QUARTERLY REPORT TO STOCKHOLDERS

AS OF MARCH 31, 2019

Management's Discussion and Analysis

The following discussion summarizes the financial position and results of operations of American AgCredit, ACA and its subsidiaries American AgCredit, FLCA and American AgCredit, PCA (collectively "the Association") as of the first quarter of 2019. This commentary should be read with the accompanying consolidated financial statements and the related notes appearing in this report along with our 2018 Annual Report. The discussion includes significant known trends, commitments, events, or uncertainties that have impacted or are reasonably likely to impact our financial condition and results of operations. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of our Board of Directors.

Our annual and quarterly reports to shareholders are available on our website, www.AgLoan.com, or can be obtained free of charge by calling our corporate headquarters at (707) 545-1200. Additionally, the financial condition and results of operations of CoBank, ACB (CoBank), our funding bank, materially affect the risk associated with shareholder investments in American AgCredit. Shareholders of American AgCredit may obtain copies of CoBank's Quarterly or Annual Report to Shareholders free of charge by accessing CoBank's website, www.CoBank.com, calling (800) 542-8072, or mailing CoBank at 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111.

As a cooperative, American AgCredit is owned by the members we serve. Our territory extends across a diverse agricultural region that includes parts of California, Kansas, Oklahoma, Colorado, and New Mexico, as well as the state of Nevada. Arguably, the Association has the strongest geographic and commodity diversification within the Farm Credit System.

Forward Looking Statements

Any forward-looking statements in this report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2018 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Commodity Review and Outlook

The Association's commodity mix remains well diversified. Wine grapes & wine and field crops lead our commodity portfolio at 16.6% and 15.6% respectively, followed by dairies and dairy products at 12.7%, tree fruits & nuts at 11.0%, beef at 10.5% and forest products at 10.0%. The top six commodities make up 76.4% of the total portfolio with the remaining 23.6% spread over seventeen additional categories, including an "Other" category. The bulk of the Association's wine portfolio continues to be centered in the super- and ultra-premium segments of the wine market. Field crops consist primarily of wheat, corn, soybeans, alfalfa, sorghum, and other grains. Tree fruits & nuts consists primarily of almond orchards in California's Central Valley.

The economic trends in our territory generally follow those of the national economy. The national dairy prices showed signs of improvement during the first quarter due to a decrease in dairy production as a result of extreme weather conditions and storms in the Northwest and upper Midwest regions. The tariffs imposed by China last year have impacted a number of agricultural products, including soybeans, wheat, corn and pork, with the long-term financial impact of these tariffs on our customers yet to be determined. Trade negotiations with China are still ongoing and final results are expected to be announced later this year. According to the preliminary reports, it appears that China has agreed in principal to increase imports of U.S. agriculture products along with energy, industrial products and services as part of a path to eliminate its trade imbalance with the U.S. We expect the increase in imports of U.S. agriculture by China to have a positive impact on customers in our territory.

Loan Portfolio

Total loan volume was $10.4 billion at March 31, 2019 an increase of $171.2 million from $10.2 billion at December 31, 2018. The increase was due to strong organic loan growth partially offset by anticipated seasonal loan repayments. On a year-over-year basis, loan volume increased $1.2 billion when compared to March 31, 2018, resulting in a year-over-year growth rate of 13.7%. Credit quality continues to hold up very well despite the challenges currently facing agriculture.

In addition to the $10.4 billion of loan and lease volume reported on our balance sheet, we serviced an additional $4.2 billion of loan volume for other institutions as of March 31, 2019.

Management's Discussion and Analysis

Nonearning Assets

Nonaccrual loan volume was $42.3 million at March 31, 2019, an increase of $3.8 million from December 31, 2018. The increase in nonaccrual loans was primarily due to a $19.2 million increase in nonaccrual loans. This increase was partially offset by $10.1 million in net repayments on nonaccrual loans and a $4.5 million transfer to acquired property. Nonaccrual loan volume represented just 0.41% of total loan volume at the end of the first quarter compared to 0.48% at March 31, 2018 and 0.38% at December 31, 2018.

Allowance for credit losses

The allowance for credit losses is composed of the allowance for loan losses (ALL) and the reserve for unfunded commitments. The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. The appropriate level of allowance for loan losses is determined based on periodic evaluation of factors such as loan loss history, portfolio quality, estimated collateral values, and current economic and environmental conditions. Total allowance for credit losses was $25.3 million at March 31, 2019, which included a $22.6 million allowance for loan losses and a $2.7 million reserve for unfunded commitments. The reserve for unfunded commitments is reported with Other Liabilities on the Consolidated Statements of Condition.

