Quarterly Report to Stockholders

AMERICAN AGCREDIT

MONEY FOR AGRICULTURE

as of March 31, 2020

Management's Discussion and Analysis

The following discussion summarizes the financial position and results of operations of American AgCredit, ACA and its subsidiaries (collectively "the Association") as of the first quarter of 2020. This commentary should be read with the accompanying consolidated financial statements and the related notes appearing in this report along with our 2019 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 states of Nevada and Hawaii. 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 2019 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.

COVID-19 Impact to Association Operations

The Association is closely monitoring the impact of the COVID-19 worldwide pandemic to its operations and borrowers. The Association has activated its disaster recovery and business interruption procedures, and our employees are working remotely in compliance with shelter in place orders. While our offices are open by appointment only, our borrowers are able to conduct business with us through the use of online banking and other technologies.

COVID-19 Customer Assistance and Loan Relief Options

The Association has created several customer assistance and loan relief programs for eligible borrowers as a result of COVID-19. Loan assistance programs include term and mortgage payment deferrals for up to six months, interest-only payment options and loan maturity extensions for up to twelve months, as well as lease payment deferrals. These loan assistance programs are available for borrowers through March 1, 2021. The Association is also a participating lender in the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which offers loans designed to provide direct incentive for small businesses to keep their workers employed. Under the program, if loan proceeds are used for payroll, rent, mortgage interest, or utilities, and other conditions are met, SBA will forgive the loan and accrued interest of the borrower. If not forgiven, a PPP loan will bear interest at a fixed 1.00% rate with a 2-year maturity and payments deferred for six months. These loans are 100% guaranteed by SBA.

Overall Economic Outlook and Commodity Review

The spread of the COVID-19 pandemic has initiated a worldwide economic slowdown which many economists are predicting will result in a global recession. The financial markets experienced extreme volatility and entered a bear market in a historically short period of time. Yields on U.S. treasury securities fell to historical lows and initial unemployment reports indicate that overall domestic job losses could near or exceed that experienced during the Great Depression. Most U.S. Federal Reserve Bank GDP estimates currently forecast a negative change in GDP in the first quarter, and a more substantial decline in the second quarter. Substantial economic volatility is expected to continue in the near-term.

Management's Discussion and Analysis

The Federal Open Market Committee lowered the federal funds rate twice in March to a target range between 0-0.25%, representing the largest emergency rate reduction in its history and a return to levels similar to those during the Great Recession. In response, the Association lowered its reference rates between 75 and 100 basis points effective April 1. The Federal Reserve also rolled out several liquidity programs, often called quantitative easing, through March to keep credit flowing in financial markets and minimize macroeconomic disruption. Amid the economic interference caused by COVID-19, several oil-producing nations engaged in a price war, causing some oil contracts for future delivery to fall below zero for the first time in the history of the market.

The federal government has also taken action in response to COVID-19, including direct cash payments to most Americans, extended unemployment benefits, and federal loan guarantees. Additionally, portions of enacted legislation, such as the CARES Act, provide support to agricultural producers. This includes direct support to the USDA, child nutrition programs, the Commodity Credit Corporation, and the Supplemental Nutrition Assistance Program. Agricultural producers are generally able to continue production as an essential service exempt from local shelter-in-place orders. In April, the USDA announced the Coronavirus Food Assistance Program, which provides for $16 billion in direct support to farmers and ranchers based on actual losses, and $3 billion in food purchases for distribution to food banks, community and faith based organizations, and other non-profits serving Americans in need.

The Association's commodity portfolio remains well-diversified. Wine grapes and wine and field crops lead our commodity portfolio at 17.3% and 14.5%, respectively followed by dairies and dairy products at 11.8%, tree fruits & nuts at 11.0%, forest products at 9.8%, and beef at 9.7%. The top six commodities make up 74.1% of the total portfolio with the remaining 25.9% spread over sixteen 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 and nuts consists primarily of almonds, walnuts and orchards in California's Central Valley and Hawaii.

