GOLDEN STATE
FARM CREDIT

Quarterly Report to Shareholders

June 30, 2017

Golden State Farm Credit, ACA

The shareholders' investment in Golden State Farm Credit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2016 CoBank Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 1580 Ellis Street, Kingsburg, CA 93631 or calling (530)571-4160.

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

(Unaudited)

The following discussion summarizes the financial position and results of operations of Golden State Farm Credit, ACA for the six months ended June 30, 2017, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2016 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The Association's performance through June 2017 showed loan growth at 5.6% for 2017, continuing the excellent growth achieved in 2016. Overall credit quality remains high with over 99% Acceptable and OAEM. Net income has been outstanding, supporting growth of the association.

The winter and spring of 2016-17 provided above normal rainfall and a record snowpack. Water allocations are above levels of the prior 5-7 years. The drought designation has been removed for nearly all of California. This is a positive development for the association and our shareholders.

Many of our borrowers and the commodities we finance are dependent upon export markets. Strength of the US dollar, uncertainties regarding trade agreements and a slowdown in the global economy all present issues and potential stress to our borrowers. Although there are commodities within the portfolio with volatile or weakening prices, this is a normal occurrence and these segments remain generally profitable. Staff levels are adequate to continue to service the farmers, growers and ranchers within our chartered territory and deal with issues which may arise.

The challenges continue to be the ongoing passage and implementation of regulations within the state regarding labor, groundwater & environmental concerns along with weakness in the global economy. Overall commodity prices are anticipated to remain near the levels experienced in 2016.

LOAN PORTFOLIO

Loans outstanding at June 30, 2017 totaled $1.453 billion, an increase of $77 million, or 5.6%, from loans of $1.376 billion at December 31, 2016. The increase was primarily due to strong growth in borrower operations, new borrowers and increased utilization of lines of credit.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. We had no other property owned at June 30, 2017 or December 31, 2016.

RESULTS OF OPERATIONS

The association's financial position and performance continues to be excellent. Net income for the six months ended June 30, 2017 was $13.7 million, an increase of $2.2 million, or 19%, from the same period ended one year ago. Net interest income increased as a result of higher loan volumes and improved margins. Net interest margin has improved due to rate increases in 2017. Noninterest income has increased, while the provision for credit losses is lower than the prior year.

Net interest income for the six months ended June 30, 2017 was $19.3 million, an increase of $2.5 million, or 14.5%, compared with June 30, 2016. Net interest income increased as a result of higher loan volumes and the benefit of higher rates on investments and loanable funds.

The provision for credit losses for six months ended June 30, 2017was $174 thousand, a decrease of $374 thousand, or 68%, from the provision for credit losses for the same period ended one year ago. The decrease in the provision for credit losses was due to favorable rainfall received this season. The existing allowance for loan losses absorbed some of the growth in volume as qualitative factors impacting the allowance improved. The credit quality of the loan portfolio remains outstanding.

Noninterest income increased $478 thousand during the first six months of 2017 compared with the first six months in 2016 primarily due to increased patronage dividends and commissions on crop insurance. We received mineral income of $11 thousand during the first six months of 2017, which is distributed to us quarterly by CoBank.

During the first six months of 2017, noninterest expense increased $1.1 million to $8.5 million compared to the same period of 2016. The increase is primarily due to increases in salary and benefits, purchased information technology, Farm Credit Insurance premiums and travel and training expenses. The increase in salaries is the result of filling open positions and normal annual salary increases.

SHAREHOLDERS' EQUITY AND CAPITAL ADEQUACY

The association's capital position remains strong. Total shareholders' equity at June 30, 2017 was $288.9 million, an increase of $13.7 million from December 31, 2016. This increase is due to net income with minor adjustments to the retirement obligation and stock issued. The association's strong earnings and capital position support our ability to maintain our cash patronage program.

As shown below, Golden State Farm Credit has substantially exceeded regulatory capital minimum requirements at June 30, 2017. The capital ratios declined slightly from the prior year due to significant growth in loan volumes.

