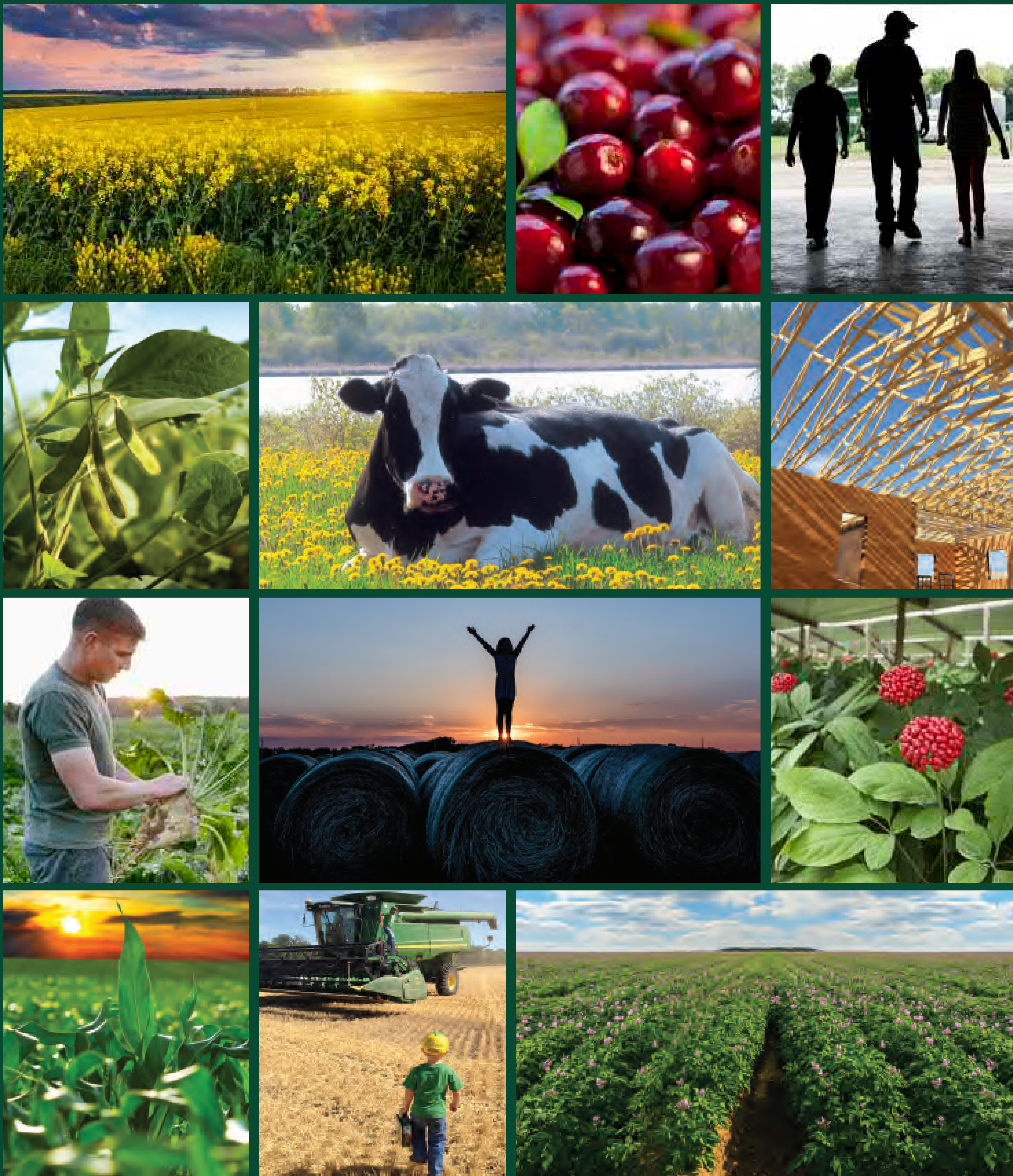


2017 Annual Report

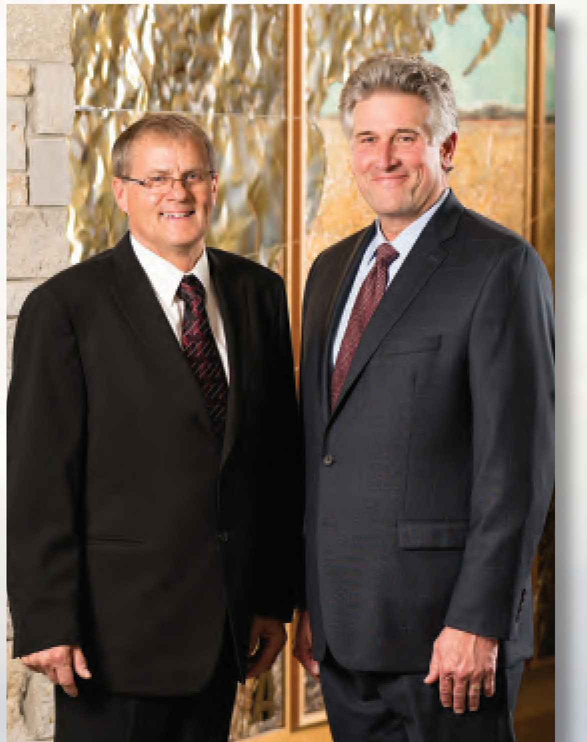
AgCountry Farm Credit Services, ACA

AgCountry Farm Credit Services Board of Directors

Back Row Standing: (left to right)
William Muhs, Michael Zenker, Greg Nelson, Leif Aakre (Chairman), Kurt Elliott, Lynn Pietig, Greg Sabolik, Ed Hegland, (Vice-Chairman), Michael Long, Jack Hansen, Gregory Jans, Mary Kay Van Der Geest, and Scott Gerbig

Front Row Sitting: (left to right)
Dale Zahradka, William Oemichen, Bradley Sunderland, James Jarvis, Suzanne Allen, Glen Brandt, and Mark Ellison

Our role is to look forward and make decisions that position the organization to be viable, strong, and in a position to provide value to our customers well into the future.



Left to right:

Leif Aakre
AgCountry Farm Credit Services
Chairman of the Board

Marcus L. Knisely
President and
Chief Executive Officer

Building A Legacy

When it comes to farming, the words "legacy" and "tradition" come to mind. The history of Minnesota, North Dakota and Wisconsin is steeped in a proud tradition of working the land and providing food and nourishment to those off the farm.

Over 100 years ago Farm Credit was tasked with a mission to serve agriculture and rural communities. A century later we continue to fulfill that mission in providing reliable, consistent credit and financial services to those whom we serve. Regardless of farm size and the commodity grown or raised, we stand as a financial resource.

So whether you are a small vegetable producer, a young farmer raising hogs, or growing wheat on 5,000 acres, AgCountry is here to serve you. It is our commitment to continuously improve and exceed customer expectations.

With the merger, our territory has expanded. Our collective depth of knowledge has grown. But our mission remains the same. We, too, are looking to leave a lasting legacy of service to our member-owners and rural communities. We are committed to continuous improvement, with an eye on long-term customer benefits.

One way in which we demonstrate our commitment to your success is through our cash patronage program. This year we are proud to return $34.53 million to our members. What we achieve as a cooperative is made possible by the hard work of our members. Given the challenging markets that exist today, this feat is all the more impressive.

Open Communication

Open communication is critically important in our business. Regardless of whom we are speaking with, we believe in open and candid communications. We know that some of these conversations can be sensitive, especially given a down market. However, successful outcomes usually stem from all parties being on the same page.

We are here as a resource for you. We want to find the best course of action to take that fits your operation. Sometimes this may include operating cost management, or reevaluating the structure of balance sheets. No matter what it is, we strive to be honest and upfront.

We understand that there are many issues outside of the control of farmers. As a cooperative made up of 18,000 customers, our presence is strong. We will continue to work on your behalf when visiting with leaders, be it local, state or national. We will be your advocate. We will be your voice. Working together we can help build a lasting legacy of success.

Finally, we would like to thank Bob Bahl for his years of service to our cooperative as Chief Executive Officer. We are well positioned today because of his leadership, passion and dedication. We wish him well in his retirement.

Thank you for entrusting us with your business, and we wish you the best in 2018 and beyond.

Leif Aakre, Chairman of the Board
AgCountry Farm Credit Services, ACA

Marcus L. Knisely
President/CEO

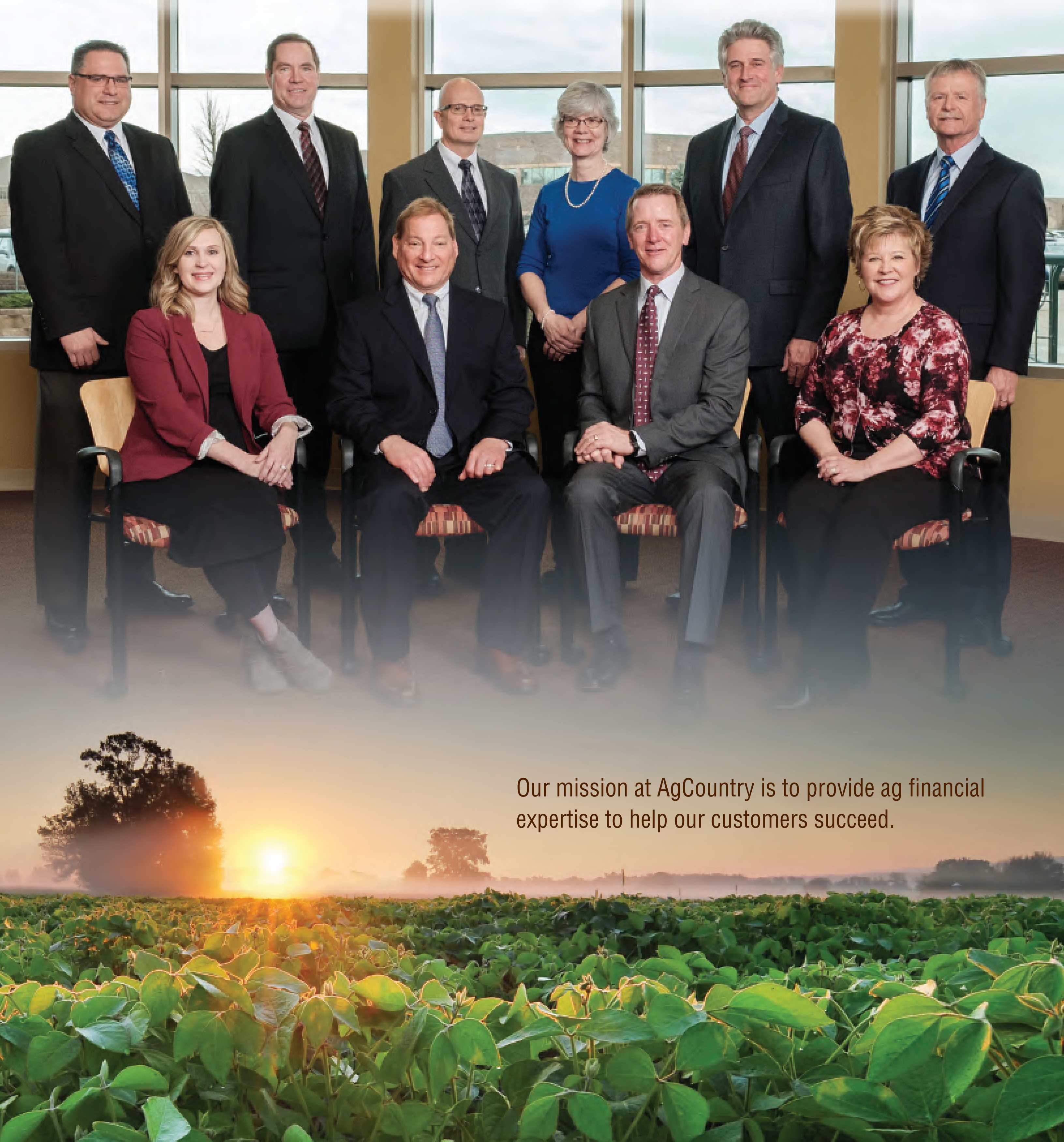
AgCountry Farm Credit Services Executive Leadership Team

Back Row Standing: (left to right)

Jeffrey Schmidt - SVP Credit, Mark Rehovsky - Chief Marketplace Officer, Jeremy Oliver - Chief Financial Officer, Becky Thibert - SVP Strategic Technology, Marcus L. Knisely - President/Chief Executive Officer and Kenneth C. Knudsen - Chief Credit Officer

Front Row Sitting: (left to right)

Jessica Fyre - SVP General Counsel, Randy Aberle - SVP Agribusiness and Capital Markets, Howard Olson - SVP Insurance and Communications and Jeni Strand - SVP Human Resources



Our mission at AgCountry is to provide ag financial expertise to help our customers succeed.

TABLE OF CONTENTS

AgCountry Farm Credit Services, ACA

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

AgCountry Farm Credit Services, ACA

(dollars in thousands)

As of December 31	**2017**	2016	2015	2014	2013
Statement of Condition Data					
Loans	**$ 7,084,093**	$ 5,049,534	$ 4,811,872	$ 4,518,880	$ 4,202,521
Allowance for loan losses	**15,818**	14,284	13,394	16,458	15,741
Net loans	**7,068,275**	5,035,250	4,798,478	4,502,422	4,186,780
Finance leases held for sale	**--**	70,356	--	--	--
Net loans	**7,068,275**	5,105,606	4,798,478	4,502,422	4,186,780
Investment in AgriBank, FCB	**156,408**	111,196	109,986	100,562	104,690
Investment securities	**7,059**	7,059	7,059	7,059	2,756
Other property owned	**115**	--	--	--	--
Other assets	**211,024**	238,609	277,815	292,542	256,270
Total assets	**$ 7,442,881**	$ 5,462,470	$ 5,193,338	$ 4,902,585	$ 4,550,496
Obligations with maturities of one year or less	**$ 108,523**	$ 4,293,754	$ 4,109,096	$ 3,901,460	$ 3,637,431
Obligations with maturities greater than one year	**5,758,089**	--	--	--	--
Total liabilities	**5,866,612**	4,293,754	4,109,096	3,901,460	3,637,431
Capital stock and participation certificates	**12,451**	7,370	7,516	7,621	8,065
Additional paid-in capital	**304,385**	--	--	--	--
Unallocated surplus	**1,263,212**	1,161,346	1,076,726	993,504	905,000
Accumulated other comprehensive loss	**(3,779)**	--	--	--	--
Total members' equity	**1,576,269**	1,168,716	1,084,242	1,001,125	913,065
Total liabilities and members' equity	**$ 7,442,881**	$ 5,462,470	$ 5,193,338	$ 4,902,585	$ 4,550,496

For the year ended December 31	**2017**	2016	2015	2014	2013
Statement of Income Data					
Net interest income	**$ 165,129**	$ 131,193	$ 120,906	$ 120,589	$ 109,573
Provision for (reversal of) credit losses	**3,053**	4,088	(1,235)	828	(553)
Other expenses, net	**29,208**	21,485	23,919	19,257	18,729
Net income	**$ 132,868**	$ 105,620	$ 98,222	$ 100,504	$ 91,397
Key Financial Ratios					
For the Year					
Return on average assets	**2.1%**	2.0%	2.0%	2.2%	2.2%
Return on average members' equity	**9.7%**	9.4%	9.5%	10.5%	10.5%
Net interest income as a percentage of average earning assets	**2.7%**	2.6%	2.7%	2.8%	2.8%
Net charge-offs (recoveries) as a percentage of average loans	**0.0%**	0.1%	0.0%	0.0%	(0.1%)
At Year End					
Members' equity as a percentage of total assets	**21.2%**	21.4%	20.9%	20.4%	20.1%
Allowance for loan losses as a percentage of loans	**0.2%**	0.3%	0.3%	0.4%	0.4%
Capital ratios effective beginning January 1, 2017:					
Permanent capital ratio	**17.3%**	N/A	N/A	N/A	N/A
Common equity tier 1 ratio	**17.2%**	N/A	N/A	N/A	N/A
Tier 1 capital ratio	**17.2%**	N/A	N/A	N/A	N/A
Total capital ratio	**17.5%**	N/A	N/A	N/A	N/A
Tier 1 leverage ratio	**19.7%**	N/A	N/A	N/A	N/A
Capital ratios effective prior to 2017:					
Permanent capital ratio	**N/A**	17.2%	16.6%	16.2%	15.8%
Total surplus ratio	**N/A**	17.1%	16.5%	16.0%	15.7%
Core surplus ratio	**N/A**	17.1%	16.5%	16.0%	15.7%
Net Income Distributed					
Patronage distributions payable to members	**$ 34,530**	$ 21,000	$ 15,000	$ 12,000	$ 10,600

The patronage distribution to members accrued for the year ended December 31, 2017, is distributed in cash during the first quarter of 2018. The patronage distributions accrued for the years ended December 31, 2016, 2015, 2014, and 2013, were distributed in cash during the first quarter of the subsequent year.

See Note 8 for an explanation of changes to capital ratios in the chart above.

MANAGEMENT'S DISCUSSION AND ANALYSIS
AgCountry Farm Credit Services, ACA

The following commentary reviews the consolidated financial condition and consolidated results of operations of AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a nationwide system of cooperatively owned banks and associations established by Congress to meet the credit needs of American agriculture. As of January 1, 2018, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 69 customer-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the System serves.

AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). We are an association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) ensures the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par value.

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of the AgriBank or the AgriBank District financial reports, contact us at:

AgCountry Farm Credit Services, ACA
Post Office Box 6020
Fargo, ND 58108-6020
(701) 282-9494
www.agcountry.com
acndinternet@agcountry.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.agribank.com
financialreporting@agribank.com

Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

MERGER ACTIVITY

The merger between AgCountry Farm Credit Services, ACA (AgCountry) and United FCS, ACA (United) was effective July 1, 2017. The merged entity, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, ND. The merged entity now serves nearly 18,000 customers in 65 counties in Minnesota, North Dakota, and Wisconsin, and has assets over $7.4 billion.

