Farm Credit Services of Hawaii, ACA
Federal Land Bank Association of Hawaii, FLCA
Hawaii Production Credit Association

P. O. Box 31306
Honolulu, Hawaii 96820
(808) 836-8009 Fax: (808) 836-8610

The Farm Credit System

August 7, 2019

Dear Stockholder:

We present the financial condition of the Farm Credit Services of Hawaii, ACA and it's subsidiaries Hawaii Production Credit Association and Federal Land Bank Association of Hawaii, FLCA. This report reflects the consolidated operating results of the Associations as of the second quarter of 2019.

Net income for the three months ended June 30, 2019 was a loss of ($1,242,494) as compared to net income of $68,389 for the three months ended June 30, 2018. The decrease in net income for the quarter ended June 30, 2019 was due primarily to costs associated with the intended Combination with American AgCredit. These costs include the necessary due diligence, employee, legal and other expenses associated with preparing for the proposed Combination.

A Stockholder meeting was held on June 25, 2019. During this meeting the Stockholder votes were counted and the Combination with American AgCredit was approved. This Combination took effect July 1, 2019.

Total assets as of June 30, 2019 amounted to $85,341,475, a decrease of $5,260,342, from the June 30, 2018 level of $90,601,817. The decrease in total assets was due to declining loan volume. Net loan volume was $74,413,791 as of June 30, 2019 down from $80,314,066 on June 30, 2018 for a decline of $5,900,275. The headwinds of increasing interest rates have negatively impacted new loan growth and existing loan retention.

Please note that CoBank, ACB will not send a copy of their quarterly report (Second Quarter 2019) to shareholders. A copy of the report may be obtained free of charge by contacting our Honolulu or Hilo Office or CoBank, 6340 S. Fiddlers Green Circle, Greenwood Village, CO, 80111, telephone (800) 542-8072.

F. William Davis, EVP-Farm Credit Banking Group
CoBank, ACB and CoBank, FCB, Liquidating Agent

Fred A. Dixon, President and CEO

Robert Yahiku, CFO

Farm Credit Services of Hawaii, ACA
Federal Land Bank Association of Hawaii, FLCA
Hawaii Production Credit Association

P. O. Box 31306
Honolulu, Hawaii 96820
(808) 836-8009 Fax: (808) 836-8610

The Farm Credit System

CERTIFICATION OF QUARTERLY REPORT FOR THE QUARTER ENDED JUNE 30, 2019

The undersigned certify their review of this report which 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 his or her knowledge and belief.

F. William Davis, EVP-Farm Credit Banking Group
CoBank, ACB and CoBank, FCB, Liquidating Agent

08-07-2019
Date

Fred A. Dixon, President and CEO

08-07-2019
Date

Robert Yahiku, CFO

08-07-2019
Date

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED STATEMENTS OF CONDITION

	(Unaudited) June 30 2019	(Unaudited) June 30 2018	(Audited) December 31 2018	(Audited) December 31 2017
ASSETS				
Cash	$ 391,194	$ 1,110,410	$ 450,222	$ 917,193
Investment in CoBank	6,064,100	6,064,100	6,064,100	6,064,100
Loans	75,813,944	81,714,219	79,453,326	78,435,118
Allowance for loan losses	(1,400,153)	(1,400,153)	(1,400,153)	(1,400,153)
Net loans	74,413,791	80,314,066	78,053,173	77,034,965
Accrued interest receivable	418,154	348,635	436,347	338,464
Other property owned	-	-	-	-
Premises and equipment, net	397,177	429,132	409,224	449,703
Other assets	3,657,059	2,335,474	3,216,701	1,974,375
Total assets	$ 85,341,475	$ 90,601,817	$ 88,629,767	$ 86,778,800
LIABILITIES				
Note payable to CoBank	$ 55,229,562	$ 60,990,410	$ 58,778,476	$ 57,304,126
Accrued interest payable to CoBank	127,818	112,915	132,628	81,125
Advanced conditional payments	1,073,973	317,205	315,810	324,296
Deferred tax liabilities	131,264	103,974	125,101	90,806
Other liabilities	1,520,900	480,142	494,073	1,702,798
Total liabilites	58,083,517	62,004,646	59,846,088	59,503,151
Commitments and contingent liabilities				
MEMBERS' EQUITY				
Capital stock and participation certificates	300,605	322,450	308,820	326,450
Unallocated retained earnings	26,957,353	28,274,721	28,474,859	28,033,865
Accumulated other comprehensive loss	-	-	-	(1,084,666)
Total members' equity	27,257,958	28,597,171	28,783,679	27,275,649
Total liabilities and members' equity	$ 85,341,475	$ 90,601,817	$ 88,629,767	$ 86,778,800