	March 31,	
	2019	**2018**
Allowance for loan losses as a percentage of:		
Loans	0.22%	0.19%
Impaired loans	42.60%	32.04%

Financial Condition and Results of Operations

Net Income for the first three months ended March 31, 2019 was $47.0 million compared to $50.0 million for the same period last year, a decrease of $3.0 million. The decrease in net income was primarily due to the following reasons.

- Net interest income increased by $7.4 million due to strong year-over-year loan growth.
- Noninterest income increased by $288 thousand year-over-year. The small net increase was primarily due to a $3.4 million increase in patronage from other farm credit institutions offset by a $3.4 million decrease in Farm Credit System Insurance Corporation (FCSIC) premium refunds compared to what was recorded a year ago.
- Operating expenses increased $7.8 million compared to the same period last year driven by a $3.5 million increase in salaries and benefits and a $4.3 million increase in other operating expenses. The increase in other operating expenses was largely driven by the Association's continued investment in digital strategies to enhance customer experience.

The following table shows the Association's year-to-date annualized return on average assets, return on equity, and net interest margin.

	March 31,	
	2019	**2018**
Return on average assets	1.72%	2.05%
Return on equity	8.70%	9.57%
Net interest margin	2.83%	2.86%

Management's Discussion and Analysis

Liquidity and Funding

Liquidity is necessary to meet our financial obligations, such as paying our note with CoBank, funding loans and other commitments, and funding operations in a low cost manner. Our liquidity policy is intended to manage short-term cash flow, maximize debt reductions, and liquidate nonearning assets. Our direct loan with CoBank, cash on hand, and borrower loan repayments provide adequate liquidity to fund our ongoing operations and other commitments.

Members' Equity

The Association's capital position remains very strong. Total members' equity was $2.198 billion at the end of the first quarter, an increase of $82 million from $2.116 billion at December 31, 2018. The increase was primarily due to strong year-to-date earnings along with a $35 million increase in preferred stock. The Association was in compliance with all capital ratio requirements at March 31, 2019. The Association's strong earnings and capital position enable us to effectively serve our mission, our customers and support our ability to maintain our cash patronage program.

Certification

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

George Fontes Chairman	Byron Enix Chief Executive Officer	Vern Zander Chief Financial Officer

May 10, 2019

Consolidated Statements of Condition *(dollars in thousands)*

	March 31, 2019	December 31, 2018
	(Unaudited)	*(Audited)*
ASSETS		
Loans	$10,385,955	$10,214,774
Less: allowance for loan losses	(22,581)	(21,359)
Net loans	10,363,374	10,193,415
Cash	-	47,482
Accrued interest receivable	89,801	98,197
Investment in CoBank	341,995	339,519
Premises and equipment, net	127,794	125,602
Mission-related investments	633	180
Other property owned	4,779	-
Other assets	75,686	109,600
Total assets	**$11,004,062**	**$10,913,995**
LIABILITIES		
Notes payable to CoBank	$8,566,250	$8,485,129
Funds Held accounts	85,674	94,491
Accrued interest payable	23,830	23,020
Cash patronage and preferred stock dividends payable	14,783	86,222
Other liabilities	115,353	109,213
Total liabilities	**8,805,890**	**8,798,075**
MEMBERS' EQUITY		
Preferred stock	161,217	125,766
Common stock and participation certificates	8,853	8,791
Additional paid-in capital	656,723	656,723
Unallocated retained surplus	1,383,049	1,336,892
Accumulated other comprehensive loss	(11,670)	(12,252)
Total members' equity	**2,198,172**	**2,115,920**
Total liabilities and members' equity	**$11,004,062**	**$10,913,995**

