the Banks' or the Funding Corporation's codes of ethics by including that information in future information statements. No such amendments or waivers were made during the first nine months of 2015. A copy of the Funding Corporation's code of ethics related to the preparation of the System's quarterly and annual information statements can be accessed on the Funding Corporation's website at www.farmcreditfunding.com. Each Bank's code of ethics includes similar content and can be accessed through each of their respective websites listed on page 2.

Risk Factors

There have been no material changes to the risk factors previously disclosed in the System's *2014 Annual Information Statement.*

OTHER BUSINESS MATTERS

Legal Proceedings

At September 30, 2015, various lawsuits were pending or threatened against System institutions. In the opinion of management, based on information currently available and taking into account the advice of legal counsel, the ultimate liability, if any, of pending legal actions will not have a material adverse impact on the System's combined results of operations or financial position.

SELECTED COMBINED FINANCIAL DATA

The following selected combined financial data for each of the three years in the period ended December 31, 2014 has been derived from the audited combined financial statements of the Farm Credit System. The selected combined financial data and combined financial statements of the System combine the financial condition and operating results of each of the Banks, their affiliated Associations, the Federal Farm Credit Banks Funding Corporation, and the Farm Credit Insurance Fund, and reflect the investments in, and allocated earnings of, certain service organizations owned by the Banks or Associations. All significant intra-System transactions and balances have been eliminated in combination. Because System entities are financially and operationally interdependent, we believe providing the combined financial information is more meaningful to investors in Systemwide Debt Securities than financial information relating to the Banks on a stand-alone basis (i.e., without the Associations). While this quarterly information statement reports on the combined financial position and results of operations of the Banks, Associations, and other System entities specified above, only the Banks are jointly and severally liable for the repayment of Systemwide Debt Securities. See Note 14 to the accompanying condensed combined financial statements for combining Bank-only financial condition and results of operations. Also, copies of quarterly and annual reports of each Bank are available on each of their respective websites; see page 2 for a listing of their websites.

The combined financial data for the nine months ended September 30, 2015 and 2014 has been derived from the System's unaudited condensed combined financial statements appearing elsewhere herein, which include all adjustments necessary for a fair statement of the results for these interim periods.

	September 30,		December 31,		
	2015	2014	2014	2013	2012
	(unaudited)		(in millions)		
Combined Statement of Condition Data					
Loans	$226,844	$208,051	$217,054	$201,060	$191,904
Allowance for loan losses	(1,246)	(1,184)	(1,237)	(1,238)	(1,343)
Net loans	225,598	206,867	215,817	199,822	190,561
Cash, Federal funds sold and investments	55,880	54,877	57,839	51,893	46,928
Accrued interest receivable	2,366	2,223	1,824	1,719	1,668
Other property owned	102	139	132	198	324
Total assets	291,461	271,324	282,844	260,782	246,664
Systemwide bonds	208,077	192,634	198,329	188,702	183,076
Systemwide medium-term notes	127	135	135	150	342
Systemwide discount notes	23,130	21,583	26,973	18,637	14,548
Subordinated debt	1,555	1,555	1,555	1,555	1,555
Other bonds	3,410	4,171	3,627	3,215	2,399
Total liabilities	242,583	225,508	237,138	218,181	208,055
Capital	48,878	45,816	45,706	42,601	38,609

	For the Nine Months Ended September 30,		For the Year Ended December 31,		
	2015	2014	2014	2013	2012
	(unaudited)		(in millions)		
Combined Statement of Income Data					
Net interest income	$ 5,217	$ 5,056	$ 6,804	$ 6,674	$ 6,477
(Provision for loan losses) loan loss reversal	(87)	(7)	(40)	31	(313)
Net noninterest expense	(1,482)	(1,306)	(1,819)	(1,844)	(1,824)
Income before income taxes	3,648	3,743	4,945	4,861	4,340
Provision for income taxes	(167)	(174)	(221)	(221)	(222)
Net income	$ 3,481	$ 3,569	$ 4,724	$ 4,640	$ 4,118

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND QUARTERLY RESULTS OF OPERATIONS

The System's *2014 Annual Information Statement* contains the December 31, 2014 combined financial statements together with commentary that explains the principal aspects of the System's combined financial position and results of operations. The following commentary represents a quarterly supplement to that information statement and includes a discussion of significant financial developments for the nine months ended September 30, 2015. This commentary should be read in conjunction with the *2014 Annual Information Statement* and with the condensed combined financial statements of the System beginning on page F-1 of this quarterly information statement.

Basis of Presentation

The accompanying condensed combined financial statements and related financial information contained in this quarterly information statement present the combined assets, liabilities and capital of the Banks, the Associations, the Funding Corporation, and the Insurance Fund, and reflect the investments in and allocated earnings of certain service organizations owned by the Banks or Associations. All significant intra-System transactions and balances have been eliminated in combination. (See Note 1 to the accompanying condensed combined financial statements for additional information on organization and significant accounting policies and the Supplemental Combining Information on pages F-50 through F-56). This quarterly information statement has been prepared under the oversight of the System Audit Committee.

Our financial statements are presented on a combined basis due to the financial and operational interdependence of System entities as discussed in the "Business" section contained elsewhere in this quarterly information statement. While this quarterly information statement reports on the combined financial position and results of operations of the Banks, Associations and other System entities specified above, only the Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities.

Each Bank is primarily liable for the payment of principal and interest on Systemwide Debt Securities issued to fund its operations. (See Note 8 to the accompanying condensed combined financial statements for information about the capital of the Banks, Note 14 for information related to the financial condition and results of operations of the Banks, and the Supplemental Combining Information on pages F-50 through F-52 for information related to the financial condition of the combined Banks.) Because the Associations are not directly liable for the payment of principal or interest on Systemwide Debt Securities, their capital may not be available to support those payments. Under the Farm Credit Act, the timely payment of the principal and interest on Systemwide Debt Securities is insured by the Farm Credit System Insurance Corporation to the extent funds are available in the Insurance Fund. (See Note 5 to the accompanying condensed combined financial statements.)

Forward-Looking Information

Certain sections of this quarterly information statement contain forward-looking statements concerning financial information and statements about future economic performance and events, plans and objectives and assumptions underlying these projections and statements. These projections and statements are not based on historical facts but instead represent our current assumptions and expectations regarding our business, the economy and other future conditions. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Forward-looking statements can be identified by words such as "anticipates," "believes," "could," "estimates," "may," "should," "will," or other variations of these terms that are intended to reference future periods.

These statements are not guarantees of future performance and involve certain risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various factors. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, financial markets and economic conditions and developments in the United States and abroad;

- economic fluctuations in the agricultural, rural infrastructure, international, and farm-related business sectors;
- weather-related, disease, and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in U.S. government support of the agricultural industry and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government, other government-sponsored enterprises and other financial institutions;
- actions taken by the Federal Reserve System in implementing monetary policy;
- credit, interest rate and liquidity risk inherent in our lending activities;
- changes in our assumptions for determining the allowance for loan losses, other than temporary impairment and fair value measurements; and
- industry outlooks for agricultural conditions.

Overview

General

The System's combined net income decreased $88 million or 2.5% to $3.481 billion for the first nine months of 2015, as compared with net income of $3.569 billion for the same period of 2014. The decrease resulted primarily from increases in noninterest expense of $150 million and the provision for loan losses of $80 million and a decrease in noninterest income of $26 million, partially offset by an increase in net interest income of $161 million and a decrease in provision for income taxes of $7 million.

The System's net interest income increased to $5.217 billion primarily due to a higher level of average earning assets. The net interest margin declined eight basis points to 2.56% for the first nine months of 2015, as compared to same period of the prior year principally due to a nine basis point decline in the net interest spread to 2.41%. The decline in the net interest spread resulted primarily from competitive pressures, changing product mix into lower spread lines of business and an increase in debt costs.

The System's loan portfolio increased $9.790 billion or 4.5% to $226.844 billion since year-end 2014. The increase primarily resulted from increases in real estate mortgage, energy and agribusiness loans.

The System's nonperforming loans (which consist of nonaccrual loans, accruing restructured and accruing loans 90 days or more past due) decreased $13 million to $1.724 billion at September 30, 2015, as compared with $1.737 billion at December 31, 2014, representing 0.76% and 0.80% of total loans for the corresponding periods.

Funding

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 first nine months of 2015, investor demand for Systemwide Debt Securities has remained favorable across all products. Given the prevailing low interest rate environment, the Banks continued to refinance callable bonds when advantageous in order to lower their cost of funds.

The System is a government-sponsored enterprise that has benefitted from broad access to domestic and global capital markets. This access has provided us with a dependable source of competitively priced debt which is critical for supporting our mission of providing credit to agriculture and rural America.

Drought and Other Conditions

According to the U.S. Drought Monitor, as of September 30, 2015 approximately 31% of the U.S. was experiencing moderate to exceptional drought conditions, concentrated mainly in California and other western states, as compared with 29% of the U.S. at the end of 2014. Prolonged drought conditions could result in credit stress and reduced income for agricultural producers in the affected areas as well as processors of the affected products.

Numerous cases of avian influenza have been reported in the U.S. since the beginning of 2015, mainly impacting commercial turkey flocks and chickens for egg production; however, the last confirmed case was June 17, 2015. Uncertainty remains regarding the possibility of further outbreak this year due to the fall migration of wild birds. The risk to human health is believed to be negligible. Nonetheless, many countries have imposed import restrictions on U.S. poultry from certain regions, primarily in the Central and Mississippi migratory paths. Trade restrictions on poultry have reduced turkey and chicken exports. However, due to an expected reduction in domestic production, a material disruption in U.S. poultry prices is not anticipated. The impact to the System is not expected to be material as our loan concentration in the poultry sector represented approximately 2.5% of total loans outstanding at September 30, 2015.

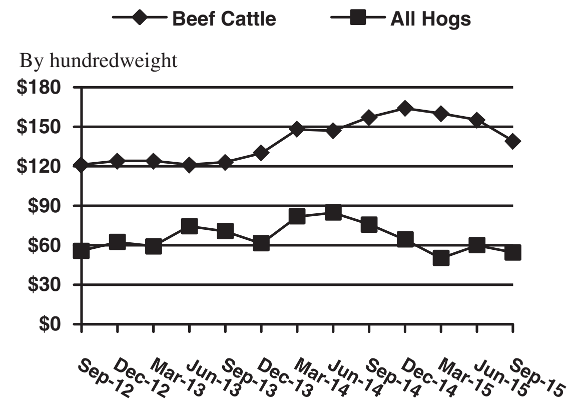
Agricultural Outlook

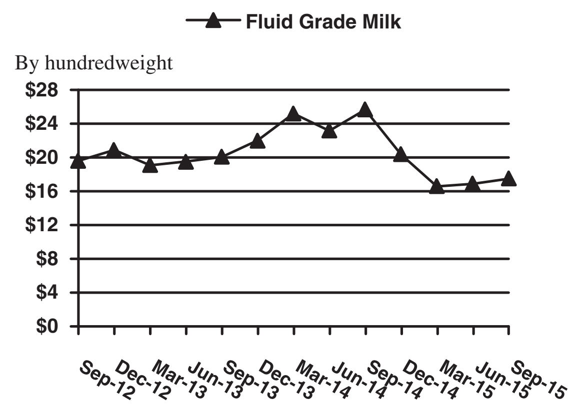
USDA Information

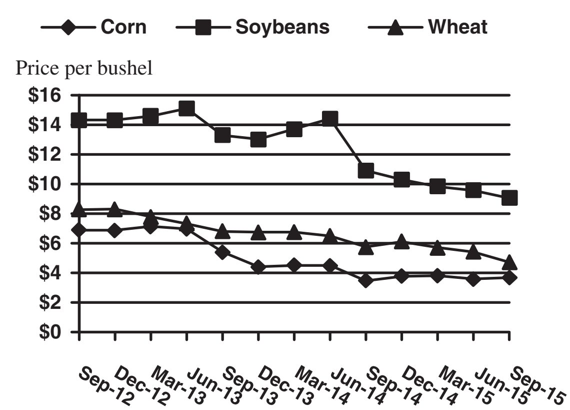
We utilize the market data of, and the analysis of such data by, the United States Department of Agriculture (USDA) to provide a general understanding of the U.S. agricultural economic outlook; however, this outlook does not take into account all aspects of our business or events that occurred subsequent to its issuance. References to USDA information in this section refer to U.S. agricultural market data and not System data.

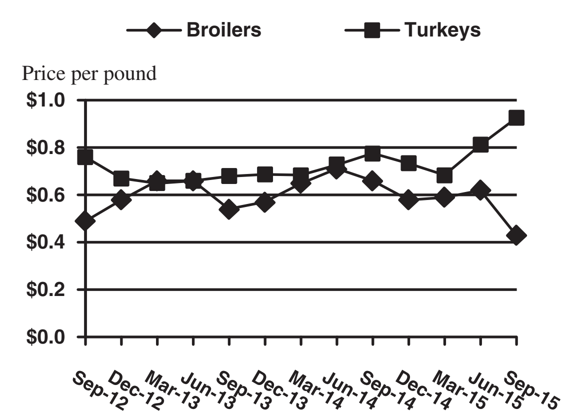
The USDA forecast (August 25, 2015) estimates that farmers' net cash income (a measure of the cash income after payment of business expenses) for 2015 will be $100.3 billion, a $26.4 billion decrease from 2014 but $5.0 billion above the 10-year average. The forecasted decrease in farmers' net cash income for 2015 is primarily due to an expected decrease in cash receipts of $32.3 billion. Livestock receipts are predicted to decrease $19.4 billion in 2015 primarily due to decreased dairy and hog receipts despite anticipated record high cattle receipts. Crop receipts are projected to decrease $12.9 billion in 2015, with approximately a $7.1 billion decline in corn receipts.

The following charts set forth the commodity prices utilizing the average monthly price for the last month of each quarter by hundredweight for beef cattle, hogs and milk, per bushel for corn, soybeans and wheat and by pound for poultry on certain dates during the period from September 30, 2012 to September 30, 2015:









Other Information

Production agriculture is a cyclical business that is heavily influenced by commodity prices, weather and various other factors. During the past several years agriculture has generally experienced favorable economic conditions driven by high commodity and livestock prices and increased farmland values during this period. However, more recently, the agricultural sector has entered a period of significant transition. Grain and oilseed prices have declined sharply due to record levels of corn and soybean production in 2014 and an anticipated large crop in 2015, which is stabilizing the growth in farmland values and compressing producer margins. An appreciation in the U.S. dollar has also had a dampening effect on the export competitiveness of U.S. agricultural commodities and products. While U.S. agriculture faces realignments in commodity prices and farmland values, the generally strong financial positions of U.S. crop producers is expected to greatly reduce the impact of lower margins. In addition, crop producers may benefit from payments under the new government support programs approved in the 2014 Farm Bill. Meanwhile, the livestock sector has benefitted from lower feed costs but is experiencing compressed margins.

In an environment of less favorable conditions in agriculture, the System's financial performance and credit quality measures would likely be negatively impacted. Any negative impact from these less favorable conditions should be partially mitigated by geographic and commodity diversification across the System and the influence of off-farm income sources supporting agricultural-related debt. However, due to the geographic territories served by Banks and Associations, most System institutions have higher geographic, borrower and commodity concentrations than does the System as a whole.

Results of Operations

Net Interest Income

Net interest income was \$1.767 billion and \$5.217 billion for the three and nine months ended September 30, 2015, as compared with \$1.708 billion and \$5.056 billion for the same periods of the prior year. The effects of changes in volume and interest rates on net interest income for the three and nine months ended September 30, 2015, as compared with the corresponding periods of the prior year, are presented in the following table. The table distinguishes between the changes in interest income and interest expense related to average outstanding balances and to the levels of average interest rates. Accordingly, the benefit derived from funding earning assets with interest-free funds (principally capital) is reflected solely as a volume increase.

	For the Three Months Ended September 30, 2015 vs. 2014			For the Nine Months Ended September 30, 2015 vs. 2014		
	Increase (decrease) due to			Increase (decrease) due to		
	Volume	Rate	Total	Volume	Rate	Total
	(in millions)					
Interest income:						
Loans	$176	$(42)	$134	$423	$(103)	$320
Investments		3	3	20	(11)	9
Total interest income	176	(39)	137	443	(114)	329
Interest expense:						
Systemwide Debt Securities and other	40	38	78	106	62	168
Change in net interest income	$136	$(77)	$ 59	$337	$(176)	$161

The changes in rates earned on interest-earning assets (which consist of accrual and nonaccrual loans, Federal funds sold and investments) and rates paid on interest-bearing funds are further illustrated in the following presentation of interest rate spreads:

	Three Months Ended				Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
	Average Balance	Annualized Rate	Average Balance	Annualized Rate	Average Balance	Annualized Rate	Average Balance	Annualized Rate
	($ in millions)							
Assets								
Real estate mortgage loans	$102,116	4.48%	$ 94,993	4.52%	$ 99,769	4.45%	$ 93,782	4.50%
Production and intermediate-term loans	47,109	3.73	44,256	3.93	45,920	3.74	43,022	3.86
Agribusiness loans	33,462	3.09	29,409	3.11	34,000	3.07	31,183	3.09
Energy and water/waste water loans	18,229	3.92	15,982	4.00	17,320	3.91	15,735	3.99
Rural residential real estate loans	6,695	4.35	6,649	4.51	6,729	4.43	6,554	4.50
Communication loans	5,597	3.22	4,627	3.30	5,422	3.27	4,542	3.34
Agricultural export finance loans	4,893	0.97	4,713	0.88	4,599	0.94	4,777	0.86
Lease receivables	3,049	3.67	2,738	3.94	3,002	3.67	2,684	3.99
Loans to other financing institutions	883	1.13	834	1.11	851	1.12	766	1.13
Nonaccrual loans	1,411	4.83	1,472	4.14	1,394	4.89	1,605	4.63
Total loans	223,444	3.93	205,673	4.01	219,006	3.92	204,650	3.98
Federal funds sold and investments	52,058	1.31	51,987	1.29	52,374	1.30	50,306	1.33
Total earning assets	275,502	3.44	257,660	3.47	271,380	3.41	254,956	3.46
Allowance for loan losses	(1,243)		(1,180)		(1,246)		(1,209)	
Other noninterest-earning assets	12,653		11,309		12,583		11,172	
Total assets	$286,912		$267,789		$282,717		$264,919	
Liabilities and Capital								
Systemwide bonds and medium-term notes	$206,290	1.09%	$189,566	1.03%	$203,479	1.06%	$188,904	1.03%
Systemwide discount notes	21,428	0.22	22,596	0.12	21,282	0.18	22,257	0.13
Subordinated debt and other interest-bearing liabilities	6,500	1.66	6,270	1.72	6,081	1.78	5,367	1.96
Total interest-bearing liabilities	234,218	1.03	218,432	0.96	230,842	1.00	216,528	0.96
Noninterest-bearing liabilities	4,521		4,304		4,609		4,446	
Capital	48,173		45,053		47,266		43,945	
Total liabilities and capital	$286,912		$267,789		$282,717		$264,919	
Net interest spread(1)		2.41		2.51		2.41		2.50
Impact of noninterest-bearing sources		0.16		0.14		0.15		0.14
Net interest income and net interest margin(2)		2.57%		2.65%		2.56%		2.64%

(1) Net interest spread is the difference between the rate earned on total earning assets and the rate paid on total interest-bearing liabilities.
(2) Net interest margin is net interest income divided by average earning assets.

As illustrated in the above tables, net interest income increased in the three and nine months ended September 30, 2015, as compared with the same periods of the prior year. The increase resulted from a higher level of average earning assets, driven largely by increased loan volume. Average earning assets increased $17.842 billion or 6.9% to $275.502 billion for the three months ended September 30, 2015 and $16.424 billion or 6.4% to $271.380 billion for the nine months ended September 30, 2015, as compared with the same periods of 2014.

The net interest margin was 2.57% and 2.56% for the three and nine months ended September 30, 2015, as compared with 2.65% and 2.64% for the three and nine months ended September 30, 2014. The decline in the net interest margin for the three- and nine-month periods resulted from a decrease in the net interest spread of ten and nine basis points to 2.41% for both the three and nine months ended September 30, 2015, as compared with 2.51% and 2.50% for the same periods of 2014. The decline in the net interest spread was largely driven by competitive pressures, changing product mix into lower spread lines of business and an increase in debt costs. The net interest spread for the three- and nine-month periods was positively impacted by the Banks' ability to refinance outstanding debt at favorable interest rates. The Banks called debt totaling $21.3 billion and $14.6 billion during the first nine months of 2015 and 2014. As loan product mix changes, interest rates change and assets prepay or reprice in a manner more consistent with historical experience, the positive impact on the net interest spread experienced over the past several years from calling Systemwide Debt Securities will continue to decline.

Provision for Loan Losses

The System recognized provisions for loan losses of $37 million and $87 million for the three and nine months ended September 30, 2015, as compared with provisions for loan losses of $42 million and $7 million for the three and nine months ended September 30, 2014. The provision for loan losses for the first nine months of 2015 consisted of $104 million of provisions for loan losses recorded by certain System institutions, partially offset by $17 million of loan loss reversals recorded by other System institutions. The provisions for loan losses primarily reflected industry-specific reserves as a result of continued low grain commodity prices and a slight deterioration in credit quality of certain loans to agribusiness companies.

Noninterest Income

Noninterest income decreased $27 million or 13.2% to $177 million for the third quarter of 2015 and decreased $26 million or 5.3% to $463 million for the nine months ended September 30, 2015, as compared with the same periods of the prior year. Noninterest income consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Loan-related fee income	$ 51	$ 60	$164	$170
Fees for financially related services	74	72	142	141
Mineral income	19	36	60	95
Operating lease income	10	11	28	29
Income earned on Insurance Fund assets	10	9	24	27
Net other-than-temporary impairment losses included in earnings	(2)		(13)	(2)
Losses on extinguishment of debt	(5)	(12)	(28)	(46)
Net gains on sales of investments and other assets	3	16	29	22
Net gains on derivative and other transactions	8	3	14	15
Other noninterest income	9	9	43	38
Total noninterest income	$177	$204	$463	$489

The decrease in noninterest income for the three and nine months ended September 30, 2015 was primarily due to decreases in mineral income and loan-related fee income, partially offset by a decrease in losses on extinguishment of debt. Additionally, the decrease for the three-month period ended September 30, 2015 was due to a decrease in net gains on the sales of investments and other assets. The nine-month period of 2015 was also impacted by an increase in losses on other-than-temporary impairment of investments. The recent decline in oil prices and the oversupply of crude oil has and is expected to continue to negatively impact mineral income.

Noninterest Expense

Noninterest expense increased $56 million or 9.4% to $654 million and increased $150 million or 8.4% to $1.945 billion for the three and nine months ended September 30, 2015, as compared with the same periods of the prior year. Noninterest expense consisted of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(in millions)			
Salaries and employee benefits	$425	$397	$1,272	$1,189
Occupancy and equipment expense	54	49	155	146
Purchased services	35	36	110	99
Other operating expense	138	134	410	392
Total operating expense	652	616	1,947	1,826
Net losses (gains) on other property owned	2	(18)	(2)	(31)
Total noninterest expense	$654	$598	$1,945	$1,795

The increase in noninterest expense for the three and nine months ended September 30, 2015 was primarily due to an increase in salaries and employee benefits and a decrease in net gains on other property owned. Employee benefits increased $21 million and $66 million for the three and nine months ended September 30, 2015, as compared to the same periods of the prior year, primarily due to an increase in pension expense resulting from a decrease in the discount rate used to calculate the net periodic benefit cost and updated mortality tables reflecting increases in life expectancy. In addition, employee benefits increased due to rising health insurance costs and increased staffing levels. Net gains on other property owned decreased $20 million and $29 million for the three and nine months ended September 30, 2015, as compared to the same periods of the prior year. Also contributing to the increase in noninterest expense for the nine-month period of 2015 was an increase in other operating expense of $18 million due to increases in various administrative expenses. Operating expense statistics are as follows:

	For the Nine Months Ended September 30,	
	2015	2014
	($ in millions)	
Excess of net interest income over operating expense	$3,270	$3,230
Operating expense as a percentage of net interest income and noninterest income	34.3%	32.9%
Annualized operating expense as a percentage of average earning assets	0.96%	0.95%

Provision for Income Taxes

Provisions for income taxes were $45 million and $167 million for the three and nine months ended September 30, 2015, as compared with $44 million and $174 million for the same periods of the prior year. The effective tax rate was 4.6% for the first nine months of 2015 and 2014.

Risk Management

Overview

The System is in the business of making agricultural and other loans that require us to take certain risks in exchange for compensation for the risks undertaken. Management of risks inherent in our business is essential for our current and long-term financial performance. Prudent and disciplined risk management includes an enterprise risk management structure to identify emerging risks and evaluate risk implications of decisions and actions taken. Each System institution's goal is to mitigate risk, where appropriate, and to properly and effectively identify, measure, price, monitor and report risks in our business activities.

The major types of risk for which we have exposure are structural risk, credit risk, interest rate risk, liquidity risk, operational risk, reputational risk and political risk.

Structural Risk Management

Structural risk results from the fact that the System is comprised of Banks and Associations that are cooperatively owned, directly or indirectly, by their borrowers. While System institutions are financially and operationally interdependent, they are not commonly owned. Each System institution is responsible for its own risk management and there are no formal processes or procedures in place to mandate Systemwide risk mitigation actions, including, but not limited to, reducing concentration, interest rate and counterparty credit risk across the System. This structure at times requires action by consensus or contractual agreement. Further, there is structural risk in that only the Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities. Although capital at the Association level reduces a Bank's credit exposure with respect to its wholesale loans to its affiliated Associations, this capital may not be available to support the payment of principal and interest on Systemwide Debt Securities. (See Notes 8 and 14 to the accompanying condensed combined financial statements for additional information.)

In order to monitor and mitigate the joint and several liability risk, we utilize two integrated intra-System financial performance agreements — the Amended and Restated Contractual Interbank Performance Agreement, or CIPA, and the Second Amended and Restated Market Access Agreement, or MAA. Under provisions of the CIPA, a score (CIPA score) is calculated quarterly to measure the financial condition and performance of each District (a Bank and its affiliated Associations) using various ratios that take into account the District's and Bank's capital, asset quality, earnings, interest-rate risk and liquidity. The CIPA score is then compared against the agreed-upon standard of financial condition and performance that each District must achieve and maintain. The measurement standard established under the CIPA is intended to provide an early-warning mechanism to assist in monitoring the financial condition of each District. The performance standard under the CIPA is based on the average CIPA score over a four-quarter period.

The MAA is designed to provide for the timely identification and resolution of individual Bank financial issues and establishes performance criteria and procedures for the Banks that provide operational oversight and control over a Bank's access to System funding. The performance criteria set forth in the MAA are as follows:

- the defined CIPA scores,
- the net collateral ratio of a Bank, and
- the permanent capital ratio of a Bank.

