OKLAHOMA

2019 First Quarter Financial Report

OKLAHOMA AGCREDIT

FINANCING RURAL OKLAHOMA

NOTICE

The shareholders' investment in Oklahoma AgCredit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2018 CoBank Annual Report to Shareholders and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at:

Oklahoma AgCredit, ACA
601 East Kenosha St.
Broken Arrow, Oklahoma 74012
918-251-8596

OKLAHOMA AGCREDIT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited)

The following discussion summarizes the financial position and results of operations of Oklahoma AgCredit, ACA for the three months ended March 31, 2019, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2018 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

Abundant rainfall throughout the state was present during the first quarter. The additional rainfall teamed up with abnormally cooler temperatures has led to no drought areas within the state per the U.S. Drought Monitor report. However, cooler temperatures contributed to a longer crop dormancy putting spring wheat a little behind schedule.

Livestock producers have faced tremendous challenges during the first quarter. The wet, muddy winter conditions coupled with the wide range of temperatures have presented issues for effective herd health management. Adverse weather conditions in outlying states have had a slight impact on pricing; however, final impact of death loss is yet to be calculated. Although the total number is projected to be high, the effect may be somewhat minimal as all ages of cattle were impacted; thereby spreading the results over a wide range of marketing supply timeframes. Livestock markets have followed the typical seasonal peaks and valleys thus far in 2019. Final trade data reports for 2018 noted an increase of over 10 percent in beef exports. Beef imports remained steady resulting in a net increase in exports.

Early projections on wheat crop quality is favorable in Oklahoma showing nearly 69 percent in "good" to "excellent" condition according to the USDA National Crop progress report. At this point, the 2019 wheat crop projection is significantly better than the past 2 years. However, these yield projections are combated by prices nearing 5-year lows. No future upward movement is predicted until worldwide production decreases particularly in the Black Sea area. Predictions of planted acres in Oklahoma are decreasing for sorghum, corn, canola and cotton with projected increases in soybeans and peanuts.

Crude oil prices ranged steady to higher during the first quarter of 2019 with prices slightly above $66 per barrel. The OPEC agreement signed late in the fourth quarter of 2018 provided for a cut in production by both members and allies for a six-month period. The goal of the agreement is for oil prices to return to $70 per barrel by the fourth quarter of 2019. The rig count in Oklahoma decreased by 32 in the first quarter of 2019 to 108 rigs while the nation's rig count has decreased by 77 to 1,006 rigs per the Baker Hughes rig count data report.

LOAN PORTFOLIO

Loans outstanding at March 31, 2019, totaled $1.30 billion, an increase of $13.6 million, or 1.06%, from loans of $1.28 billion at December 31, 2018. The increase was primarily due to new loan originations of real estate mortgage loans and advances on existing lines of credit for participations.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2019, was $5.7 million**,** a decrease of $220 thousand, or 3.73%, from the same period ended one year ago. The decrease is primarily due to a decrease in noninterest income and an increase in provision for credit losses.

Net interest income for the three months ended March 31, 2019, was $9.0 million, an increase of $456 thousand, or 5.34%, compared with the three months ended March 31, 2018. Net interest income increased as a result of volume growth and an increase in the return on our loanable funds of $274 thousand, partially offset by a 16 basis point decrease in interest rate spread. Our spread has been negatively impacted by the need to remain competitive with other aggressive financial institutions.

The provision for credit losses for the three months ended March 31, 2019, was $116 thousand, an increase of $218 thousand from the credit loss reversal of $102 thousand for the same period ended one year ago. The provision for credit losses increased as a result of deterioration in the credit portfolio.

Noninterest income decreased $383 thousand during the first three months of 2019 compared with the first three months in 2018 primarily due to a decrease in refund of $452 thousand from Farm Credit System Insurance Corporation (FCSIC). The refunds are our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. Refer to the 2018 Annual Report to Shareholders for additional information. CoBank patronage income decreased $46 thousand due to a 5 basis point reduction in the patronage rate, partially offset by the note payable volume increase.