The effects of the merger with United are included in our financial position, results of operations, and related metrics beginning July 1, 2017. Prior year results have not been restated to reflect the impact of the merger. Results of operations and equity reflect the results of AgCountry prior to July 1, 2017, and the merged Association after July 1, 2017. Upon the closing of the merger, loans increased $1.7 billion, assets increased by $1.8 billion, liabilities increased by $1.4 billion, and members' equity increased by $309.4 million. These amounts include adjustments to fair value, as required by accounting standards for business combinations.

FORWARD-LOOKING INFORMATION

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", "believe", "estimate", "may", "expect", "intend", "outlook", and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties that may be beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, financial markets, international, and economic conditions and developments in the United States (U.S.) and abroad,
- economic fluctuations in the agricultural and farm-related business sectors,
- unfavorable weather, disease, and other adverse climatic or biological conditions that periodically occur and 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 actions relating 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 risks inherent in our lending activities,
- changes in our assumptions for determining the allowance for loan losses, other-than-temporary impairment, and fair value measurements.

AGRICULTURAL AND ECONOMIC CONDITIONS

World Gross Domestic Product (GDP) is projected to grow 3.0% in 2018 compared to 2.9% in 2017 and 2.6% in 2016. Emerging Asia is expected to continue to be the driver of the world economy, although growth is expected to be slower in 2018. GDP growth in China and India is expected to be strong. Although China's GDP is expected to continue to decline from 6.5% in 2017 to 6.2% in 2018, it is still considered strong growth. India's GDP is forecast to rebound to 7.3% in 2018 from 7.0% in 2017. Japan's economy is starting to grow with business confidence at a high level and growth for 2018 is forecast at 1.7%. Latin America has emerged from its recession with slow economic growth in 2017, but could rebound slightly in 2018. There is positive GDP growth expected in Brazil with positive per capita income growth in 2018. Venezuela remained in a recession throughout 2017. Growth will be largely dependent on the political situation. Canada's economic growth rate is expected to be 2.0% in 2017 and 2018, up from 1.4% in 2016. In Mexico, growth could rebound to 2.2% in 2018 up slightly from 2.0% in 2017. Uncertainty regarding the U.S. President's policies and renegotiation of North American Free Trade Agreement (NAFTA) could impact growth in Mexico. Per capita income growth in the Eurozone at 2.0% in 2017 is expected to be the strongest since the global financial crisis began in 2007. Strong consumer and business sentiment, along with receding uncertainty associated with populist political movements, is expected to support sustained growth in 2018.

U.S. GDP is projected to grow 3.0% in 2018 compared to 2.2% in 2017. The U.S. dollar has declined substantially since the beginning of 2017, losing roughly 7% of its agricultural export-weighted value since January 2017. The relatively weaker dollar primarily reflects improvements in the economic outlook of U.S. trading partners, particularly Europe and Japan. A change in the U.S. trade relationship with Mexico and Canada continues to be a concern as NAFTA renegotiations are ongoing. Overall inflation and inflation for items other than food and energy declined in 2017 and were running below 2%. Household spending has been expanding at a moderate rate and growth in business fixed investments has increased in recent quarters.

In view of realized and expected labor market conditions and inflation, the Federal Reserve decided to raise the target range for the federal funds rate to 1.25% to 1.50% during its December 2017 meeting. The labor market has continued to strengthen and economic activity has been rising at a solid rate. The Federal Reserve expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate. The federal funds rate is likely to remain below levels that are expected to prevail in the longer run for some time. In determining the timing and size of future adjustments to the target range for the federal funds rate, the Federal Reserve will assess realized and expected economic conditions relative to its objectives of maximum employment and 2.00% inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Federal Reserve initiated the balance sheet normalization program in October 2017. The unemployment rate decreased slightly from the third quarter, with an estimated unemployment rate (seasonally adjusted) of 4.1% in December 2017. Inflation has decreased recently and is still below the Federal Reserve's 2.00% objective. The Federal Reserve's economic projections released during the December meeting projected three 0.25% rate increases in 2018 with a year-end target average rate of 2.13%.

Net farm income for 2017 is projected to increase 12.6% from 2016, to $100.4 billion. If realized, 2017 net farm income would mark the first year of increase following three consecutive years of decline. Cash receipts are forecast to rise 4.0% in 2017, led by an 8.4% increase in animal/animal product receipts. Overall, cash receipts for crops are forecast to remain mostly unchanged from 2016 as expected increases for some crops are offset by declines in others. Following two consecutive years of decrease, farm production expenses are forecast to increase in 2017. Farm asset values are projected to increase 4.0% in 2017 due to the value of farm real estate, animal/animal-product inventories, financial assets, and machinery. Farm-origin expenses, including feed, livestock and seed, are down 1.2% as a group.

Specific Production Conditions

Corn, soybeans, sugar beets, and wheat are the primary cash crops produced in our territory. A summary of each crop is presented below, along with a summary of the cattle, hog, dairy, and ethanol industries.

In general, producers in our association are expected to experience close to breakeven financial results with some areas showing profits while other areas realized losses. Grain crops and soybean yields were typically average to slightly better than average. Corn yields were considered average to slightly above average as well. Sugar beet yields were generally good and growers were able to harvest the majority of their acres. Yields did not reach the levels recorded in 2016 and low commodity prices will continue to place an increased emphasis on marketing.

Corn: The U.S. corn production for 2017/18 is projected at 14.6 billion bushels. Ending stocks are projected at 2.4 billion bushels compared to estimated 2.3 billion bushels in the prior year. Current world ending stocks are projected at 204.1 million metric tons. Higher projected ending stocks are the result of increased production projected in China, European Union (EU), and Brazil. The current projected average farm price is $2.85 to $3.55 per bushel.

Soybeans: Total projected U.S. oilseed production for 2017/18 is at 131.3 million tons increasing slightly from November estimates due to a small increase in cottonseed. Ending stocks are now projected at 445 million bushels which, if realized, would be the highest since 2006/07. The U.S. season-average soybean price range for 2017/18 is forecast at $8.60 to $10.00 per bushel.

Sugar Beets: Early planting, adequate moisture, and controlled disease in 2017 all contributed to near record production and good sugar content. Harvest conditions generally went well, with some shut-downs due to excessive heat. Local coops have invested in improved pile ventilation to enhance storage quality.

Beet sugar price has improved throughout the year due to several factors including changes to the Mexican Suspension Agreements by the Department of Commerce, which addressed the dumping of sugar into the U.S. market, and increased sugar demand. The net selling price achieved by sugar marketing companies is expected to increase, ultimately resulting in higher payments to growers.

Wheat: 2017/18 global wheat production reached a record high due to larger than forecasted Canadian and EU wheat crops. Projections for both global wheat output and trade now exceed last year's records. Projected global ending stocks are up 0.9 million metric tons to 268.4 million, also a new record. An increase in wheat supplies in Canada is expected to intensify the competition facing U.S. exports during the latter part of the 2017/18 marketing year. The 2017/18 average price range is forecast at $4.50 to $4.70 per bushel.

Cattle: Cattle on feed inventories remain above prior year levels and placements continue to reflect the larger cattle inventory. However, the pace of beef cow and heifer slaughter suggests that the rate of expansion may have slowed during 2017. Prices across the cattle complex appear to have peaked and were under pressure during the fourth quarter. Higher beef exports through October 2017 resulted in year-to-date 2017 export growth of 14.3% above the prior year. Cattle prices for the first half of 2018 are expected to be 7.3% lower than the first half of 2017 based on seasonally higher beef production.

Hogs: The December Quarterly Hogs and Pigs report shows the market hog inventory at 67.1 million head, up 2% from prior year but down slightly from last quarter. The breeding inventory at 6.2 million head was also up 1% from prior year and quarter. The total hogs and pig inventory at 73.2 million head is up 2% from a year ago, though down slightly from last quarter.

The September to November 2017 pig crop, at 33.4 million head, was up 3% from 2016. Sows farrowing during the period totaled 3.1 million head, an increase of 2% from a year ago. The average pigs saved per litter reached a record high at 10.7 for this same time period compared to 10.6 from 2016.

Dairy: Milk production forecast for 2017 has been lowered slightly to 215.7 billion pounds based on slower growth in milk per cow. The milk cow forecast for fourth quarter 2017 is 9.4 million head. This is unchanged from previous estimates. The fourth quarter milk per cow forecast has been lowered to 5,675 pounds based on recent data. This has led to the slight reduction in the expected milk production. The all-milk price for the fourth quarter of 2017 is forecast at $17.75 to $17.95 per cwt. The all-milk price for 2018 is estimated at $16.65 to $17.45 per cwt.

Ethanol: Under the Clean Air Act, the Environmental Protection Agency (EPA) is required to set the annual standards for the Renewable Fuel Standard (RFS) program for each year. On November 30, 2017, the EPA announced the final Renewable Volume Obligations (RVOs) for 2018. This indicates the amount of ethanol that must be blended into gasoline each year. The 2018 RVO numbers were very similar to this proposal, which included 15 billion gallons of corn-based ethanol. This showed governmental support for the ethanol industry. If the RFS were repealed, it is believed that refiners would still continue to blend ethanol into petroleum since the economics favor it. Ethanol is one of the lowest-cost octane additives on the market.

Ethanol stocks remained high in the fourth quarter, keeping ethanol prices low. Margins remain modest, but positive. Plants continue to produce at high levels and 2017 is expected to be a year of record ethanol production in the U.S.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $7.1 billion at December 31, 2017, an increase of $2.0 million from December 31, 2016.

Components of Loans

(in thousands)

As of December 31	**2017**	2016	2015
Accrual loans:			
Real estate mortgage	**$ 2,866,146**	$ 1,952,401	$ 1,707,553
Production and intermediate term	**2,265,578**	1,667,772	1,746,521
Agribusiness	**1,474,242**	1,119,204	944,014
Other	**451,105**	297,911	388,518
Nonaccrual loans	**27,022**	12,246	25,266
Total loans	**$ 7,084,093**	$ 5,049,534	$ 4,811,872

The other category is primarily comprised of energy, communication, agricultural export finance, and rural residential real estate related loans, as well as finance leases and bonds originated under our mission related investment authority.

The increase in total loans from December 31, 2016 was primarily due to the merger with United.

We offer variable, fixed, indexed, and adjustable interest rate loan and lease programs to our borrowers. We determine interest margins charged on each lending program based on cost of funds, credit risk, market conditions, and the need to generate sufficient earnings.

As part of the AgriBank Asset Pool program, we have sold participation interests in real estate loans to AgriBank. The total participation interests in this program were $350.2 million, $228.1 million, and $267.4 million at December 31, 2017, 2016, and 2015, respectively.

Portfolio Distribution

We are chartered to serve eighteen counties in North Dakota, thirty-five counties in Minnesota and twelve counties in Wisconsin. Approximately 25.5% of our total loan portfolio was in twelve counties in our territory bordering the Red River in North Dakota and Minnesota at December 31, 2017. Our territory is geographically dispersed as no other counties in our territory had more than 5.0% concentration in loans. Based upon volume, approximately 30.6%, 38.1%, and 6.4% of our loans are to borrowers in the states of North Dakota, Minnesota, and Wisconsin, respectively, at December 31, 2017. We purchase the remainder of our portfolio outside of North Dakota, Minnesota, and Wisconsin to support rural America and to diversify our portfolio risk.

Agricultural Concentrations

As of December 31	2017	2016	2015
Cash grains	**50.2%**	52.7%	54.3%
Sugar beets	**10.0%**	11.5%	10.9%
Livestock	**6.5%**	6.1%	5.4%
Ethanol	**3.0%**	4.1%	3.9%
Dairy	**6.7%**	3.9%	3.7%
Rural electric and utilities	**2.9%**	3.3%	3.2%
Forestry	**3.1%**	2.9%	2.6%
Telecom	**1.9%**	1.5%	1.6%
Poultry and eggs	**1.3%**	0.8%	0.9%
Other	**14.4%**	13.2%	13.5%
Total	**100.0%**	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs, and other circumstances.

Our production and intermediate term loan portfolio exhibits some seasonality. Borrowings increase throughout the planting and growing seasons to meet operating and capital needs. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs.

Portfolio Credit Quality

The credit quality of our portfolio improved from December 31, 2016. Adversely classified loans decreased to 2.7% of the portfolio at December 31, 2017, from 3.0% of the portfolio at December 31, 2016. Adversely classified loans are loans we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In certain circumstances, government guarantee programs are used to reduce the risk of loss. At December 31, 2017, $297.4 million of our loans were, to some level, guaranteed under these government programs.

Risk Assets

Components of Risk Assets

(dollars in thousands)

As of December 31	2017	2016	2015
Loans:			
Nonaccrual	**$ 27,022**	$ 12,246	$ 25,266
Accruing restructured	**30**	1,765	59
Accruing loans 90 days or more past due	**--**	59	1,036
Total risk loans	**27,052**	14,070	26,361
Other property owned	**115**	--	--
Total risk assets	**$ 27,167**	$ 14,070	$ 26,361
Total risk loans as a percentage of total loans	**0.4%**	0.3%	0.5%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.2%	0.5%
Current nonaccrual loans as a percentage of total nonaccrual loans	**67.0%**	64.9%	38.3%
Total delinquencies as a percentage of total loans	**0.2%**	0.2%	0.7%

Note: Accruing loans include accrued interest receivable.

Our risk assets increased from December 31, 2016, primarily due to the merger with United, but remained at acceptable levels. Despite the increase in risk assets, total risk loans as a percentage of total loans were well within our established risk management guidelines.

The increase in nonaccrual loans was primarily due to the merger with United. Nonaccrual loans remained at an acceptable level at December 31, 2017, 2016, and 2015.

The decrease in accruing restructured loans was primarily due to communication loans, which are included in the other loan category, being refinanced at market terms during the first quarter of 2017.

Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Allowance Coverage Ratios

As of December 31	**2017**	2016	2015
Allowance as a percentage of:			
Loans	**0.2%**	0.3%	0.3%
Nonaccrual loans	**58.5%**	116.6%	53.0%
Total risk loans	**58.5%**	101.5%	50.8%
Net charge-offs as a percentage of average loans	**0.0%**	0.1%	0.0%
Adverse assets to risk funds	**13.5%**	14.6%	11.3%

Note: Risk funds includes permanent capital and allowance for loan losses.

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at December 31, 2017.

Additional loan information is included in Notes 3, 11, 12, and 13 to the accompanying Consolidated Financial Statements.

INVESTMENT SECURITIES

As part of our earning asset mix, we held investment securities. Investment securities totaled $7.1 million at December 31, 2017, 2016, and 2015. Our investment securities consisted of Agricultural and Rural Community bonds and are classified as held to maturity.

The investment portfolio is evaluated for other-than-temporary impairment. For the years ended December 31, 2017, 2016, and 2015, we have not recognized any impairment on our investment portfolio.

Additional investment securities information is included in Note 5 to the accompanying Consolidated Financial Statements.

OTHER INVESTMENTS

We and other Farm Credit Institutions are among the limited partners for a Rural Business Investment Company (RBIC). Our total commitment is $10.0 million through December 31, 2019. Our investment in the RBIC totaled $5.9 million, $2.6 million, and $1.5 million at December 31, 2017, 2016, and 2015, respectively. The increase in our commitment and investment in the RBIC is a result of the merger with United.

The investment was evaluated for impairment. To date, we have not recognized any impairment on this investment.

Additional other investment information is included in Note 6 to the accompanying Consolidated Financial Statements.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the year ended December 31	**2017**	2016	2015
Net income	**$ 132,868**	$ 105,620	$ 98,222
Return on average assets	**2.1%**	2.0%	2.0%
Return on average members' equity	**9.7%**	9.4%	9.5%

Changes in the chart above relate directly to:

- changes in income discussed below,
- changes in assets discussed in the Loan Portfolio, Investment Securities, and Other Investments sections, and
- changes in capital discussed in the Capital Adequacy section.

Changes in Significant Components of Net Income

(in thousands)	For the year ended December 31 2017	2016	2015	Increase (decrease) in net income 2017 vs 2016	2016 vs 2015
Net interest income	**$ 165,129**	$ 131,193	$ 120,906	**$ 33,936**	$ 10,287
Provision for (reversal of) credit losses	**3,053**	4,088	(1,235)	**1,035**	(5,323)
Patronage income	**34,086**	18,204	15,332	**15,882**	2,872
Other income, net	**39,325**	39,050	38,438	**275**	612
Operating expenses	**101,136**	79,034	77,034	**(22,102)**	(2,000)
Provision for (benefit from) income taxes	**1,483**	(295)	655	**(1,778)**	950
Net income	**$ 132,868**	$ 105,620	$ 98,222	**$ 27,248**	$ 7,398

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31	**2017 vs 2016**	2016 vs 2015
Changes in volume	**$ 29,120**	$ 12,504
Changes in interest rates	**4,419**	(2,653)
Changes in nonaccrual income and other	**397**	436
Net change	**$ 33,936**	$ 10,287

Net interest income included income on nonaccrual loans that totaled $1.4 million, $1.0 million, and $0.5 million in 2017, 2016, and 2015, respectively. Nonaccrual income is recognized when received in cash, collection of the recorded investment is fully expected, prior charge-offs have been recovered, or when the loan is paid in full.

Net interest margin (net interest income as a percentage of average earning assets) was 2.7%, 2.6%, and 2.7% in 2017, 2016, and 2015, respectively.

Provision for (Reversal of) Credit Losses

The provision for (reversal of) credit losses in the Consolidated Statements of Income includes a provision for loan losses and a provision for credit losses on unfunded commitments. The provision for loan losses of $2.5 million at December 31, 2017, is primarily due to growth in our loan portfolio combined with a decline in overall portfolio credit quality. During 2017, a $0.6 million provision for credit losses on unfunded commitments was recorded to increase the reserve on unfunded commitments. Additional discussion is included in Note 3 to the accompanying Consolidated Financial Statements.