The Bank net collateral ratio is net collateral (primarily loans and investments) divided by total liabilities less subordinated debt, subject to certain limits, and the Bank permanent capital ratio is primarily the Bank's common stock, preferred stock and subordinated debt, subject to certain limits, and surplus divided by risk-adjusted assets.

If a Bank fails to meet the above performance criteria, it will be placed into one of three categories. Each category gives the other System Banks and the Funding Corporation (collectively, MAA Committee) progressively more control over a Bank that has declining financial performance under the MAA performance criteria. A "Category I" Bank is subject to additional monitoring and reporting requirements; a "Category II" Bank's ability to participate in issuances of Systemwide Debt Securities may, subject to the discretion of the MAA Committee, be limited to refinancing maturing debt obligations; and a "Category III" Bank may, subject to the discretion of the MAA Committee, not be permitted to participate in issuances of Systemwide Debt Securities. Decisions by the MAA Committee to permit, limit or prohibit a "Category II" or "Category III" Bank to participate in the issuance of Systemwide Debt Securities are subject to oversight and override by the Farm Credit Administration. A Bank exits these categories by returning to compliance with the agreed-upon performance criteria.

The criteria for the net collateral ratio and the permanent capital ratio are:

	Net Collateral Ratio	**Permanent Capital Ratio**
Category I	<104%*	<8.0%
Category II	<103%	<7.0%
Category III	<102%	<5.0%

* As set forth in the MAA, a Bank may be subject to a higher net collateral ratio set by the Farm Credit Administration.

Periodically, the CIPA model and the MAA performance criteria are reviewed to take into consideration current performance standards in the financial services industry. A review was conducted in 2014 and no adjustments to the CIPA model or the MAA criteria were warranted.

During the first nine months of 2015, all Banks met the agreed-upon standard of financial condition and performance required by the CIPA and none of the Banks was placed in any of the three categories designated for Banks failing to meet MAA's specified financial criteria. (See Note 14 for each Bank's net collateral and permanent capital ratios.) For additional information regarding the CIPA or the MAA, see pages 19, 20, 46 and 47 in the *2014 Annual Information Statement.*

Credit Risk Management

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit, unfunded loan commitments, investment portfolios and derivative counterparty credit exposures. (See pages 27 and 28 for a discussion regarding derivative counterparty exposures.)

System institutions manage credit risk associated with their retail lending activities through an analysis of the credit risk profile of an individual borrower. Each Bank and Association has its own set of underwriting standards and lending policies, approved by its board of directors, that provides direction to its loan officers. Underwriting standards include, among other things, an evaluation of:

- character — borrower integrity and credit history,
- capacity — repayment capacity of the borrower based on cash flows from operations or other sources of income,
- collateral — protects the lender in the event of default and represents a potential secondary source of loan repayment,
- capital — ability of the operation to survive unanticipated risks, and
- conditions — intended use of the loan funds.

The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position, and collateral. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income.

Although System institutions monitor credit risk individually, the System has established a quarterly process to report System large loan exposures (outstanding loan amounts plus any unfunded loan commitments). A System risk management committee reviews and monitors large loan exposures to existing individual customers that may reach $1.0 billion. Since it is possible that one or more System institutions may simultaneously make credit available to a customer that may, in the aggregate, exceed $1.0 billion, the process provides for quarterly data to be compiled on existing large loan exposures with notice provided to the Banks and Associations of the largest loan exposures, including all loan exposures to a borrower greater than 75% of the $1.0 billion level or $750 million.

Beginning in the second quarter of 2015, the System risk management committee determined that in certain limited circumstances, an increase in the exposure level to $1.5 billion was warranted. The increase in the level reflects the growth in the System's risk-bearing capacity. While this process captures information regarding large loan exposures, any credit decision resides with the individual System institutions.

At September 30, 2015, one exposure was above $1 billion but less than $1.5 billion, while at December 31, 2014 no exposures exceeded $1.0 billion. Additionally, six exposures at September 30, 2015 and five exposures at December 31, 2014 exceeded $750 million.

For a detailed discussion of our credit risk management practices, see pages 47 and 48 in the *2014 Annual Information Statement.*

Loan Portfolio

The System's loan portfolio consists only of retail loans. For additional information on the types of loans we make, see pages 7 through 9 in the *2014 Annual Information Statement*. Bank loans to affiliated Associations have been eliminated in the condensed combined financial statements. Loans outstanding consisted of the following:

	September 30, 2015	December 31, 2014
	(in millions)	
Real estate mortgage	$103,618	$ 98,681
Production and intermediate-term	48,527	48,991
Agribusiness:		
Processing and marketing	16,473	14,604
Loans to cooperatives	14,188	14,741
Farm-related business	3,629	3,413
Energy and water/waste water	18,687	16,377
Rural residential real estate	6,909	6,799
Communication	5,688	5,033
Agricultural export finance	5,100	4,571
Lease receivables	3,124	2,976
Loans to other financing institutions	901	868
Total loans	$226,844	$217,054

Loan volume increased $9.790 billion or 4.5% to $226.844 billion at September 30, 2015, as compared with $217.054 billion at December 31, 2014, primarily as a result of an increase in real estate mortgage, energy, processing and marketing and communication loans offset, in part, by a decrease in production and intermediate-term loans.

Real estate mortgage loans increased $4.937 billion or 5.0% to $103.618 billion at September 30, 2015, as compared with December 31, 2014, primarily due to continued demand for cropland.

Production and intermediate-term loans decreased $464 million or 0.9%, as compared with December 31, 2014, primarily driven by borrowers' tax planning strategies at the end of 2014 which resulted in significant repayments in early 2015 and to seasonal repayments on operating lines of credit as many borrowers sold crops and paid down lines of credit in the first quarter of 2015. These paydowns were partially offset by seasonal spring draws on lines of credit during planting season.

Processing and marketing loans increased $1.869 billion or 12.8% during the first nine months of 2015, primarily due to advances on existing loans within certain industries.

Energy and water/waste water loans increased $2.310 billion or 14.1%, as compared with December 31, 2014, primarily due to increased lending activity in the rural electric distribution and power supply sectors.

Communication loans increased $655 million or 13.0% to $5.688 billion at September 30, 2015. The increase was due to new loans driven by data infrastructure growth.

We use various guarantees to reduce credit risk of certain loans. At September 30, 2015, 38% of agricultural export finance transactions were guaranteed through the USDA's Commodity Credit Corporation, a federal government-sponsored trade financing program, as compared with 40% at December 31, 2014. In addition, we have entered into agreements that provide long-term standby commitments to purchase System loans and other credit guarantees for certain real estate mortgage loans. The amount of loans under credit guarantees was $4.126 billion at September 30, 2015 and $4.449 billion at December 31, 2014, of which $2.039 billion and $2.116 billion was provided by Farmer Mac at September 30, 2015 and at December 31, 2014. For additional information on Farmer Mac, see page 12 in the *2014 Annual Information Statement.*

Nonperforming Assets

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	September 30, 2015	December 31, 2014
	(in millions)	
Nonaccrual loans:		
Real estate mortgage	$ 717	$ 751
Production and intermediate-term	389	371
Agribusiness	137	75
Energy and water/waste water	5	45
Rural residential real estate	55	56
Communication	85	71
Lease receivables	11	6
Total nonaccrual loans	1,399	1,375
Accruing restructured loans:		
Real estate mortgage	174	209
Production and intermediate-term	110	121
Agribusiness	1	1
Rural residential real estate	6	6
Total accruing restructured loans	291	337
Accruing loans 90 days or more past due:		
Real estate mortgage	17	14
Production and intermediate-term	15	8
Rural residential real estate	1	3
Lease receivables	1	
Total accruing loans 90 days or more past due	34	25
Total nonperforming loans	1,724	1,737
Other property owned	102	132
Total nonperforming assets	$1,826	$1,869

	September 30, 2015	December 31, 2014
Nonaccrual loans as a percentage of total loans	0.62%	0.63%
Nonperforming assets as a percentage of total loans and other property owned	0.80	0.86
Nonperforming assets as a percentage of capital	3.74	4.09

The following table presents the nonaccrual loan activity:

	For the Nine Months Ended September 30,	
	2015	2014
	(in millions)	
Balance at beginning of period	$1,375	$1,736
Additions:		
Gross amounts transferred into nonaccrual	549	409
Recoveries	38	34
Advances	112	203
Other, net	16	
Reductions:		
Charge-offs	(71)	(52)
Transfers to other property owned	(41)	(60)
Returned to accrual status	(73)	(194)
Repayments	(506)	(655)
Other, net		(4)
Balance at end of period	$1,399	$1,417

Nonaccrual loans increased $24 million or 1.7%, to $1.399 billion at September 30, 2015 from December 31, 2014, primarily due to loans transferred into nonaccrual status in excess of loan repayments. Nonaccrual loans that were current as to principal and interest were 60.0% of total nonaccrual loans at September 30, 2015, as compared with 62.4% at December 31, 2014. Accruing loans 90 days or more past due increased $9 million to $34 million at September 30, 2015 since year-end 2014. These past due loans are considered well secured and in the process of collection.

Other property owned, which is held for sale and consists of real and personal property acquired through collection actions, decreased $30 million to $102 million at September 30, 2015 from $132 million at December 31, 2014 primarily due to sales in excess of loans transferred into other property owned.

The following table presents other property owned activity:

	For the Nine Months Ended September 30,	
	2015	2014
	(in millions)	
Balance at beginning of period	$132	$ 198
Additions:		
Gross amounts transferred into other property owned (fair value)	52	67
Reductions:		
Other property owned disposed of through cash sales	(73)	(110)
Other property owned disposed of through financed sales	(8)	(21)
Other property owned valuation adjustments	(1)	5
Balance at end of period	$102	$ 139

Credit quality indicators remained favorable during the first nine months of 2015. Loan delinquencies (accruing loans 30 days or more past due) as a percentage of accruing loans declined to 0.20% at September 30, 2015, as compared with 0.22% at September 30, 2014. Loans classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans and accrued interest receivable was as follows:

	September 30, 2015	December 31, 2014
Acceptable	96.1%	96.4%
Other assets especially mentioned	2.1	1.8
Substandard/doubtful	1.8	1.8
Total	100.0%	100.0%

Allowance for Loan Losses

The allowance for loan losses was $1.246 billion at September 30, 2015 and $1.237 billion at December 31, 2014. Net loan charge-offs of $17 million and $33 million were recorded during the third quarter and first nine months of 2015, as compared with net loan charge-offs of $1 million and $17 million for the same periods of the prior year. Although aggregated in the System's condensed combined financial statements, the allowance for loan losses of each System entity is particular to that institution and is not available to absorb losses realized by other System entities. Managements' evaluations consider factors that include loan loss experience, portfolio quality, collateral value, loan portfolio composition, current production conditions and economic conditions.

Even though certain System borrowers have been faced with challenges due to the volatility in commodity prices and input costs, their financial positions remained generally strong given the past decade of favorable U.S. farm economic conditions. In this regard, nonaccrual loans current as to principal and interest were 60.0% of total nonaccrual loans at September 30, 2015. Further, System underwriting standards require strong collateral support for loans. By regulation, all non-guaranteed real estate mortgage loans must have a loan-to-value ratio (LTV) of 85% or less at origination. Most of the System's real estate mortgage loans had a LTV ratio generally lower than the statutory maximum of 85%. These factors help to mitigate the System's exposure to loan losses. At September 30, 2015, $479 million of the System's $1.724 billion of nonperforming loans had specific reserves (representing probable losses) of $137 million. The remaining $1.245 billion of nonperforming loans were evaluated and determined not to need a specific reserve.

The following table presents the activity in the allowance for loan losses:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	($ in millions)			
Balance at beginning of period	$1,233	$1,183	$1,237	$1,238
Charge-offs:				
Real estate mortgage	(10)	(7)	(20)	(25)
Production and intermediate-term	(19)	(4)	(33)	(19)
Agribusiness	(4)		(4)	(1)
Energy and water/waste water			(10)	(1)
Rural residential real estate	(1)	(2)	(3)	(4)
Communication				(2)
Lease receivables			(1)	(1)
Total charge-offs	(34)	(13)	(71)	(53)
Recoveries:				
Real estate mortgage	8	6	13	12
Production and intermediate-term	7	6	18	17
Agribusiness	1		5	5
Rural residential real estate	1		1	1
Communication			1	1
Total recoveries	17	12	38	36
Net charge-offs	(17)	(1)	(33)	(17)
Provision for loan losses	37	42	87	7
Adjustment due to Association mergers*			(2)	(8)
Reclassification to reserve for unfunded commitments**	(7)	(40)	(43)	(36)
Balance at end of period	$1,246	$1,184	$1,246	$1,184
Annualized ratio of net charge-offs during the period to average loans outstanding during the period	0.03%	0.00%	0.02%	0.01%

* Represents the elimination of the allowance for loan losses in connection with Association mergers that were accounted for under the acquisition method of accounting. See Note 7 to the accompanying condensed combined financial statements.

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

Allowance for loan losses by loan type is as follows:

	September 30, 2015		December 31, 2014	
	Amount	%	Amount	%
	($ in millions)			
Real estate mortgage	$ 298	23.9%	$ 290	23.4%
Production and intermediate-term	377	30.3	365	29.5
Agribusiness	327	26.2	327	26.4
Energy and water/waste water	110	8.8	128	10.3
Rural residential real estate	21	1.7	22	1.8
Communication	63	5.1	60	4.9
Agricultural export finance	11	0.9	10	0.8
Lease receivables	38	3.0	34	2.8
Loans to other financing institutions	1	0.1	1	0.1
Total	$1,246	100.0%	$1,237	100.0%

The allowance for loan losses as a percentage of loans outstanding and as a percentage of certain other credit quality indicators is shown below:

	September 30, 2015	December 31, 2014
Allowance for loan losses as a percentage of:		
Total loans	0.55%	0.57%
Nonperforming loans	72.3	71.2
Nonaccrual loans	89.1	90.0

Interest Rate Risk Management

Interest rate risk is the risk of loss of future earnings or long-term market value of equity that may result from changes in interest rates. This risk can produce variability in System earnings (net interest spread achieved and net interest income earned) and, ultimately, the long-term capital position of the System. The System actively manages the following risks:

- Yield curve risk — results from changes in the level, shape, and implied volatility of the yield curve. Changes in the yield curve often arise due to the market's expectation of future interest rates at different points along the yield curve.
- Repricing risk — results from the timing differences (mismatches) between financial assets and related funding that limit the ability to alter or adjust the rates earned on assets or paid on liabilities in response to changes in market interest rates.
- Option risk — results from "embedded options" that are present in many financial instruments, including the right to prepay loans before the contractual maturity date. Lending practices or loan features that provide the borrower with flexibility frequently introduce a risk exposure for the lender. For example, a fixed-rate loan product may provide a potential borrower with a rate guarantee, an option to lock-in the loan rate for a period of time prior to closing, which protects the borrower from an increase in interest rates between the time loan terms are negotiated and the loan closes. If interest rates increase while the rate guarantee is in effect and if we do not take measures to hedge the rate guarantee, we might realize a lower spread than expected when the loan is funded.

  After the loan settles, the borrower may also have the option to repay the loan's principal ahead of schedule. If interest rates have fallen, System institutions may be forced to reinvest principal returned from higher rate loans at a lower rate, which may reduce the interest rate spread unless the underlying debt can be similarly refinanced.

  Interest rate caps are another form of embedded options that may be present in certain investments and floating and adjustable rate loans. Interest rate caps typically prevent the investment or loan rate from increasing above a defined limit. In a rising interest rate environment, the spread may be reduced if caps limit upward adjustments to floating investment or loan rates while debt costs continue to increase.
- Basis risk — results from unexpected changes in the relationships among interest rates and interest rate indexes. Basis risk can produce volatility in the spread earned on a loan or an investment relative to its cost of funds. This risk arises when the floating-rate index tied to a loan or investment differs from the index on the Systemwide Debt Security issued to fund the loan or investment.

The goal of the Banks in managing interest rate risk is to maintain long-term value of equity and stable earnings over both the short- and long-term time horizons. In most cases, the wholesale funding provided by a Bank to an Association matches the terms and embedded options of the Association's retail loans. This funding approach shifts the majority of the interest rate risk connected with retail loans from the Association to its funding Bank. The Banks are responsible for developing asset/liability management policies and strategies to manage interest rate risk and for monitoring this risk on a regular basis. These policies include guidelines for measuring and evaluating exposures to interest rate risk. In addition, the policies establish limits for interest rate risk and define the role of the board of directors in delegating day-to-day responsibility for interest rate risk management to Bank management. That authority is delegated to an asset/liability management committee, made up of senior Bank managers. The policies define the composition of the committee and its responsibilities. Interest rate risk management is also subject to certain intra-System agreements, including the CIPA and the MAA, and regulatory oversight by the Farm Credit Administration.

Historically, one of the primary benefits of our status as a government-sponsored enterprise debt issuer has been that, through the Funding Corporation and its selling group, the System has had daily access to the debt markets and a great deal of flexibility in structuring the maturity and types of debt securities we issue to match asset cash flows. The ability to quickly access the debt markets helped us minimize the risk that interest rates might change between the time a loan commitment is made and the time it is funded.

Flexibility in structuring debt enabled us to issue Systemwide Debt Securities that offset most of the primary interest rate risk exposures embedded in our loans. For example, by issuing LIBOR-indexed, floating-rate Systemwide Debt Securities we are able to minimize the basis risk exposure presented by our LIBOR-indexed, floating-rate loans. As we discussed above, some of our fixed-rate loans may provide borrowers with the option to prepay their loans. In most interest rate environments we are able to significantly offset the risk created by an embedded prepayment option by funding prepayable fixed-rate loans with callable debt. Callable debt provides us with the option to retire debt early in order to maintain a better match between the duration of our assets and our liabilities.

Approximately 73% of our fixed-rate loans provide the borrowers with the option to prepay their loan at any time without fees, and the remainder of the System's fixed-rate loans contain provisions requiring prepayment fees to partially or fully compensate the System for the cost of retiring the debt, some of which may be non-callable.

The Banks participate in the derivatives markets, which provide additional tools to manage interest rate risk. Our use of derivatives is detailed later in this section.

Interest Rate Risk Measurements

The Banks measure interest rate risk using interest rate gap analysis, net interest income sensitivity analysis and market value of equity sensitivity analysis and duration gap analysis. These measures are calculated on a monthly basis and the assumptions used in these analyses are monitored routinely and adjusted as necessary.

Interest Rate Risk Management Results

Interest Rate Gap Analysis

The interest rate gap analysis presents a comparison of interest-sensitive assets and liabilities in defined time segments as of September 30, 2015. The interest rate gap analysis is a static indicator, which does not reflect the dynamics of balance sheet, cash flows, rate and spread changes, and may not necessarily indicate the sensitivity of net interest income in a changing rate environment. Within the gap analysis, gaps are created when an institution uses its capital to fund assets. Capital reduces the amount of debt that otherwise would be required to fund a certain level of assets. The quantity of assets will exceed the quantity of interest-bearing liabilities in any repricing interval where capital provides part of the funding. The gap table below includes anticipated cash flows on interest sensitive assets and liabilities given the current level of interest rates.

	Repricing Intervals				
	0-6 Months	6 Months to 1 Year	1-5 Years	Over 5 Years	Total
			($ in millions)		
Floating-rate loans:					
Indexed/adjustable-rate loans	$ 42,401	$ 612	$ 1,325	$ 769	$ 45,107
Administered-rate loans	44,845				44,845
Fixed-rate loans:					
Fixed-rate with prepayment or conversion fees	4,677	3,483	12,983	13,884	35,027
Fixed-rate without prepayment or conversion fees	24,055	11,772	42,899	21,740	100,466
Nonaccrual loans			459	940	1,399
Total gross loans	115,978	15,867	57,666	37,333	226,844
Federal funds sold and investments	26,019	3,934	16,567	6,200	52,720
Total earning assets	141,997	19,801	74,233	43,533	279,564
Interest-bearing liabilities:					
Callable bonds and notes	9,558	8,394	24,235	17,359	59,546
Noncallable bonds and notes	111,238	15,958	30,216	14,376	171,788
Subordinated debt and other interest-bearing liabilities	5,177		1,055	230	6,462
Total interest-bearing liabilities	125,973	24,352	55,506	31,965	237,796
Effect of interest rate swaps and other derivatives	8,601	(1,718)	(7,816)	933	
Total interest-bearing liabilities adjusted for swaps and other derivatives	134,574	22,634	47,690	32,898	237,796
Interest rate sensitivity gap (total earning assets less total interest-bearing liabilities adjusted for swaps and other derivatives)	$ 7,423	$ (2,833)	$26,543	$10,635	$ 41,768
Cumulative gap	$ 7,423	$ 4,590	$31,133	$41,768	
Cumulative gap as a percentage of total earning assets	2.66%	1.64%	11.14%	14.94%	

Consistent with the positive gap between the System's earning assets and interest-bearing liabilities as reflected in the table above, the System's interest rate sensitivity position at September 30, 2015 for the six-month repricing interval is characterized as "asset sensitive," i.e., interest rates earned on interest-earning assets may change or be changed more quickly than interest rates on interest-bearing liabilities used to fund these assets.

Typically, the net interest margin of an institution that is "asset sensitive" will be unfavorably impacted in a declining interest-rate environment or an environment characterized by relatively stable interest rates and a steep yield curve, and favorably impacted in a rising interest-rate environment. The System's capital is invested in loans and investment securities that reprice to lower yields when interest rates are falling and to higher yields when interest rates increase. However, the net interest spread, a component of net interest margin, may react in a different manner due to competitive conditions at the time of repricing. Further, a significant portion of the System's floating-rate loans are management administered-rate loans that, unlike indexed loans, require definitive action at the discretion of the lending Bank or Association to change the interest rates charged and may reflect managements' assessments of whether rate changes are warranted or feasible in view of competitive market conditions. The actual interest rates charged on the administered-rate loans may not mirror the movement of some market interest rates, thereby moderating the overall net interest income impact of market fluctuations.

Additionally, the Banks issue callable debt to accelerate the repricing of debt in a declining interest rate environment and thereby moderate the impact of falling interest rates on net interest income of institutions in an asset-sensitive position. During the first nine months of 2015, $21.3 billion of debt was called and at September 30, 2015, $59.5 billion of callable debt obligations were outstanding. The System's cumulative gap position in the 0-6 months repricing interval decreased from 5.14% at December 31, 2014 to 2.66% at September 30, 2015.

Sensitivity Analysis

In addition to the static view of interest rate sensitivity shown by the gap analysis, each Bank conducts simulations of net interest income and market value of equity. The market value of equity sensitivity analysis incorporates the effects of leverage and the optionality of interest sensitive assets and liabilities due to interest rate changes. The two primary scenarios used for the analysis reflect the impact of interest rate shocks upward and downward (i.e., immediate, parallel changes upward and downward in the yield curve) on projected net interest income and on market value of equity. The Banks also use other types of measures to model exposures to interest rate changes, such as rate ramps (gradual change in rates) and yield curve slope changes.

The upward and downward shocks are generally based on movements in interest rates of 100 and 200 basis points, which are considered significant enough to capture the effects of embedded options and convexity within the assets and liabilities so that underlying risk may be revealed. However, in the current, relatively low interest rate environment, the downward shock is based on one-half of the three-month Treasury bill rate, which was zero basis points at September 30, 2015 and two basis points at December 31, 2014. Under these simulations, the System's sensitivity to interest rate changes (sum of Districts' sensitivity analyses) was:

	September 30, 2015	
	+100	**+200**
Change in net interest income	2.77%	4.28%
Change in market value of equity	-3.36%	-6.75%

	December 31, 2014		
	-2	**+100**	**+200**
Change in net interest income	-0.09%	2.85%	4.45%
Change in market value of equity	0.05%	-2.99%	-6.16%

Each Bank measures District interest rate sensitivity under these simulations in accordance with its asset/liability management policies. District measurements are presented in the Supplemental Financial Information on page F-58.

In addition to the interest rate scenarios required for reporting and regulatory purposes, the Banks also periodically perform additional scenario analyses to study the effects of changes in critical modeling assumptions — for example, the impact of increased/decreased prepayments, changes in the relationship of the System's funding cost to other benchmark interest rates, additional non-parallel shifts in the yield curve, and changes in market volatility. (For a more detailed discussion of sensitivity analysis and prepayment modeling assumptions, see pages 63 and 64 in the *2014 Annual Information Statement*.)

Duration Gap Analysis

Another risk measurement is duration, which we calculate using a simulation model. Duration is the weighted average maturity (typically measured in months or years) of an instrument's cash flows, weighted by the present value of those cash flows. As such, duration provides an estimate of an instrument's sensitivity to small changes in market interest rates. The duration gap is the difference between the estimated durations of assets and liabilities. All else being equal, an institution with a small duration gap has less exposure to interest rate risk than an institution with a large duration gap.

The System's aggregate duration gap (the sum of the Banks' duration gaps) was a positive 4.6 months at September 30, 2015 and a positive 3.1 months at December 31, 2014. Generally, a duration gap within the range of a positive six months to a negative six months indicates a small exposure to changes in interest rates.

Duration gap provides a relatively concise and static measure of the interest rate risk inherent in the balance sheet, but it is not directly linked to expected future earnings performance. An institution's overall exposure to interest rate risk is a function not only of the duration gap, but also of the financial leverage inherent in the institution's capital structure. For the same duration gap, an institution with more equity or capital will have a lower overall percentage exposure to interest rate risk, stated in terms of the percentage change in the market value of equity, than one with less capital and more leverage.

There are some limitations to duration analysis as balance sheets are dynamic. Durations change over time and as the composition of a portfolio changes.

Derivative Products

Derivative products are a part of our interest rate risk management activities and supplement our issuance of debt securities in the capital markets. We use derivative financial instruments as hedges against interest rate and liquidity risks and to lower the overall cost of funds. We do not hold or enter into derivative transactions for trading purposes. Our ability to modify the debt securities by using derivative instruments provides us with greater flexibility to manage our interest rate risk and liquidity risk.

The primary types of derivative products used and hedging strategies employed are summarized in the following table. For additional information, see Note 11 to the accompanying condensed combined financial statements.