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

Consolidated Statements of Comprehensive Income *(dollars in thousands)*

(Unaudited)	For the Three Months Ended March 31, 2019	2018
INTEREST INCOME		
Loans	$135,885	$106,352
Total interest income	**135,885**	**106,352**
INTEREST EXPENSE		
Notes payable CoBank	62,631	40,876
Funds Held and other interest	594	254
Total interest expense	**63,225**	**41,130**
Net interest income	**72,660**	**65,222**
(Provision for)/Reversal of credit losses	(1,086)	2,047
Net interest income after provision for credit losses	**71,574**	**67,269**
NON-INTEREST INCOME		
Loan origination fees and late charges	1,427	2,195
Servicing fees	1,453	876
Patronage distributions from Farm Credit institutions	13,409	10,276
Other gains, net	317	100
Miscellaneous	4,553	7,218
Total non-interest income	**21,159**	**20,665**
NON-INTEREST EXPENSES		
Salaries and benefits	27,099	23,612
Occupancy and equipment expense	3,160	2,465
Insurance fund premiums	1,830	1,607
Supervisory and examination expense	751	762
Losses on other property owned, net	1	-
Merger costs	22	50
Other operating expenses	12,817	9,427
Total non-interest expenses	**45,680**	**37,923**
Income before income taxes	47,053	50,012
Provision for income taxes	(16)	(14)
Net income	**$47,037**	**$49,998**
COMPREHENSIVE INCOME		
Actuarial gain in retirement obligation	582	787
Total comprehensive income	**$47,619**	**$50,785**

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

Consolidated Statements of Changes in Members’ Equity *(dollars in thousands)*

For the Three Months Ended March 31, 2018 and 2019

(Unaudited)	Stock and Participation Certificates	Preferred Stock	Additional Paid-in Capital	Unallocated Retained Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2017	**$8,714**	**$126,910**	**$656,723**	**$1,254,530**	**($15,874)**	**$2,031,003**
Comprehensive income				49,998	787	50,785
Common stock/participation certificates issued	190	100,483				100,673
Common stock/participation certificates retired	(246)	(59,109)				(59,355)
Preferred stock dividends paid		542				542
Preferred stock dividends accrued				(546)		(546)
Balance at March 31, 2018	**$8,658**	**$168,826**	**$656,723**	**$1,303,982**	**($15,087)**	**$2,123,102**
Balance at December 31, 2018	**$8,791**	**$125,766**	**$656,723**	**$1,336,892**	**($12,252)**	**$2,115,920**
Comprehensive income				47,037	582	47,619
Common stock/participation certificates issued	234	87,050				87,284
Common stock/participation certificates retired	(172)	(52,465)				(52,637)
Preferred stock dividends paid		866				866
Preferred stock dividends accrued				(880)		(880)
Balance at March 31, 2019	**$8,853**	**$161,217**	**$656,723**	**$1,383,049**	**($11,670)**	**$2,198,172**

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

Notes to the Consolidated Financial Statements *(dollars in thousands, except as noted.)*

(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, 2018 are contained in the 2018 Annual Report to Stockholders (2018 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 14, 2019, the boards of American AgCredit and Farm Credit Services of Hawaii approved the terms of an Agreement and Plan of Combination, which, once finalized, will allow for the sale of the net assets of Farm Credit Services of Hawaii, ACA to American AgCredit, ACA. The transaction is scheduled to occur on July 1, 2019, and will not materially impact American AgCredit's financial condition or its results of operations.

The accompanying unaudited first quarter 2019 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, 2018 as contained in the 2018 Annual Report.

In the opinion of management, this 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, 2019. Descriptions of the significant accounting policies are included in the 2018 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 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 became effective for interim and annual periods beginning after December 15, 2018 and was therefore adopted by the Association on January 1, 2019. The adoption of this guidance did not materially impact the Association's financial condition or its results of operations but did impact lease disclosures.

Refer to Note 2 in our 2018 Annual Report for additional information on other accounting standards that have been issued, but are not yet effective. The Association is evaluating the impact of adoption of these standards on its financial condition and results of operations.

NOTE 2 – LOANS AND ALLOWANCE FOR LOAN LOSSES

Components of loans in the Consolidated Statements of Condition are as follows:

	March 31, 2019		December 31, 2018	
	Amount	**Percentage**	**Amount**	**Percentage**
Real estate mortgage	$5,920,902	57.0%	$5,833,468	57.1%
Production and intermediate-term	2,161,720	20.8%	2,227,848	21.8%
Agribusiness	1,946,066	18.7%	1,823,927	17.9%
Rural infrastructure	316,534	3.1%	288,646	2.8%
Agricultural export finance	38,079	0.4%	38,078	0.4%
Rural residential real estate	2,654	0.0%	2,807	0.0%
Total loans	**$10,385,955**	**100.0%**	**$10,214,774**	**100.0%**

PARTICIPATION INTERESTS

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 other parties are sold without recourse.