Patronage Income

We may receive patronage from AgriBank and other Farm Credit Institutions. Patronage distributions from other Farm Credit Institutions are declared solely at the discretion of each institution's Board of Directors. Patronage distributions for the programs discussed below are declared solely at the discretion of AgriBank's Board of Directors.

Patronage Income

(in thousands)

For the year ended December 31	**2017**	2016	2015
Wholesale patronage	**$ 26,716**	$ 12,627	$ 9,883
Equalization income	**21**	--	--
Asset pool patronage	**7,229**	5,414	5,216
Other Farm Credit Institutions	**120**	163	233
Total patronage income	**$ 34,086**	**$ 18,204**	**$ 15,332**

Wholesale patronage income is based on the average balance of our note payable to AgriBank. The patronage rates were 45.0 basis points, 25.6 basis points, and 26.0 basis points in 2017, 2016, and 2015, respectively. The increase in the patronage rate in 2017 was primarily due to a change in AgriBank's capital plan effective July 1, 2017. The capital plan was modified to pay out 100% of net earnings beginning in 2017. Previously, 50% of net earnings was paid. See the Relationship with AgriBank section for further discussion on patronage income.

Since 2009, we have participated in the AgriBank Asset Pool program in which we sell participation interests in certain real estate loans to AgriBank. As part of this program, we received earnings generated by the loans placed in the Asset Pool in an amount that approximated the net earnings of the loans. Net earnings represents the net interest income associated with these loans adjusted for certain fees and costs specific to the related loans as well as adjustments deemed appropriate by AgriBank related to the credit performance of the loans, as applicable. In addition, we received patronage income in an amount that approximated the wholesale patronage had we retained the volume.

Operating Expenses

Components of Operating Expenses

(dollars in thousands)

For the year ended December 31		**2017**		2016		2015
Salaries and employee benefits	**$**	**59,407**	$	45,769	$	47,025
Purchased and vendor services		**14,532**		9,818		8,361
Communications		**971**		881		887
Occupancy and equipment		**6,147**		5,020		4,778
Advertising and promotion		**1,711**		1,208		1,042
Examination		**1,800**		1,516		1,286
Farm Credit System insurance		**7,489**		7,235		5,196
Other		**9,079**		7,587		8,459
Total	**$**	**101,136**	$	79,034	$	77,034
Less: Related services and certain miscellaneous income, net		**39,834**		33,609		33,780
Net operating expense	**$**	**61,302**	$	45,425	$	43,254
Net Operating rate		**1.0%**		0.9%		0.9%

The calculation of net operating rate is operating expenses less related services and certain miscellaneous income as a percentage of average earning assets.

The increase in operating expenses from December 31, 2016, is primarily due to the merger with United.

Provision for (Benefit from) Income Taxes

The variance in provision for (benefit from) income taxes was related to our estimate of taxes based on taxable income. Patronage distributions to members reduced our tax liability in 2017, 2016, and 2015. Additional discussion is included in Note 9 to the accompanying Consolidated Financial Statements.

FUNDING AND LIQUIDITY

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 7 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2017, we had $1.2 billion available under our line of credit. We generally apply excess cash to this line of credit.

Note Payable Information

(dollars in thousands)

For the year ended December 31		**2017**		2016		2015
Average balance	**$**	**4,891,355**	$	4,124,471	$	3,801,165
Average interest rate		**1.8%**		1.4%		1.2%

The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of funds is from unallocated surplus.

We have entered into a Standby Commitment to Purchase Agreement with the Federal Agricultural Mortgage Corporation (Farmer Mac), a System institution, to help manage credit risk. If a loan covered by the agreement goes into default, subject to certain conditions, we have the right to sell the loan to Farmer Mac. This agreement remains in place until the loan is paid in full. The guaranteed principal amount of loans subject to the purchase agreement was $127.2 million, $42.7 million, and $41.5 million at December 31, 2017, 2016, and 2015, respectively. We paid Farmer Mac commitment fees totaling $0.3 million, $0.2 million, and $0.4 million in 2017, 2016, and 2015, respectively. These amounts are included in “Other operating expenses” in the Consolidated Statements of Income. Sales of loans to Farmer Mac under this agreement were $13.5 million in 2015. No loans have been sold to Farmer Mac under this agreement in 2017 or 2016.

CAPITAL ADEQUACY

Total members’ equity was $1.6 billion, $1.2 billion, and $1.1 billion at December 31, 2017, 2016, and 2015, respectively. Total members’ equity increased $407.6 million from December 31, 2016, primarily due to capital acquired through the merger with United, net income for the year and an increase in capital stock and participation certificates, partially offset by patronage distribution accruals. Accumulated other comprehensive loss is the impact of prior service cost and unamortized actuarial gain/loss related to the Pension Restoration Plan. Additional Pension Restoration Plan information is included in Note 10 to the accompanying Consolidated Financial Statements.

The FCA Regulations require us to maintain minimums for various regulatory capital ratios. New regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added tier 1 leverage and unallocated retained earnings and equivalents ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations.

Regulatory Capital Requirements and Ratios

As of December 31	2017	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:				
Common equity tier 1 ratio	**17.2%**	4.5%	2.5%*	7.0%
Tier 1 capital ratio	**17.2%**	6.0%	2.5%*	8.5%
Total capital ratio	**17.5%**	8.0%	2.5%*	10.5%
Permanent capital ratio	**17.3%**	7.0%	N/A	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio	**19.7%**	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**20.4%**	1.5%	N/A	1.5%

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

Our capital plan is designed to maintain an adequate amount of surplus and allowance for loan losses, which represents our reserve to capitalize growth and for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Additional discussion of these regulatory ratios is included in Note 8 to the accompanying Consolidated Financial Statements.

In addition to these regulatory requirements, we establish an optimum common equity tier 1 (CET1) range. This target allows us to maintain a capital base adequate for sound risk bearing capacity, future growth and investment in new products and services. The target is subject to revision as circumstances change. As of December 31, 2017, our optimum CET1 target range was 10% to 18%, as defined in our 2018 capital plan.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. Refer to the Loan Portfolio, Investment Securities, and Other Investment sections for further discussion of the changes in assets. Additional members' equity information is included in Note 8 to the accompanying Consolidated Financial Statements. Refer to Note 10 in our Annual Report for the year ended December 31, 2016, for a more complete description of the ratios effective as of December 31, 2016, and 2015. We were in compliance with the minimum required capital ratios as of December 31, 2016, and 2015.

RELATIONSHIP WITH AGRIBANK

Borrowing

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A General Financing Agreement (GFA), as discussed in Note 7 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA include:

- a marginal cost of debt component,
- a spread component, which includes cost of servicing, cost of liquidity, and bank profit,
- a risk premium component, if applicable.

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk within established AgCountry policy and with approval by AgriBank's Asset Liability Committee.

Investment

We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank surplus. As of December 31, 2017, we were required by AgriBank to maintain an investment equal to 2.25% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate.

As of December 31, 2017, we were required to hold AgriBank stock equal to 8.0% of the quarter end balance in the AgriBank Asset Pool program.

At December 31, 2017, our investment in AgriBank was $156.4 million, of which, $94.3 million consisted of stock representing distributed AgriBank surplus and $62.1 million consisted of purchased investment. At December 31, 2017, our entire investment in AgriBank consisted of stock representing distributed AgriBank surplus. For the periods presented in this report, we have received no dividend income on this stock investment and we do not anticipate any in future years.

Patronage

AgriBank has amended its capital plan effective July 1, 2017, to provide for adequate capital at AgriBank under the new capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank; distributing available AgriBank earnings in the form of patronage, either cash or stock. A key part of these changes involves maintaining capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

We receive different types of discretionary patronage from AgriBank. Beginning in 2017, patronage income earned may be paid in cash and AgriBank stock. Patronage income for 2017, 2016, and 2015 was paid in the form of cash. AgriBank's Board of Directors sets the level of:

- wholesale patronage, which includes patronage on our note payable with AgriBank and,
- patronage based on the balance and net earnings of loans in the AgriBank Asset Pool program.

Purchased Services

We purchase various services from AgriBank including certain financial and retail systems, financial reporting services, tax reporting services, technology services, insurance services, and internal audit services.

The total cost of services we purchased from AgriBank was $0.8 million, $0.3 million, and $0.3 million in 2017, 2016, and 2015, respectively.

During 2016, District associations and AgriBank conducted research related to the creation of a separate service entity to provide many of the business services offered by AgriBank. A separate service entity allows District associations and AgriBank to develop and maintain long-term, cost effective technology and business services. The service entity would be owned by certain District associations and AgriBank and will be named SunStream Business Services (SunStream). An application to form the service entity was submitted in May 2017 to the FCA for approval.

Impact on Members' Investment

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

OTHER RELATIONSHIPS AND PROGRAMS

Relationships with Other Farm Credit Institutions

FCS Commercial Finance Group: We participate in the FCS Commercial Finance Group (CFG) alliance with certain other associations in the AgriBank District to better meet the financial needs of agricultural producers and agribusiness operations. CFG is directed by representatives from participating associations. The income, expense, and credit risks are allocated based on each association's participation interest in CFG loans and leases. Each association determines its commitment for new loan and lease opportunities based on its capacity and preferences. We had $1.6 billion, $1.1 billion, and $905.3 million of CFG loan and lease volume at December 31, 2017, 2016, and 2015, respectively. We also had $764.0 million of available commitment on CFG loans at December 31, 2017.

As a result of the merger with United FCS, ACA, we became the facilitating association for CFG. We are compensated to provide various support functions. This includes technology, human resources, accounting, payroll, reporting, and other finance functions. We also serve as the primary originating association for CFG participation purchases and sales.

ProPartners Financial: We participate in ProPartners Financial (ProPartners) alliance with certain other associations in the Farm Credit System to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating associations. The income, expense, and credit risks are allocated based on each association's participation interest of the ProPartners loan volume. Each association's allocation is established based on mutual agreement of the owners. We had $174.0 million, $141.1 million, and $146.0 million of ProPartners loan volume at December 31, 2017, 2016, and 2015, respectively. We also had $226.7 million of available commitment on ProPartners loans at December 31, 2017.

Federal Agricultural Mortgage Corporation: We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac. This agreement allows us to sell loans identified under the agreement to Farmer Mac. Refer to the Funding and Liquidity section for further discussion of this agreement.

Farm Credit Leasing: We have an agreement with Farm Credit Leasing (FCL), a System entity specializing in leasing products and providing industry expertise. Leases are originated and serviced by FCL, and we purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

CoBank, ACB: We have a relationship with CoBank, ACB (CoBank), a System bank, which involves both purchasing and selling participation interests in loans. As part of this relationship, our equity investment in CoBank was $1.4 million, $1.1 million, and $1.1 million at December 31, 2017, 2016, and 2015, respectively.

Farm Credit Foundations: We have a relationship with Farm Credit Foundations (Foundations), which involves purchasing human resource information systems, and benefit, payroll, and workforce management services. As of December 31, 2017, 2016, and 2015, our investment in Foundations was $0.1 million. The total cost of services we purchased from Foundations was $0.4 million, $0.3 million, and $0.4 million in 2017, 2016, and 2015, respectively.

Farm Credit Financial Partners, Inc.: Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems are provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an equity investment in FPI of $4.8 million, $2.8 million, and $2.7 million as of December 31, 2017, 2016, and 2015, respectively. The total cost of services we purchased from FPI was $11.6 million, $8.3 million, and $6.9 million in 2017, 2016, and 2015, respectively.

Rural Business Investment Company: We and other Farm Credit Institutions are among the limited partners for a RBIC. Refer to the Other Investment section for further discussion.

Programs

We are involved in a number of programs designed to improve our technology platform, credit delivery, related services, and marketplace presence.

Equipment Financing: We have entered into agreements with certain dealer networks to provide alternative service delivery channels to borrowers. These trade credit opportunities create more flexible and accessible financing options to borrowers through dealer point-of-purchase financing programs.

Farm Cash Management: We offer Farm Cash Management to our members. Farm Cash Management links members' revolving lines of credit with an AgriBank investment bond to optimize members' use of funds.

REPORT OF MANAGEMENT

AgCountry Farm Credit Services, ACA

We prepare the Consolidated Financial Statements of AgCountry Farm Credit Services, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audits the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Leif Aakre
Chairperson of the Board
AgCountry Farm Credit Services, ACA

Marcus L. Knisely
Chief Executive Officer
AgCountry Farm Credit Services, ACA

Jeremy W. Oliver
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 2, 2018

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AgCountry Farm Credit Services, ACA

The AgCountry Farm Credit Services, ACA (the Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America 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 Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2017. In making the assessment, management used the 2013 framework in Internal Control — Integrated Framework, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2017, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2017.

Marcus L. Knisely
Chief Executive Officer
AgCountry Farm Credit Services, ACA

Jeremy W. Oliver
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 2, 2018

REPORT OF AUDIT COMMITTEE

AgCountry Farm Credit Services, ACA

The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of AgCountry Farm Credit Services, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval, and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2017, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Consolidated Financial Statements in the Annual Report for the year ended December 31, 2017.

Jack Hansen

Jack Hansen
Chairperson of the Audit Committee
AgCountry Farm Credit Services, ACA

Members of the Audit Committee:
Suzanne Allen, Vice Chair
Glen Brandt
Kurt Elliott
Michael Long
Lynn Pietig
Brad Sunderland

March 2, 2018

Report of Independent Auditors

To the Board of Directors of AgCountry Farm Credit Services, ACA,

We have audited the accompanying Consolidated Financial Statements of AgCountry Farm Credit Services, ACA and its subsidiaries (the Association), which comprise the consolidated statements of condition as of December 31, 2017, 2016, and 2015, and the related consolidated statements of income, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of AgCountry Farm Credit Services, ACA and its subsidiaries as of December 31, 2017, 2016, and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 2, 2018

PricewaterhouseCoopers LLP, 45 South Seventh Street, Suite 3400, Minneapolis, MN 55402
T: (612) 596 6000, www.pwc.com/us

CONSOLIDATED STATEMENTS OF CONDITION

AgCountry Farm Credit Services, ACA

(in thousands)

As of December 31	2017	2016	2015
ASSETS			
Loans	**$ 7,084,093**	$ 5,049,534	$ 4,811,872
Allowance for loan losses	**15,818**	14,284	13,394
Net loans held to maturity	**7,068,275**	5,035,250	4,798,478
Finance leases held for sale	**--**	70,356	--
Net loans	**7,068,275**	5,105,606	4,798,478
Investment in AgriBank, FCB	**156,408**	111,196	109,986
Investment securities	**7,059**	7,059	7,059
Accrued interest receivable	**85,697**	62,041	57,450
Premises and equipment, net	**45,768**	36,109	33,732
Other property owned	**115**	--	--
Assets held for lease, net	**6,900**	19,646	152,945
Leased assets held for sale	**--**	79,623	--
Other assets	**72,659**	41,190	33,688
Total assets	**$ 7,442,881**	$ 5,462,470	$ 5,193,338
LIABILITIES			
Note payable to AgriBank, FCB	**$ 5,758,089**	$ 4,201,744	$ 4,015,690
Accrued interest payable	**27,414**	15,398	12,343
Deferred tax liabilities, net	**1,217**	26,211	33,952
Patronage distribution payable	**34,530**	21,000	15,000
Other liabilities	**45,362**	29,401	32,111
Total liabilities	**5,866,612**	4,293,754	4,109,096
Contingencies and commitments (Note 12)			
MEMBERS' EQUITY			
Capital stock and participation certificates	**12,451**	7,370	7,516
Additional paid-in capital	**304,385**	--	--
Unallocated surplus	**1,263,212**	1,161,346	1,076,726
Accumulated other comprehensive loss	**(3,779)**	--	--
Total members' equity	**1,576,269**	1,168,716	1,084,242
Total liabilities and members' equity	**$ 7,442,881**	$ 5,462,470	$ 5,193,338

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31	**2017**	2016	2015
Interest income	**$ 254,426**	$ 190,486	$ 168,394
Interest expense	**89,297**	59,293	47,488
Net interest income	**165,129**	131,193	120,906
Provision for (reversal of) credit losses	**3,053**	4,088	(1,235)
Net interest income after provision for (reversal of) credit losses	**162,076**	127,105	122,141
Other income			
Patronage income	**34,086**	18,204	15,332
Financially related services income	**31,884**	26,264	26,924
Fee income	**7,300**	6,930	6,375
Miscellaneous income, net	**141**	5,856	5,139
Total other income	**73,411**	57,254	53,770
Operating expenses			
Salaries and employee benefits	**59,407**	45,769	47,025
Other operating expenses	**41,729**	33,265	30,009
Total operating expenses	**101,136**	79,034	77,034
Income before income taxes	**134,351**	105,325	98,877
Provision for (benefit from) income taxes	**1,483**	(295)	655
Net income	**$ 132,868**	$ 105,620	$ 98,222

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

AgCountry Farm Credit Services, ACA

(in thousands)

	Capital Stock and Participation Certificates	Additional Paid-in Capital	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance as of December 31, 2014	$ 7,621	$ --	$ 993,504	$ --	$ 1,001,125
Net income	--	--	98,222	--	98,222
Unallocated surplus designated for patronage distributions	--	--	(15,000)	--	(15,000)
Capital stock and participation certificates issued	356	--	--	--	356
Capital stock and participation certificates retired	(461)	--	--	--	(461)
Balance as of December 31, 2015	7,516	--	1,076,726	--	1,084,242
Net income	--	--	105,620	--	105,620
Unallocated surplus designated for patronage distributions	--	--	(21,000)	--	(21,000)
Capital stock and participation certificates issued	320	--	--	--	320
Capital stock and participation certificates retired	(466)	--	--	--	(466)
Balance as of December 31, 2016	7,370	--	1,161,346	--	1,168,716
Net income	**--**	**--**	**132,868**	**--**	**132,868**
Other comprehensive loss and other	**--**	**--**	**--**	**(3,779)**	**(3,779)**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(31,002)**	**--**	**(31,002)**
Equity issued in connection with merger	**5,037**	**304,385**	**--**	**--**	**309,422**
Capital stock and participation certificates issued	**494**	**--**	**--**	**--**	**494**
Capital stock and participation certificates retired	**(450)**	**--**	**--**	**--**	**(450)**
Balance as of December 31, 2017	**$ 12,451**	**$ 304,385**	**$ 1,263,212**	**$ (3,779)**	**$ 1,576,269**