Derivative Products/Hedged Item	Purpose of the Hedge Transaction	Strategic Impact
Receive-fixed, pay-floating interest rate swap hedging callable or non-callable fixed-rate debt	To protect against the decline in interest rates on floating-rate assets by exchanging the debt's fixed-rate payment for a floating-rate payment that better reflects the timing of interest reset on the assets.	A common use is to create a substitute for conventional floating-rate funding. The fixed-rate received on the swap largely offsets the fixed-rate paid on the associated debt leaving a net floating payment. The strategy frequently provides cost savings or promotes liquidity by permitting access to longer maturity floating-rate funding than the outright issuance of floating-rate debt.
Pay-fixed, receive-floating interest rate swap hedging floating-rate debt	To protect against an increase in interest rates by exchanging the debt's floating-rate payment for a fixed-rate payment that matches the cash flows of assets.	The combination of the pay-fixed, receive-floating swap with floating-rate funding results in a net fixed-rate payment. This strategy may provide lower cost fixed-rate funding than outright issuance of fixed-rate debt.
Floating-for-floating swap hedging floating-rate assets and liabilities	Used to manage the basis risk that can result when assets and liabilities are based on different floating-rate indexes or reprice at different times.	The System's floating-rate loans and floating-rate investments are tied to a number of floating-rate indexes including Farm Credit's short-term debt cost, the prime rate, Federal funds and LIBOR. Ideally, floating-rate loans would be funded by issuing floating-rate funding tied to the same floating-rate index with identical reset terms. However, floating-rate funding is not consistently available to exactly meet these requirements. Floating-for-floating or "basis" swaps are used to bridge this gap.
Interest rate caps hedging floating-rate assets and debt	To replace income lost from floating-rate assets that have reached cap levels or to put a ceiling on interest cost on floating-rate debt.	Some floating-rate loans and investments may specify a maximum interest rate to limit the borrower's exposure to rising interest rates. Interest rate caps are purchased to provide offsetting protection against rising interest rates.
Interest rate floors hedging floating-rate loans	To protect against falling interest rates on floating-rate assets.	A purchased floor option will produce a cash flow when the index rate falls below the strike rate. Cash flow from the floor can be used to offset income lost on floating-rate assets when interest rates decline. Floor options may also be used in combination with interest rate caps to create interest rate collars or otherwise limit or modify floating-rate cash flows in both rising and declining interest rate environment.

The aggregate notional amount of the System's derivative products, most of which consisted of interest rate swaps, increased $3.425 billion to $30.263 billion at September 30, 2015, as compared with $26.838 billion at December 31, 2014. The aggregate notional amount of these instruments, which is not included in the Condensed Combined Statement of Condition, is indicative of the System's activities in derivative financial instruments, but is not an indicator of the level of credit risk exposure associated with these instruments. The exposure to credit risk is a small fraction of the aggregate notional amount. The majority of the swaps used by the Banks were receive-fixed, pay-floating swaps, which are used to improve liquidity or lower their cost of debt by issuing fixed-rate debt and swapping the debt to floating to create synthetic floating-rate debt.

By using derivative instruments, we are exposed to counterparty credit risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Bank's credit risk (exposure) will equal the fair value gain in a derivative. When the fair value of a derivative is positive, the counterparty would owe the Bank on early termination of the derivative, thus creating a credit risk for the Bank. When the fair value of the derivative is negative, the Bank would owe the counterparty on early termination of the derivative, and, therefore, assumes no credit risk.

To minimize the risk of credit losses from derivatives, the Banks typically enter into master agreements that govern all derivative transactions with a counterparty, which include bilateral collateral agreements with counterparties requiring the posting of collateral in the event certain dollar thresholds of exposure of one party to the other one are reached. These thresholds may vary for certain Banks depending on the terms of these bilateral collateral agreements, which consider a counterparty's credit worthiness. For additional information related to derivatives, see pages 67 and 68 in the *2014 Annual Information Statement*.

The Dodd-Frank Act imposes initial and variation margin requirements on over-the-counter swaps. In October 2015, the FCA, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Federal Housing Finance Agency (each an Agency and, collectively, the Agencies) jointly adopted final rules to establish minimum margin and capital requirements for registered swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants (Swap Entities) that are subject to the jurisdiction of one of the Agencies (such entities, Covered Swap Entities, and the joint final rules, the Final Margin Rules).

The Final Margin Rules will subject non-cleared over-the-counter swaps and over-the-counter security-based swaps between Covered Swap Entities and financial end users that have material swaps exposure (i.e., an average daily aggregate notional of $8 billion or more in non-cleared swaps calculated in accordance with the Final Margin Rules), to a mandatory two-way minimum initial margin requirement. These rules will also require minimum variation margin to be exchanged daily for non-cleared swaps and non-cleared security-based swaps between Covered Swap Entities and all financial end-users (without regard to the swaps exposure of the particular financial end-user).

The initial margin requirement under the Final Margin Rules will become effective on September 1, 2020 for entities that, combined with their affiliates, have a $750 billion or lower notional amount of non-cleared derivatives. The variation margin requirement will become effective on March 1, 2017 for entities that, combined with their affiliates, have a $3 trillion or lower notional amount of non-cleared derivatives.

No System institution is a Covered Swap Entity but they are financial end-users under the Final Margin Rules, and certain of the Banks may have material swaps exposure when the initial margin requirements under these rules become effective. However, System institutions are eligible for certain exemptions from these rules. This is because, pursuant to the Terrorism Risk Insurance Program Reauthorization Act of 2015, and an interim final rule adopted by the Agencies thereunder, System institutions are exempt from these requirements for swaps to the extent that such swaps qualify for the end-user exemption from mandatory clearing (i.e., if the System institution has less than $10 billion in assets and the swap is for hedging purposes) or the Cooperative Exemption from clearing. System institutions that are not eligible for an exemption will likely be required to post and collect variation margin, but they may avoid having to post or collect initial margin to the extent that their derivatives activities cause them to fall below the material swaps exposure and initial margin amount thresholds imposed by these rules. Also, the System institutions' derivatives counterparties may require them to post initial and/or variation margin from a commercial perspective.

The Dodd-Frank Act also requires the centralized clearing of certain over-the-counter swaps by swap dealers and major swap participants, as well as certain other market participants, including financial institutions. Currently, instrument types that must be cleared will primarily be interest rate swaps and credit default swaps. Many end users of swaps, including certain banks, credit unions and System institutions with less than $10 billion in assets, qualify for an exemption from clearing if the swap is used to hedge commercial risk. The U.S. Commodity Futures Trading Commission has also established a clearing exemption for certain swaps entered into by cooperatives. All System institutions qualify for this "Cooperative Exemption," and therefore will be able to elect the clearing exemption for any swap that meets the criteria stipulated in the exemption. This exemption does not cover all swaps that are executed by System institutions, and is generally limited to transactions entered into in connection with loans to members. (For a more detailed discussion, see "Financial Regulatory Reform" on pages 83 and 84 in the *2014 Annual Information Statement*.) At September 30, 2015 and December 31, 2014, the notional amount of cleared derivatives was $2.770 billion and $305 million.

The exposure on derivatives by counterparty credit rating (Moody's) that would be owed to us due to a default or early termination by our counterparties at September 30, 2015 and December 31, 2014 were:

	September 30, 2015					**December 31, 2014**				
	Number of Counterparties	**Notional Principal**	**Credit Exposure**	**Collateral Held**	**Exposure, Net of Collateral**	**Number of Counterparties**	**Notional Principal**	**Credit Exposure**	**Collateral Held**	**Exposure, Net of Collateral**
					($ in millions)					
Bilateral derivatives:										
Aa1	1	$ 1,644	$ 12	$ 12		1	$ 563	$ 8	$ 8	
Aa2	2	4,322	20	18	$ 2	2	266	1	1	
Aa3	4	11,150	117	102	15	4	9,595	130	130	
A1	3	3,002	48	46	2	3	6,943	83	64	$19
A2	3	677	3	3		4	3,102	60	58	2
A3	3	479	9	6	3	1	610	1	1	
Baa1	1	1,260	24	24		1	40			
Baa2						2	1,183	50	44	6
Cleared derivatives(1)	1	2,770				1	305			
Total	18	$25,304	$233	$211	$22	19	$22,607	$333	$306	$27

(1) Represents derivative transactions cleared with central counterparties, which are not rated. Excluded from the table is initial margin posted by two Banks at September 30, 2015 and one Bank at December 31, 2014 of $40 million and $8 million related to cleared derivative transactions.

Note: The remaining notional amounts of derivative financial instruments of $4.959 billion and $4.231 billion at September 30, 2015 and December 31, 2014 are related to interest rate swaps that two Banks entered into with certain of its customers. The risk from these transactions is offset by concurrently entering into offsetting derivative transactions with some of the above counterparties.

At September 30, 2015, the Banks' counterparties posted $168 million in cash and $43 million in securities with us, as compared with $246 million of cash and $60 million in securities at December 31, 2014. At September 30, 2015 and December 31, 2014, two Banks had posted collateral with respect to its obligations under these agreements of $93 million and $29 million.

Liquidity Risk Management

General

Liquidity risk management is necessary to ensure our ability to meet our financial obligations. These obligations include the repayment of Systemwide Debt Securities as they mature, the ability to fund new and existing loan and other funding commitments, and the ability to fund operations in a cost-effective manner. A primary objective of liquidity risk management is to plan for unanticipated changes in the capital markets. The Banks have established a Contingency Funding Program to provide for contingency financing mechanisms and procedures to address potential disruptions in the System's communications, operations and payments systems, as well as the ability to handle events that threaten continuous market access by the Banks or disrupt the Funding Corporation's normal operations. Under this Program, the Funding Corporation has the authority to finance all Systemwide Debt Securities through the issuance of Systemwide discount notes either directly to institutional investors or through the selling group. The Funding Corporation, on behalf of the Banks, may also incur other obligations, such as Federal funds purchased, that would be the joint and several obligations of the Banks and would be insured by the Farm Credit System Insurance Corporation to the extent funds are available in the Insurance Fund.

The System does not have a guaranteed line of credit from the U.S. Treasury or the Federal Reserve. However, the Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System Banks in exigent market circumstances which threaten the Banks' ability to pay maturing debt obligations. The agreement provides for advances of up to $10 billion and terminates on September 30, 2016, unless otherwise renewed. The decision whether to seek funds from the Federal Financing Bank is in the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

Funding Sources

Our primary source of liquidity is the ability to issue Systemwide Debt Securities, which are the general unsecured joint and several obligations of the Banks. We continually raise funds to support our mission to provide credit and related services to the agricultural and rural sectors, repay maturing Systemwide Debt Securities, and meet other obligations. As a government-sponsored enterprise, we have had access to the global capital markets. This access has traditionally provided us with a dependable source of competitively priced debt that is critical to support our mission of providing funding to the agricultural and rural sectors. The U.S. government does not guarantee, directly or indirectly, the payment of principal or interest on any Systemwide Debt Securities issued by the Banks.

Investments

As more fully described on page 70 in the *2014 Annual Information Statement*, a Bank is authorized to hold Federal funds and available-for-sale investments in an amount not to exceed 35% of a Bank's average loans outstanding for the quarter. We utilize investments for the purposes of maintaining a diverse source of liquidity and managing short-term surplus funds and interest rate risk, and in so doing enhance profitability. Farm Credit Administration regulations also permit an Association to hold eligible investments for the purposes of managing short-term surplus funds and interest rate risk with the approval of its affiliated funding Bank. At September 30, 2015, no Bank exceeded the 35% limit.

Farm Credit Administration regulations define eligible investments by specifying credit rating criteria, final maturity limit, and percentage of investment portfolio limit for each investment type. At the time the investments are purchased, they must be highly rated by at least one Nationally Recognized Statistical Rating Organization, such as Moody's Investors Service, Standard & Poor's Ratings Services or Fitch Ratings, as more fully described on page 70 of the *2014 Annual Information Statement*.

Eligible investments (carried at fair value) based on credit ratings issued by Moody's Investors Service, Standard & Poor's Ratings Services, or Fitch Ratings were as follows:

September 30, 2015	Eligible Investments AAA/Aaa	A1/P1/F1	Split Rated(1)	A2/P2/F2	Total
			(in millions)		
Federal funds sold and securities purchased under resale agreements		$ 728	$ 400	$200	$ 1,328
Commercial paper, bankers' acceptances, certificates of deposit and other securities		2,936	1,831	36	4,803
U.S. Treasury securities			9,775		9,775
U.S. agency securities			6,256		6,256
Mortgage-backed securities:					
Agency collateralized			21,440		21,440
Agency whole-loan pass through			2,684		2,684
Non-agency	$ 1				1
Private label-FHA/VA			90		90
Asset-backed securities	1,657		912		2,569
Total	$1,658	$3,664	$43,388	$236	$48,946

December 31, 2014	Eligible Investments AAA/Aaa	A1/P1/F1	Split Rated(1)	A2/P2/F2	Total
			(in millions)		
Federal funds sold and securities purchased under resale agreements		$ 709	$ 500	$375	$ 1,584
Commercial paper, bankers' acceptances, certificates of deposit and other securities		3,191	2,541		5,732
U.S. Treasury securities			10,190		10,190
U.S. agency securities			6,004		6,004
Mortgage-backed securities:					
Agency collateralized			20,664		20,664
Agency whole-loan pass through			3,146		3,146
Non-agency	$ 1				1
Private label-FHA/VA			104		104
Asset-backed securities	1,211		993		2,204
Total	$1,212	$3,900	$44,142	$375	$49,629

(1) Investment that received the highest credit rating from at least one rating organization.

As noted in the tables above, the split rating on investments in U.S. Treasury, U.S. agency and agency mortgage-backed securities is the result of the Standard & Poor's Ratings Services downgrade of the U.S. government's long-term sovereign credit rating from AAA to AA+ in 2011. Both Moody's Investors Service and Fitch Ratings maintain the triple-A ratings for U.S. government and agency securities.

If an investment no longer meets the eligibility criteria referred to above, the investment becomes ineligible for regulatory liquidity calculation purposes. Under Farm Credit Administration regulations, if an investment is eligible when purchased but no longer satisfies the eligibility criteria referred to above, the Bank may continue to hold it subject to the following requirements:

- Bank must notify the Farm Credit Administration within 15 calendar days after such determination,
- Bank must not use the investment to satisfy its liquidity requirement,
- Bank must continue to include the investment in the investment portfolio limit calculation,

- Bank may continue to include the investment as collateral and net collateral at lower of cost or market, and
- Bank must develop a plan to reduce the risk posed by the investment.

The Farm Credit Administration has the authority to require a Bank to divest any investment at any time for failure to comply with its regulation. As of September 30, 2015, the Farm Credit Administration has not required disposition of any of these securities. Bank managements do not believe that events will occur that would require them to dispose of any of these securities.

The following tables set forth ineligible securities (carried at fair value) by credit rating, which represented 2.0% and 2.3% of Federal funds and available-for-sale investments at September 30, 2015 and December 31, 2014.

September 30, 2015	Ineligible Investments										
	Number of Securities	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	CC/Ca	D/C	Total	Amortized Cost
	($ in millions)										
Non-agency mortgage-backed securities	106	$ 25	$27	$32	$ 9	$ 27	$ 99	$21	$ 68	$308	$299
Private label-FHA/VA mortgage-backed securities	25	179			56	299	24		26	584	587
Asset-backed securities	34	6	3	1		8	30	14	24	86	43
Total	165	$210	$30	$33	$65	$334	$153	$35	$118	$978	$929

December 31, 2014	Ineligible Investments										
	Number of Securities	AA/Aa	A/A	BBB/Baa	BB/Ba	B/B	CCC/Caa	CC/Ca	D/C	Total	Amortized Cost
	($ in millions)										
Non-agency mortgage-backed securities	116	$ 31	$31	$45	$11	$ 38	$135	$13	$ 77	$ 381	$ 368
Private label-FHA/VA mortgage-backed securities	26	197			59	311	25		58	650	672
Asset-backed securities	41	7	4	1	1	59	32	14	27	145	89
Total	183	$235	$35	$46	$71	$408	$192	$27	$162	$1,176	$1,129

Note: Investments are classified based on the indicated rating as the highest rating from at least one rating organization.

The types of mortgage-backed and asset-backed securities that are included in the System's investment portfolio were:

	September 30, 2015			December 31, 2014		
	Amortized Cost	Fair Value	Unrealized Gains/(Losses)	Amortized Cost	Fair Value	Unrealized Gains/(Losses)
	(in millions)					
Mortgage-backed securities:						
Agency collateralized	$21,365	$21,440	$ 75	$20,673	$20,664	$ (9)
Agency whole-loan pass through	2,595	2,684	89	3,028	3,146	118
Non-agency	300	309	9	369	382	13
Private label-FHA/VA	678	674	(4)	777	754	(23)
Total mortgage-backed securities	$24,938	$25,107	$169	$24,847	$24,946	$ 99
Asset-backed securities:						
Home equity loans	$ 45	$ 89	$ 44	$ 100	$ 158	$ 58
Small business loans	904	910	6	974	981	7
Auto loans	1,194	1,194		884	883	(1)
Equipment loans	156	156		170	170	
Credit card receivables	301	301		151	151	
Student loans	5	5		6	6	
Total asset-backed securities	$ 2,605	$ 2,655	$ 50	$ 2,285	$ 2,349	$ 64

Mission-Related and Other Investments

The Farm Credit Act states that the mission of the System is "to provide for an adequate and flexible flow of money into rural areas." Congress also recognized the "growing need for credit in rural areas" and declared that the System be designed to accomplish the objective of improving the income and well-being of America's farmers and ranchers. To further the System's mission to serve rural America, the System has initiated mission-related programs and other mission-related investments approved by the Farm Credit Administration. These investments are not included in the Banks' liquidity calculations and are not covered by the eligible investment limitation discussed above. However, limitations on mission-related investments are determined by the Farm Credit Administration.

Mortgage-backed securities issued by Farmer Mac are also considered other investments and are excluded from the eligible investment limitation and the Banks' liquidity calculations. These Farmer Mac securities are backed by loans originated by Associations and previously held by the Associations under Farmer Mac standby purchase commitments.

Mission-related and other investments outstanding that are classified as held-to-maturity (carried at amortized cost) are as follows:

	September 30, 2015	December 31, 2014
	(in millions)	
Small Business Administration securities and other government guaranteed	$1,407	$1,467
Rural home loan securities	479	531
Farmer Mac securities	379	413
Rural America bonds and Agricultural Rural Community bonds	192	219
Other	7	7
Total	$2,464	$2,637

Mission-related and other investments outstanding that are classified as available-for-sale (carried at fair value) are as follows:

	September 30, 2015	December 31, 2014
	(in millions)	
Farmer Mac securities	$330	$380
Asset-backed securities	2	3
Total	$332	$383

Other-Than-Temporarily Impaired Investments

An investment is considered impaired if its fair value is less than its amortized cost. System institutions perform other-than-temporary impairment assessments on impaired securities based on evaluations of both current and future market and credit conditions. Each Bank or Association has its own model that includes relevant assumptions and inputs such as housing prices, unemployment, delinquencies and loss severity trends. Subsequent changes in market or credit conditions could change these evaluations. An impaired available-for-sale security in an unrealized loss position is considered to be other-than-temporarily impaired if a Bank or Association (1) intends to sell the security, (2) is more likely than not to be required to sell the security before recovering its cost, or (3) does not expect to recover the security's entire amortized cost basis even if the entity does not intend to sell. If a Bank or Association intends to sell an impaired security or it is more likely than not to be required to sell the security before recovery of its amortized cost basis, then the impairment is other-than-temporary and the difference between amortized cost and fair value of the impaired security should be recognized currently in earnings. As of September 30, 2015 and December 31, 2014, the Banks and Associations did not intend to sell securities in unrealized loss positions and it is not more likely than not that they will be required to sell these securities.

A Bank or Association also assesses whether any credit losses exist. Any shortfall between the amortized cost basis of the security and the present value of cash flows expected to be collected from the security is referred to as a "credit loss." If the Bank or Association determines credit losses do exist, the impairment is other-than-temporary and should be separated into (1) the estimated amount relating to credit loss, and (2) the amount relating to all other factors. Only the estimated credit loss amount is recognized currently in earnings, with the remainder recognized in other comprehensive income. The System recognized credit impairment losses of $13 million and $2 million in earnings for the first nine months of 2015 and 2014.

Liquidity Standard

The Farm Credit Administration regulations on liquidity set forth requirements for the Banks to:

- improve their capacity to pay their obligations and fund their operations by maintaining adequate liquidity to withstand various market disruptions and adverse economic or financial conditions;
- strengthen liquidity management;
- enhance the liquidity of assets that they hold in their liquidity reserves;
- maintain a three-tiered liquidity reserve. The first tier of the liquidity reserve must consist of a sufficient amount of cash and cash-like instruments to cover each Bank's financial obligations for 15 days. The second and third tiers of the liquidity reserve must contain cash and highly liquid instruments that are sufficient to cover the Bank's obligations for the next 15 and subsequent 60 days, respectively;
- establish an incremental liquidity reserve, in addition to the three tiers set forth immediately above, comprised of cash and eligible investments; and
- strengthen their Contingency Funding Plan.

The number of days of liquidity is calculated by comparing the principal portion of maturing Systemwide Debt Securities and other borrowings of the Banks with the total amount of cash, cash equivalents and investments maintained by that Bank. For purposes of calculating liquidity, liquid assets are subject to discounts that reflect potential exposure to adverse market value changes that might be recognized upon liquidation or sale and include only the eligible investments of the Banks.

At September 30, 2015, each Bank maintained the three tiers of the liquidity reserve and exceeded the regulatory minimum 90 days of liquidity. The System's liquidity position was 183 days at September 30, 2015, as compared with 173 days at December 31, 2014. (See Note 14 for each Bank's liquidity position at September 30, 2015 and December 31, 2014.)

Cash provided by the System's operating activities (primarily generated from net interest income in excess of operating expenses) of $3.005 billion and $2.658 billion for the first nine months of 2015 and 2014 provides an additional source of liquidity for the System that is not reflected in the individual Bank's calculation of days of liquidity under the standard. Further, funds in the Insurance Fund would be used to repay maturing Systemwide Debt Securities, to the extent available, if no other sources existed to repay the debt.

Capital Adequacy and the Ability to Repay Systemwide Debt Securities

Capital serves to support asset growth and provide protection against unexpected credit and interest rate risk and operating losses. Capital is also needed for future growth and investment in new products and services. We believe a sound capital position is critical to providing protection to investors in Systemwide Debt Securities and our long-term financial success.

We continue to build capital primarily through net income earned and retained. Capital accumulated through earnings has been partially offset by cash distributions to stockholders. Surplus of $40.342 billion at September 30, 2015 and $37.775 billion at December 31, 2014, is the most significant component of capital. As of September 30, 2015, surplus as a percentage of capital was 82.5%, as compared with 82.6% at December 31, 2014. Capital as a percentage of assets increased to 16.8% at September 30, 2015, as compared with 16.2% at December 31, 2014 due principally to earnings retained.

FCA Capital Requirements

The Farm Credit Administration sets minimum regulatory capital requirements for Banks and Associations. The Farm Credit Administration's capital regulations require that the Banks and Associations achieve and maintain permanent capital of at least seven percent of risk-adjusted assets. In addition to the net collateral requirement discussed above, Farm Credit Administration regulations require that all System institutions achieve and maintain a total surplus ratio of at least seven percent of risk-adjusted assets and a core surplus ratio of at least three and one-half percent of risk-adjusted assets. The Banks are also required to achieve and maintain a minimum net collateral ratio as discussed below. At September 30, 2015, all System institutions maintained ratios in excess of these standards as follows:

System Institutions	Permanent Capital Ratio	Total Surplus Ratio	Core Surplus Ratio**	Net Collateral Ratio
Banks*	15.6% - 21.4%	14.6% - 21.4%	9.8% - 19.1%	105.9% - 108.1%
Associations	13.3% - 36.1%	13.0% - 35.7%	12.6% - 34.9%	Not Applicable
Regulatory minimum required	7.0%	7.0%	3.5%	103%***

* See Note 14 for each Bank's permanent capital ratio and net collateral ratio at September 30, 2015 and December 31, 2014.

** Effective January 1, 2015, the Farm Credit Administration requires CoBank to maintain a core surplus ratio of 5.59% during a period in which it includes a portion of common stock as core surplus.

*** In connection with subordinated debt offerings, AgriBank, CoBank and the Farm Credit Bank of Texas are required by the Farm Credit Administration to maintain a minimum net collateral ratio of 104%. At September 30, 2015, AgFirst had no subordinated debt outstanding.

Interdependency of the Banks and the Associations

Understanding the System's structure and the interdependent nature of the Banks and the Associations is critical to understanding our capital adequacy.

As previously discussed, each Bank is primarily liable for the repayment of Systemwide Debt Securities issued on its behalf, as well as being liable for Systemwide Debt Securities issued on behalf of the other Banks. The Farm Credit Banks, through the issuance of Systemwide Debt Securities, generally finance the wholesale loans to their affiliated Associations who lend the proceeds to their customers. CoBank, as an Agricultural Credit Bank, makes loans to agricultural and rural infrastructure cooperatives and businesses, and other eligible borrowers, as well as Associations. Each Bank's ability to repay Systemwide Debt Securities is due, in large part, to each of its Association's ability to repay its loan from the Bank. As a result, the Banks continually monitor the risk-bearing capabilities of each affiliated Association through various mechanisms, including testing the reliability of each Association's credit classifications and prior-approval of certain Association loan transactions. Capital, allowance for loan losses and earnings at the Association level also reduce the credit exposure that each Bank has with respect to the loans between the Bank and its affiliated Associations.

Since an Association's ability to obtain funds from sources other than its affiliated Bank is significantly limited, the financial well-being of the Bank and its ability to continue to provide funds is very important to the Association. In addition to the equity the Associations are required to purchase in connection with their direct loans from their affiliated Bank, under each Bank's bylaws, the Bank is authorized, under certain circumstances, to require its affiliated Associations and certain other equity holders to purchase additional Bank equity subject to certain limits or conditions. Further, the Banks generally possess indirect access to certain financial resources of their affiliated Associations through loan-pricing provisions and through Bank-influenced operating and financing policies and agreements for its District. (See Notes 8 and 14 to the accompanying condensed combined financial statements for further discussion of Bank and Association capital.)

Notwithstanding the foregoing, only the Banks, and not the Associations, are jointly and severally liable for repayment of Systemwide Debt Securities. Other than as described above, and subject to various regulatory and contractual conditions and limitations, the Banks do not have direct access to the capital of their affiliated Associations. In addition, any indirect access that the Banks may have to the capital of the Associations may be limited during stressed conditions in a deteriorating agricultural economic environment. Moreover, capital in one Association is not typically available to address capital needs of another Association or of a non-affiliated Bank.

Insurance Fund

An additional layer of protection for holders of Systemwide Debt Securities is the Insurance Fund that insures the timely payment of principal and interest on these securities.

The primary sources of funds for the Insurance Fund are:

- premiums paid by the Banks, the cost of which may be passed on to the Associations, and
- earnings on assets in the Insurance Fund.