Following is a summary of economic conditions among the Association's significant commodities:

- **Wine grapes and wine:** The wine industry entered 2020 with an abundance of supply, causing overall downward pricing pressure. Vineyard cultivation through March was on pace with prior years. However, the availability of vineyard labor to support production is of concern given travel restrictions which have occurred. Additionally, new contracts for grapes are nearly non-existent as wineries look to cut back production. Sales via on-premises and restaurant channels are expected to be significantly weaker for the foreseeable future forcing many wineries to shift their business model.
- **Dairy:** Although the dairy outlook was somewhat favorable entering 2020, the economic disruption caused by the COVID-19 pandemic has brought economic hardship to dairy processors and producers. Notably, demand destruction from the loss of school lunch programs and restaurants is unlikely to be recovered in the near term. Dairy prices have fallen to multi-year lows among nearly all dairy types. Some estimates indicate that as much as 8% of the U.S. daily milk output is being dumped because of excess supply. However, producers which established coverage through the USDA's Dairy Revenue Protection may experience favorable operating results.
- **Tree fruits and nuts:** Overall domestic demand for fruits and nuts remained above historical averages through March, although there are concerns about anticipated future export activity in light of the COVID-19 pandemic. Almond, pistachio, walnut and avocado production is still expected to be strong through 2020 and demand is expected to be stable. The ability to ship both fruits and nuts is in question due to disrupted air travel and shipping container availability. The sharp reduction in travel to Hawaii has significantly cut sales opportunity for the agritourism sector which is a strong component of the Hawaiian tree crop industry.
- **Forest products:** Demand largely follows the economic conditions of housing and construction spending. Inventory levels were high entering into the COVID-19 pandemic, resulting in retailers and dealers cutting back orders. Many construction activities are not classified as essential which is slowing the pace of housing construction and mills have curtailed production. As in prior economic downturns, many timberland owners may elect to continue the growing process until conditions become favorable again.
- **Beef:** The beef industry entered 2020 with stronger prices than fall 2019. However, the COVID-19 pandemic has caused beef processing plants to close or limit production to reduce the possibility of exposure. This has caused throughput to be severely

hampered. Because of processing uncertainty, futures markets are much lower than historical levels. The overall cattle industry is expected to suffer losses in 2020 due to sharp cuts in bulk demand from restaurants, schools, conferences, and large events. Uncertainty regarding the level of exports to be experienced during 2020 continues to increase volatility into beef prices.

Through March, abnormally dry or drought conditions continued to be of concern in much of the Association's territory. Areas of California, Nevada, and Colorado have seen worsening drought conditions as winter precipitation has been below average, although some of these areas saw increasing precipitation in late March. While Kansas saw above average winter rainfall, some western regions in the state remain abnormally dry or in drought conditions.

Loan Portfolio

Total loan volume exceeded $12.4 billion at March, 31, 2020, an increase of $511 million from $11.8 billion at December 31, 2019. Most of the increase happened in March and was due to strong organic loan growth coupled with an equal amount of draws on existing loans, partially offset by anticipated seasonal loan repayments. On a year-over-year basis, loan volume increased by $2.0 billion when compared to March 31, 2019, resulting in a growth rate of 20.0%. Although credit quality has decreased slightly to 98.3% from 98.6% at December 31, 2019, the Association's overall credit quality remains strong. We will continue to monitor the effect of COVID-19 on our borrowers' credit quality and any resulting impact on our allowance for loan losses.

In addition to the $12.4 billion of loan and lease volume reported on our balance sheet, we serviced an additional $6.2 billion of loan volume for other institutions as of March 31, 2020.

Nonearning Assets

Nonaccrual loan volume increased by $1.0 million to $43.2 million at March 31, 2020, compared to $42.2 million at December 31, 2019. The change in nonaccrual loan volume was primarily due to transfers to nonaccrual status and disbursements on nonaccrual loans of $6.2 million, partially offset by $4.2 million year-to-date net repayments on nonaccrual loans. Nonaccrual loan volume represented just 0.35% of total loan volume at the end of March 31, 2020, compared to 0.41% at March 31, 2019 and 0.36% at December 31, 2019.

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 $34.2 million at March 31, 2020, which included a $30.4 million allowance for loan losses and a $3.8 million reserve for unfunded commitments. The reserve for unfunded commitments is reported with Other Liabilities on the Consolidated Statements of Condition.

Financial Condition and Results of Operations

Net Income for the first three months ended March 31, 2020 was $54.4 million compared to $47.0 million for the same period last year, an increase of $7.4 million. The change in net income was primarily due to the following reasons.

