

American AgCredit, ACA

2011 Second Quarter Report to Shareholders

The shareholders' investment in American AgCredit, ACA is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2010 AgBank Annual Report to Shareholders, the 2010 AgBank District Annual Report to Shareholders, the AgBank quarterly shareholders' reports and the AgBank District quarterly shareholders' reports are available on AgBank's web site, www.usagbank.com, or may be obtained at no charge by calling American AgCredit at (800) 800-4865 or visiting the office at 200 Concourse Blvd. Santa Rosa, CA 95403.

Message to Stockholders

Dear Stockholder:

The Association continues to see improvement in the performance of the commodity groups it finances. Commodity prices have risen in the past quarter across a variety of agricultural products. This portends strong operational performance for the year and increasing credit quality for the Association. We anticipate further economic challenges throughout the remainder of 2011 that will stress the credit repayment capacity of many borrowers, however, our lending guidelines are designed to incorporate this stress and our staff actively monitors the conditions of their local area and commodities. We also expect interest rates to remain at or about their current levels through the rest of the year. These low rates make refinancing or expansion more affordable than in the past decade. Our primary goal as a lender is to help our borrower/customers maintain profitable operations in good times and bad. Please contact your local loan officer to explore ways we can help you achieve your goals.

Board Elections: We congratulate directors Peter Bulthuis and Dennis William on their re-election to the board. Your board encourages input from our stockholder-members in the governance of the Association. A complete list of all Association directors, with contact information, can be found on the Association's web site (www.agloan.com) or obtained from our Administrative office by calling 1-800-800-4865.

We were saddened by the recent passing of Director Alan Weeks in May. Director Weeks served on the board for over ten years and contributed to the growth of the Association during that time. His presence will be missed.

Financial Condition and Results of Operations: Second quarter income totaled \$15.6 million compared to \$14.1 million a year ago. Net interest income is down \$2.4 million for the quarter from the prior year as a result of lower loan volume. The Association's loan portfolio is down \$264 million, or 5.8%, from the same period in 2010. This drop in volume is due to the general lack of demand during the present economic downturn as well as the loss of several large loans that were refinanced or repurchased by other lenders. Quarterly operating costs increased \$2.5 million since the prior year, primarily due to costs related to carrying properties acquired in foreclosure. Annualized return on average assets for the quarter was 1.38%. Member's equity exceeds \$1.06 billion and the Association's permanent capital ratio, a measure of risk-bearing capability, was 20.21% at quarter-end compared to 18.00% a year earlier.

Non-accrual loans stand at \$71.1 million, up \$8 million from the 2nd quarter of 2010. Nonaccrual loans represent 1.6% of total loan volume. The Association also carries \$21.1 million of properties acquired through foreclosure on its Balance Sheet at June 30. This compares to \$13.0 million in such properties at June 30, 2010. The Association reduced its acquired property balance by \$11.8 million in the 2nd quarter.

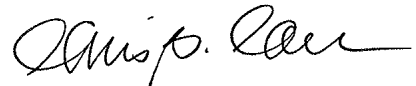
The undersigned certify that the 2011 2nd Quarter Shareholder Report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Dave Santos
Chairman



Ron Carli
Chief Executive Officer



Chris B. Call
Chief Financial Officer

August 2, 2011

FINANCIAL STATEMENTS

(\$000s)

