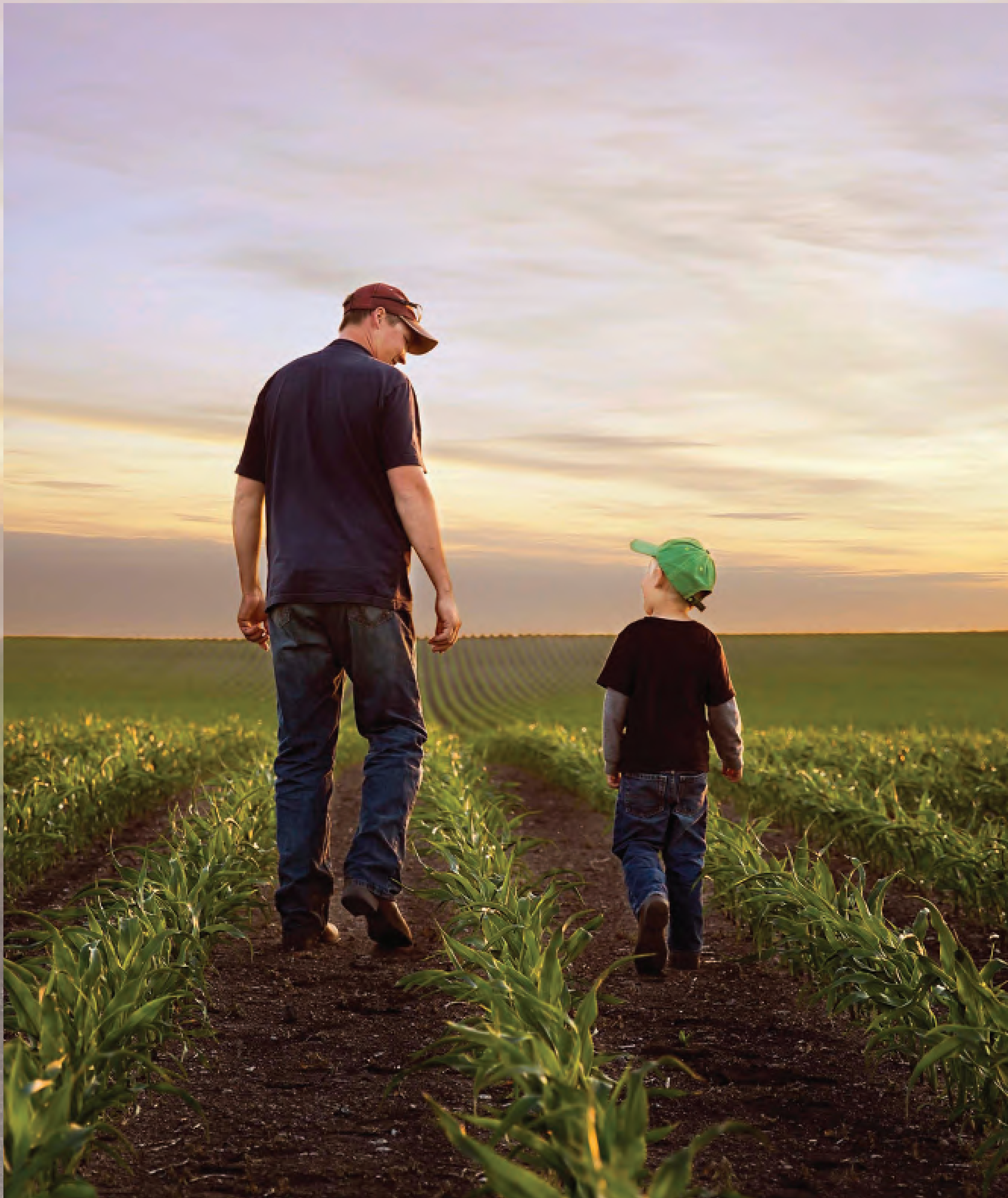


2018 Annual Report

AgCountry Farm Credit Services, ACA

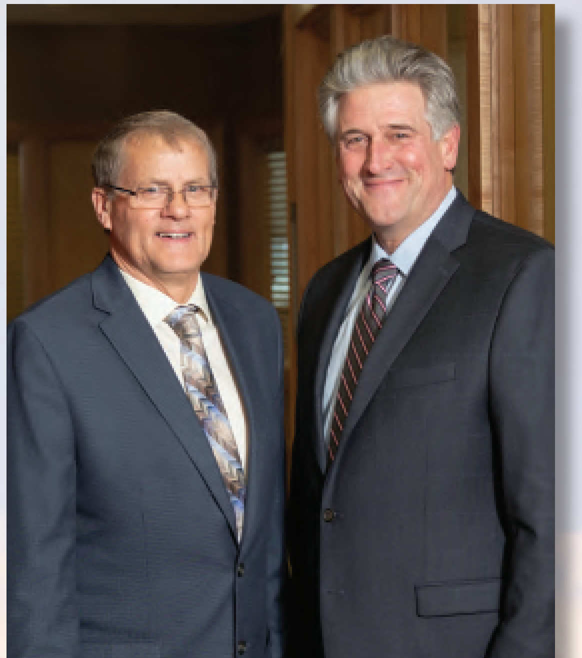
AgCountry Farm Credit Services Board of Directors

Front Row Sitting: (left to right) Suzanne Allen, Greg Sabolik, Justin Dagen, William Oemichen, Kurt Elliott, Michael Zenker, Michael Long and Jack Hansen

Back Row Standing: (left to right) Mary Kay Van Der Geest, Dale Zahradka, Bradley Sunderland, James Jarvis, Leif Aakre (Chairman), Ed Hegland, (Vice-Chairman), Lynn Pietig, Scott Gerbig, Mark Ellison and Greg Nelson

Our role is to look forward and make decisions that position the organization to be viable, strong and in a position to provide value to our customers well into the future.

Our Transforming Journey



Left to right:

Leif Aakre
AgCountry Farm Credit Services
Chairman of the Board

Marcus L. Knisely
President and
Chief Executive Officer

Two thousand eighteen was the start of a transformative journey for AgCountry. To begin with, we changed our mission statement. Although our emphasis has always been on serving the needs of our patrons, we wanted to be more intentional about the work that we do. That is why we have rededicated ourselves with a mission to serve agriculture and rural America.

With service to Minnesota, North Dakota and Wisconsin, we are serving the broad spectrum of agriculture in our area. We offer constructive and sound credit, services and expertise to farmers and ranchers who are growing and raising a wide range of crops and livestock. This holds true regardless of the size of the farming operation.

It is our vision to be your destination for success. We believe that in order for you to be successful, you need access to more than just credit. That is why we are a full-service financial institution. Our knowledgeable staff provides expertise in crop insurance, tax, accounting, and retirement and succession planning. We also offer appraisal services and e-business solutions. Our value proposition is to be your best total solution when it comes to financing and financial services.

We are happy to report that your cooperative is well-positioned for continued long-term success. We have put our scale and financial soundness to good use this past year. With a continued challenging economic environment within the farming world, every little bit helps.

In 2018, the Federal Open Market Committee increased the target fed funds rate in March, June, September and December. AgCountry was able to absorb the increased cost on variable rate loans from three of the rate hikes. We also reduced our interest rate spread on new fixed and adjustable loans.

Our patronage program is another way in which we provide value to patrons. This past year marked the largest amount we have ever returned at $42.5 million. Since beginning the patronage program in 2013, AgCountry has paid $132 million to our member-owners.

Everything we achieved in 2018 could not have been possible without the hard work of our staff. It's one thing to simply have a mission and vision; however, great things happen when a committed and dedicated team passionately work to see it through. These efforts must be acknowledged.

A Look Ahead

As we move into 2019, we are committing ourselves to transforming our business model and making investments in staff and technology to ensure that we remain relevant for future generations. We know that the business world is always changing, and so we need to evolve along with it.

We also understand the challenging circumstances of entering agriculture at this point in time. However, the next generation of farmers and ranchers are critical. Recognizing this, we are upping our emphasis on serving young and beginning farmers. Our industry cannot afford to lose a generation.

We would like to make one final note: the importance of mental health cannot go unstated. Farmers and ranchers are under considerable amounts of stress. It is our belief that we should pay as much attention to our mental health as our physical health. AgCountry has been very active in promoting mental health resources this past year. We have worked to train staff and sponsor events that help erase the stigma attached to this subject. We will continue these efforts in 2019. If you are in need, please know that resources are available for help.

Thank you for entrusting us with your business, and we wish you the best in 2019 and beyond.

Leif Aakre, Chairman of the Board
AgCountry Farm Credit Services, ACA

Marcus L. Knisely
President/CEO

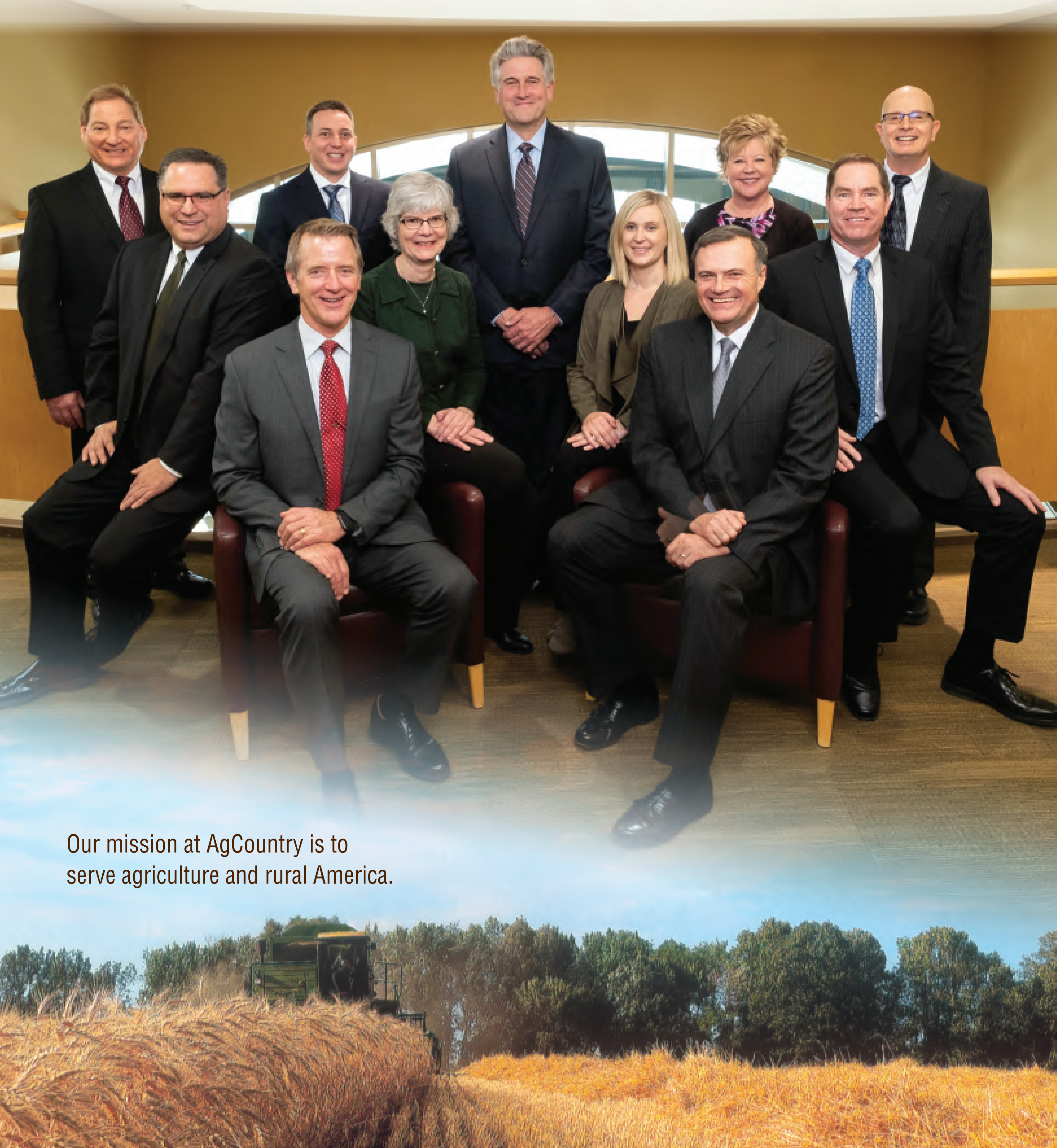
AgCountry Farm Credit Services Executive Leadership Team

Standing: (left to right)

Randy Aberle - SVP Agribusiness and Capital Markets, Brian McKay - Chief Financial Officer-Elect, Marcus L. Knisely - President/Chief Executive Officer, Jeni Strand - SVP Human Resources and Jeremy Oliver - Chief Financial Officer

Sitting: (left to right)

Jeffrey Schmidt - Chief Risk Officer, Howard Olson - SVP Insurance and Communications, Becky Thibert - SVP Strategic Technology, Jessica Fyre - SVP General Counsel, Kim Zeltinger - Chief Credit Officer and Mark Rehovsky - Chief Marketplace Officer



Our mission at AgCountry is to serve agriculture and rural America.

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AgCountry Farm Credit Services, ACA

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

AgCountry Farm Credit Services, ACA

(dollars in thousands)

As of December 31	2018	2017	2016	2015	2014
Statement of Condition Data					
Loans	**$ 7,249,804**	$ 7,091,152	$ 5,056,593	$ 4,818,931	$ 4,525,939
Allowance for loan losses	**17,796**	15,818	14,284	13,394	16,458
Net loans	**7,232,008**	7,075,334	5,042,309	4,805,537	4,509,481
Finance leases held for sale	**--**	--	70,356	--	--
Net loans	**7,232,008**	7,075,334	5,112,665	4,805,537	4,509,481
Investment in AgriBank, FCB	**184,727**	156,408	111,196	109,986	100,562
Other property owned	**274**	115	--	--	--
Other assets	**224,177**	211,024	238,609	277,815	292,542
Total assets	**$ 7,641,186**	$ 7,442,881	$ 5,462,470	$ 5,193,338	$ 4,902,585
Obligations with maturities of one year or less	**$ 117,311**	$ 108,523	$ 4,293,754	$ 4,109,096	$ 3,901,460
Obligations with maturities greater than one year	**5,820,678**	5,758,089	--	--	--
Total liabilities	**5,937,989**	5,866,612	4,293,754	4,109,096	3,901,460
Capital stock and participation certificates	**12,587**	12,451	7,370	7,516	7,621
Additional paid-in capital	**304,385**	304,385	--	--	--
Unallocated surplus	**1,390,854**	1,263,212	1,161,346	1,076,726	993,504
Accumulated other comprehensive loss	**(4,629)**	(3,779)	--	--	--
Total members' equity	**1,703,197**	1,576,269	1,168,716	1,084,242	1,001,125
Total liabilities and members' equity	**$ 7,641,186**	$ 7,442,881	$ 5,462,470	$ 5,193,338	$ 4,902,585

For the year ended December 31	2018	2017	2016	2015	2014
Statement of Income Data					
Net interest income	**$ 197,240**	$ 165,129	$ 131,193	$ 120,906	$ 120,589
Provision for (reversal of) credit losses	**2,470**	3,053	4,088	(1,235)	828
Other expenses, net	**24,664**	29,208	21,485	23,919	19,257
Net income	**$ 170,106**	$ 132,868	$ 105,620	$ 98,222	$ 100,504
Key Financial Ratios					
For the Year					
Return on average assets	**2.3%**	2.1%	2.0%	2.0%	2.2%
Return on average members' equity	**10.4%**	9.7%	9.4%	9.5%	10.5%
Net interest income as a percentage of average earning assets	**2.7%**	2.7%	2.6%	2.7%	2.8%
Net charge-offs as a percentage of average loans	**0.0%**	0.0%	0.1%	0.0%	0.0%
At Year End					
Members' equity as a percentage of total assets	**22.3%**	21.2%	21.4%	20.9%	20.4%
Allowance for loan losses as a percentage of loans	**0.2%**	0.2%	0.3%	0.3%	0.4%
Capital ratios effective beginning January 1, 2017:					
Common equity tier 1 ratio	**18.2%**	17.2%	N/A	N/A	N/A
Tier 1 capital ratio	**18.2%**	17.2%	N/A	N/A	N/A
Total capital ratio	**18.5%**	17.5%	N/A	N/A	N/A
Permanent capital ratio	**18.3%**	17.3%	N/A	N/A	N/A
Tier 1 leverage ratio	**20.5%**	19.7%	N/A	N/A	N/A
Capital ratios effective prior to 2017:					
Permanent capital ratio	**N/A**	N/A	17.2%	16.6%	16.2%
Total surplus ratio	**N/A**	N/A	17.1%	16.5%	16.0%
Core surplus ratio	**N/A**	N/A	17.1%	16.5%	16.0%
Net Income Distributed					
Patronage distributions payable to members	**$ 42,500**	$ 34,530	$ 21,000	$ 15,000	$ 12,000

The patronage distribution to members accrued for the year ended December 31, 2018, is distributed in cash during the first quarter of 2019. The patronage distributions accrued for the years ended December 31, 2017, 2016, 2015, and 2014, were distributed in cash during the first quarter of the subsequent year. The patronage distribution payable in 2017 included $31.0 million payable to AgCountry patrons and $3.5 million payable to United patrons, by resolution of the United Board prior to merger with United on July 1, 2017.

See Note 7 for an explanation of changes to capital ratios in the chart above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AgCountry Farm Credit Services, ACA

The following commentary reviews the consolidated financial condition and consolidated results of operations of AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA and provides additional specific information. The accompanying Consolidated Financial Statements and Notes to the Consolidated Financial Statements also contain important information about our financial condition and results of operations.

The Farm Credit System (System) is a nationwide system of cooperatively owned banks and associations established by Congress to meet the credit needs of American agriculture. As of January 1, 2019, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 69 customer-owned cooperative lending institutions (associations). The System serves all 50 states, Washington D.C., and Puerto Rico. This network of financial cooperatives is owned and governed by the rural customers the System serves.

AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). We are an association in the District.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System. The Farm Credit System Insurance Corporation (FCSIC) ensures the timely payment of principal and interest on Systemwide debt obligations and the retirement of protected borrower capital at par value.

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment. To request free copies of AgriBank financial reports, contact us at:

AgCountry Farm Credit Services, ACA
Post Office Box 6020
Fargo, ND 58108-6020
(701) 282-9494
www.agcountry.com
acndinternet@agcountry.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.agribank.com
financialreporting@agribank.com

Our Annual Report is available on our website no later than 75 days after the end of the calendar year and members are provided a copy of such report no later than 90 days after the end of the calendar year. The Quarterly Reports are available on our website no later than 40 days after the end of each calendar quarter. To request free copies of our Annual or Quarterly Reports, contact us as stated above.

MERGER ACTIVITY

The merger between AgCountry Farm Credit Services, ACA (AgCountry) and United FCS, ACA (United) was effective July 1, 2017. The merged entity, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, ND. The effects of the merger with United are included in our financial position at December 31, 2018, and 2017. Results of operations and equity reflect the results of AgCountry prior to July 1, 2017, and the merged Association after July 1, 2017.

FORWARD-LOOKING INFORMATION

This Annual Report includes forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipate", "believe", "estimate", "may", "expect", "intend", "outlook", and similar expressions are used to identify such forward-looking statements. These statements reflect our current views with respect to future events. However, actual results may differ materially from our expectations due to a number of risks and uncertainties which may be beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory, financial markets, international, and economic conditions and developments in the United States (U.S.) and abroad,
- economic fluctuations in the agricultural and farm-related business sectors,
- unfavorable weather, disease, and other adverse climatic or biological conditions that periodically occur and impact agricultural productivity and income,
- changes in U.S. government support of the agricultural industry and the System as a government-sponsored enterprise, as well as investor and rating agency actions relating to events involving the U.S. government, other government-sponsored enterprises, and other financial institutions,
- actions taken by the Federal Reserve System in implementing monetary policy,
- credit, interest rate, and liquidity risks inherent in our lending activities, and
- changes in our assumptions for determining the allowance for loan losses, and fair value measurements.

AGRICULTURAL AND ECONOMIC CONDITIONS

World Gross Domestic Product (GDP) is projected to grow 3.4% in 2018 compared to 3.3% in 2017. The United States is expected to be the main driver of the world economy. GDP growth in China and India is forecast to be strong. However, China's GDP is forecast to continue to decline from 6.9% in 2017 to 6.8% in 2018. India's GDP is forecast to grow 7.3% in 2018 compared with growth of 7.1% in 2017. Japanese companies that sell goods overseas are facing uncertainty from escalating global trade tensions, resulting in an economic forecast of 1.5% growth in 2018 compared with 1.7% in 2017. GDP growth of 1.0% is forecast in Latin America. The Brazilian economy is forecast to grow 2.0% in 2018 based on increased consumption and export growth. Due to high inflation and high interest rates, the Argentine economy is forecast to decline 0.2% in 2018. The Canadian economic growth rate is forecast to be 2.2% in

2018, down from 3.1% growth in 2017, with consumption and business spending appearing to lead growth. In Mexico, growth is forecast at 2.4% in 2018 compared with 2.0% in 2017. The forecast is in line with the economic decline during the second quarter, lackluster investment and slowing domestic consumption. GDP growth of 2.2% is forecast for the Eurozone in 2018 compared with 2.4% in 2017. GDP growth is expected to be down in France, Spain, Portugal, Austria, and Ireland.