Mineral income of $252 thousand was recognized during the first three months of 2019. Of this amount, $247 thousand was received from CoBank.

During the first three months of 2019, noninterest expense increased $75 thousand to $5.1 million, primarily due to annual merit increases and an increase in the annual AgVantis subscription fee, partially offset by a decrease in qualified pension expense.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2019, was $278.4 million, an increase from $272.7 million at December 31, 2018. This increase is due to net income and the amortization of pension costs included in the net periodic benefit cost, offset by net stock reductions.

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

Dale McDaniel
Dale McDaniel
Chairman of the Audit Committee
May 3, 2019

Patrick Zeka
Patrick Zeka
President/CEO
May 3, 2019

Malinda Thimmesch
Malinda Thimmesch
CFO
May 3, 2019

OKLAHOMA AGCREDIT

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2019	December 31 2018
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 1,297,042**	$ 1,283,426
Less allowance for loan losses	**3,105**	3,153
Net loans	**1,293,937**	1,280,273
Cash	**6,095**	2,031
Accrued interest receivable	**18,124**	15,433
Investment in CoBank, ACB	**40,803**	40,796
Investment in AgDirect	**2,807**	2,920
Premises and equipment, net	**8,467**	8,384
Prepaid benefit expense	**3,411**	3,609
Other assets	**3,783**	7,239
Total assets	**$ 1,377,427**	$ 1,360,685
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,081,794**	$ 1,071,120
Advance conditional payments	**4,037**	2,477
Accrued interest payable	**2,495**	2,144
Patronage distributions payable	**6,000**	6,000
Accrued benefits liability	**723**	708
Reserve for unfunded commitments	**459**	521
Other liabilities	**3,546**	5,018
Total liabilities	**1,099,054**	1,087,988
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**3,338**	3,352
Additional paid-in capital	**55,558**	55,558
Unallocated retained earnings	**219,777**	214,105
Accumulated other comprehensive (loss)/income	**(300)**	(318)
Total shareholders' equity	**278,373**	272,697
Total liabilities and shareholders' equity	**$ 1,377,427**	$ 1,360,685

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

OKLAHOMA AGCREDIT

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31 2019	2018
INTEREST INCOME		
Loans	**$ 16,693**	$ 14,066
Total interest income	**16,693**	14,066
INTEREST EXPENSE		
Note payable to CoBank, ACB	**7,686**	5,523
Other	**13**	5
Total interest expense	**7,699**	5,528
Net interest income	**8,994**	8,538
Provision for credit losses/(Credit loss reversal)	**116**	(102)
Net interest income after provision for credit losses/credit loss reversal	**8,878**	8,640
NONINTEREST INCOME		
Financially related services income	**4**	4
Loan fees	**185**	189
Patronage distribution from Farm Credit institutions	**1,087**	1,133
Farm Credit Insurance Fund distribution	**313**	765
Mineral income	**252**	138
Other noninterest income	**56**	51
Total noninterest income	**1,897**	2,280
NONINTEREST EXPENSE		
Salaries and employee benefits	**2,795**	2,921
Occupancy and equipment	**249**	220
Purchased services from AgVantis, Inc.	**687**	617
Farm Credit Insurance Fund premium	**233**	212
Supervisory and examination costs	**216**	211
Other noninterest expense	**923**	847
Total noninterest expense	**5,103**	5,028
Net income	**5,672**	5,892
COMPREHENSIVE INCOME		
Amortization of retirement costs	**18**	19
Total comprehensive income	**$ 5,690**	$ 5,911

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

OKLAHOMA AGCREDIT

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2017	$ 3,299	$ 55,558	$ 197,200	$ (241)	$ 255,816
Comprehensive income			5,892	19	5,911
Stock issued	77				77
Stock retired	(80)				(80)
Balance at March 31, 2018	$ 3,296	$ 55,558	$ 203,092	$ (222)	$ 261,724
Balance at December 31, 2018	$ 3,352	$ 55,558	$ 214,105	$ (318)	$ 272,697
Comprehensive income			5,672	18	5,690
Stock issued	84				84
Stock retired	(98)				(98)
Balance at March 31, 2019	**$ 3,338**	**$ 55,558**	**$ 219,777**	**$ (300)**	**$ 278,373**

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

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Oklahoma AgCredit, ACA (the 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 Shareholders. These unaudited first quarter 2019 financial statements should be read in conjunction with the 2018 Annual Report to Shareholders.