STATEMENT OF CONDITION	June 30		Dec. 31	
	2011	2010	2010	2009
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Loans	\$4,271,588	\$4,535,765	\$4,574,439	\$4,747,370
Less: allowance for loan losses	(18,975)	(22,183)	(18,227)	(12,293)
Net Loans	4,252,613	4,513,582	4,556,212	4,735,077
Investment in the U.S. AgBank	119,327	119,327	119,327	119,327
Investment in CoBank	15,320	13,598	13,598	11,622
Accrued interest receivable	44,582	49,581	42,167	44,792
Premises and equipment	33,860	30,088	32,664	27,829
Other Property Owned	21,118	12,988	25,739	4,626
Other Assets	23,032	25,159	36,538	39,901
Total Assets	<u>\$4,509,852</u>	<u>\$4,764,323</u>	<u>\$4,826,245</u>	<u>\$4,983,174</u>
LIABILITIES				
Note payable to U.S. AgBank	\$3,375,425	\$3,647,865	\$3,687,898	\$3,913,384
Note payable to CoBank	8,578	8,591	8,707	11,653
Funds Held Accounts	14,822	10,639	11,414	7,001
Accrued interest payable	12,588	8,591	15,841	17,598
Other liabilities	29,623	68,130	62,496	58,640
Total Liabilities	<u>\$3,441,036</u>	<u>\$3,743,816</u>	<u>\$3,786,356</u>	<u>\$4,008,276</u>
MEMBERS' EQUITY				
Common stock and participation certificates	\$6,272	\$6,627	\$6,371	\$6,722
Preferred stock	97,944	121,655	125,957	116,286
Additional Paid in Capital	206,226	206,226	206,226	206,226
Unallocated retained earnings	758,374	686,000	701,335	645,664
Total Members' Equity	<u>1,068,816</u>	<u>1,020,507</u>	<u>1,039,889</u>	<u>974,898</u>
Total Liabilities and Members' Equity	<u>\$4,509,852</u>	<u>\$4,764,323</u>	<u>\$4,826,245</u>	<u>\$4,983,174</u>
STATEMENT OF INCOME				
Unaudited	For the three months ended June 30		For the six months ended June 30	
	2011	2010	2011	2010
Interest income	\$54,244	\$61,168	\$108,255	\$121,764
Interest expense	(22,156)	(26,680)	(43,575)	(52,877)
Net interest income	32,088	34,488	64,680	68,887
AgBank patronage dividend	-	-	19,514	4,087
Other income	2,370	2,866	11,285	15,638
Loan Loss (Provision)/Benefit	970	(6,057)	(810)	(12,761)
Operating and other expenses	(19,340)	(16,777)	(37,082)	(35,636)
Income before taxes	16,088	14,520	57,587	40,215
Benefit / (Provision) for income taxes	(503)	(451)	(522)	258
Net income	<u>\$15,585</u>	<u>\$14,069</u>	<u>\$57,065</u>	<u>\$40,473</u>

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

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the six months ended June 30, 2010 and 2011

	Capital Stock	Preferred Stock	Additional Paid in Capital	Unallocated Retained Earnings	Total Members' Equity
Balance at December 31, 2009	\$6,722	\$116,286	\$206,226	\$645,664	\$974,898
Comprehensive Income					
Net income				40,473	40,473
Amortization of costs included in net periodic benefit cost				38	38
Total Comprehensive Income					40,511
Stock issued	200	65,343			65,543
Stock retired	(295)	(60,286)			(60,581)
Preferred stock dividends paid		312		(312)	0
Adjustment to patronage declared				136	136
Balance at June 30, 2010	<u>\$6,627</u>	<u>\$121,655</u>	<u>\$206,226</u>	<u>\$685,999</u>	<u>\$1,020,507</u>
Balance at December 31, 2010	\$6,371	\$125,957	\$206,226	\$701,335	\$1,039,889
Comprehensive Income					
Net income				57,065	57,065
Amortization of costs included in net periodic benefit cost				(14)	(14)
Total Comprehensive Income					57,051
Stock issued	228	52,732			52,960
Stock retired	(327)	(81,005)			(81,332)
Preferred stock dividends paid		260		(260)	0
Adjustment to patronage declared				248	248
Balance at June 30, 2011	<u>\$6,272</u>	<u>\$97,944</u>	<u>\$206,226</u>	<u>\$758,374</u>	<u>\$1,068,816</u>

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

Notes to the Financial Statements

(Unaudited)

NOTE 1 - Organization and Significant Accounting Policies

A description of the organization and operations of the American AgCredit, ACA (Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2010 are contained in the 2010 Annual Report to Stockholders (2010 Annual Report) for American AgCredit, ACA. These unaudited second quarter 2011 financial statements of the Association should be read in conjunction with the 2010 Annual Report. The financial statements were prepared under the oversight of the audit committee of the board of directors. The financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform to generally accepted accounting principles and prevailing practices within the banking industry. The results of operations for the six-month period ended June 30, 2011 are not necessarily indicative of results to be expected for the full year.

In December 2010, U.S. AgBank (AgBank), the Association's funding bank, and CoBank, ACB, (CoBank), another Farm Credit System Bank, executed a Letter of Intent to merge. In June 2011, the Farm Credit Administration voted to grant preliminary approval of the proposed plan of merger between the two banks. AgBank distributed disclosure and voting materials to its stockholder associations in July, with the completed merger ballots due to be returned by September 7, 2011. The proposed merger is targeted to be effective on January 1, 2012. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

In September 2010, the Board of Directors signed a Letter of Intent to merge with Mountain Plains Farm Credit Services, ACA (Mountain Plains) headquartered in Greeley, Colorado. Under the terms of the letter, Mountain Plains would be merged into American AgCredit, and the new association would be headquartered in Santa Rosa, California and be called American AgCredit. A comprehensive disclosure package will be sent to stockholders of both organizations prior to a stockholder vote. The merger is not expected to be consummated until 2012.

