American AgCredit, ACA

2016 First Quarter Report to Shareholders

The shareholders' investment in American AgCredit, ACA is materially affected by the financial condition and results of operations of CoBank. The CoBank quarterly and annual reports are on CoBank's website, www.CoBank.com, or may be obtained at no charge by calling American AgCredit at (800) 800-4865 or visiting the office at 400 Aviation Blvd., Santa Rosa, CA 95403**.**

Dear Stockholder:

As we enter the spring of the Farm Credit System's centennial year, your Association continues to deliver strong financial performance with a first quarter on track to meet our business plan objectives. Much of our continued success lies in the strength of our diversified portfolio. We have a significant geographic presence in both the Western and Plains states and a commodity portfolio that ranges from grapes, fruits, corn and wheat to dairy, cattle and feed lots. Our customers span the full range of agriculture from large Agribusiness concerns to the traditional farms and ranches across rural America to newly emerging markets.

Financial Condition and Results of Operations:

Net Income for the three months ended March 31, 2016 was $32.0 million compared to $25.1 million for the same period one year ago, an increase of $6.9 million. The increase was due to a $7.7 million increase in net interest income and a $1.8 million increase in patronage and fee income partially offset by a $1.4 million increase in operating expenses. Additionally, the Association recorded a provision for credit losses of $2.0 million during the first quarter of 2016 compared to $457 thousand for the same period one year ago. The increase was due to strong loan volume growth combined with some minor credit quality deterioration. The return on average assets for the first quarter was 1.66% compared to 1.49% during the first quarter last year and 1.41% for the full twelve months of 2015.

Total loan volume was $7.246 billion at March 31, 2016 a decrease of $46 million from $7.292 billion at December 31, 2015. On a year-over-year basis, loan volume increased $904 million when compared to March 31, 2015, resulting in a year-over-year growth rate of 14.3%. Credit quality continues to be very good, although signs of stress are appearing due to the continuing challenges facing agriculture. However, nonaccrual loan volume represented just 0.51% of total loan volume at the end of the first quarter compared to 0.73% at March 31, 2015 and 0.64% at December 31, 2015.

The Association's capital position continues to be very strong. Total members' equity was $1.844 billion at the end of the first quarter compared to $1.766 billion at March 31, 2015 and $1.784 billion at December 31, 2015. The Association's permanent capital ratio, a measure of risk-bearing capacity, was 18.58% at the end of the first quarter compared to 19.70% as of year-end 2015. The reduction was due to the first quarter distribution of $43.5 million of cash patronage. Our cash patronage program is an additional way of thanking you for your business as we continue to strive to be the best lender to agriculture, period!

Charles Talbott Chairman	Byron Enix Chief Executive Officer	Vern Zander Chief Financial Officer

May 5, 2016

FINANCIAL STATEMENTS ($000's)

CONSOLIDATED BALANCE SHEET	Mar. 31		Dec. 31	
	2016	2015	2015	2014
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Loans	**$7,246,265**	$6,341,624	$7,291,557	$6,358,767
Less: allowance for loan losses	**(9,917)**	(8,325)	(8,754)	(11,021)
Net loans	**7,236,348**	6,333,299	7,282,803	6,347,746
Investment in CoBank	**257,834**	255,966	255,966	254,314
Accrued interest receivable	**49,095**	43,427	51,083	45,272
Premises and equipment, net	**120,767**	73,171	110,311	66,531
Other property owned	**-**	2,600	2,521	2,832
Other assets	**50,380**	51,175	95,511	71,403
Total assets	**$7,714,424**	$6,759,638	$7,798,195	$6,788,098
LIABILITIES				
Note payable to CoBank	**$5,725,920**	$4,852,719	$5,824,914	$4,901,604
Funds held accounts	**59,844**	66,307	56,906	59,099
Accrued interest payable	**7,824**	7,024	5,674	11,106
Dividends payable	**5,196**	4,888	43,485	39,178
Other liabilities	**71,380**	62,712	82,954	70,551
Total liabilities	**$5,870,164**	$4,993,650	$6,013,933	$5,081,538
MEMBERS' EQUITY				
Preferred stock	**$224,258**	$206,790	$196,515	$172,533
Common capital stock and participation certificates	**7,678**	7,406	7,680	7,396
Additional paid in capital	**490,564**	490,564	490,564	490,564
Unallocated retained surplus	**1,121,760**	1,061,228	1,089,503	1,036,067
Total members' equity	**1,844,260**	1,765,988	1,784,262	1,706,560
Total liabilities and members' equity	**$7,714,424**	$6,759,638	$7,798,195	$6,788,098

