2018 FIRST QUARTER

STOCKHOLDERS

REPORT

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

(Unaudited)

The following discussion summarizes the financial position and results of operations of High Plains Farm Credit, ACA for the three months ended March 31, 2018, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2017 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

High Plains Farm Credit's annual and quarterly reports to stockholders are available on the Association's website, HighPlainsFarmCredit.com or can be obtained free of charge by contacting the Association's headquarters at (620) 285-6978. Annual reports are available 75 days after year end and quarterly reports are available 40 days after each calendar quarter end. The financial condition and results of operations of CoBank, ACB (CoBank), materially affect the risk associated with stockholder investments in High Plains Farm Credit, ACA. Stockholders of High Plains Farm Credit, ACA may obtain copies of CoBank's financial statements free of charge by visiting CoBank's website, CoBank.com or by contacting us at our Larned headquarters office located at 605 Main, Larned, KS 67550-0067 or by calling us at (620) 285-6978.

Effective October 1, 2017, Farm Credit of Ness City, FLCA was merged into High Plains Farm Credit, ACA. The merger united two strong Associations with deep Kansas roots, into a financial institution of greater capital, capacity and human resources to better serve Kansas agriculture. The merged association continues to conduct business as High Plains Farm Credit, ACA with headquarters located in Larned, KS. Kevin Swayne is President and Chief Executive Officer of the continuing Association. For purposes of the management discussion and analysis, unless otherwise noted, reference to "the Association" represents High Plains Farm Credit from a current, historic and future perspective. Beginning October 1, 2017 our financial position, results of operations, cash flows and related metrics include the effects of the merger. Upon the closing of the merger, we acquired assets at fair value of $343.3 million and liabilities at fair value of $273.2 million, thus net assets increased by $70.1 million.

CURRENT MARKET CONDITIONS

According to the U.S. drought monitor, drought conditions in our territory are categorized as "abnormally dry" to "extreme drought" conditions, with a small pocket of "exceptional" drought in Meade and Clark counties. Winter wheat crop conditions are currently rated 53% poor or worse. Since February, cash grain prices and soybean prices have remained relatively flat. Crop insurance continues to be utilized to help manage risk in this area.

Cattle markets have remained stable. Most segments of the cattle industry have experienced better than expected profitability going into 2018. Prices have been such that producers buying feeder calves have been able to make positive margins on the gains, and cow/calf producers have been able to make profits on their calf crop. Going into the spring and summer, a lack of moisture has some producers concerned about the availability of summer grass.

The real estate market continues to show some signs of weakening in our region. Buyers continue to be traditional farmers and ranchers.

LOAN PORTFOLIO

The loan portfolio consists of agricultural real estate loans, agricultural production operating loans and intermediate-term loans. Loans outstanding at March 31, 2018 totaled $1.09 billion, an increase of $32.8 million (3.10%), from loans of $1.06 billion at December 31, 2017. The increase was primarily due to new loans and advances on existing loans slightly outpacing pay-downs and payoffs.

Advance conditional payments totaled $6.5 million at March 31, 2018, a slight decrease of $143 thousand (2.16%), from $6.6 million at December 31, 2017. The advance conditional payment accounts are impacted by seasonal conditions. Typically, stockholders utilize these accounts as they find themselves with excess cash.

RESULTS OF OPERATIONS

Beginning October 1, 2017, results of operations and related metrics include the effects of the merger. Results presented prior to October 1, do not reflect the impact of the merger.

High Plains Farm Credit posted strong financial results for the three month period ended March 31, 2018. Performance was driven primarily by new loan volume and efficiencies gained from the merger with Farm Credit of

Ness City. Net income for the three months ended March 31, 2018 was $7.2 million, an increase of $3.5 million (96.88%), from the same period ended one year ago.

Net interest income for the three months ended March 31, 2018 was $7.5 million, an increase of $2.9 million (60.94%), compared with March 31, 2017. Net interest income, as compared to prior year, increased largely due to additional loans acquired from the merger.

The provision for credit losses for the three months ended March 31, 2018 was $288 thousand, an increase of $181 thousand (169.16%), from the provision for credit losses for the same period ended one year ago. The provision for loan losses increased primarily due to an increase in loan volume, and in part to an increase in risk of the overall loan portfolio. This increase was partially offset by a $30 thousand decrease in the provision for unfunded commitments primarily due to funding commitments and risk classification changes.