Capital Adequacy at June 30, 2017:

	As of June 30, 2017	Regulatory Minimums-with conservation buffer
Tier 1 capital ratio	15.79%	8.50%
Total capital ratio	16.08%	10.50%
Permanent capital ratio	15.83%	7.00%

Refer to Note 3 of the accompanying Consolidated Financial Statements for additional detail regarding the capital ratios as of June 30, 2017.

NEW CAPITAL REGULATIONS

On March 10, 2016, the FCA approved new rules ("New Capital Regulations") relating to regulatory capital requirements for System Banks, including CoBank and Associations. The New Capital Regulations became effective January 1, 2017. Refer to Note 3 of the accompanying Consolidated Financial Statements for additional detail regarding the capital regulations and capital ratios as of June 30, 2017.

OTHER MATTERS

The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his knowledge and belief.

Michael Fry
Chairman of the Board
August 3, 2017

J. Fletcher Monroe
President and Chief Executive Officer
August 3, 2017

Larry Grager
Chief Financial Officer
August 3, 2017

Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2017	December 31 2016
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 1,452,889**	$ 1,375,591
Less allowance for loan losses	**4,425**	4,229
Net loans	**1,448,464**	1,371,362
Cash	**2,101**	16,672
Accrued interest receivable	**17,374**	10,453
Investment in CoBank, ACB	**41,442**	41,357
Premises and equipment, net	**3,660**	3,371
Prepaid benefit expense	**2,627**	2,199
Other assets	**3,999**	6,239
Total assets	**$ 1,519,667**	$ 1,451,653
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,200,464**	$ 1,141,754
Advance conditional payments	**23,561**	21,263
Accrued interest payable	**1,554**	1,225
Patronage distributions payable	**-**	5,100
Accrued benefits liability	**529**	634
Reserve for unfunded commitment	**168**	190
Other liabilities	**4,523**	6,309
Total liabilities	**1,230,799**	1,176,475
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock and participation certificates	**1,571**	1,600
Additional paid-in capital	**141,442**	141,442
Unallocated retained earnings	**145,974**	132,320
Accumulated other comprehensive (loss)/income	**(119)**	(184)
Total shareholders' equity	**288,868**	275,178
Total liabilities and shareholders' equity	**$ 1,519,667**	$ 1,451,653

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended June 30 **2017**	2016	For the six months ended June 30 **2017**	2016
INTEREST INCOME				
Loans	**$ 14,456**	$ 11,768	**$ 27,585**	$ 23,096
Total interest income	**14,456**	11,768	**27,585**	23,096
INTEREST EXPENSE				
Note payable to CoBank	**4,355**	3,152	**8,207**	6,158
Advanced conditional payments and other conditional trust funds	**36**	37	**69**	79
Total interest expense	**4,391**	3,189	**8,276**	6,237
Net interest income	**10,065**	8,579	**19,309**	16,859
Provision for credit losses	**174**	322	**174**	548
Net interest income after provision for credit losses	**9,891**	8,257	**19,135**	16,311
NONINTEREST INCOME				
Financially related services income	**7**	5	**59**	8
Loan fees	**76**	68	**114**	119
Patronage refund from Farm Credit Institutions	**1,387**	1,210	**2,739**	2,375
Mineral income	**9**	1	**11**	2
Other noninterest income	**111**	1	**134**	75
Total noninterest income	**1,590**	1,285	**3,057**	2,579
NONINTEREST EXPENSE				
Salaries and employee benefits	**2,359**	2,070	**4,946**	4,145
Occupancy and equipment	**156**	173	**315**	291
Purchased services from AgVantis, Inc.	**388**	353	**776**	703
Farm Credit Insurance Fund premium	**402**	370	**801**	732
Supervisory and examination costs	**113**	94	**226**	188
Other noninterest expense	**708**	714	**1,472**	1,403
Total noninterest expense	**4,126**	3,774	**8,536**	7,462
Income before income taxes	**7,355**	5,768	**13,656**	11,428
Provision for income taxes	**2**	2	**2**	2
Net income	**7,353**	5,766	**13,654**	11,426
OTHER COMPREHENSIVE INCOME				
Amortization of retirements costs	**32**	32	**65**	64
Total comprehensive income	**$ 7,385**	$ 5,798	**$ 13,719**	$ 11,490