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31	2017	2016	2015
Cash flows from operating activities			
Net income	**$ 132,868**	$ 105,620	$ 98,222
Depreciation on premises and equipment	**2,441**	2,141	2,126
Gain on sale of premises and equipment, net	**(22)**	(912)	(112)
Depreciation on assets held for lease	**4,632**	28,212	32,868
(Gain) loss on disposal of assets held for lease, net	**(759)**	(471)	12
Gain on transfer of lease assets to held for sale	**--**	(1,246)	--
Amortization of premiums (discounts) on loans	**111**	--	(168)
Net accretion of yield related to loans and notes payable acquired in merger	**1,897**	--	--
Provision for (reversal of) credit losses	**3,053**	4,088	(1,235)
Stock patronage received from Farm Credit Institutions	**(262)**	(53)	(54)
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	**(10,294)**	(4,597)	(4,701)
Decrease (increase) in other assets	**135,176**	(7,289)	2,585
Increase in accrued interest payable	**5,269**	3,055	688
Decrease in other liabilities	**(24,382)**	(10,451)	(4,113)
Net cash provided by operating activities	**249,728**	118,097	126,118
Cash flows from investing activities			
Increase in loans, net	**(369,178)**	(310,587)	(294,653)
Purchases of investment in AgriBank, FCB, net	**(1,239)**	(1,210)	(9,424)
Purchases of investment in other Farm Credit Institutions, net	**(2,002)**	(157)	--
Sales (purchases) of assets held for lease, net	**8,928**	26,558	(14,802)
Purchases of premises and equipment, net	**(634)**	(3,606)	(3,188)
Net cash used in investing activities	**(364,125)**	(289,002)	(322,067)
Cash flows from financing activities			
Increase in note payable to AgriBank, FCB, net	**135,347**	186,054	208,061
Patronage distributions paid	**(21,002)**	(15,000)	(12,000)
Capital stock and participation certificates issued (retired), net	**44**	(146)	(105)
Net cash provided by financing activities	**114,389**	170,908	195,956
Net change in cash	**(8)**	3	7
Cash at beginning of year	**19**	16	9
Cash at end of year	**$ 11**	$ 19	$ 16
Supplemental schedule of non-cash activities			
Interest transferred to loans	**$ 2,451**	$ 6	$ --
Patronage distributions payable to members	**34,530**	21,000	15,000
Finance leases transferred to finance leases held for sale	**--**	69,733	--
Assets held for lease, net transferred to leased assets held for sale	**--**	79,000	--
Decrease in members' equity from employee benefits	**(3,779)**	--	--
Impact of merger transactions:			
Assets acquired	**1,752,171**	--	--
Liabilities assumed	**1,442,749**	--	--
Equity issued	**309,422**	--	--
Supplemental information			
Interest paid	**$ 77,281**	$ 56,238	$ 46,800
Taxes paid, net	**25,876**	4,808	2,715

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AgCountry Farm Credit Services, ACA

NOTE 1: ORGANIZATION AND OPERATIONS

Farm Credit System and District

The Farm Credit System (System) is a nationwide system of cooperatively owned banks and associations established by Congress to meet the credit needs of American agriculture. As of January 1, 2018, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 69 customer-owned cooperative lending institutions (associations). AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). At January 1, 2018, the District consisted of 14 Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. We are examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit Act established the Farm Credit System Insurance Corporation (FCSIC) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Farm Credit Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund equal 2.0% of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities, which are assessed a surcharge while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors.

Association

AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA (subsidiaries) are lending institutions of the System. We are a customer-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Barnes, Cass, Cavalier, Dickey, Grand Forks, Griggs, LaMoure, Nelson, Pembina, Ramsey, Ransom, Richland, Sargent, Steele, Stutsman, Towner, Traill, and Walsh in the state of North Dakota and Becker, Beltrami, Big Stone, Chippewa, Clay, Clearwater, Douglas, Grant, Hubbard, Kandiyohi, Kittson, Koochiching, Lake of the Woods, Lac qui Parle, Lincoln, Lyon, Mahnomen, Marshall, Meeker, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Redwood, Renville, Roseau, Stevens, Swift, Todd, Traverse, Wadena, Wilkin and Yellow Medicine in the state of Minnesota and Clark, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Price, Taylor, Vilas, Waushara, and Wood in the state of Wisconsin.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans and holds certain types of investments. The PCA makes short-term and intermediate-term loans for agricultural production or operating purposes. We also facilitate lease financing options through our alliance partner, Farm Credit Leasing (FCL).

We offer credit life, term life, credit disability, crop hail, multi-peril crop, and livestock insurance to borrowers and those eligible to borrow. We also offer farm accounting, fee appraisals, income tax planning and preparation services, retirement and succession planning, and producer education services to our members.

Merger Activity

Effective July 1, 2017, United FCS, ACA (United) merged into AgCountry Farm Credit Services, ACA (AgCountry). AgCountry acquired 100% of the assets and liabilities of United. The merged entity, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, North Dakota. The primary reason for the merger was to strategically position the associations to best serve member needs. The effects of the merger are included in the Association’s results of operation, statement of condition, average balances and related metrics beginning July 1, 2017.

The acquisition method of accounting requires the financial statement presentation of combined balances as of the date of merger, but not for previous periods. The Consolidated Statements of Condition reflects the merged balances as of December 31, 2017. The Consolidated Statements of Income, the Consolidated Statements of Changes in Members' Equity, and the Consolidated Statements of Cash Flows reflect the results of AgCountry prior to July 1, 2017, and the merged Association after July 1, 2017. Information in the Notes to the Consolidated Financial Statements for 2017 reflects balances of the merged Association as of December 31, or in the case of transactional activity, AgCountry prior to July 1, 2017, and the merged Association for the period July 1, 2017 to December 31, 2017.

As cooperative organizations, Farm Credit associations operate for the mutual benefit of their borrowers and other customers and not for the benefit of equity investors. As such, their capital stock provides no significant interest in corporate earnings or growth. Specifically, due to restrictions in applicable regulations and the bylaws, the associations can issue stock only at its par value of $5 per share, the stock is not tradable, and the stock can be retired only for the lesser of par value or book value. The shares of United stock were converted in the merger into shares of AgCountry stock with identical rights and attributes. For this reason, the conversion of United stock pursuant to the merger occurred at a one-for-one exchange ratio (i.e., each United share was converted into one share of AgCountry stock with an equal par value).

Management believes that because the stock in each association is fixed in value (although subject to impairment), the AgCountry stock issued pursuant to the merger provided no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, AgCountry undertook a process to identify and estimate the acquisition-date fair value of United's equity interests instead of the acquisition-date fair value of AgCountry's equity interests transferred as consideration. The fair value of the assets acquired, including specific intangible assets and liabilities assumed from United, were measured based on various estimates using assumptions that management believes are reasonable utilizing information currently available. Use of different estimate and judgments could yield materially different results.

The merger was accounted for as a business combination under the acquisition method of accounting. Pursuant to these rules, AgCountry acquired the assets and assumed the liabilities of United at their acquisition-date fair value. The fair value of the net identifiable assets acquired ($309.4 million) was substantially equal to the fair value of the equity interest exchanged in the merger. In addition, no material amounts of intangible assets were acquired. As a result, no goodwill was recorded. A net increase of $309.4 million was recorded in shareholders' equity related to the merger.

The following condensed statement of net assets acquired reflects the fair value assigned to United's net assets as of the acquisition date. There were no subsequent changes to the initial fair value measurements through December 31, 2017.

Condensed Statement of Net Assets Acquired

(in thousands) As of July 1, 2017	United
Assets	
Net loans	$ 1,666,361
Accrued interest receivable	15,813
Other assets	69,997
Total assets	$ 1,752,171
Liabilities	
Notes payable	$ 1,420,902
Accrued interest payable	6,747
Other liabilities	15,100
Total liabilities	$ 1,442,749
Fair value of net assets acquired	$ 309,422

Fair value adjustments to United's assets and liabilities included a $3.4 million increase to loans and a $2.9 million increase to notes payable to reflect credit discounts and changes in interest rates and other market conditions since the time these instruments were issued. These differences will be accreted or amortized into net interest income over the remaining life of the respective loans and debt instruments on an effective yield basis. The Association expects to collect the substantial majority of the contractual amounts of the acquired loans not considered to be purchased credit-impaired, which totaled $1.7 billion at July 1, 2017. Refer to Note 2 for further discussion on purchased credit-impaired loans.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles and Reporting Policies

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of AgCountry Farm Credit Services, ACA and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

Loans: Loans are carried at their principal amount outstanding net of any unearned income, cumulative charge-offs, unamortized deferred fees and costs on originated loans, and unamortized adjustments to fair value on loans acquired through the merger. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Loan fees, net of direct loan origination costs, are deferred and recognized over the life of the loan as an adjustment to net interest income.

Generally we place loans in nonaccrual status when principal or interest is delinquent for 90 days or more (unless the loan is well secured and in the process of collection) or circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse current year accrued interest to the extent principal plus accrued interest before the transfer exceeds the net realizable value of the collateral. Any unpaid interest accrued in a prior year is capitalized to the recorded investment of the loan, unless the net realizable value is less than the recorded investment in the loan, then it is charged-off against the allowance for loan losses. Any cash received on nonaccrual loans is applied to reduce the recorded investment in the loan, except in those cases where the collection of the recorded investment is fully expected and the loan does not have any unrecovered prior charge-offs. In these circumstances interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, prior charge-offs have been recovered, the ability of the borrower to fulfill the contractual repayment terms is fully expected, the borrower has demonstrated payment performance, and the loan is not classified as doubtful or loss.

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring, also known as a formally restructured loan for regulatory purposes. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower and may include interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as troubled debt restructurings are considered risk loans (as defined below).

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets or participating interests have been surrendered and that all of the conditions have been met to be accounted for as a sale.

Purchased Credit-Impaired (PCI) Loans: Purchased loans acquired through a merger with evidence of credit deterioration since their origination, and when it is probable that we will not collect all contractually required principal and interest payments, are PCI loans. PCI loans are written down at acquisition to estimated fair value and an accretable yield may be established. The excess of cash flows expected to be collected over the carrying value is referred to as the accretable yield and is recognized in interest income using the effective yield method over the remaining life of the loan.

Evidence of credit quality deterioration as of the purchase date may include statistics such as past due and nonaccrual status. Acquired loans that meet our definition of risk loans are generally considered to be credit-impaired and are accounted for as individual loans. Accounting for PCI loans involves estimating fair value at acquisition using the cash flows expected to be collected. As we generally are unable to estimate the timing and amount of future cash flows, measurement is based on the net realizable value of the collateral underlying these loans.

Allowance for Loan Losses: The allowance for loan losses is an estimate of losses in our loan portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Loans in our portfolio that are considered impaired are analyzed individually to establish a specific allowance. A loan is impaired when it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. We generally measure impairment based on the net realizable value of the collateral. Risk loans include nonaccrual loans, accruing restructured loans, and accruing loans 90 days or more past due. All risk loans are considered to be impaired loans including purchased credit-impaired loans.

We record a specific allowance to reduce the carrying amount of the risk loan by the amount the recorded investment exceeds the net realizable value of collateral. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for loan losses. Subsequent recoveries, if any, are added to the allowance for loan losses.

An allowance is recorded for probable and estimable credit losses as of the financial statement date for loans that are not individually assessed as impaired. We use a two-dimensional loan risk rating model that incorporates a 14-point rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing the loss severity. The combination of estimated default probability and loss severity is the primary basis for recognition and measurement of loan collectability of these pools of loans. These estimated losses may be adjusted for relevant current environmental factors.

Changes in the allowance for loan losses consist of provision activity, recorded in "Provision for (reversal of) credit losses" in the Consolidated Statements of Income, recoveries, and charge-offs.

For purchased loans acquired that are not deemed impaired at acquisition, credit discounts representing the principal losses expected over the life of the loan are a component of the initial fair value. Subsequent to the purchase date, the methods utilized to estimate the required allowance for credit losses for these loans is similar to originated loans; however, we record a provision for credit losses only when the required allowance exceeds any remaining credit discounts. The remaining differences between the purchase price and the unpaid principal balance at the date of acquisition are recorded in interest income over the life of the loans.

Investment in AgriBank: Our stock investment in AgriBank is on a cost plus allocated equities basis.

Investment Securities: We are authorized to purchase and hold certain types of investments. We have the positive intent and ability to hold these investments to maturity. They have been classified as held-to-maturity and are carried at cost adjusted for the amortization of premiums and accretion of discounts. If an investment is determined to be other-than-temporarily impaired, the carrying value of the security is written down to fair value. The impairment loss is separated into credit related and non-credit related components. The credit related component is expensed through “Miscellaneous income, net” in the Consolidated Statements of Income in the period of impairment. The non-credit related component is recognized in other comprehensive income. Purchased premiums and discounts are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the respective securities. Realized gains and losses are determined using specific identification method and are recognized in current operations.

Other Property Owned: Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at the fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. Revised estimates to the fair value less costs to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations and carrying value adjustments are included in “Miscellaneous income, net” in the Consolidated Statements of Income.

Other Investment: The carrying amount of the investment in the Rural Business Investment Company, in which we are a limited partner and hold a non-controlling interest, is at cost and is included in “Other assets” in the Consolidated Statements of Condition. The investment is assessed for impairment. If impairment exists, losses are included in “Miscellaneous income, net” in the Consolidated Statements of Income in the year of impairment. Income on the investment is limited to distributions received. In circumstances when distributions exceed our share of earnings after the date of the investment, these distributions are applied to reduce the carrying value of the investment and are not recognized as income.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Gains or losses on disposition are included in “Miscellaneous income, net” in the Consolidated Statements of Income. Depreciation and maintenance and repair expenses are included in “Other operating expenses” in the Consolidated Statements of Income and improvements are capitalized to the extent required by GAAP.

Leases: Beginning in 2017, we offer finance and operating leases through our alliance partner, Farm Credit Leasing. Under the existing portfolio of finance leases, unearned income from lease contracts represents the excess of gross lease receivables plus residual receivables over the cost of leased equipment. We amortize net unearned finance lease income to earnings using the interest method. The carrying amount of finance leases is included in “Loans” in the Consolidated Statements of Condition and represents lease rent and residual receivables net of the unearned income. Under the existing portfolio of operating leases, property is recorded at cost and depreciated on a straight-line basis over the lease term to an estimated residual value. We recognize operating lease revenue evenly over the term of the lease and charge depreciation and other expenses against revenue as incurred in “Miscellaneous income, net” in the Consolidated Statements of Income. The amortized cost of operating leases is included in “Assets held for lease, net” in the Consolidated Statements of Condition and represents the asset cost net of accumulated depreciation.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans are included in “Salaries and employee benefits” in the Consolidated Statements of Income.

Certain employees participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefits eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

Certain employees also participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. Beginning in 2017, the pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive loss are included in the Statements of Condition.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees’ active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee’s contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

Certain employees also participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Income Taxes: The ACA and PCA accrue federal and certain state income taxes. The ACA and PCA are exempt from Minnesota state income tax. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program: We accrue patronage distributions according to a prescribed formula approved by the Board of Directors. Generally, we pay the accrued patronage during the first quarter in the following year.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Any reserve for unfunded lending commitments and unexercised letters of credit is based on management's best estimate of losses inherent in these instruments, but the commitments have not yet disbursed. Factors such as likelihood of disbursal and likelihood of losses given disbursement are utilized in determining a reserve, if needed. Based on our assessment, any reserve is recorded in "Other liabilities" in the Consolidated Statements of Condition and a corresponding loss is recorded in "Provision for credit losses" in the Consolidated Statements of Income.

Cash: For purposes of reporting cash flow, cash includes cash on hand and deposits in banks. The net cash position is recorded in "Other assets" or "Other liabilities" in the Consolidated Statements of Condition.

Fair Value Measurement: The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets,
- quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly,
- inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates,
- inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business. While we are a nonpublic entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements on the public effective date or aligned with other System institutions, whichever is earlier.

Standard	Description	Effective date and financial statement impact
In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers."	The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of 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 guidance. The guidance sets forth the requirement for new and enhanced disclosures.	We have adopted the new standard effective January 1, 2018, using the modified retrospective approach, as the majority of the Association's revenues are not subject to the new guidance, the adoption of the guidance did not have a material impact on the financial position, results of operations, equity, or cash flows.
In March 2017, the FASB issued ASU 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost."	This guidance requires that an employer disaggregate the service cost component from the other components of net benefit cost. Specifically, the guidance requires non-service cost components of net benefit cost to be recognized in a non-operating income line item of the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.	The guidance is effective for public business entities for annual reporting periods beginning after December 15, 2017, including interim periods within those annual periods. For other entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted with certain restrictions. However, we have no plans to early adopt. We are currently evaluating the impact of the guidance on our results of operations and financial statement disclosures. The guidance will have no impact on the financial condition or cash flows.