U.S. economic fundamentals are expected to improve in 2018, with much stronger growth of 3.0% compared with 2.2% in 2017. Uncertainty regarding the impact of the government shutdown, trade policy actions under the Trump administration, and trade retaliation continues. GDP increased at an annual rate of 4.2% in the second quarter of 2018. In the first quarter of 2018, real GDP increased 2.2%. The unemployment rate is expected to drop to 3.9% in 2018 and 3.3% in 2019, which is lower than the Fed's 6.7% target. The magnitude of the impact of the administration's tariffs depends on whether they turn out to be temporary or permanent. Temporary trade restrictions might slow growth for a year or two, however, permanent restrictions could have a more substantial longer term effect on the economy.

Information received since the Federal Open Market Committee (Committee) met in November indicates the labor market has continued to strengthen and economic activity has been rising at a strong rate. Average job gains have been strong in recent months, and the unemployment rate has stayed low. Household spending has continued to grow, while growth of business fixed investment has moderated from its rapid pace earlier in the year. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2.0%. Indicators of longer-term inflation expectations are largely unchanged.

In view of realized and expected labor market conditions and inflation, the Committee decided to raise the target range for the federal funds rate to the range of 2.25% to 2.50% at its December meeting.

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its maximum employment objective and its symmetric 2.0% inflation objective. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. The Committee expects that further gradual increases in the target range for the federal funds rate will be consistent with sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2.0% objective over the medium term.

Net farm income is forecast at $65.7 billion, a decrease of $9.8 billion or 13.0% from 2017, the lowest net farm income level in nominal dollar terms since 2006. Net cash farm income is forecast at $91.5 billion, a decrease of $12.5 billion or 12.0% from 2017. Falling net farm income is largely the result of low commodity prices. Farm cash receipts are forecast to remain nearly stable in 2018 at $374.0 billion. Both livestock and crop receipts are forecast to be relatively unchanged from 2017 as increases in receipts for some commodities are offset by declines in others. Production expenses are forecast to increase substantially in 2018 to $326.7 billion, an increase of $11.9 billion or 3.4%, with increases expected in fuel and oil expenditures, interest, and labor costs.

Specific Production Conditions

There was a wide range of crop yields across the Association in 2018. Southern areas experienced excessive rainfall, limiting production, while the northwest had promising soybean stands dry up with limited to no rainfall from July 1st through harvest. Weather related events were not experienced association wide, which resulted in some areas experiencing average to above average production.

Corn, soybeans, wheat and sugar beets continue to be the primary cash crops produced in our territory.

Corn: Total U.S. corn production for 2018/19 is estimated at 14.6 billion bushels. Ending stocks are forecast at 1.8 billion bushels compared to 2.1 billion bushels estimated in 2017. The projected 2018/19 average farm price for corn is estimated at $3.25 to $3.95 per bushel. Projected world ending stocks are estimated at 308.8 million metric tons, a decrease from 340.2 million metric tons estimated in 2017.

Soybeans: Total U.S. oilseed production for 2018/19 is estimated at 135.5 million tons, a slight increase from prior estimates due to a small increase in cottonseed production. Ending stocks are projected at a record 955.0 million bushels. USDA is forecasting the 2018/19 national season-average price for soybeans at $7.85 to $9.35 per bushel. Projected world ending stocks are estimated at 115.3 million metric tons, an increase from 101.3 million metric tons estimated in 2017.

Sugar Beets: U.S. beet sugar production for 2018/19 is forecast at 4.9 million short tons, raw value (STRV), a decrease from prior month due to lower projected sucrose recovery from sliced beets. Projected beginning stocks have decreased 44,694 STRV based on a cane processor revision for 2017/18 ending stocks.

Imports from Mexico for 2018/19 are forecast to increase 0.3 million STRV to 1.1 million based on a forecasted increase in U.S. needs, as defined in the amended Suspension Agreement. U.S. sugar exports are estimated to decrease 50,000 STRV to 35,000 STRV due to reduced import demand from Mexico. Deliveries for human consumption are estimated to decrease by 50,000 STRV to 12.1 million STRV based on industry-reported softening sales. Projected ending stocks are 1.7 million STRV for a stocks-to-use ratio of 13.5%, an increase from the prior month's forecast of 11.3%. U.S. raw sugar prices are estimated at $0.25 per pound.

Wheat: Total U.S. wheat production for 2018/19 is forecast at 1.9 billion bushels. Projected U.S. ending stocks are 974.0 million bushels compared to 1.1 billion bushels estimated in 2017. Global wheat production for 2018/19 is projected at 733.4 million metric tons. Projected global ending stocks are forecast at 268.1 million metric tons compared to 279.9 million metric tons estimated in 2017. USDA forecasts the season-average farm prices for wheat to be $5.05 to $5.25 per bushel.

Cattle: Packer demand has accelerated the pace of fed cattle slaughtered in the fourth quarter of 2018 resulting in a slightly higher beef production forecast for 2018 at 26.9 billion pounds. Projections for 2019 have been lowered due to anticipated lower carcass weights in early 2019, with estimated production at 27.8 billion pounds. Forecasts for beef imports have been lowered for both 2018 and 2019 while expected export forecasts have increased due to strong feedlot demand in Canada. Price forecast for feeder steers in the fourth quarter is $146 to $149 per cwt. The 2019 annual price forecast is $140 to $151 per cwt. Price forecast for fed steers in the fourth quarter is $113 to $116 per cwt. The 2019 annual price forecast is $114 to $122 per cwt.

Hogs: The December 20, 2018, Quarterly Hogs and Pigs report from USDA reports the market hog inventory at 68.2 million head, an increase of 2% from the prior year and a decrease of 1% from the prior quarter. USDA reports the breeding inventory at 6.3 million head representing an increase of 2% from the prior year, yet slightly lower than the previous quarter. Total all hogs and pig inventory is reported at 74.6 million head, an increase of 2% from prior year although down 1% from the previous quarter. The September to November 2018 pig crop, reported at 34.0 million head, is an increase of 2% from prior year. Sows farrowing during this period totaled 3.2 million head, an increase of 2% from prior year. The average pigs saved per litter was a record high 10.8 for the September to November 2018 time period compared to 10.7 in the prior year.

Dairy: Milk production projections have been lowered from previous forecasts to 217.8 billion pounds and 220.6 billion pounds for 2018 and 2019, respectively, resulting from lower expected milk prices. Cheese price forecasts for 2018 and 2019 have also been lowered substantially due to recent price data, high stock levels, and relatively weak domestic use. The all-milk price forecast decreased from previous estimates and is projected at $16.15 to $16.25 per cwt for 2018 and $16.40 to $17.20 per cwt for 2019.

Ethanol: The EPA released their final ruling on Renewable Volume Obligations (RVOs) on November 30, 2018. The RVOs are essentially the gallons of ethanol that blenders must blend into the fuel supply to ensure compliance under the Renewable Fuel Standards (RFS). Blending requirements for 2019 increased for Cellulosic Biofuel and Advanced Biofuel. Renewable Fuel, which is corn-based ethanol, remained constant. The ethanol industry produced over a billion barrels of ethanol per day throughout 2018 resulting in an oversupplied market. Demand has slowed due to winter driving causing margin compression in the industry. Improvement in margins is expected in May 2019 when the summer driving season starts, resulting in increased demand for gas and ethanol.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $7.2 billion at December 31, 2018, an increase of $158.7 million from December 31, 2017.

Components of Loans

(in thousands)

As of December 31	2018	2017	2016
Accrual loans:			
Real estate mortgage	**$ 3,069,452**	$ 2,866,146	$ 1,952,401
Production and intermediate-term	**2,043,317**	2,265,578	1,667,772
Agribusiness	**1,585,427**	1,474,242	1,119,204
Other	**522,118**	458,164	304,970
Nonaccrual loans	**29,490**	27,022	12,246
Total loans	**$ 7,249,804**	$ 7,091,152	$ 5,056,593

The other category is primarily comprised of energy, communication, agricultural export finance, and rural residential real estate related loans.

The increase in total loans from December 31, 2017, was primarily due to growth in our real estate mortgage portfolio. On December 1, 2018, a 100% participation interest in production and intermediate-term loans associated with the ProPartners Financial (ProPartners) alliance totaling $213.4 million was sold to AgriBank.

We offer variable, fixed, indexed, and adjustable interest rate loan and lease programs to our borrowers**.** We determine interest margins charged on each lending program based on cost of funds, credit risk, market conditions, and the need to generate sufficient earnings.

We have sold to AgriBank participation interests in certain loans as part of pool programs. The total outstanding participation interests in these programs were $492.0 million, $350.2 million, and $228.1 million at December 31, 2018, 2017, and 2016, respectively.

Portfolio Distribution

We are chartered to serve eighteen counties in North Dakota, thirty-five counties in Minnesota and twelve counties in Wisconsin. Approximately 26.6% of our total loan portfolio was in twelve counties in our territory bordering the Red River in North Dakota and Minnesota at December 31, 2018. Our territory is geographically dispersed as no other counties in our territory had more than 5.0% concentration in loans. Based upon volume, approximately 32.3%, 37.4%, and 6.7% of our loans are to borrowers in the states of North Dakota, Minnesota, and Wisconsin, respectively, at December 31, 2018. We purchase the remainder of our portfolio outside of North Dakota, Minnesota, and Wisconsin to support rural America and to diversify our portfolio risk.

Agricultural Concentrations

As of December 31	2018	2017	2016
Cash grains	**47.2%**	50.2%	52.7%
Sugar beets	**10.6%**	10.0%	11.5%
Fertilizer and farm supply	**9.0%**	8.2%	9.1%
Livestock	**7.0%**	6.5%	6.1%
Dairy	**6.5%**	6.7%	3.9%
Food and beverage	**3.5%**	2.3%	2.1%
Rural electric and utilities	**3.4%**	2.9%	3.3%
Ethanol	**3.2%**	3.0%	4.0%
Forestry	**3.1%**	3.1%	2.9%
Telecom	**1.9%**	1.9%	1.5%
Poultry and eggs	**1.1%**	1.3%	0.8%
Other	**3.5%**	3.9%	2.1%
Total	**100.0%**	100.0%	100.0%

Commodities are based on the borrower's primary intended commodity at the time of loan origination and may change due to borrower business decisions as a result of changes in weather, prices, input costs, and other circumstances.

Our production and intermediate-term loan portfolio exhibits some seasonality relating to patterns of operating loans made to crop producers. These loans are normally at their lowest levels following the harvest and then increase in the spring and throughout the rest of the year as borrowers fund operating needs.

Portfolio Credit Quality

The credit quality of our portfolio remained relatively stable from December 31, 2017. Adversely classified loans decreased to 2.6% of the portfolio at December 31, 2018, from 2.7% of the portfolio at December 31, 2017. Adversely classified loans are loans we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In certain circumstances, Federal Agricultural Mortgage Corporation (Farmer Mac) and government agency guarantee programs are used to reduce the risk of loss. At December 31, 2018, $298.7 million of our loans were, to some level, guaranteed under these government programs.

Risk Assets

Components of Risk Assets

(dollars in thousands)

As of December 31	2018	2017	2016
Loans:			
Nonaccrual	**$ 29,490**	$ 27,022	$ 12,246
Accruing restructured	**503**	30	1,765
Accruing loans 90 days or more past due	**6,661**	--	59
Total risk loans	**36,654**	27,052	14,070
Other property owned	**274**	115	--
Total risk assets	**$ 36,928**	$ 27,167	$ 14,070
Total risk loans as a percentage of total loans	**0.5%**	0.4%	0.3%
Nonaccrual loans as a percentage of total loans	**0.4%**	0.4%	0.2%
Current nonaccrual loans as a percentage of total nonaccrual loans	**70.4%**	67.0%	64.9%
Total delinquencies as a percentage of total loans	**0.3%**	0.2%	0.2%

Note: Accruing loans include accrued interest receivable.

Our risk assets have increased from December 31, 2017, but have remained at acceptable levels. Despite the increase in risk assets, total risk loans as a percentage of total loans were well within our established risk management guidelines.

The increase in nonaccrual loans was primarily due to two customers in our agribusiness portfolio. Nonaccrual loans remained at an acceptable level at December 31, 2018, 2017, and 2016.

The increase in accruing restructured loans was primarily the result of upgrading one nonaccrual relationship in our real estate mortgage loan category to accrual status.

The increase in accruing loans 90 days or more past due was primarily due to a customer in our real estate mortgage portfolio. Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans inherent in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on the periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Allowance Coverage Ratios

As of December 31	**2018**	2017	2016
Allowance as a percentage of:			
Loans	**0.2%**	0.2%	0.3%
Nonaccrual loans	**60.3%**	58.5%	116.6%
Total risk loans	**48.6%**	58.5%	101.5%
Net charge-offs as a percentage of average loans	**0.0%**	0.0%	0.1%
Adverse assets to risk funds	**12.1%**	13.5%	14.6%

Note: Risk funds includes permanent capital and allowance for loan losses.

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at December 31, 2018.

Additional loan information is included in Notes 3, 10, 11, and 12 to the accompanying Consolidated Financial Statements.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands)

For the year ended December 31	**2018**	2017	2016
Net income	**$ 170,106**	$ 132,868	$ 105,620
Return on average assets	**2.3%**	2.1%	2.0%
Return on average members' equity	**10.4%**	9.7%	9.4%

Changes in the chart above relate directly to:

- changes in income discussed below,
- changes in assets discussed in the Loan Portfolio, and
- changes in capital discussed in the Capital Adequacy section.

Changes in Significant Components of Net Income

	For the year ended December 31			Increase (decrease) in net income	
(in thousands)	**2018**	2017	2016	**2018 vs 2017**	2017 vs 2016
Net interest income	**$ 197,240**	$ 165,129	$ 131,193	**$ 32,111**	$ 33,936
Provision for credit losses	**2,470**	3,053	4,088	**583**	1,035
Patronage income	**40,668**	34,086	18,204	**6,582**	15,882
Other income, net	**46,890**	39,325	39,050	**7,565**	275
Operating expenses	**113,987**	101,136	79,034	**(12,851)**	(22,102)
(Benefit from) provision for income taxes	**(1,765)**	1,483	(295)	**3,248**	(1,778)
Net income	**$ 170,106**	$ 132,868	$ 105,620	**$ 37,238**	$ 27,248

Net Interest Income

Changes in Net Interest Income

(in thousands)

For the year ended December 31	**2018 vs 2017**	2017 vs 2016
Changes in volume	**$ 30,566**	$ 29,120
Changes in interest rates	**398**	4,419
Changes in nonaccrual income and other	**1,147**	397
Net change	**$ 32,111**	$ 33,936

Net interest income included income on nonaccrual loans that totaled $2.5 million, $1.4 million, and $1.0 million in 2018, 2017, and 2016, respectively. Nonaccrual income is recognized when received in cash, collection of the recorded investment is fully expected, and prior charge-offs have been recovered, or when the loan is paid in full.

Net interest margin (net interest income as a percentage of average earning assets) was 2.7%, 2.7%, and 2.6% in 2018, 2017, and 2016, respectively. Our net interest margin is sensitive to interest rate changes and competition.

Provision for Credit Losses

The provision for credit losses in the Consolidated Statements of Comprehensive Income includes a provision for loan losses and a provision for credit losses on unfunded commitments. The provision for loan losses of $2.7 million at December 31, 2018, is primarily due to growth in our loan portfolio combined with a decline in overall portfolio credit quality. During 2018, a $0.2 million reversal of provision for credit losses on unfunded commitments was recorded primarily due to the sale of the ProPartners portfolio on December 1, 2018. Additional discussion is included in Note 3 to the accompanying Consolidated Financial Statements.

Patronage Income

We may receive patronage from AgriBank and other Farm Credit Institutions. Patronage distributions from AgriBank and other Farm Credit Institutions are declared solely at the discretion of each institution's Board of Directors.

Patronage Income

(in thousands)

For the year ended December 31	**2018**	2017	2016
Wholesale patronage	**$ 31,385**	$ 26,737	$ 12,627
Pool program patronage	**9,006**	7,229	5,414
Other Farm Credit Institutions	**277**	120	163
Total patronage income	**$ 40,668**	$ 34,086	$ 18,204

Wholesale patronage income is based on the average balance of our note payable to AgriBank. The patronage rates were 54.1 basis points, 52.1 basis points, and 25.6 basis points in 2018, 2017, and 2016, respectively. The increase in the patronage rate in 2017 was primarily due to a change in AgriBank's capital plan effective July 1, 2017. The capital plan was modified to pay out 100% of net earnings beginning in 2017. Previously, 50% of net earnings was paid. See the Relationship with AgriBank section for further discussion on patronage income.

We have participated in pool programs in which we sell participation interests in certain loans to AgriBank. As part of these programs, we received patronage income in an amount that approximated the net earnings of the loans. Net earnings represents the net interest income associated with these loans adjusted for certain fees and costs specific to the related loans as well as adjustments deemed appropriate by AgriBank related to the credit performance of the loans, as applicable. The patronage recorded in 2018 included $0.3 million of our share of distributions from the Allocated Insurance Reserve Accounts (AIRA) related to the participations sold to AgriBank. The AIRA was established by the FCSIC when premiums collected increased the level of the Insurance Fund beyond the required secured base amount of 2.0% of insured debt.

Other Income, Net

The increase in other income, net was primarily due to a $4.1 million AIRA distribution and miscellaneous income.

The AIRA was established by the FCSIC when premiums collected increased the level of the Insurance Fund beyond the required secured base amount of 2.0% of insured debt. There were no AIRA distributions in 2017 or 2016.

Operating Expenses

Components of Operating Expenses

(dollars in thousands)

For the year ended December 31	**2018**	2017	2016
Salaries and employee benefits	**$ 67,289**	$ 59,407	$ 45,769
Purchased and vendor services	**16,824**	14,532	9,818
Communications	**1,229**	971	881
Occupancy and equipment	**7,838**	6,147	5,020
Advertising and promotion	**2,312**	1,711	1,208
Examination	**2,306**	1,800	1,516
Farm Credit System insurance	**5,339**	7,489	7,235
Other	**10,850**	9,079	7,587
Total	**$ 113,987**	$ 101,136	$ 79,034
Less: Related services and certain miscellaneous income, net	**40,572**	39,834	33,609
Net operating expense	**$ 73,415**	$ 61,302	$ 45,425
Net Operating rate	**1.0%**	1.0%	0.9%

The calculation of net operating rate is operating expenses less financially related services and certain miscellaneous income as a percentage of average earning assets.

Salaries and employee benefits expense, along with most other expense categories, increased primarily due to the merger with United.

The Farm Credit System insurance expense decreased in 2018 primarily due to a lower premium rate charged by FCSIC on accrual loans from 15 basis points in 2017 to 9 basis points in 2018. The FCSIC has announced premiums will remain unchanged at 9 basis points for 2019. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

(Benefit from) Provision for Income Taxes

The variance in (benefit from) provision for income taxes was related to our estimate of prior year taxes based on taxable income. Patronage distributions to members reduced our tax liability in 2018, 2017, and 2016. Additional discussion is included in Note 8 to the accompanying Consolidated Financial Statements.

FUNDING AND LIQUIDITY

We borrow from AgriBank, under a note payable, in the form of a line of credit, as described in Note 6 to the accompanying Consolidated Financial Statements. This line of credit is our primary source of liquidity and is used to fund operations and meet current obligations. At December 31, 2018, we had $1.4 billion available under our line of credit. We generally apply excess cash to this line of credit.

Note Payable Information

(dollars in thousands)

For the year ended December 31	**2018**	2017	2016
Average balance	**$ 5,792,936**	$ 4,891,355	$ 4,124,471
Average interest rate	**2.4%**	1.8%	1.4%

The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and because we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from unallocated surplus.

We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac, a System institution, to help manage credit risk. If a loan covered by the agreement goes into default, subject to certain conditions, we have the right to sell the loan to Farmer Mac. This agreement remains in place until the loan is paid in full. The guaranteed principal amount of loans subject to the purchase agreement was $116.5 million, $127.2 million, and $42.7 million at December 31, 2018, 2017, and 2016, respectively. We paid Farmer Mac commitment fees totaling $0.4 million, $0.3 million, and $0.2 million in 2018, 2017, and 2016, respectively. These amounts are included in “Other operating expenses” in the Consolidated Statements of Comprehensive Income. During 2018, no loans were sold to Farmer Mac under this agreement.