The Insurance Corporation's primary purpose is to insure the timely payment of principal and interest on Systemwide Debt Securities. In the event a Bank is unable to timely pay Systemwide Debt Securities for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent available to insure the timely payment of principal and interest on the debt obligations. However, because of other authorized uses of the Insurance Fund, all of which benefit the Banks and Associations, or the magnitude of the default, there is no assurance that amounts in the Insurance Fund will be available and sufficient to fund the timely payment of principal and interest on Systemwide Debt Securities in the event of a default by a Bank.

Due to the restricted use of funds in the Insurance Fund, the assets of the Insurance Fund have been included as a restricted asset and the capital of the Insurance Fund as restricted capital in the System's condensed combined financial statements. As of September 30, 2015, the assets in the Insurance Fund totaled $3.964 billion. (See Note 5 to the accompanying condensed combined financial statements and the Supplemental Combining Information on pages F-50 and F-52 for condensed combining statements of condition and income that illustrate the impact of including the Insurance Fund in the System's condensed combined financial statements.)

Insurance premiums are established by the Insurance Corporation with the objective of maintaining the "secure base amount," which is defined in the Farm Credit Act as 2% of the adjusted insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by the U.S. or state governments) or such other percentage of the adjusted insured obligations as the Insurance Corporation in its sole discretion determines to be actuarially sound. As required by the Farm Credit Act, as amended, the Insurance Corporation may return excess funds above the secure base amount to System institutions.

At September 30, 2015, as determined by the Insurance Corporation, the Insurance Fund for which no specific use has been identified or designated was 1.94% of adjusted insured obligations, as compared with 1.90% at December 31, 2014.

Joint and Several Liability

The provisions of joint and several liability of the Banks with respect to Systemwide Debt Securities would be invoked if the available amounts in the Insurance Fund were exhausted. Once joint and several liability is triggered, the Farm Credit Administration is required to make "calls" to satisfy the liability first on all non-defaulting Banks in the proportion that each non-defaulting Bank's available collateral (collateral in excess of the aggregate of the Bank's collateralized obligations) bears to the aggregate available collateral of all non-defaulting Banks. If these calls do not satisfy the liability, then a further call would be made in proportion to each non-defaulting Bank's remaining assets. On making a call on non-defaulting Banks with respect to a Systemwide Debt Security issued on behalf of a defaulting Bank, the Farm Credit Administration is required to appoint the Insurance Corporation as the receiver for the defaulting Bank, and the receiver must expeditiously liquidate the Bank.

System Capitalization

The changes in capital for the nine months ended September 30, 2015 were:

	Capital				
	Combined Banks	Combined Associations	Insurance Fund	Combination Entries	System Combined
			(in millions)		
Balance at December 31, 2014	$15,847	$31,413	$3,750	$(5,304)	$45,706
Net income	1,419	2,336	214	(488)	3,481
Change in accumulated other comprehensive loss	102	11		76	189
Preferred stock issued		503			503
Preferred stock retired	(10)	(408)			(418)
Preferred stock dividends	(89)	(12)			(101)
Capital stock and participation certificates issued	120	67		(117)	70
Capital stock, participation certificates and surplus retired	(91)	(53)		58	(86)
Equity issued or recharacterized upon Association merger		77			77
Equity retired or recharacterized upon Association merger		(79)			(79)
Additional paid-in-capital and other	3				3
Patronage	(494)	(340)		367	(467)
Balance at September 30, 2015	$16,807	$33,515	$3,964	$(5,408)	$48,878

Note: System combined capital reflected eliminations of approximately $4.1 billion and $4.0 billion of Bank equities held by Associations as of September 30, 2015 and December 31, 2014. System combined capital also reflected net eliminations of transactions between System entities, primarily related to accruals, and surplus allocations by certain Banks to their Associations. (See Notes 8 and 14 to the accompanying condensed combined financial statements.)

Combined Bank-only information is considered meaningful because only the Banks are jointly and severally liable for payment of principal and interest on Systemwide Debt Securities. Amounts in the Insurance Fund are included in the System's combined financial statements because, under the Farm Credit Act, before joint and several liability can be invoked, available amounts in the Insurance Fund would be used to make principal and interest payments on Systemwide Debt Securities. Combined Bank capital and the Insurance Fund increased $1.174 billion since December 31, 2014 to $20.771 billion at September 30, 2015.

Combined Bank-only net income was $1.419 billion and $1.501 billion for the nine months ended September 30, 2015 and 2014. The combined Bank-only net income reflects the earnings from investments, Bank wholesale loans to Associations, and retail loans, the majority of which consist of CoBank's domestic loans to cooperatives and other eligible borrowers and loans to finance agricultural export transactions. The Banks' wholesale loans to Associations represent approximately 54% of the assets on the combined Bank-only balance sheet. These loans carry less risk than retail loans because the Associations operate under General Financing Agreements with their affiliated Banks and a regulatory framework that includes maintaining certain minimum capital standards, adequate reserves, and prudent underwriting standards. Based on the lower risk of loans to the Associations, the Banks typically operate with more leverage and lower earnings than would be expected from a retail bank.

Combined Association capital increased $2.102 billion since December 31, 2014 to $33.515 billion at September 30, 2015. The growth in Association capital resulted primarily from income earned and retained. Combined Association capital as a percentage of combined Association loans was 20.4% at September 30, 2015 and 19.9% at December 31, 2014. Capital at the Association level reduces the Banks' credit exposure with respect to wholesale loans between the Banks and each of their affiliated Associations.

Accumulated other comprehensive loss, net of tax, at September 30, 2015 and December 31, 2014 was comprised of the following components:

	September 30, 2015	December 31, 2014
	(in millions)	
Unrealized gains on investments available-for-sale, net	$ 294	$ 160
Unrealized gains on other-than-temporarily impaired investments available-for-sale	38	47
Unrealized losses on cash flow hedges, net	(129)	(102)
Pension and other benefit plans	(1,311)	(1,402)
	$(1,108)	$(1,297)

Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events, including the execution of unauthorized transactions by employees, errors relating to transaction processing and technology, breaches of the internal control system and the risk of fraud by employees or persons outside the System. Each Bank's and Association's board of directors is required, by regulation, to adopt an internal control policy that provides adequate direction to the institution in establishing effective control over and accountability for operations, programs and resources. The policy must include, at a minimum, the following items:

- direction to management that assigns responsibility for the internal control function to an officer of the institution,
- adoption of internal audit and control procedures,
- direction for the operation of a program to review and assess its assets,
- adoption of loan, loan-related assets and appraisal review standards, including standards for scope of review selection and standards for work papers and supporting documentation,
- adoption of asset quality classification standards,
- adoption of standards for assessing credit administration, including the appraisal of collateral, and
- adoption of standards for the training required to initiate a program.

Reputational Risk Management

Reputation risk is defined as the negative impact resulting from events, real or perceived, that shape the image of the System or any of its entities. The System could be harmed if its reputation were impacted by negative publicity about the System as a whole, an individual System entity or the agricultural industry in general.

Given the unique structure of the System, managing reputational risk is the direct responsibility of each System entity. (See "Structural Risk Management" on pages 14 and 15 of this Quarterly Information Statement for a discussion on the structure of the System).

At the national level, The Farm Credit Council, the Coordinating Committee and the Presidents' Planning Committee communicate guidance to the System for reputational issues that have broader consequences for the System as a whole. (See pages 12, 13 and 14 in the *2014 Annual Information Statement* for additional information).

Political Risk Management

System institutions are instrumentalities of the federal government and are intended to further governmental policy concerning the extension of credit to or for the benefit of agriculture and rural America. The System and its borrowers may be significantly affected by federal legislation that affects the System directly, such as changes to the Farm Credit Act, or indirectly, such as agricultural appropriations bills. Political risk to the System is the risk of loss of support for the System or agriculture by the U.S. government.

We manage political risk by actively supporting The Farm Credit Council, a trade association representing the System before Congress, the Executive Branch, and other public stakeholders. The Council provides the mechanism for grassroots involvement in the development of System positions and policies with respect to federal legislation and government actions that impact the System.

Regulatory Matters

As of September 30, 2015 and December 31, 2014, the Farm Credit Administration had entered into written agreements with three Associations whose assets in aggregate totaled $1.227 billion and $1.191 billion, respectively. The written agreements require the Associations to take corrective actions with respect to one or more of the following: asset quality, capital, portfolio management, and corporate governance.

On October 30, 2015, the Farm Credit Administration, along with four other federal agencies issued a final rule to establish capital and margin requirements for covered swap entities as required by the Dodd-Frank Act. (See page 27 for additional information regarding the requirements set forth in the rule.)

On June 12, 2014, the Farm Credit Administration approved a proposed rule to revise the requirements governing the eligibility of investments for System Banks and Associations. The stated objectives of the proposed rule are as follows:

- To strengthen the safety and soundness of System Banks and Associations,
- To ensure that System Banks hold sufficient liquidity to continue operations and pay maturing obligations in the event of market disruption,
- To enhance the ability of the System Banks to supply credit to agricultural and aquatic producers,
- To comply with the requirements of section 939A of the Dodd-Frank Act,
- To modernize the investment eligibility criteria for System Banks, and
- To revise the investment regulation for System Associations to improve their investment management practices so they are more resilient to risk.

The public comment period ended on October 23, 2014.

On May 8, 2014, the Farm Credit Administration approved a proposed rule to modify the regulatory capital requirements for System Banks and Associations. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise,
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System,
- To make System regulatory capital requirements more transparent, and
- To meet the requirements of section 939A of the Dodd-Frank Act.

The initial public comment period ended on February 16, 2015. On June 15, 2015, the Farm Credit Administration reopened the comment period from June 26 to July 10, 2015.

Recently Adopted or Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued guidance entitled "Interest — Imputation of Interest." The guidance requires debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the debt liability. Prior to the issuance of the standard, debt issuance costs were required to be presented in the balance sheet as a deferred charge (asset). This guidance becomes effective for interim and annual reporting periods beginning after December 15, 2015, and early application is permitted. The adoption of this guidance is not expected to impact the System's financial condition or its results of operations.

In August 2014, the FASB issued guidance entitled "Presentation of Financial Statements — Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

In May 2014, the FASB issued guidance entitled "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 our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. System institutions are in the process of reviewing contracts to determine the effect, if any, on the System's financial condition or its results of operations.

INDEX TO CONDENSED COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL COMBINING AND FINANCIAL INFORMATION
September 30, 2015

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CONDITION
(in millions)

	September 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Cash	$ 3,160	$ 4,014
Federal funds sold and securities purchased under resale agreements	1,328	1,584
Investments (Note 2)		
Available-for-sale (amortized cost of $48,217 and $48,991, respectively)	48,596	49,221
Mission-related and other held-to-maturity (fair value of $2,469 and $2,660, respectively)	2,464	2,637
Mission-related and other available-for-sale (amortized cost of $333 and $383, respectively)	332	383
Loans (Note 3)	226,844	217,054
Less: allowance for loan losses (Note 3)	(1,246)	(1,237)
Net loans	225,598	215,817
Accrued interest receivable	2,366	1,824
Premises and equipment	1,079	1,001
Other property owned	102	132
Other assets (Note 4)	2,472	2,481
Restricted assets (Note 5)	3,964	3,750
Total assets	$291,461	$282,844
LIABILITIES AND CAPITAL		
Systemwide Debt Securities		
Due within one year:		
Systemwide discount notes	$ 23,130	$ 26,973
Systemwide bonds and medium-term notes	61,394	59,959
	84,524	86,932
Due after one year:		
Systemwide bonds and medium-term notes	146,810	138,505
Total Systemwide Debt Securities (Note 6)	231,334	225,437
Subordinated debt	1,555	1,555
Other bonds	3,410	3,627
Notes payable and other interest-bearing liabilities	1,497	1,282
Accrued interest payable	629	562
Other liabilities (Note 4)	4,158	4,675
Total liabilities	242,583	237,138
Commitments and contingencies (Note 13)		
Capital (Note 8)		
Preferred stock	2,783	2,698
Capital stock and participation certificates	1,714	1,676
Additional paid-in-capital	1,183	1,104
Restricted capital (Note 5)	3,964	3,750
Accumulated other comprehensive loss, net of tax	(1,108)	(1,297)
Surplus	40,342	37,775
Total capital	48,878	45,706
Total liabilities and capital	$291,461	$282,844

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF INCOME
(in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(unaudited)			
Interest income				
Investments, Federal funds sold and securities purchased under resale agreements	$ 171	$ 168	$ 512	$ 503
Loans	2,198	2,064	6,436	6,116
Total interest income	2,369	2,232	6,948	6,619
Interest expense				
Systemwide bonds and medium-term notes	563	490	1,622	1,463
Systemwide discount notes	12	7	28	21
Subordinated debt and other interest-bearing liabilities	27	27	81	79
Total interest expense	602	524	1,731	1,563
Net interest income	1,767	1,708	5,217	5,056
Provision for loan losses	37	42	87	7
Net interest income after provision for loan losses	1,730	1,666	5,130	5,049
Noninterest income				
Loan-related fee income	51	60	164	170
Fees for financially related services	74	72	142	141
Mineral income	19	36	60	95
Operating lease income	10	11	28	29
Income earned on Insurance Fund assets	10	9	24	27
Net other-than-temporary impairment losses included in earnings	(2)		(13)	(2)
Losses on extinguishment of debt	(5)	(12)	(28)	(46)
Net gains on sales of investments and other assets	3	16	29	22
Net gains on derivative and other transactions	8	3	14	15
Other noninterest income	9	9	43	38
Total noninterest income	177	204	463	489
Noninterest expense				
Salaries and employee benefits	425	397	1,272	1,189
Occupancy and equipment expense	54	49	155	146
Purchased services	35	36	110	99
Other operating expense	138	134	410	392
Net losses (gains) on other property owned	2	(18)	(2)	(31)
Total noninterest expense	654	598	1,945	1,795
Income before income taxes	1,253	1,272	3,648	3,743
Provision for income taxes	45	44	167	174
Net income	$1,208	$1,228	$3,481	$3,569

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(unaudited)			
Net income	$1,208	$1,228	$3,481	$3,569
Other comprehensive income (loss), net of tax:				
Change in unrealized gains on investments available-for-sale not other-than-temporarily impaired, including reclassification adjustments	96	(56)	134	22
Change in unrealized gains on other-than-temporarily impaired investments, including reclassification adjustments	(5)	1	(9)	74
Change in unrealized losses on cash flow hedges, including reclassification adjustments	(49)	(6)	(27)	(60)
Change in net periodic pension benefit cost, including reclassification adjustments	31	17	91	50
Total other comprehensive income (loss)	73	(44)	189	86
Comprehensive income	$1,281	$1,184	$3,670	$3,655

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CHANGES IN CAPITAL
(in millions)

	For the Nine Months Ended September 30						
	Preferred Stock	Capital Stock and Participation Certificates	Additional Paid-in-Capital	Restricted Capital Farm Credit Insurance Fund	Accumulated Other Comprehensive Income (Loss), Net of Tax	Surplus	Total Capital
				(unaudited)			
Balance at December 31, 2013	$2,469	$1,645	$ 738	$3,496	$ (807)	$35,060	$42,601
Comprehensive income					86	3,569	3,655
Transfer of Insurance Fund premiums and other income from surplus to restricted capital				188		(188)	
Preferred stock issued by Associations	435						435
Preferred stock retired by Associations	(345)						(345)
Preferred stock dividends						(98)	(98)
Capital stock and participation certificates issued		53					53
Capital stock and participation certificates retired		(82)					(82)
Equity issued or recharacterized upon Association mergers		6	335				341
Equity retired or recharacterized upon Association mergers		(6)				(323)	(329)
Recharacterization of other comprehensive loss due to fair value adjustments related to the Association mergers					1		1
Patronage:							
Cash						(416)	(416)
Capital stock, participation certificates and surplus allocations		51				(51)	
Balance at September 30, 2014	$2,559	$1,667	$1,073	$3,684	$ (720)	$37,553	$45,816
Balance at December 31, 2014	$2,698	$1,676	$1,104	$3,750	$(1,297)	$37,775	$45,706
Comprehensive income					189	3,481	3,670
Transfer of Insurance Fund premiums and other income from surplus to restricted capital				214		(214)	
Preferred stock retired by Banks	(10)		3				(7)
Preferred stock issued by Associations	503						503
Preferred stock retired by Associations	(408)						(408)
Preferred stock dividends						(101)	(101)
Capital stock and participation certificates issued		70					70
Capital stock and participation certificates retired		(86)					(86)
Equity issued or recharacterized upon Association merger		1	76				77
Equity retired or recharacterized upon Association merger		(1)				(78)	(79)
Patronage:							
Cash						(467)	(467)
Capital stock, participation certificates and surplus allocations		54				(54)	
Balance at September 30, 2015	$2,783	$1,714	$1,183	$3,964	$(1,108)	$40,342	$48,878

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

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CASH FLOWS
(in millions)

	For the Nine Months Ended September 30	
	2015	**2014**
	(unaudited)	
Cash flows from operating activities		
Net income	$ 3,481	$ 3,569
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	87	7
Depreciation and amortization on premises and equipment	75	71
Accretion of fair value adjustments related to the Bank merger	(31)	(39)
Net gains on sales of investments and other assets	(29)	(22)
Losses on impairment of investments available-for-sale	13	2
Income on Insurance Fund assets, net of operating expenses	(21)	(25)
Increase in accrued interest receivable	(542)	(504)
Increase in other assets	(40)	(257)
Valuation adjustments on other property owned	1	(5)
Change in amortized discount on Systemwide discount notes	6	3
Increase (decrease) in accrued interest payable	67	(2)
Decrease in other liabilities	(63)	(141)
Accretion on investments held-to-maturity	1	1
Net cash provided by operating activities	3,005	2,658
Cash flows from investing activities		
Increase in loans, net	(9,907)	(7,108)
Decrease (increase) in Federal funds sold and securities purchased under resale agreements, net	256	(368)
Investments available-for-sale:		
Purchases	(11,759)	(12,620)
Proceeds from maturities and payments	12,618	7,997
Proceeds from sales	219	116
Mission-related and other investments held-to-maturity:		
Purchases	(2)	(116)
Proceeds from maturities and payments	174	291
Mission-related and other investments available-for-sale:		
Purchases	(33)	
Proceeds from maturities and payments	53	61
Proceeds from sales	31	8
Decrease in tobacco contract receivables		158
Premiums paid to the Insurance Fund	(223)	(174)
Purchases of premises and equipment, net of disposals	(153)	(135)
Proceeds from sales of other property owned	73	110
Net cash used in investing activities	(8,653)	(11,780)
Cash flows from financing activities		
Systemwide bonds issued	76,310	56,608
Systemwide bonds and medium-term notes retired	(66,441)	(52,410)
Systemwide discount notes issued	136,501	200,099
Systemwide discount notes retired	(140,350)	(197,156)
Other bonds (retired) issued, net	(217)	956
Increase in notes payable and other interest-bearing liabilities, net	215	232
Decrease in collateral held from derivative counterparties	(78)	(147)
Preferred stock retired by Banks	(10)	
Preferred stock issued by Associations, net	95	90
Capital stock and participation certificates issued	70	53
Capital stock, participation certificates and surplus retired	(156)	(154)
Preferred stock dividends paid	(91)	(88)
Cash patronage paid	(1,054)	(954)
Net cash provided by financing activities	4,794	7,129
Net decrease in cash	(854)	(1,993)
Cash at beginning of period	4,014	4,365
Cash at end of period	$ 3,160	$ 2,372

FARM CREDIT SYSTEM

CONDENSED COMBINED STATEMENT OF CASH FLOWS — (continued)
(in millions)

	For the Nine Months Ended September 30	
	2015	2014
	(unaudited)	
Supplemental schedule of non-cash investing and financing activities:		
Loans transferred to other property owned	$ 52	$ 67
Investments available-for-sale purchased but not yet settled	(273)	(190)
Patronage and dividends distributions payable	506	446
Transfer of allowance for loan losses into reserve for unfunded commitments	(43)	(36)
Transfer of surplus to additional paid-in-capital related to Association mergers	76	335
Transfer of gain to additional paid-in-capital related to the repurchase of preferred stock	3	
Supplemental non-cash fair value changes related to hedging activities:		
Decrease in Systemwide bonds and medium-term notes	(81)	(216)
Decrease in other assets	6	225
Increase (decrease) in other liabilities	69	(5)
Supplemental disclosure of cash flow information:		
Cash paid during the nine months for:		
Interest	1,658	1,561
Taxes	103	111

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying Farm Credit System (System) condensed combined financial statements include financial information of the combined Farm Credit Banks (FCBs)/Agricultural Credit Associations (ACAs)/Federal Land Credit Associations (FLCAs), the combined Agricultural Credit Bank (ACB)/ACAs/FLCAs, the Federal Farm Credit Banks Funding Corporation, and the Farm Credit Insurance Fund (Insurance Fund) and reflect investments in, and allocated earnings of, certain of the service organizations owned by System Banks and/or Associations. The FCBs and the ACB are collectively referred to as Banks. The ACAs and FLCAs are collectively referred to as Associations.

The accompanying unaudited condensed combined financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, these statements should be read in conjunction with the audited combined financial statements for the year ended December 31, 2014, contained in the System's *2014 Annual Information Statement*, as these statements do not include all of the disclosures required by GAAP for annual financial statements.

The accompanying condensed combined financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operation of the System. All significant intra-System transactions and balances have been eliminated in combination. Certain amounts in prior years' combined financial statements have been reclassified to conform to the current year presentation.

A more complete description of System institutions, the significant accounting policies followed by System entities, and the System's combined financial condition and combined results of operations as of and for the year ended December 31, 2014 are contained in the *2014 Annual Information Statement*.

Recently Adopted or Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued guidance entitled "Interest — Imputation of Interest." The guidance requires debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the debt liability. Prior to the issuance of the standard, debt issuance costs were required to be presented in the balance sheet as a deferred charge (asset). This guidance becomes effective for interim and annual reporting periods beginning after December 15, 2015, and early application is permitted. The adoption of this guidance is not expected to impact the System's financial condition or its results of operations.

In August 2014, the FASB issued guidance entitled "Presentation of Financial Statements — Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

In May 2014, the FASB issued guidance entitled "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 our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. System institutions are in the process of reviewing contracts to determine the effect, if any, on the System's financial condition or its results of operations.

(dollars in millions, except as noted)

NOTE 2 — INVESTMENTS

Available-for-Sale

The following is a summary of available-for-sale investments held for maintaining a liquidity reserve, managing short-term surplus funds and managing interest rate risk:

	September 30, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 4,802	$ 2	$ (1)	$ 4,803	0.43%
U.S. Treasury securities	9,677	98		9,775	1.20
U.S. agency securities	6,195	75	(14)	6,256	1.44
Mortgage-backed securities	24,938	257	(88)	25,107	1.50
Asset-backed securities	2,605	54	(4)	2,655	1.02
Total	$48,217	$486	$(107)	$48,596	1.30

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 5,732	$ 1	$ (1)	$ 5,732	0.32%
U.S. Treasury securities	10,152	40	(2)	10,190	0.97
U.S. agency securities	5,975	63	(34)	6,004	1.48
Mortgage-backed securities	24,847	248	(149)	24,946	1.51
Asset-backed securities	2,285	69	(5)	2,349	0.99
Total	$48,991	$421	$(191)	$49,221	1.23

(dollars in millions, except as noted)

A summary of the fair value and amortized cost of investments available-for-sale at September 30, 2015 by contractual maturity is as follows:

	Due in 1 Year or Less		Due After 1 Year Through 5 Years		Due After 5 Years Through 10 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$4,550		$ 253						$ 4,803	0.43%
U.S. Treasury securities	3,401		4,537		$1,837				9,775	1.20
U.S. agency securities	101		3,595		2,527		$ 33		6,256	1.44
Mortgage-backed securities	6		716		1,243		23,142		25,107	1.50
Asset-backed securities	29		1,650		13		963		2,655	1.02
Total fair value	$8,087	0.52%	$10,751	1.26%	$5,620	1.43%	$24,138	1.55%	$48,596	1.30
Total amortized cost	$8,082		$10,634		$5,576		$23,925		$48,217	

Substantially all mortgage-backed securities have contractual maturities in excess of ten years. However, expected and actual maturities for mortgage-backed securities will typically be shorter than contractual maturities because borrowers generally have the right to prepay the underlying mortgage obligations with or without prepayment penalties.

Held-to-Maturity Mission-related and Other Investments

The System may hold mission-related and other investments. Mission-related programs and other mission-related investments are approved by the Farm Credit Administration. The following is a summary of held-to-maturity mission-related and other investments:

	September 30, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$1,912	$27	$(34)	$1,905	3.20%
Asset-backed securities	360	8	(5)	363	1.97
Other securities	192	11	(2)	201	5.63
Total	$2,464	$46	$(41)	$2,469	3.21

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$2,014	$32	$(28)	$2,018	3.25%
Asset-backed securities	405	10	(3)	412	1.70
Other securities	218	13	(1)	230	5.67
Total	$2,637	$55	$(32)	$2,660	3.21

(dollars in millions, except as noted)

A summary of the fair value and amortized cost of held-to-maturity mission-related and other investments at September 30, 2015 by contractual maturity is as follows:

	Due in 1 Year or Less		Due After 1 Year Through 5 Years		Due After 5 Years Through 10 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
Mortgage-backed securities	$ 8		$ 77		$155		$1,672		$1,912	3.20%
Asset-backed securities	2		144		104		110		360	1.97
Other securities	2		28		46		116		192	5.63
Total amortized cost	$12	2.43%	$249	3.07%	$305	3.25%	$1,898	3.23%	$2,464	3.21
Total fair value	$12		$253		$310		$1,894		$2,469	

Available-for-Sale Mission-Related and Other Investments

The following is a summary of available-for-sale mission-related and other investments:

	September 30, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$331	$3	$(4)	$330	2.57%
Asset-backed securities	2			2	4.47
Total	$333	$3	$(4)	$332	2.58

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	$380	$4	$(4)	$380	2.63%
Asset-backed securities	3			3	4.35
Total	$383	$4	$(4)	$383	2.64

A summary of the fair value and amortized cost of available-for-sale mission-related and other investments at September 30, 2015 by contractual maturity is as follows:

	Due After 1 Year Through 5 Years		Due After 10 Years		Total	
	Amount	Weighted Average Yield	Amount	Weighted Average Yield	Amount	Weighted Average Yield
Mortgage-backed securities	$69		$261		$330	2.57%
Asset-backed securities			2		2	4.47
Total fair value	$69	4.07%	$263	2.19%	$332	2.58
Total amortized cost	$71		$262		$333	

(dollars in millions, except as noted)

Other-Than-Temporarily Impaired Investments Evaluation

The following tables show the gross unrealized losses and fair value of the System's available-for-sale, and mission-related and other investment securities that have been in a continuous unrealized loss position. An investment is considered impaired if its fair value is less than its cost. The continuous loss position is based on the date the impairment was first identified.