- Net interest income increased by $14.1 million year-over-year due to growth in accrual loan volume.
- Provision for loan losses increased by $4.2 million year-over-year primarily due to an increase in loan volume.
- Noninterest income increased by $3.7 million year-over-year. The net increase was primarily due to a $3.8 million increase in patronage from other Farm Credit institutions and a $179 thousand increase in service and fee income, offset by a $274 thousand decrease in mineral income compared to the amounts recorded in the prior period.
- Noninterest expense increased by $6.3 million compared to the same period last year driven by a $6.7 million increase in salaries and benefits, offset by an $854 thousand decrease in purchased services.

Management's Discussion and Analysis

The major components of change in net income are summarized as follows.

	For the Three Months Ended		Increase (Decrease) in
	Mar. 31, 2020	**Mar. 31, 2019**	**Net Income**
Net interest income	$86,754	$72,660	$14,094
(Provision for)/Reversal of credit losses	(5,261)	(1,086)	(4,175)
Patronage income	17,187	13,409	3,778
Other income, net	7,641	7,750	(109)
Operating expenses	(51,932)	(45,680)	(6,252)
Provision for income taxes	-	(16)	16
Net income	**$54,389**	**$47,037**	**$7,352**

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

	March 31,	
	2020	**2019**
Return on average assets	1.72%	1.72%
Return on equity	9.57%	8.70%
Net interest margin	2.92%	2.83%

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 $2.304 billion at the end of the first quarter, an increase of $76.8 million from $2,228 billion at December 31, 2019. The increase was primarily due to favorable year-to-date earnings along with a $22.1 million increase in preferred stock. The Association was in compliance with all capital ratio requirements at March 31, 2020. 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	Byron Enix	Vern Zander
Chairman	Chief Executive Officer	Chief Financial Officer

May 6, 2020

Consolidated Statements of Condition *(dollars in thousands)*

	March 31, 2020	December 31, 2019
	(Unaudited)	*(Audited)*
ASSETS		
Loans	$12,355,751	$11,844,790
Less: allowance for loan losses	(30,412)	(25,807)
Net loans	12,325,339	11,818,983
Cash	-	60,006
Accrued interest receivable	94,357	111,419
Investment in CoBank	395,445	392,959
Premises and equipment, net	125,980	127,454
Mission-related investments	1,615	1,292
Other property owned	4,779	4,779
Other assets	98,858	146,530
Total assets	**$13,046,373**	**$12,663,422**
LIABILITIES		
Notes payable to CoBank	$10,476,395	$10,074,698
Funds Held accounts	92,909	97,211
Accrued interest payable	27,176	28,462
Cash patronage and preferred stock dividends payable	46,769	115,413
Other liabilities	98,750	120,057
Total liabilities	**10,741,999**	**10,435,841**
MEMBERS' EQUITY		
Preferred stock	150,073	127,955
Common stock and participation certificates	9,668	9,545
Additional paid-in capital	683,656	683,656
Unallocated retained surplus	1,474,494	1,420,692
Accumulated other comprehensive loss	(13,517)	(14,267)
Total members' equity	**2,304,374**	**2,227,581**
Total liabilities and members' equity	**$13,046,373**	**$12,663,422**

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

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

(Unaudited)	For the Three Months Ended March 31, 2020	2019
INTEREST INCOME		
Loans	$143,470	$135,885
Total interest income	**143,470**	**135,885**
INTEREST EXPENSE		
Notes payable CoBank	56,270	62,631
Funds Held and other interest	446	594
Total interest expense	**56,716**	**63,225**
Net interest income	**86,754**	**72,660**
Provision for credit losses	(5,261)	(1,086)
Net interest income after provision for credit losses	**81,493**	**71,574**
NON-INTEREST INCOME		
Loan origination fees and late charges	2,994	1,427
Servicing fees	166	1,453
Patronage distributions from Farm Credit institutions	17,187	13,409
Other gains, net	116	317
Miscellaneous	4,365	4,553
Total non-interest income	**24,828**	**21,159**
NON-INTEREST EXPENSES		
Salaries and benefits	33,763	27,099
Occupancy and equipment expense	2,500	3,160
Insurance fund premiums	1,933	1,830
Supervisory and examination expense	811	751
(Gains)/Losses on other property owned, net	(16)	1
Other operating expenses	12,941	12,839
Total non-interest expenses	**51,932**	**45,680**
Income before income taxes	54,389	47,053
Provision for income taxes	-	(16)
Net income	**$54,389**	**$47,037**
COMPREHENSIVE INCOME		
Actuarial gain in retirement obligation	750	582
Total comprehensive income	**$55,139**	**$47,619**