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 to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2019. Descriptions of the significant accounting policies are included in the 2018 Annual Report to Shareholders. 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 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. The Association 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 Association’s financial condition or its results of operations, but will impact the fair value measurements disclosures. The Association early adopted the removal and modified disclosures during the fourth quarter of 2018.

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. In July 2018, the FASB issued an update entitled “Leases – Targeted Improvements,” which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. An entity that elects this additional transition method must provide the required disclosures of the now current standard for all prior periods presented. The guidance and related amendments in this update became effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The adoption of this guidance resulted in an immaterial impact on the Association’s financial condition and results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	March 31, 2019	December 31, 2018
Real estate mortgage	**$ 873,247**	$ 871,936
Production and intermediate-term	**215,757**	217,455
Agribusiness	**142,774**	129,890
Rural Infrastructure	**58,082**	57,229
International	**4,922**	4,921
Rural residential real estate	**2,260**	1,995
Total Loans	**$ 1,297,042**	$ 1,283,426

The Association purchases and sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at March 31, 2019:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 37,833	$ 15,877	$ 1,531	$ -	$ 39,364	$ 15,877
Production and intermediate-term	30,556	1,820	-	-	30,556	1,820
Agribusiness	139,281	-	-	-	139,281	-
Rural infrastructure	58,082	-	-	-	58,082	-
International	4,922	-	-	-	4,922	-
Total	$ 270,674	$ 17,697	$ 1,531	$ -	$ 272,205	$ 17,697

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 mention (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.
- Loss – assets are considered uncollectible.

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

	March 31, 2019	December 31, 2018
Real estate mortgage		
Acceptable	**97.71%**	97.86%
OAEM	**1.35%**	1.42%
Substandard	**0.94%**	0.72%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**95.23%**	95.30%
OAEM	**1.63%**	1.36%
Substandard	**3.14%**	3.34%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**98.46%**	99.23%
OAEM	**1.16%**	0.51%
Substandard	**0.38%**	0.26%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**96.98%**	97.64%
OAEM	**0.97%**	2.36%
Substandard	**2.05%**	-
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
International		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**97.36%**	97.56%
OAEM	**1.35%**	1.35%
Substandard	**1.29%**	1.09%
Total	**100.00%**	100.00%

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

	March 31, 2019	December 31, 2018
Nonaccrual loans		
Real estate mortgage	$ 4,719	$ 3,448
Production and intermediate-term	3,460	3,093
Agribusiness	421	338
Total nonaccrual loans	$ 8,600	$ 6,879
Accruing restructured loans		
Real estate mortgage	$ 331	$ 334
Total accruing restructured loans	$ 331	$ 334
Accruing loans 90 days past due		
Real estate mortgage	$ 42	$ -
Total accruing loans 90 days past due	$ 42	$ -
Total high risk assets	$ 8,973	$ 7,213

The Association had no other property owned for the periods presented.

Additional impaired loan information is as follows:

	March 31, 2019			December 31, 2018		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Real estate mortgage	$ 331	$ 329	$ 9	$ 334	$ 333	$ 6
Production and intermediate-term	-	-	-	311	372	52
Agribusiness	421	434	105	338	343	105
Total	$ 752	$ 763	$ 114	$ 983	$ 1,048	$ 163
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	$ 4,761	$ 5,398		$ 3,448	$ 4,098	
Production and intermediate-term	3,460	3,894		2,782	2,939	
Total	$ 8,221	$ 9,292		$ 6,230	$ 7,037	
Total impaired loans:						
Real estate mortgage	$ 5,092	$ 5,727	$ 9	$ 3,782	$ 4,431	$ 6
Production and intermediate-term	3,460	3,894	-	3,093	3,311	52
Agribusiness	421	434	105	338	343	105
Total	$ 8,973	$ 10,055	$ 114	$ 7,213	$ 8,085	$ 163

Note: The recorded investment in the loan receivable is the face amount 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 loan receivable.