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	For the Three Months Ended Mar. 31	
Unaudited	**2016**	2015
Interest income	**$75,364**	$65,463
Interest expense	**(23,314)**	(21,022)
Net interest income	**52,050**	44,441
CoBank patronage dividend	**6,439**	5,415
Other income	**6,846**	6,435
Reversal of/(Provision for) credit losses	**(2,027)**	(457)
Operating and other expenses	**(31,319)**	(30,776)
Income before income taxes	**31,989**	25,058
(Provision)/Benefit for income taxes	**(4)**	(8)
Net income	**31,985**	25,050
Comprehensive Income:		
Change in retirement obligation	**459**	299
Total comprehensive income	**$32,444**	$25,349

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

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY ($000's)

For the Three Months Ended March 31, 2015 and 2016

	Capital Stock	Preferred Stock	Additional Paid in Capital	Unallocated Retained Earnings	Other Comprehensive Income (Loss)	Total Members' Equity
Balance at Dec. 31, 2014	$7,396	$172,533	$490,564	$1,042,921	($6,854)	$1,706,560
Comprehensive income				25,050	299	25,349
Stock issued	177	130,230				130,407
Stock retired	(167)	(96,146)				(96,313)
Preferred stock dividends paid		173				173
Preferred stock dividends accrued				(188)		(188)
Reversal of prior period patronage accrual						-
Balance at Mar. 31, 2015	**$7,406**	**$206,790**	**$490,564**	**$1,067,783**	**($6,555)**	**$1,765,988**
Balance at Dec. 31, 2015	$7,680	$196,515	$490,564	$1,099,399	($9,896)	$1,784,262
Comprehensive income				31,985	459	32,444
Stock issued	163	103,503				103,666
Stock retired	(165)	(75,760)				(75,925)
Preferred stock dividends paid						-
Preferred stock dividends accrued				(187)		(187)
Reversal of prior period patronage accrual						-
Balance at Mar. 31, 2016	**$7,678**	**$224,258**	**$490,564**	**$1,131,197**	**($9,437)**	**$1,844,260**

The accompanying notes are an integral part of these 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, 2015 are contained in the 2015 Annual Report to Stockholders (2015 Annual Report) for American AgCredit, ACA. The financial statements were prepared under the oversight of the audit committee of the board of directors.

On February 29, 2016, the boards of directors of American AgCredit, ACA and Farm Credit of Southwest Kansas, ACA approved a letter of intent to pursue a merger. Both boards also approved a joint management agreement where American AgCredit's President and CEO was appointed chief executive officer for both Associations. The Association anticipates a merger date of January 1, 2017, or as soon as practicable thereafter, subject to receiving all regulatory and shareholder approvals required. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

The Association is in the process of constructing two new office buildings. Financing for both construction projects will be funded from capital. The Association is constructing a 120,000 square-foot office building located near the Charles M. Schultz–Sonoma County Airport in Santa Rosa, CA. This facility replaces the Association's current Santa Rosa headquarters location. The Association currently occupies approximately 80,000 square feet of the new building while the remaining space will be leased. The new facility's estimated cost including land, building, furniture, and equipment is $80.4 million. Construction is expected to be completed in the second quarter of 2016.

The Association is also constructing a 35,000 square-foot office building in Wichita, Kansas. This facility will replace the Association's existing Wichita regional facility. The new facility's estimated cost including land, building, furniture, and equipment is $17.0 million. Construction is expected to be completed by the end of 2016.

The accompanying unaudited first quarter 2016 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, 2015 as contained in the 2015 Annual Report.

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, 2015. Descriptions of the significant accounting policies are included in the 2015 Annual Report. 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 February 2016, the Financial Accounting Standards Boards (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 become 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." This guidance becomes effective for the 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 August 2014, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Presentation of Financial Statements – Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

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

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

NOTE 2 – Investments

Mission-Related and Other Investments Held-to-Maturity

A summary of the amortized cost and fair value of mission-related and other investment securities held-to-maturity is as follows:

Mar. 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Industrial development revenue bond	$521	-	-	$571	6.85%

Dec. 31, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Industrial development revenue bond	$586	-	-	$630	6.85%

The following table is a summary of the contractual maturity, fair value, amortized cost and weighted average yield of mission-related and other investments held to maturity at March 31, 2016:

	Due in 1 year or less		Due after 1 year through 5 years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield
Industrial development revenue bond:						
Total fair value	$150	6.85%	$421	6.85%	$571	6.85%
Total amortized cost	$136		$385		$521	