Standard	Description	Effective date and financial statement impact
In January 2016, the FASB issued ASU 2016-01 “Recognition and Measurement of Financial Assets and Financial Liabilities.”	The guidance is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments address certain aspects of recognition, measurement, presentation, and disclosure of financial statements.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2017, including interim periods within that year. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Certain disclosure changes are permitted to be immediately adopted for annual reporting periods that have not yet been made available for issuance. Nonpublic entities are no longer required to include certain fair value of financial instruments disclosures as part of these disclosure changes. We have immediately adopted this guidance and have excluded such disclosures from our Notes to Consolidated Financial Statements. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2017, for other applicable sections of the guidance. We are currently evaluating the impact of the remaining guidance on our financial condition, results of operations, cash flows, and financial statement disclosures.
In February 2016, the FASB issued ASU 2016-02 “Leases.”	The guidance modifies the recognition and accounting for lessees and lessors and requires expanded disclosures regarding assumptions used to recognize revenue and expenses related to leases.	The guidance is effective for public entities for annual reporting periods beginning after December 15, 2018, including interim periods within that year. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2019, and interim periods the subsequent year. Early adoption is permitted and modified retrospective adoption is required. However, we have no plans to early adopt. We have determined after preliminary review, this guidance will not have a material impact on our financial condition, results of operations, and financial statement disclosures, and will have no impact on combined cash flows.
In June 2016, the FASB issued ASU 2016-13 “Financial Instruments – Credit Losses.”	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	The guidance is effective for non-U.S. Securities Exchange Commission filers for annual reporting periods beginning after December 15, 2020, including interim periods within those annual periods. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted as of annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods. However, we have no plans to early adopt. We are currently evaluating the impact of the guidance on our financial condition, results of operations, cash flows, and financial statement disclosures.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

As a result of the merger we acquired $1.7 billion in loans, of which 96.4% were categorized as having acceptable credit quality and 99.6% were current in payment status. A portion of the acquired loans were considered to be credit-impaired, but they were not significant to the financial statements as a whole.

Loans by Type

(dollars in thousands)	2017		2016		2015	
As of December 31	Amount	%	Amount	%	Amount	%
Real estate mortgage	**$ 2,882,177**	**40.7%**	$ 1,959,692	38.8%	$ 1,712,899	35.6%
Production and intermediate term	**2,275,535**	**32.1%**	1,671,230	33.1%	1,751,047	36.4%
Agribusiness	**1,475,142**	**20.8%**	1,119,744	22.2%	956,974	19.9%
Other	**451,239**	**6.4%**	298,868	5.9%	390,952	8.1%
Total	**$ 7,084,093**	**100.0%**	$ 5,049,534	100.0%	$ 4,811,872	100.0%

The other category is primarily comprised of energy, communication, and agricultural export finance, and rural residential real estate related loans, as well as finance leases and bonds originated under our mission related investment authority.

Portfolio Concentrations

Concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, which could cause them to be similarly impacted by economic conditions. We lend primarily within agricultural industries.

As of December 31, 2017, loan volume plus commitments to our ten largest borrowers totaled an amount equal to 6.5% of total loans and commitments. Approximately 5.0% of this volume is in the Standby Commitment to Purchase Agreement with the Federal Agricultural Mortgage Corporation (Farmer Mac), which mitigates our risk in these loans (discussed in further detail in the Risk Loans section).

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. However, substantial portions of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but typically includes farmland and income-producing property, such as crops and livestock. Long-term real estate loans are secured by the first liens on the underlying real property.

Participations

We may purchase or sell participation interests to other parties in order to diversify risk, manage loan volume, or comply with the FCA Regulations or General Financing Agreement (GFA) limitations.

Participations Purchased and Sold

(in thousands)	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2017	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	**$ --**	**$ (377,570)**	**$ 166,653**	**$ (211,385)**	**$ 41,016**	**$ (6,396)**	**$ 207,669**	**$ (595,351)**
Production and intermediate term	**--**	**(17,014)**	**497,090**	**(191,119)**	**108,566**	**(3,186)**	**605,656**	**(211,319)**
Agribusiness	**--**	**(29,519)**	**887,370**	**(1,006,871)**	**128,462**	**(74,221)**	**1,015,832**	**(1,110,611)**
Other	**--**	**(663)**	**852,062**	**(416,156)**	**--**	**--**	**852,062**	**(416,819)**
Total	**$ --**	**$ (424,766)**	**$ 2,403,175**	**$ (1,825,531)**	**$ 278,044**	**$ (83,803)**	**$ 2,681,219**	**$ (2,334,100)**

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2016	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ --	$ (254,622)	$ 73,139	$ (68,123)	$ 141	$ (22,823)	$ 73,280	$ (345,568)
Production and intermediate term	--	(16,152)	294,878	(46,774)	133,090	(18,172)	427,968	(81,098)
Agribusiness	--	(13,726)	780,098	(133,673)	346	(98,072)	780,444	(245,471)
Other	--	(102)	295,890	--	--	--	295,890	(102)
Total	$ --	$ (284,602)	$ 1,444,005	$ (248,570)	$ 133,577	$ (139,067)	$ 1,577,582	$ (672,239)

As of December 31, 2015	AgriBank Participations Purchased	AgriBank Participations Sold	Other Farm Credit Institutions Participations Purchased	Other Farm Credit Institutions Participations Sold	Non-Farm Credit Institutions Participations Purchased	Non-Farm Credit Institutions Participations Sold	Total Participations Purchased	Total Participations Sold
Real estate mortgage	$ --	$ (294,862)	$ 57,277	$ (71,952)	$ 86	$ (23,606)	$ 57,363	$ (390,420)
Production and intermediate term	--	(17,932)	226,190	(51,150)	165,296	(19,865)	391,486	(88,947)
Agribusiness	--	(15,222)	658,177	(179,737)	23,858	(152,355)	682,035	(347,314)
Other	--	(108)	298,589	--	--	--	298,589	(108)
Total	$ --	$ (328,124)	$ 1,240,233	$ (302,839)	$ 189,240	$ (195,826)	$ 1,429,473	$ (826,789)

Information in the preceding chart excludes loans entered into under our mission related investment authority and leasing authority.

Credit Quality and Delinquency

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. The categories are:

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

We had no loans categorized as loss at December 31, 2017, 2016, or 2015.

Credit Quality of Loans

(dollars in thousands) **As of December 31, 2017**	Acceptable Amount	%	Special Mention Amount	%	Substandard/ Doubtful Amount	%	Total Amount	%
Real estate mortgage	**$ 2,742,960**	**93.8%**	**$ 71,565**	**2.4%**	**$ 111,395**	**3.8%**	**$ 2,925,920**	**100.0%**
Production and intermediate term	**2,161,790**	**93.6%**	**83,488**	**3.6%**	**65,725**	**2.8%**	**2,311,003**	**100.0%**
Agribusiness	**1,462,280**	**98.7%**	**8,196**	**0.6%**	**10,126**	**0.7%**	**1,480,602**	**100.0%**
Other	**441,769**	**97.7%**	**4,401**	**1.0%**	**6,079**	**1.3%**	**452,249**	**100.0%**
Total	**$ 6,808,799**	**95.0%**	**$ 167,650**	**2.3%**	**$ 193,325**	**2.7%**	**$ 7,169,774**	**100.0%**

As of December 31, 2016	Acceptable Amount	%	Special Mention Amount	%	Substandard/ Doubtful Amount	%	Total Amount	%
Real estate mortgage	$ 1,827,668	91.9%	$ 80,119	4.0%	$ 81,817	4.1%	$ 1,989,604	100.0%
Production and intermediate term	1,585,669	93.4%	56,685	3.3%	55,861	3.3%	1,698,215	100.0%
Agribusiness	1,089,986	97.0%	19,561	1.7%	14,602	1.3%	1,124,149	100.0%
Other	284,309	94.9%	13,434	4.5%	1,852	0.6%	299,595	100.0%
Total	$ 4,787,632	93.7%	$ 169,799	3.3%	$ 154,132	3.0%	$ 5,111,563	100.0%

As of December 31, 2015	Acceptable Amount	%	Special Mention Amount	%	Substandard/ Doubtful Amount	%	Total Amount	%
Real estate mortgage	$ 1,658,113	95.4%	$ 30,791	1.8%	$ 49,722	2.8%	$ 1,738,626	100.0%
Production and intermediate term	1,709,058	96.1%	38,338	2.2%	31,660	1.7%	1,779,056	100.0%
Agribusiness	927,128	96.6%	11,318	1.2%	21,677	2.2%	960,123	100.0%
Other	380,003	97.1%	7,456	1.9%	4,047	1.0%	391,506	100.0%
Total	$ 4,674,302	96.0%	$ 87,903	1.8%	$ 107,106	2.2%	$ 4,869,311	100.0%

Note: Accruing loans include accrued interest receivable.

Aging Analysis of Loans

(in thousands) **As of December 31, 2017**	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 2,625**	**$ 2,033**	**$ 4,658**	**$ 2,921,262**	**$ 2,925,920**	**$ --**
Production and intermediate term	**6,886**	**4,420**	**11,306**	**2,299,697**	**2,311,003**	**--**
Agribusiness	**294**	**41**	**335**	**1,480,267**	**1,480,602**	**--**
Other	**24**	**--**	**24**	**452,225**	**452,249**	**--**
Total	**$ 9,829**	**$ 6,494**	**$ 16,323**	**$ 7,153,451**	**$ 7,169,774**	**$ --**

As of December 31, 2016	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 513	$ 1,315	$ 1,828	$ 1,987,776	$ 1,989,604	$ --
Production and intermediate term	5,624	1,934	7,558	1,690,657	1,698,215	59
Agribusiness	--	--	--	1,124,149	1,124,149	--
Other	482	216	698	298,897	299,595	--
Total	$ 6,619	$ 3,465	$ 10,084	$ 5,101,479	$ 5,111,563	$ 59

As of December 31, 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 5,080	$ 37	$ 5,117	$ 1,733,509	$ 1,738,626	$ --
Production and intermediate term	13,549	3,330	16,879	1,762,177	1,779,056	1,036
Agribusiness	2,832	9,405	12,237	947,886	960,123	--
Other	383	28	411	391,095	391,506	--
Total	$ 21,844	$ 12,800	$ 34,644	$ 4,834,667	$ 4,869,311	$ 1,036

Note: Accruing loans include accrued interest receivable.

All loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

Risk Loans

Risk loans are loans for which all principal and interest may not be collected according to the contractual terms. Interest income recognized and cash payments received on nonaccrual risk loans are applied as described in Note 2.

Risk Loan Information

(in thousands)

As of December 31	**2017**	2016	2015
Nonaccrual loans:			
Current as to principal and interest	**$ 18,112**	$ 7,942	$ 9,670
Past due	**8,910**	4,304	15,596
Total nonaccrual loans	**27,022**	12,246	25,266
Accruing restructured loans	**30**	1,765	59
Accruing loans 90 days or more past due	**--**	59	1,036
Total risk loans	**$ 27,052**	$ 14,070	$ 26,361
Volume with specific allowance	**$ 3,292**	$ 6,180	$ 18,472
Volume without specific allowance	**23,760**	7,890	7,889
Total risk loans	**$ 27,052**	$ 14,070	$ 26,361
Total specific allowance	**$ 1,730**	$ 1,586	$ 3,702

For the year ended December 31	**2017**	2016	2015
Income on accrual risk loans	**$ 88**	$ 191	$ 64
Income on nonaccrual loans	**1,358**	961	525
Total income on risk loans	**$ 1,446**	$ 1,152	$ 589
Average recorded risk loans	**$ 29,110**	$ 19,295	$ 30,559

Note: Accruing loans include accrued interest receivable. In addition, risk loans include purchased credit-impaired loans.

Nonaccrual Loans by Loan Type

(in thousands)

As of December 31	**2017**	2016	2015
Real estate mortgage	**$ 16,033**	$ 7,291	$ 5,346
Production and intermediate term	**9,956**	3,458	4,526
Agribusiness	**900**	540	12,960
Other	**133**	957	2,434
Total	**$ 27,022**	$ 12,246	$ 25,266

Additional Impaired Loan Information by Loan Type

(in thousands)	As of December 31, 2017 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the year ended December 31, 2017 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	**$ 8**	**$ 8**	**$ 8**	**$ 8**	**$ --**
Production and intermediate term	**3,167**	**3,505**	**1,707**	**3,664**	**--**
Agribusiness	**25**	**26**	**5**	**11**	**--**
Other	**92**	**91**	**10**	**293**	**--**
Total	**$ 3,292**	**$ 3,630**	**$ 1,730**	**$ 3,976**	**$ --**
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	**$ 16,025**	**$ 17,334**	**$ --**	**$ 16,265**	**$ 97**
Production and intermediate term	**6,819**	**9,975**	**--**	**7,889**	**1,131**
Agribusiness	**875**	**2,141**	**--**	**563**	**199**
Other	**41**	**42**	**--**	**417**	**19**
Total	**$ 23,760**	**$ 29,492**	**$ --**	**$ 25,134**	**$ 1,446**
Total impaired loans:					
Real estate mortgage	**$ 16,033**	**$ 17,342**	**$ 8**	**$ 16,273**	**$ 97**
Production and intermediate term	**9,986**	**13,480**	**1,707**	**11,553**	**1,131**
Agribusiness	**900**	**2,167**	**5**	**574**	**199**
Other	**133**	**133**	**10**	**710**	**19**
Total	**$ 27,052**	**$ 33,122**	**$ 1,730**	**$ 29,110**	**$ 1,446**

	As of December 31, 2016 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the year ended December 31, 2016 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ 3,714	$ 4,841	$ 358	$ 4,457	$ --
Production and intermediate term	1,605	1,941	949	3,139	--
Other	861	861	279	744	--
Total	$ 6,180	$ 7,643	$ 1,586	$ 8,340	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 3,578	$ 3,620	$ --	$ 4,294	$ 95
Production and intermediate term	1,920	4,178	--	3,757	565
Agribusiness	540	1,060	--	1,097	414
Other	1,852	2,231	--	1,807	78
Total	$ 7,890	$ 11,089	$ --	$ 10,955	$ 1,152
Total impaired loans:					
Real estate mortgage	$ 7,292	$ 8,461	$ 358	$ 8,751	$ 95
Production and intermediate term	3,525	6,119	949	6,896	565
Agribusiness	540	1,060	--	1,097	414
Other	2,713	3,092	279	2,551	78
Total	$ 14,070	$ 18,732	$ 1,586	$ 19,295	$ 1,152

	As of December 31, 2015			For the year ended December 31, 2015	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ 3,966	$ 4,945	$ 639	$ 2,700	$ --
Production and intermediate term	1,663	1,922	1,008	1,925	--
Agribusiness	12,232	13,502	1,871	15,449	--
Other	611	611	184	660	--
Total	$ 18,472	$ 20,980	$ 3,702	$ 20,734	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 1,432	$ 1,501	$ --	$ 975	$ 66
Production and intermediate term	3,907	5,660	--	4,523	378
Agribusiness	727	1,289	--	931	145
Other	1,823	2,290	--	3,396	--
Total	$ 7,889	$ 10,740	$ --	$ 9,825	$ 589
Total impaired loans:					
Real estate mortgage	$ 5,398	$ 6,446	$ 639	$ 3,675	$ 66
Production and intermediate term	5,570	7,582	1,008	6,448	378
Agribusiness	12,959	14,791	1,871	16,380	145
Other	2,434	2,901	184	4,056	--
Total	$ 26,361	$ 31,720	$ 3,702	$ 30,559	$ 589

Impaired loans include purchased credit-impaired loans.

The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through merger and may also reflect a previous direct charge-off of the investment.

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

We did not have any material commitments to lend additional money to borrowers whose loans were classified as risk loans at December 31, 2017.

Troubled Debt Restructurings (TDRs)

Included within our loans are TDRs. These loans have been modified by granting a concession in order to maximize the collection of amounts due when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses.

TDR Activity

(in thousands)

For the year ended December 31	**2017**		2016		2015	
	Pre-modification	Post-modification	Pre-modification	Post-modification	Pre-modification	Post-modification
Real estate mortgage	**$ --**	**$ --**	$ 37	$ 37	$ --	$ --
Production and intermediate term	**327**	**327**	117	118	448	449
Agribusiness	**--**	**--**	--	--	26,888	26,888
Total	**$ 327**	**$ 327**	$ 154	$ 155	$ 27,336	$ 27,337

Pre-modification represents the outstanding recorded investment of the loan just prior to restructuring and post-modification represents the outstanding recorded investment of the loan immediately following the restructuring. The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through merger and may also reflect a previous direct charge-off of the investment.

The primary types of modification included extension of maturity and deferral of principal.

TDRs that Occurred Within the Previous 12 Months that Subsequently Defaulted

(in thousands)	**2017**	2016	2015
Production and intermediate term	**$ 76**	$ --	$ 23
Agribusiness	**--**	--	12,232
Total	**$ 76**	$ --	$ 12,255

TDRs Outstanding

(in thousands) As of December 31	**2017**	2016	2015
Accrual status:			
Real estate mortgage	**$ --**	$ --	$ 52
Production and intermediate term	**30**	9	7
Agribusiness	**--**	--	--
Other	**--**	1,756	--
Total TDRs in accrual status	**$ 30**	$ 1,765	$ 59
Nonaccrual status:			
Real estate mortgage	**$ 3,670**	$ 3,996	$ 4,365
Production and intermediate term	**510**	252	505
Agribusiness	**--**	540	12,960
Other	**--**	--	1,754
Total TDRs in nonaccrual status	**$ 4,180**	$ 4,788	$ 19,584
Total TDRs:			
Real estate mortgage	**$ 3,670**	$ 3,996	$ 4,417
Production and intermediate term	**540**	261	512
Agribusiness	**--**	540	12,960
Other	**--**	1,756	1,754
Total TDRs	**$ 4,210**	$ 6,553	$ 19,643

The decrease in TDRs outstanding from December 31, 2016, was primarily due to communication loans, which are included in the other loan category, being refinanced at market terms during the first quarter of 2017.

There were no material commitments to lend to borrowers whose loans have been modified in a TDR at December 31, 2017.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands) For the year ended December 31	**2017**	2016	2015
Balance at beginning of year	**$ 14,284**	$ 13,394	$ 16,458
Provision for (reversal of) loan losses	**2,473**	3,865	(1,313)
Loan recoveries	**560**	480	232
Loan charge-offs	**(1,499)**	(3,455)	(1,983)
Balance at end of year	**$ 15,818**	$ 14,284	$ 13,394

The allowance for loan losses increased from December 31, 2016, primarily due to growth in the loan portfolio resulting from the merger with United combined with normal business growth partially offset by a reduction in probability of default loss rates utilized in our allowance model.