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock and Participation Certificates	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2015	$ 1,582	$ 141,442	$ 118,333	$ (309)	$ 261,048
Comprehensive income			11,426	64	11,490
Stock and participation certificates issued	91				91
Stock and participation certificates retired	(71)				(71)
Balance at June 30, 2016	$ 1,602	$ 141,442	$ 129,759	$ (245)	$ 272,558
Balance at December 31, 2016	$ 1,600	$ 141,442	$ 132,320	$ (184)	$ 275,178
Comprehensive income			13,654	65	13,719
Stock and participation certificates issued	58				58
Stock and participation certificates retired	(87)				(87)
Balance at June 30, 2017	**$ 1,571**	**$ 141,442**	**$ 145,974**	**$ (119)**	**$ 288,868**

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

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Golden State Farm Credit, ACA, the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2016, are contained in the 2016 Annual Report to Shareholders. These unaudited second quarter 2017 financial statements should be read in conjunction with the 2016 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2016 as contained in the 2016 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2017. Descriptions of the significant accounting policies are included in the 2016 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In March 2017, the Financial Accounting Standards Board (FASB) issued guidance entitled "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost." The guidance requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association's financial condition but could change the classification of certain items in the results of operations.

In August 2016, the FASB issued guidance entitled "Classification of Certain Cash Receipts and Cash Payments." The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association's financial condition or its results of operations but could change the classification of certain items in the statement of cash flows.

In June 2016, the FASB issued guidance entitled "Measurement of Credit Losses on Financial Instruments." 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 form credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance becomes effective for interim and annual periods beginning after December 15, 2020, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In February 2016, the FASB issued guidance entitled "Leases." The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled "Recognition and Measurement of Financial Assets and Liabilities." The guidance affects, among other things, the presentation and disclosure requirements for financial instruments. For public entities, the guidance eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value of financial instruments carried at amortized cost. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association's financial condition or its results of operations.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. The Association is in the process of reviewing contracts to determine the effect, if any, on its financial condition or results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	June 30, 2017	December 31, 2016
Real estate mortgage	**$ 1,233,644**	$ 1,168,141
Production and intermediate-term	**100,975**	95,640
Agribusiness	**56,029**	54,554
Rural infrastructure	**15,000**	7,031
Rural residential real estate	**252**	258
Lease receivables	**46,989**	49,967
Total loans	**$ 1,452,889**	$ 1,375,591

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at June 30, 2017:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 12,456	$ 90,805	$ -	$ -	$ 12,456	$ 90,805
Production and intermediate-term	-	-	-	-	-	-
Agribusiness	27,620	-	-	-	27,620	-
Rural infrastructure	15,000	-	-	-	15,000	-
Lease receivables	9,549	12,198	-	-	9,549	12,198
Total	$ 64,625	$ 103,003	$ -	$ -	$ 64,625	$ 103,003

The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of:

	June 30, 2017	December 31, 2016
Real estate mortgage		
Acceptable	**98.02%**	98.81%
OAEM	**1.34%**	.96%
Substandard	**.64%**	.23%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**98.45%**	99.25%
OAEM	**.27%**	.08%
Substandard	**1.28%**	.67%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%

Rural infrastructure		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**80.29%**	80.03%
OAEM	**19.32%**	19.58%
Substandard	**.39%**	.39%
Total	**100.00%**	100.00%
Lease receivables		
Acceptable	**98.97%**	99.45%
Substandard	**1.03%**	.55%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**98.16%**	98.91%
OAEM	**1.17%**	.83%
Substandard	**.67%**	.26%
Total	**100.00%**	100.00%

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

(dollars in thousands)	**June 30, 2017**	December 31, 2016
Nonaccrual loans		
Real estate mortgage	**$ 431**	$ 498
Lease receivables	**241**	276
Total nonaccrual loans	**$ 672**	$ 774
Total impaired loans	**$ 672**	$ 774
Other property owned	**--**	--
Total high risk assets	**$ 672**	$ 774

The Association had no accruing restructured loans, no accruing loans 90 days past due and no other property owned for the periods presented.