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
INTEREST INCOME				
Loans	$ 1,197,763	$ 1,174,739	$ 2,418,540	$ 2,244,210
INTEREST EXPENSE				
Note payable to CoBank	365,775	309,874	736,259	550,822
Advance conditional payments	6,770	2,374	10,819	4,419
Total interest expense	372,545	312,248	747,078	555,241
Net interest income	825,218	862,491	1,671,462	1,688,969
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	825,218	862,491	1,671,462	1,688,969
NONINTEREST INCOME				
Patronage distribution from CoBank	56,000	67,000	112,889	129,462
Miscellaneous	4,509	6,195	27,389	55,820
Total noninterest income	60,509	73,195	140,278	185,282
NONINTEREST EXPENSE				
Salaries and employee benefits	1,089,961	470,027	1,674,472	917,075
Occupancy and equipment	51,923	49,417	96,957	95,628
Other operating expenses	956,184	314,786	1,505,086	569,190
Supervisory and examination expense	13,784	9,581	27,568	19,334
Insurance Fund premium	9,000	10,000	19,000	19,000
Total noninterest expense	2,120,852	853,811	3,323,083	1,620,227
(Loss) income before income taxes	(1,235,125)	81,875	(1,511,343)	254,024
Provision for income taxes	(7,369)	(13,486)	(6,163)	(13,168)
Net (loss) income	$ (1,242,494)	$ 68,389	$ (1,517,506)	$ 240,856
Comprehensive Income	-	-	-	1,084,666
Total comprehensive (loss) income	$ (1,242,494)	$ 68,389	$ (1,517,506)	$ 1,325,522

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(Unaudited)

	At-Risk Equity			
	Capital Stock and Participation Certificates	Retained Earnings Unallocated	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2017	$ 326,450	$ 28,033,865	$ (1,084,666)	$ 27,275,649
Net income/Comprehensive income	-	240,856	1,084,666	1,325,522
Dividends	-	-	-	-
Capital stock and participation certificates issued	17,000	-	-	17,000
Capital stock and participation certificates retired	(21,000)	-	-	(21,000)
Balance at June 30, 2018	$ 322,450	$ 28,274,721	$ -	$ 28,597,171
Balance at December 31, 2018	$ 308,820	$ 28,474,859	$ -	$ 28,783,679
Net loss	-	(1,517,506)	-	(1,517,506)
Capital stock and participation certificates issued	16,220	-	-	16,220
Capital stock and participation certificates retired	(24,435)	-	-	(24,435)
Balance at June 30, 2019	$ 300,605	$ 26,957,353	$ -	$ 27,257,958

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Farm Credit Services of Hawaii, ACA and wholly-owned subsidiaries, Federal Land Bank Association of Hawaii, FLCA and Hawaii Production Credit Association, (collectively called the Association) is a member-owned cooperative that provides credit and credit related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes in the counties of Honolulu, Hawaii, Maui and Kauai in the state of Hawaii.

A description of the organization and operations of the subsidiary associations, 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). These unaudited second quarter 2019 consolidated financial statements should be read in conjunction with the 2018 Annual Report.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2018 as contained in the 2018 Annual Report.

In the opinion of management, the unaudited consolidated financial information prepared 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. Certain amounts in prior period's consolidated financial statements have been reclassified to conform to current financial statement presentation. 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.