The “Provision for (reversal of) credit losses” in the Consolidated Statements of Income includes a provision for (reversal of) loan losses as presented in the previous chart, as well as a provision for credit losses on unfunded commitments. The accrued credit losses on unfunded commitments are recorded in “Other liabilities” in the Consolidated Statements of Condition.

Credit Loss Information on Unfunded Commitments

(in thousands) For the year ended December 31	**2017**	2016	2015
Provision for credit losses	**$ 580**	$ 223	$ 78
As of December 31	**2017**	2016	2015
Accrued credit losses	**$ 2,276**	$ 1,593	$ 1,370

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

(in thousands)	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2016	**$ 3,618**	**$ 3,563**	**$ 3,875**	**$ 3,228**	**$ 14,284**
Provision for (reversal of) loan losses	**(1,272)**	**3,277**	**695**	**(227)**	**2,473**
Loan recoveries	**14**	**526**	**20**	**--**	**560**
Loan charge-offs	**(56)**	**(1,443)**	**--**	**--**	**(1,499)**
Balance as of December 31, 2017	**$ 2,304**	**$ 5,923**	**$ 4,590**	**$ 3,001**	**$ 15,818**
Ending balance: individually evaluated for impairment	**$ 8**	**$ 1,707**	**$ 5**	**$ 10**	**$ 1,730**
Ending balance: collectively evaluated for impairment	**$ 2,296**	**$ 4,216**	**$ 4,585**	**$ 2,991**	**$ 14,088**
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2017	**$ 2,925,920**	**$ 2,311,003**	**$ 1,480,602**	**$ 452,249**	**$ 7,169,774**
Ending balance: individually evaluated for impairment	**$ 16,032**	**$ 9,987**	**$ 900**	**$ 133**	**$ 27,052**
Ending balance: collectively evaluated for impairment	**$ 2,909,888**	**$ 2,301,016**	**$ 1,479,702**	**$ 452,116**	**$ 7,142,722**

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2015	$ 1,459	$ 3,636	$ 5,824	$ 2,475	$ 13,394
Provision for (reversal of) loan losses	2,159	1,011	(58)	753	3,865
Loan recoveries	--	342	138	--	480
Loan charge-offs	--	(1,426)	(2,029)	--	(3,455)
Balance as of December 31, 2016	$ 3,618	$ 3,563	$ 3,875	$ 3,228	$ 14,284
Ending balance: individually evaluated for impairment	$ 358	$ 949	$ --	$ 279	$ 1,586
Ending balance: collectively evaluated for impairment	$ 3,260	$ 2,614	$ 3,875	$ 2,949	$ 12,698
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2016	$ 1,989,604	$ 1,698,215	$ 1,124,149	$ 299,595	$ 5,111,563
Ending balance: individually evaluated for impairment	$ 7,292	$ 3,525	$ 540	$ 2,713	$ 14,070
Ending balance: collectively evaluated for impairment	$ 1,982,312	$ 1,694,690	$ 1,123,609	$ 296,882	$ 5,097,493

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2014	$ 1,061	$ 2,116	$ 10,430	$ 2,851	$ 16,458
Provision for (reversal of) loan losses	397	2,707	(4,728)	311	(1,313)
Loan recoveries	1	81	134	16	232
Loan charge-offs	--	(1,268)	(12)	(703)	(1,983)
Balance as of December 31, 2015	$ 1,459	$ 3,636	$ 5,824	$ 2,475	$ 13,394
Ending balance: individually evaluated for impairment	$ 639	$ 1,008	$ 1,871	$ 184	$ 3,702
Ending balance: collectively evaluated for impairment	$ 820	$ 2,628	$ 3,953	$ 2,291	$ 9,692
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2015	$ 1,738,626	$ 1,779,056	$ 960,123	$ 391,506	$ 4,869,311
Ending balance: individually evaluated for impairment	$ 5,398	$ 5,570	$ 12,959	$ 2,434	$ 26,361
Ending balance: collectively evaluated for impairment	$ 1,733,228	$ 1,773,486	$ 947,164	$ 389,072	$ 4,842,950

The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, unamortized adjustments to fair value on loans acquired through merger, and may also reflect a previous direct charge-off of the investment.

NOTE 4: INVESTMENT IN AGRIBANK

As of December 31, 2017, we were required by AgriBank to maintain an investment equal to 2.25% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate if the District is also growing above a targeted growth rate.

As of December 31, 2017, we were also required by AgriBank to maintain an investment equal to 8.0% of the quarter end balance of the participation interests in real estate loans sold to AgriBank under the AgriBank Asset Pool program.

Investment in AgriBank

(in thousands) As of December 31	**2017**	2016	2015
Required stock investment	**$ 156,242**	$ 111,196	$ 109,986
Purchased excess stock investment	**166**	--	--
Total investment	**$ 156,408**	$ 111,196	$ 109,986

Excess stock investment is recorded when the required investment in AgriBank and the AgriBank Asset Pool program is lower than our total investment.

NOTE 5: INVESTMENT SECURITIES

We held investment securities of $7.1 million at December 31, 2017, 2016, and 2015, respectively. Our investment securities consisted of Agricultural and Rural Community bonds.

The investment securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. For the years ended December 31, 2017, 2016, and 2015, we have not recognized any impairment on our investment portfolio.

The amortized cost and fair value of investment securities was $7.1 million at December 31, 2017, 2016, and 2015. The weighted average yield of the investment securities was 2.5%, 2.0%, and 1.8% at December 31, 2017, 2016, and 2015, respectively.

Investment income is recorded in “Interest income” in the Consolidated Statements of Income and totaled $0.2 million, $0.1 million, and $0.1 million in 2017, 2016, and 2015, respectively.

NOTE 6: OTHER INVESTMENT

We and other Farm Credit Institutions are among the limited partners for a Rural Business Investment Company (RBIC). Our total commitment is $10.0 million through December 31, 2019. Our investment in the RBIC totaled $5.9 million, $2.6 million, and $1.5 million at December 31, 2017, 2016, and 2015, respectively. The increase in our commitment and investment in the RBIC is a result of the merger with United.

The investment was evaluated for impairment. For the years ended December 31, 2017, 2016, and 2015, we have not recognized any impairment on our investment portfolio.

NOTE 7: NOTE PAYABLE TO AGRIBANK

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is governed by a GFA and our assets serve as collateral.

Note Payable Information

(dollars in thousands) As of December 31	**2017**	2016	2015
Line of credit	**$ 7,000,000**	$ 4,700,000	$ 4,620,000
Outstanding principal under the line of credit	**5,760,915**	4,201,744	4,015,690
Interest rate	**2.0%**	1.5%	1.3%

Our note payable matures June 30, 2019, at which time the note will be renegotiated.

The GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. At December 31, 2017, and throughout the year, we were not declared in default under any GFA covenants or provisions.

NOTE 8: MEMBERS’ EQUITY

Capitalization Requirements

In accordance with the Farm Credit Act, each borrower is required to invest in AgCountry as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, our Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of

2.0% of the customer's total loan(s) or one thousand dollars, whichever is less, or such greater amount of such borrower's aggregate outstanding loan balance as may be determined by the Board from time to time. The Board of Directors has established a stock requirement for loans of one thousand dollars at a customer level. The investment requirement for each lessee that is not a current stock or participation certificate holder is a single $5.00 participation certificate in the ACA. The ACA and its subsidiaries, PCA and FLCA, are also authorized by FCA to offer approved financial services to persons eligible to borrow from the System. The investment requirement for each purchaser of crop insurance that is not a stock or participation certificate holder is a single $5.00 participation certificate in the ACA. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws.

The borrower acquires ownership of the capital stock at the time the loan or lease is made, but does not usually make a cash investment. We retain a first lien on the stock or participation certificates owned by customers. We issue one thousand dollars of stock to all loan customers and establish an offsetting stock receivable account. We also issue one participation certificate to those customers required to own one participation certificate and establish an offsetting participation certificate receivable account.

Regulatory Capitalization Requirements

Regulatory Capital Requirements and Ratios

As of December 31	2017	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:				
Common equity tier 1 ratio	**17.2%**	4.5%	2.5%*	7.0%
Tier 1 capital ratio	**17.2%**	6.0%	2.5%*	8.5%
Total capital ratio	**17.5%**	8.0%	2.5%*	10.5%
Permanent capital ratio	**17.3%**	7.0%	N/A	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio	**19.7%**	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**20.4%**	1.5%	N/A	1.5%

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

Effective January 1, 2017, the regulatory capital requirements for Farm Credit System banks and associations were modified. The new regulations replaced existing core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added a tier 1 leverage ratio and an unallocated retained earnings and equivalents (UREE) leverage ratio. The permanent capital ratio continues to remain in effect, with some modifications, to align with the new regulations.

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets. The primary changes, which generally have the impact of increasing risk-adjusted assets (decreasing risk-based regulatory capital ratios), were as follows:

- Inclusion of off-balance-sheet commitments with terms at origination of less than 14 months,
- Increased risk-weighting of most loans 90 days past due or in nonaccrual status.

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

These ratios are based on a three-month average daily balance in accordance with FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for loan losses and reserve for credit losses subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Effective January 1, 2017, the regulatory capital requirements allow for allotment agreements for only the permanent capital ratio and, as such, any stock in excess of our AgriBank required investment was not included in the common equity tier 1, tier 1 capital, total capital, or leverage ratios. We had no allocated excess stock at December 31, 2017.

Refer to Note 10 in our 2016 Annual Report for a more complete description of the ratios effective as of December 31, 2016, and 2015. We were in compliance with the minimum required capital ratios as of December 31, 2016, and 2015.

Description of Equities

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a $5.00 par value.

	Number of Shares		
As of December 31	**2017**	2016	2015
Class B common stock (at-risk)	**2,434,213**	1,448,800	1,479,600
Class E participation certificates (at-risk)	**55,947**	25,388	23,534

On July 1, 2017, United merged into AgCountry. All members of United received stock in AgCountry in exchange for their stock, which was then canceled. This exchange was made at the stock's par value and 1.0 million shares of capital stock were issued.

Under our bylaws, we are also authorized to issue Class C common stock and Class D common stock. Each of these classes of stock is at-risk and nonvoting with a $5.00 par value per share. Currently, no stock of these classes has been issued.

Only holders of Class B common stock have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2017, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any assets remaining after payment or retirement of all liabilities shall be distributed pro rata to all holders of stock.

In the event of impairment, losses will be absorbed by concurrent impairment of all classes of stock.

All classes of stock are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

Patronage Distributions

We accrued patronage distributions of $34.5 million, $21.0 million, and $15.0 million at December 31, 2017, 2016, and 2015, respectively. Generally, the patronage distributions are paid in cash during the first quarter after year end. The Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements.

The FCA Regulations prohibit patronage distributions to the extent they would reduce our permanent capital ratio below the minimum permanent capital adequacy standards. Additionally, effective January 1, 2017, patronage distributions may be restricted or prohibited without prior FCA approval if capital ratios fall below the total requirements, including the buffer amounts. We do not foresee any events that would result in this prohibition in 2018.

NOTE 9: INCOME TAXES

The Tax Cuts and Jobs Act (the Act) was enacted in December of 2017. This Act contained various tax law changes, including a federal statutory tax rate change to 21% from 35%, effective January 1, 2018. Because deferred tax assets and liabilities are expected to be recognized in the Association's tax return in a future year, when the new statutory tax rate would be applicable, the deferred tax assets and liabilities as of December 31, 2017, have been valued using a blended federal/state effective tax rate based on the new federal statutory tax rate. The effect of this revaluation is recognized in our provision for (benefit from) income taxes for the year ended December 31, 2017.

Provision for (Benefit from) Income Taxes

Provision for (Benefit from) Income Taxes

(dollars in thousands) For the year ended December 31	**2017**	2016	2015
Current:			
Federal	**$ 25,017**	$ 7,293	$ 708
State	**1,579**	153	--
Total current	**$ 26,596**	$ 7,446	$ 708
Deferred:			
Federal	**$ (23,698)**	$ (7,442)	$ (378)
State	**(1,415)**	(299)	325
Total deferred	**(25,113)**	(7,741)	(53)
Provision for (benefit from) income taxes	**$ 1,483**	$ (295)	$ 655
Effective tax rate	**1.1%**	(0.3%)	0.7%

Reconciliation of Taxes at Federal Statutory Rate to Provision for (Benefit from) Income Taxes

(in thousands) For the year ended December 31	**2017**	2016	2015
Federal tax at statutory rates	**$ 47,023**	$ 36,864	$ 33,618
State tax, net	**45**	(14)	29
Patronage distributions	**(4,135)**	(7,350)	(5,100)
Effect of non-taxable entity	**(41,777)**	(29,850)	(27,834)
Change in statutory tax rates due the Tax Cuts and Jobs Act	**218**	--	--
Other	**109**	55	(58)
Provision for (benefit from) income taxes	**$ 1,483**	$ (295)	$ 655

Deferred Income Taxes

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

Deferred Tax Assets and Liabilities

(in thousands) As of December 31	**2017**	2016	2015
Allowance for loan losses	**$ 568**	$ 1,288	$ 942
Postretirement benefit accrual	**758**	860	831
Merger fair value adjustment	**675**	--	--
Net operating loss carryforwards	**--**	--	194
Accrued incentive	**1,070**	1,129	1,354
Leasing related, net	**(829)**	(26,987)	(35,349)
Accrued patronage income not received	**(905)**	(669)	(407)
AgriBank 2002 allocated stock	**(1,123)**	(1,236)	(1,237)
Accrued pension asset	**(1,389)**	(1,132)	(524)
Depreciation	**(74)**	(228)	(391)
Other assets	**282**	1,021	885
Other liabilities	**(250)**	(257)	(250)
Deferred tax liabilities, net	**$ (1,217)**	$ (26,211)	$ (33,952)
Gross deferred tax assets	**$ 3,353**	$ 4,298	$ 4,206
Gross deferred tax liabilities	**$ (4,570)**	$ (30,509)	$ (38,158)

A valuation allowance for the deferred tax assets was not necessary at December 31, 2017, 2016, or 2015.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in

AgriBank is $39.9 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of $1.0 billion as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2017. In addition, we believe we are no longer subject to income tax examinations for years prior to 2014.

NOTE 10: EMPLOYEE BENEFIT PLANS

Pension and Post-Employment Benefit Plans

Complete financial information for the pension and post-employment benefit plans may be found in the Combined AgriBank and District Associations 2017 Annual Report (District financial statements).

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan: Certain employees participate in the AgriBank District Retirement Plan, a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan's benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan's termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. No collective bargaining agreement is in place as part of this plan.

AgriBank District Retirement Plan Information

(in thousands)

As of December 31	**2017**	2016	2015
Unfunded liability	**$ 352,516**	$ 374,305	$ 453,825
Projected benefit obligation	**1,371,013**	1,269,625	1,255,259
Fair value of plan assets	**1,018,497**	895,320	801,434
Accumulated benefit obligation	**1,184,550**	1,096,913	1,064,133

For the year ended December 31	**2017**	2016	2015
Total plan expense	**$ 44,730**	$ 53,139	$ 63,800
Our allocated share of plan expenses	**5,276**	5,140	6,105
Contributions by participating employers	**90,000**	90,000	62,722
Our allocated share of contributions	**12,447**	8,640	6,004

The unfunded liability reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these Consolidated Financial Statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding. Our allocated share of plan expenses is included in "Salaries and employee benefits" in the Consolidated Statements of Income.

Benefits paid to participants in the District were $103.7 million in 2017. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2018 is $90.0 million. Our allocated share of these pension contributions is expected to be $12.6 million. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

Nonqualified Retirement Plan: We also participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

Pension Restoration Plan Information

(in thousands)

As of December 31		2017		2016		2015
Our unfunded liability	**$**	**8,689**	$	2,434	$	1,967
Projected benefit obligation for the Combined District		**37,190**		28,514		31,650
Accumulated benefit obligation for the Combined District		**29,844**		22,778		26,323

For the year ended December 31		2017		2016		2015
Total plan expense	**$**	**8,336**	$	5,767	$	3,776
Our allocated share of plan expenses		**578**		467		408

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded liability is equal to the projected benefit obligation. Beginning in 2017, the recognition of the unfunded liability includes the impact of prior service cost and unamortized gain/loss. The increase in the liability was offset against accumulated other comprehensive loss and had no impact to net income. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. Our allocated share of plan expenses is included in “Salaries and employee benefits” in the Consolidated Statements of Income. The Pension Restoration Plan is unfunded; however, we contributed $1.0 million to a Rabbi Trust in 2008 to fund our future liability under this plan. A Rabbi Trust is a trust created for the purpose of supporting the nonqualified benefit obligation of employers to their employees. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year. We had no cash contributions and paid no benefits during 2017, 2016, and 2015.

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee’s active status.

Retiree Medical Plan Information

(in thousands)

For the year ended December 31		2017		2016		2015
Postretirement benefit expense	**$**	**173**	$	150	$	266
Our cash contributions		**180**		125		114

Postretirement benefit costs are included in “Salaries and employee benefits” in the Consolidated Statements of Income. Our cash contributions are equal to the benefits paid.

Defined Contribution Plans

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee’s compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

We also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for the defined contribution plan, included in “Salaries and employee benefits” in the Consolidated Statements of Income, were $2.4 million, $1.7 million, and $1.7 million in 2017, 2016, and 2015, respectively. These expenses were equal to our cash contributions for each year.

Additionally, we participate in a District-wide Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purpose as the Nonqualified Deferred Compensation Plan. However, the plan was frozen effective January 1, 2007. As such, no additional participants are eligible to enter the plan and no additional employer contributions will be made to the plan.