Noninterest income increased $1.3 million during the first three months of 2018 compared with the first three months of 2017 primarily due to an allocated premium refund of $755 thousand from Farm Credit System Insurance Corporation (FCSIC) and a $366 thousand increase in patronage income primarily due to additional loan volume acquired with the merger. Financially related services increased $70 thousand primarily due to the implementation of FASB guidance “Revenue from Contracts with Customers” which impacts how we report crop insurance proceeds (See Note 1 of the accompanying Consolidated Financial Statements). All other increases were largely attributable to the merger.

We received mineral income of $100 thousand during the first three months of 2018, which is distributed to us quarterly by CoBank. The increase of $21 thousand compared to the first three months of 2017 is due to the merger.

During the first three months of 2018, noninterest expense increased $501 thousand to $2.8 million. The increase is net of efficiencies gained from the merger. An increase of $269 thousand in salaries and benefits, and an increase of $121 thousand in purchased services are due to additional employees. These increases were partially offset by a $61 thousand decrease in the Farm Credit Insurance Fund premium. Noninterest expense efficiencies gained due to the merger are approximately $800 thousand for the first quarter of 2018.

CAPITAL RESOURCES

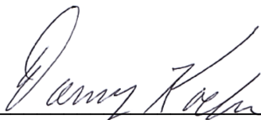
Our shareholders’ equity at March 31, 2018 was $227 million, an increase of $8.8 million from $218 million at December 31, 2017. This increase is due to net income and net stock issuances, partially offset by preferred stock dividends declared.

The Association’s Class H Preferred Stock dividend rate at March 31, 2018 was 3.25%. The dividend rate is a per annum rate subject to change each month.

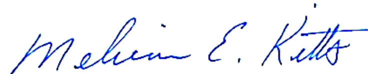
BUILDING PROJECTS

As High Plains Farm Credit continues to expand products and services for our stockholders, we also need infrastructure which is commensurate with our current and future growth. In March, the board of directors approved a building addition to the Hays office located on Vine Street. The expansion will provide eight additional offices, public meeting space and a basement for storage and future growth. Construction will commence in May and is expected to be completed during the fall of 2018. The net project cost is expected to be just over $1 million. The project will be funded by sale of the administrative office location in downtown Hays and financing through CoBank.

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



Danny Koehn
Chairperson of the Board
May 4, 2018



Melvin E. Kitts
Chairperson of the Audit Committee
May 4, 2018

Kevin D. Swayne
President and Chief Executive Officer
May 4, 2018

Kristen Windscheffel
Chief Financial Officer
May 4, 2018

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2018	December 31 2017
	UNAUDITED	AUDITED
ASSETS		
Loans	**$ 1,089,624**	$ 1,056,849
Less allowance for loan losses	**2,755**	2,449
Net loans	**1,086,869**	1,054,400
Cash	**81**	13,166
Investment in dealer notes	**1,138**	1,109
Accrued interest receivable	**15,110**	16,634
Investment in CoBank, ACB	**39,225**	38,477
Premises and equipment, net	**3,066**	3,026
Prepaid benefit expense	**1,141**	1,312
Other assets	**4,196**	8,705
Total assets	**$ 1,150,826**	$ 1,136,829
LIABILITIES		
Note payable to CoBank, ACB	**$ 906,385**	$ 898,655
Advance conditional payments	**6,473**	6,616
Accrued interest payable	**1,876**	1,645
Patronage distributions payable	**4,400**	4,400
Accrued benefits liability	**501**	697
Deferred tax liability	**202**	202
Reserve for unfunded commitments	**404**	434
Other liabilities	**3,592**	5,994
Total liabilities	**923,833**	918,643
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preferred stock	**5,063**	3,453
Capital stock	**1,837**	1,818
Additional paid-in capital	**69,380**	69,380
Unallocated retained earnings	**151,099**	143,949
Accumulated other comprehensive loss	**(386)**	(414)
Total shareholders' equity	**226,993**	218,186
Total liabilities and shareholders' equity	**$ 1,150,826**	$ 1,136,829