On February 14, 2019, the Association's board of directors approved an Agreement and Plan of Combination between the Association and American AgCredit, ACA ("Plan of Combination"). Under the Plan of Combination, American AgCredit would acquire the entirety of the Association's operations, Association stockholders would become stockholders of American AgCredit, and American AgCredit would become the System institution chartered to serve the state of Hawaii. On June 25, 2019 the Stockholder votes were counted and the Combination with American AgCredit was approved. This Combination took effect on July 1, 2019.

In August 2018, the Financial Accounting Standards Board (FASB) issued guidance entitled "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Cost." The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2019. The guidance also requires an entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. It further specifies where to present expense and payments in the financial statements. Early adoption is permitted. The guidance is to be applied on a retrospective or prospective basis to all implementation costs incurred after the date of adoption. Management is evaluating the impact of adoption on the Association's financial condition and its results of operations.

In August 2018, the FASB issued guidance entitled "Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans." The guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This guidance becomes effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The guidance is to be applied on a retrospective basis for all periods. The adoption of this guidance will not impact the Association's financial condition or its results of operations, but will impact the employee benefit plan disclosures.

In August 2018, the FASB issued guidance entitled "Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement." The guidance modifies the requirements on fair value measurements by removing, modifying or adding to the disclosures. This guidance becomes effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted and an entity is permitted to early adopt any removal or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of this guidance will not impact the institution's financial condition or its results of operations, but will impact the fair value measurements disclosures. The institution early adopted the removal and modified disclosures during the fourth quarter of 2018.

In August 2017, the FASB issued guidance entitled "Targeted Improvements to Accounting for Hedging Activities." The guidance better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments in this guidance require an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. This guidance also addresses the timing of effectiveness testing, qualitative and quantitative effectiveness testing and components that can be excluded from effectiveness testing. This guidance became effective for interim and annual periods beginning after December 15, 2018. The adoption of this guidance did not materially impact on the Association's financial condition or its results of operations.

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

In February 2016, the FASB issued guidance entitled "Leases." The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance became effective for interim and annual periods beginning after December 15, 2018. The adoption of this guidance did not materially impact the Association's financial condition or its results of operations but did impact lease disclosures. The Association adopted this guidance on January 1, 2019 and upon adoption, recorded a right of use asset and lease liability of approximately $400,000 at January 1, 2019.

NOTE 2. - ALLOWANCE FOR LOAN LOSSES

A summary of loans follows:

		June 30, 2019	December 31, 2018
Real estate mortgage		$72,097,207	$75,545,780
Production & intermediate term		3,716,737	3,907,546
Total loans		**$75,813,944**	**$79,453,326**

The Association purchases or sells participation interest with other Farm Credit Institutions in order to diversify risk, manage loan volume and comply with Board Policy and FCA Regulations. The following table presents information regarding participations purchased and sold at the quarter ended June 30, 2019:

Other Farm Credit Institutions		Purchased	Sold
Real estate mortgage		$5,455,557	$1,106,387
Production & intermediate term		1,500,000	-
Total		**$6,955,557**	**$1,106,387**

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

		June 30, 2019	December 31, 2018
Nonaccrual loans:			
Real estate mortgage		$624,884	$647,987
Total nonaccrual loans		624,884	647,987
Accruing restructured loans:			
Real estate mortgage		1,104,811	1,058,702
Total accruing restructured loans		1,104,811	1,058,702
Accruing loans 90 days or more past due:			
Real estate mortgage		217,523	-
Total accruing loans 90 days or more past due		217,523	-
Total nonperforming loans		1,947,218	1,706,689
Other property owned		-	-
Total nonperforming assets		**$1,947,218**	**$1,706,689**

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

		June 30, 2019	December 31, 2018
Real estate mortgage			
Acceptable		96.34%	96.00%
OAEM		1.15%	1.56%
Substandard		2.51%	2.44%
Total		100.00%	100.00%
Production & intermediate term			
Acceptable		99.60%	99.62%
Substandard		.40%	.38%
Total		100.00%	100.00%
Total Loans			
Acceptable		96.49%	96.17%
OAEM		1.10%	1.49%
Substandard		2.41%	2.34%
Total loans		100.00%	100.00%