	For the Three Months Ended March 31, 2019		For the Three Months Ended March 31, 2018	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ 331**	**$ 5**	$ 383	$ -
Production and intermediate-term	**-**	**-**	467	-
Agribusiness	**368**	**-**	-	-
Total	**$ 699**	**$ 5**	$ 850	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 3,576**	**$ 27**	$ 2,142	$ 6
Production and intermediate-term	**3,129**	**-**	2,512	1
Total	**$ 6,705**	**$ 27**	$ 4,654	$ 7
Total impaired loans:				
Real estate mortgage	**$ 3,907**	**$ 32**	$ 2,525	$ 6
Production and intermediate-term	**3,129**	**-**	2,979	1
Agribusiness	**368**	**-**	-	-
Total	**$ 7,404**	**$ 32**	$ 5,504	$ 7

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	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 4,065	$ 1,248	$ 5,313	$ 880,560	$ 885,873	$ 42
Production and intermediate-term	3,348	2,629	5,977	214,577	220,554	-
Agribusiness	-	-	-	143,306	143,306	-
Rural infrastructure	-	-	-	58,215	58,215	-
Rural residential real estate	-	-	-	2,282	2,282	-
International	-	-	-	4,936	4,936	-
Total	$ 7,413	$ 3,877	$ 11,290	$ 1,303,876	$ 1,315,166	$ 42

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	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,974	$ 497	$ 3,471	$ 879,449	$ 882,920	$ -
Production and intermediate-term	1,312	2,283	3,595	217,735	221,330	-
Agribusiness	-	-	-	130,336	130,336	-
Rural infrastructure	-	-	-	57,324	57,324	-
Rural residential real estate	-	-	-	2,013	2,013	-
International	-	-	-	4,936	4,936	-
Total	$ 4,286	$ 2,780	$ 7,066	$ 1,291,793	$ 1,298,859	$ -

A summary of changes in the allowance for loan losses is as follows:

	Balance at December 31, 2018	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2019
Real estate mortgage	$ 911	$ -	$ 1	$ 2	$ 914
Production and intermediate-term	1,523	(227)	-	(129)	1,167
Agribusiness	582	-	-	265	847
Rural infrastructure	135	-	-	38	173
Rural residential real estate	-	-	-	1	1
International	2	-	-	1	3
Total	$ 3,153	$ (227)	$ 1	$ 178	$ 3,105

	Balance at December 31, 2017	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2018
Real estate mortgage	$ 1,271	$ -	$ 1	$ 23	$ 1,295
Production and intermediate-term	1,241	-	-	(90)	1,151
Agribusiness	774	-	-	4	778
Rural infrastructure	119	-	-	2	121
International	3	-	-	(1)	2
Total	$ 3,408	$ -	$ 1	$ (62)	$ 3,347

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses. A summary of changes in the reserve for unfunded commitments follows:

	For the Three Months Ended March 31	
	2019	2018
Balance at beginning of period	**$ 521**	$ 210
Reversal of reserve for unfunded commitments	**(62)**	(40)
Total	**$ 459**	$ 170

Additional information on the allowance for credit losses follows:

	Allowance for Credit Losses Ending Balance at March 31, 2019		Recorded Investments in Loans Outstanding Ending Balance at March 31, 2019	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ 9	$ 905	$ 5,092	$ 880,781
Production and intermediate-term	-	1,167	3,460	217,094
Agribusiness	105	742	421	142,885
Rural infrastructure	-	173	-	58,215
Rural residential real estate	-	1	-	2,282
International	-	3	-	4,936
Total	$ 114	$ 2,991	$ 8,973	$ 1,306,193

	Allowance for Credit Losses Ending Balance at December 31, 2018		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	$ 6	$ 905	$ 3,782	$ 879,138
Production and intermediate-term	52	1,471	3,093	218,237
Agribusiness	106	476	338	129,998
Rural infrastructure	-	135	-	57,324
Rural residential real estate	-	-	-	2,013
International	-	2	-	4,936
Total	$ 164	$ 2,989	$ 7,213	$ 1,291,646

A restructuring of a 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.