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31 2018	2017
INTEREST INCOME		
Loans	**$ 12,506**	$ 7,447
Investment in dealer notes	**13**	11
Total interest income	**12,519**	7,458
INTEREST EXPENSE		
Note payable to CoBank	**4,956**	2,766
Other	**23**	7
Total interest expense	**4,979**	2,773
Net interest income	**7,540**	4,685
Provision for credit loss	**288**	107
Net interest income after provision for credit loss	**7,252**	4,578
NONINTEREST INCOME		
Financially related services income	**89**	19
Loan fees	**59**	19
Patronage refund from Farm Credit Institutions	**1,705**	1,339
Farm Credit Insurance Fund distribution	**755**	-
Mineral income	**100**	79
Other noninterest income	**65**	36
Total noninterest income	**2,773**	1,492
NONINTEREST EXPENSE		
Salaries and employee benefits	**1,507**	1,238
Occupancy and equipment	**110**	71
Purchased services from AgVantis, Inc.	**452**	331
Farm Credit Insurance Fund premium	**158**	219
Merger implementation costs	**-**	12
Supervisory and examination costs	**111**	87
Other noninterest expense	**492**	371
Total noninterest expense	**2,830**	2,329
Income before income taxes	**7,195**	3,741
Provision for income taxes	**11**	92
Net income	**7,184**	3,649
OTHER COMPREHENSIVE INCOME		
Amortization of retirement costs	**28**	22
Total comprehensive income	**$ 7,212**	$ 3,671

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Protected Borrower Stock	Preferred Stock	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2016	$ 1	$ 3,494	$ 1,148	$ -	$ 131,832	$ (401)	$ 136,074
Comprehensive income					3,649	22	3,671
Stock issued	-	-	15				15
Stock retired	(1)	-	(15)				(16)
Preferred stock dividends declared					(21)		(21)
Balance at March 31, 2017	$ -	$ 3,494	$ 1,148	$ -	$ 135,460	$ (379)	$ 139,723
Balance at December 31, 2017	$ -	$ 3,453	$ 1,818	$ 69,380	$ 143,949	$ (414)	$ 218,186
Comprehensive income					7,184	28	7,212
Stock issued	-	1,610	22				1,632
Stock retired	-	-	(3)				(3)
Preferred stock dividends declared					(34)		(34)
Balance at March 31, 2018	**$ -**	**$ 5,063**	**$ 1,837**	**$ 69,380**	**$ 151,099**	**$ (386)**	**$ 226,993**

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

NOTES TO FINANCIAL STATEMENTS

(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of High Plains Farm Credit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2017, are contained in the 2017 Annual Report to Shareholders. These unaudited first quarter 2018 financial statements should be read in conjunction with the 2017 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2017, as contained in the 2017 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2018. Descriptions of the significant accounting policies are included in the 2017 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In February 2018, the Financial Accounting Standards Board (FASB) issued guidance entitled “Income Statement — Reporting Comprehensive Income — Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.” This guidance allows for the reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the recently issued tax legislation, Tax Cuts and Jobs Act (TCJA) that lowered the federal corporate tax rate from 35 percent to 21 percent. The amount of the reclassification shall include the effect of the change in the tax rate on gross deferred tax amounts and related valuation allowances at the date of enactment of the TCJA related to items remaining in accumulated other comprehensive income. The guidance becomes effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The Association has early adopted this standard during the first quarter of 2018, and there was no impact on the Association’s financial condition or results of operations.

In March 2017, the FASB issued guidance entitled “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Cost.” The guidance requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. Other components are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance did not materially impact the Association’s financial condition or results of operations.

In August 2016, the FASB issued guidance entitled “Classification of Certain Cash Receipts and Cash Payments.” The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance did not impact the Association’s financial condition or its results of operations.

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

In February 2016, the FASB issued guidance entitled “Leases.” The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled “Recognition and Measurement of Financial Assets and Liabilities.” The guidance affects, among other things, the presentation and disclosure requirements for financial instruments. For public entities, the guidance eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value of financial instruments carried at amortized cost. This guidance became effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance did not impact the Association’s financial condition or its results of operations.

In May 2014, the FASB issued guidance entitled, “Revenue from Contracts with Customers.” 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 new revenue recognition guidance. The guidance sets forth the requirement for new and enhanced disclosures. The Association adopted the new standard effective January 1, 2018, using the modified retrospective approach. As the majority of the Association’s revenues are not subject to the new guidance, the adoption of the guidance did not have a material impact on the financial position, results of operations, equity or cash flows.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows**.**

	March 31, 2018	December 31, 2017
Real estate mortgage	**$ 729,027**	$ 730,288
Production and intermediate-term	**291,044**	281,269
Agribusiness	**65,451**	41,055
Rural infrastructure	**3,421**	3,477
Rural residential real estate	**681**	760
Total loans	**$ 1,089,624**	$ 1,056,849