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

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

For the Three Months Ended March 31, 2019 and 2020

(Unaudited)	Common Stock and Participation Certificates	Preferred Stock	Additional Paid-in Capital	Unallocated Retained Surplus	Accumulated Other Comprehen-sive Loss	Total Members' Equity
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**
Balance at December 31, 2019	**$9,545**	**$127,955**	**$683,656**	**$1,420,692**	**$(14,267)**	**$2,227,581**
Comprehensive income				54,389	750	55,139
Common stock/participation certificates issued	289	73,799				74,088
Common stock/participation certificates retired	(166)	(52,264)				(52,430)
Preferred stock dividends paid		583				583
Preferred stock dividends accrued				(587)		(587)
Balance at March 31, 2020	**$9,668**	**$150,073**	**$683,656**	**$1,474,494**	**$(13,517)**	**$2,304,374**

The accompanying notes are an integral part of these consolidated 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 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, 2019 are contained in the 2019 Annual Report to Stockholders (2019 Annual Report). The financial statements were prepared under the oversight of the audit committee of the board of directors.

The accompanying unaudited first quarter 2020 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, 2019 as contained in the 2019 Annual Report.

In the opinion of management, this unaudited financial information 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, 2020. Descriptions of the significant accounting policies are included in the 2019 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 March 2020, the Financial Accounting Standards Board (FASB) issued guidance entitled "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This guidance provides optional expedients and exceptions for applying accounting guidance to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The expedients generally allow for a continuance of a contract or hedging relationship when ordinarily accounting guidance would stipulate the creation of a new contract or designation of a hedging relationship. When elected, the optional expedients for contract modifications must be applied consistently for all similar eligible contracts or eligible transactions. The amendments in this guidance are effective for all entities as of March 12, 2020 through December 31, 2022.

Refer to Note 2 in our 2019 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, 2020		December 31, 2019	
	Amount	Percentage	Amount	Percentage
Real estate mortgage	$6,707,166	54.3%	$6,564,171	55.4%
Production and intermediate-term	2,649,291	21.5%	2,692,055	22.7%
Agribusiness	2,560,366	20.7%	2,236,569	18.9%
Rural infrastructure	395,204	3.2%	308,040	2.6%
Agricultural export finance	41,559	0.3%	41,558	0.4%
Rural residential real estate	2,165	0.0%	2,397	0.0%
Total loans	**$12,355,751**	**100.0%**	**$11,844,790**	**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, 2020:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations		Participations		Participations	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$345,237	$1,696,688	$0	$0	$345,237	$1,696,688
Production and intermediate-term	494,383	1,113,805	-	-	494,383	1,113,805
Agribusiness	1,521,763	2,246,688	510	-	1,522,273	2,246,688
Rural infrastructure	364,023	65,884	-	-	364,023	65,884
Agricultural export finance	41,559	-	-	-	41,559	-
Total	**$2,766,965**	**$5,123,065**	**$510**	**$0**	**$2,767,475**	**$5,123,065**

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.

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, 2020, 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, 2020						
	Acceptable		**OAEM**		**Substandard/Doubtful**		**Total**
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Real estate mortgage	$6,442,781	95.2%	$196,434	2.9%	$130,369	1.9%	$6,769,584
Production and intermediate-term	2,516,925	94.2%	96,995	3.6%	57,050	2.2%	2,670,970
Agribusiness	2,515,314	97.9%	31,698	1.2%	23,221	0.9%	2,570,233
Rural infrastructure	368,965	93.3%	23,223	5.9%	3,297	0.8%	395,485
Rural residential real estate	1,920	88.4%	112	5.1%	141	6.5%	2,173
Agricultural export finance	41,663	100.0%	-	0.0%	-	0.0%	41,663
Total	**$11,887,568**	**95.5%**	**$348,462**	**2.8%**	**$214,078**	**1.7%**	**$12,450,108**