The following table presents additional information regarding troubled debt restructurings that occurred during the periods.

	For the Three Months Ended			
	March 31, 2019		March 31, 2018	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:				
Real estate mortgage	$ -	$ -	$ 327	$ 327
Total	$ -	$ -	$ 327	$ 327

* Pre-modification represents the recorded investment in the loan receivable just prior to restructuring and post-modification represents the recorded investment in the loan receivable immediately following the restructuring. The recorded investment is the face amount of the loan 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.

The Association had no TDRs within the previous 12 months and for which there were subsequent payment defaults during the first three months of 2019 and 2018. There were no additional commitments to lend to borrowers whose loans have been modified in troubled debt restructuring at March 31, 2019 and December 31, 2018.

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

	Loans modified as TDRs		TDRs in Nonaccrual Status*	
	March 31, 2019	December 31, 2018	**March 31, 2019**	December 31, 2018
Real estate mortgage	**$ 624**	$ 634	**$ 293**	$ 300
Production and intermediate-term	**37**	37	**37**	37
Total	**$ 661**	$ 671	**$ 330**	$ 337

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

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NOTE 3 - CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows.

	As of March 31, 2019	As of December 31, 2018	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	17.07%	17.48%	4.5%	2.5%*	7.0%
Tier 1 capital ratio	17.07%	17.48%	6.0%	2.5%*	8.5%
Total capital ratio	17.34%	17.74%	8.0%	2.5%*	10.5%
Permanent capital ratio	17.11%	17.52%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	17.53%	17.98%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	18.72%	19.03%	1.5%	-	1.5%

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

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. The current regulations establish a three-year phase-in of the capital conservation buffer, which began on January 1, 2017. There will be no phase-in of the leverage buffer.

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

	For the Three Months Ended March 31	
	2019	2018
Pension and other benefit plans:		
Beginning balance	**$ (318)**	$ (241)
Amounts reclassified from accumulated other comprehensive loss	**18**	19
Net current period other comprehensive income	**18**	19
Ending balance	**$ (300)**	$ (222)

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

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss)		Location of Gain/Loss Recognized in Statement of Income
	For the Three Months Ended March 31		
	2019	2018	
Pension and other benefit plans:			
Net actuarial loss	**$ 18**	$ 19	Salaries and employee benefits
Total reclassifications	**$ 18**	$ 19	

NOTE 4 - 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 2 to the 2018 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
March 31, 2019	**$ 713**	**$ -**	**$ -**	**$ 713**
December 31, 2018	$ 768	$ -	$ -	$ 768

The Association had no liabilities measured at fair value on a recurring basis at March 31, 2019 or December 31, 2018.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
March 31, 2019				
Loans	**$ -**	**$ -**	**$ 577**	**$ 577**
December 31, 2018				
Loans	$ -	$ -	$ 968	$ 968

With regard to impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and takes into account unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

The Association had no liabilities measured at fair value on a non-recurring basis at March 31, 2019 or December 31, 2018.

Valuation Techniques

As more fully discussed in Note 2 to the 2018 Annual Report to Shareholders, 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 presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Assets Held in Non-Qualified 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.

Loans Evaluated for Impairment

For impaired loans measured on a non-recurring basis, 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, these fair value measurements fall within Level 3 of the 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 hierarchy if the process uses independent appraisals and other market-based information.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 3, 2019, which is the date the financial statements were issued, and no material subsequent events were identified.