	Less Than 12 Months		12 Months or More	
September 30, 2015	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 567	$ (2)	$ 13	$ (1)
U.S. agency securities	924	(7)	878	(7)
Mortgage-backed securities	4,461	(31)	5,188	(95)
Asset-backed securities	1,145	(4)	507	(5)
Total	$7,097	$(44)	$6,586	$(108)

	Less Than 12 Months		12 Months or More	
December 31, 2014	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Commercial paper, bankers' acceptances, certificates of deposit and other securities	$ 1,345	$ (1)	$ 68	$ (1)
U.S. Treasury securities	1,558	(2)		
U.S. agency securities	1,851	(4)	1,451	(30)
Mortgage-backed securities	4,952	(23)	6,450	(158)
Asset-backed securities	1,300	(3)	283	(5)
Total	$11,006	$(33)	$8,252	$(194)

As more fully discussed in Note 2 of the *2014 Annual Information Statement*, other-than-temporary impairment contemplates numerous factors in determining whether an impairment is other-than-temporary including: (1) whether or not an entity intends to sell the security, (2) whether it is more likely than not that an entity would be required to sell the security before recovering its costs, or (3) whether or not an entity expects to recover the security's entire amortized cost basis (even if it does not intend to sell).

System institutions perform an evaluation quarterly on a security-by-security basis considering all available information. If a Bank or Association intends to sell the security or it is more likely than not that it would be required to sell the security, the impairment loss equals the full difference between amortized cost and fair value of the security. When a Bank or Association does not intend to sell securities in an unrealized loss position, other-than-temporary impairment is considered using various factors, including the length of time and the extent to which the fair value is less than cost, adverse conditions specifically related to the industry, geographic area and the condition of the underlying collateral, payment structure of the security, ratings by rating agencies, the creditworthiness of bond insurers and volatility of the fair value changes. A Bank or Association uses estimated cash flows over the remaining lives of the underlying collateral to assess whether credit losses exist. In estimating cash flows, it considers factors such as expectations of relevant market and economic data, including underlying loan level data for mortgage-backed and asset-backed securities and credit enhancements.

(dollars in millions, except as noted)

For impaired investments, a Bank or Association estimates the portion of the loss that is attributable to credit losses using a discounted cash flow model on a security-by-security basis. The various models require key assumptions related to the underlying collateral, including default rates, degree and timing of prepayments, and loss severity. Assumptions can vary widely from security to security and are influenced by such factors as interest rate, geographical location of the borrower, borrower characteristics and collateral type. Default rate assumptions are generally estimated using historical loss and performance information to estimate future defaults and prepayment rate assumptions are based on historical and projected prepayment rates. The Banks obtain the loss severity assumptions from independent third parties or through research using available data on the underlying collateral type from sources including broker/dealers and rating agencies. The following summarizes the assumptions used at:

	September 30, 2015	
Assumptions Used	**Mortgage-backed Securities**	**Asset-backed Securities**
Default rate by range	0.2% - 24.6%	2.0% - 40.2%
Prepayment rate by range	3.0% - 22.0%	2.3% - 49.9%
Loss severity by range	12.3% - 96.0%	34.4% - 100.0%

	December 31, 2014	
Assumptions Used	**Mortgage-backed Securities**	**Asset-backed Securities**
Default rate by range	0.4% - 31.5%	2.2% - 52.2%
Prepayment rate by range	2.6% - 22.0%	0.0% - 15.0%
Loss severity by range	4.4% - 80.0%	60.0% - 100.0%

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Credit loss component, beginning of period	$189	$312	$ 287	$319
Additions:				
Initial credit impairment			11	2
Subsequent credit impairments	2		2	
Reductions:				
For securities sold	(1)	(15)	(105)	(23)
For increases in expected cash flows	(2)	(2)	(7)	(3)
Credit loss component, end of period	$188	$295	$ 188	$295

(dollars in millions, except as noted)

NOTE 3 — LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans outstanding consisted of the following:

	September 30, 2015	December 31, 2014
Real estate mortgage	$103,618	$ 98,681
Production and intermediate-term	48,527	48,991
Agribusiness:		
Processing and marketing	16,473	14,604
Loans to cooperatives	14,188	14,741
Farm-related business	3,629	3,413
Energy and water/waste water	18,687	16,377
Rural residential real estate	6,909	6,799
Communication	5,688	5,033
Agricultural export finance	5,100	4,571
Lease receivables	3,124	2,976
Loans to other financing institutions	901	868
Total loans	$226,844	$217,054

The Farm Credit Administration Uniform Loan Classification System includes five categories: acceptable, other assets especially mentioned (OAEM), substandard, doubtful and loss. The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of:

	September 30, 2015	December 31, 2014
Real estate mortgage		
Acceptable	96.4%	96.4%
OAEM	1.8	1.7
Substandard/doubtful	1.8	1.9
	100.0	100.0
Production and intermediate-term		
Acceptable	94.6	95.5
OAEM	2.8	2.3
Substandard/doubtful	2.6	2.2
	100.0	100.0
Agribusiness		
Acceptable	95.2	96.1
OAEM	3.0	2.0
Substandard/doubtful	1.8	1.9
	100.0	100.0
Energy and water/waste water		
Acceptable	98.0	98.1
OAEM	1.6	1.2
Substandard/doubtful	0.4	0.7
	100.0	100.0
Rural residential real estate		
Acceptable	97.3	97.5
OAEM	0.9	0.7
Substandard/doubtful	1.8	1.8
	100.0	100.0
Communication		
Acceptable	96.3	95.3
OAEM	1.7	2.1
Substandard/doubtful	2.0	2.6
	100.0	100.0
Agricultural export finance		
Acceptable	100.0	100.0
OAEM	0.0	0.0
Substandard/doubtful	0.0	0.0
	100.0	100.0
Lease receivables		
Acceptable	96.7	97.5
OAEM	1.7	1.4
Substandard/doubtful	1.6	1.1
	100.0	100.0
Loans to other financing institutions		
Acceptable	100.0	100.0
OAEM	0.0	0.0
Substandard/doubtful	0.0	0.0
	100.0	100.0
Total Loans		
Acceptable	96.1	96.4
OAEM	2.1	1.8
Substandard/doubtful	1.8	1.8
	100.0	100.0

(dollars in millions, except as noted)

Impaired loans (which consist of nonaccrual loans, accruing restructured loans and accruing loans 90 days or more past due) are loans for which it is probable that not all principal and interest will be collected according to the contractual terms of the loan. The following tables present information concerning impaired loans and include both the principal outstanding and the related accrued interest receivable on these loans.

	September 30, 2015	December 31, 2014
Nonaccrual loans:		
Current as to principal and interest	$ 840	$ 858
Past due	559	517
Total nonaccrual loans	1,399	1,375
Impaired accrual loans:		
Restructured accrual loans	291	337
Accrual loans 90 days or more past due	34	25
Total impaired accrual loans	325	362
Total impaired loans	$1,724	$1,737

(dollars in millions, except as noted)

The following table reflects nonperforming assets (which consist of impaired loans and other property owned) in a more detailed manner than the previous table. In addition, certain related credit quality statistics are included below:

	September 30, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 717	$ 751
Production and intermediate-term	389	371
Agribusiness	137	75
Energy and water/waste water	5	45
Rural residential real estate	55	56
Communication	85	71
Lease receivables	11	6
Total nonaccrual loans	1,399	1,375
Accruing restructured loans:		
Real estate mortgage	174	209
Production and intermediate-term	110	121
Agribusiness	1	1
Rural residential real estate	6	6
Total accruing restructured loans	291	337
Accruing loans 90 days or more past due:		
Real estate mortgage	17	14
Production and intermediate-term	15	8
Rural residential real estate	1	3
Lease receivables	1	
Total accruing loans 90 days or more past due	34	25
Total nonperforming loans	1,724	1,737
Other property owned	102	132
Total nonperforming assets	$1,826	$1,869

	September 30, 2015	December 31, 2014
Nonaccrual loans as a percentage of total loans	0.62%	0.63%
Nonperforming assets as a percentage of total loans and other property owned	0.80	0.86
Nonperforming assets as a percentage of capital	3.74	4.09

Commitments to lend additional funds to debtors whose loans were classified as impaired were $42 million at September 30, 2015 and $35 million at December 31, 2014.

(dollars in millions, except as noted)

Additional impaired loan information by class is as follows:

	September 30, 2015			December 31, 2014		
	Recorded Investment*	Unpaid Principal Balance**	Related Allowance	Recorded Investment*	Unpaid Principal Balance**	Related Allowance
Impaired loans with a related allowance for loan losses:						
Real estate mortgage	$ 144	$ 164	$ 30	$ 182	$ 212	$ 42
Production and intermediate-term	178	224	72	179	215	73
Processing and marketing	38	41	9	9	13	2
Loans to cooperatives	53	55	9	19	19	4
Farm-related business	27	32	7	10	16	3
Energy and water/waste water	5	6	2	45	47	27
Rural residential real estate	10	11	3	14	15	4
Communication	23	26	4	6	11	2
Lease receivables	1	1	1	1	1	1
Total	479	560	137	465	549	158
Impaired loans with no related allowance for loan losses:						
Real estate mortgage	764	960		792	1,002	
Production and intermediate-term	336	516		321	514	
Processing and marketing	12	46		30	66	
Loans to cooperatives		6			6	
Farm-related business	8	18		8	19	
Energy and water/waste water		23			23	
Rural residential real estate	52	67		51	65	
Communication	62	77		65	75	
Lease receivables	11	11		5	5	
Total	1,245	1,724		1,272	1,775	
Total impaired loans:						
Real estate mortgage	908	1,124	30	974	1,214	42
Production and intermediate-term	514	740	72	500	729	73
Processing and marketing	50	87	9	39	79	2
Loans to cooperatives	53	61	9	19	25	4
Farm-related business	35	50	7	18	35	3
Energy and water/waste water	5	29	2	45	70	27
Rural residential real estate	62	78	3	65	80	4
Communication	85	103	4	71	86	2
Lease receivables	12	12	1	6	6	1
Total	$1,724	$2,284	$137	$1,737	$2,324	$158

* The recorded investment is the face amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment.

** Unpaid principal balance represents the contractual principal balance of the loan.

(dollars in millions, except as noted)

	For the Three Months Ended				For the Nine Months Ended			
	September 30, 2015		September 30, 2014		September 30, 2015		September 30, 2014	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:								
Real estate mortgage	$ 165	$ 1	$ 192	$ 1	$ 165	$ 3	$ 214	$ 3
Production and intermediate-term	184		193	1	197	1	220	2
Processing and marketing	39		10		24		20	
Loans to cooperatives	51		13		32		10	1
Farm-related business	19		9		18		9	
Energy and water/waste water	5		19		10		21	
Rural residential real estate	10		14		10		15	
Communication	14		10		7		15	
Lease receivables			1				1	
Total	487	1	461	2	463	4	525	6
Impaired loans with no related allowance for loan losses:								
Real estate mortgage	764	13	827	12	775	33	850	33
Production and intermediate-term	345	6	362	6	335	23	378	20
Processing and marketing	11		16		17	1	22	2
Loans to cooperatives							3	
Farm-related business	9		6		7		8	2
Energy and water/waste water			10		19		11	
Rural residential real estate	53	1	51		52	2	54	2
Communication	63		66		63	1	63	3
Lease receivables	9		6		8		8	
Total	1,254	20	1,344	18	1,276	60	1,397	62
Total impaired loans:								
Real estate mortgage	929	14	1,019	13	940	36	1,064	36
Production and intermediate-term	529	6	555	7	532	24	598	22
Processing and marketing	50		26		41	1	42	2
Loans to cooperatives	51		13		32		13	1
Farm-related business	28		15		25		17	2
Energy and water/waste water	5		29		29		32	
Rural residential real estate	63	1	65		62	2	69	2
Communication	77		76		70	1	78	3
Lease receivables	9		7		8		9	
Total	$1,741	$21	$1,805	$20	$1,739	$64	$1,922	$68

(dollars in millions, except as noted)

The following tables provide an aging analysis of past due loans (including accrued interest) by portfolio segment:

	September 30, 2015					
	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 and Accrued Interest	Recorded Investment >90 Days and Accruing
Real estate mortgage	$294	$239	$ 533	$104,460	$104,993	$17
Production and intermediate-term	160	180	340	48,765	49,105	15
Agribusiness	19	47	66	34,339	34,405	
Energy and water/waste water				18,761	18,761	
Rural residential real estate	40	17	57	6,888	6,945	1
Communication		1	1	5,698	5,699	
Agricultural export finance				5,111	5,111	
Lease receivables	13	3	16	3,108	3,124	1
Loans to other financing institutions				903	903	
Total	$526	$487	$1,013	$228,033	$229,046	$34

	December 31, 2014					
	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 and Accrued Interest	Recorded Investment >90 Days and Accruing
Real estate mortgage	$333	$247	$ 580	$ 99,054	$ 99,634	$14
Production and intermediate-term	135	126	261	49,193	49,454	8
Agribusiness	19	16	35	32,833	32,868	
Energy and water/waste water	5	23	28	16,416	16,444	
Rural residential real estate	73	17	90	6,738	6,828	3
Communication		1	1	5,040	5,041	
Agricultural export finance				4,582	4,582	
Lease receivables	9	2	11	2,967	2,978	
Loans to other financing institutions				869	869	
Total	$574	$432	$1,006	$217,692	$218,698	$25

(dollars in millions, except as noted)

A summary of changes in the allowance for loan losses and the recorded investment for loans outstanding by portfolio segment follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy and water/waste water	Rural residential real estate	Communication	Agricultural export finance	Lease receivables	Loans to OFIs	Total
Allowance for Loan Losses:										
Balance at June 30, 2015	$287	$380	$330	$104	$22	$ 62	$10	$37	$1	$1,233
Charge-offs	(10)	(19)	(4)		(1)					(34)
Recoveries	8	7	1		1					17
Provision for loan losses (loan loss reversal)	12	10	6	7	(1)	1	1	1		37
Reclassification to/from reserve for unfunded commitments*	1	(1)	(6)	(1)						(7)
Balance at September 30, 2015	$298	$377	$327	$110	$21	$ 63	$11	$38	$1	$1,246
Balance at June 30, 2014	$281	$360	$291	$115	$26	$ 61	$ 8	$40	$1	$1,183
Charge-offs	(7)	(4)			(2)					(13)
Recoveries	6	6								12
Provision for loan losses (loan loss reversal)	10	36	5		2	(12)		1		42
Reclassification to/from reserve for unfunded commitments*	(2)	(6)	(30)	(3)		1				(40)
Balance at September 30, 2014	$288	$392	$266	$112	$26	$ 50	$ 8	$41	$1	$1,184
Balance at December 31, 2014	$290	$365	$327	$128	$22	$ 60	$10	$34	$1	$1,237
Charge-offs	(20)	(33)	(4)	(10)	(3)			(1)		(71)
Recoveries	13	18	5		1	1				38
Provision for loan losses (loan loss reversal)	31	32	19	(5)	1	3	1	5		87
Adjustment due to merger	(1)	(1)								(2)
Reclassification to/from reserve for unfunded commitments*	(15)	(4)	(20)	(3)		(1)				(43)
Balance at September 30, 2015	$298	$377	$327	$110	$21	$ 63	$11	$38	$1	$1,246
Balance at December 31, 2013	$310	$375	$292	$122	$22	$ 71	$ 8	$37	$1	$1,238
Charge-offs	(25)	(19)	(1)	(1)	(4)	(2)		(1)		(53)
Recoveries	12	17	5		1	1				36
Provision for loan losses (loan loss reversal)	18	25	(16)	(10)	7	(22)		5		7
Adjustment due to merger	(3)	(4)	(1)							(8)
Reclassification to/from reserve for unfunded commitments*	(24)	(2)	(13)	1		2				(36)
Balance at September 30, 2014	$288	$392	$266	$112	$26	$ 50	$ 8	$41	$1	$1,184
Ending Balance at September 30, 2015:										
Individually evaluated for impairment	$ 30	$ 72	$ 26	$ 2	$ 3	$ 4		$ 1		$ 138
Collectively evaluated for impairment	268	305	301	108	18	59	$11	37	$1	1,108
Balance at September 30, 2015	$298	$377	$327	$110	$21	$ 63	$11	$38	$1	$1,246
Ending Balance at December 31, 2014:										
Individually evaluated for impairment	$ 42	$ 74	$ 9	$ 27	$ 4	$ 2		$ 1		$ 159
Collectively evaluated for impairment	248	291	318	101	18	58	$10	33	$1	1,078
Balance at December 31, 2014	$290	$365	$327	$128	$22	$ 60	$10	$34	$1	$1,237

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

(dollars in millions, except as noted)

	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy and water/ waste water	Rural residential real estate	Communication	Agricultural export finance	Lease receivables	Loans to OFIs	Total
Recorded Investments in Loans Outstanding:										
Ending balance at September 30, 2015:										
Loans individually evaluated for impairment	$ 1,103	$ 537	$ 165	$ 6	$1,860	$ 85	$ 1	$ 12	$ 49	$ 3,818
Loans collectively evaluated for impairment	103,890	48,568	34,240	18,755	5,085	5,614	5,110	3,112	854	225,228
Balance at September 30, 2015	$104,993	$49,105	$34,405	$18,761	$6,945	$5,699	$5,111	$3,124	$903	$229,046
Ending balance at December 31, 2014:										
Loans individually evaluated for impairment	$ 1,161	$ 519	$ 113	$ 46	$2,013	$ 72	$ 1	$ 8	$ 69	$ 4,002
Loans collectively evaluated for impairment	98,473	48,935	32,755	16,398	4,815	4,969	4,581	2,970	800	214,696
Balance at December 31, 2014	$ 99,634	$49,454	$32,868	$16,444	$6,828	$5,041	$4,582	$2,978	$869	$218,698

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. 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. In limited circumstances, principal may be forgiven. When a restructured loan constitutes a troubled debt restructuring, these loans are included within our risk loans under nonaccrual or accruing restructured loans. All risk loans are analyzed within our allowance for loan losses.

The following table presents additional information regarding troubled debt restructurings that occurred during the following periods:

	For the Three Months Ended September 30, 2015		For the Three Months Ended September 30, 2014	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:				
Real estate mortgage	$ 2	$ 2	$17	$17
Production and intermediate-term	11	11	15	15
Agribusiness	4	4		
Rural residential real estate	1	1	1	1
Total	$18	$18	$33	$33

(dollars in millions, except as noted)

	For the Nine Months Ended September 30, 2015		For the Nine Months Ended September 30, 2014	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:				
Real estate mortgage	$21	$20	$43	$43
Production and intermediate-term	44	44	49	47
Agribusiness	31	31		
Rural residential real estate	2	2	3	3
Total	$98	$97	$95	$93

* Pre-modification represents the recorded investment just prior to restructuring and post-modification 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, or 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 payment default during the period:

	Recorded Investment	
	September 30, 2015	September 30, 2014
Troubled debt restructurings that subsequently defaulted:		
Real estate mortgage		$ 6
Production and intermediate-term	$ 2	8
Agribusiness	30	
Rural residential real estate	1	1
Communication	1	
Total	$34	$15

The following table provides information on outstanding loans restructured in troubled debt restructurings at period end. These loans are included as impaired loans in the impaired loan table:

	Loans Modified as Troubled Debt Restructurings		Troubled Debt Restructurings in Nonaccrual Status*	
	September 30, 2015	December 31, 2014	September 30, 2015	December 31, 2014
Real estate mortgage	$296	$369	$122	$160
Production and intermediate-term	216	238	106	117
Agribusiness	57	19	56	18
Rural residential real estate	11	12	5	6
Communication	62	65	62	65
Total	$642	$703	$351	$366

* Represents the portion of loans modified as troubled debt restructurings that are in nonaccrual status.

Additional commitments to lend to borrowers whose loans have been modified in troubled debt restructurings were $15 million at September 30, 2015 and $16 million at December 31, 2014.

(dollars in millions, except as noted)

Loans held for sale were $32 million and $15 million at September 30, 2015 and December 31, 2014. Such loans are included in other assets and are carried at the lower of cost or fair value.

NOTE 4 — OTHER ASSETS AND OTHER LIABILITIES

Other assets consisted of the following:

	September 30, 2015	December 31, 2014
Equipment held for lease	$1,113	$1,127
Interest rate swaps and other derivatives	461	487
Accounts receivable	190	293
Assets held in non-qualified benefits trusts	137	140
Unamortized debt issue costs	120	111
Equity investments in other System institutions	99	95
Collateral pledged to derivative counterparties	93	29
Prepaid expenses	54	63
Loans held for sale	32	15
Net deferred tax assets	16	18
Other	157	103
Total	$2,472	$2,481

Other liabilities consisted of the following:

	September 30, 2015	December 31, 2014
Pension and other postretirement benefit plan liabilities	$1,418	$1,431
Accounts payable	692	456
Net deferred tax liabilities	432	469
Patronage and dividends payable	424	1,063
Interest rate swaps and other derivatives	224	156
Reserve for unfunded commitments	213	170
Accrued salaries and employee benefits	175	228
Collateral held from derivative counterparties	168	246
Liabilities held in non-qualified benefit trusts	81	82
Bank drafts payable	74	113
Other	257	261
Total	$4,158	$4,675

NOTE 5 — FARM CREDIT INSURANCE FUND

The assets in the Insurance Fund are designated as restricted assets and the related capital is designated as restricted capital. The classification of the Insurance Fund as restricted assets (and as restricted capital) in the System's condensed combined financial statements is based on the statutory requirement that the amounts in the Insurance Fund are to be used solely for purposes specified in the Farm Credit Act of 1971, as amended (Farm Credit Act), all of which benefit the Banks and Associations. The Insurance Fund is under the direct control of the Farm Credit System Insurance Corporation (Insurance Corporation), an independent U.S. government-controlled corporation, and not under the control of any System institution. A board of directors consisting of the members of the Farm Credit Administration Board directs the Insurance Corporation.

The System does not have a guaranteed line of credit from the U.S. Treasury or the Federal Reserve. However, the Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System Banks in exigent market circumstances which threaten the Banks' ability to pay maturing debt obligations. The agreement provides for advances of up to $10 billion and terminates on September 30, 2016, unless otherwise renewed. The decision whether to seek funds from the Federal Financing Bank is in the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

At September 30, 2015, total assets in the Insurance Fund totaled $3.964 billion and consisted of cash, investments and related accrued interest receivable of $3.771 billion and of premiums receivable from System institutions of $193 million accrued on the basis of adjusted outstanding insured debt during the first nine months of 2015. Investments held by the Insurance Fund must be obligations of the United States or obligations guaranteed as to principal and interest by the United States. During the first nine months of 2015, income earned on assets in the Insurance Fund and premiums accrued by the Insurance Corporation totaled $214 million, net of administrative expenses.

(dollars in millions, except as noted)

NOTE 6 — SYSTEMWIDE DEBT SECURITIES

Aggregate maturities and the weighted average interest rate of Systemwide Debt Securities were as follows at September 30, 2015:

	Bonds		Medium-term notes		Discount notes		Total	
	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Due in 1 year or less	$ 61,378	0.43%	$ 16	6.30%	$23,130	0.24%	$ 84,524	0.38%
Due after 1 year through 2 years	56,279	0.51					56,279	0.51
Due after 2 years through 3 years	30,805	0.76					30,805	0.76
Due after 3 years through 4 years	12,016	1.54	1	6.67			12,017	1.54
Due after 4 years through 5 years	10,270	1.81					10,270	1.81
Due after 5 years	37,329	2.79	110	5.83			37,439	2.80
Total	$208,077	1.06	$127	5.90	$23,130	0.24	$231,334	0.98

NOTE 7 — MERGER OF SYSTEM INSTITUTIONS

As discussed in the *2014 Annual Information Statement*, the primary reason for System entity mergers is based on a determination that the combined organization would be financially and operationally stronger with an enhanced ability to fulfill its mission.

Effective January 1, 2015, two Associations in the Texas District merged. The following table summarizes the fair values of the identifiable assets acquired and liabilities assumed for the merger as of January 1, 2015:

	Fair Value
Total assets acquired	$547
Total liabilities assumed	459
Net assets acquired	$ 88

The assets acquired included gross loans at fair value of $521 million with a contractual amount of $525 million. As of January 1, 2015, the gross contractual amount of loans not expected to be collected was $2 million.

(dollars in millions, except as noted)

NOTE 8 — CAPITAL STRUCTURE

Capital consisted of the following at September 30, 2015:

	Combined Banks	Combined Associations	Combination Entries	System Combined
Preferred stock	$ 2,090	$ 693		$ 2,783
Capital stock and participation certificates	5,216	573	$(4,075)	1,714
Additional paid-in-capital	40	1,143		1,183
Restricted capital — Insurance Fund			3,964	3,964
Accumulated other comprehensive income (loss), net of tax	116	(120)	(1,104)	(1,108)
Surplus	9,345	31,226	(229)	40,342
Total capital	$16,807	$33,515	$(1,444)	$48,878

Preferred stock issued and outstanding reflects the issuance by four Banks and five Associations. During the third quarter of 2015, AgFirst repurchased for $7 million, through privately negotiated transactions, and cancelled 10,250 shares of Class B Perpetual Non-Cumulative Fixed-to-Floating Rate Subordinated Preferred Stock at a par value of $1,000 per share. The effect of this transaction was to reduce preferred stock outstanding by $10 million and increase additional paid-in-capital by $3 million.

Combined System surplus reflected net eliminations of $229 million representing transactions between the Banks, the Associations and/or the Insurance Fund. Capital stock and participation certificates of the Banks amounting to $4.1 billion were owned by the Associations. These amounts have been eliminated in the accompanying condensed combined financial statements. Restricted capital is only available for statutorily authorized purposes and is not available for payment of dividends or patronage refunds.