The following table presents information regarding participations purchased and sold at March 31, 2019:

	Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
	Purchased	**Sold**	**Purchased**	**Sold**	**Purchased**	**Sold**
Real estate mortgage	$249,577	$1,178,696	$25	$0	$249,602	$1,178,696
Production and intermediate-term	403,582	684,429	14,452	-	418,034	684,429
Agribusiness	1,193,338	1,541,890	1,571	-	1,194,909	1,541,890
Rural infrastructure	263,740	68,259	-	-	263,740	68,259
Agricultural export finance	38,079	-	-	-	38,079	-
Total	**$2,148,316**	**$3,473,274**	**$16,048**	**$0**	**$2,164,364**	**$3,473,274**

CREDIT QUALITY

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.

Notes to the Consolidated Financial Statements *(continued)*

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, 2019, 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 March 31, 2019						
	Acceptable		**OAEM**		**Substandard/Doubtful**		**Total**
	Amount	%	**Amount**	%	**Amount**	%	**Amount**
Real estate mortgage	$5,779,584	96.6%	$120,698	2.0%	$80,623	1.3%	$5,980,905
Production and intermediate-term	2,056,096	94.2%	86,729	4.0%	38,921	1.8%	2,181,746
Agribusiness	1,916,063	98.0%	12,094	0.6%	26,999	1.4%	1,955,156
Rural infrastructure	312,873	98.7%	-	0.0%	4,227	1.3%	317,100
Rural residential real estate	2,415	90.7%	89	3.3%	160	6.0%	2,664
Agricultural export finance	38,185	100.0%	-	0.0%	-	0.0%	38,185
Total	**$10,105,216**	**96.5%**	**$219,610**	**2.1%**	**$150,930**	**1.4%**	**$10,475,756**

	As of December 31, 2018						
	Acceptable		**OAEM**		**Substandard/Doubtful**		**Total**
	Amount	%	**Amount**	%	**Amount**	%	**Amount**
Real estate mortgage	$5,696,650	96.5%	$120,512	2.0%	$86,422	1.5%	$5,903,583
Production and intermediate-term	2,132,822	94.9%	72,580	3.2%	41,065	1.8%	2,246,466
Agribusiness	1,797,837	98.1%	410	0.0%	34,414	1.9%	1,832,662
Rural infrastructure	285,264	98.7%	3,788	1.3%	-	0.0%	289,052
Rural residential real estate	2,502	88.8%	90	3.2%	227	8.0%	2,818
Agricultural export finance	38,389	100.0%	-	0.0%	-	0.0%	38,389
Total	**$9,953,464**	**96.5%**	**$197,380**	**1.9%**	**$162,127**	**1.6%**	**$10,312,971**

Notes to the Consolidated Financial Statements *(continued)*

IMPAIRED ASSETS

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

	March 31, 2019	December 31, 2018
Nonaccrual loans:		
Real estate mortgage	$15,574	$16,132
Production and intermediate-term	13,175	7,905
Agribusiness	13,533	14,491
Rural residential real estate	13	16
Total nonaccrual loans	42,295	38,544
Accruing restructured loans:		
Real estate mortgage	10,717	10,903
Total accruing restructured loans	10,717	10,903
Accruing loans > 90 days past due:		
Real estate mortgage	-	348
Total accruing loans > 90 days past due	-	348
Total impaired loans	53,012	49,795
Other property owned	4,779	-
Total impaired assets	**$57,791**	**$49,795**

Additional impaired loan information is as follows:

	At March 31, 2019			For the Three Months Ended March 31, 2019	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans:					
with a related allowance for credit losses	$10,009	$11,545	$4,578	$7,870	$0
with no related allowance for credit losses	43,003	62,609	-	40,368	1,788
Total	**$53,012**	**$74,154**	**$4,578**	**$48,238**	**$1,788**

	At March 31, 2018			For the Three Months Ended March 31, 2018	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans:					
with a related allowance for credit losses	$6,125	$6,488	$2,462	$2,231	$1
with no related allowance for credit losses	48,578	74,829	-	37,718	593
Total	**$54,703**	**$81,317**	**$2,462**	**$39,949**	**$594**

Notes to the Consolidated Financial Statements *(continued)*

DELINQUENCY

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

March 31, 2019	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
Real estate mortgage	$26,527	$7,366	$33,893	$5,947,012	$5,980,905
Production and intermediate-term	10,130	869	10,999	2,170,747	2,181,746
Agribusiness	152	-	152	1,955,004	1,955,156
Rural infrastructure	-	-	-	317,100	317,100
Rural residential real estate	-	-	-	2,664	2,664
Agricultural export finance	-	-	-	38,185	38,185
Total	**$36,809**	**$8,235**	**$45,044**	**$10,430,712**	**$10,475,756**

December 31, 2018	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
Real estate mortgage	$22,002	$13,058	$35,060	$5,868,452	$5,903,512
Production and intermediate-term	9,840	507	10,347	2,236,191	2,246,538
Agribusiness	954	-	954	1,831,708	1,832,662
Rural infrastructure	-	-	-	289,052	289,052
Rural residential real estate	125	-	125	2,693	2,818
Agricultural export finance	-	-	-	38,389	38,389
Total	**$32,921**	**$13,565**	**$46,486**	**$10,266,485**	**$10,312,971**

TROUBLED DEBT RESTRUCTURINGS

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.