In June 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Comprehensive Income - Presentation of Comprehensive Income." This guidance is intended to increase the prominence of other comprehensive income in financial statements. The current option that permits the presentation of other comprehensive income in the statement of changes in equity has been eliminated. The main provisions of the guidance provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one or two consecutive financial statements:

- A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income.
- In a two-statement approach, an entity must present the components of net income and total net income in the first statement. That statement must be immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income.

This guidance is to be applied retrospectively. For public entities, it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2012, and interim and annual periods thereafter. The adoption of this guidance will not impact financial condition or results of operations, but will result in changes to the presentation of comprehensive income.

In May 2011, the FASB issued guidance entitled, "Fair Value Measurement - Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments include the following:

1. Application of the highest and best use and valuation premise is only relevant when measuring the fair value of nonfinancial assets (does not apply to financial assets and liabilities.)

2. Aligning the fair value measurement of instruments classified within an entity's shareholders' equity with the guidance for liabilities. As a result, an entity should measure the fair value of its own equity instruments from the perspective of a market participant that holds the instruments as assets.
3. Clarifying that a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy.
4. An exception to the requirement for measuring fair value when a reporting entity manages its financial instruments on the basis of its net exposure, rather than its gross exposure, to those risks.
5. Clarifying that the application of premiums and discounts in a fair value measurement is related to the unit of account for the asset or liability being measured at fair value. Premiums or discounts related to size as a characteristic of the entity's holding (that is, a blockage factor) instead of as a characteristic of the asset or liability (for example, a control premium), are not permitted. A fair value measurement that is not a Level 1 measurement may include premiums or discounts other than blockage factors when market participants would incorporate the premium or discount into the measurement at the level of the unit of account specified in other guidance.
6. Expansion of the disclosures about fair value measurements. The most significant change will require entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the use of a nonfinancial asset measured or disclosed at fair value if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed.

The amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted.

In January 2011, the FASB issued guidance entitled, "Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings." This guidance temporarily delayed the effective date of the disclosures about troubled debt restructurings required by the guidance previously issued on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." The effective date of the new disclosures about troubled debt restructurings (TDR) coincides with the guidance for determining what constitutes a TDR as described below.

In April 2011, the FASB issued its guidance entitled, "A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring," which provides for clarification on whether a restructuring constitutes a TDR. In evaluating whether a restructuring is a TDR, a creditor must separately conclude that both of the following exists: (1) the restructuring constitutes a concession, and (2) the debtor is experiencing financial difficulties. For nonpublic entities, the guidance is effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. The Association is currently evaluating the impact of adoption of this Standard on the financial condition or results of operations. The adoption will result in additional disclosures.

In July 2010, the FASB issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." This guidance is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. Existing disclosures are amended to include additional disclosures of financing receivables on a disaggregated basis (by portfolio segment and class of financing receivable) including among others, a rollforward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the method of impairment (individually or collectively evaluated). The guidance also calls for new disclosures including but not limited to credit quality indicators at the end of the reporting period by class of financing receivables, the aging of past due financing receivables, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of this Standard did not impact the Association's financial condition or results of operations, but did result in significant additional disclosures.

In January 2010, the FASB issued guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurement by increasing transparency in financial reporting. The changes will provide a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurement. The new disclosures and clarification of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this Standard did not impact the Association's financial condition or results of operations but did result in additional disclosures.

Certain amounts in the prior period's financial statements have been reclassified to conform to the current period's financial statement presentation.

NOTE 2 - Capital

At June 30, 2011, the Association's regulatory capital ratio was 20.21%, which exceeds the minimum of 7.00% required by our regulators, the Farm Credit Administration.

Association shareholders have approved a class of preferred stock known as H Stock. At June 30, 2011 200 million shares of the stock are authorized at \$1.00 par value. H stock ownership is limited to existing common stockholders of the Association and is considered "at-risk". The stock bears a dividend rate that is set by the Board of Directors. Retirement of the stock is at the discretion of the Board. At June 30, 2011 there were 97,944,192 shares of H stock issued and outstanding. The dividend rate at June 30, 2011 was 0.50%.