NOTE 3 – Loans and Allowance for Loan Losses

Components of loans in the Consolidated Balance Sheet are as follows:

	Mar. 31, 2016	Dec. 31, 2015
Real estate mortgage	**$4,025,307**	$4,065,731
Production and intermediate-term	**1,203,798**	1,340,338
Agribusiness:		
Loans to cooperatives	**119,838**	121,822
Processing and marketing	**1,442,277**	1,317,504
Farm-related business	**175,464**	167,291
Rural infrastructure:		
Communication	**77,297**	77,852
Energy	**155,465**	154,047
Water and waste water	**22,856**	22,854
Rural residential real estate	**4,997**	5,131
Agricultural export finance	**18,966**	18,987
Total loans	**$7,246,265**	$7,291,557

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 at March 31, 2016:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$57,815	$670,898	$5,074	$0	$62,889	$670,898
Production and intermediate-term	201,292	682,264	20,750	15,000	222,042	697,264
Agribusiness	450,869	1,237,805	8,690	-	459,559	1,237,805
Rural Infrastructure	172,498	6,871	-	-	172,498	6,871
Agricultural export finance	18,966	-	-	-	18,966	-
Total	$901,440	$2,597,838	$34,514	$15,000	$935,954	$2,612,838

	March 31, 2016	March 31, 2015	March 31, 2014
Loans purchased from others	**$935,954**	$889,436	$853,842
Loans sold to others	**$2,612,838**	$2,390,728	$2,310,591
Retained interest in sold loans	**$960,219**	$817,960	$783,005
Syndications serviced for others	**$1,472,246**	$1,500,375	$1,568,708

Impaired assets (including related accrued interest) are as follows:

	Mar. 31, 2016	Dec. 31, 2015
Nonaccrual loans:		
Real estate mortgage	**$32,057**	$39,166
Production and intermediate-term	**5,456**	7,521
Agribusiness	**29**	31
Rural residential real estate	**45**	49
Total nonaccrual loans	**37,587**	46,767
Accruing restructured loans:		
Real estate mortgage	**8,976**	9,067
Total accruing restructured loans	**8,976**	9,067
Accruing > 90 days past due		
Production and intermediate-term	**-**	-
Total accruing > 90 days past due	**-**	-
Total impaired loans	**46,563**	55,834
Other property owned	**-**	2,521
Total impaired assets	**$46,563**	$58,355

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

Mar. 31, 2016	30–89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$5,670	$6,338	$12,008	$4,045,994	$4,058,002	$339
Production and intermediate-term	2,182	66	2,248	1,211,319	1,213,567	53
Agribusiness	2,934	-	2,934	1,741,041	1,743,975	-
Rural infrastructure	-	-	-	255,934	255,934	-
Rural residential real estate	-	-	-	5,011	5,011	-
International	-	-	-	18,988	18,988	-
Total loan principal and interest	$10,786	$6,404	$17,190	$7,278,287	$7,295,477	$392
Less accrued loan interest					(49,212)	
Net loan principal					$7,246,265	

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

Dec. 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 Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$7,217	$2,048	$9,265	$4,091,720	$4,100,985	$0
Production and intermediate-term	2,199	-	2,199	1,346,467	1,348,666	-
Agribusiness	-	-	-	1,613,913	1,613,913	-
Rural infrastructure	-	-	-	255,047	255,047	-
Rural residential real estate	-	-	-	5,149	5,149	-
International	-	-	-	19,009	19,009	-
Total loan principal and interest	$9,416	$2,048	$11,464	$7,331,305	$7,342,769	$0
Less accrued loan interest					(51,212)	
Net loan principal					$7,291,557	

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 March 31, 2016, the allowance for loan losses is adequate based on information currently available.

The following table shows loans and related accrued interest as a percentage of total loans and related accrued interest receivable by loan type as of:

	Mar. 31, 2016	Dec. 31, 2015
Real estate mortgage		
Acceptable	97.20 %	96.89 %
OAEM	1.49	1.62
Substandard/Doubtful	1.31	1.49
	100.00 %	100.00 %
Production and intermediate-term		
Acceptable	96.22 %	98.67 %
OAEM	3.05	0.48
Substandard/Doubtful	0.73	0.85
	100.00 %	100.00 %
Agribusiness		
Acceptable	97.93 %	98.80 %
OAEM	1.93	1.03
Substandard/Doubtful	0.14	0.17
	100.00 %	100.00 %
Rural infrastructure		
Acceptable	93.69 %	93.65 %
OAEM	6.31	6.35
Substandard/Doubtful	-	-
	100.00 %	100.00 %