CAPITAL ADEQUACY

Total members’ equity was $1.7 billion, $1.6 billion, and $1.2 billion at December 31, 2018, 2017, and 2016, respectively. Total members’ equity increased $126.9 million from December 31, 2017, primarily due to net income for the year partially offset by patronage distribution accruals. Accumulated other comprehensive loss is the impact of prior service cost and unamortized actuarial gain/loss related to the Pension Restoration Plan and an equity adjustment of our investment in FPI, Inc. also related to pension activities. Additional Pension Restoration Plan information is included in Note 9 to the accompanying Consolidated Financial Statements.

Effective January 1, 2017, the FCA Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage.

Regulatory Capital Requirements and Ratios

As of December 31	**2018**	2017	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**18.2%**	17.2%	4.5%	2.5%*	7.0%
Tier 1 capital ratio	**18.2%**	17.2%	6.0%	2.5%*	8.5%
Total capital ratio	**18.5%**	17.5%	8.0%	2.5%*	10.5%
Permanent capital ratio	**18.3%**	17.3%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**20.5%**	19.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**21.3%**	20.4%	1.5%	N/A	1.5%

*The 2.5% capital conservation buffer over risk-adjusted ratio minimums is being phased in over three years under the FCA capital requirements. The phase in period ends on December 31, 2019.

Our capital plan is designed to maintain an adequate amount of surplus and allowance for loan losses, representing our reserve to capitalize our association, future growth, and for adversity prior to impairment of stock. We manage our capital to allow us to meet member needs and protect member interests, both now and in the future.

Additional discussion of these regulatory ratios is included in Note 7 to the accompanying Consolidated Financial Statements.

Capital ratios are directly impacted by changes in capital, assets, and off-balance sheet commitments. Refer to the Loan Portfolio section for further discussion of the changes in assets. Additional members' equity information is included in Note 7 to the accompanying Consolidated Financial Statements. Refer to Note 10 in our Annual Report for the year ended December 31, 2016, for a more complete description of the ratios effective as of December 31, 2016. We were in compliance with the minimum required capital ratios as of December 31, 2016.

In addition to these regulatory requirements, we establish an optimum common equity tier 1 (CET1) target range. This target allows us to maintain a capital base adequate for future growth and investment in new products and services. The target is subject to revision as circumstances change. Our optimum CET1 target range was 10% to 18%, as defined in our 2019 capital plan.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. We do not foresee any events that would result in this prohibition in 2019.

RELATIONSHIP WITH AGRIBANK

Borrowing

We borrow from AgriBank to fund our lending operations in accordance with the Farm Credit Act. Approval from AgriBank is required for us to borrow elsewhere. A General Financing Agreement (GFA), as discussed in Note 6 to the accompanying Consolidated Financial Statements, governs this lending relationship.

The components of cost of funds under the GFA include:

- A marginal cost of debt component,
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit, and
- A risk premium component, if applicable.

In the periods presented, we were not subject to the risk premium component. Certain factors may impact our cost of funds, which primarily include market interest rate changes impacting marginal cost of debt as well as changes to pricing methodologies impacting the spread components described above.

The marginal cost of debt approach simulates matching the cost of underlying debt with similar terms as the anticipated terms of our loans to borrowers. This approach substantially protects us from market interest rate risk. We may occasionally engage in funding strategies that result in limited interest rate risk within established AgCountry policy and with approval of AgriBank's Asset/Liability Committee.

Investment

We are required to invest in AgriBank capital stock as a condition of borrowing. This investment may be in the form of purchased stock or stock representing distributed AgriBank surplus. As of December 31, 2018, we were required by AgriBank to maintain an investment equal to 2.25% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate.

We are also required to hold additional investment in AgriBank based on contractual agreements under pool programs**.**

Patronage

AgriBank's 2018 capital plan is intended to provide for adequate capital at AgriBank under capital regulations as well as to create a path to long-term capital optimization within the AgriBank District. The plan optimizes capital at AgriBank; distributing available AgriBank earnings in the form of patronage, either cash or stock. The plan is designed to maintain capital adequacy such that sufficient earnings will be retained in the form of unallocated retained earnings and allocated stock to meet the leverage ratio target and other regulatory or policy constraints prior to any cash patronage distributions.

We receive the following types of discretionary patronage from AgriBank:

- Wholesale patronage including:
  - Patronage on our note payable with AgriBank
  - Equalization patronage based on our excess stock in AgriBank
- Pool program patronage based on the net earnings of loan participation interests sold to AgriBank

Beginning in 2017, wholesale patronage income earned may be paid in cash and AgriBank stock. Wholesale patronage income for 2018, 2017, and 2016, was paid in cash. All pool program patronage distributions were paid in cash.

Purchased Services

We purchase various services from AgriBank. The services include financial reporting services, tax reporting services, technology services, insurance services, and internal audit services.

The total cost of services we purchased from AgriBank was $0.5 million, $0.8 million, and $0.3 million in 2018, 2017, and 2016, respectively.

Impact on Members' Investment

Due to the nature of our financial relationship with AgriBank, the financial condition and results of operations of AgriBank materially impact our members' investment.

OTHER RELATIONSHIPS AND PROGRAMS

Relationships with Other Farm Credit Institutions

AgCountry CFG: We are the majority owner and facilitator of the AgCountry CFG, formerly FCS Commercial Finance Group, alliance with certain other associations in the AgriBank District to better meet the financial needs of agricultural producers and agribusiness operations. AgCountry CFG is directed by representatives from participating associations. The income, expense, and credit risks are allocated based on each association's participation interest in AgCountry CFG loans and leases. Each association determines its commitment for new loan and lease opportunities based on its capacity and preferences. We had $1.7 billion, $1.6 billion, and $1.1 billion of AgCountry CFG loan and lease volume at December 31, 2018, 2017, and 2016, respectively. We also had $859.5 million of available commitment on AgCountry CFG loans at December 31, 2018.

As the facilitating association for AgCountry CFG, we assess the other owners a facilitation fee for various support functions. This includes human resources, accounting, payroll, reporting, and other finance functions. We also serve as the primary originating association for AgCountry CFG participation purchases and sales.

The FCS Commercial Finance Group name was changed to AgCountry CFG in December 2018.

ProPartners Financial: We participate in ProPartners with certain other associations in the Farm Credit System to provide producer financing through agribusinesses that sell crop inputs. ProPartners is directed by representatives from participating associations. Through November 30, 2018, the income, expense, and credit risks were allocated based on each association's participation interest of the ProPartners volume. Each association's allocation was established based on mutual agreement of the owners. We had $174.0 million and $141.1 million of ProPartners volume at December 31, 2017, and 2016, respectively. On December 1, 2018, we sold to AgriBank our entire interest in the loans associated with ProPartners. As part of this program we receive discretionary patronage income from AgriBank that approximates the net earnings of the loans on an ongoing basis. AgriBank immediately purchases a 100% participation interest in all new ProPartners loans.

Federal Agricultural Mortgage Corporation: We have entered into a Standby Commitment to Purchase Agreement with Farmer Mac. This agreement allows us to sell loans identified under the agreement to Farmer Mac. Refer to the Funding and Liquidity section for further discussion of this agreement.

Farm Credit Leasing Services Corporation: We have an agreement with Farm Credit Leasing Services Corporation (FCL), a System service corporation, which specializes in leasing products and provides industry expertise whereby new leases are originated and serviced by FCL. We purchase a participation interest in the cash flows of the transaction. This arrangement provides our members with a broad selection of product offerings and enhanced lease expertise.

CoBank, ACB: We have a relationship with CoBank, ACB (CoBank), a System bank, which involves both purchasing and selling participation interests in loans. As part of this relationship, our equity investment in CoBank was $1.5 million, $1.4 million, and $1.1 million at December 31, 2018, 2017, and 2016, respectively.

Farm Credit Foundations: We have a relationship with Farm Credit Foundations (Foundations), a System service corporation, which involves purchasing human resource information systems, and benefit, payroll, and workforce management services. As of December 31, 2018, 2017, and 2016, our investment in Foundations was $0.1 million. The total cost of services we purchased from Foundations was $0.5 million, $0.4 million, and $0.3 million in 2018, 2017, and 2016, respectively.

Farm Credit Financial Partners, Inc.: Our customer relationship, reporting, internet, network security, loan accounting, loan origination, and general ledger systems are provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an equity investment in FPI of $4.0 million, $4.8 million, and $2.8 million as of December 31, 2018, 2017, and 2016, respectively. The total cost of services we purchased from FPI was $13.4 million, $11.6 million, and $8.3 million in 2018, 2017, and 2016, respectively.

Rural Business Investment Company: We and other Farm Credit Institutions are among the limited partners for Rural Business Investment Companies (RBICs). Refer to Note 5 to the accompanying Consolidated Financial Statements for further discussion.

Programs

We are involved in a number of programs designed to improve our technology platform, credit delivery, related services, and marketplace presence.

Equipment Financing: We have entered into agreements with certain dealer networks to provide alternative service delivery channels to borrowers. These trade credit opportunities create more flexible and accessible financing options to borrowers through dealer point-of-purchase financing programs.

Farm Cash Management: We offer Farm Cash Management to our members. Farm Cash Management links members' revolving lines of credit with an AgriBank investment bond to optimize members' use of funds.

REGULATORY MATTERS

Investment Securities Eligibility

In May 2018, the FCA Board approved a final rule to revise the requirements governing the eligibility of investment securities for System banks and associations. The new regulation revises the eligibility purpose, type, and amount of investments that a System association may hold. The regulation was effective January 1, 2019. We currently do not have investment securities on our Consolidated Statements of Condition.

REPORT OF MANAGEMENT

AgCountry Farm Credit Services, ACA

We prepare the Consolidated Financial Statements of AgCountry Farm Credit Services, ACA (the Association) and are responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Consolidated Financial Statements, in our opinion, fairly present the financial condition of the Association. Other financial information included in the Annual Report is consistent with that in the Consolidated Financial Statements.

To meet our responsibility for reliable financial information, we depend on accounting and internal control systems designed to provide reasonable, but not absolute assurance that assets are safeguarded and transactions are properly authorized and recorded. Costs must be reasonable in relation to the benefits derived when designing accounting and internal control systems. Financial operations audits are performed to monitor compliance. PricewaterhouseCoopers LLP, our independent auditors, audit the Consolidated Financial Statements. They also consider internal controls to the extent necessary to design audit procedures that comply with auditing standards generally accepted in the United States of America. The Farm Credit Administration also performs examinations for safety and soundness as well as compliance with applicable laws and regulations.

The Board of Directors has overall responsibility for our system of internal control and financial reporting. The Board of Directors and its Audit Committee consults regularly with us and meets periodically with the independent auditors and other auditors to review the scope and results of their work. The independent auditors have direct access to the Board of Directors, which is composed solely of directors who are not officers or employees of the Association.

The undersigned certify we have reviewed the Association's Annual Report, which has been prepared in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Leif Aakre
Chairperson of the Board
AgCountry Farm Credit Services, ACA

Marcus L. Knisely
Chief Executive Officer
AgCountry Farm Credit Services, ACA

Jeremy W. Oliver
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 4, 2019

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

AgCountry Farm Credit Services, ACA

The AgCountry Farm Credit Services, ACA (the Association) principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of December 31, 2018. In making the assessment, management used the 2013 framework in Internal Control — Integrated Framework, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of December 31, 2018, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of December 31, 2018.

Marcus L. Knisely
Chief Executive Officer
AgCountry Farm Credit Services, ACA

Jeremy W. Oliver
Chief Financial Officer
AgCountry Farm Credit Services, ACA

March 4, 2019

REPORT OF AUDIT COMMITTEE

AgCountry Farm Credit Services, ACA

The Consolidated Financial Statements were prepared under the oversight of the Audit Committee. The Audit Committee is composed of a subset of the Board of Directors of AgCountry Farm Credit Services, ACA (the Association). The Audit Committee oversees the scope of the Association's internal audit program, the approval, and independence of PricewaterhouseCoopers LLP (PwC) as independent auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's actions with respect to recommendations arising from those auditing activities. The Audit Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter.

Management is responsible for internal controls and the preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Consolidated Financial Statements in accordance with auditing standards generally accepted in the United States of America and to issue their report based on their audit. The Audit Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Audit Committee reviewed and discussed the audited Consolidated Financial Statements for the year ended December 31, 2018, with management. The Audit Committee also reviewed with PwC the matters required to be discussed by Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, and both PwC and the internal auditors directly provided reports on any significant matters to the Audit Committee.

The Audit Committee had discussions with and received written disclosures from PwC confirming its independence. The Audit Committee also reviewed the non-audit services provided by PwC, if any, and concluded these services were not incompatible with maintaining PwC's independence. The Audit Committee discussed with management and PwC any other matters and received any assurances from them as the Audit Committee deemed appropriate.

Based on the foregoing review and discussions, and relying thereon, the Audit Committee recommended that the Board of Directors include the audited Consolidated Financial Statements in the Annual Report for the year ended December 31, 2018.

Jack Hansen

Jack Hansen
Chairperson of the Audit Committee
AgCountry Farm Credit Services, ACA

Members of the Audit Committee:
Suzanne Allen, Vice Chair
Justin Dagen
Kurt Elliott
Michael Long
Lynn Pietig
Brad Sunderland

March 4, 2019

pwc

Report of Independent Auditors

To the Board of Directors of AgCountry Farm Credit Services, ACA,

We have audited the accompanying Consolidated Financial Statements of AgCountry Farm Credit Services, ACA and its subsidiaries (the Association), which comprise the consolidated statements of condition as of December 31, 2018, 2017, and 2016, and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of AgCountry Farm Credit Services, ACA and its subsidiaries as of December 31, 2018, 2017, and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 4, 2019

PricewaterhouseCoopers LLP, 45 South Seventh Street, Suite 3400, Minneapolis, MN 55402
T: (612) 596 6000, www.pwc.com/us

CONSOLIDATED STATEMENTS OF CONDITION

AgCountry Farm Credit Services, ACA

(in thousands)

As of December 31	2018	2017	2016
ASSETS			
Loans	**$ 7,249,804**	$ 7,091,152	$ 5,056,593
Allowance for loan losses	**17,796**	15,818	14,284
Net loans held to maturity	**7,232,008**	7,075,334	5,042,309
Finance leases held for sale	**--**	--	70,356
Net loans	**7,232,008**	7,075,334	5,112,665
Investment in AgriBank, FCB	**184,727**	156,408	111,196
Accrued interest receivable	**92,671**	85,697	62,041
Premises and equipment, net	**42,612**	45,768	36,109
Other property owned	**274**	115	--
Assets held for lease, net	**1,815**	6,900	19,646
Leased assets held for sale	**--**	--	79,623
Deferred tax assets, net	**82**	--	--
Other assets	**86,997**	72,659	41,190
Total assets	**$ 7,641,186**	$ 7,442,881	$ 5,462,470
LIABILITIES			
Note payable to AgriBank, FCB	**$ 5,820,678**	$ 5,758,089	$ 4,201,744
Accrued interest payable	**38,304**	27,414	15,398
Deferred tax liabilities, net	**--**	1,217	26,211
Patronage distribution payable	**42,500**	34,530	21,000
Other liabilities	**36,507**	45,362	29,401
Total liabilities	**5,937,989**	5,866,612	4,293,754
Contingencies and commitments (Note 11)			
MEMBERS' EQUITY			
Capital stock and participation certificates	**12,587**	12,451	7,370
Additional paid-in capital	**304,385**	304,385	--
Unallocated surplus	**1,390,854**	1,263,212	1,161,346
Accumulated other comprehensive loss	**(4,629)**	(3,779)	--
Total members' equity	**1,703,197**	1,576,269	1,168,716
Total liabilities and members' equity	**$ 7,641,186**	$ 7,442,881	$ 5,462,470

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31		2018		2017		2016
Interest income	**$**	**335,792**	$	254,426	$	190,486
Interest expense		**138,552**		89,297		59,293
Net interest income		**197,240**		165,129		131,193
Provision for credit losses		**2,470**		3,053		4,088
Net interest income after provision for credit losses		**194,770**		162,076		127,105
Other income						
Patronage income		**40,668**		34,086		18,204
Financially related services income		**32,069**		31,884		26,264
Fee income		**7,985**		7,300		6,930
Allocated Insurance Reserve Accounts distribution		**4,094**		--		--
Miscellaneous income, net		**2,742**		141		5,856
Total other income		**87,558**		73,411		57,254
Operating expenses						
Salaries and employee benefits		**67,289**		59,407		45,769
Other operating expenses		**46,698**		41,729		33,265
Total operating expenses		**113,987**		101,136		79,034
Income before income taxes		**168,341**		134,351		105,325
(Benefit from) provision for income taxes		**(1,765)**		1,483		(295)
Net income	**$**	**170,106**	$	132,868	$	105,620
Other comprehensive loss						
Employee benefit plans activity	**$**	**64**	$	--	$	--
Other comprehensive income adjustments		**(914)**		--		--
Total other comprehensive loss		**(850)**		--		--
Comprehensive income	**$**	**169,256**	$	132,868	$	105,620

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

AgCountry Farm Credit Services, ACA

(in thousands)

	Capital Stock and Participation Certificates	Additional Paid-in Capital	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance as of December 31, 2015	$ 7,516	$ --	$ 1,076,726	$ --	$ 1,084,242
Net income	--	--	105,620	--	105,620
Unallocated surplus designated for patronage distributions	--	--	(21,000)	--	(21,000)
Capital stock and participation certificates issued	320	--	--	--	320
Capital stock and participation certificates retired	(466)	--	--	--	(466)
Balance as of December 31, 2016	7,370	--	1,161,346	--	1,168,716
Net income	--	--	132,868	--	132,868
Other comprehensive (loss) and other	--	--	--	(3,779)	(3,779)
Unallocated surplus designated for patronage distributions	--	--	(31,002)	--	(31,002)
Equity issued in connection with merger	5,037	304,385	--	--	309,422
Capital stock and participation certificates issued	494	--	--	--	494
Capital stock and participation certificates retired	(450)	--	--	--	(450)
Balance as of December 31, 2017	12,451	304,385	1,263,212	(3,779)	1,576,269
Net income	**--**	**--**	**170,106**	**--**	**170,106**
Other comprehensive loss	**--**	**--**	**--**	**(850)**	**(850)**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(42,464)**	**--**	**(42,464)**
Capital stock and participation certificates issued	**780**	**--**	**--**	**--**	**780**
Capital stock and participation certificates retired	**(644)**	**--**	**--**	**--**	**(644)**
Balance as of December 31, 2018	**$ 12,587**	**$ 304,385**	**$ 1,390,854**	**$ (4,629)**	**$ 1,703,197**

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

AgCountry Farm Credit Services, ACA

(in thousands)

For the year ended December 31	**2018**	2017	2016
Cash flows from operating activities			
Net income	**$ 170,106**	$ 132,868	$ 105,620
Depreciation on premises and equipment	**2,856**	2,441	2,141
Gain on sale of premises and equipment, net	**(141)**	(22)	(912)
Depreciation on assets held for lease	**1,699**	4,632	28,212
Gain on disposal of assets held for lease, net	**(370)**	(759)	(471)
Gain on transfer of lease assets held for sale	**--**	--	(1,246)
Amortization of premiums on loans	**40**	111	--
Net amortization of yield related to loans and notes payable acquired in merger	**(1,168)**	1,897	--
Provision for credit losses	**2,470**	3,053	4,088
Stock patronage received from Farm Credit Institutions	**(70)**	(262)	(53)
Loss on other property owned, net	**67**	--	--
Changes in operating assets and liabilities:			
Increase in accrued interest receivable	**(12,301)**	(10,294)	(4,597)
(Increase) decrease in other assets	**(15,188)**	135,176	(7,289)
Increase in accrued interest payable	**10,890**	5,269	3,055
Decrease in other liabilities	**(10,922)**	(24,382)	(10,451)
Net cash provided by operating activities	**147,968**	249,728	118,097
Cash flows from investing activities			
Increase in loans, net	**(152,672)**	(369,178)	(310,587)
Purchases of investment in AgriBank, FCB, net	**(28,319)**	(1,239)	(1,210)
Redemptions (purchases) of investment in other Farm Credit Institutions, net	**834**	(2,002)	(157)
Sales of assets held for lease, net	**3,756**	8,928	26,558
Proceeds from sales of other property owned	**10**	--	--
Sales (purchases) of premises and equipment, net	**441**	(634)	(3,606)
Net cash used in investing activities	**(175,950)**	(364,125)	(289,002)
Cash flows from financing activities			
Increase in note payable to AgriBank, FCB, net	**62,336**	135,347	186,054
Patronage distributions paid	**(34,494)**	(21,002)	(15,000)
Capital stock and participation certificates issued (retired), net	**136**	44	(146)
Net cash provided by financing activities	**27,978**	114,389	170,908
Net change in cash	**(4)**	(8)	3
Cash at beginning of year	**11**	19	16
Cash at end of year	**$ 7**	$ 11	$ 19
Supplemental schedule of non-cash activities			
Interest transferred to loans	**$ 5,327**	2,451	6
Loans transferred to other property owned	**458**	--	--
Patronage distributions payable to members	**42,500**	34,530	21,000
Finance leases transferred to finance leases held for sale	**--**	--	69,733
Assets held for lease, net transferred to leased assets held for sale	**--**	--	79,000
Financed sales of other property owned	**222**	--	--
Decrease in members' equity from employee benefits	**(850)**	(3,779)	--
Impact of merger transactions:			
Assets acquired	**--**	1,752,171	--
Liabilities assumed	**--**	1,442,749	--
Equity issued	**--**	309,422	--
Supplemental information			
Interest paid	**$ 127,409**	$ 77,281	$ 56,238
Taxes paid, net	**2,323**	25,876	4,808

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AgCountry Farm Credit Services, ACA

NOTE 1: ORGANIZATION AND OPERATIONS

Farm Credit System and District

The Farm Credit System (System) is a nationwide system of cooperatively owned banks and associations established by Congress to meet the credit needs of American agriculture. As of January 1, 2019, the System consisted of three Farm Credit Banks, one Agricultural Credit Bank, and 69 customer-owned cooperative lending institutions (associations). AgriBank, FCB (AgriBank), a System Farm Credit Bank, and its District associations are collectively referred to as the AgriBank Farm Credit District (AgriBank District or the District). At January 1, 2019, the District consisted of 14 Agricultural Credit Associations (ACA) that each have wholly-owned Federal Land Credit Association (FLCA) and Production Credit Association (PCA) subsidiaries.