NOTE 11: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2017, involved more than a normal risk of collectability.

Related Party Loans and Leases Information

(in thousands) As of December 31		**2017**		2016		2015
Total related party loans and leases	**$**	**37,141**	$	23,100	$	30,617
For the year ended December 31		**2017**		2016		2015
Advances to related parties	**$**	**21,566**	$	17,041	$	63,047
Repayments by related parties		**17,479**		17,416		57,196

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans and leases in the preceding chart are related to those considered related parties at year end.

As discussed in Note 7, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio.

Our customer relationship, reporting, internet, network, security, loan accounting, loan origination, online banking, mobile banking, and general ledger systems are provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an equity investment in FPI of $4.8 million, $2.8 million, and $2.7 million as of December 31, 2017, 2016, and 2015, respectively. The total cost of services we purchased from FPI was $11.6 million, $8.3 million, and $6.9 million in 2017, 2016, and 2015, respectively.

We purchased various services from AgriBank including certain financial and retail systems, financial reporting services, tax reporting services, technology services, insurance services, and internal audit services. The total cost of services we purchased from AgriBank was $0.8 million, $0.3 million, and $0.3 million in 2017, 2016, and 2015, respectively.

We also purchase human resource information systems, benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). As of December 31, 2017, 2016 and 2015, our investment was $0.1 million. The total cost of services purchased from Foundations was $0.4 million, $0.3 million, and $0.4 million in 2017, 2016, and 2015, respectively.

NOTE 12: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk that may be recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2017, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $2.6 billion. Additionally, we had $35.8 million of issued standby letters of credit as of December 31, 2017.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they may have credit risk not recognized in the financial statements. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management's credit evaluation of the borrower.

We are among the limited partners in a RBIC. Refer to Note 6 for additional discussion regarding this commitment.

NOTE 13: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at December 31, 2017, 2016, or 2015.

Non-Recurring

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-recurring Basis

(in thousands)

As of December 31, 2017	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	**$ --**	**$ --**	**$ 1,640**	**$ 1,640**
Other property owned	**--**	**--**	**120**	**120**

As of December 31, 2016	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	$ --	$ 1,117	$ 3,707	$ 4,824
Other property owned	--	--	--	--

As of December 31, 2015	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	$ --	$ 985	$ 14,524	$ 15,509
Other property owned	--	--	--	--

Valuation Techniques

Impaired loans: Represents the carrying amount and related write-downs of loans, which were evaluated for individual impairment based on the appraised value of the underlying collateral. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses independent appraisals and other market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they are classified as Level 3.

Other property owned: Represents the fair value and related losses of assets that were measured at fair value based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses independent appraisals and other market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 14: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 2, 2018, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our 2017 Consolidated Financial Statements or disclosures in the Notes to Consolidated Financial Statements.

DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

AgCountry Farm Credit Services, ACA
(Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of the Consolidated Financial Statements in this Annual Report.

Description of Property

Property Information

Location	Description	Usage
Ada, MN	Owned	Branch
Alexandria, MN	Owned	Branch
Antigo, WI	Owned	Branch
Cavalier, ND	Owned	Branch
Cooperstown, ND	Leased	Branch
Crookston, MN	Owned	Branch
Detroit Lakes, MN	Owned	Branch
Devils Lake, ND	Owned	Branch
Elbow Lake, MN	Owned	Branch
Fargo, ND	Owned	Headquarters/Branch
Fergus Falls, MN	Owned	Branch
Fosston, MN	Owned	Branch
Graceville, MN	Owned	Branch
Grafton, ND	Owned	Branch
Grand Forks, ND	Owned	Branch
Hallock, MN	Owned	Branch
Hillsboro, ND	Owned	Branch
Jamestown, ND	Owned	Branch
LaMoure, ND	Owned	Branch
Langdon, ND	Owned	Branch
Lisbon, ND	Owned	Branch
Litchfield, MN	Leased	Branch
Madison, MN	Owned	Branch
Marshall, MN	Owned	Branch
Marshfield, WI	Owned	Branch
Medford, WI	Owned	Branch
Morris, MN	Owned	Branch
Olivia, MN	Owned	Branch
Redwood Falls, MN	Owned	Branch
Roseau, MN	Owned	Branch
St. Louis Park, MN	Leased	Commercial Finance Group
Stevens Point, WI	Owned	Branch
Thief River Falls, MN	Leased	Branch
Thorp, WI	Owned	Branch
Valley City, ND	Owned	Branch
Wahpeton, ND	Owned	Branch
Warren, MN	Owned	Branch
Wausau, WI	Owned	Branch
Willmar, MN	Owned	Branch

We own property in West Fargo for future development options.

Legal Proceedings

Information regarding legal proceedings is discussed in Note 12 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2017.

Additional Regulatory Capital Disclosure

Pursuant to FCA Regulation 620.5, the permanent capital ratio, total surplus ratio, and core surplus ratios were 16.6%, 16.4%, and 16.4% as of December 31, 2012, respectively. Refer to the Consolidated Five Year Summary of Selected Financial Data for capital ratio calculations for the past five years.

Description of Capital Structure

Information regarding our capital structure is discussed in Note 8 to the Consolidated Financial Statements in this Annual Report.

Description of Liabilities

Information regarding liabilities is discussed in Notes 7, 8, 9, 10, and 12 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

Selected Financial Data

The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of the Consolidated Financial Statements in this Annual Report.

Management's Discussion and Analysis

Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of the Consolidated Financial Statements in this Annual Report.

Board of Directors

Our Board of Directors is organized into the following committees to carry out Board responsibilities:

- The **Audit Committee** fulfills oversight responsibilities in relation to the quality of financial reporting and internal controls including those relating to accounting and reporting practices of the association; those relating to the internal and external auditor; and to serve as an independent and objective party to review the financial information presented by management to shareholders, regulators, and the general public. The Committee also oversees the adequacy of management's actions with respect to recommendations arising from auditing activities.

- The **Human Resources and Compensation Committee** assists the Board in fulfilling its responsibilities concerning evaluation, development, and compensation of the CEO. The Committee reviews and approves the overall compensation policy and programs for senior officers and reviews compensation programs for all other association employees. The Committee also provides overall direction and/or recommendations concerning benefit programs and other human resource areas.

- The **Governance and Strategy Committee** addresses corporate governance issues and continuing efforts to strengthen and renew the Board and provides oversight of long-term strategy direction. The Committee assists the Board in fulfilling its fiduciary responsibilities relating to the director nomination and election process, membership representation, Board education and development, policies, bylaws, and standards of conduct/ethics development and review. Committee members also identify, attract, and recommend appointed director candidates as openings occur. The Committee also assists the Board in fulfilling its oversight responsibilities relating to long-term strategy and strategic direction for the Association, including risk and opportunities relating to such strategy and its alignment with the mission of the Farm Credit System.

Board of Directors as of December 31, 2017, including business experience during the last five years

Name	Term	Principal Occupation and Other Affiliations
Leif Aakre Chairperson of the Board	2015 - 2019	**Principal occupation:** Self-employed grain farmer
Ed Hegland Vice Chairperson of the Board	July 2017 - 2020	**Principal occupation:** Self-employed grain farmer **Other affiliations:** Director: National Biodiesel Board, a national trade association Director: Minnesota Soybean Growers Association, a non-profit, farmer-controlled membership organization
Suzanne Allen Appointed Director Financial Expert	July 2017 - 2019	**Principal occupation:** CFO of Compudyne, a technology company (September 2016-Present) VP and Treasurer of Otter Tail Corporation, a diversified publicly traded company (June 2016-August 2016; May 2015-January 2016; May 2008-September 2013) VP Finance and Accounting of TO Plastics, Thermoformed Products and Packaging Solutions Company (February 2016-May 2016) VP Finance and Accounting of Avenia Inc, an electrical construction company (September 2013-May 2015) **Other affiliations:** Director: Coffee House Press, a publishing company
Glen Brandt	2014 - 2018	**Principal occupation:** Self-employed grain and sugar beet farmer

Name	Term	Principal Occupation and Other Affiliations
Kurt Elliott	2016 - 2020	**Principal occupation:** Self-employed grain and livestock farmer **Other affiliations:** Commissioner: Traill County Commission, a political subdivision Director: Lake Agassiz Regional Development Board, a nonprofit economic development organization
Mark Ellison	2016 - 2020	**Principal occupation:** Self-employed grain farmer President: Ellison Farm, Inc **Other affiliations:** Director: Farm Credit Council, the national trade association of the Farm Credit System
Scott Gerbig	July 2017 - 2021	**Principal occupation:** Self-employed dairy farmer
Jack Hansen Appointed Director Financial Expert	2016 - 2020	**Principal occupation:** Retired Prior to retirement he was the President and CEO of Norwest Bank in Hillsboro, ND
Gregory Jans	July 2017 - 2018	**Principal occupation:** Self-employed dairy farmer **Other affiliations:** Board of Supervisors: Meeker County Soil & Water Conservation District, a political subdivision Chairman: Meeker County Planning and Zoning Commission, a political subdivision
James Jarvis	July 2017 - 2019	**Principal occupation:** Self-employed grain, timber, and hay farmer Manager of a seasonal vegetable plant distribution and sales operation Owner of a campground **Other affiliations:** Board Member: Waushara County Human Services, a county department that provides human services to local residents Board Member: Waushara County Farm Bureau Board, an agricultural organization Committee Member: Mt. Morris Township Land Use Committee, a political subdivision
Michael Long	2017 - 2021	**Principal occupation:** Self-employed grain and livestock farmer
William Muhs	2015 - 2019	**Principal occupation:** Self-employed grain farmer
Greg Nelson	2014 - 2018	**Principal occupation:** Self-employed grain farmer
William Oemichen	July 2017 - 2021	**Principal occupation:** Director of the Office of Preparedness & Emergency Healthcare, State of Wisconsin (2016-2017) President and CEO of Cooperative Network (2001-2015) **Other affiliations:** Treasurer: Group Health Cooperative of South Central Wisconsin, a health care insurance company Board Chair: Wisconsin College Savings Program, $4.3 billion state 529 fund Board Member: FCC Services, Inc., an education and insurance company Board Chair: SeventhWave, an energy conservation company Board Member: U.S. Selective Service Board for Wisconsin Advisor: Peak Ridge Capital, a venture capital fund
Lynn Pietig	July 2017 - 2019	**Principal occupation:** Owner of Pietig Book-Works, an accounting and tax practice Self-employed grain and livestock farmer **Other affiliations:** Treasurer: Morgan Memorial Foundation Inc., a nursing home and assisted living facility
Greg Sabolik	2017 - 2021	**Principal occupation:** Self-employed grain and dairy farmer President: Bred and Butter Dairy Vice President: Sabolik Brothers, a grain farm
Bradley Sunderland	July 2017 - 2020	**Principal occupation:** Self-employed grain and livestock farmer **Other affiliations:** Director: Hanley Falls Cooperative Elevator, a feed, grain and seed cooperative

Name	Term	Principal Occupation and Other Affiliations
Mary Kay Van Der Geest	July 2017 - 2018	**Principal occupation:** Advisor of Van Der Geest Dairy Cattle, a dairy and cropping farming operation **Other affiliations:** Advisor of Van Der Geest Maine Dairy Inc, a dairy farming operation Advisor of Van Der Geest Dairy Sales, a cattle sales organization
Dale Zahradka	2014 - 2018	**Principal occupation:** Self-employed grain farmer
Michael Zenker	2015 - 2019	**Principal occupation:** Self-employed grain farmer Seed dealer

Pursuant to our bylaws, directors are paid a reasonable amount for attendance at board meetings, committee meetings, or other special assignments. Directors are also reimbursed for reasonable expenses incurred in connection with such meetings or assignments. Each director receives an annual retainer of $37,200. In addition, the Board Chairperson receives an additional $7,800, the Vice Chairperson and the Audit Committee Chairperson receives an additional $4,800, and the Human Resources and Compensation Committee Chairperson and Governance Committee Chairperson receive an additional $1,800. All retainer fees are paid monthly. All directors also receive travel time compensation of $0.50 per mile for regular meetings.

Information in the chart below reflects compensation paid to each director who served during 2017. For individuals on the former United Board, who began service at the merger date, six months of compensation is reflected.

	Number of Days Served		Compensation Paid for Service on a Board Committee		
Name	Board Meetings	Other Official Activities		Name of Committee[3]	Total Compensation Earned in 2017
Leif Aakre	11.5	16.5	$ 650	Governance/Compensation	$ 37,669
Suzanne Allen	7.3	2.0	450	Audit	17,582
Glen Brandt	12.0	11.0	900	Audit	33,960
Kurt Elliott	11.5	18.0	800	Audit	31,000
Mark Ellison	12.0	24.5	700	Governance/Compensation	36,689
Scott Gerbig	7.3	0.0	350	Governance/Compensation	18,724
Jack Hansen	12.0	11.5	900	Audit	37,590
Ed Hegland	7.3	6.0	350	Governance/Compensation	20,150
Alton Hermunslie[1]	10.5	11.0	500	Governance/Compensation	23,950
Gregory Jans	7.3	0.0	350	Governance/Compensation	18,176
James Jarvis	7.3	2.0	300	Governance/Compensation	19,655
Michael Long	12.0	14.0	800	Audit	34,990
William Muhs	12.0	14.5	450	Audit	35,750
			300	Governance/Compensation	
Greg Nelson	12.0	8.0	750	Governance/Compensation	36,810
William Oemichen	7.3	4.0	350	Audit	20,063
			100	Governance/Compensation	
Lynn Pietig	7.3	2.0	450	Audit	18,512
Greg Sabolik	12.0	14.0	750	Governance/Compensation	34,900
Rynell Schock[1]	6.5	9.0	250	Governance/Compensation	20,883
Bradley Sunderland	7.3	0.0	200	Governance/Compensation	19,380
Jeffrey Thompson[2]	3.0	0.0	150	Governance/Compensation	5,533
Mary Kay Van Der Geest	7.3	0.0	300	Governance/Compensation	13,182
Dale Zahradka	12.0	12.5	750	Governance/Compensation	36,025
Michael Zenker	12.0	11.0	500	Audit	33,956
			300	Governance/Compensation	
					$ 605,129

[1]No longer on the Board at December 31, 2017

[2]Former United Board Member, no longer on the Board at December 31, 2017

[3]The same directors serve on the governance and compensation committees

Senior Officers

Senior Officers as of December 31, 2017, including business experience during the last five years, are detailed below:

Name and Position	Business experience and other business affiliations
Robert C. Bahl* President/Chief Executive Officer	**Business experience:** President/Chief Executive Officer from April 2008 to December 31, 2017 **Other business affiliations:** Board Member of Farm Credit Financial Partners, Inc., a related entity discussed on page 11 Board Member of FCS Commercial Finance Group, a related alliance discussed on page 10
Marcus L. Knisely* Chief Executive Officer Elect	**Business experience:** Association Chief Executive Officer since 1998 **Other business interests:** Board Member and Vice Chair of Farm Credit Foundations Trust Committee, a related entity discussed on page 10 Board member of Minnesota AgriGrowth Council, a non-profit organization representing the agriculture and food systems industry
Randy Aberle SVP Agribusiness and Capital Markets	**Business experience:** SVP Agribusiness and Capital Markets from November 2011 to present **Other business affiliations:** Board Chairperson for ProPartners Financial, a related alliance discussed on page 10
Jessica Fyre SVP General Counsel	**Business experience:** SVP General Counsel from July 2013 to present Assistant General Counsel from January 2012 to July 2013
Kenneth C. Knudsen Chief Credit Officer	**Business experience:** SVP Credit/Chief Credit Officer from January 2008 to present
Jeremy W. Oliver Chief Financial Officer	**Business experience:** Chief Financial Officer from January 2008 to present
Howard Olson SVP Insurance and Communications	**Business experience:** SVP Insurance and Communications from August 2016 to present SVP Financial Services from January 2008 to July 2016 **Other business affiliations:** Secretary for ULTRA Snowmobile Club Board of Directors, a club serving snowmobile enthusiasts in Becker County, Minnesota
Mark Rehovsky Chief Marketplace Officer	**Business experience:** Chief Marketplace Officer from March 2012 to present
Jeffrey A. Schmidt SVP Credit	**Business experience:** SVP Credit from July 2017 to present Chief Credit Officer, United FCS from July 2008 to June 2017
Jeni Strand SVP Human Resources	**Business experience:** VP Human Resources from January 2008 to present
Becky Thibert SVP Strategic Technology	**Business experience:** VP Strategic Technology from June 2014 to present Prior to beginning her employment with AgCountry in 2014, Ms. Thibert was a technology consultant for AgCountry

*Robert C. Bahl retired effective December 31, 2017 and Marcus L. Knisely became Chief Executive Officer effective January 1, 2018

Senior Officer Compensation

Compensation Risk Management: We believe the design and governance of our CEO and senior officer compensation program is consistent with and promotes the accomplishment of our key business objective of ensuring sound risk management for the benefit of our shareholders. The philosophy underlying our program is to provide a total compensation package that attracts and retains highly qualified senior officers who are incented to ensure a safe, sound, and dependable source of credit and related services for agriculture and rural America. The Human Resources and Compensation Committee of the Board has established a compensation program that focuses on achieving both annual and long-term business results that are consistent with the best interests of our shareholders. The design of our senior officer compensation program supports our goals through a set of checks and balances, including (1) a balanced mix of base and variable pay, (2) a balanced use of financial, credit, and marketplace performance measures that are risk-adjusted where appropriate, and (3) individual pay awards based on both results and how those results were achieved.

Elements of Compensation: The CEO and senior officers are compensated with a mix of salary and variable pay in the form of direct cash, short-term incentives, as well as retirement plans generally available to all employees. The variable pay and retirement plans are not available to part-time employees working less than an average of 20 hours per week. Our Board of Directors determines the appropriate balance of base salary and short-term incentives, which are intended to be competitive with annual compensation for comparable positions at peer organizations.