The Association had no TDRs in the first three months of 2019. The following table presents additional information regarding TDRs, whether accrual or non-accrual, that occurred during the first three months 2018.

	For the Three Months Ended Mar. 31, 2018	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:		
Production and intermediate-term	$49	$49
Total	**$49**	**$49**

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

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 following table provides information on outstanding principal balance of loans restructured in TDR at period-end. These loans are included as impaired loans in the impaired loan table at March 31, 2019:

	TDRs in Accrual Status		TDRs in Nonaccrual Status		Total TDRs	
	Mar. 31, 2019	**Dec. 31, 2018**	**Mar. 31, 2019**	**Dec. 31, 2018**	**Mar. 31, 2019**	**Dec. 31, 2018**
Real estate mortgage	$10,717	$10,881	$1,097	$1,238	$11,814	$12,119
Production and intermediate-term	-	-	519	801	519	801
Agribusiness	-	-	5,048	5,359	5,048	5,359
Total	**$10,717**	**$10,881**	**$6,664**	**$7,398**	**$17,381**	**$18,279**

Additional commitments to lend to borrowers whose loans have been modified in TDRs were $1.0 million at period end.

ALLOWANCE FOR LOAN LOSSES

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

	Allowance for Loan Losses			Recorded Investments in Loans Outstanding		
	Balance at Mar. 31, 2019	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	**Balance at Mar. 31, 2019**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Real estate mortgage	$5,427	$0	$5,427	$5,980,905	$26,292	$5,954,613
Production and intermediate-term	9,244	1,535	7,709	2,181,746	13,174	2,168,572
Agribusiness	7,142	3,043	4,099	1,955,156	13,533	1,941,623
Rural infrastructure	574	-	574	317,100	-	317,100
Rural residential real estate	2	-	2	2,664	13	2,651
Agricultural export finance	192	-	192	38,185	-	38,185
Total	**$22,581**	**$4,578**	**$18,003**	**$10,475,756**	**$53,012**	**$10,422,744**

	Allowance for Loan Losses			Recorded Investments in Loans Outstanding		
	Balance at Dec. 31, 2018	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	**Balance at Dec. 31, 2018**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Real estate mortgage	$5,294	$0	$5,294	$5,903,512	$27,383	$5,876,129
Production and intermediate-term	8,577	739	7,838	2,246,538	7,905	2,238,633
Agribusiness	6,789	3,043	3,746	1,832,662	14,491	1,818,171
Rural infrastructure	506	-	506	289,052	-	289,052
Rural residential real estate	3	-	3	2,818	16	2,802
Agricultural export finance	190	-	190	38,389	-	38,389
Total	**$21,359**	**$3,782**	**$17,577**	**$10,312,971**	**$49,795**	**$10,263,176**

A summary of the changes in the Allowance for Loan Losses is as follows:

	March 31,	
	2019	**2018**
Allowance for Loan Losses		
Balance at beginning of year	$21,359	$19,588
Charge-offs	(805)	(406)
Recoveries	781	33
Provision for/(Reversal of) loan losses	1,246	(1,690)
Balance at end of quarter	**$22,581**	**$17,525**

NOTE 3 – LEASES

The balance sheet effect of operating leases, for office space, and finance leases, for vehicles, are included in premises and equipment and other liabilities on the balance sheet. Right-of-use assets represent the Association's right to use an underlying asset for the lease term and lease liabilities represent the Association's obligation to make lease payments arising from the lease.