Accumulated other comprehensive loss was comprised of the following components:

	September 30, 2015			December 31, 2014		
	Before Tax	Deferred Tax	Net of Tax	Before Tax	Deferred Tax	Net of Tax
Unrealized gains on investments available-for-sale, net	$ 341	$(47)	$ 294	$ 185	$(25)	$ 160
Unrealized gains on other-than-temporarily impaired investments available-for-sale	40	(2)	38	53	(6)	47
Unrealized losses on cash flow hedges, net	(141)	12	(129)	(110)	8	(102)
Pension and other benefit plans	(1,347)	36	(1,311)	(1,441)	39	(1,402)
	$(1,107)	$ (1)	$(1,108)	$(1,313)	$ 16	$(1,297)

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component:

	Unrealized gains on investments available-for-sale, net	Unrealized gains on other-than-temporarily impaired investments available-for-sale	Unrealized losses on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at June 30, 2015	$198	$43	$ (80)	$(1,342)	$(1,181)
Other comprehensive income before reclassifications	96	(6)	(49)	1	42
Amounts reclassified from accumulated other comprehensive loss to income		1		30	31
Net current period other comprehensive income	96	(5)	(49)	31	73
Balance at September 30, 2015	$294	$38	$(129)	$(1,311)	$(1,108)

(dollars in millions, except as noted)

	Unrealized gains on investments available-for-sale, net	Unrealized gains on other-than-temporarily impaired investments available-for-sale	Unrealized losses on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at June 30, 2014	$181	$ 50	$(60)	$(847)	$(676)
Other comprehensive income before reclassifications	(57)	16	(3)		(44)
Amounts reclassified from accumulated other comprehensive loss to income	1	(15)	(3)	17	
Net current period other comprehensive income	(56)	1	(6)	17	(44)
Balance at September 30, 2014	$125	$ 51	$(66)	$(830)	$(720)

	Unrealized gains on investments available-for-sale, net	Unrealized gains on other-than-temporarily impaired investments available-for-sale	Unrealized losses on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at December 31, 2014	$160	$47	$(102)	$(1,402)	$(1,297)
Other comprehensive income before reclassifications	139	(8)	(31)	1	101
Amounts reclassified from accumulated other comprehensive loss to income	(5)	(1)	4	90	88
Net current period other comprehensive income	134	(9)	(27)	91	189
Balance at September 30, 2015	$294	$38	$(129)	$(1,311)	$(1,108)

	Unrealized gains on investments available-for-sale, net	Unrealized gains/ losses on other-than-temporarily impaired investments available-for-sale	Unrealized losses on cash flow hedges, net	Pension and other benefit plans	Accumulated other comprehensive loss
Balance at December 31, 2013	$103	$(23)	$ (6)	$(881)	$(807)
Adjustment due to Association mergers				1	1
Balance at January 1, 2014	103	(23)	(6)	(880)	(806)
Other comprehensive income before reclassifications	20	92	(59)	(1)	52
Amounts reclassified from accumulated other comprehensive loss to income	2	(18)	(1)	51	34
Net current period other comprehensive income	22	74	(60)	50	86
Balance at September 30, 2014	$125	$ 51	$(66)	$(830)	$(720)

(dollars in millions, except as noted)

The following table represents reclassifications out of accumulated other comprehensive income (loss):

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014	Location of Gain/Loss Recognized in Condensed Combined Statement of Income
Unrealized gains on investments available-for-sale, net:					
Sales gains and losses		$ (1)	$ 8	$ (2)	Net gains on sales of investments and other assets
Deferred tax			(3)		Provision for income taxes
Net amounts reclassified		(1)	5	(2)	
Unrealized gains/losses on other-than-temporarily-impaired investments available-for-sale:					
Holding gains and losses	$ (2)	(1)	(13)	(2)	Net other-than-temporary impairment losses recognized in earnings
Sales gains and losses	1	16	17	21	Net gain on sales of investments and other assets
Deferred tax			(3)	(1)	Provision for income taxes
Net amounts reclassified	(1)	15	1	18	
Unrealized losses on cash flow hedges, net:					
Interest rate contracts	(1)	(1)	(3)	(3)	Interest expense
Other contracts	2	6	(2)	5	Interest income
Deferred tax	(1)	(2)	1	(1)	Provision for income taxes
Net amounts reclassified	0	3	(4)	1	
Pension and other benefit plans:					
Net actuarial loss	(31)	(18)	(92)	(54)	Salaries and employee benefits
Prior service cost		1		2	Salaries and employee benefits
Deferred tax	1		2	1	Provision for income taxes
Net amounts reclassified	(30)	(17)	(90)	(51)	
Total reclassifications	$(31)	$ 0	$(88)	$(34)	

Only the Banks are statutorily liable for the payment of principal and interest on Federal Farm Credit Banks Consolidated Systemwide Bonds, Federal Farm Credit Banks Consolidated Systemwide Discount Notes, Federal Farm Credit Banks Consolidated Systemwide Medium-Term Notes and other debt securities issued under Section 4.2(d) of the Farm Credit Act (collectively, Systemwide Debt Securities). Under each Bank's bylaws, the Bank is authorized under certain circumstances to require its affiliated Associations and certain other equity holders to purchase additional Bank equities. In most cases, the Banks are limited as to the amounts of these purchases that may be required, generally with reference to a percentage of the Association's or other equity holder's direct loan from the Bank, and calls for additional equity investments may be subject to other limits or conditions. However, the Banks generally possess indirect access to certain financial resources of their affiliated Associations through loan-pricing provisions and through Bank-influenced District operating and financing policies and agreements.

Capital regulations issued by the System's regulator, the Farm Credit Administration, require that the Banks and Associations maintain permanent capital of at least seven percent of risk-adjusted assets. In addition, Farm Credit Administration regulations require that: (1) all System institutions achieve and maintain a total surplus ratio of at least seven percent of risk-adjusted assets and a core surplus ratio of at least three and one-half percent of risk-adjusted assets and (2) all Banks achieve and maintain a net collateral ratio of at least 103 percent of total liabilities. However, in connection with subordinated debt offerings, all Banks, except AgFirst, are required to maintain a minimum net collateral ratio of 104 percent. At September 30, 2015, all System institutions complied with these standards.

(dollars in millions, except as noted)

NOTE 9 — EMPLOYEE BENEFIT PLANS

The Banks and substantially all Associations participate in defined benefit retirement plans. These retirement plans are noncontributory and benefits are based on salary and years of service. The Banks and Associations have closed their defined benefit pension plans to new participants and now offer defined contribution retirement plans to all employees hired subsequent to the date of plan closure. In addition, System institutions provide certain healthcare and other postretirement benefits to eligible retired employees. Employees of System institutions may become eligible for healthcare and other postretirement benefits if they reach normal retirement age while working for the System.

The following table summarizes the components of net periodic benefit cost for the three months ended September 30:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Service cost	$ 19	$ 18	$2	$ 1
Interest cost	38	37	3	3
Expected return on plan assets	(45)	(43)		
Net amortization and deferral	31	19	1	(1)
Net periodic benefit cost	$ 43	$ 31	$6	$ 3

The following table summarizes the components of net periodic benefit cost for the nine months ended September 30:

	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Service cost	$ 57	$ 52	$ 4	$ 4
Interest cost	114	112	10	9
Expected return on plan assets	(133)	(128)		
Net amortization and deferral	91	55	4	(2)
Net periodic benefit cost	$ 129	$ 91	$18	$11

The System previously disclosed for the year ended December 31, 2014 that the Banks and Associations expected to contribute $167 million to their pension plans and $13 million to their other postretirement benefit plans in 2015. As of September 30, 2015, $58 million and $9 million of contributions have been made to pension and other postretirement benefit plans. System institutions presently anticipate contributing an additional $118 million to fund their pension plans and $4 million to fund their other postretirement benefit plans during the fourth quarter of 2015.

NOTE 10 — FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 — Summary of Significant Accounting Policies in the *2014 Annual Information Statement* for additional information.

(dollars in millions, except as noted)

Assets and liabilities measured at fair value on a recurring basis at September 30, 2015 and December 31, 2014 for each of the fair value hierarchy levels are summarized below:

September 30, 2015	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Federal funds sold and securities purchased under resale agreements		$ 1,328		$ 1,328
Commercial paper, bankers' acceptances, certificates of deposit and other securities		4,803		4,803
U.S. Treasury securities		9,775		9,775
U.S. agency securities		6,256		6,256
Mortgage-backed securities		24,635	$802	25,437
Asset-backed securities		2,598	59	2,657
Derivative assets		461		461
Assets held in non-qualified benefits trusts	$137			137
Total assets	$137	$49,856	$861	$50,854
Liabilities:				
Derivative liabilities		$ 224		$ 224
Collateral liabilities	$ 4	164		168
Standby letters of credit			$ 14	14
Total liabilities	$ 4	$ 388	$ 14	$ 406

December 31, 2014	Fair Value Measurement Using Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Federal funds sold and securities purchased under resale agreements		$ 1,584		$ 1,584
Commercial paper, bankers' acceptances, certificates of deposit and other securities		5,732		5,732
U.S. Treasury securities		10,190		10,190
U.S. agency securities		6,004		6,004
Mortgage-backed securities		24,242	$1,084	25,326
Asset-backed securities		2,191	161	2,352
Derivative assets		487		487
Assets held in non-qualified benefits trusts	$140			140
Total assets	$140	$50,430	$1,245	$51,815
Liabilities:				
Derivative liabilities		$ 156		$ 156
Collateral liabilities	$ 7	239		246
Standby letters of credit			$ 13	13
Total liabilities	$ 7	$ 395	$ 13	$ 415

(dollars in millions, except as noted)

The tables below summarize the activity of all Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended September 30, 2015 and 2014:

	Mortgage-backed securities	Asset-backed securities	Standby letters of credit
Balance at June 30, 2015	$862	$64	$14
Total gains or (losses) realized/unrealized:			
Included in earnings		1	
Included in other comprehensive loss	(7)	(1)	
Sales	(21)		
Issuances			2
Settlements	(32)	(4)	(2)
Transfers from Level 3 into Level 2		(1)	
Balance at September 30, 2015	$802	$59	$14
The amount of losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2015	$ 2	$ 0	$ 0

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	U.S. agency securities	Mortgage-backed securities	Asset-backed securities	Standby letters of credit
Balance at June 30, 2014	$33	$0	$1,279	$240	$16
Total gains or (losses) realized/unrealized:					
Included in earnings			6	8	
Included in other comprehensive loss			(7)	6	
Purchases			18		
Sales			(27)	(72)	
Issuances					1
Settlements			(48)	(11)	(2)
Transfers from Level 3 into Level 2			(30)		
Balance at September 30, 2014	$33	$0	$1,191	$171	$15
The amount of losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2014	$ 0	$0	$ 0	$ 0	$ 0

(dollars in millions, except as noted)

The tables below summarize the activity of all Level 3 assets and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2015 and 2014:

	Mortgage-backed securities	Asset-backed securities	Standby letters of credit
Balance at December 31, 2014	$1,084	$161	$13
Total gains or (losses) realized/unrealized:			
Included in earnings	(10)	14	
Included in other comprehensive loss	22	(13)	
Sales	(38)	(56)	
Issuances			6
Settlements	(115)	(13)	(5)
Transfers from Level 3 into Level 2	(141)	(34)	
Balance at September 30, 2015	$ 802	$ 59	$14
The amount of losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2015	$ 13	$ 0	$ 0

	Commercial paper, bankers' acceptances, certificates of deposit and other securities	U.S. agency securities	Mortgage-backed securities	Asset-backed securities	Standby letters of credit
Balance at December 31, 2013	$ 56	$ 27	$1,312	$253	$15
Total gains or (losses) realized/unrealized:					
Included in earnings			5	10	(1)
Included in other comprehensive loss	2		14	19	
Purchases			156		
Sales	(5)		(27)	(79)	
Issuances					5
Settlements	(5)		(140)	(32)	(5)
Transfers from Level 3 into Level 2	(15)	(27)	(129)		
Transfers into Level 3 from Level 2					1
Balance at September 30, 2014	$ 33	$ 0	$1,191	$171	$15
The amount of losses for the period included in earnings attributable to the change in unrealized gains or losses relating to assets or liabilities still held at September 30, 2014	$ 0	$ 0	$ 2	$ 0	$ 0

The transfers between Level 3 and Level 2 during the first nine months of 2015 and 2014 were due to a change in the sources of pricing information. There were no transfers into or out of Level 1 during the first nine months of 2015 and 2014.

(dollars in millions, except as noted)

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy levels are summarized below:

September 30, 2015	Fair Value Measurement Using Level 2	Fair Value Measurement Using Level 3	Total Fair Value	Total (Losses) Gains For the Nine Months Ended September 30, 2015
Loans	$38	$1,591	$1,629	$(58)
Other property owned		114	114	5

December 31, 2014	Fair Value Measurement Using Level 2	Fair Value Measurement Using Level 3	Total Fair Value	Total (Losses) Gains For the Nine Months Ended September 30, 2014
Loans	$42	$1,787	$1,829	$(66)
Other property owned		137	137	34

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the Condensed Combined Statement of Condition for each of the fair value hierarchy levels are summarized as follows:

	September 30, 2015				
	Total Carrying Amount	Fair Value Measurement Using Level 1	Fair Value Measurement Using Level 2	Fair Value Measurement Using Level 3	Total Fair Value
Assets:					
Cash	$ 3,160	$3,160			$ 3,160
Mission-related and other investments held-to-maturity	2,464		$947	$ 1,522	2,469
Net loans	225,598		28	231,476	231,504
Total assets	$231,222	$3,160	$975	$232,998	$237,133
Liabilities:					
Systemwide Debt Securities	$231,334			$232,528	$232,528
Subordinated debt	1,555			1,712	1,712
Other bonds	3,410			3,410	3,410
Other interest bearing liabilities	1,497		$ 6	1,494	1,500
Total liabilities	$237,796	$ 0	$ 6	$239,144	$239,150
Other financial instruments:					
Commitments to extend credit				$ 196	$ 196

(dollars in millions, except as noted)

	December 31, 2014				
	Total Carrying Amount	Fair Value Measurement Using			Total Fair Value
		Level 1	Level 2	Level 3	
Assets:					
Cash	$ 4,014	$4,014			$ 4,014
Mission-related and other investments held-to-maturity	2,637		$1,104	$ 1,556	2,660
Net loans	215,817		40	221,163	221,203
Total assets	$222,468	$4,014	$1,144	$222,719	$227,877
Liabilities:					
Systemwide Debt Securities	$225,437			$226,117	$226,117
Subordinated debt	1,555			1,719	1,719
Other bonds	3,627			3,627	3,627
Other interest bearing liabilities	1,282		$ 9	1,273	1,282
Total liabilities	$231,901	$ 0	$ 9	$232,736	$232,745
Other financial instruments:					
Commitments to extend credit				$ 194	$ 194

Sensitivity to Changes in Significant Unobservable Inputs

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default, and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

Generally, a change in the assumption used for the probability of default is 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.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value		Valuation Technique(s)	Unobservable Input	Range of Inputs	
	September 30, 2015	December 31, 2014			September 30, 2015	December 31, 2014
Mortgage-backed securities	$307	$ 806	Discounted cash flow	Prepayment rate	12.6%-75.0%	11.2%-76.5%
				Probability of default		1.0%-19.3%
				Loss severity		10.5%-36.5%
	495	278	Vendor priced			
	$802	$1,084				
Asset-backed securities	$ 59	$ 161	Vendor priced			
Standby letters of credit	$ 14	$ 13	Discounted cash flow	Rate of funding	50.0%	50.0%
				Risk-adjusted spread	0.2%-1.5%	0.2%-1.6%

With regard to nonrecurring measurements for impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and take into account unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

Information about Recurring and Nonrecurring Level 2 Fair Value Measurements

	Valuation Technique(s)	Input
Federal funds sold and securities purchased under resale agreements	Carrying value	Par/principal and appropriate interest yield
Investment securities available for sale	Discounted cash flow	Constant prepayment rate Probability of default Loss severity
	Quoted prices	Price for similar security
Interest rate swaps and caps	Discounted cash flow	Annualized volatility Counterparty credit risk Company's own credit risk

Information about Other Financial Instrument Fair Value Measurements

	Valuation Technique(s)	Input
Cash	Carrying value	Par/principal and appropriate interest yield
Mission-related and other investments held-to-maturity	Discounted cash flow	Prepayment rates Probability of default Loss severity
Loans	Discounted cash flow	Prepayment forecasts Probability of default Loss severity
Systemwide Debt Securities and other bonds	Discounted cash flow	Benchmark yield curve Derived yield spread Company's own credit risk
Subordinated debt	Discounted cash flow	Credit spreads Market trends Interest rate risks
	Broker/Dealer quotes	Price for similar security
Other interest bearing liabilities	Carrying value	Par/principal and appropriate interest yield

Valuation Techniques

As more fully discussed in Note 2 — Summary of Significant Accounting Policies, in the *2014 Annual Information Statement*, FASB guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used by the System for assets and liabilities:

Investment Securities

Where quoted prices are available in an active market, available-for-sale securities would be classified as Level 1. If quoted prices are not available in an active market, the fair value of securities is estimated using pricing models that utilize observable inputs, quoted prices for similar securities received from pricing services or discounted cash flows. Generally, these securities would be classified as Level 2. This would include U.S. Treasury and certain mortgage-backed securities. Where there is limited activity or less transparency around inputs to the valuation, the securities are classified as Level 3. Securities classified within Level 3 include a small portion of asset-backed securities and certain mortgage-backed securities including private label-FHA/VA securities and those issued by Farmer Mac.

As permitted under Farm Credit Administration regulations, the Banks are authorized to hold eligible investments. The regulations define eligible investments by specifying credit rating criteria, final maturity limit, and percentage of portfolio limit for each investment type. At the time of purchase, mortgage-backed and asset-backed securities must be triple-A rated by at least one Nationally Recognized Statistical Rating Organization. The triple-A rating requirement puts the Banks in a position to hold the senior tranches of securitizations. The underlying loans for mortgage-backed securities are residential mortgages, while the underlying loans for asset-backed securities are home equity lines of credit, small business loans, equipment loans or student loans.

To estimate the fair value of the majority of the investments held, the Banks obtain prices from third party pricing services. For the valuation of securities not actively traded, including certain non-agency securities, the Banks utilize either a third party cash flow model or an internal model. The significant inputs for the valuation models include yields, probability of default, loss severity and prepayment rates.

Derivatives

Exchange-traded derivatives valued using quoted prices would be classified within Level 1 of the valuation hierarchy. However, few classes of derivative contracts are listed on an exchange; thus, the majority of the derivative positions are valued using internally developed models that use as their basis readily observable market parameters and are classified within Level 2 of the valuation hierarchy. Such derivatives include basic interest rate swaps and options. Derivatives that are valued based upon models with significant unobservable market parameters and that are normally traded less actively or have trade activity that is one way are classified within Level 3 of the valuation hierarchy.

The models used to determine the fair value of derivative assets and liabilities use an income approach based on observable market inputs, primarily the LIBOR swap curve and volatility assumptions about future interest rate movements.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the market-place.

Standby Letters of Credit

The fair value of letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying collateral since the loans are collateral-dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. The fair value of these loans would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of independent appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Collateral Liabilities

Substantially all derivative contracts are supported by bilateral collateral agreements with counterparties requiring the posting of collateral in the event certain dollar thresholds of credit exposure are reached. The market value of collateral liabilities is its face value plus accrued interest that approximates fair value.

A description of the methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value follows:

Cash

For cash, the carrying amount is a reasonable estimate of fair value.

Loans

Fair value is estimated by discounting the expected future cash flows using the Banks' or the Associations' current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the Banks' or the Associations' current loan origination rates as well as managements' estimates of credit risk. Management has no basis to determine whether the fair values presented would be indicative of the value negotiated in an actual sale and could be less.

For purposes of estimating fair value of accruing loans, the loan portfolio is segregated into pools of loans with homogeneous characteristics. Expected future cash flows, primarily based on contractual terms, and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

The fair value of loans in nonaccrual status that are current as to principal and interest is estimated as described above, with appropriately higher interest rates which reflect the uncertainty of continued cash flows. For collateral-dependent impaired loans, it is assumed that collection will result only from the disposition of the underlying collateral.

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 System debt instruments 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 Debt

The fair value of subordinated debt is estimated based upon quotes obtained from a broker/dealer or based on discounted cash flows.

Commitments to Extend Credit

The fair value of commitments is estimated using the fees currently charged for similar agreements, taking into account the remaining terms of the agreements and the creditworthiness of the counterparties. For fixed-rate loan commitments, estimated fair value also considers the difference between current levels of interest rates and the committed rates.

NOTE 11 — DERIVATIVE PRODUCTS AND HEDGING ACTIVITIES

The Banks and Associations maintain an overall interest rate risk management strategy that incorporates the use of derivative products to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Banks' and Associations' 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 assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by the Banks' 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 assets and liabilities will increase or decrease. The effect of this variability in earnings is expected to be substantially offset by the Banks' gains and losses on the derivative instruments that are linked to these hedged assets and liabilities. The Banks consider the strategic use of derivatives to be a prudent method of managing interest rate sensitivity, as it prevents earnings from being exposed to undue risk posed by changes in interest rates.

In addition, the Banks enter into derivative transactions, particularly interest rate swaps, to lower funding costs, diversify sources of funding, alter interest rate exposures arising from mismatches between assets and liabilities, or better manage liquidity. The Banks may also enter into derivatives with their customers as a service to enable them to transfer, modify or reduce their interest rate risk by transferring this risk to the Bank. The Banks substantially offset this risk by concurrently entering into offsetting agreements with non-System institutional counterparties. Interest rate swaps allow the Banks to raise long-term borrowings at fixed rates and swap them into floating rates that are lower than those available to the Bank if floating rate borrowings were made directly. These interest rate swaps also help the Banks to manage their liquidity. Under interest rate swap arrangements, the Banks agree with other parties to exchange, at specified intervals, payment streams calculated on a specified notional principal amount, with at least one stream based on a specified floating rate index.

A substantial amount of the System's assets are interest-earning assets (principally loans and investments) that tend to be medium-term floating-rate instruments while the related interest-bearing liabilities tend to be short- or medium-term fixed rate obligations. Given this asset-liability mismatch, interest rate swaps in which a Bank pays the floating rate and receives the fixed rate (receive-fixed swaps) are used to reduce the impact of market fluctuations on a Bank's net interest income. Because the size of swap positions needed to reduce the impact of market fluctuations varies over time, a Bank also enters into swaps in which it receives the floating rate and pays the fixed rate (pay-fixed swaps) when necessary to reduce its net position.

(dollars in millions, except as noted)

The Banks may purchase interest rate options, such as caps, in order to reduce the impact of rising interest rates on their floating-rate debt, and floors, in order to reduce the impact of falling interest rates on their floating-rate assets. The primary types of derivative instruments used and the amount of activity (notional amount of derivatives) during the nine months ended September 30, 2015 and 2014 are summarized in the following tables:

	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for-Floating	Interest Rate Caps	Other Derivatives	Total
Balance at December 31, 2014	$12,675	$5,230	$1,150	$3,309	$ 4,474	$26,838
Additions	4,443	1,485	1,100	160	3,321	10,509
Maturities/amortization	(2,808)	(515)	(350)	(393)	(2,521)	(6,587)
Terminations	(341)	(78)			(78)	(497)
Balance at September 30, 2015	$13,969	$6,122	$1,900	$3,076	$ 5,196	$30,263

	Receive-Fixed Swaps	Pay-Fixed and Amortizing Pay-Fixed Swaps	Floating-for-Floating and Amortizing Floating-for-Floating	Interest Rate Caps	Other Derivatives	Total
Balance at December 31, 2013	$16,532	$4,757	$1,350	$3,249	$ 3,859	$29,747
Additions	676	835		386	3,784	5,681
Maturities/amortization	(4,329)	(357)		(242)	(3,173)	(8,101)
Terminations		(52)			(53)	(105)
Balance at September 30, 2014	$12,879	$5,183	$1,350	$3,393	$ 4,417	$27,222

Banks are exposed to credit and market risk through their use of derivatives. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Bank'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 a Bank, thus creating a repayment (credit) risk for a Bank. When the fair value of the derivative contract is negative, a Bank owes the counterparty and, therefore, assumes no repayment risk.

To minimize the risk of credit losses, the Banks transact with non-customer counterparties that have an investment grade long-term credit rating from a major rating agency, and also monitor the credit standing and levels of exposure to individual counterparties. The Banks do not anticipate non-performance by any of these counterparties. The Banks typically enter into master agreements that contain netting provisions. These provisions allow the Banks 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. A majority of derivative contracts are supported by collateral arrangements with counterparties. The System's exposure to counterparties, net of collateral of $211 million at September 30, 2015 and $306 million at December 31, 2014, was $22 million and $27 million.

The Banks may also clear derivative transactions through a futures commission merchant (FCM) with a clearinghouse or a central counterparty (CCP). When the swap is cleared by the two parties, the single bilateral swap is divided into two separate swaps with the CCP becoming the counterparty to both of the initial parties to the swap. CCPs have several layers of protection against default including margin, member capital contributions, and FCM guarantees of their customers' transactions with the CCP. FCMs also pre-qualify the counterparties to all swaps that are sent to the CCP from a credit perspective, setting limits for each counterparty and collecting initial and variation margin daily from each counterparty for changes in the value of cleared derivatives. The margin collected from both parties to the swap protects against credit risk in the event a counterparty defaults. The initial and variation margin requirements are set by and held for the benefit of the CCP. Additional initial margin may be required and held by the FCM, due to its guarantees of its customers' trades with the CCP.

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

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 hedge item (principally, debt securities) attributable to the hedged risk are recognized in current earnings. The System includes the gain or loss on the hedged items in the same line item (interest expense) as the offsetting loss or gain on the related interest rate swaps. The amount of the losses on interest rate swaps recognized in interest expense for first nine months of 2015 was $80 million, as compared with gains on the Systemwide Debt Securities of $81 million.

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 in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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 "net gains on derivative and other transactions" in the condensed combined statement of income.

(dollars in millions, except as noted)

Fair Values of Derivative Instruments

The following table represents the fair value of derivative instruments:

	Balance Sheet Classification Assets	Fair Value at September 30, 2015	Fair Value at December 31, 2014	Balance Sheet Classification Liabilities	Fair Value at September 30, 2015	Fair Value at December 31, 2014
Derivatives designated as hedging instruments:						
Receive-fixed swaps	Other assets	$234	$317	Other liabilities		$ 3
Pay-fixed and amortizing pay-fixed swaps	Other assets		4	Other liabilities	$ 88	64
Interest rate caps	Other assets	41	39			
Floating-for-floating and amortizing floating-for-floating swaps				Other liabilities	3	5
Foreign exchange contracts	Other assets	2	4			
Total derivatives designated as hedging instruments		$277	$364		$ 91	$ 72
Derivatives not designated as hedging instruments:						
Pay-fixed and amortizing pay-fixed swaps				Other liabilities	$ 1	
Derivatives entered into on behalf of customers	Other assets	$203	$146	Other liabilities	151	$106
Foreign exchange contracts	Other assets	2	1	Other liabilities	2	2
Total derivatives not designated as hedging instruments		$205	$147		$154	$108
Total derivatives		$482	$511		$245	$180

The following table sets forth the effect of derivative instruments on the Condensed Combined Statement of Income:

		For the Nine Months Ended	
Derivatives – Fair Value Hedging Relationships	Location of Gain	September 30, 2015	September 30, 2014
Receive-fixed swaps	Interest expense	$2	$5

(dollars in millions, except as noted)

The following table sets forth the effect of derivative financial instruments in cash flow hedging relationships:

Derivatives – Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) September 30, 2015	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) September 30, 2014	Location of Loss Reclassification from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion) September 30, 2015	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion) September 30, 2014
Pay-fixed and amortizing pay-fixed swaps	$(26)	$(37)			
Floating-for-floating and amortizing floating-for-floating swaps	1	1			
Interest rate caps	2	(5)	Interest expense	$(3)	$(3)
Foreign exchange contracts	(8)	(18)	Interest income	(1)	4
Total	$(31)	$(59)		$(4)	$ 1

The System had no significant gains or losses recognized in income on cash flow hedges (ineffective portion and amount excluded from effectiveness testing) for the nine months ended September 30, 2015 and 2014.