Additional impaired loan information is as follows:

	June 30, 2017			December 31, 2016		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 431**	**$ 489**	**$ --**	$ 498	$ 598	$ --
Lease receivables	**241**	**241**	**--**	276	276	--
Total	**$ 672**	**$ 730**	**$ --**	$ 774	$ 874	$ --

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

	For the Three Months Ended June 30, 2017		For the Three Months Ended June 30, 2016	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 429**	**$ 18**	$ 341	$ 1
Production and intermediate-term	**1**	**--**	21	1
Lease receivables	**257**	**--**	--	--
Total	**$ 687**	**$ 18**	$ 362	$ 2

	For the Six Months Ended June 30, 2017		For the Six Months Ended June 30, 2016	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 494**	**$ 17**	$ 467	$ 22
Production and intermediate-term	**--**	**1**	10	1
Lease receivables	**266**	**--**	--	--
Total	**$ 760**	**$ 18**	$ 477	$ 23

The following tables provide an age analysis of past due loans (including accrued interest).

June 30, 2017	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 1,686	$ --	$ 1,686	$1,247,783	$1,249,469	$ --
Production and intermediate-term	1,775	--	1,775	100,325	102,100	--
Agribusiness	1,963	--	1,963	54,415	56,378	--
Rural infrastructure	--	--	--	15,033	15,033	--
Rural residential real estate	--	--	--	253	253	--
Lease receivables	--	--	--	47,030	47,030	--
Total	$ 5,424	$ --	$ 5,424	$1,464,839	$1,470,263	$ --

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	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,247	$ --	$ 2,247	$1,175,096	$1,177,343	$ --
Production and intermediate-term	644	1	645	95,880	96,525	--
Agribusiness	--	--	--	54,893	54,893	--
Rural infrastructure	--	--	--	7,033	7,033	--
Rural residential real estate	--	--	--	259	259	--
Lease receivables	--	276	276	49,715	49,991	--
Total	$ 2,891	$ 277	$ 3,168	$1,382,876	$1,386,044	$ --

A summary of changes in the allowance for loan losses is as follows:

	Balance at March 31, 2017	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2017
Real estate mortgage	$ 667	$ --	$ --	$ 119	$ 786
Production and intermediate-term	1,932	--	--	(206)	1,726
Agribusiness	998	--	--	79	1,077
Rural infrastructure	50	--	--	55	105
Rural residential real estate	1	--	--	--	1
Lease receivables	581	--	--	149	730
Total	$ 4,229	$ --	$ --	$ 196	$ 4,425

	Balance at December 31, 2016	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2017
Real estate mortgage	$ 667	$ --	$ --	$ 119	$ 786
Production and intermediate-term	1,932	--	--	(206)	1,726
Agribusiness	998	--	--	79	1,077
Rural infrastructure	50	--	--	55	105
Rural residential real estate	1	--	--	--	1
Lease receivables	581	--	--	149	730
Total	$ 4,229	$ --	$ --	$ 196	$ 4,425

	Balance at March 31, 2016	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2016
Real estate mortgage	$ 796	$ --	$ --	$ (93)	$ 703
Production and intermediate-term	1,580	--	--	(208)	1,372
Agribusiness	385	--	--	685	1,070
Rural infrastructure	--	--	--	--	--
Rural residential real estate	2	--	--	(1)	1
Lease receivables	751	--	--	(134)	617
Total	$ 3,514	$ --	$ --	$ 249	$ 3,763

	Balance at December 31, 2015	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2016
Real estate mortgage	$ 773	$ --	$ --	$ (70)	$ 703
Production and intermediate-term	1,464	--	--	(92)	1,372
Agribusiness	311	--	--	759	1,070
Rural infrastructure	-	--	--	--	--
Rural residential real estate	2	--	--	(1)	1
Lease receivables	771	--	--	(154)	617
Total	$ 3,321	$ --	$ --	$ 442	$ 3,763