FLCAs are authorized to originate long-term real estate mortgage loans. PCAs are authorized to originate short-term and intermediate-term loans. ACAs are authorized to originate long-term real estate mortgage loans and short-term and intermediate-term loans either directly or through their subsidiaries. Associations are authorized to provide lease financing options for agricultural purposes and are also authorized to purchase and hold certain types of investments. AgriBank provides funding to all associations chartered within the District.

Associations are authorized to provide, either directly or in participation with other lenders, credit and related services to eligible borrowers. Eligible borrowers may include farmers, ranchers, producers or harvesters of aquatic products, rural residents, and farm-related service businesses. In addition, associations can participate with other lenders in loans to similar entities. Similar entities are parties that are not eligible for a loan from a System lending institution, but have operations that are functionally similar to the activities of eligible borrowers.

The Farm Credit Administration (FCA) is authorized by Congress to regulate the System banks and associations. We are examined by the FCA and certain association actions are subject to the prior approval of the FCA and/or AgriBank.

The Farm Credit Act established the Farm Credit System Insurance Corporation (FCSIC) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is used to ensure the timely payment of principal and interest on Farm Credit Systemwide debt obligations, to ensure the retirement of protected borrower capital at par or stated value, and for other specified purposes.

At the discretion of the FCSIC, the Insurance Fund is also available to provide assistance to certain troubled System institutions and for the operating expenses of the FCSIC. Each System bank is required to pay premiums into the Insurance Fund until the assets in the Insurance Fund equal 2.0% of the aggregated insured obligations adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments. This percentage of aggregate obligations can be changed by the FCSIC, at its sole discretion, to a percentage it determines to be actuarially sound. The basis for assessing premiums is debt outstanding with adjustments made for nonaccrual loans and impaired investment securities which are assessed a surcharge while guaranteed loans and investment securities are deductions from the premium base. AgriBank, in turn, assesses premiums to District associations each year based on similar factors.

Association

AgCountry Farm Credit Services, ACA (the Association) and its subsidiaries, AgCountry Farm Credit Services, FLCA and AgCountry Farm Credit Services, PCA (subsidiaries) are lending institutions of the System. We are a customer-owned cooperative providing credit and credit-related services to, or for the benefit of, eligible members for qualified agricultural purposes in the counties of Barnes, Cass, Cavalier, Dickey, Grand Forks, Griggs, LaMoure, Nelson, Pembina, Ramsey, Ransom, Richland, Sargent, Steele, Stutsman, Towner, Traill, and Walsh in the state of North Dakota; Becker, Beltrami, Big Stone, Chippewa, Clay, Clearwater, Douglas, Grant, Hubbard, Kandiyohi, Kittson, Koochiching, Lake of the Woods, Lac qui Parle, Lincoln, Lyon, Mahnomen, Marshall, Meeker, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Redwood, Renville, Roseau, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Yellow Medicine in the state of Minnesota; and Clark, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Price, Taylor, Vilas, Waushara, and Wood in the state of Wisconsin.

We borrow from AgriBank and provide financing and related services to our members. Our ACA holds all the stock of the FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans and holds certain types of investments. The PCA makes short-term and intermediate-term loans for agricultural production or operating purposes. We also facilitate lease financing options through our alliance partner, Farm Credit Leasing (FCL).

We offer credit life, term life, credit disability, crop hail, and multi-peril crop, and livestock insurance to borrowers and those eligible to borrow. We also offer farm accounting, fee appraisals, income tax planning and preparation services, retirement and succession planning, and producer education services to our members.

Merger Activity

Effective July 1, 2017, United FCS, ACA (United) merged into AgCountry Farm Credit Services, ACA (AgCountry). AgCountry acquired 100% of the assets and liabilities of United. The merged entity, AgCountry Farm Credit Services, ACA, is headquartered in Fargo, North Dakota. The primary reason for the merger was to strategically position the associations to best serve member needs. The effects of the merger are included in the Association's results of operation, statement of condition, average balances, and related metrics beginning July 1, 2017.

The acquisition method of accounting requires the financial statement presentation of combined balances as of the date of merger, but not for previous periods. The Consolidated Statements of Condition reflects the merged balances as of December 31, 2017. The Consolidated Statements of

Comprehensive Income, the Consolidated Statements of Changes in Members' Equity, and the Consolidated Statements of Cash Flows reflect the results of AgCountry prior to July 1, 2017, and the merged Association after July 1, 2017. Information in the Notes to the Consolidated Financial Statements for 2017 reflects balances of the merged Association as of December 31, or in the case of transactional activity, AgCountry prior to July 1, 2017, and the merged Association for the period July 1, 2017, to December 31, 2017.

As cooperative organizations, Farm Credit associations operate for the mutual benefit of their borrowers and other customers and not for the benefit of equity investors. As such, their capital stock provides no significant interest in corporate earnings or growth. Specifically, due to restrictions in applicable regulations and the bylaws, the associations can issue stock only at its par value of $5 per share, the stock is not tradable, and the stock can be retired only for the lesser of par value or book value. The shares of United stock were converted in the merger into shares of AgCountry stock with identical rights and attributes. For this reason, the conversion of United stock pursuant to the merger occurred at a one-for-one exchange ratio (i.e., each United share was converted into one share of AgCountry stock with an equal par value).

Management believes that because the stock in each association is fixed in value (although subject to impairment), the AgCountry stock issued pursuant to the merger provided no basis for estimating the fair value of the consideration transferred pursuant to the merger. In the absence of a purchase price determination, AgCountry undertook a process to identify and estimate the acquisition-date fair value of United's equity interests instead of the acquisition-date fair value of AgCountry's equity interests transferred as consideration. The fair value of the assets acquired, including specific intangible assets and liabilities assumed from United, were measured based on various estimates using assumptions that management believes are reasonable utilizing information currently available. Use of different estimate and judgments could yield materially different results.

The merger was accounted for as a business combination under the acquisition method of accounting. Pursuant to these rules, AgCountry acquired the assets and assumed the liabilities of United at their acquisition-date fair value. The fair value of the net identifiable assets acquired ($309.4 million) was substantially equal to the fair value of the equity interest exchanged in the merger. In addition, no material amounts of intangible assets were acquired. As a result, no goodwill was recorded. A net increase of $309.4 million was recorded in shareholders' equity related to the merger.

The following condensed statement of net assets acquired reflects the fair value assigned to United's net assets as of the acquisition date. There were no subsequent changes to the initial fair value measurements through December 31, 2017.

Condensed Statement of Net Assets Acquired

(in thousands)

As of July 1, 2017	United
Assets	
Net loans	$ 1,666,361
Accrued interest receivable	15,813
Other assets	69,997
Total assets	$ 1,752,171
Liabilities	
Notes payable	$ 1,420,902
Accrued interest payable	6,747
Other liabilities	15,100
Total liabilities	$ 1,442,749
Fair value of net assets acquired	$ 309,422

Fair value adjustments to United's assets and liabilities included a $3.4 million increase to loans and a $2.9 million increase to notes payable to reflect credit discounts and changes in interest rates and other market conditions since the time these instruments were issued. These differences will be accreted or amortized into net interest income over the remaining life of the respective loans and debt instruments on an effective yield basis. The Association expects to collect the substantial majority of the contractual amounts of the acquired loans not considered to be purchased credit-impaired, which totaled $1.7 billion at July 1, 2017. Refer to Note 2 for further discussion on purchased credit-impaired loans.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Principles and Reporting Policies

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP) and the prevailing practices within the financial services industry. Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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

Principles of Consolidation

The Consolidated Financial Statements present the consolidated financial results of AgCountry Farm Credit Services, ACA and its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

Loans: Loans are carried at their principal amount outstanding net of any unearned income, cumulative charge-offs, unamortized deferred fees and costs on originated loans, and unamortized adjustments to fair value on loans acquired through merger. Loan interest is accrued and credited to interest income based upon the daily principal amount outstanding. Loan fees, net of direct loan origination costs, are deferred and recognized over the life of the loan as an adjustment to net interest income.

Generally we place loans in nonaccrual status when principal or interest is delinquent for 90 days or more (unless the loan is well secured and in the process of collection) or circumstances indicate that full collection is not expected.

When a loan is placed in nonaccrual status, we reverse current year accrued interest to the extent principal plus accrued interest before the transfer exceeds the net realizable value of the collateral. Any unpaid interest accrued in a prior year is capitalized to the recorded investment of the loan, unless the net realizable value is less than the recorded investment in the loan, then it is charged-off against the allowance for loan losses. Any cash received on nonaccrual loans is applied to reduce the recorded investment in the loan, except in those cases where the collection of the recorded investment is fully expected and the loan does not have any unrecovered prior charge-offs. In these circumstances interest is credited to income when cash is received. Loans are charged-off at the time they are determined to be uncollectible. Nonaccrual loans may be returned to accrual status when principal and interest are current, prior charge-offs have been recovered, the ability of the borrower to fulfill the contractual repayment terms is fully expected, the borrower has demonstrated payment performance, and the loan is not classified as doubtful or loss.

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring, also known as a formally restructured loan for regulatory purposes. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower and may include interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as troubled debt restructurings are considered risk loans (as defined below).

Loans that are sold as participations are transferred as entire financial assets, groups of entire financial assets, or participating interests in the loans. The transfers of such assets or participating interests are structured such that control over the transferred assets, or participating interests have been surrendered and that all of the conditions have been met to be accounted for as a sale.

Purchased Credit-Impaired (PCI) Loans: Loans acquired through merger with evidence of credit deterioration since their origination and when it is probable that we will not collect all contractually required principal and interest payments are PCI loans. PCI loans are written down at acquisition to estimated fair value and an accretable yield may be established. The excess of cash flows expected to be collected over the carrying value is referred to as the accretable yield and is recognized in interest income using the effective yield method over the remaining life of the loan.

Evidence of credit quality deterioration as of the purchase date may include statistics such as past due and nonaccrual status. Acquired loans that meet our definition of risk loans are generally considered to be credit-impaired and are accounted for as individual loans. Accounting for PCI loans involves estimating fair value at acquisition using the cash flows expected to be collected. As we generally are unable to estimate the timing and amount of future cash flows, measurement is based on the net realizable value of the collateral underlying these loans.

Allowance for Loan Losses: The allowance for loan losses is our best estimate of the amount of losses on loans inherent in our portfolio as of the date of the financial statements. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Loans in our portfolio that are considered impaired are analyzed individually to establish a specific allowance. A loan is impaired when it is probable that all amounts due will not be collected according to the contractual terms of the loan agreement. We generally measure impairment based on the net realizable value of the collateral. Risk loans include nonaccrual loans, accruing restructured loans, and accruing loans 90 days or more past due. All risk loans are considered to be impaired loans including purchased credit-impaired loans.

We record a specific allowance to reduce the carrying amount of the risk loan by the amount the recorded investment exceeds the net realizable value of collateral. When we deem a loan to be uncollectible, we charge the loan principal and prior year(s) accrued interest against the allowance for loan losses. Subsequent recoveries, if any, are added to the allowance for loan losses.

An allowance is recorded for probable and estimable credit losses as of the financial statement date for loans that are not individually assessed as impaired. We use a two-dimensional loan risk rating model that incorporates a 14-point rating scale to identify and track the probability of borrower default and a separate 6-point scale addressing the loss severity. The combination of estimated default probability and loss severity is the primary basis for recognition and measurement of loan collectability of these pools of loans. These estimated losses may be adjusted for relevant current environmental factors.

Changes in the allowance for loan losses consist of provision activity, recorded in "Provision for credit losses" in the Consolidated Statements of Comprehensive Income, recoveries, and charge-offs.

For purchased loans acquired that are not deemed impaired at acquisition, credit discounts representing the principal losses expected over the life of the loan are a component of the initial fair value. Subsequent to the purchase date, the methods utilized to estimate the required allowance for credit losses for these loans is similar to originated loans; however, we record a provision for credit losses only when the required allowance exceeds any remaining credit discounts. The remaining differences between the purchase price and the unpaid principal balance at the date of acquisition are recorded in interest income over the life of the loans.

Investment in AgriBank: Our stock investment in AgriBank is on a cost plus allocated equities basis.

Other Property Owned: Other property owned, consisting of real and personal property acquired through foreclosure or deed in lieu of foreclosure, is recorded at the fair value less estimated selling costs upon acquisition. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. Revised estimates to the fair value less costs to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Related income, expenses, and gains or losses from operations and carrying value adjustments are included in "Miscellaneous income, net" in the Consolidated Statements of Comprehensive Income.

Other Investment: The carrying amount of the investments in the Rural Business Investment Companies, in which we are a limited partner and hold a non-controlling interest, are at cost and are included in "Other assets" in the Consolidated Statements of Condition. The investments are assessed for impairment. If impairment exists, losses are included in "Miscellaneous income, net" in the Consolidated Statements of Comprehensive Income in the year of impairment. Income on the investments are limited to distributions received. In circumstances when distributions exceed our share of earnings after the date of the investment, these distributions are applied to reduce the carrying value of the investment and are not recognized as income.

Premises and Equipment: The carrying amount of premises and equipment is at cost, less accumulated depreciation. Calculation of depreciation is generally on the straight-line method over the estimated useful lives of the assets. Gains or losses on disposition are included in "Miscellaneous income, net" in the Consolidated Statements of Comprehensive Income. Depreciation and maintenance and repair expenses are included in "Other operating expenses" in the Consolidated Statements of Comprehensive Income and improvements are capitalized to the extent required by GAAP.

Leases: Beginning in 2017, we offer finance and operating leases through our alliance partner, Farm Credit Leasing. Under the existing portfolio of finance leases, unearned income from lease contracts represents the excess of gross lease receivables plus residual receivables over the cost of leased equipment. We amortize net unearned finance lease income to earnings using the interest method. The carrying amount of finance leases is included in "Loans" in the Consolidated Statements of Condition and represents lease rent and residual receivables net of the unearned income. Under the existing portfolio of operating leases, property is recorded at cost and depreciated on a straight-line basis over the lease term to an estimated residual value. We recognize operating lease revenue evenly over the term of the lease and charge depreciation and other expenses against revenue as incurred in "Miscellaneous income, net" in the Consolidated Statements of Comprehensive Income. The amortized cost of operating leases is included in "Assets held for lease, net" in the Consolidated Statements of Condition and represents the asset cost net of accumulated depreciation.

Post-Employment Benefit Plans: The District has various post-employment benefit plans in which our employees participate. Expenses related to these plans, except for the AgriBank District Pension Restoration Plan, are included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

Certain employees participate in the AgriBank District Retirement Plan. The plan is comprised of two benefit formulas. At their option, employees hired prior to October 1, 2001, are on the cash balance formula or on the final average pay formula. Benefits eligible employees hired between October 1, 2001, and December 31, 2006, are on the cash balance formula. Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. The AgriBank District Retirement Plan utilizes the "Projected Unit Credit" actuarial method for financial reporting and funding purposes.

Certain employees also participate in the AgriBank District Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. Beginning in 2017, the pension liability attributable to the Pension Restoration Plan at the Association and the related accumulated other comprehensive loss are included in the Consolidated Statements of Condition. The components of net periodic cost other than the service cost component, are included in the line item "Other operating expenses" on the Consolidated Statements of Comprehensive Income. Service costs are included in the line item "Salaries and employee benefits" on the Consolidated Statements of Comprehensive Income.

We also provide certain health insurance benefits to eligible retired employees according to the terms of those benefit plans. The anticipated cost of these benefits is accrued during the employees' active service period.

The defined contribution plan allows eligible employees to save for their retirement either pre-tax, post-tax, or both, with an employer match on a percentage of the employee's contributions. We provide benefits under this plan for those employees that do not participate in the AgriBank District Retirement Plan in the form of a fixed percentage of salary contribution in addition to the employer match. Employer contributions are expensed when incurred.

Certain employees also participate in the Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the Internal Revenue Service (IRS), are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the retirement savings plan if it were not for certain IRS limitations.

Income Taxes: The ACA and PCA accrue federal and state income taxes. The ACA and PCA are exempt from Minnesota state income tax. Deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. Deferred tax assets are recorded if the deferred tax asset is more likely than not to be realized. If the realization test cannot be met, the deferred tax asset is reduced by a valuation allowance. The expected future tax consequences of uncertain income tax positions are accrued.

The FLCA is exempt from federal and other taxes to the extent provided in the Farm Credit Act.

Patronage Program: We accrue patronage distributions according to a prescribed formula approved by the Board of Directors. Generally, we pay the accrued patronage during the first quarter in the following year.

Off-Balance Sheet Credit Exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. Any reserve for unfunded lending commitments and unexercised letters of credit is based on management's best estimate of losses inherent in these instruments, but the commitments have not yet disbursed. Factors such as likelihood of disbursal and likelihood of losses given disbursement are utilized in determining a reserve, if needed. Based on our assessment, any reserve is recorded in "Other liabilities" in the Consolidated Statements of Condition and a corresponding loss is recorded in "Provision for credit losses" in the Consolidated Statements of Comprehensive Income.

Cash: For purposes of reporting cash flow, cash includes cash on hand and deposits in banks. The net cash position is recorded in "Other assets" or "Other liabilities" in the Consolidated Statements of Condition.

Fair Value Measurement: The accounting guidance describes three levels of inputs that may be used to measure fair value.

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets,
- quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, quoted prices that are not current, or principal market information that is not released publicly,
- inputs that are observable such as interest rates and yield curves, prepayment speeds, credit risks, and default rates, and
- inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own judgments about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued by the Financial Accounting Standards Board (FASB) and have determined the following standards to be applicable to our business. While we are a nonpublic entity, our financial results are closely related to the performance of the combined Farm Credit System. Therefore, we typically adopt accounting pronouncements on the public business entities effective date or aligned with other System institutions, whichever is earlier.

Standard and effective date	Description	Adoption status and financial statement impact
In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09 "Revenue from Contracts with Customers." This guidance was effective for public business entities on January 1, 2018.	The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this guidance. The guidance sets forth the requirement for new and enhanced disclosures.	We adopted this guidance on January 1, 2018, using the modified retrospective approach, as the majority of our revenues are not subject to the new guidance. The adoption of the guidance did not have a material impact on the financial condition, results of operations, or cash flows.
In March 2017, the FASB issued ASU 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost." This guidance was effective for public business entities on January 1, 2018.	This guidance requires that an employer disaggregate the service cost component from the other components of net benefit cost. Specifically, the guidance requires non-service cost components of net benefit cost to be recognized in a non-operating income line item of the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization.	We adopted this guidance on January 1, 2018. The adoption of the guidance did not impact our financial condition or cash flows, but did result in an immaterial change to the classification of certain items in the results of operations. The components of net periodic benefit cost other than the service cost component are included in other operating expenses line item on the Consolidated Statements of Comprehensive Income. As the change in classification was immaterial, there were no retroactive adjustments to the Consolidated Statements of Comprehensive Income. There were no material changes to the financial statement disclosures.
In January 2016, the FASB issued ASU 2016-01 "Recognition and Measurement of Financial Assets and Financial Liabilities." This guidance was effective for public business entities on January 1, 2018.	The guidance is intended to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The amendments address certain aspects of recognition, measurement, presentation, and disclosure of financial statements.	We adopted this guidance on January 1, 2018. The adoption of this guidance did not impact our financial condition, results of operations, or cash flows, but did impact our fair value disclosures.