	As of December 31, 2019						
	Acceptable		**OAEM**		**Substandard/Doubtful**		**Total**
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**
Real estate mortgage	$6,342,291	95.5%	$201,923	3.0%	$98,171	1.5%	$6,642,386
Production and intermediate-term	2,547,434	93.8%	119,081	4.4%	48,541	1.8%	2,715,056
Agribusiness	2,211,838	98.5%	13,062	0.6%	21,187	0.9%	2,246,087
Rural infrastructure	281,641	91.3%	23,219	7.5%	3,545	1.1%	308,406
Rural residential real estate	2,175	90.4%	85	3.5%	146	6.1%	2,406
Agricultural export finance	41,868	100.0%	-	0.0%	-	0.0%	41,868
Total	**$11,427,248**	**95.6%**	**$357,370**	**3.0%**	**$171,591**	**1.4%**	**$11,956,209**

Notes to the Consolidated Financial Statements *(continued)*

IMPAIRED ASSETS

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

	March 31, 2020	December 31, 2019
Nonaccrual loans:		
Real estate mortgage	$31,766	$28,849
Production and intermediate-term	7,180	7,579
Agribusiness	4,161	5,681
Rural residential real estate	141	123
Total nonaccrual loans	43,248	42,232
Accruing restructured loans:		
Real estate mortgage	13,297	13,390
Production and intermediate-term	18	18
Total accruing restructured loans	13,315	13,408
Accruing loans > 90 days past due:		
Real estate mortgage	2,248	-
Production and intermediate-term	549	-
Total accruing loans > 90 days past due	2,797	-
Total impaired loans	**59,360**	**55,640**
Other property owned	4,779	4,779
Total impaired assets	**$64,139**	**$60,419**

Additional impaired loan information is as follows:

	At March 31, 2020			For the Three Months Ended March 31, 2020	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans:					
with a related allowance for credit losses	$5,038	$5,242	$1,505	$3,733	$0
with no related allowance for credit losses	54,322	76,022	-	52,477	2,102
Total	**$59,360**	**$81,264**	**$1,505**	**$56,210**	**$2,102**

	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**

Notes to the Consolidated Financial Statements *(continued)*

DELINQUENCY

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

March 31, 2020	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	$17,974	$18,222	$36,196	$6,733,388	$6,769,584
Production and intermediate-term	8,101	3,738	11,839	2,659,131	2,670,970
Agribusiness	6,073	82	6,155	2,564,078	2,570,233
Rural infrastructure	-	-	-	395,485	395,485
Rural residential real estate	52	115	167	2,006	2,173
Agricultural export finance	-	-	-	41,663	41,663
Total	**$32,200**	**$22,157**	**$54,357**	**$12,395,751**	**$12,450,108**

December 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	$19,324	$11,675	$30,999	$6,611,091	$6,642,090
Production and intermediate-term	4,198	4,837	9,035	2,706,317	2,715,352
Agribusiness	373	-	373	2,245,715	2,246,088
Rural infrastructure	-	-	-	308,406	308,406
Rural residential real estate	23	116	139	2,266	2,405
Agricultural export finance	-	-	-	41,868	41,868
Total	**$23,918**	**$16,628**	**$40,546**	**$11,915,663**	**$11,956,209**

Notes to the Consolidated Financial Statements *(continued)*

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 following table presents additional information regarding TDRs, whether accrual or non-accrual, that occurred during the first three months of 2020. The Association had no new TDRs in the first three months of 2019.

	For the Three Months Ended Mar. 31, 2020	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:		
Real estate mortgage	$37	$37
Total	**$37**	**$37**

*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, 2020:

	TDRs in Accrual Status		TDRs in Nonaccrual Status		Total TDRs	
	Mar. 31, 2020	**Dec. 31, 2019**	**Mar. 31, 2020**	**Dec. 31, 2019**	**Mar. 31, 2020**	**Dec. 31, 2019**
Real estate mortgage	$13,246	$11,423	$744	$843	$13,990	$12,266
Production and intermediate-term	18	1,952	-	-	18	1,952
Agribusiness	-	-	4,079	4,608	4,079	4,608
Total	**$13,264**	**$13,375**	**$4,823**	**$5,451**	**$18,087**	**$18,826**

Additional commitments to lend to borrowers whose loans have been modified in TDRs were $1.6 million at period end.