NOTE 3 - Loans and Allowance for Loan Losses

A summary of loans (including related accrued interest) are as follows (\$000):

	<u>June 30, 2011</u>	Dec. 31, 2010
Real estate mortgage	\$2,802,051	\$3,015,989
Production and intermediate term	683,059	792,238
Loans to cooperatives	2,742	1,746
Processing and marketing	691,028	673,424
Farm related business	126,555	122,427
Energy	5,241	4,910
Rural residential real estate	5,469	5,847
Total loans	<u>\$4,316,145</u>	<u>\$4,616,581</u>

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows (\$000):

	<u>June 30, 2011</u>	Dec. 31, 2010
Real estate mortgage	\$54,273	\$57,572
Production and intermediate-term	6,724	5,843
Agribusiness	10,139	4,389
Total nonaccrual loans	<u>\$71,136</u>	<u>\$67,804</u>
Accruing restructured loans:		
Real estate mortgage	295	342
Total accruing restructured loans	<u>295</u>	<u>342</u>
Accruing loans 90 days or more past due:		
Real estate mortgage	488	
Production and intermediate-term	4,741	2,073
Agribusiness	1,521	
Total accruing loans 90 days or more past due	<u>6,750</u>	<u>2,073</u>
Total nonperforming loans	<u>78,181</u>	70,219
Other property owned (including est. selling costs)	<u>21,118</u>	25,739
Total nonperforming assets	<u>\$99,299</u>	<u>\$95,958</u>

One credit quality indicator utilized by the Association is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable - assets are expected to be fully collectible and represent the highest quality,
- Other assets especially mentioned (OAEM) - assets are currently collectible but exhibit some potential weakness,
- Substandard - assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan,
- Doubtful - assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- Loss - assets are considered uncollectible.

The determination of the allowance for loan losses is based on estimates that are susceptible to changes in the economic environment and market conditions, and is based on the Association's past loss experience, known and inherent risks in the portfolio, the estimated value of the underlying collateral, and current economic conditions. Management believes that as of June 30, 2011, the allowance for loan losses is adequate based on information currently available.

NOTE 4 - Purchased and Sold Loans

The Association, in the normal course of business, purchases and sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. All loans sold to others are sold without recourse. The following table presents information regarding participations purchased and sold during the quarter ended June 30, 2011 (in millions):

	<u>June 30, 2011</u>	June 30, 2010	Dec. 31, 2010
Loans purchased from others	\$439.9	\$570.4	\$545.9
Loans sold to others	\$2,397.0	\$2,393.7	\$2,549.4
Retained interest in sold loans	\$563.7	\$601.0	\$614.7
Syndications serviced for others	\$1,520.1	\$1,614.9	\$1,276.5
Loans sold to and serviced for Farmer Mac	\$0.3	\$0.4	\$0.4

NOTE 5 - Fair Value Measurements

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2010 Annual Report to Stockholders.

Assets and liabilities measured at fair value on a non-recurring basis at June 30, 2011 for each of the fair value hierarchy values are summarized below, (in 000s):

	<u>Level 3</u>	<u>Fair Value Measurement Using Total Fair Value</u>	<u>Total Gains/(Losses)</u>
Assets:			
Loans	\$9,092	\$9,092	(\$1,335)
Other property owned	\$22,699	\$22,699	(\$35)
Loans acquired in merger	\$421,954	\$421,954	(\$2,602)
Liabilities:			
Debt acquired in merger	\$558,376	\$558,376	\$3,333

Valuation Techniques

Accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Associations' assets and liabilities.

Impaired Loans

For certain loans evaluated for impairment, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. These loans are generally classified as Level 3.

Loans and Debt acquired in merger

At the merger of American AgCredit and Farm Credit of the Heartlands on November 30, 2009, the Association acquired loans receivable and related notes payable. These assets and liabilities were recorded at their fair market value, as determined by discounting the expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit risk, on the date of merger. The fair market value has been amortized consistent with generally accepted accounting principles. The values shown in the table above represent the unamortized fair values of the assets and liabilities as of June 30, 2011.

Other Property Owned

Other property owned is generally classified as Level 3. The fair value is based upon the collateral value. Costs to sell represent transaction costs and are not included as a component of the assets' fair value.

NOTE 6 - Contingencies

The Association has been named as defendant in a lawsuit, dated June 15, 2011, alleging damages of \$10 million related to foreclosure actions against a borrower. The complaint requests an injunction from pursuing foreclosure against any real estate collateral held by the Association for this borrower. Counsel for the Association believes the suit is without merit and plans to vigorously oppose the injunction and the allegations asserted in the complaint. No liability has been established in the accompanying financial statements for this event inasmuch as Association management considers the probability of prevailing in the case to be more likely than not.

NOTE 7 - Subsequent Events

The Association has evaluated subsequent events through August 2, 2011 which is the date the financial statements were issued.