Standard and effective date	Description	Adoption status and financial statement impact
In February 2016, the FASB issued ASU 2016-02 "Leases." In July 2018, the FASB issued ASU 2018-11 "Leases (Topic 842): Targeted Improvements." The guidance is effective for public business entities in its first quarter of 2019 and early adoption is permitted.	The guidance modifies the recognition and accounting for lessees and lessors and requires expanded disclosures regarding assumptions used to recognize revenue and expenses related to leases. When this guidance is adopted, a liability for lease obligations and a corresponding right-of-use asset will be recognized on the Consolidated Statements of Condition for all lease arrangements spanning more than 12 months. The guidance includes an optional transition method where an entity is permitted to apply the guidance as of the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings.	We adopted this guidance on January 1, 2019, by recognizing the cumulative effect of initially applying the new standard to the opening balance of retained earnings. The adoption of this guidance impacted the financial condition, results of operations, and financial statement disclosures, and had no impact on cash flows. We recorded a right of use asset and a lease liability of $1.9 million at implementation.
In August 2018, the FASB issued ASU 2018-15 "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract." The guidance is effective for our first quarter of 2020 and early adoption is permitted.	The guidance clarifies that implementation costs incurred in a hosting arrangement that is a service contract should be accounted for in the same manner as implementation costs incurred to develop or obtain internal-use software.	We are in the process of reviewing the accounting standard. Based on our preliminary review and analysis, this new guidance is not expected to have a material impact on our financial condition, results of operations, cash flows, and financial statement disclosures.
In June 2016, the FASB issued ASU 2016-13 "Financial Instruments – Credit Losses." This guidance is effective for public business entities for non-U.S. Securities Exchange Commission filers for the first quarter of 2021 and early adoption is permitted.	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.	We have no plans to early adopt this guidance. We are in the process of reviewing the standard. Significant implementation matters yet to be addressed include drafting of accounting policies and disclosures, and designing processes and controls. We are currently unable to estimate the impact on the financial statements.

NOTE 3: LOANS AND ALLOWANCE FOR LOAN LOSSES

As a result of the merger on July 1, 2017, we acquired $1.7 billion in loans, of which 96.4% were categorized as having acceptable credit quality and 99.6% were current in payment status. A portion of the acquired loans were considered to be credit-impaired, but they were not significant to the financial statements as a whole.

Loans by Type

(dollars in thousands)	**2018**		2017		2016	
As of December 31	Amount	%	Amount	%	Amount	%
Real estate mortgage	**$ 3,079,351**	**42.4%**	$ 2,882,177	40.7%	$ 1,959,692	38.8%
Production and intermediate-term	**2,049,893**	**28.3%**	2,275,535	32.1%	1,671,230	33.1%
Agribusiness	**1,594,142**	**22.0%**	1,475,142	20.8%	1,119,744	22.2%
Other	**526,418**	**7.3%**	458,298	6.4%	305,927	5.9%
Total	**$ 7,249,804**	**100.0%**	$ 7,091,152	100.0%	$ 5,056,593	100.0%

The other category is primarily comprised of energy, communication, and agricultural export finance, and rural residential real estate related loans.

Portfolio Concentrations

Concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, which could cause them to be similarly impacted by economic conditions. We lend primarily within agricultural industries.

As of December 31, 2018, loan volume plus commitments to our ten largest borrowers totaled an amount equal to 5.4% of total loans and commitments.

Total loans plus any unfunded commitments represent a proportionate maximum potential credit risk. However, substantial portions of our lending activities are collateralized. Accordingly, the credit risk associated with lending activities is less than the recorded loan principal. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies, but typically includes farmland and income-producing property, such as crops and livestock. Long-term real estate loans are secured by the first liens on the underlying real property.

Participations

We may purchase or sell participation interests to other parties in order to diversify risk, manage loan volume, or comply with the limitations of the FCA Regulations or General Financing Agreement (GFA) with AgriBank.

Participations Purchased and Sold

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
(in thousands) **As of December 31, 2018**	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	**$ --**	**$ (335,503)**	**$ 211,230**	**$ (257,921)**	**$ 242**	**$ (9,438)**	**$ 211,472**	**$ (602,862)**
Production and intermediate-term	**--**	**(207,260)**	**504,556**	**(216,690)**	**87,905**	**(4,279)**	**592,461**	**(428,229)**
Agribusiness	**--**	**(20,266)**	**893,714**	**(1,102,617)**	**193,187**	**(41,661)**	**1,086,901**	**(1,164,544)**
Other	**--**	**(517)**	**1,002,118**	**(499,443)**	**--**	**--**	**1,002,118**	**(499,960)**
Total	**$ --**	**$ (563,546)**	**$ 2,611,618**	**$ (2,076,671)**	**$ 281,334**	**$ (55,378)**	**$ 2,892,952**	**$ (2,695,595)**

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2017	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ --	$ (377,570)	$ 166,653	$ (211,385)	$ 41,016	$ (6,396)	$ 207,669	$ (595,351)
Production and intermediate-term	--	(17,014)	497,090	(191,119)	108,566	(3,186)	605,656	(211,319)
Agribusiness	--	(29,519)	887,370	(1,006,871)	128,462	(74,221)	1,015,832	(1,110,611)
Other	--	(663)	852,062	(416,156)	--	--	852,062	(416,819)
Total	$ --	$ (424,766)	$ 2,403,175	$ (1,825,531)	$ 278,044	$ (83,803)	$ 2,681,219	$ (2,334,100)

	AgriBank Participations		Other Farm Credit Institutions Participations		Non-Farm Credit Institutions Participations		Total Participations	
As of December 31, 2016	Purchased	Sold	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ --	$ (254,622)	$ 73,139	$ (68,123)	$ 141	$ (22,823)	$ 73,280	$ (345,568)
Production and intermediate-term	--	(16,152)	294,878	(46,774)	133,090	(18,172)	427,968	(81,098)
Agribusiness	--	(13,726)	780,098	(133,673)	346	(98,072)	780,444	(245,471)
Other	--	(102)	295,890	--	--	--	295,890	(102)
Total	$ --	$ (284,602)	$ 1,444,005	$ (248,570)	$ 133,577	$ (139,067)	$ 1,577,582	$ (672,239)

Information in the preceding chart excludes loans entered into under our mission related investment authority and leasing authority.

Credit Quality and Delinquency

We utilize the FCA Uniform Classification System to categorize loans into five credit quality categories. The categories are:

- Acceptable – loans are non-criticized loans representing the highest quality. They are expected to be fully collectible. This category is further differentiated into various probabilities of default.
- Other assets especially mentioned (Special Mention) – loans are currently collectible but exhibit some potential weakness. These loans involve increased credit risk, but not to the point of justifying a substandard classification.
- Substandard – loans exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – loans exhibit similar weaknesses as substandard loans. Doubtful loans have additional weaknesses in existing factors, conditions, and values that make collection in full highly questionable.
- Loss – loans are considered uncollectible.

We had no loans categorized as loss at December 31, 2018, 2017, or 2016.

Credit Quality of Loans

(dollars in thousands)	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2018	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	**$ 2,892,164**	**92.5%**	**$ 132,434**	**4.2%**	**$ 104,242**	**3.3%**	**$ 3,128,840**	**100.0%**
Production and intermediate-term	**1,960,895**	**94.0%**	**82,518**	**4.0%**	**42,004**	**2.0%**	**2,085,417**	**100.0%**
Agribusiness	**1,525,443**	**95.3%**	**36,841**	**2.3%**	**38,394**	**2.4%**	**1,600,678**	**100.0%**
Other	**502,497**	**95.2%**	**19,492**	**3.7%**	**5,551**	**1.1%**	**527,540**	**100.0%**
Total	**$ 6,880,999**	**93.7%**	**$ 271,285**	**3.7%**	**$ 190,191**	**2.6%**	**$ 7,342,475**	**100.0%**

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2017	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 2,742,960	93.8%	$ 71,565	2.4%	$ 111,395	3.8%	$ 2,925,920	100.0%
Production and intermediate-term	2,161,790	93.6%	83,488	3.6%	65,725	2.8%	2,311,003	100.0%
Agribusiness	1,462,280	98.7%	8,196	0.6%	10,126	0.7%	1,480,602	100.0%
Other	448,845	97.7%	4,401	1.0%	6,079	1.3%	459,325	100.0%
Total	$ 6,815,875	95.0%	$ 167,650	2.3%	$ 193,325	2.7%	$ 7,176,850	100.0%

	Acceptable		Special Mention		Substandard/ Doubtful		Total	
As of December 31, 2016	Amount	%	Amount	%	Amount	%	Amount	%
Real estate mortgage	$ 1,827,668	91.9%	$ 80,119	4.0%	$ 81,817	4.1%	$ 1,989,604	100.0%
Production and intermediate-term	1,585,669	93.4%	56,685	3.3%	55,861	3.3%	1,698,215	100.0%
Agribusiness	1,089,986	97.0%	19,561	1.7%	14,602	1.3%	1,124,149	100.0%
Other	291,380	94.9%	13,434	4.5%	1,852	0.6%	306,666	100.0%
Total	$ 4,794,703	93.7%	$ 169,799	3.3%	$ 154,132	3.0%	$ 5,118,634	100.0%

Note: Accruing loans include accrued interest receivable.

Aging Analysis of Loans

(in thousands) **As of 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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 3,651**	**$ 10,269**	**$ 13,920**	**$ 3,114,920**	**$ 3,128,840**	**$ 6,661**
Production and intermediate-term	**6,773**	**4,105**	**10,878**	**2,074,539**	**2,085,417**	**--**
Agribusiness	**225**	**41**	**266**	**1,600,412**	**1,600,678**	**--**
Other	**--**	**16**	**16**	**527,524**	**527,540**	**--**
Total	**$ 10,649**	**$ 14,431**	**$ 25,080**	**$ 7,317,395**	**$ 7,342,475**	**$ 6,661**

As of December 31, 2017	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	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,625	$ 2,033	$ 4,658	$ 2,921,262	$ 2,925,920	$ --
Production and intermediate-term	6,886	4,420	11,306	2,299,697	2,311,003	--
Agribusiness	294	41	335	1,480,267	1,480,602	--
Other	24	--	24	459,301	459,325	--
Total	$ 9,829	$ 6,494	$ 16,323	$ 7,160,527	$ 7,176,850	$ --

As of December 31, 2016	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 513	$ 1,315	$ 1,828	$ 1,987,776	$ 1,989,604	$ --
Production and intermediate-term	5,624	1,934	7,558	1,690,657	1,698,215	59
Agribusiness	--	--	--	1,124,149	1,124,149	--
Other	482	216	698	305,968	306,666	--
Total	$ 6,619	$ 3,465	$ 10,084	$ 5,108,550	$ 5,118,634	$ 59

Note: Accruing loans include accrued interest receivable.

Risk Loans

Risk loans are loans for which all principal and interest may not be collected according to the contractual terms. Interest income recognized and cash payments received on nonaccrual risk loans are applied as described in Note 2.

Risk Loan Information

(in thousands)

As of December 31	2018	2017	2016
Nonaccrual loans:			
Current as to principal and interest	**$ 20,771**	$ 18,112	$ 7,942
Past due	**8,719**	8,910	4,304
Total nonaccrual loans	**29,490**	27,022	12,246
Accruing restructured loans	**503**	30	1,765
Accruing loans 90 days or more past due	**6,661**	--	59
Total risk loans	**$ 36,654**	$ 27,052	$ 14,070
Volume with specific allowance	**$ 14,331**	$ 3,292	$ 6,180
Volume without specific allowance	**22,323**	23,760	7,890
Total risk loans	**$ 36,654**	$ 27,052	$ 14,070
Total specific allowance	**$ 6,389**	$ 1,730	$ 1,586

For the year ended December 31	2018	2017	2016
Income on accrual risk loans	**$ 163**	$ 88	$ 191
Income on nonaccrual loans	**2,504**	1,358	961
Total income on risk loans	**$ 2,667**	$ 1,446	$ 1,152
Average risk loans	**$ 34,948**	$ 29,110	$ 19,295

Note: Accruing loans include accrued interest receivable. In addition, risk loans include purchased credit-impaired loans.

Nonaccrual Loans by Loan Type

(in thousands)

As of December 31	2018	2017	2016
Real estate mortgage	**$ 9,899**	$ 16,033	$ 7,291
Production and intermediate-term	**6,577**	9,956	3,458
Agribusiness	**8,715**	900	540
Other	**4,299**	133	957
Total	**$ 29,490**	$ 27,022	$ 12,246

Additional Impaired Loan Information by Loan Type

(in thousands)	As of December 31, 2018 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the year ended December 31, 2018 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	**$ --**	**$ --**	**$ --**	**$ --**	**$ --**
Production and intermediate-term	**2,917**	**3,044**	**1,601**	**5,065**	**--**
Agribusiness	**7,248**	**7,494**	**3,430**	**3,666**	**--**
Other	**4,166**	**4,386**	**1,358**	**3,422**	**--**
Total	**$ 14,331**	**$ 14,924**	**$ 6,389**	**$ 12,153**	**$ --**
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	**$ 17,033**	**$ 18,917**	**$ --**	**$ 13,073**	**$ 209**
Production and intermediate-term	**3,690**	**4,595**	**--**	**6,408**	**2,083**
Agribusiness	**1,467**	**2,648**	**--**	**3,220**	**375**
Other	**133**	**133**	**--**	**94**	**--**
Total	**$ 22,323**	**$ 26,293**	**$ --**	**$ 22,795**	**$ 2,667**
Total impaired loans:					
Real estate mortgage	**$ 17,033**	**$ 18,917**	**$ --**	**$ 13,073**	**$ 209**
Production and intermediate-term	**6,607**	**7,639**	**1,601**	**11,473**	**2,083**
Agribusiness	**8,715**	**10,142**	**3,430**	**6,886**	**375**
Other	**4,299**	**4,519**	**1,358**	**3,516**	**--**
Total	**$ 36,654**	**$ 41,217**	**$ 6,389**	**$ 34,948**	**$ 2,667**

	As of December 31, 2017 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the year ended December 31, 2017 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ 8	$ 8	$ 8	$ 8	$ --
Production and intermediate-term	3,167	3,505	1,707	3,664	--
Agribusiness	25	26	5	11	--
Other	92	91	10	293	--
Total	$ 3,292	$ 3,630	$ 1,730	$ 3,976	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 16,025	$ 17,334	$ --	$ 16,265	$ 97
Production and intermediate-term	6,819	9,975	--	7,889	1,131
Agribusiness	875	2,141	--	563	199
Other	41	42	--	417	19
Total	$ 23,760	$ 29,492	$ --	$ 25,134	$ 1,446
Total impaired loans:					
Real estate mortgage	$ 16,033	$ 17,342	$ 8	$ 16,273	$ 97
Production and intermediate-term	9,986	13,480	1,707	11,553	1,131
Agribusiness	900	2,167	5	574	199
Other	133	133	10	710	19
Total	$ 27,052	$ 33,122	$ 1,730	$ 29,110	$ 1,446

	As of December 31, 2016			For the year ended December 31, 2016	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for loan losses:					
Real estate mortgage	$ 3,714	$ 4,841	$ 358	$ 4,457	$ --
Production and intermediate-term	1,605	1,941	949	3,139	--
Other	861	861	279	744	--
Total	$ 6,180	$ 7,643	$ 1,586	$ 8,340	$ --
Impaired loans with no related allowance for loan losses:					
Real estate mortgage	$ 3,578	$ 3,620	$ --	$ 4,294	$ 95
Production and intermediate-term	1,920	4,178	--	3,757	565
Agribusiness	540	1,060	--	1,097	414
Other	1,852	2,231	--	1,807	78
Total	$ 7,890	$ 11,089	$ --	$ 10,955	$ 1,152
Total impaired loans:					
Real estate mortgage	$ 7,292	$ 8,461	$ 358	$ 8,751	$ 95
Production and intermediate-term	3,525	6,119	949	6,896	565
Agribusiness	540	1,060	--	1,097	414
Other	2,713	3,092	279	2,551	78
Total	$ 14,070	$ 18,732	$ 1,586	$ 19,295	$ 1,152

Impaired loans include purchased credit-impaired loans.

The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through the merger and may also reflect a previous direct charge-off of the investment.

Unpaid principal balance represents the contractual principal balance of the loan.

We did not have any material commitments to lend additional money to borrowers whose loans were classified as risk loans at December 31, 2018.

Troubled Debt Restructurings (TDRs)

Included within our loans are TDRs. These loans have been modified by granting a concession in order to maximize the collection of amounts due when a borrower is experiencing financial difficulties. All risk loans, including TDRs, are analyzed within our allowance for loan losses.

TDR Activity

(in thousands)

For the year ended December 31	**2018**		2017		2016	
	Pre-modification	Post-modification	Pre-modification	Post-modification	Pre-modification	Post-modification
Real estate mortgage	**$ 545**	**$ 545**	$ --	$ --	$ 37	$ 37
Production and intermediate-term	**502**	**502**	327	327	117	118
Agribusiness	**3,951**	**3,951**	--	--	--	--
Total	**$ 4,998**	**$ 4,998**	$ 327	$ 327	$ 154	$ 155

Pre-modification represents the outstanding recorded investment of the loan just prior to restructuring and post-modification represents the outstanding recorded investment of the loan immediately following the restructuring. The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, and unamortized adjustments to fair value on loans acquired through the merger and may also reflect a previous direct charge-off of the investment.

The primary types of modification included extension of maturity and deferral of principal.

TDRs that Occurred Within the Previous 12 Months that Subsequently Defaulted

(in thousands)	**2018**	2017
Production and intermediate-term	**$ 16**	$ 76
Agribusiness	**3,492**	--
Total	**$ 3,508**	$ 76

TDRs Outstanding

(in thousands) As of December 31	2018	2017	2016
Accrual status:			
Real estate mortgage	**$ 472**	$ --	$ --
Production and intermediate-term	**31**	30	9
Agribusiness	**--**	--	--
Other	**--**	--	1,756
Total TDRs in accrual status	**$ 503**	$ 30	$ 1,765
Nonaccrual status:			
Real estate mortgage	**$ 3,200**	$ 3,670	$ 3,996
Production and intermediate-term	**440**	510	252
Agribusiness	**3,784**	--	540
Other	**--**	--	--
Total TDRs in nonaccrual status	**$ 7,424**	$ 4,180	$ 4,788
Total TDRs:			
Real estate mortgage	**$ 3,672**	$ 3,670	$ 3,996
Production and intermediate-term	**471**	540	261
Agribusiness	**3,784**	--	540
Other	**--**	--	1,756
Total TDRs	**$ 7,927**	$ 4,210	$ 6,553

Additional commitments to lend to borrowers whose loans have been modified in a TDR were $0.9 million at December 31, 2018.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands) For the year ended December 31	2018	2017	2016
Balance at beginning of year	**$ 15,818**	$ 14,284	$ 13,394
Provision for loan losses	**2,684**	2,473	3,865
Loan recoveries	**486**	560	480
Loan charge-offs	**(1,192)**	(1,499)	(3,455)
Balance at end of year	**$ 17,796**	$ 15,818	$ 14,284

The “Provision for credit losses” in the Consolidated Statements of Comprehensive Income includes a provision for loan losses as presented in the previous chart, as well as (reversal of) provision for credit losses on unfunded commitments. The accrued credit losses on unfunded commitments are recorded in “Other liabilities” in the Consolidated Statements of Condition.