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

June 30, 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	Recorded Investment >90 days Past Due and Accruing
Real estate mortgage	$2,215,239	$217,523	$2,432,762	$70,064,929	$72,497,691	$217,523
Production & intermediate-term	108,116	-	108,116	3,626,291	3,734,407	-
Total	**$2,323,355**	**$217,523**	**$2,540,878**	**$73,691,220**	**$76,232,098**	**$217,523**

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	Recorded Investment >90 days Past Due and Accruing
Real estate mortgage	$1,411,279	-	$1,411,279	$74,555,739	$75,967,018	-
Production & intermediate-term	139,389	-	139,389	3,783,266	3,922,655	-
Total	**$1,550,668**	-	**$1,550,668**	**$78,339,005**	**$79,889,673**	-

Additional impaired loan information is as follows:

	At June 30, 2019			At December 31, 2018		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for loan loss:	-	-	-	-	-	-
Impaired loans with no related allowance for loan loss:						
Real estate mortgage	$1,947,218	$1,992,348	-	$1,706,689	$1,790,344	-
Total	1,947,218	1,992,348	-	1,706,689	1,790,344	-
Total Impaired loans:						
Real estate mortgage	1,947,218	1,992,348	-	1,706,689	1,790,344	-
Total	**$1,947,218**	**$1,992,348**	**-**	**$1,706,689**	**$1,790,344**	**-**

	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan loss:	-	-	-	-
Impaired loans with no related allowance for loan loss:				
Real estate mortgage	$1,954,597	$16,183	$1,644,564	$24,985
Total	1,954,597	16,183	1,644,564	24,985
Total Impaired loans:				
Real estate mortgage	1,954,597	16,183	1,644,564	24,985
Total	**$1,954,597**	**$16,183**	**$1,644,564**	**$24,985**

	Six months Ended June 30, 2019		Six months Ended June 30, 2018	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan loss:	-	-	-	-
Impaired loans with no related allowance for loan loss:				
Real estate mortgage	$1,854,090	$28,710	$1,667,724	$37,569
Total	1,854,090	28,710	1,667,724	37,569
Total Impaired loans:				
Real estate mortgage	1,854,090	28,710	1,667,724	37,569
Total	**$1,854,090**	**$28,710**	**$1,667,724**	**$37,569**

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

Allowance for Loan Losses		Balance at March 31, 2019	Charge-offs	Recoveries	Provision for loan losses	Balance at June 30, 2019
Real estate mortgage		$918,544	-	-	-	$918,544
Production & intermediate-term		481,609	-	-	-	481,609
Total		**$1,400,153**	-	-	-	**$1,400,153**

Allowance for Loan Losses		Balance at December 31, 2018	Charge-offs	Recoveries	Provision for loan losses	Balance at June 30, 2019
Real estate mortgage		$918,544	-	-	-	$918,544
Production & intermediate-term		481,609	-	-	-	481,609
Total		**$1,400,153**	-	-	-	**$1,400,153**

Allowance for Loan Losses		Balance at March 31, 2018	Charge-offs	Recoveries	Provision for loan losses	Balance at June 30, 2018
Real estate mortgage		$918,544	-	-	-	$918,544
Production & intermediate-term		481,609	-	-	-	481,609
Total		**$1,400,153**	-	-	-	**$1,400,153**

Allowance for Loan Losses		Balance at December 31, 2017	Charge-offs	Recoveries	Provision for loan losses	Balance at June 30, 2018
Real estate mortgage		$918,544	-	-	-	$918,544
Production & intermediate-term		481,609	-	-	-	481,609
Total		**$1,400,153**	-	-	-	**$1,400,153**

		Allowance for Loan Losses			Recorded Investments in Loans Outstanding	
Ending Balance at June 30, 2019		Individually evaluated for impairment	Collectively evaluated for impairment		Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage		-	$918,544		$624,884	$71,872,808
Production & intermediate-term		-	481,609		-	3,734,406
Total		-	**$1,400,153**		**$624,884**	**$75,607,214**

		Allowance for Loan Losses			Recorded Investments in Loans Outstanding	
Ending Balance at December 31, 2018		Individually evaluated for impairment	Collectively evaluated for impairment		Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage		-	$918,544		$647,987	$75,319,031
Production & intermediate-term		-	481,609		-	3,922,655
Total			**$1,400,153**		**$647,987**	**$79,241,686**

A restructuring of debt constitutes a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. There were no troubled debt restructurings (whether accrual or nonaccrual) that occurred during the six months ended June 30, 2019 and June 30, 2018.