The components of lease expense were as follows:

	For the Three Months Ended March 31, 2019
Operating lease cost	$149
Finance lease cost:	
Amortization of right-of-use assets	111
Interest on lease liabilities	13
Sublease income	(160)
Net lease cost	**$113**

Other information related to leases was as follows:

	For the Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$141
Operating cash flows from finance leases	$13
Financing cash flows from finance leases	$98
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$964
Finance leases	$0

Lease term and discount rate are as follows:

	March 31, 2019
Weighted average remaining lease term in years:	
Operating leases	17.3
Finance leases	2.3
Weighted average discount rate:	
Operating leases	2.2%
Finance leases	4.3%

Notes to the Consolidated Financial Statements *(continued)*

Future minimum lease payments under non-cancellable leases as of March 31, 2019 were as follows:

	Operating Leases	Finance Leases	Total
2019 (excluding the three months ended 3/31/19)	$450	$363	$813
2020	588	317	905
2021	498	380	878
2022	354	194	548
2023	239	-	239
Thereafter	1,704	-	1,704
Total lease payments	3,833	1,254	5,087
Less: interest	-	(84)	(84)
Total	**$3,833**	**$1,170**	**$5,003**

NOTE 4 – MEMBERS' EQUITY

On March 10, 2016, the Farm Credit Administration (FCA) adopted final rules relating to regulatory capital requirements for the system banks, including CoBank and Associations. The new Capital Regulations took effect January 1, 2017. The table below shows the Association's regulatory and permanent capital ratios as of March 31, 2019. The Association exceeded all regulatory minimum capital requirements as of March 31, 2019.

	Regulatory Minimums	Capital Conservation Buffer	Total	As of March 31, 2019
Common Equity Tier 1 Capital	4.5%	2.5%*	7.0%	**13.90%**
Tier 1 Capital	6.0%	2.5%*	8.5%	**13.90%**
Total Capital	8.0%	2.5%*	10.5%	**14.10%**
Permanent Capital	7.0%	0.0%	7.0%	**15.25%**
Tier 1 Leverage	4.0%	1.0%	5.0%	**15.83%**
URE and UREE Leverage	1.5%	0.0%	1.5%	**16.20%**

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

Association shareholders have approved a class of preferred stock known as H Stock. At March 31, 2019, 500 million shares of the stock were 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, 2019, there were 161,216,989 shares of H Stock issued and outstanding. The dividend rate at March 31, 2019 was 2.35%.

Notes to the Consolidated Financial Statements *(continued)*

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

Balance at December 31, 2018	**Pension and Other Benefit Plans**	**Accumulated Other Comprehensive Loss**
Other comprehensive loss before reclassifications	($12,252)	($12,252)
Amounts reclassified from accumulated other comprehensive loss	582	582
Net current period other comprehensive income	582	582
Balance at March 31, 2019	**($11,670)**	**($11,670)**

Balance at December 31, 2017	**Pension and Other Benefit Plans**	**Accumulated Other Comprehensive Loss**
Other comprehensive loss before reclassifications	($15,874)	($15,874)
Amounts reclassified from accumulated other comprehensive loss	787	787
Net current period other comprehensive income	787	787
Balance at March 31, 2018	**($15,087)**	**($15,087)**

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

	For the Three Months Ended		**Location of Gain/(Loss) Recognized in Statement of Income**
	Mar. 31, 2019	**Mar. 31, 2018**	
Pension and other benefit plans:			
Net actuarial gain	$582	$787	Salaries & Benefits
Total amounts reclassified	**$582**	**$787**	

NOTE 5 – FAIR VALUE MEASUREMENTS

Accounting standards define 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 2018 Annual Report.

Assets and liabilities measured at fair value for each of the fair value hierarchy values are summarized below.

	March 31, 2019		December 31, 2018	
	Fair Value Measurement Using		Fair Value Measurement Using	
	Level 1	Level 3	Level 1	Level 3
Measured at fair value on a recurring basis:				
Assets held in nonqualified benefits trusts	$18,035		$20,397	
Measured at fair value on a non-recurring basis:				
Assets:				
Loans		$5,432		$6,067
Other Property Owned		$6,200		$0
Loans acquired in Mountain Plains merger		$46,590		$49,480
Loans acquired in SW Kansas merger		$206,788		$224,103
Liabilities:				
Debt acquired in Mountain Plains merger		$46,908		$49,863
Debt acquired in SW Kansas merger		$208,159		$225,525

During the reporting periods presented, the Association recorded no transfers in or out of Levels 1, 2, or 3. The Association had 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 collateral since the loans are collateral-dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. The fair value of these loans would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information.

Loans and Debt Acquired in Merger: At the merger of American AgCredit and Farm Credit Services of the Mountain Plains on January 1, 2012, and the merger with Farm Credit of Southwest Kansas on January 1, 2017 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, 2019.

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.

Notes to the Consolidated Financial Statements *(continued)*

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 10, 2019, which is the date the financial statements were available to be issued.