The following table sets forth the amount of gain recognized in the Condensed Combined Statement of Income related to derivatives not designated as hedging instruments:

Derivatives Not Designated as Hedging Instruments	Location of Gain or (Loss)	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014
Pay-fixed and amortizing pay-fixed swaps	Noninterest income	$ (1)	
Derivatives entered into on behalf of customers	Noninterest income	18	$7
Total		$17	$7

(dollars in millions, except as noted)

NOTE 12 — ASSET/LIABILITY OFFSETTING

The following tables represent the offsetting of financial assets and liabilities:

				Gross Amounts Not Offset in the Condensed Combined Statement of Condition			
September 30, 2015	Gross Amounts Recognized	Gross Amounts Offset in the Condensed Combined Statement of Condition	Net Amounts Presented in the Condensed Combined Statement of Condition	Securities Received/Pledged	Cash Collateral Received/Pledged	Cleared Derivative Initial Margin Pledged	Net Amount
Assets:							
Interest rate swaps and other derivatives	$ 482	$(21)	$ 461	$ (43)	$(168)		$ 250
Federal Funds sold and securities purchased under resale agreements	1,328		1,328	(219)			1,109
Liabilities:							
Interest rate swaps and other derivatives	245	(21)	224		(93)	$(40)	91

				Gross Amounts Not Offset in the Condensed Combined Statement of Condition			
December 31, 2014	Gross Amounts Recognized	Gross Amounts Offset in the Condensed Combined Statement of Condition	Net Amounts Presented in the Condensed Combined Statement of Condition	Securities Received/Pledged	Cash Collateral Received/Pledged	Cleared Derivative Initial Margin Pledged	Net Amount
Assets:							
Interest rate swaps and other derivatives	$ 511	$(24)	$ 487	$ (60)	$(246)		$ 181
Federal Funds sold and securities purchased under resale agreements	1,584		1,584	(225)			1,359
Liabilities:							
Interest rate swaps and other derivatives	180	(24)	156		(29)	$(8)	119

(dollars in millions, except as noted)

NOTE 13 — COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Banks and Associations have various commitments and contingent liabilities, such as certain letters of credit and commitments to extend credit, which are not reflected in the accompanying condensed combined financial statements. No material losses are anticipated as a result of these transactions.

A summary of the contractual amount of credit-related instruments is as follows:

	September 30, 2015	December 31, 2014
Commitments to extend credit	$79,963	$76,145
Standby letters of credit	2,435	2,488
Commercial and other letters of credit	295	367

On at least a quarterly basis, System institutions assess their liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For matters where it is probable the institution will incur a loss and the amount can be reasonably estimated, the institution would establish an accrual for the loss. Once established, the accrual would be adjusted as appropriate to reflect any relevant developments. For matters where a loss is not probable or the amount of loss cannot be estimated, no accrual would be established.

At September 30, 2015, various lawsuits were pending or threatened against System institutions. In the opinion of management, based on information currently available and taking into account the advice of legal counsel, the ultimate liability, if any, of pending or threatened legal actions will not have a material adverse impact on the System's combined results of operations or financial position.

(dollars in millions, except as noted)

NOTE 14 — COMBINING BANK-ONLY INFORMATION

The following condensed combining statements include the statement of condition, statement of comprehensive income and statement of changes in capital for the combined Banks without the affiliated Associations or other System institutions.

Combining Bank-Only Statement of Condition

September 30, 2015

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Assets						
Cash	$ 751	$ 538	$ 398	$ 1,361		$ 3,048
Federal funds sold and securities purchased under resale agreements	219	1,087	22			1,328
Investments (Note 2)(2)	7,313	14,003	4,347	23,720		49,383
Loans						
To Associations(1)	14,652	72,022	9,424	41,449		137,547
To others(2)	6,804	7,971	4,978	43,075	$(484)	62,344
Less: allowance for loan losses	(15)	(16)	(6)	(460)		(497)
Net loans	21,441	79,977	14,396	84,064	(484)	199,394
Accrued interest receivable	66	387	49	316		818
Other assets	247	148	175	1,025	314	1,909
Total assets	$30,037	$96,140	$19,387	$110,486	$(170)	$255,880
Liabilities and Capital						
Systemwide Debt Securities (Note 6):						
Due within one year	$10,537	$26,726	$ 7,451	$ 39,817	$ (7)	$ 84,524
Due after one year	16,893	62,106	10,144	57,669	(2)	146,810
Total Systemwide Debt Securities	27,430	88,832	17,595	97,486	(9)	231,334
Subordinated debt		500	50	905		1,455
Accrued interest payable	56	239	44	287		626
Other liabilities	115	1,467	87	4,008	(19)	5,658
Total liabilities	27,601	91,038	17,776	102,686	(28)	239,073
Capital						
Preferred stock	115	250	600	1,125		2,090
Capital stock and participation certificates	303	2,005	256	2,809	(157)	5,216
Additional paid-in-capital	40					40
Accumulated other comprehensive income (loss)	85	(60)		108	(17)	116
Surplus	1,893	2,907	755	3,758	32	9,345
Total capital	2,436	5,102	1,611	7,800	(142)	16,807
Total liabilities and capital	$30,037	$96,140	$19,387	$110,486	$(170)	$255,880

(dollars in millions, except as noted)

Combining Bank-Only Statement of Condition

December 31, 2014

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Assets						
Cash	$ 623	$ 781	$ 428	$ 1,856		$ 3,688
Federal funds sold and securities purchased under resale agreements	225	1,337	22			1,584
Investments (Note 2)(2)	7,414	14,295	4,086	24,320		50,115
Loans						
To Associations(1)	14,281	69,523	8,466	39,859		132,129
To others(2)	6,614	8,023	4,794	40,523	$(495)	59,459
Less: allowance for loan losses	(16)	(12)	(10)	(481)		(519)
Net loans	20,879	77,534	13,250	79,901	(495)	191,069
Accrued interest receivable	63	350	45	348		806
Other assets	299	128	195	1,003	327	1,952
Total assets	$29,503	$94,425	$18,026	$107,428	$(168)	$249,214
Liabilities and Capital						
Systemwide Debt Securities (Note 6):						
Due within one year	$10,558	$26,610	$ 6,282	$ 43,493	$ (11)	$ 86,932
Due after one year	16,289	60,872	10,059	51,293	(8)	138,505
Total Systemwide Debt Securities	26,847	87,482	16,341	94,786	(19)	225,437
Subordinated debt		500	50	905		1,455
Accrued interest payable	47	205	38	271		561
Other liabilities	402	1,322	118	4,096	(24)	5,914
Total liabilities	27,296	89,509	16,547	100,058	(43)	233,367
Capital						
Preferred stock	125	250	600	1,125		2,100
Capital stock and participation certificates	303	1,944	256	2,769	(146)	5,126
Additional paid-in-capital	37					37
Accumulated other comprehensive income (loss)	102	(45)	(20)	(6)	(17)	14
Surplus	1,640	2,767	643	3,482	38	8,570
Total capital	2,207	4,916	1,479	7,370	(125)	15,847
Total liabilities and capital	$29,503	$94,425	$18,026	$107,428	$(168)	$249,214

(1) These loans represent direct loans to Associations, not retail loans to borrowers. Since the Associations operate under regulations that require maintenance of certain minimum capital levels, adequate reserves, and prudent underwriting standards, these loans are considered to carry less risk. Accordingly, these loans typically have little or no associated allowance for loan losses. The majority of the credit risk resides with the Banks' and Associations' retail loans to borrowers. Association retail loans are not reflected in the combining Bank-only financial statements.

Further, the loans to the Associations are risk-weighted at 20% of the loan amount in the computation of each Bank's regulatory permanent capital, total surplus and core surplus ratios. Based upon the lower risk-weighting of these loans to the Associations, the Banks, especially AgFirst, AgriBank and Texas, typically operate with more leverage and lower earnings than would be expected from a traditional retail bank. In the case of CoBank, approximately half of its loans are retail loans to cooperatives and other eligible borrowers.

(2) Loans to others represent retail loans held by the Banks. The Banks may purchase participations in loans to eligible borrowers made by Associations, other Banks and non-System lenders. Three Banks (AgFirst, AgriBank and Texas) have one or more participation pool programs designed to allow Associations to sell loan participation interests to the Bank in order to more efficiently manage the capital of each Bank and its related Associations within their respective District. Within these programs, a separate patronage pool is created for each participating Association. The net income from each pool is tracked separately so that, at the Bank board's discretion, patronage can be distributed from the pool. The declared patronage generally approximates the net earnings of the respective pool. At September 30, 2015 and December 31, 2014, such participation pools outstanding were $456 million and $497 million for AgFirst, $3.262 billion and $3.519 billion for AgriBank and $27 million and $36 million for Texas.

Also, the participation pool program for Texas includes investments that were sold to the Bank by its Associations of $70 million and $83 million at September 30, 2015 and December 31, 2014.

(dollars in millions, except as noted)

Combining Bank-Only
Statement of Comprehensive Income

For the Nine Months Ended September 30,

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
2015						
Interest income	$ 524	$1,113	$ 315	$1,623	$ 22	$ 3,597
Interest expense	(182)	(727)	(145)	(683)	16	(1,721)
Net interest income	342	386	170	940	38	1,876
Loan loss reversal (provision for loan losses)	2	(5)	2	(10)		(11)
Noninterest income						
Loan-related fee income	6	10	5	76		97
Losses on extinguishment of debt	(8)			(20)		(28)
Net other-than-temporary impairment losses included in earnings	(1)	(1)		(11)		(13)
Other noninterest income	6	61	22	93	(60)	122
Total noninterest income	3	70	27	138	(60)	178
Noninterest expense	(93)	(88)	(54)	(233)	(21)	(489)
Provision for income taxes				(135)		(135)
Net income	254	363	145	700	(43)	1,419
Other comprehensive (loss) income	(17)	(15)	20	114		102
Comprehensive income	$ 237	$ 348	$ 165	$ 814	$(43)	$ 1,521
2014						
Interest income	$ 516	$1,043	$ 288	$1,550	$ 7	$ 3,404
Interest expense	(156)	(652)	(123)	(630)	10	(1,551)
Net interest income	360	391	165	920	17	1,853
Loan loss reversal (provision for loan losses)	4	(3)	6	25		32
Noninterest income						
Loan-related fee income	6	7	7	77		97
Losses on extinguishment of debt	(6)			(40)		(46)
Net other-than-temporary impairment losses included in earnings	(1)	(1)				(2)
Other noninterest income	6	108	19	53	(37)	149
Total noninterest income	5	114	26	90	(37)	198
Noninterest expense	(87)	(80)	(51)	(216)	(18)	(452)
Provision for income taxes				(130)		(130)
Net income	282	422	146	689	(38)	1,501
Other comprehensive income (loss)	9	(12)	10	29		36
Comprehensive income	$ 291	$ 410	$ 156	$ 718	$(38)	$ 1,537

(dollars in millions, except as noted)

Combining Bank-Only
Statement of Changes in Capital

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB	Combination Entries	Combined Banks
Balance at December 31, 2013	$2,147	$4,921	$1,393	$6,705	$ (88)	$15,078
Comprehensive income	291	410	156	718	(38)	1,537
Preferred stock dividends	(1)	(13)	(30)	(42)		(86)
Capital stock and participation certificates issued	4	64	1			69
Capital stock, participation certificates, and surplus retired	(10)	(313)	(1)	(34)		(358)
Patronage		(188)	(2)	(286)	21	(455)
Balance at September 30, 2014	$2,431	$4,881	$1,517	$7,061	$(105)	$15,785
Balance at December 31, 2014	$2,207	$4,916	$1,479	$7,370	$(125)	$15,847
Comprehensive income	237	348	165	814	(43)	1,521
Preferred stock repurchased	(10)					(10)
Preferred stock dividends	(1)	(13)	(30)	(45)		(89)
Capital stock and participation certificates issued	6	114				120
Capital stock, participation certificates, and surplus retired	(6)	(53)		(32)		(91)
Additional paid-in-capital	3					3
Patronage		(210)	(3)	(307)	26	(494)
Balance at September 30, 2015	$2,436	$5,102	$1,611	$7,800	$(142)	$16,807

(dollars in millions, except as noted)

Certain Bank-only capital ratios and other information is as follows:

	AgFirst Farm Credit Bank	AgriBank, FCB	Farm Credit Bank of Texas	CoBank, ACB
For the nine months ended:				
September 30, 2015				
Return on average assets	1.16%	0.52%	1.05%	0.87%
Return on average capital	14.50%	9.65%	12.41%	12.25%
September 30, 2014				
Return on average assets	1.34%	0.64%	1.18%	0.91%
Return on average capital	16.38%	11.66%	13.34%	13.22%
For the period ended:				
September 30, 2015				
Nonperforming assets as a percentage of loans and other property owned	0.25%	0.06%	0.13%	0.19%
Allowance for loan losses as a percentage of loans	0.07%	0.02%	0.04%	0.54%
Capital as a percentage of total assets	8.11%	5.31%	8.31%	7.06%
Net collateral ratio	107.8%	105.9%	108.1%	107.2%
Permanent capital ratio	21.4%	20.9%	17.7%	15.6%
Liquidity in days	209	153	195	188
Average liquidity in days during 2015	210	171	220	176
December 31, 2014				
Nonperforming assets as a percentage of loans and other property owned	0.34%	0.07%	0.28%	0.16%
Allowance for loan losses as a percentage of loans	0.08%	0.02%	0.08%	0.60%
Capital as a percentage of total assets	7.48%	5.21%	8.20%	6.86%
Net collateral ratio	106.8%	105.9%	108.0%	107.2%
Permanent capital ratio	21.8%	20.8%	18.3%	15.7%
Liquidity in days	222	147	232	172
Average liquidity in days during 2014	247	160	243	169

Bank-only information is considered meaningful because only the Banks are jointly and severally liable for the payment of principal and interest on Systemwide Debt Securities. That means that each Bank is primarily liable for the payment of principal and interest on Systemwide Debt Securities issued to fund its lending activities and is also jointly and severally liable with respect to Systemwide Debt Securities issued to fund the other Banks.

The Associations are the primary owners of the Farm Credit Banks. The Agricultural Credit Bank (CoBank) is principally owned by cooperatives, other eligible borrowers and its affiliated Associations. Due to the financial and operational interdependence of the Banks and Associations, capital at the Association level reduces the Banks' credit exposure with respect to the direct loans between the Banks and each of their affiliated Associations. However, capital of the Associations may not be available if the provisions of joint and several liability were to be invoked. There are various limitations and conditions with respect to each Bank's access to the capital of its affiliated Associations, as more fully discussed in Note 8.

In the event a Bank is unable to timely pay principal or interest on an insured debt obligation for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance

Fund to the extent available to insure the timely payment of principal and interest on the insured debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the obligation cannot be invoked until the amounts in the Insurance Fund have been exhausted. However, because of other mandatory and discretionary uses of the Insurance Fund, there is no assurance that there will be sufficient funds to pay the principal or interest on the insured debt obligation.

Once joint and several liability is triggered, the Farm Credit Administration is required to make "calls" to satisfy the liability first on all non-defaulting Banks in the proportion that each non-defaulting Bank's available collateral (collateral in excess of the aggregate of the Bank's collateralized obligations) bears to the aggregate available collateral of all non-defaulting Banks. If these calls do not satisfy the liability, then a further call would be made in proportion to each non-defaulting Bank's remaining assets. On making a call on non-defaulting Banks with respect to a Systemwide Debt Security issued on behalf of a defaulting Bank, the Farm Credit Administration is required to appoint the Insurance Corporation as the receiver for the defaulting Bank. The receiver would be required to expeditiously liquidate the Bank.

NOTE 15 — SUBSEQUENT EVENTS

Effective November 1, 2015, two Associations in the CoBank District merged. The merger is accounted for in the same manner as the merger disclosed in Note 7.

The Banks and Associations have evaluated subsequent events through November 9, 2015, which is the date the financial statements were issued.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION
(unaudited)

The following condensed Combining Statements of Condition and Comprehensive Income present Bank-only and Insurance Fund information, as well as information related to the other entities included in the System's combined financial statements. As part of the combining process, all significant transactions between the Banks and the Associations, including loans made by the Banks to the Associations and the interest income/interest expense related thereto, and investments of the Associations in the Banks and the earnings related thereto, have been eliminated.

COMBINING STATEMENT OF CONDITION — (Condensed)
September 30, 2015
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	System Combined
Cash and investments	$ 53,759	$ 2,121		$ 55,880		$ 55,880
Loans	199,891	164,471	$(137,518)	226,844		226,844
Less: allowance for loan losses	(497)	(749)		(1,246)		(1,246)
Net loans	199,394	163,722	(137,518)	225,598		225,598
Other assets	2,727	8,336	(5,044)	6,019		6,019
Restricted assets					$3,964	3,964
Total assets	$255,880	$174,179	$(142,562)	$287,497	$3,964	$291,461
Systemwide Debt Securities and subordinated debt	$232,789	$ 100		$232,889		$232,889
Other liabilities	6,284	140,564	$(137,154)	9,694		9,694
Total liabilities	239,073	140,664	(137,154)	242,583		242,583
Capital						
Preferred stock	2,090	693		2,783		2,783
Capital stock and participation certificates	5,216	573	(4,075)	1,714		1,714
Additional paid-in-capital	40	1,143		1,183		1,183
Restricted capital					$3,964	3,964
Accumulated other comprehensive income (loss)	116	(120)	(1,104)	(1,108)		(1,108)
Surplus	9,345	31,226	(229)	40,342		40,342
Total capital	16,807	33,515	(5,408)	44,914	3,964	48,878
Total liabilities and capital	$255,880	$174,179	$(142,562)	$287,497	$3,964	$291,461

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

COMBINING STATEMENT OF CONDITION — (Condensed)
December 31, 2014
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	System Combined
Cash and investments	$ 55,387	$ 2,452		$ 57,839		$ 57,839
Loans	191,588	157,538	$(132,072)	217,054		217,054
Less: allowance for loan losses	(519)	(718)		(1,237)		(1,237)
Net loans	191,069	156,820	(132,072)	215,817		215,817
Other assets	2,758	8,051	(5,371)	5,438		5,438
Restricted assets					$3,750	3,750
Total assets	$249,214	$167,323	$(137,443)	$279,094	$3,750	$282,844
Systemwide Debt Securities and subordinated debt	$226,892	$ 100		$226,992		$226,992
Other liabilities	6,475	135,810	$(132,139)	10,146		10,146
Total liabilities	233,367	135,910	(132,139)	237,138		237,138
Capital						
Preferred stock	2,100	598		2,698		2,698
Capital stock and participation certificates	5,126	559	(4,009)	1,676		1,676
Additional paid-in-capital	37	1,067		1,104		1,104
Restricted capital					$3,750	3,750
Accumulated other comprehensive income (loss)	14	(131)	(1,180)	(1,297)		(1,297)
Surplus	8,570	29,320	(115)	37,775		37,775
Total capital	15,847	31,413	(5,304)	41,956	3,750	45,706
Total liabilities and capital	$249,214	$167,323	$(137,443)	$279,094	$3,750	$282,844

In the event a Bank is unable to timely pay principal or interest on an insured debt obligation for which the Bank is primarily liable, the Insurance Corporation must expend amounts in the Insurance Fund to the extent necessary to insure the timely payment of principal and interest on the insured debt obligation. The provisions of the Farm Credit Act providing for joint and several liability of the Banks on the obligation cannot be invoked until the amounts in the Insurance Fund have been exhausted. However, because of other mandatory and discretionary uses of the Insurance Fund, there is no assurance that there will be sufficient funds to timely pay the principal or interest on the insured debt obligation.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

COMBINING STATEMENT OF COMPREHENSIVE INCOME — (Condensed)
For the Nine Months Ended September 30, 2015
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	Combination Entries	System Combined
Net interest income	$1,876	$ 3,325	$ 16	$ 5,217			$ 5,217
Provision for loan losses	(11)	(76)		(87)			(87)
Noninterest income	178	885	(623)	440	$216	$(193)(a)	463
Noninterest expense	(489)	(1,766)	119	(2,136)	(2)	193 (a)	(1,945)
Provision for income taxes	(135)	(32)		(167)			(167)
Net income	1,419	2,336	(488)	3,267	214	0	3,481
Other comprehensive income	102	11	76	189			189
Comprehensive income	$1,521	$ 2,347	$(412)	$ 3,456	$214	$ 0	$ 3,670

For the Nine Months Ended September 30, 2014
(in millions)

	Combined Banks	Combined Associations	Eliminations	Combined without Insurance Fund	Insurance Fund	Combination Entries	System Combined
Net interest income	$1,853	$ 3,170	$ 33	$ 5,056			$ 5,056
Loan loss reversal (provision for loan losses)	32	(39)		(7)			(7)
Noninterest income	198	883	(619)	462	$190	$(163)(a)	489
Noninterest expense	(452)	(1,604)	100	(1,956)	(2)	163 (a)	(1,795)
Provision for income taxes	(130)	(44)		(174)			(174)
Net income	1,501	2,366	(486)	3,381	188	0	3,569
Other comprehensive income	36	1	49	86			86
Comprehensive income	$1,537	$ 2,367	$(437)	$ 3,467	$188	$ 0	$ 3,655

Combination entry (a) eliminates the Insurance Fund premiums expensed by the Banks in the first nine months of 2015 and 2014 of $193 million and $163 million and the related income recognized by the Insurance Corporation.

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

STATEMENT OF CONDITION — (Condensed)
September 30, 2015
(in millions)

The Banks and their affiliated Associations are referred to as Districts. Each District operates in such an interdependent manner that we believe the financial results of the Banks combined with their affiliated Associations are more meaningful to investors in Systemwide Debt Securities than providing financial information of the Banks and Associations on a stand-alone basis. For the purpose of additional analysis, the following presentation reflects each District, the Insurance Fund and combination entries.

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Cash and investments	$ 8,416	$ 17,329	$ 4,802	$ 25,337	$ (4)	$ 55,880
Loans	25,452	91,662	20,527	93,775	(4,572)	226,844
Less: allowance for loan losses	(180)	(280)	(64)	(722)		(1,246)
Net loans	25,272	91,382	20,463	93,053	(4,572)	225,598
Other assets	625	2,457	480	2,208	249	6,019
Restricted assets					3,964	3,964
Total assets	$34,313	$111,168	$25,745	$120,598	$ (363)	$291,461
Systemwide Debt Securities and subordinated debt	$27,430	$ 89,432	$17,645	$ 98,391	$ (9)	$232,889
Other liabilities	1,122	2,669	4,089	5,931	(4,117)	9,694
Total liabilities	28,552	92,101	21,734	104,322	(4,126)	242,583
Capital						
Preferred stock	115	350	600	1,718		2,783
Capital stock and participation certificates	168	317	84	1,359	(214)	1,714
Additional paid-in-capital	64		225	894		1,183
Restricted capital					3,964	3,964
Accumulated other comprehensive loss	(287)	(533)	(133)	(138)	(17)	(1,108)
Surplus	5,701	18,933	3,235	12,443	30	40,342
Total capital	5,761	19,067	4,011	16,276	3,763	48,878
Total liabilities and capital	$34,313	$111,168	$25,745	$120,598	$ (363)	$291,461

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

STATEMENT OF CONDITION — (Condensed)
December 31, 2014
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Cash and investments	$ 8,440	$ 18,211	$ 4,585	$ 26,601	$ 2	$ 57,839
Loans	24,416	88,498	19,350	89,132	(4,342)	217,054
Less: allowance for loan losses	(175)	(248)	(65)	(749)		(1,237)
Net loans	24,241	88,250	19,285	88,383	(4,342)	215,817
Other assets	591	2,160	465	1,982	240	5,438
Restricted assets					3,750	3,750
Total assets	$33,272	$108,621	$24,335	$116,966	$ (350)	$282,844
Systemwide Debt Securities and subordinated debt	$26,847	$ 88,082	$16,391	$ 95,691	$ (19)	$226,992
Other liabilities	1,023	2,690	4,201	6,136	(3,904)	10,146
Total liabilities	27,870	90,772	20,592	101,827	(3,923)	237,138
Capital						
Preferred stock	125	350	600	1,623		2,698
Capital stock and participation certificates	155	309	83	1,326	(197)	1,676
Additional paid-in-capital	61		149	894		1,104
Restricted capital					3,750	3,750
Accumulated other comprehensive loss	(297)	(550)	(167)	(266)	(17)	(1,297)
Surplus	5,358	17,740	3,078	11,562	37	37,775
Total capital	5,402	17,849	3,743	15,139	3,573	45,706
Total liabilities and capital	$33,272	$108,621	$24,335	$116,966	$ (350)	$282,844

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

STATEMENT OF COMPREHENSIVE INCOME — (Condensed)
For the Nine Months Ended September 30,
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
2015						
Net interest income	$ 752	$2,009	$ 512	$1,905	$ 39	$ 5,217
Provision for loan losses	(2)	(58)	(7)	(20)		(87)
Noninterest income	27	213	44	224	(45)	463
Noninterest expense	(359)	(818)	(233)	(705)	170	(1,945)
Provision for income taxes	(1)	(25)		(141)		(167)
Net income	417	1,321	316	1,263	164	3,481
Other comprehensive income	10	17	34	128		189
Comprehensive income	$ 427	$1,338	$ 350	$1,391	$164	$ 3,670
2014						
Net interest income	$ 769	$1,952	$ 485	$1,830	$ 20	$ 5,056
Loan loss reversal (provision for loan losses)	7	(16)	11	(9)		(7)
Noninterest income	32	261	40	173	(17)	489
Noninterest expense	(335)	(778)	(176)	(650)	144	(1,795)
Provision for income taxes	(1)	(35)		(138)		(174)
Net income	472	1,384	360	1,206	147	3,569
Other comprehensive income	27	8	16	35		86
Comprehensive income	$ 499	$1,392	$ 376	$1,241	$147	$ 3,655

FARM CREDIT SYSTEM

SUPPLEMENTAL COMBINING INFORMATION — (continued)
(unaudited)

STATEMENT OF CHANGES IN CAPITAL — (Condensed)
For the Nine Months Ended September 30
(in millions)

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined	Insurance Fund and Combination Entries	System Combined
Balance at December 31, 2013	$5,175	$16,514	$3,574	$13,973	$3,365	$42,601
Comprehensive income	499	1,392	376	1,241	147	3,655
Preferred stock issued, net				90		90
Capital stock and participation certificates issued	28	28	6	5	(14)	53
Capital stock, participation certificates, and surplus retired	(23)	(23)	(5)	(38)	7	(82)
Equity issued or recharacterized upon Association mergers			133	208		341
Equity retired or recharacterized upon Association mergers			(133)	(196)		(329)
Recharacterization of other comprehensive loss due to fair value adjustments related to the Association mergers				1		1
Patronage and dividends	(88)	(120)	(42)	(289)	25	(514)
Balance at September 30, 2014	$5,591	$17,791	$3,909	$14,995	$3,530	$45,816
Balance at December 31, 2014	$5,402	$17,849	$3,743	$15,139	$3,573	$45,706
Comprehensive income	427	1,338	350	1,391	164	3,670
Preferred stock issued, net	(10)			95		85
Capital stock and participation certificates issued	42	33	7	5	(17)	70
Capital stock, participation certificates, and surplus retired	(29)	(25)	(6)	(37)	11	(86)
Additional paid-in-capital	3					3
Equity issued or recharacterized upon Association mergers			77			77
Equity retired or recharacterized upon Association mergers			(79)			(79)
Patronage and dividends	(74)	(128)	(81)	(317)	32	(568)
Balance at September 30, 2015	$5,761	$19,067	$4,011	$16,276	$3,763	$48,878

FARM CREDIT SYSTEM

SUPPLEMENTAL FINANCIAL INFORMATION
(unaudited)

COMBINED BANK AND ASSOCIATION (DISTRICT)
SELECTED KEY FINANCIAL INFORMATION

The following combined key financial ratios related to each combined Bank and its affiliated Associations is intended for the purpose of additional analysis.