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	**2017**	2016
Balance at beginning of period	**$ 190**	$ 96	**$ 190**	$ 64
Provision for unfunded commitments	**(22)**	73	**(22)**	105
Total	**$ 168**	$ 169	**$ 168**	$ 169

Additional information on the allowance for credit losses follows:

	Allowance for Credit Losses Ending Balance at June 30, 2017		Recorded Investments in Loans Outstanding Ending Balance at June 30, 2017	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 786	$ 431	$1,249,037
Production and intermediate-term	-	1,726	-	102,101
Agribusiness	-	1,077	-	56,378
Rural infrastructure	-	105	-	15,033
Rural residential real estate	-	1	-	253
Lease receivables	-	730	-	47,030
Total	$ -	$ 4,425	$ 431	$1,469,832

	Allowance for Credit Losses Ending Balance at December 31, 2016		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2016	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 667	$ 498	$1,176,845
Production and intermediate-term	-	1,932	1	96,524
Agribusiness	-	998	-	54,893
Rural infrastructure	-	50	-	7,033
Rural residential real estate	-	1	-	259
Lease receivables	-	581	-	49,991
Total	$ -	$ 4,229	$ 499	$1,385,545

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. The Association recorded no TDRs during the six months ended June 30, 2017.

NOTE 3 - CAPITAL

Effective January 1, 2017, the regulatory capital requirements for 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 earning equivalents (UREE) leverage ratio. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. Farm Credit Administration regulations require us to maintain minimums for various regulatory capital ratios.

In addition, the New Capital Regulations establish a capital conservation buffer and a leverage buffer; enhance the sensitivity of risk weightings; and, for System Banks only, require additional public disclosures. The revisions to the risk weightings include alternatives to the use of credit ratings, as required by the Dodd-Frank Act.

A summary of select capital ratios as of June 30, 2017, based on a three-month average and minimums follows.

	As of June 30, 2017	Regulatory Minimums	Capital Conversation Buffer	Total
Risk Adjusted:				
Common equity tier 1 ratio	15.8%	4.5%	2.5%*	7.0%
Tier 1 capital ratio	15.8%	6.0%	2.5%*	8.5%
Total capital ratio	16.1%	8.0%	2.5%*	10.5%
Permanent capital ratio	15.8%	7.0%	–	7.0%
Non-risk-adjusted:				
Tier 1 leverage ratio	17.0%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	18.2%	1.5%	–	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.

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. The New Capital Regulations establish a three-year phase-in of the capital conservation buffer, which began on January 1, 2017. There will be no phase-in of the leverage buffer.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2017	2016	**2017**	2016
Pension and other benefit plans:				
Beginning balance	**$ (151)**	$ (277)	**$ (184)**	$ (309)
Other comprehensive income before reclassifications	**--**	--	**--**	--
Amounts reclassified from accumulated other comprehensive loss	**32**	32	**65**	64
Net current period other comprehensive income/(loss)	**32**	32	**65**	64
Ending balance	**$ (119)**	$ (245)	**$ (119)**	$ (245)

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

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) — For the Three Months Ended June 30		Location of Gain/Loss Recognized in Statement of Income
	2017	2016	
Pension and other benefit plans:			
Net actuarial loss	**$ 32**	$ 32	Salaries and employee benefits
Prior service cost	**--**	--	
Transition asset	**--**	--	
Total reclassifications	**$ 32**	$ 32	

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss)		Location of Gain/Loss Recognized in Statement of Income
	For the Six Months Ended June 30		
	2017	2016	
Pension and other benefit plans:			
Net actuarial loss	**$ 65**	$ 64	
Prior service cost	**--**	--	Salaries and employee benefits
Transition asset	**--**	--	
Total reclassifications	**$ 65**	$ 64	

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 3, 2017, which is the date the financial statements were issued, and no material subsequent events were identified**.**