	Mar. 31, 2016	Dec. 31, 2015
Rural residential real estate		
Acceptable	97.91 %	96.09 %
OAEM	2.09	2.11
Substandard/Doubtful	-	1.80
	100.00 %	100.00 %
Agricultural export finance		
Acceptable	100.00 %	100.00 %
OAEM	-	-
Substandard/Doubtful	-	-
	100.00 %	100.00 %
Total loans		
Acceptable	97.10 %	97.53 %
OAEM	2.02	1.44
Substandard/Doubtful	0.88	1.03
	100.00 %	100.00 %

Additional impaired loan information is as follows:

	At Mar. 31, 2016			At Dec. 31, 2015		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Real estate mortgage	$487	$652	$73	$498	$664	$85
Production and intermediate-term	144	199	16	-	-	-
Total	$631	$851	$89	$498	$664	$85
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	$40,547	$61,447	-	$47,734	$68,784	-
Production and intermediate-term	5,312	6,023	-	7,521	8,162	-
Agribusiness	28	60	-	31	56	-
Rural residential real estate	45	52	-	49	54	-
Total	$45,932	$67,582	-	$55,335	$77,056	-
Total impaired loans:						
Real estate mortgage	$41,034	$62,099	$73	$48,232	$69,448	$85
Production and intermediate-term	5,456	6,222	16	7,521	8,162	-
Agribusiness	28	60	-	31	56	-
Rural residential real estate	45	52	-	49	54	-
Total	$46,563	$68,433	$89	$55,833	$77,720	$85

	For the Quarter Ended Mar. 31, 2016		For the Year Ended Dec. 31, 2015	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	$413	-	$290	-
Production and intermediate-term	40	-	241	-
Total	$453	-	$531	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	$47,089	$1,640	$47,275	$1,111
Production and intermediate-term	5,072	1	2,057	344
Agribusiness	24	-	8	-
Rural residential real estate	39	-	41	-
Total	$52,224	$1,641	$49,381	$1,455
Total impaired loans:				
Real estate mortgage	$47,502	$1,640	$47,565	$1,111
Production and intermediate-term	5,112	1	2,298	344
Agribusiness	24	-	8	-
Rural residential real estate	39	-	41	-
Total	$52,677	$1,641	$49,912	$1,455

A summary of changes in period end allowance for loan loss and recorded investment in loans is as follows:

	Allowance for Loan Losses				Recorded Investments in Loans Outstanding			
	Balance at Mar. 31, 2016	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	**Balance at Mar. 31, 2016**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality
Real estate mortgage	$2,752	$73	$2,679	-	$4,057,926	$41,034	$4,016,892	$9,536
Production and intermediate-term	2,660	16	2,644	-	1,213,523	5,456	1,208,067	189
Agribusiness	3,591	-	3,591	-	1,743,975	28	1,743,947	-
Rural infrastructure	893	-	893	-	255,934	-	255,934	-
Rural residential real estate	3	-	3	-	5,011	45	4,966	-
Agricultural export finance	18	-	18	-	18,988	-	18,988	-
Total	$9,917	$89	$9,828	-	$7,295,357	$46,563	$7,248,794	$9,725

	Allowance for Loan Losses Reconciliation				
	Balance at Dec. 31, 2015	Charge-Offs	Recoveries	Provision for Loan Losses/(Loan Loss Reversals)	**Balance at Mar. 31, 2016**
Real estate mortgage	$2,886	($318)	$51	$133	$2,752
Production and intermediate-term	2,216	(55)	-	499	2,660
Agribusiness	2,747	(2)	1	845	3,591
Rural infrastructure	883	-	-	10	893
Rural residential real estate	4	-	-	(1)	3
Agricultural export finance	18	-	-	-	18
Total	$8,754	($375)	$52	$1,486	$9,917

	Allowance for Loan Losses				Recorded Investments in Loans Outstanding			
	Balance at Mar. 31, 2015	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality	**Balance at Mar. 31, 2015**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Loans Acquired with Deteriorated Credit Quality
Real estate mortgage	$2,823	$86	$2,737	$71	$3,671,950	$51,893	$3,620,057	$22,523
Production and intermediate-term	2,052	261	1,791	-	1,076,360	3,128	1,073,232	490
Agribusiness	2,791	-	2,791	-	1,432,730	-	1,432,730	-
Rural infrastructure	640	-	640	-	179,384	-	179,384	-
Rural residential real estate	3	-	3	-	5,582	56	5,526	-
Agricultural export finance	16	-	16	-	19,045	-	19,045	-
Total	$8,325	$347	$7,978	$71	$6,385,051	$55,077	$6,329,974	$23,013