Notes to the Consolidated Financial Statements *(continued)*

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, 2020	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	**Balance at Mar. 31, 2020**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Real estate mortgage	$8,912	$0	$8,912	$6,769,584	$47,311	$6,722,273
Production and intermediate-term	12,862	118	12,744	2,670,970	7,747	2,663,223
Agribusiness	7,797	1,387	6,410	2,570,233	4,161	2,566,072
Rural infrastructure	637	-	637	395,485	-	395,485
Rural residential real estate	2	-	2	2,173	141	2,032
Agricultural export finance	202	-	202	41,663	-	41,663
Total	**$30,412**	**$1,505**	**$28,907**	**$12,450,108**	**$59,360**	**$12,390,748**

	Allowance for Loan Losses			**Recorded Investments in Loans Outstanding**		
	Balance at Dec. 31, 2019	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	**Balance at Dec. 31, 2019**	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Real estate mortgage	$6,676	$0	$6,676	$6,642,090	$42,239	$6,599,851
Production and intermediate-term	11,666	129	11,537	2,715,352	7,597	2,707,755
Agribusiness	6,703	1,387	5,316	2,246,088	5,682	2,240,406
Rural infrastructure	564	-	564	308,406	-	308,406
Rural residential real estate	2	-	2	2,405	122	2,283
Agricultural export finance	196	-	196	41,868	-	41,868
Total	**$25,807**	**$1,516**	**$24,291**	**$11,956,209**	**$55,640**	**$11,900,569**

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

	March 31,	
	2020	**2019**
Allowance for Loan Losses		
Balance at beginning of year	$25,807	$21,359
Charge-offs	(857)	(805)
Recoveries	235	781
Provision for/(Reversal of) loan losses	5,227	1,246
Balance at end of quarter	**$30,412**	**$22,581**

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.

Future minimum lease payments under non-cancellable leases as of March 31, 2020 were as follows:

	Operating Leases	Finance Leases	Total
2020 (excluding the three months ended 3/31/20)	$672	$382	$1,054
2021	823	593	1,416
2022	682	376	1,058
2023	582	337	919
2024	557	12	569
Thereafter	2,200	-	2,200
Total lease payments	**5,516**	**1,700**	**7,216**
Less: interest	-	(113)	(113)
Total	**$5,516**	**$1,587**	**$7,103**

Right-of-use assets, net of accumulated amortization, amounted to $5.7 million for the period ended March 31, 2020.

NOTE 4 – MEMBERS' EQUITY

The table below shows the Association's regulatory capital requirements and ratios as of March 31, 2020. The Association exceeded all regulatory minimum capital requirements as of March 31, 2020.

	Regulatory Minimums	Capital Conservation Buffer	Total	Mar. 31, 2020	Dec. 31, 2019
Risk-adjusted:					
Common Equity Tier 1 Capital	4.5%	2.5%	7.0%	**12.43%**	**13.40%**
Tier 1 Capital	6.0%	2.5%	8.5%	**12.43%**	**13.40%**
Total Capital	8.0%	2.5%	10.5%	**12.64%**	**13.60%**
Permanent Capital	7.0%	0.0%	7.0%	**13.65%**	**14.58%**
Non-risk-adjusted:					
Tier 1 Leverage	4.0%	1.0%	5.0%	**14.09%**	**15.33%**
URE and UREE Leverage	1.5%	0.0%	1.5%	**14.97%**	**15.67%**

Notes to the Consolidated Financial Statements *(continued)*

Association shareholders have approved a class of preferred stock known as H Stock. At March 31, 2020, 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, 2020, there were 150,072,670 shares of H Stock issued and outstanding. The dividend rate at March 31, 2020 was 1.60%.

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

Balance at December 31, 2019	**Pension and Other Benefit Plans**	**Accumulated Other Comprehensive Loss**
Other comprehensive loss before reclassifications	$(14,267)	$(14,267)
Amounts reclassified from accumulated other comprehensive loss	750	750
Net current period other comprehensive income	750	750
Balance at March 31, 2020	**$(13,517)**	**$(13,517)**

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)**

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, 2020	**Mar. 31, 2019**	
Pension and other benefit plans:			
Net actuarial gain	$750	$582	Salaries & Benefits
Total amounts reclassified	**$750**	**$582**	

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 2019 Annual Report.

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

	March 31, 2020		December 31, 2019	
	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	$21,990		$20,352	
Measured at fair value on a non-recurring basis:				
Loans		$3,533		$3,966
Other Property Owned		$4,425		$6,200

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, 2020.

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 6, 2020, which is the date the financial statements were available to be issued.