Base Salary: The CEO and senior officer base salaries reflect the market, individual performance results, officer's experience, and level of responsibility. Association performance relative to objectives established in the annual business plan is reflected in base salary adjustments, varying consistent with the responsibility of each position. The CEO and each senior officer are compensated consistent with achievement of individual and association key business objectives. The base salary for the CEO is approved by our Board of Directors and the base salaries for other senior officers are approved by the CEO subject to the terms of the compensation program approved by the Human Resources and Compensation Committee of the Board. Salaries are also subject to adjustment based on changes in responsibilities and/or competitive market conditions.

Short-term Incentives: The CEO and senior officer incentives are paid annually based on performance criteria established by our Board of Directors. The criteria related to the overall association performance provides a balanced approach that includes: successful team integration post merger, pre-tax net income, credit quality measured by the adversely classified assets ratio, and marketplace measured by average daily balance change for loans, leases, and investments in rural America. Additionally, criteria related to personal performance include attainment of personal objectives and individual performance ratings. The CEO and senior officer short-term incentive is based 70% on the overall association performance and 30% on individual performance measures. The Board of Directors establishes the CEO individual performance measures and ratings. The CEO establishes the senior officer performance measures and ratings. Incentives are calculated after the end of the plan year (the plan year is the calendar year) and are paid within 90 days of year end. In addition, any employee who achieves performance levels above and beyond the criteria in the short-term incentive plan may be awarded an additional bonus as approved by their supervisor, the SVP Human Resources, and the CEO, or by the Board if the bonus is for the CEO.

Retirement Plans: We have various post-employment benefit plans, which are generally available to all association employees, including the CEO and senior officers, based on dates of service to the association and are not otherwise differentiated by position, unless specifically stated. Information regarding the post-employment benefit plans is included in Notes 2 and 10 of this Annual Report.

Other Components of Compensation: Additionally, compensation associated with any company-paid vehicles, group term life insurance premiums, disability insurance premiums, years of service awards for retirees, or other taxable reimbursements may be made available to the CEO and senior officers based on job criteria or similar plans available to all employees.

Compensation to the CEO and Senior Officers

(in thousands) Name	Year	Salary	Variable Pay	Deferred/ Perquisites	Other	Total
Robert C. Bahl, CEO*	**2017**	**$ 638**	**$ 363**	**$ 22**	**$ 2,778**	**$ 3,801**
Robert C. Bahl, CEO**	2016	587	446	23	409	1,465
Robert C. Bahl, CEO	2015	567	340	23	369	1,299
Aggregate Number of Senior Officers, excluding CEO						
Ten***	**2017**	**$ 2,148**	**$ 1,150**	**$ 29**	**$ 3,585**	**$ 6,912**
Eight	2016	1,696	883	30	1,469	4,078
Eight	2015	1,648	721	25	1,424	3,818

*Robert C. Bahl retired effective December 31, 2017 and Marcus L. Knisely became Chief Executive Officer effective January 1, 2018.
**Certain reclassifications of 2016 compensation amounts have been made to conform to current year presentation. Previously, elective deferrals of salary were classified as Deferred/Perquisites. These amounts are now classified as salary.
***Includes compensation for 2 former United employees that became Senior Officers for AgCountry as of July 1, 2017.

The amount in the "Other" category in the preceding table primarily includes:

- Employer match on defined contribution plans available to all employees.
- Changes in the value of pension benefits. The change in value of the pension benefits is defined as the change in the vested portion of the present value of the accumulated benefit obligation from December 31 of the prior year to December 31 of the most recent year for the District-wide Pension Plan and the Pension Restoration Plan, as applicable, as disclosed in Note 10 to the Consolidated Financial Statements in this Annual Report. This change in value does not represent cash payments made by the Association during the year, but rather is an estimate of the change in the Association's future obligations under the pension plans. The change in the value of the pension benefits is highly sensitive to discount rates used to value the plan liabilities to participants.
- Amount related to retention bonus due to merger with United.

No tax reimbursements are made to the CEO and senior officers.

The value of the pension benefits from December 31, 2016 to December 31, 2017 changed primarily due to interest cost, accumulation of an additional year of credited service by plan participants, and changes in actuarial assumptions.

Members may request information on the compensation to the individuals included in the preceding table during 2017.

Pension Benefits Attributable to the CEO and Senior Officers

(dollars in thousands) 2017 Name	Plan	Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
Robert C. Bahl, CEO*	AgriBank District Retirement Plan	**40.4**	**$ 3,257**	**$ --**
	AgriBank District Pension Restoration Plan	**40.4**	**4,765**	**--**
Aggregate Number of Senior Officers, excluding CEO				
Seven	AgriBank District Retirement Plan	**34.2**	**$ 14,556**	**$ --**
Four	AgriBank District Pension Restoration Plan	**38.4**	**2,699**	**--**

*Robert C. Bahl retired effective December 31, 2017 and Marcus L. Knisely became Chief Executive Officer effective January 1, 2018.

The change in composition of the aggregate senior officers can have a significant impact on the calculation of the accumulated pension benefits.

Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. Therefore, any employee starting employment with the AgriBank District after that date is not eligible to be in the plan.

The AgriBank District Pension Restoration Plan restores retirement benefits to certain highly compensated employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. Not all senior officers or highly compensated employees are eligible to participate in this plan.

Transactions with Senior Officers and Directors

Information regarding related party transactions is discussed in Note 11 to the Consolidated Financial Statements in this Annual Report.

Travel, Subsistence, and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

Post Office Box 6020
Fargo, ND 58108-6020
(701) 282-9494
www.agcountry.com
acndinternet@agcountry.com

The total directors' travel, subsistence, and other related expenses were $0.2 million in each of the years ended 2017, 2016, and 2015.

Involvement in Certain Legal Proceedings

No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2018, or at any time during 2017.

Member Privacy

The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

Relationship with Qualified Public Accountant

There were no changes in independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total fees paid during 2017 were $0.4 million. The fees paid for audit services totaled $0.2 million. Our audit committee has approved non-audit services for Internal Controls over Financial Reporting readiness assessments of $0.2 million and tax services of $9 thousand, which were paid during 2017. The accrued non-audit services for merger related preclearance services of $15 thousand were paid in 2017.

Financial Statements

The Report of Management, Report on Internal Control Over Financial Reporting, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

Our Commitment to Servicing Young, Beginning, and Small Farmers and Ranchers

Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is discussed in an addendum to this Annual Report.

Our Commitment to Serving Young, Beginning and Small Farmers

(Unaudited)

Serving our young, beginning and small farmer customers is a priority at AgCountry.

Young, Beginning and Small Farmers Defined

Young Farmer: A farmer or rancher who is 35 years of age or less as of the loan transaction date.

Beginning Farmer: A farmer or rancher who has 10 years or less of farming or ranching experience as of the loan transaction date.

Small Farmer: A farmer or rancher who normally generates less than $250,000 in annual gross sales of agricultural products.

Our Mission for Serving Young, Beginning and Small Farmers

Our mission is to provide ag financial expertise to help our customers succeed.

For young, beginning farmers, this means…

We support the successful entry of young and beginning farmers into production agriculture through specialized credit underwriting, educational/informational programs and other activities.

For small farmers, this means…

We provide convenient, easy and cost-effective access to our products and services at competitive prices.

Our Objectives for Serving Young, Beginning Farmers

1. To identify individuals with the personal management skills and drive to build a full-scale, full-time operation.

2. To apply alternative credit standards to the young, beginning farmer market segment, invest the specialized skills of our staff in serving this segment and provide subsidies for interest rates and financial services.

3. To closely monitor the business transition plans of our young, beginning farmers with growing and larger operations to ensure that from a customer value, service and monitoring standpoint, we are positioned with the next generation of owner/operators.

Our Progress in Achieving These Objectives

AgCountry markets to young and beginning farmer prospects. We monitor the farm business transition plans of customers and prospects including offering Succession and Retirement Planning consulting. Customer information for underwriting is streamlined and often relies on credit scoring tools. Our young and beginning credit underwriting allows exceptions to established underwriting standards, provides for defined interest rate pricing exceptions and subsidies on eligible financial services. Scholarships and numerous educational opportunities are also provided.

Our Objectives for Serving Small Farmers

1. To establish small farmer delivery and processing systems that are streamlined and efficient using technology and branch offices to achieve cost-effective access and competitive prices.

2. To pursue decision-making methodology that streamlines the credit process, along with processes that maximize disbursement and payment alternatives (such as revolving loans, scorecards, online loan applications, purchase or debit cards and online banking).

3. To identify customers within the small farmer segment that have the capacity and the goal to become a larger farm operation and provide them with more loan officer and financial services interaction that brings us closer to the people-intensive portion of our value proposition provided for larger, full-scale farm operations.

Our Progress in Achieving these Objectives

AgCountry has 38 offices to serve this segment as well as access through dealer retail financing. Customer information for underwriting is streamlined and often relies on credit scoring tools. All financial services are made available and we provide additional support to those units with a business expansion strategy.

Quantitative Goals and Status -
Annual, Three-Year, and Actual

Goal: 25% of producer loan customers will be coded young or beginning.

Status: Annual: 25%
Three-Year: 25%
Actual: 23.3%

Goal: 25% of all producer relationships will be young or beginning.

Status: Annual: 25%
Three-Year: 25%
Actual: 30.2%

Goal: YBSF volume will remain above 35% of ongoing producer credit branch operations volume.

Status: Annual: 35%
Three-Year: 35%
Actual: 34.7%

Goal: Educational/informational opportunities provided to YBFs annually.

Status: Annual: 350
Three-Year: reduces to 300 in year three
Actual: 530

Goal: The YBF portfolio will be maintained at or above 85% acceptable credit quality. The small farmer portfolio will be maintained at or above 94% acceptable credit quality.

Status: Annual: 85% and 94%
Three-Year: 85% and 94%
Actual: Young and beginning: 92.7%
Small: 98%

Goal: 25% of our new loan volume will go to YBFs annually.

Status: Annual: 25%
Three-Year: 25%
Actual: 26.7%

Goal: Small farmer customer numbers will be greater than 50% of all producer loan and lease relationships.

Status: Annual: 50%
Three-Year: 50%
Actual: 46.2%

Qualitative Goals and Status

Goal: The capacity to use Farm Services Agency (FSA) and state programs will be maintained as a tool for a YBF operator.

Status: FSA assisted in providing 22 new loans. Bank of North Dakota and Minnesota Rural Finance Authority were not utilized in 2017.

Goal: Succession and retirement/transition planning consultative services will be provided to young and beginning farmers.

Status: These services were provided to 146 young and beginning farmers.

Goal: AgCountry's full spectrum of financial services will be made available to young and beginning farmers.

Status:

Services	# Served
Tax	627
Farm Accounting	240
Succession & Retirement	146
Crop Insurance	710

Goal: Educational and informational opportunities will be provided to young and beginning farmers.

Status: The following educational and informational opportunities were provided to young and beginning farmers:

- Seminars on "When times change, should I change my plan?" and "Capturing unexpected opportunities in the market" were presented free-of-charge at the Big Iron Farm Show in September, along with a section of our display booth dedicated to YBF information and materials. 91 YBFs visited our booth.
- A marketing education workshop, "Weather the Storms" was held in January (96 YBFs attended).
- A presentation was given to 28 YBFs on February 22 at a YBF breakfast with a presentation by Chris Koch.
- Dr. David Kohl webinar series attracted a total of 39 YBFs.
- Marketing education meetings
- Risk & Opportunity Analysis meetings
- Multi peril and crop insurance consultations
- Succession & retirement planning meetings
- Farm accounting update meetings
- Pre-harvest meetings
- FSA Guarantee loan counseling sessions
- Marketing club presentations
- A YBF Advisory Committee was developed to help us better understand the needs of the YBF demographic. 10 YBFs attended in January and 16 attended in July.

Goal: Focus group meetings will be held periodically with select groups of young and beginning or small farmers.

Status: Two meetings were held with 6 young, beginning or small farmers in attendance.

Goal: Financial and in-kind support will be provided to programs that foster the development of young farmers, such as 4H and FFA.

Status:

- More than $132,000 was donated to such programs, including 4H, FFA, Farm Management/Leadership Programs, Farm Safety camps and educational seminars offered through county Extension Service offices.
- 1288 FFA handbooks and 205 official FFA manuals were distributed in our LSA.
- $10,098 in scholarships was awarded to YBF customers to attend the "Weather The Storms" marketing education workshop in January.
- $5,700 in scholarships was awarded to YBF customers to attend The Executive Program for Agricultural Producers (TEPAP) at Texas A&M University.
- $24,000 in scholarships was awarded to 24 high school seniors pursuing careers in agriculture.
- Scholarships of $14,000 were awarded to 14 NDSU students in the Farm Credit Fellows program.

Goal: Information about special exceptions to credit standards, special pricing options and other services available to young and beginning farmers will be distributed through branch offices, trade shows and focus group meetings and our website.

Status: This continues to be accomplished.

Young, Beginning and Small Farmer Demographics in Our Service Area	Census 2012	AgCountry Producer Loan and Lease Portfolio
35 years of age or less	7.8%	21.5%
10 years or less of experience farming	14.5%	25.5%
Farms less than $250,000 Value Farm Sales	74.8%	46.2%

Data Differences:

- The age and farmer experience is as of the date of the ag census, while AgCountry compiled as of the date the loan was made.
- Small farmers is by farm entity from the ag census data, while AgCountry data is compiled as of the date of the loan and the total value of sales of closely related entities rather than individual entities.
- Census data reflects all farms whether they use debt or not. The Census reflects only 40.3% of farms have debt.
- Of the farms reporting to the Census report, 19.6% of the farms had sales less than $10,000.

Safety and Soundness of the Program:

Goals are established for loan quality of these customer segments. The association is well above these goals at this time. The Starting Gate program, which is a subset of the young and beginning farmer program, also limits the size of individual transactions and an overall dollar amount available for this program because of the increased risk.

Contact Us:

In the office, online or on your farm, our teams of specialists are ready to help you.

Minnesota

Ada
901 West 1st Ave S
Ada, MN 56510
218-784-7263
800-450-3063

Alexandria
1022 Broadway St
Alexandria, MN
56308
320-763-3184
800-450-3184

Crookston
530 Fisher Ave
Crookston, MN
56716
218-281-1416
800-689-9373

Detroit Lakes
873 Hwy 10 E
Detroit Lakes, MN
56501
218-847-1645
800-224-1647

Elbow Lake
17 First Street NE
Elbow Lake, MN
56531
218-685-5311
800-450-5311

Fergus Falls
311 N Tower Rd
Fergus Falls, MN
56537
218-739-5221
800-757-5221

Fosston
907 Prairie Pines Dr
Fosston, MN 56542
218-435-1686
877-635-2311

Graceville
316 E First Street
Graceville, MN 56240
320-748-7294
800-450-7294

Hallock
224 N Atlantic Ave
Hallock, MN 56728
218-843-3627
877-284-2835

Litchfield
1725 US Hwy 12 E
Litchfield, MN 55355
320-693-7953
800-450-7953

Madison
112 5th Ave
Madison, MN
56256
320-598-7505
800-450-7505

Marshall
302 S O'Connell St
Marshall, MN 56258
507-532-5751
800-450-5751

Morris
103 Atlantic Ave S
Morris, MN
56267
320-589-3881
800-450-3881

Olivia
1701 W Lincoln Ave
Olivia, MN 56277
320-523-1216
800-450-1216

Redwood Falls
161 County Hwy 101
Redwood Falls, MN
56283
507-637-8721
800-450-8721

Roseau
208 Third Ave NW
Roseau, MN 56751
218-463-2766
888-290-2766

Thief River Falls
2044 State Hwy 1 NE
Thief River Falls, MN
56701
218-681-2304
877-787-3339

Warren
406 N McKinley St
Warren, MN 56762
218-745-5144
800-642-6346

Willmar
4401 Hwy 71 S
Willmar, MN 56201
320-235-1771
800-450-1771

North Dakota

Cavalier
300 Main Street W
Cavalier, ND 58220
701-265-8423
866-898-6221

Cooperstown
4th & Rollin Ave SW
Cooperstown, ND
58425
701-797-2332

Devils Lake
707 Highway 2 E
Devils Lake, ND
58301
701-662-5356
800-422-3670

Fargo
1900 44th Street S
Fargo, ND 58103
701-235-9858
800-450-9858

Grafton
1005 Hill Ave
Grafton, ND 58237
701-352-1651
800-819-1651

Grand Forks
4350 32nd Ave S
Grand Forks, ND
58201
701-775-3193
800-288-3982

Hillsboro
802 W Caledonia Ave
Hillsboro, ND 58045
701-636-4842
800-450-4842

Jamestown
2506 3rd Ave SW
Jamestown, ND
58401
701-252-5242
800-450-5242

LaMoure
200 1st Street SW
LaMoure, ND 58458
701-883-5291
800-520-5291

Langdon
323 Ninth Ave
Langdon, ND 58249
701-256-2553
877-623-9582

Lisbon
604 Main Street
Lisbon, ND 58054
701-683-4172
800-450-4172

Valley City
220 Winter Show Rd SW
Valley City, ND 58072
701-845-1751
800-900-1751

Wahpeton
1982 Two Ten Drive
Wahpeton, ND 58075
701-642-8557
800-450-8557

Wisconsin

Antigo
2616 US Hwy 45
Antigo, WI 54409
715-623-7644
800-324-5755

Marshfield
1207 N Central Ave
Marshfield, WI
54449
715-387-3765
800-324-5752

Medford
600 S 8th Street
Medford, WI 54451
715-748-3270
800-324-5753

Stevens Point
1216 Wildwood Dr
Stevens Point, WI
54482
715-344-1000
800-324-5754

Thorp
204 E Liberty Dr
Thorp, WI 54771
715-669-5911
800-324-5758

Wausau
611 S 32nd Ave
Wausau, WI 54402
715-842-4631
800-324-5751

AgCountry®
Farm Credit Services