Credit Loss Information on Unfunded Commitments

(in thousands) For the year ended December 31	2018	2017	2016
(Reversal of) provision for credit losses	**$ (214)**	$ 580	$ 223
As of December 31	**2018**	2017	2016
Accrued credit losses	**$ 2,062**	$ 2,276	$ 1,593

Changes in Allowance for Loan Losses and Year End Recorded Investments by Loan Type

(in thousands)	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2017	**$ 2,304**	**$ 5,923**	**$ 4,590**	**$ 3,001**	**$ 15,818**
Provision for (reversal of) loan losses	**(158)**	**(1,491)**	**4,135**	**198**	**2,684**
Loan recoveries	**65**	**409**	**12**	**--**	**486**
Loan charge-offs	**--**	**(1,192)**	**--**	**--**	**(1,192)**
Balance as of December 31, 2018	**$ 2,211**	**$ 3,649**	**$ 8,737**	**$ 3,199**	**$ 17,796**
Ending balance: individually evaluated for impairment	**$ --**	**$ 1,601**	**$ 3,430**	**$ 1,358**	**$ 6,389**
Ending balance: collectively evaluated for impairment	**$ 2,211**	**$ 2,048**	**$ 5,307**	**$ 1,841**	**$ 11,407**
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2018	**$ 3,128,840**	**$ 2,085,417**	**$ 1,600,678**	**$ 527,540**	**$ 7,342,475**
Ending balance: individually evaluated for impairment	**$ 17,033**	**$ 6,607**	**$ 8,715**	**$ 4,299**	**$ 36,654**
Ending balance: collectively evaluated for impairment	**$ 3,111,807**	**$ 2,078,810**	**$ 1,591,963**	**$ 523,241**	**$ 7,305,821**

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2016	$ 3,618	$ 3,563	$ 3,875	$ 3,228	$ 14,284
(Reversal of) provision for loan losses	(1,272)	3,277	695	(227)	2,473
Loan recoveries	14	526	20	--	560
Loan charge-offs	(56)	(1,443)	--	--	(1,499)
Balance as of December 31, 2017	$ 2,304	$ 5,923	$ 4,590	$ 3,001	$ 15,818
Ending balance: individually evaluated for impairment	$ 8	$ 1,707	$ 5	$ 10	$ 1,730
Ending balance: collectively evaluated for impairment	$ 2,296	$ 4,216	$ 4,585	$ 2,991	$ 14,088
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2017	$ 2,925,920	$ 2,311,003	$ 1,480,602	$ 459,325	$ 7,176,850
Ending balance: individually evaluated for impairment	$ 16,032	$ 9,987	$ 900	$ 133	$ 27,052
Ending balance: collectively evaluated for impairment	$ 2,909,888	$ 2,301,016	$ 1,479,702	$ 459,192	$ 7,149,798

	Real Estate Mortgage	Production and Intermediate-Term	Agribusiness	Other	Total
Allowance for loan losses:					
Balance as of December 31, 2015	$ 1,459	$ 3,636	$ 5,824	$ 2,475	$ 13,394
Provision for (reversal of) loan losses	2,159	1,011	(58)	753	3,865
Loan recoveries	--	342	138	--	480
Loan charge-offs	--	(1,426)	(2,029)	--	(3,455)
Balance as of December 31, 2016	$ 3,618	$ 3,563	$ 3,875	$ 3,228	$ 14,284
Ending balance: individually evaluated for impairment	$ 358	$ 949	$ --	$ 279	$ 1,586
Ending balance: collectively evaluated for impairment	$ 3,260	$ 2,614	$ 3,875	$ 2,949	$ 12,698
Recorded investment in loans outstanding:					
Ending balance as of December 31, 2016	$ 1,989,604	$ 1,698,215	$ 1,124,149	$ 306,666	$ 5,118,634
Ending balance: individually evaluated for impairment	$ 7,292	$ 3,525	$ 540	$ 2,713	$ 14,070
Ending balance: collectively evaluated for impairment	$ 1,982,312	$ 1,694,690	$ 1,123,609	$ 303,953	$ 5,104,564

The recorded investment in the loan is the unpaid principal amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, acquisition costs, unamortized adjustments to fair value on loans acquired through the merger, and may also reflect a previous direct charge-off of the investment.

NOTE 4: INVESTMENT IN AGRIBANK

As of December 31, 2018, we were required by AgriBank to maintain an investment equal to 2.25% of the average quarterly balance of our note payable, with an additional amount required on association growth in excess of a targeted growth rate, if the District is also growing above a targeted growth rate.

We are also required to hold AgriBank stock related to our participation in pool programs. Generally, these programs require us to hold 8.0% to 14.0% of the balance of loans in these programs.

Investment in AgriBank

(in thousands)

As of December 31		2018		2017		2016
Required stock investment	**$**	**184,303**	$	156,242	$	111,196
Purchased excess stock investment		**424**		166		--
Total investment	**$**	**184,727**	$	156,408	$	111,196

Excess stock investment is recorded when the required investment in AgriBank is lower than our total investment.

NOTE 5: OTHER INVESTMENTS

We and other Farm Credit Institutions are among the limited partners for Rural Business Investment Companies (RBICs). Our total commitment is $14.0 million, with varying commitment end dates through November 30, 2023. Certain commitments may have an option to extend under certain circumstances. Our investment in the RBICs totaled $7.4 million, $5.9 million, and $2.6 million at December 31, 2018, 2017, and 2016, respectively.

The investment was evaluated for impairment. For the years ended December 31, 2018, 2017, and 2016, we have not recognized any impairment on this investment.

NOTE 6: NOTE PAYABLE TO AGRIBANK

Our note payable to AgriBank represents borrowings, in the form of a line of credit, to fund our loan portfolio. The line of credit is governed by a GFA and our assets serve as collateral.

Note Payable Information

(dollars in thousands)

As of December 31		2018		2017		2016
Line of credit	**$**	**7,250,000**	$	7,000,000	$	4,700,000
Outstanding principal under the line of credit		**5,823,252**		5,760,915		4,201,744
Interest rate		**2.6%**		2.0%		1.5%

Our note payable matures June 30, 2021, at which time the note will be renegotiated.

The GFA provides for limitations on our ability to borrow funds based on specified factors or formulas relating primarily to outstanding balances, credit quality, and financial condition. Additionally, we have requirements to maintain an effective program of internal controls over financial reporting. At December 31, 2018, and throughout the year, we were not declared in default under any GFA covenants or provisions.

NOTE 7: MEMBERS' EQUITY

Capitalization Requirements

In accordance with the Farm Credit Act, each borrower is required to invest in AgCountry as a condition of obtaining a loan. As authorized by the Agricultural Credit Act and our capital bylaws, our Board of Directors has adopted a capital plan that establishes a stock purchase requirement for obtaining a loan of 2.0% of the customer's total loan(s) or one thousand dollars, whichever is less, or such greater amount of such borrower's aggregate outstanding loan balance as may be determined by the Board from time to time. The Board of Directors has established a stock requirement for loans of one thousand dollars at a customer level. The investment requirement for each lessee that is not a current stock or participation certificate holder is a single $5.00 participation certificate in the ACA. The ACA and its subsidiaries, PCA and FLCA, are also authorized by FCA to offer approved financial services to persons eligible to borrow from the System. The investment requirement for each purchaser of crop insurance that is not a stock or participation certificate holder is a single $5.00 participation certificate in the ACA. The Board of Directors may increase the amount of required investment to the extent authorized in the capital bylaws.

The borrower acquires ownership of the capital stock at the time the loan or lease is made, but does not usually make a cash investment. We retain a first lien on the stock or participation certificates owned by customers. We issue one thousand dollars of stock to all loan customers and establish an offsetting stock receivable account. We also issue one participation certificate to those customers required to own one participation certificate and establish an offsetting participation certificate receivable account.

Regulatory Capitalization Requirements

Regulatory Capital Requirements and Ratios

As of December 31	**2018**	2017	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**18.2%**	17.2%	4.5%	2.5%*	7.0%
Tier 1 capital ratio	**18.2%**	17.2%	6.0%	2.5%*	8.5%
Total capital ratio	**18.5%**	17.5%	8.0%	2.5%*	10.5%
Permanent capital ratio	**18.3%**	17.3%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**20.5%**	19.7%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**21.3%**	20.4%	1.5%	N/A	1.5%

*The 2.5% capital conservation buffer over risk-adjusted ratio minimums is being phased in through 2020 under the FCA capital requirements.

Effective January 1, 2017, the regulatory capital requirements for Farm Credit System banks and associations were modified. These regulations replaced existing core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. These regulations also added a tier 1 leverage ratio and an unallocated retained earnings and equivalents (UREE) leverage ratio. The permanent capital ratio continues to remain in effect, with some modifications, to align with these regulations.

Risk-adjusted assets have been defined by the FCA Regulations as the Statement of Condition assets and off-balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets. The primary changes effective January 1, 2017, which generally have the impact of increasing risk-adjusted assets (decreasing risk-based regulatory capital ratios) were as follows:

- Inclusion of off-balance-sheet commitments with terms at origination of less than 14 months, and
- Increased risk-weighting of most loans 90 days past due or in nonaccrual status.

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the inclusion of the allowance for loan losses as a deduction to risk-adjusted assets for the permanent capital ratio.

These ratios are based on a three-month average daily balance in accordance with FCA Regulations and are calculated as follows (not all items below may be applicable to our Association):

- Common equity tier 1 ratio is statutory minimum purchased member stock, other required member stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to retirement, unallocated retained earnings as regulatorily prescribed, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required member stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt, and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance for loan losses and reserve for credit losses subject to certain limitations, less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings as regulatorily prescribed, paid-in capital, subordinated debt, and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings as regulatorily prescribed, paid-in capital, allocated surplus not subject to retirement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

Effective January 1, 2017, the regulatory capital requirements allow for allotment agreements for only the permanent capital ratio and, as such, any stock in excess of our AgriBank required investment was not included in the common equity tier 1, tier 1 capital, total capital, or leverage ratios. We had no allocated excess stock at December 31, 2018, or 2017.

Refer to Note 10 in our 2016 Annual Report for a more complete description of the ratios effective as of December 31, 2016. We were in compliance with the minimum required capital ratios as of December 31, 2016.

Description of Equities

The following represents information regarding classes and number of shares of stock and participation certificates outstanding. All shares and participation certificates are stated at a $5.00 par value.

	Number of Shares		
As of December 31	**2018**	2017	2016
Class B common stock (at-risk)	**2,455,081**	2,434,213	1,448,800
Class E participation certificates (at-risk)	**62,380**	55,947	25,388

On July 1, 2017, United merged into AgCountry. All members of United received stock in AgCountry in exchange for their stock, which was then canceled. This exchange was made at the stock's par value and 1.0 million shares of capital stock were issued.

Under our bylaws, we are also authorized to issue Class C common stock and Class D common stock. Each of these classes of common stock is at-risk and nonvoting with a $5.00 par value per share. Currently, no stock of these classes has been issued.

Only holders of Class B common stock have voting rights. Our bylaws do not prohibit us from paying dividends on any classes of stock. However, no dividends have been declared to date.

Our bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plans, provided prescribed capital standards have been met. At December 31, 2018, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock.

In the event of our liquidation or dissolution, according to our bylaws, any remaining assets after payment or retirement of all liabilities will be distributed pro rata to all holders of stock.

In the event of impairment, losses will be absorbed by concurrent impairment of all classes of stock.

All classes of stock are transferable to other customers who are eligible to hold such class as long as we meet the regulatory minimum capital requirements.

Patronage Distributions

We accrued patronage distributions of $42.5 million, $34.5 million, and $21.0 million at December 31, 2018, 2017, and 2016, respectively. Generally, the patronage distributions are paid in cash during the first quarter after year end. The Board of Directors may authorize a distribution of earnings provided we meet all statutory and regulatory requirements. The patronage distribution payable in 2017 included $31.0 million payable to AgCountry patrons and $3.5 million payable to United patrons, by resolution of the United Board prior to merger with United on July 1, 2017.

The FCA Regulations prohibit patronage distributions to the extent they would reduce our permanent capital ratio below the minimum permanent capital adequacy standards. Additionally, effective January 1, 2017, patronage distributions may be restricted or prohibited without prior FCA approval if capital ratios fall below the total requirements, including the buffer amounts. Capital ratios exceeded the requirements and buffer amounts at December 31, 2018.

NOTE 8: INCOME TAXES

The Tax Cuts and Jobs Act (the Act) was enacted in December of 2017. This Act contained various tax law changes, including a federal statutory tax rate change to 21% from 35%, effective January 1, 2018. Because deferred tax assets and liabilities are expected to be recognized in the Association's tax return in a future year, when the new statutory tax rate would be applicable, the deferred tax assets and liabilities as of December 31, 2017, were valued using a blended federal/state effective tax rate based on the new federal statutory tax rate. The effect of this revaluation was recognized in our benefit from income taxes for the year ended December 31, 2017.

(Benefit from) Provision for Income Taxes

(Benefit from) Provision For Income Taxes

(dollars in thousands)

For the year ended December 31	**2018**	2017	2016
Current:			
Federal	**$ (465)**	$ 25,017	$ 7,293
State	**(1)**	1,579	153
Total current	**$ (466)**	$ 26,596	$ 7,446
Deferred:			
Federal	**$ (1,220)**	$ (23,698)	$ (7,442)
State	**(79)**	(1,415)	(299)
Total deferred	**(1,299)**	(25,113)	(7,741)
(Benefit from) provision for income taxes	**$ (1,765)**	$ 1,483	$ (295)
Effective tax rate	**(1.0%)**	1.1%	(0.3%)

Reconciliation of Taxes at Federal Statutory Rate to (Benefit from) Provision for Income Taxes

(in thousands) For the year ended December 31	2018	2017	2016
Federal tax at statutory rates	**$ 35,352**	$ 47,023	$ 36,864
State tax, net	**(27)**	45	(14)
Patronage distributions	**(3,734)**	(4,135)	(7,350)
Effect of non-taxable entity	**(31,984)**	(41,777)	(29,850)
Change in statutory tax rates due to the Tax Cuts and Jobs Act	**--**	218	--
Other	**(1,372)**	109	55
(Benefit from) provision for income taxes	**$ (1,765)**	$ 1,483	$ (295)

Deferred Income Taxes

Tax laws require certain items to be included in our tax returns at different times than the items are reflected on our Consolidated Statements of Comprehensive Income. Some of these items are temporary differences that will reverse over time. We record the tax effect of temporary differences as deferred tax assets and liabilities netted on our Consolidated Statements of Condition.

Deferred Tax Assets and Liabilities

(in thousands) As of December 31	2018	2017	2016
Allowance for loan losses	**$ 926**	$ 568	$ 1,288
Postretirement benefit accrual	**747**	758	860
Merger fair value adjustment	**278**	675	--
Accrued incentive	**1,232**	1,070	1,129
Leasing related, net	**(35)**	(829)	(26,987)
Accrued patronage income not received	**--**	(905)	(669)
AgriBank 2002 allocated stock	**(1,113)**	(1,123)	(1,236)
Accrued pension asset	**(2,101)**	(1,389)	(1,132)
Depreciation	**(211)**	(74)	(228)
Other assets	**376**	282	1,021
Other liabilities	**(17)**	(250)	(257)
Deferred tax assets (liabilities), net	**$ 82**	$ (1,217)	$ (26,211)
Gross deferred tax assets	**$ 3,559**	$ 3,353	$ 4,298
Gross deferred tax liabilities	**$ (3,477)**	$ (4,570)	$ (30,509)

A valuation allowance for the deferred tax assets was not necessary at December 31, 2018, 2017, or 2016.

We have not provided for deferred income taxes on patronage allocations received from AgriBank prior to 1993. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Our intent is to permanently maintain this investment in AgriBank. Our total permanent investment in AgriBank is $39.9 million. Additionally, we have not provided deferred income taxes on accumulated FLCA earnings of $1.1 billion as it is our intent to permanently maintain this equity in the FLCA or to distribute the earnings to members in a manner that results in no additional tax liability to us.

Our income tax returns are subject to review by various United States taxing authorities. We record accruals for items that we believe may be challenged by these taxing authorities. However, we had no uncertain income tax positions at December 31, 2018. In addition, we believe we are no longer subject to income tax examinations for years prior to 2015.

NOTE 9: EMPLOYEE BENEFIT PLANS

Pension and Post-Employment Benefit Plans

Complete financial information for the pension and post-employment benefit plans may be found in the AgriBank 2018 Annual Report.

The Farm Credit Foundations Plan Sponsor and Trust Committees provide oversight of the benefit plans. These governance committees are comprised of elected or appointed representatives (senior leadership and/or Board of Director members) from the participating organizations. The Plan Sponsor Committee is responsible for employer decisions regarding all benefit plans including retirement benefits. These decisions could include plan design changes, vendor changes, determination of employer subsidies (if any), and termination of specific benefit plans. Any action to change or terminate the retirement plan can only occur at the direction of the AgriBank District participating employers. The Trust Committee is responsible for fiduciary and plan administrative functions.

Pension Plan: Certain employees participate in the AgriBank District Retirement Plan, a District-wide multi-employer defined benefit retirement plan. The Department of Labor has determined the plan to be a governmental plan; therefore, the plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). As the plan is not subject to ERISA, the plan’s benefits are not insured by the Pension Benefit Guaranty Corporation. Accordingly, the amount of accumulated benefits that participants would receive in the event of the plan’s termination is contingent on the sufficiency of the plan's net assets to provide benefits at that time. This plan is noncontributory and covers certain eligible District employees. The assets, liabilities, and costs of the plan are not segregated by participating entities. As such, plan assets are available for any of the participating employers' retirees at any point in time. Additionally, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. Further, if we choose to stop participating in the plan, we may be required to pay an amount based on the underfunded status of the plan. Because of the nature of the plan, any individual employer is not able to unilaterally change the provisions of the plan. If an employee transfers to another employer within the same plan, the employee benefits under the plan transfer. Benefits are based on salary and years of service. No collective bargaining agreement is in place as part of this plan.

AgriBank District Retirement Plan Information

(in thousands)

As of December 31		2018		2017		2016
Unfunded liability	**$**	**274,450**	$	352,516	$	374,305
Projected benefit obligation		**1,272,063**		1,371,013		1,269,625
Fair value of plan assets		**997,613**		1,018,497		895,320
Accumulated benefit obligation		**1,125,682**		1,184,550		1,096,913

For the year ended December 31		2018		2017		2016
Total plan expense	**$**	**51,900**	$	44,730	$	53,139
Our allocated share of plan expenses		**7,336**		5,276		5,140
Contributions by participating employers		**90,000**		90,000		90,000
Our allocated share of contributions		**12,631**		12,447		8,640

The unfunded liability reflects the net of the fair value of the plan assets and the projected benefit obligation at the date of these Consolidated Financial Statements. The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to employee service rendered prior to the measurement date based on assumed future compensation levels. The accumulated benefit obligation is the actuarial present value of the benefits attributed to employee service rendered before the measurement date and based on current employee service and compensation. The funding status is subject to many variables including performance of plan assets and interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their current employees as well as an allocation of the remaining costs based proportionately on the estimated projected liability of the employer under this plan. We recognize our proportional share of expense and contribute a proportional share of funding. Our allocated share of plan expenses is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income.

Benefits paid to participants in the District were $68.6 million in 2018. While the plan is a governmental plan and is not subject to minimum funding requirements, the employers contribute amounts necessary on an actuarial basis to provide the plan with sufficient assets to meet the benefits to be paid to participants. The amount of the total District employer contributions expected to be paid into the pension plan during 2019 is $90.0 million. Our allocated share of these pension contributions is expected to be $12.8 million. The amount ultimately to be contributed and the amount ultimately recognized as expense as well as the timing of those contributions and expenses, are subject to many variables including performance of plan assets and interest rate levels. These variables could result in actual contributions and expenses being greater than or less than the amounts reflected in the District financial statements.

We also participate in the District-wide nonqualified defined benefit Pension Restoration Plan. This plan restores retirement benefits to certain highly compensated eligible employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits.

Pension Restoration Plan Information

(in thousands)

As of December 31		2018		2017		2016
Our unfunded liability	**$**	**8,586**	$	8,689	$	2,434
Projected benefit obligation for the Combined District		**41,205**		37,190		28,514
Accumulated benefit obligation for the Combined District		**33,215**		29,844		22,778

For the year ended December 31		2018		2017		2016
Total plan expense	**$**	**4,899**	$	8,336	$	5,767
Our allocated share of plan expenses		**997**		578		467
Our cash contributions		**1,036**		--		--

The nonqualified plan is funded as the benefits are paid; therefore, there are no assets in the plan and the unfunded liability is equal to the projected benefit obligation. Beginning in 2017, the recognition of the unfunded liability includes the impact of prior service cost and unamortized gain/loss. The increase in the liability was offset against accumulated other comprehensive loss and had no impact to net income. The amount of the pension benefits funding status is subject to many variables including interest rate levels. Therefore, changes in assumptions could significantly affect these estimates.

Costs are determined for each individual employer based on costs directly related to their participants in the plan. Our allocated share of the components of net periodic benefit cost other than the service cost component, are included in "Other operating expenses" in the Consolidated Statements of

Comprehensive Income. Service costs related to the plan expenses is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. The Pension Restoration Plan is unfunded, however, we have a Rabbi Trust to fund a portion of our future liability under this plan. The balance in the Rabbi Trust fund was $0.6 million, $1.0 million, and $1.0 million at December 31, 2018, 2017, and 2016, respectively. A Rabbi Trust is a trust created for the purpose of supporting the nonqualified benefit obligation of employers to their employees. There were no benefits paid under the Pension Restoration Plan to our senior officers who were actively employed during the year.

Retiree Medical Plans: District employers also provide certain health insurance benefits to eligible retired employees according to the terms of the benefit plans. The anticipated costs of these benefits are accrued during the period of the employee's active status.

Retiree Medical Plan Information

(in thousands) For the year ended December 31		**2018**		2017		2016
Postretirement benefit (income) expense	**$**	**(28)**	$	173	$	150
Our cash contributions		**207**		180		125

The 2018 postretirement benefit income is due to an actuarial gain. Postretirement benefit (income) expense is included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income. Our cash contributions are equal to the benefits paid.