There were no additional commitments to lend to borrowers whose loans have been modified as TDRs at June 30, 2019 and June 30, 2018.

There were no troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the period.

The following table provides the information on outstanding loans restructured as TDRs at period end. These loans are included as impaired loans in the impaired loan table.

		Loans modified as TDRs			TDRs in Nonaccrual Status*	
		June 30, 2019	December 31, 2018		June 30, 2019	December 31, 2018
Real estate mortgage		$1,729,695	$1,706,689		$624,884	$647,987
Total		**$1,729,695**	**$1,706,689**		**$624,884**	**$647,987**

* represents the portion of loans modified as TDRs (first column) that are in nonaccrual status

NOTE 3 – INVESTMENT IN COBANK

The Association is required to maintain a minimum at-risk investment in CoBank stock based on a percentage of the Association's average borrowings from CoBank. The required stock investment, when added to the Association's attributed share of CoBank surplus, equals the required investment in CoBank, which changes from time to time. The minimum required investment in CoBank is 4.00%.

The stockholder's investment in the Association is materially affected by the financial condition and results of operation of CoBank.

NOTE 4 - MEMBER'S EQUITY

A description of the subsidiary association's capitalization requirements, capital protection mechanisms, regulatory capitalization requirements and restrictions, and equities is contained in the Association's 2018 Annual Report. No dividends were declared or paid in 2018 and during the six months ended June 30, 2019.

The following table provides a summary of the Association's regulatory capital ratios at June 30, 2019 as well as the minimums required by our regulators:

	Ratios June 30, 2019	Regulatory Minimums
Common equity tier 1 (CET 1) ratio	28.47%	7.0%*
Tier 1 capital (T1) ratio	28.47%	8.5%*
Total (regulatory) capital ratio	29.73%	10.5%*
Permanent capital ratio	32.11%	7.0%
Tier 1 leverage ratio	27.86%	5.0%
URE and URE equivalents leverage ratio	27.49%	1.5%

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

NOTE 5 –FAIR VALUE MEASUREMENTS

Accounting guidance 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 15 to the 2018 Annual Report for a more complete description. The Association had no other property owned at June 30, 2019, and at December 31, 2018. Association impaired loans net of specific allowance measured at fair value on a non-recurring basis were $1,947,218 at June 30, 2019 and $1,706,689 at December 31, 2018.

Valuation Techniques

As more fully discussed in Note 2 to the 2018 Annual Report, the FASB established a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable input when measuring fair value. Impaired loans and other property owned are generally classified as Level 3. The process for measuring the fair value of impaired loans and other property owned involves the use of appraisals or other market-based information and considering unobservable inputs. As a result, these fair value measurements fall within Level 3 of the hierarchy. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 6 – EMPLOYEE BENEFIT PLANS

The Association previously disclosed in its financial statements for the year ended December 31, 2018, that it expected no contributions to the Association's Pension Restoration Plan in 2019. As of June 30, 2019, no contributions or benefit payments have been made to this non-qualified pension plan.

NOTE 7 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 7, 2019. As previously discussed, effective July 1, 2019, American AgCredit acquired the Farm Credit Services of Hawaii FLCA and PCA through a Combination with Farm Credit Services of Hawaii, ACA. No other material subsequent events were identified.

The stockholder's investment in the Association is materially affected by the financial condition and the results of operation of CoBank. To obtain a copy of the CoBank's Second Quarter 2019 Report to Shareholders, free of charge, please contact CoBank, 6340 S. Fiddlers Green Circle, Greenwood Village, CO, 80111; Telephone (800) 542-8072.