	AgFirst District Combined	AgriBank District Combined	Texas District Combined	CoBank District Combined
For the nine months ended:				
September 30, 2015				
Return on average assets	1.67%	1.63%	1.70%	1.44%
Return on average capital	10.50%	9.53%	10.83%	10.57%
Net interest margin	3.10%	2.53%	2.83%	2.23%
Net loan (recoveries) charge-offs as a % of average loans	(0.01)%	0.03%	0.01%	0.02%
Operating expense as a % of net interest income and noninterest income	46.03%	36.79%	42.45%	33.09%
September 30, 2014				
Return on average assets	1.97%	1.83%	2.11%	1.46%
Return on average capital	12.01%	10.85%	12.86%	11.07%
Net interest margin	3.32%	2.64%	2.93%	2.26%
Net loan (recoveries) charge-offs as a % of average loans	(0.01)%	0.02%	0.02%	0.00%
Operating expense as a % of net interest income and noninterest income	42.13%	35.64%	36.37%	32.61%
At the period ended:				
September 30, 2015				
Nonperforming assets as a % of loans and other property owned	1.66%	0.71%	0.96%	0.59%
Allowance for loan losses as a % of loans	0.71%	0.31%	0.31%	0.77%
Capital as a % of total assets	16.79%	17.15%	15.58%	13.50%
Capital and allowance for loan losses as a % of loans	23.34%	21.11%	19.85%	18.13%
Debt to capital	4.96:1	4.83:1	5.42:1	6.41:1
December 31, 2014				
Nonperforming assets as a % of loans and other property owned	2.02%	0.66%	1.19%	0.63%
Allowance for loan losses as a % of loans	0.72%	0.28%	0.34%	0.84%
Capital as a % of total assets	16.24%	16.43%	15.38%	12.94%
Capital and allowance for loan losses as a % of loans	22.84%	20.45%	19.68%	17.83%
Debt to capital	5.16:1	5.09:1	5.50:1	6.73:1

The table below reflects the combined results of each Bank and its affiliated Associations (District) measurement under market value of equity and net interest income sensitivity analysis in accordance with their respective asset/liability management policies and District limits. The upward and downward shocks are generally based on movements in interest rates of 100 and 200 basis points. However, in the current, relatively low interest rate environment, the downward shock is based on one-half of the three-month Treasury bill rate, which was zero basis points at September 30, 2015 and two basis points at December 31, 2014.

	Change in Market Value of Equity		Change in Net Interest Income	
	September 30, 2015		September 30, 2015	
District	+100	+200	+100	+200
AgFirst.	-3.71%	-8.59%	2.02%	2.73%
AgriBank	-3.96	-7.58	2.80	3.80
Texas	-4.23	-9.53	1.49	2.18
CoBank	-2.42	-4.73	3.36	5.96

	Change in Market Value of Equity			Change in Net Interest Income		
	December 31, 2014			December 31, 2014		
District	-2	+100	+200	-2	+100	+200
AgFirst.	0.03%	-3.17%	-7.60%	-0.07%	3.20%	4.85%
AgriBank	0.08	-3.40	-6.65	-0.08	2.75	3.81
Texas	0.00	-4.87	-10.86	-0.13	1.90	2.74
CoBank	0.04	-2.13	-4.28	-0.10	3.06	5.43

SELECTED ASSOCIATION KEY FINANCIAL INFORMATION

The Banks serve as financial intermediaries between the capital markets and the retail lending activities of their related Associations. Accordingly, in addition to the supplemental combining Bank and Association (District) information provided on pages F-53 to F-56, selected financial information regarding Associations with asset size greater than $1 billion is provided below for the purpose of additional analysis.

	At September 30, 2015					For the Nine Months Ended September 30, 2015		
	Total Assets	Gross Loans	Allowance for Loan Losses as a % of Gross Loans	Nonperforming Assets as a % of Gross Loans and Other Property Owned	Permanent Capital Ratio	Return on Average Assets	Return on Average Capital	Net Interest Margin
	($ in millions)							
AgFirst District								
MidAtlantic Farm Credit, ACA	$ 2,432	$ 2,382	1.06%	1.89%	20.70%	1.87%	8.26%	2.83%
First South Farm Credit, ACA	1,747	1,636	0.66	0.67	17.06	1.29	6.40	2.87
Farm Credit of the Virginias, ACA	1,719	1,665	0.84	2.51	19.68	2.03	9.68	3.06
AgCredit, ACA	1,717	1,645	0.93	0.57	19.81	2.18	13.80	2.74
AgChoice Farm Credit, ACA	1,669	1,628	0.62	1.57	18.10	1.93	9.63	2.78
AgSouth Farm Credit, ACA	1,624	1,548	0.80	1.70	20.13	2.09	10.47	3.75
Carolina Farm Credit, ACA	1,450	1,376	0.57	1.73	22.04	1.71	7.81	3.54
AgCarolina Farm Credit, ACA	1,081	1,043	1.13	1.53	22.33	1.75	7.38	2.74
AgriBank District								
Farm Credit Services of America, ACA	23,973	22,867	0.28	0.41	15.51	2.13	11.92	2.82
Farm Credit Mid-America, ACA	21,511	19,475	0.30	1.17	17.08	1.36	7.56	2.16
AgStar Financial Services, ACA	8,024	7,235	0.35	1.06	15.36	1.62	10.49	2.68
GreenStone FCS, ACA	7,147	6,910	0.53	0.74	16.27	1.86	9.86	2.67
1st Farm Credit, ACA	5,293	4,943	0.36	0.68	16.63	1.76	9.51	2.44
AgCountry, ACA	5,075	4,685	0.32	0.91	16.70	1.81	8.57	2.67
Badgerland Financial, ACA	3,761	3,593	0.34	0.66	16.86	2.05	9.62	2.73
Farm Credit of Illinois, ACA	3,680	3,512	0.20	0.26	17.13	1.68	7.95	2.50
FCS Financial, ACA	3,444	3,303	0.47	0.34	17.64	1.81	8.95	2.68
United Farm Credit Services, ACA	1,556	1,499	0.25	0.62	15.86	1.66	8.95	2.73
Farm Credit Services of North Dakota, ACA	1,152	1,105	0.20	0.30	16.24	1.76	8.70	2.81
Farm Credit Services of Western Arkansas, ACA	1,112	1,069	0.11	0.97	19.65	1.94	8.72	3.20
AgHeritage Farm Credit Services, ACA	1,109	1,055	0.15	0.31	18.88	2.08	9.64	3.15
Farm Credit Services of Mandan, ACA	1,030	987	0.19	0.29	15.30	1.85	9.70	3.04
Texas District								
Capital Farm Credit, ACA	6,475	6,323	0.30	1.36	15.57	2.11	12.31	3.29
AgTexas Farm Credit Services	1,551	1,501	0.32	1.08	13.30	2.07	15.18	2.90
Lone Star, ACA	1,540	1,519	0.49	0.48	20.25	1.80	8.16	3.04
Texas Farm Credit Services	1,046	1,011	0.16	0.75	16.07	1.93	12.18	3.02
CoBank District								
Northwest Farm Credit Services, ACA	10,546	10,082	0.83	0.82	15.91	2.45	12.54	3.07
Farm Credit West, ACA	8,078	7,600	0.58	1.49	18.38	2.28	10.84	2.81
American AgCredit, ACA	7,300	6,814	0.13	0.76	20.13	1.48	5.75	2.82
Farm Credit East, ACA	6,127	5,913	1.25	0.99	16.36	2.44	13.11	3.05
Yosemite Farm Credit, ACA	2,256	2,114	0.26	0.21	14.59	1.90	10.54	2.75
Frontier Farm Credit, ACA	1,882	1,757	0.23	0.36	15.01	1.70	9.10	2.69
Farm Credit of New Mexico, ACA	1,495	1,420	0.49	0.25	22.31	1.83	7.57	2.72
Golden State Farm Credit, ACA	1,260	1,189	0.22	0.04	18.20	1.93	9.06	2.72
Fresno-Madera Farm Credit, ACA	1,033	988	0.62	0.45	17.47	1.49	6.57	2.49
Farm Credit Services Southwest, ACA	1,000	933	0.22	3.62	13.75	0.80	5.34	2.42

SELECTED ASSOCIATION KEY FINANCIAL INFORMATION

	At December 31, 2014					For the Nine Months Ended September 30, 2014		
	Total Assets	Gross Loans	Allowance for Loan Losses as a % of Gross Loans	Nonperforming Assets as a % of Gross Loans and Other Property Owned	Permanent Capital Ratio	Return on Average Assets	Return on Average Capital	Net Interest Margin
	($ in millions)							
AgFirst District								
MidAtlantic Farm Credit, ACA	$ 2,348	$ 2,277	1.10%	2.01%	20.98%	2.06%	9.28%	3.05%
AgCredit, ACA	1,669	1,584	0.88	0.75	20.95	2.33	14.71	2.79
Farm Credit of the Virginias, ACA	1,655	1,583	0.79	2.52	19.91	2.18	10.51	3.14
AgChoice Farm Credit, ACA	1,634	1,576	0.67	2.27	18.14	2.29	11.58	2.93
AgSouth Farm Credit, ACA	1,595	1,499	0.82	1.81	20.00	2.31	12.57	3.85
First South Farm Credit, ACA	1,584	1,440	0.70	1.45	18.32	1.71	8.16	3.02
Carolina Farm Credit, ACA	1,463	1,371	0.48	1.74	20.54	1.82	8.98	3.58
AgCarolina Farm Credit, ACA	1,029	980	1.18	1.47	22.35	1.96	8.86	2.87
AgriBank District								
Farm Credit Services of America, ACA	23,128	22,098	0.26	0.35	15.20	2.33	13.26	2.89
Farm Credit Mid-America, ACA	20,831	18,776	0.25	1.16	16.75	1.53	8.85	2.19
AgStar Financial Services, ACA	7,673	6,900	0.34	1.13	15.65	1.61	10.46	2.71
GreenStone FCS, ACA	6,946	6,722	0.51	0.78	16.20	2.27	12.08	2.87
1st Farm Credit, ACA	5,155	4,787	0.33	0.60	16.17	1.84	10.15	2.47
AgCountry, ACA	4,903	4,519	0.36	0.32	16.17	2.08	10.11	2.81
Farm Credit of Illinois, ACA	3,585	3,425	0.14	0.15	16.84	1.85	8.58	2.59
Badgerland Financial, ACA	3,574	3,415	0.27	0.37	16.62	2.26	10.89	2.86
FCS Financial, ACA	3,341	3,211	0.45	0.48	17.25	2.06	10.50	2.71
United Farm Credit Services, ACA	1,537	1,485	0.22	0.48	15.68	1.96	10.56	2.78
Farm Credit Services of North Dakota, ACA	1,057	1,015	0.17	0.23	16.24	2.05	9.99	2.91
Farm Credit Services of Western Arkansas, ACA	1,029	989	0.12	0.95	20.43	2.28	9.90	3.31
AgHeritage Farm Credit Services, ACA	1,019	965	0.10	0.54	18.91	2.36	11.04	3.25
Texas District								
Capital Farm Credit, ACA	6,086	5,937	0.27	1.59	16.34	2.68	15.17	3.36
Lone Star, ACA	1,442	1,411	0.40	0.76	21.42	2.03	8.90	3.03
CoBank District								
Northwest Farm Credit Services, ACA	10,253	9,753	0.85	0.98	15.52	2.43	12.69	3.07
Farm Credit West, ACA	7,492	6,999	0.53	1.27	19.62	2.40	11.34	2.81
American AgCredit, ACA	6,788	6,359	0.17	0.80	21.12	1.59	6.10	2.88
Farm Credit East, ACA	6,014	5,790	1.28	1.13	16.23	2.58	14.05	3.15
Yosemite Farm Credit, ACA	2,153	2,014	0.22	0.53	14.88	1.92	10.72	2.71
Frontier Farm Credit, ACA	1,831	1,705	0.29	0.27	14.83	1.89	10.18	2.59
Farm Credit of New Mexico, ACA	1,466	1,389	0.56	0.70	21.98	2.34	9.97	2.83
Golden State Farm Credit, ACA	1,219	1,152	0.22	0.03	18.13	1.94	9.38	2.59
Fresno-Madera Farm Credit, ACA	1,052	1,002	0.48	1.52	17.47	1.63	7.03	2.51
Farm Credit Services Southwest, ACA(a)	1,049	994	1.49	4.93	13.73	1.02	7.22	2.65

(a) As more fully discussed in Note 1 of the *2014 Annual Information Statement*, Farm Credit Services Southwest, ACA had been evaluating a significant increase in delinquencies in a portion of its retail lending portfolio. An in-depth investigation determined that certain loans were made to ineligible borrowers under the Farm Credit Act or were inadequately secured. Subsequent to June 30, 2015, the Association published its 2014 financial statements and restated the information presented above for the nine months ended September 30, 2014.

INDEX TO SUPPLEMENTAL INFORMATION

CONTROLS AND PROCEDURES

As of September 30, 2015, the Funding Corporation carried out an evaluation under the supervision and with the participation of the Funding Corporation's management, including the President and CEO and the Managing Director — Financial Management Division, of the effectiveness of the design and operation of the Funding Corporation's disclosure controls and procedures[(1)] with respect to the System's quarterly information statement. This evaluation relies upon the evaluations made by the individual Banks and the related certifications they provide to the Funding Corporation. Based upon and as of the date of the Funding Corporation's evaluation, the President and CEO and the Managing Director — Financial Management Division concluded that the disclosure controls and procedures are effective in alerting them on a timely basis of any material information relating to the System that is required to be disclosed by the System in the annual and quarterly information statements it files or submits to the Farm Credit Administration.

There have been no significant changes in the System's internal control over financial reporting[(2)] that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the System's internal control over financial reporting.

(1) For purposes of this discussion, "disclosure controls and procedures" are defined as controls and procedures of the System that are designed to ensure that the information required to be disclosed by the System in this quarterly information statement is recorded, processed, summarized and reported, within the time periods specified under the rules and regulations of the Farm Credit Administration.

(2) For purposes of this discussion, "internal control over financial reporting" is defined as a process designed by, or under the supervision of, the System's principal executive officers and principal financial officers, or persons performing similar functions, and effected by the System's boards of directors, managements and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the System's condensed combined financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the System; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the System's condensed combined financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the System are being made only in accordance with authorizations of managements and directors of the System; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the System's assets that could have a material effect on the System's condensed combined financial statements.

CERTIFICATION

I, Theresa E. McCabe, certify that:

1. I have reviewed the *Third Quarter 2015 Quarterly Information Statement of the Farm Credit System*.

2. Based on my knowledge, this quarterly information statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly information statement.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly information statement, fairly present in all material respects the financial condition, results of operations and cash flows of the System as of, and for, the periods presented in this quarterly information statement.

4. The System's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures(1) and internal control over financial reporting(2) for the System and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the System, including its combined entities, is made known to us by others within those entities, particularly during the period in which this quarterly information statement is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the System's disclosure controls and procedures and presented in this quarterly information statement our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly information statement based on such evaluation; and

(d) disclosed in this quarterly information statement any change in the System's internal control over financial reporting that occurred during the System's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the System's internal control over financial reporting.

5. The System's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the System's auditors and the System Audit Committee:

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the System's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the System's internal control over financial reporting.

Theresa E. McCabe
President and CEO

Date: November 9, 2015

(1) See footnote 1 on page S-2.

(2) See footnote 2 on page S-2.

CERTIFICATION

I, Karen R. Brenner, certify that:

1. I have reviewed the *Third Quarter 2015 Quarterly Information Statement of the Farm Credit System*.

2. Based on my knowledge, this quarterly information statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly information statement.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly information statement, fairly present in all material respects the financial condition, results of operations and cash flows of the System as of, and for, the periods presented in this quarterly information statement.

4. The System's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures(1) and internal control over financial reporting(2) for the System and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the System, including its combined entities, is made known to us by others within those entities, particularly during the period in which this quarterly information statement is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the System's disclosure controls and procedures and presented in this quarterly information statement our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly information statement based on such evaluation; and

(d) disclosed in this quarterly information statement any change in the System's internal control over financial reporting that occurred during the System's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the System's internal control over financial reporting.

5. The System's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the System's auditors and the System Audit Committee:

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the System's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the System's internal control over financial reporting.

Karen R. Brenner

Karen R. Brenner
Managing Director — Financial
Management Division

Date: November 9, 2015

(1) See footnote 1 on page S-2.

(2) See footnote 2 on page S-2.

FARM CREDIT SYSTEM ENTITIES (As of September 30, 2015)

BANKS

AgFirst Farm Credit Bank
P.O. Box 1499
Columbia, SC 29202-1499
(803) 799-5000

AgriBank, FCB
30 East 7th Street
Suite 1600
St. Paul, MN 55101-4914
(651) 282-8800

CoBank, ACB
P.O. Box 5110
Denver, CO 80217-5110
(303) 740-4000

Farm Credit Bank of Texas
P.O. Box 202590
Austin, TX 78720-2590
(512) 465-0400

CERTAIN OTHER ENTITIES

Farm Credit Leasing Services Corporation
600 Highway 169 South, Suite 300
Minneapolis, MN 55426-1219
(952) 417-7800

Federal Farm Credit Banks
Funding Corporation
10 Exchange Place, Suite 1401
Jersey City, NJ 07302-3913
(201) 200-8000

FCS Building Association
1501 Farm Credit Drive
McLean, VA 22102-5090
(703) 883-4000

The Farm Credit Council
50 F Street, N.W., Suite 900
Washington, DC 20001-1530
(202) 626-8710

ASSOCIATIONS

AgFirst District

AgCarolina Farm Credit, ACA
4000 Poole Road
Raleigh, NC 27610

AgChoice Farm Credit, ACA
900 Bent Creek Blvd.
Mechanicsburg, PA 17050-1860

Ag Credit, ACA
610 W. Lytle Street
Fostoria, OH 44830-3422

AgGeorgia Farm Credit, ACA
468 Perry Parkway
Perry, GA 31069

AgSouth Farm Credit, ACA
26 South Main Street
Statesboro, GA 30458

ArborOne, ACA
800 Woody Jones Blvd.
Florence, SC 29501

Cape Fear Farm Credit, ACA
333 East Russell Street
Fayetteville, NC 28301

Carolina Farm Credit, ACA
146 Victory Lane
Statesville, NC 28625

Central Kentucky, ACA
640 S. Broadway, Room 108
Lexington, KY 40588

Colonial Farm Credit, ACA
7104 Mechanicsville Turnpike
Mechanicsville, VA 23111

Farm Credit of Central Florida, ACA
115 S. Missouri Avenue, Suite 400
Lakeland, FL 33815

Farm Credit of Northwest Florida, ACA
5052 Highway 90
East Marianna, FL 32446

Farm Credit of Florida, ACA
11903 Southern Blvd.
Suite 200
Royal Palm Beach, FL 33411

Farm Credit of the Virginias, ACA
106 Sangers Lane
Staunton, VA 24401

First South Farm Credit, ACA
574 Highland Colony Parkway, Suite 100
Ridgeland, MS 39157

MidAtlantic Farm Credit, ACA
45 Aileron Court
Westminster, MD 21157

Puerto Rico Farm Credit, ACA
213 Manuel V. Domenech Avenue
Hato Rey, PR 00918

River Valley AgCredit, ACA
328 East Broadway
MayField, KY 42066

Southwest Georgia Farm Credit, ACA
305 Colquitt Highway
Bainbridge, GA 39817

AgriBank District

1st Farm Credit Services, ACA
2000 Jacobssen Drive
Normal, IL 61761

AgCountry Farm Credit Services, ACA
1900 44th Street South
Fargo, ND 58108

AgHeritage Farm Credit Services, ACA
119 East Third Street, Suite 200
Little Rock, AR 72201

AgStar Financial Services, ACA
1921 Premier Drive
Mankato, MN 56001

Badgerland Financial, ACA
1430 North Ridge Drive
Prairie du Sac, WI 53578

Delta ACA
118 E. Speedway
Dermott, AR 71638

Farm Credit Midsouth, ACA
3000 Prosperity Drive
Jonesboro, AR 72404

Farm Credit Services of America, ACA
5015 South 118th Street
Omaha, NE 68137

Farm Credit Illinois, ACA
1100 Farm Credit Drive
Mahomet IL 61853

Farm Credit Services of Mandan, ACA
1600 Old Red Trail
Mandan, ND 58554-5001

Farm Credit Mid-America, ACA
1601 UPS Drive
Louisville, KY 40223

Farm Credit Services of North Dakota, ACA
3100 10th Street, S.W.
Minot, ND 58702-0070

Farm Credit Services of Western Arkansas, ACA
3115 West 2nd Court
Russellville, AR 72801

FCS Financial, ACA
1934 East Miller Street
Jefferson City, MO 65101-3881

GreenStone Farm Credit Services, ACA
3515 West Road
East Lansing, MI 48823

Progressive Farm Credit Services, ACA
1116 N. Main Street
Sikeston, MO 63801

United Farm Credit Services, ACA
4401 Highway 71 South
P.O. Box 1330
Willmar, MN 56201-1560

CoBank District

AgPreference, ACA
3120 North Main
Altus, OK 73521

American AgCredit, ACA
200 Concourse Boulevard
Santa Rosa, CA 95403

Chisholm Trail Farm Credit, ACA
805 Chisholm Trail
Enid, OK 73701

Farm Credit East, ACA
240 South Road
Enfield, CT 06082

Farm Credit of Enid, ACA
1605 W. Owen K. Garriott Road
Enid, OK 73703

Farm Credit of Ness City, FLCA
101 Eagle Drive
Ness City, KS 67560

Farm Credit of New Mexico, ACA
5651 Balloon Fiesta Parkway NE
Albuquerque, NM 87113

Farm Credit of Southern Colorado, ACA
5110 Edison Avenue
Colorado Springs, CO 80915

Farm Credit of Southwest Kansas, ACA
1606 E. Kansas Avenue
Garden City, KS 67846

Farm Credit of Western Kansas, ACA
1190 South Range Avenue
Colby, KS 67701

Farm Credit of Western Oklahoma, ACA
3302 Williams Avenue
Woodward, OK 73801

Farm Credit Services of Colusa-Glenn, ACA
605 Jay Street
Colusa, CA 95932

Farm Credit Services of East Central Oklahoma, ACA
601 E. Kenosha Street
Broken Arrow, OK 74012

Farm Credit Services of Hawaii, ACA
99-860 Iwaena Street, Suite A
Aiea, HI 96701

Farm Credit Services Southwest, ACA
3003 S. Fair Lane
Tempe, AZ 85282

Farm Credit West, ACA
1478 Stone Point Drive, Suite 450
Roseville, CA 95661

Fresno-Madera Farm Credit, ACA
4635 West Spruce Ave.
Fresno, CA 93722

Frontier Farm Credit, ACA
2009 Vanesta Place
Manhattan, KS 66503

Golden State Farm Credit, ACA
1580 Ellis Street
Kingsburg, CA 93631

High Plains Farm Credit, ACA
605 Main Street
Larned, KS 67550

Idaho AgCredit, ACA
188 West Judicial
Blackfoot, ID 83221

Northwest Farm Credit Services, ACA
1700 South Assembly Street
Spokane, WA 99224

Premier Farm Credit, ACA
202 Poplar Street
Sterling, CO 80751

Western AgCredit, ACA
10980 South Jordan Gateway
South Jordan, UT 84095

Yankee Farm Credit, ACA
289 Hurricane Lane, Suite 102
Williston, VT 05495

Yosemite Farm Credit, ACA
806 West Monte Vista Avenue
Turlock, CA 95382

Texas District

Ag New Mexico, Farm Credit Services, ACA
233 Fairway Terrace North
Clovis, NM 88101

AgTexas Farm Credit Services
6901 Quaker Avenue, Suite 300
Lubbock, TX 79413

Alabama Ag Credit, ACA
2660 EastChase Lane, Suite 401
Montgomery, AL 36117

Alabama Farm Credit, ACA
1740 Eva Road NE
Cullman, AL 35055

Capital Farm Credit, ACA
3000 Briarcrest Drive, Suite 601
Bryan, TX 77802

Central Texas Farm Credit, ACA
215 W. Elm Street
Coleman, TX 76834

Heritage Land Bank, ACA
4608 Kinsey Drive, Suite 100
Tyler, TX 75703

Legacy Ag Credit, ACA
303 Connally Street
Sulphur Springs, TX 75482

Lone Star, ACA
1612 Summit Avenue, Suite 300
Fort Worth, TX 76102

Louisiana Land Bank, ACA
2413 Tower Drive
Monroe, LA 71201

Mississippi Land Bank, ACA
5509 Highway 51 North
Senatobia, MS 38668

Plains Land Bank, FLCA
5625 Fulton Drive
Amarillo, TX 79109

Southern AgCredit, ACA
402 West Parkway Place
Ridgeland, MS 39157

Texas Farm Credit Services
545 South Highway 77
Robstown, TX 78380