Defined Contribution Plans

We participate in a District-wide defined contribution plan. For employees hired before January 1, 2007, employee contributions are matched dollar for dollar up to 2.0% and 50 cents on the dollar on the next 4.0% on both pre-tax and post-tax contributions. The maximum employer match is 4.0%. For employees hired after December 31, 2006, we contribute 3.0% of the employee's compensation and will match employee contributions dollar for dollar up to a maximum of 6.0% on both pre-tax and post-tax contributions. The maximum employer contribution is 9.0%.

We also participate in a District-wide Nonqualified Deferred Compensation Plan. Eligible participants must meet one of the following criteria: certain salary thresholds as determined by the IRS, are either a Chief Executive Officer or President of a participating employer, or have previously elected pre-tax deferrals in 2006 under predecessor nonqualified deferred compensation plans. Under this plan the employee may defer a portion of his/her salary, bonus, and other compensation. Additionally, the plan provides for supplemental employer matching contributions related to any compensation deferred by the employee that would have been eligible for a matching contribution under the defined contribution plan if it were not for certain IRS limitations.

Employer contribution expenses for the defined contribution plan, included in "Salaries and employee benefits" in the Consolidated Statements of Comprehensive Income, were $2.8 million, $2.4 million, and $1.7 million in 2018, 2017, and 2016, respectively. These expenses were equal to our cash contributions for each year.

Additionally, we participate in a District-wide Pre-409A Frozen Nonqualified Deferred Compensation Plan. This plan serves the same purpose as the Nonqualified Deferred Compensation Plan. However, the plan was frozen effective January 1, 2007. As such, no additional participants are eligible to enter the plan and no additional employer contributions will be made to the plan.

NOTE 10: RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into loan transactions with our officers, directors, their immediate family members, and other organizations with which such persons may be associated. Such transactions may be subject to special approval requirements contained in the FCA Regulations and are made on the same terms, including interest rates, amortization schedules, and collateral, as those prevailing at the time for comparable transactions with other persons. In our opinion, none of these loans outstanding at December 31, 2018, involved more than a normal risk of collectability.

Related Party Loans and Leases Information

(in thousands) As of December 31		**2018**		2017		2016
Total related party loans and leases	**$**	**42,229**	$	37,141	$	23,100
For the year ended December 31		**2018**		2017		2016
Advances to related parties	**$**	**30,636**	$	21,566	$	17,041
Repayments by related parties		**23,360**		17,479		17,416

The related parties can be different each year end primarily due to changes in the composition of the Board of Directors and the mix of organizations with which such persons may be associated. Advances and repayments on loans and leases in the preceding chart are related to those considered related parties at year end.

As discussed in Note 6, we borrow from AgriBank, in the form of a line of credit, to fund our loan portfolio. All interest expense as shown on the Consolidated Statements of Comprehensive Income was paid to AgriBank. Total patronage received from AgriBank was $40.4 million, $34.0 million, and $18.0 million in 2018, 2017, and 2016, respectively. Refer to Note 3 for information on participations sold to AgriBank and Note 4 for stock investment in AgriBank information.

Our customer relationship, reporting, internet, network, security, loan accounting, loan origination, online banking, mobile banking, and general ledger systems are provided by Farm Credit Financial Partners, Inc. (FPI), a System service corporation, which provides technology and other operational services to its owners. As part of this relationship, we had an equity investment in FPI of $4.0 million, $4.8 million, and $2.8 million as of December 31, 2018, 2017, and 2016, respectively. The total cost of services we purchased from FPI was $13.4 million, $11.6 million, and $8.3 million in 2018, 2017, and 2016, respectively.

We purchase various services from AgriBank, including financial reporting services, tax reporting services, technology services, insurance services, and internal audit services. The total cost of services we purchased from AgriBank was $0.5 million, $0.8 million, and $0.3 million in 2018, 2017, and 2016, respectively.

We also purchase human resource information systems, and benefit, payroll, and workforce management services from Farm Credit Foundations (Foundations). As of December 31, 2018, 2017, and 2016, our investment in Foundations was $0.1 million. The total cost of services purchased from Foundations was $0.5 million, $0.4 million, and $0.3 million in 2018, 2017, and 2016, respectively.

NOTE 11: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future.

We have commitments to extend credit and letters of credit to satisfy the financing needs of our borrowers. These financial instruments involve, to varying degrees, elements of credit risk that may be recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the loan contract. Standby letters of credit are agreements to pay a beneficiary if there is a default on a contractual arrangement. At December 31, 2018, we had commitments to extend credit and unexercised commitments related to standby letters of credit of $2.3 billion. Additionally, we had $35.5 million of issued standby letters of credit as of December 31, 2018.

Commitments to extend credit and letters of credit generally have fixed expiration dates or other termination clauses and we may require payment of a fee. If commitments to extend credit and letters of credit remain unfulfilled or have not expired, they may have credit risk not recognized in the financial statements. Many of the commitments to extend credit and letters of credit will expire without being fully drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Certain letters of credit may have recourse provisions that would enable us to recover from third parties amounts paid under guarantees, thereby limiting our maximum potential exposure. The credit risk involved in issuing these financial instruments is essentially the same as that involved in extending loans to borrowers and we apply the same credit policies. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on management’s credit evaluation of the borrower.

We are among the limited partners in RBICs. Refer to Note 5 for additional discussion regarding this commitment.

NOTE 12: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at December 31, 2018, 2017, or 2016.

Non-Recurring

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-recurring Basis

(in thousands)

As of December 31, 2018	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	**$ --**	**$ --**	**$ 8,339**	**$ 8,339**
Other property owned	**--**	**--**	**285**	**285**

As of December 31, 2017	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	$ --	$ --	$ 1,640	$ 1,640
Other property owned	--	--	120	120

As of December 31, 2016	Fair Value Measurement Using			
	Level 1	Level 2	Level 3	Total Fair Value
Impaired loans	$ --	$ 1,117	$ 3,707	$ 4,824
Other property owned	--	--	--	--

Valuation Techniques

Impaired loans: Represents the carrying amount and related write-downs of loans that were evaluated for individual impairment based on the appraised value of the underlying collateral. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they are classified as Level 3.

Other property owned: Represents the fair value and related losses of assets that were measured at fair value based on the collateral value, which is generally determined using appraisals, or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses observable market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the property and other matters, they are classified as Level 3.

NOTE 13: SUBSEQUENT EVENTS

We have evaluated subsequent events through March 4, 2019, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our 2018 Consolidated Financial Statements or disclosure in the Notes to Consolidated Financial Statements.

DISCLOSURE INFORMATION REQUIRED BY REGULATIONS

AgCountry Farm Credit Services, ACA

(Unaudited)

Description of Business

General information regarding the business is incorporated herein by reference from Note 1 to the Consolidated Financial Statements in this Annual Report.

The description of significant business developments, if any, is incorporated herein by reference from the Management's Discussion and Analysis section of this Annual Report.

Description of Property

Property Information

Location	Description	Usage
Ada, MN	Owned	Branch
Alexandria, MN	Owned	Branch
Antigo, WI	Owned	Branch
Cavalier, ND	Owned	Branch
Cooperstown, ND	Leased	Branch
Crookston, MN	Owned	Branch
Detroit Lakes, MN	Owned	Branch
Devils Lake, ND	Owned	Branch
Elbow Lake, MN	Owned	Branch
Fargo, ND	Owned	Headquarters/Branch
Fergus Falls, MN	Owned	Branch
Fosston, MN	Owned	Branch
Graceville, MN	Owned	Branch
Grafton, ND	Owned	Branch
Grand Forks, ND	Owned	Branch
Hallock, MN	Owned	Branch
Hillsboro, ND	Owned	Branch
Jamestown, ND	Owned	Branch
LaMoure, ND	Owned	Branch
Langdon, ND	Owned	Branch
Lisbon, ND	Owned	Branch
Litchfield, MN	Leased	Branch
Madison, MN	Owned	Branch
Marshall, MN	Owned	Branch
Marshfield, WI	Owned	Branch
Medford, WI	Owned	Branch
Morris, MN	Owned	Branch
Olivia, MN	Owned	Branch
Redwood Falls, MN	Owned	Branch
Roseau, MN	Owned	Branch
St. Louis Park, MN	Leased	AgCountry CFG
Stevens Point, WI	Owned	Branch
Thief River Falls, MN	Leased	Branch
Thorp, WI	Owned	Branch
Valley City, ND	Owned	Branch
Wahpeton, ND	Owned	Branch
Warren, MN	Owned	Branch
Wausau, WI	Owned	Branch
Willmar, MN	Owned	Branch

Legal Proceedings

Information regarding legal proceedings is discussed in Note 11 to the Consolidated Financial Statements in this Annual Report. We were not subject to any enforcement actions as of December 31, 2018.

Additional Regulatory Capital Disclosure

Regulatory Capital Ratios Pursuant to FCA Regulation 620.5

As of December 31	2013	2012
Permanent capital ratio	15.8%	16.6%
Total surplus ratio	15.7%	16.4%
Core surplus ratio	15.7%	16.4%

Refer to the Consolidated Five-Year Summary of Selected Financial Data at the beginning of this Annual Report for capital ratio calculations for the past five years.

Description of Capital Structure

Information regarding our capital structure is discussed in Note 7 to the Consolidated Financial Statements in this Annual Report.

Description of Liabilities

Information regarding liabilities is discussed in Notes 6, 7, 8, 9, and 11 to the Consolidated Financial Statements in this Annual Report. All debt and other liabilities in the financial statements are uninsured.

Selected Financial Data

The Consolidated Five-Year Summary of Selected Financial Data is presented at the beginning of this Annual Report.

Management's Discussion and Analysis

Information regarding any material aspects of our financial condition, changes in financial condition, and results of operations are discussed in the Management's Discussion and Analysis section of this Annual Report.

Board of Directors

Our Board of Directors is organized into the following committees to carry out Board responsibilities:

- The **Audit Committee** fulfills oversight responsibilities in relation to the quality of financial reporting and internal controls including those relating to accounting and reporting practices of the association; those relating to the internal and external auditor; and to serve as an independent and objective party to review the financial information presented by management to shareholders, regulators, and the general public. The Committee also oversees the adequacy of management's actions with respect to recommendations arising from auditing activities.

- The **Human Resources and Compensation Committee** assists the Board in fulfilling its responsibilities concerning evaluation, development, and compensation of the CEO. The Committee reviews and approves the overall compensation policy and programs for senior officers and reviews compensation programs for all other association employees. The Committee also provides overall direction and/or recommendations concerning benefit programs and other human resource areas.

- The **Governance and Strategy Committee** addresses corporate governance issues and continuing efforts to strengthen and renew the Board and provides oversight of long-term strategy direction. The Committee assists the Board in fulfilling its fiduciary responsibilities relating to the director nomination and election process, membership representation, Board education and development, policies, bylaws, and standards of conduct/ethics development and review. Committee members also identify, attract, and recommend appointed director candidates as openings occur. The Committee also assists the Board in fulfilling its oversight responsibilities relating to long-term strategy and strategic direction for the Association, including risk and opportunities relating to such strategy and its alignment with the mission of the Farm Credit System.

Board of Directors as of December 31, 2018, including business experience during the last five years

Name	Term	Principal Occupation and Other Affiliations
Leif Aakre Chairperson of the Board	2015 - 2019	**Principal occupation:** Self-employed grain farmer
Ed Hegland Vice Chairperson of the Board	July 2017 - 2020	**Principal occupation:** Self-employed grain farmer
Suzanne Allen Appointed Director Financial Expert	July 2017 - 2019	**Principal occupation:** CFO of Compudyne, a technology company (September 2016-Present) VP and Treasurer of Otter Tail Corporation, a diversified publicly traded company (June 2016-August 2016; May 2015-January 2016) VP Finance and Accounting of TO Plastics, Thermoformed Products and Packaging Solutions Company (February 2016-May 2016) VP Finance and Accounting of Avenia Inc, an electrical construction company (September 2013-May 2015) **Other affiliations:** Director: Coffee House Press, a publishing company
Justin Dagen	2018 - 2022	**Principal occupation:** Self-employed grain and sugar beet farmer **Other affiliations:** Board Chair: Karlstad Farmers Elevator, grain marketing
Kurt Elliott	2016 - 2020	**Principal occupation:** Self-employed grain and livestock farmer **Other affiliations:** Commissioner: Traill County Commission, a political subdivision Director: Lake Agassiz Regional Development Board, a nonprofit economic development organization
Mark Ellison	2016 - 2020	**Principal occupation:** Self-employed grain farmer President: Ellison Farm, Inc. **Other affiliations:** Director: Farm Credit Council, the national trade association of the Farm Credit System Director: FCC Services, Inc., an education and insurance company
Scott Gerbig	2017 - 2021	**Principal occupation:** Self-employed dairy farmer
Jack Hansen Appointed Director Financial Expert	2016 - 2020	**Principal occupation:** Retired Prior to retirement he was the President and CEO of Norwest Bank in Hillsboro, ND
James Jarvis	July 2017 - 2019	**Principal occupation:** Self-employed grain, timber, and hay farmer Manager of a seasonal vegetable plant distribution and sales operation Owner of a campground **Other affiliations:** Board Member: Waushara County Human Services, a county department that provides human services to local residents Board Member: Waushara County Farm Bureau Board, an agricultural organization Committee Member: Mt. Morris Township Land Use Committee, a political subdivision
Michael Long	2017 - 2021	**Principal occupation:** Self-employed grain and livestock farmer
Greg Nelson	2018 - 2022	**Principal occupation:** Self-employed grain farmer

Name	Term	Principal Occupation and Other Affiliations
William Oemichen	2017 - 2021	**Principal occupation:** Senior Research Fellow in Food Systems Security and Preparedness, University of Wisconsin-Madison (2018-present) Consultant, Canadian Co-operative Association (2018-present) Director, Office of Preparedness & Emergency Health Care, Wisconsin Department of Health Services (2016-2017) President and CEO, Cooperative Network (2001-2015) **Other affiliations:** Treasurer: Group Health Cooperative of South Central Wisconsin, a health care insurance company Board Chair: Wisconsin College Savings Program, $4.3 billion state 529 fund Board Member: FCC Services, Inc., an education and insurance company Board Chair: SeventhWave, an energy conservation company Board Member: U.S. Selective Service Board for Wisconsin Advisor: Peak Ridge Capital, a venture capital fund
Lynn Pietig	July 2017 - 2019	**Principal occupation:** Owner of Pietig Book-Works, an accounting and tax practice Self-employed grain and livestock farmer **Other affiliations:** Treasurer: Morgan Memorial Foundation Inc., a nursing home and assisted living facility
Greg Sabolik	2017 - 2021	**Principal occupation:** Self-employed grain and dairy farmer President: Bred and Butter Dairy Vice President: Sabolik Brothers, a grain farm
Bradley Sunderland	July 2017 - 2020	**Principal occupation:** Self-employed grain and livestock farmer **Other affiliations:** Director: Hanley Falls Cooperative Elevator, a feed, grain and seed cooperative
Mary Kay Van Der Geest	2018 - 2022	**Principal occupation:** Advisor of Van Der Geest Dairy Cattle, a dairy and cropping farming operation **Other affiliations:** Advisor of Van Der Geest Maine Dairy Inc, a dairy farming operation Advisor of Van Der Geest Dairy Sales, a cattle sales organization
Dale Zahradka	2018 - 2022	**Principal occupation:** Self-employed grain farmer
Michael Zenker	2015 - 2019	**Principal occupation:** Self-employed grain farmer Seed dealer

Pursuant to our bylaws, directors are paid a reasonable amount for attendance at board meetings, committee meetings, or other special assignments. Directors are also reimbursed for reasonable expenses incurred in connection with such meetings or assignments. Each director receives an annual retainer of $37,200. In addition, the Board Chairperson receives an additional $7,800, the Vice Chairperson and the Audit Committee Chairperson receives an additional $4,800, and the Human Resources and Compensation Committee Chairperson and Governance Committee Chairperson receive an additional $1,800. All retainer fees are paid monthly. All directors also receive travel time compensation of $0.50 per mile for regular meetings.

Information regarding compensation paid to each director who served during 2018 follows:

	Number of Days Served				
Name	Board Meetings	Other Official Activities	On a Committee	Name of Committee	Total Compensation Earned in 2018
Leif Aakre	9.75	19.75	1.50	Governance	$ 45,828
Suzanne Allen	9.50	11.50	3.75	Audit	38,842
Glen Brandt[1]	7.00	13.75	2.75	Audit	28,230
Justin Dagen[2]	2.75	3.00	0.75	Audit	9,600
Kurt Elliott	9.75	24.25	3.75	Audit	34,348
Mark Ellison	9.75	27.50	1.75	Compensation	42,720
Scott Gerbig	9.75	8.25	1.50	Governance	40,800
Jack Hansen	9.75	17.25	3.75	Audit	42,000
Ed Hegland	9.75	26.00	1.50	Governance	47,965
Gregory Jans[1]	7.00	13.50	0.75	Governance	25,611
James Jarvis	9.75	15.50	1.75	Compensation	41,161
Michael Long	9.75	20.50	3.75	Audit	38,175
William Muhs[1]	7.00	8.00	1.75	Compensation	25,800
Greg Nelson	9.75	11.75	1.50	Governance	37,840
William Oemichen	9.75	21.00	1.75	Compensation	43,224
Lynn Pietig	9.75	17.75	3.50	Audit	41,448
Greg Sabolik	9.75	13.50	1.50	Governance	38,040
Bradley Sunderland	8.75	15.25	3.75	Audit	38,580
Mary Kay Van Der Geest	9.75	8.50	1.75	Compensation	40,602
Dale Zahradka	8.75	19.50	1.50	Governance	40,413
Michael Zenker	9.75	17.25	1.75	Compensation	38,310
					$ 779,537

[1]No longer on the Board at December 31, 2018

[2] Elected to the Board in 2018

Senior Officers

Senior Officers as of December 31, 2018, including business experience during the last five years

Name and Position	Business experience and other business affiliations
Marcus L. Knisely Chief Executive Officer	**Business experience:** Association Chief Executive Officer since 1998 **Other business interests:** Board member of Financial Partners, Inc., a related entity discussed on page 10 Board member of Minnesota AgriGrowth Council, a non-profit organization representing the agriculture and food systems industry Board member of Farm Credit Foundations Trust Committee through December 2018
Randy Aberle SVP Agribusiness and Capital Markets	**Business experience:** SVP Agribusiness and Capital Markets from November 2011 to present **Other business affiliations:** Board Chairperson for ProPartners Financial, a related alliance discussed on page 10
Jessica Fyre SVP General Counsel	**Business experience:** SVP General Counsel from July 2013 to present Assistant General Counsel from January 2012 to June 2013
Brian McKay* Chief Financial Officer-Elect	**Business experience:** Chief Financial Officer-Elect from October 2018 to present SVP Controller from July 2017 to September 2018 VP Controller from October 2013 to June 2017
Jeremy W. Oliver* Chief Financial Officer	**Business experience:** Chief Financial Officer from January 2008 to present
Howard Olson SVP Insurance and Communications	**Business experience:** SVP Insurance and Communications from August 2016 to present SVP Financial Services from January 2008 to July 2016 **Other business affiliations:** Secretary for ULTRA Snowmobile Club Board of Directors, a club serving snowmobile enthusiasts in Becker County, Minnesota
Mark Rehovsky Chief Marketplace Officer	**Business experience:** Chief Marketplace Officer from March 2012 to present
Jeffrey A. Schmidt Chief Risk Officer	**Business experience:** Chief Risk Officer from August 2018 to present SVP Credit from July 2017 to July 2018 Chief Credit Officer, United FCS from July 2008 to June 2017
Jeni Strand SVP Human Resources	**Business experience:** SVP Human Resources from July 2017 to present VP Human Resources from January 2008 to June 2017
Becky Thibert SVP Strategic Technology	**Business experience:** SVP Strategic Technology from July 2017 to present VP Strategic Technology from June 2014 to June 2017 Prior to beginning her employment with AgCountry in 2014, Ms. Thibert was a technology consultant for AgCountry
Kim Zeltinger Chief Credit Officer	**Business experience:** Chief Credit Officer from August 2018 to present Chief Credit Officer-Elect from June to July 2018 SVP of Credit from July 2017 to May 2018 VP of Credit from January 1999 to June 2017

*Effective April 1, 2019, Brian McKay will serve as Chief Financial Officer. Jeremy Oliver will retire August 30, 2019.

Senior Officer Compensation

Compensation Risk Management: We believe the design and governance of our CEO and senior officer compensation program is consistent with and promotes the accomplishment of our key business objective of ensuring sound risk management for the benefit of our shareholders. The philosophy underlying our program is to provide a total compensation package that attracts and retains highly qualified senior officers who are incented to ensure a safe, sound, and dependable source of credit and related services for agriculture and rural America. The Human Resources and Compensation Committee of the Board has established a compensation program that focuses on achieving both annual and long-term business results that are consistent with the best interests of our shareholders. The design of our senior officer compensation program supports our goals through a set of checks and balances, including (1) a balanced mix of base and variable pay, (2) a balanced use of financial, credit, and marketplace performance measures that are risk-adjusted where appropriate, and (3) individual pay awards based on both results and how those results were achieved.