Allowance for Loan Losses Reconciliation						
	Balance at Dec. 31, 2014	Charge-Offs	Recoveries	Provision for Loan Losses/(Loan Loss Reversals)	Reclassicfication from Allowance to Reserve for Unfunded Commitments	**Balance at Mar. 31, 2015**
Real estate mortgage	$2,674	($1)	$1	$269	($120)	$2,823
Production and intermediate-term	3,064	(54)	-	378	(1,336)	2,052
Agribusiness	4,398	-	2	54	(1,663)	2,791
Rural infrastructure	866	-	-	-	(226)	640
Rural residential real estate	3	-	-	-	-	3
Agricultural export finance	16	-	-	-	-	16
Total	$11,021	($55)	$3	$701	($3,345)	$8,325

A restructuring of debt constitutes a troubled debt restructuring (TDR) if the creditor for economic reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider.

In the allowance for loan loss analysis, TDR loans are individually evaluated and a specific allowance is established based on the likelihood the current events will result in an anticipated loss on the individual loans.

The Association had no TDRs during the three months ended March 31, 2015 and 2016.

The following table provides information on outstanding principal balance of loans restructured in troubled debt restructurings at period end. These loans are included as impaired loans in the impaired loan table at March 31, 2016:

	Loans Modified as TDRs		TDRs in Nonaccrual Status	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Real estate mortgage	$13,454	$14,078	$4,483	$5,011
Production and intermediate-term	210	278	210	278
Agribusiness	-	-	-	-
Total	$13,664	$14,356	$4,693	$5,289

There were no additional commitments to lend to borrowers whose loans have been modified in TDRs at March 31, 2016.

There were no troubled debt restructures within the previous 12 months for which there was a payment default during the reporting periods.

NOTE 4 – Members' Equity

At March 31, 2016, the Association's regulatory capital ratio was 18.58%, which exceeds the minimum of 7.00% required by our regulator, the Farm Credit Administration.

Association shareholders have approved a class of preferred stock known as H Stock. At March 31, 2016, 500 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 March 31, 2016, there were 224,258,397 shares of H Stock issued and outstanding. The dividend rate at March 31, 2016 was 0.35%.

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

Balance at Dec. 31, 2015	Pension and Other Benefit Plans	Accumulated Other Comprehensive Income
Other comprehensive income before reclassifications	($9,896)	($9,896)
Amounts reclassified from accumulated other comprehensive income	459	459
Net current period other comprehensive income	459	459
Balance at Mar. 31, 2016	($9,437)	($9,437)

Balance at Dec. 31, 2014	Pension and Other Benefit Plans	Accumulated Other Comprehensive Income
Other comprehensive income before reclassifications	($6,854)	($6,854)
Amounts reclassified from accumulated other comprehensive income	299	299
Net current period other comprehensive income	299	299
Balance at Mar. 31, 2015	($6,555)	($6,555)

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

	For the Three Months Ended		Location of Gains/(Loss) Recognized in Statement of Income
	Mar. 31, 2016	Mar. 31, 2015	
Pension and other benefit plans:			
Net actuarial gain/(loss)	$459	$299	Salaries & Benefits
Total amounts reclassified	$459	$299	

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 2015 Annual Report.

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

Assets Held in Nonqualified Benefits Trusts	**Hierarchy Level 1**	**Total Fair Value**
Mar. 31, 2016	$15,077	$15,077
Dec. 31, 2015	$14,487	$14,487

Assets and liabilities measured at fair value on a non-recurring basis at March 31, 2016 for each of the fair value hierarchy values are summarized below:

Asset:	Hierarchy Level 3	Fair Value Measurement Using Total Fair Value	Total Gains/(Losses)
Loans	$544	$544	($4)
Loans acquired in Mountain Plains merger	$132	$132	($283)
Liabilities:			
Debt acquired in Mountain Plains merger	$822,028	$822,028	$314

During the reporting periods presented, the Association recorded no transfers in or out of Levels 1, 2, or 3. The Association has no liabilities measured at fair value on a recurring basis for the periods presented.

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.

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

Loans and Debt Acquired in Merger
At the merger of American AgCredit and Farm Credit of the Heartland on November 30, 2009 and Farm Credit Services of the Mountain Plains on January 1, 2012, 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 March 31, 2016.

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

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

NOTE 6 - Subsequent Events

The Association has evaluated subsequent events through May 5, 2016, which is the date the financial statements were issued, and no material subsequent events were identified.