Elements of Compensation: The CEO and senior officers are compensated with a mix of salary and variable pay in the form of direct cash, short-term incentives, as well as retirement plans generally available to all employees. The variable pay and retirement plans are not available to part-time employees working less than an average of 20 hours per week. Our Board of Directors determines the appropriate balance of base salary and short-term incentives, which are intended to be competitive with annual compensation for comparable positions at peer organizations.

Base Salary: The CEO and senior officer base salaries reflect the market, individual performance results, officer's experience, and level of responsibility. Association performance relative to objectives established in the annual business plan is reflected in base salary adjustments, varying consistent with the responsibility of each position. The CEO and each senior officer are compensated consistent with achievement of individual and association key business objectives. The base salary for the CEO is approved by our Board of Directors and the base salaries for other senior officers are approved by the CEO subject to the terms of the compensation program approved by the Human Resources and Compensation Committee of the Board. Salaries are also subject to adjustment based on changes in responsibilities and/or competitive market conditions.

Short-term Incentives: The CEO and senior officer incentives are paid annually based on performance criteria established by our Board of Directors. The criteria related to the overall association performance provides a balanced approach that includes: pre-tax net income, efficiency ratio, credit administration rating, and marketplace measured by average daily balance change for loans and leases. Additionally, criteria related to personal performance include attainment of personal objectives and individual performance ratings. The CEO and senior officer short-term incentive is based 70% on the overall association performance and 30% on individual performance measures. The Board of Directors establishes the CEO individual performance measures and ratings. The CEO establishes the senior officer performance measures and ratings. Incentives are calculated after the end of the plan year (the plan year is the calendar year) and are paid within 90 days of year end. In addition, any employee who achieves performance levels above and beyond the criteria in the short-term incentive plan may be awarded an additional bonus as approved by their supervisor, the SVP Human Resources, and the CEO, or by the Board if the bonus is for the CEO.

Retirement Plans: We have various post-employment benefit plans, which are generally available to all association employees, including the CEO and senior officers, based on dates of service to the association and are not otherwise differentiated by position, unless specifically stated. Information regarding the post-employment benefit plans is included in Notes 2 and 9 of this Annual Report.

Other Components of Compensation: Additionally, compensation associated with any company-paid vehicles, group term life insurance premiums, disability insurance premiums, years of service awards for retirees, or other taxable reimbursements may be made available to the CEO and senior officers based on job criteria or similar plans available to all employees.

Compensation to the CEO and Senior Officers

(in thousands) Name	Year	Salary	Variable Pay	Deferred/ Perquisites	Other	Total
Marcus L. Knisely, CEO	**2018**	**$ 625**	**$ 363**	**$ 7**	**$ 444**	**$ 1,439**
Robert C. Bahl, CEO*	2017	638	363	22	3,278	4,301
Robert C. Bahl, CEO**	2016	587	446	23	409	1,465
Aggregate Number of Senior Officers, excluding CEO						
Eleven***	**2018**	**$ 2,393**	**$ 878**	**$ 25**	**$ 1,512**	**$ 4,808**
Ten****	2017	2,148	1,150	29	3,585	6,912
Eight	2016	1,696	883	30	1,469	4,078

*Robert C. Bahl retired effective December 31, 2017 and Marcus L. Knisely became Chief Executive Officer effective January 1, 2018. Compensation for 2017 was updated from the 2017 annual report to include a final retention payment paid in 2018.
**Certain reclassifications of 2016 compensation amounts have been made to conform to current year presentation. Previously, elective deferrals of salary were classified as Deferred/Perquisites. These amounts are now classified as salary.
***Includes 1 Senior Officer that retired and 2 new Senior Officers in 2018.
****Includes compensation for 2 former United employees that became Senior Officers for AgCountry as of July 1, 2017.

The amount in the "Other" category in the preceding table primarily includes:

- Employer match on defined contribution plans available to all employees.
- Changes in the value of pension benefits. The change in value of the pension benefits is defined as the change in the vested portion of the present value of the accumulated benefit obligation from December 31 of the prior year to December 31 of the most recent year for the District-wide Pension Plan and the Pension Restoration Plan, as applicable, as disclosed in Note 9 to the Consolidated Financial Statements in this Annual Report. This change in value does not represent cash payments made by the Association during the year, but rather is an estimate of the change in the Association's future obligations under the pension plans. The change in the value of the pension benefits is highly sensitive to discount rates used to value the plan liabilities to participants.
- Amounts related to retention bonuses.

No tax reimbursements are made to the CEO and senior officers.

The value of the pension benefits from December 31, 2017 to December 31, 2018, changed primarily due to interest cost, accumulation of an additional year of credited service by plan participants, and changes in actuarial assumptions.

Members may request information on the compensation to the individuals included in the preceding table during 2018.

Pension Benefits Attributable to the CEO and Senior Officers

(dollars in thousands) **2018** Name	Plan	Years of Credited Service	Present Value of Accumulated Benefits	Payments Made During the Reporting Period
Marcus L. Knisely, CEO	AgriBank District Retirement Plan	**40.4**	**$ 2,641**	**$ --**
	AgriBank District Pension Restoration Plan	**40.4**	**2,377**	**--**
Aggregate Number of Senior Officers, excluding CEO				
Eight	AgriBank District Retirement Plan	**32.3**	**$ 12,391**	**$ 1,453**
Four	AgriBank District Pension Restoration Plan	**38.8**	**1,550**	**--**

Senior officers in the above table includes those who retired during the year.

The change in composition of the aggregate senior officer can have a significant impact on the calculation of the accumulated pension benefits.

Effective January 1, 2007, the AgriBank District Retirement Plan was closed to new employees. Therefore, any employee starting employment with the AgriBank District after that date is not eligible to be in the plan.

The AgriBank District Pension Restoration Plan restores retirement benefits to certain highly compensated employees that would have been provided under the qualified plan if such benefits were not above certain Internal Revenue Code limits. Not all senior officers or highly compensated employees are eligible to participate in this plan.

Transactions with Senior Officers and Directors

Information regarding related party transactions is discussed in Note 10 to the Consolidated Financial Statements in this Annual Report.

Travel, Subsistence, and Other Related Expenses

Directors and senior officers are reimbursed for reasonable travel, subsistence, and other related expenses associated with business functions. A copy of our policy for reimbursing these costs is available by contacting us at:

Post Office Box 6020
Fargo, ND 58108-6020
(701) 282-9494
www.agcountry.com
acndinternet@agcountry.com

The total directors' travel, subsistence, and other related expenses were $0.4 million, $0.2 million, and $0.2 million in 2018, 2017, and 2016, respectively.

Involvement in Certain Legal Proceedings

No events occurred during the past five years that are material to evaluating the ability or integrity of any person who served as a director or senior officer on January 1, 2019, or at any time during 2018.

Member Privacy

The FCA Regulations protect members' nonpublic personal financial information. Our directors and employees are restricted from disclosing information about our Association or our members not normally contained in published reports or press releases.

Relationship with Qualified Public Accountant

There were no changes in independent auditors since the last Annual Report to members and we are in agreement with the opinion expressed by the independent auditors. The total financial statement audit fees paid during 2018 were $0.3 million. Our engagement letter commits to reimbursing the external auditor for reasonable out-of-pocket expenses as incurred for travel. In addition, we incurred $12 thousand for tax services.

Financial Statements

The Report of Management, Report on Internal Control Over Financial Reporting, Report of Audit Committee, Report of Independent Auditors, Consolidated Financial Statements, and Notes to Consolidated Financial Statements are presented prior to this portion of the Consolidated Financial Statements in this Annual Report.

Our Commitment to Servicing Young, Beginning, and Small Farmers and Ranchers

Information regarding credit and services to young, beginning, and small farmers and ranchers, and producers or harvesters of aquatic products is discussed in an addendum to this Annual Report.

Our Commitment to Serving Young, Beginning and Small Farmers

(Unaudited)

Serving our young, beginning and small farmer customers is a priority at AgCountry.

Young, Beginning and Small Farmers Defined

Young Farmer: A farmer or rancher who is 35 years of age or less as of the loan transaction date.

Beginning Farmer: A farmer or rancher who has 10 years or less of farming or ranching experience as of the loan transaction date.

Small Farmer: A farmer or rancher who normally generates less than $250,000 in annual gross sales of agricultural products.

Our Mission for Serving Young, Beginning and Small Farmers

Our mission is to serve agriculture and rural America.

For young, beginning farmers, this means…
We support the successful entry of young and beginning farmers into production agriculture through specialized credit underwriting, educational/informational programs and other activities.

For small farmers, this means…
We provide convenient, easy and cost-effective access to our products and services at competitive prices.

Our Objectives for Serving Young, Beginning Farmers

1. To identify individuals with the personal management skills and drive to build a full-scale, full-time operation.

2. To apply alternative credit standards to the young, beginning farmer market segment, invest the specialized skills of our staff in serving this segment and provide subsidies for interest rates and financial services.

3. To closely monitor the business transition plans of our young, beginning farmers with growing and larger operations to ensure that from a customer value, service and monitoring standpoint, we are positioned with the next generation of owner/operators.

Our Progress in Achieving These Objectives

AgCountry markets to young and beginning farmer prospects. We monitor the farm business transition plans of customers and prospects including offering Succession and Retirement Planning consulting. Customer information for underwriting is streamlined and often relies on credit scoring tools. Our young and beginning credit underwriting allows exceptions to established underwriting standards, provides for defined interest rate pricing exceptions and subsidies on eligible financial services. Scholarships and numerous educational opportunities are also provided.

Our Objectives for Serving Small Farmers

1. To establish small farmer delivery and processing systems that are streamlined and efficient using technology and branch offices to achieve cost-effective access and competitive prices.

2. To pursue decision-making methodology that streamlines the credit process, along with processes that maximize disbursement and payment alternatives (such as revolving loans, scorecards, online loan applications, purchase or debit cards and online banking).

3. To identify customers within the small farmer segment that have the capacity and the goal to become a larger farm operation and provide them with more loan officer and financial services interaction that brings us closer to the people-intensive portion of our value proposition provided for larger, full-scale farm operations.

Our Progress in Achieving these Objectives

AgCountry has 37 offices to serve this segment as well as access through dealer retail financing. Customer information for underwriting is streamlined and often relies on credit scoring tools. All financial services are made available and we provide additional support to those units with a business expansion strategy.

Quantitative Goals and Status -
Annual, Three-Year, and Actual

Goal: 25% of producer loan customers will be coded young or beginning.

Status: Annual: 25%
Three-Year: 25%
Actual: 26.8%

Goal: 25% of all producer relationships will be young or beginning.

Status: Annual: 25%
Three-Year: 25%
Actual: 22.9%

Goal: YBSF volume will remain above 35% of ongoing producer credit branch operations volume.

Status: Annual: 35%
Three-Year: 35%
Actual: 33.6%

Goal: Educational/informational opportunities provided to YBFs annually.

Status: Annual: 350
Three-Year: reduces to 300 in year three
Actual: 633

Goal: The YBF portfolio will be maintained at or above 85% acceptable credit quality. The small farmer portfolio will be maintained at or above 94% acceptable credit quality.

Status: Annual: 85% and 94%
Three-Year: 85% and 94%
Actual: Young and beginning: 97.5%
Small: 98.9%

Goal: 25% of our new loan volume will go to YBFs annually.

Status: Annual: 25%
Three-Year: 25%
Actual: 34.5%

Goal: Small farmer customer numbers will be greater than 50% of all producer loan and lease relationships.

Status: Annual: 50%
Three-Year: 50%
Actual: 45.8%

Qualitative Goals and Status

Goal: The capacity to use Farm Services Agency (FSA) and state programs will be maintained as a tool for a YBF operator.

Status: FSA assisted in providing 26 new loans. Bank of North Dakota and Minnesota Rural Finance Authority were not utilized in 2018.

Goal: Succession and retirement/transition planning consultative services will be provided to young and beginning farmers.

Status: These services were provided to 101 young and beginning farmers.

Goal: AgCountry's full spectrum of financial services will be made available to young and beginning farmers.

Status:

Services	# Served
Tax	783
Farm Accounting	235
Succession & Retirement	101
Crop Insurance	716

Goal: Educational and informational opportunities will be provided to young and beginning farmers.

Status: The following educational and informational opportunities were provided to young and beginning farmers:

- Seminars on "Tax Reform: Are you ready for change?" and "Preparing For Opportunities" were presented free-of-charge at the Big Iron Farm Show in September, along with a section of our display booth dedicated to YBF information and materials. 92 YBFs visited our booth.
- A marketing education workshop, "Optimism & Opportunity" was held in January (74 YBFs attended).
- A presentation was given to 43 YBFs on February 21 at a YBF breakfast with a presentation by Dr. Matt Roberts.
- Dr. David Kohl webinar series attracted a total of 47 YBFs.
- Marketing education meetings
- Risk & Opportunity Analysis meetings
- Multi peril and crop insurance consultations
- Succession & retirement planning meetings
- Farm accounting update meetings
- Pre-harvest meetings
- FSA Guarantee loan counseling sessions
- Marketing club presentations
- The AgCountry Young Farmer Advisory Committee, consisting of 10 YBF families, met in January and July to discuss challenges and opportunities for young farm families.

Goal: Focus group meetings will be held periodically with select groups of young and beginning or small farmers.

Status: Three meetings were held with 8 young, beginning or small farmers in attendance.

Goal: Financial and in-kind support will be provided to programs that foster the development of young farmers, such as 4H and FFA.

Status:

- More than $128,000 was donated to such programs, including 4H, FFA, Farm Management/Leadership Programs, Farm Safety camps and educational seminars offered through county Extension Service offices.
- 1,150 FFA handbooks and 155 official FFA manuals were distributed in our LSA.
- $7,326 in scholarships was awarded to YBF customers to attend the "Optimism & Opportunity" marketing education workshop in January.
- $8,892 in scholarships was awarded to YBF customers to attend The Executive Program for Agricultural Producers (TEPAP) at Texas A&M University.
- $36,000 in scholarships was awarded to 36 high school seniors pursuing careers in agriculture.
- Scholarships of $19,000 were awarded to 19 NDSU students in the Farm Credit Fellows program.

Goal: Information about special exceptions to credit standards, special pricing options and other services available to young and beginning farmers will be distributed through branch offices, trade shows and focus group meetings and our website.

Status: This continues to be accomplished.

Young, Beginning and Small Farmer Demographics in Our Service Area	Census 2012	AgCountry Producer Loan and Lease Portfolio
35 years of age or less	7.8%	20.2%
10 years or less of experience farming	14.5%	23.95%
Farms less than $250,000 Value Farm Sales	74.8%	45.8%

Data Differences:

- The age and farmer experience is as of the date of the ag census, while AgCountry compiled as of the date the loan was made.
- Small farmers is by farm entity from the ag census data, while AgCountry data is compiled as of the date of the loan and the total value of sales of closely related entities rather than individual entities.
- Census data reflects all farms whether they use debt or not. The Census reflects only 40.3% of farms have debt.
- Of the farms reporting to the Census report, 19.6% of the farms had sales less than $10,000.

Safety and Soundness of the Program:

Goals are established for loan quality of these customer segments. The association is well above these goals at this time. The Starting Gate program, which is a subset of the young and beginning farmer program, also limits the size of individual transactions and an overall dollar amount available for this program because of the increased risk.

Contact Us:

In the office, online or on your farm, our teams of specialists are ready to help you.

Minnesota

Ada
901 West 1st Ave S
Ada, MN 56510
218-784-7263
800-450-3063

Alexandria
1022 Broadway St
Alexandria, MN
56308
320-763-3184
800-450-3184

Crookston
530 Fisher Ave
Crookston, MN
56716
218-281-1416
800-689-9373

Detroit Lakes
873 Hwy 10 E
Detroit Lakes, MN
56501
218-847-1645
800-224-1647

Elbow Lake
17 First Street NE
Elbow Lake, MN
56531
218-685-5311
800-450-5311

Fergus Falls
311 N Tower Rd
Fergus Falls, MN
56537
218-739-5221
800-757-5221

Fosston
907 Prairie Pines Dr
Fosston, MN 56542
218-435-1686
877-635-2311

Graceville
316 E First Street
Graceville, MN 56240
320-748-7294
800-450-7294

Hallock
224 N Atlantic Ave
Hallock, MN 56728
218-843-3627
877-284-2835

Litchfield
1725 US Hwy 12 E
Litchfield, MN 55355
320-693-7953
800-450-7953

Madison
112 5th Ave
Madison, MN 56256
320-598-7505
800-450-7505

Marshall
302 S O'Connell St
Marshall, MN 56258
507-532-5751
800-450-5751

Morris
103 Atlantic Ave S
Morris, MN 56267
320-589-3881
800-450-3881

Olivia
1701 W Lincoln Ave
Olivia, MN 56277
320-523-1216
800-450-1216

Redwood Falls
161 County Hwy 101
Redwood Falls, MN
56283
507-637-8721
800-450-8721

Roseau
208 Third Ave NW
Roseau, MN 56751
218-463-2766
888-290-2766

Thief River Falls
2044 State Hwy 1 NE
Thief River Falls, MN
56701
218-681-2304
877-787-3339

Warren
406 N McKinley St
Warren, MN 56762
218-745-5144
800-642-6346

Willmar
4401 Hwy 71 S
Willmar, MN 56201
320-235-1771
800-450-1771

North Dakota

Cavalier
300 Main Street W
Cavalier, ND 58220
701-265-8423
866-898-6221

Devils Lake
707 Highway 2 E
Devils Lake, ND
58301
701-662-5356
800-422-3670

Fargo
1900 44th Street S
Fargo, ND 58103
701-235-9858
800-450-9858

Grafton
1005 Hill Ave
Grafton, ND 58237
701-352-1651
800-819-1651

Grand Forks
4350 32nd Ave S
Grand Forks, ND
58201
701-775-3193
800-288-3982

Hillsboro
802 W Caledonia Ave
Hillsboro, ND 58045
701-636-4842
800-450-4842

Jamestown
2506 3rd Ave SW
Jamestown, ND
58401
701-252-5242
800-450-5242

LaMoure
200 1st Street SW
LaMoure, ND 58458
701-883-5291
800-520-5291

Langdon
323 Ninth Ave
Langdon, ND 58249
701-256-2553
877-623-9582

Lisbon
604 Main Street
Lisbon, ND 58054
701-683-4172
800-450-4172

Valley City
220 Winter Show Rd SW
Valley City, ND 58072
701-845-1751
800-900-1751

Wahpeton
1982 Two Ten Drive
Wahpeton, ND 58075
701-642-8557
800-450-8557

Wisconsin

Antigo
2616 US Hwy 45
Antigo, WI 54409
715-623-7644
800-324-5755

Marshfield
1207 N Central Ave
Marshfield, WI
54449
715-387-3765
800-324-5752

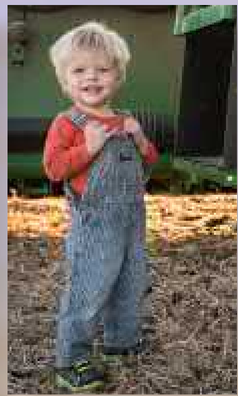
Medford
600 S 8th Street
Medford, WI 54451
715-748-3270
800-324-5753

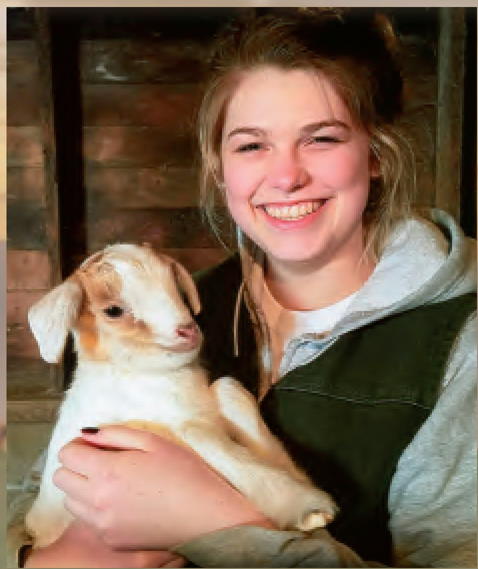
Stevens Point
1216 Wildwood Dr
Stevens Point, WI
54482
715-344-1000
800-324-5754

Thorp
204 E Liberty Dr
Thorp, WI 54771
715-669-5911
800-324-5758

Wausau
611 S 32nd Ave
Wausau, WI 54402
715-842-4631
800-324-5751

Thanks to our AgCountry customers who submitted the photos used in our 2018 Annual Report.





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Farm Credit Services