The Association purchases and sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at March 31, 2018:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 20,307	$104,331	$ 2,306	$ 522	$ 22,613	$104,853
Production and intermediate-term	15,738	235,038	1,371	23	17,109	235,061
Agribusiness	38,011	12,106	-	1,561	38,011	13,667
Rural infrastructure	3,421	-	-	-	3,421	-
Total	$ 77,477	$351,475	$ 3,677	$ 2,106	$ 81,154	$353,581

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

	March 31, 2018	December 31, 2017
Real estate mortgage		
Acceptable	**93.90%**	93.96%
OAEM	**3.62%**	4.07%
Substandard	**2.48%**	1.97%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**91.47%**	91.78%
OAEM	**3.29%**	5.06%
Substandard	**5.24%**	3.16%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**94.42%**	99.97%
OAEM	**5.58%**	0.03%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**91.63%**	100.00%
OAEM	**8.37%**	-
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**93.30%**	93.63%
OAEM	**3.64%**	4.17%
Substandard	**3.06%**	2.20%
Total	**100.00%**	100.00%

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

(dollars in thousands)	**March 31, 2018**	December 31, 2017
Nonaccrual loans		
Real estate mortgage	**$ 989**	$ 1,475
Production and intermediate-term	**825**	38
Total nonaccrual loans	**$ 1,814**	$ 1,513
Accruing loans 90 days past due		
Real estate mortgage	**$ 404**	$ -
Total accruing loans 90 days past due	**$ 404**	$ -
Total high risk assets	**$ 2,218**	$ 1,513

The Association had no accruing restructured loans and no other property owned for the periods presented.

Additional impaired loan information is as follows:

	March 31, 2018			December 31, 2017		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 1,393**	**$ 1,564**		$ 1,475	$ 1,632	
Production and intermediate-term	**825**	**808**		38	39	
Agribusiness	**-**	**107**		-	107	
Total	**$ 2,218**	**$ 2,479**		$ 1,513	$ 1,778	

Note: The recorded investment in the loan receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the loan receivable.

	For the Three Months Ended March 31, 2018		For the Three Months Ended March 31, 2017	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ -**	**$ -**	$ 1,380	$ -
Production and intermediate-term	**-**	**-**	560	-
Total	**$ -**	**$ -**	$ 1,940	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 1,563**	**$ 16**	$ 42	$ 16
Production and intermediate-term	**64**	**-**	-	-
Total	**$ 1,627**	**$ 16**	$ 42	$ 16
Total impaired loans:				
Real estate mortgage	**$ 1,563**	**$ 16**	$ 1,422	$ 16
Production and intermediate-term	**64**	**-**	560	-
Total	**$ 1,627**	**$ 16**	$ 1,982	$ 16

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

March 31, 2018	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 1,270	$ 971	$ 2,241	$ 737,565	$ 739,806	$ 404
Production and intermediate-term	373	337	710	294,495	295,205	-
Agribusiness	-	-	-	65,606	65,606	-
Rural infrastructure	-	-	-	3,426	3,426	-
Rural residential real estate	-	-	-	686	686	-
Total	$ 1,643	$ 1,308	$ 2,951	$1,101,778	$1,104,729	$ 404

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	Recorded Investment in Loans Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,468	$ 566	$ 3,034	$ 739,024	$ 742,058	$ -
Production and intermediate-term	-	-	-	286,008	286,008	-
Agribusiness	-	-	-	41,170	41,170	-
Rural infrastructure	-	-	-	3,483	3,483	-
Rural residential real estate	-	-	-	764	764	-
Total	$ 2,468	$ 566	$ 3,034	$1,070,449	$1,073,483	$ -

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

	Balance at December 31, 2017	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2018
Real estate mortgage	$ 483	$ 8	$ -	$ 40	$ 515
Production and intermediate-term	1,909	4	-	235	2,140
Agribusiness	57	-	-	43	100
Total	$ 2,449	$ 12	$ -	$ 318	$ 2,755

	Balance at December 31, 2016	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2017
Real estate mortgage	$ 232	$ -	$ -	$ 74	$ 306
Production and intermediate-term	1,171	4	-	118	1,285
Agribusiness	20	-	-	11	31
Rural infrastructure	1	-	-	-	1
Total	$ 1,424	$ 4	$ -	$ 203	$ 1,623

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

	For the Three Months Ended March 31	
	2018	2017
Balance at beginning of period	**$ 434**	$ 848
Provision for unfunded commitments	**(30)**	(96)
Total	**$ 404**	$ 752

Additional information on the allowance for credit losses follows:

	Allowance for Credit Losses Ending Balance at March 31, 2018		Recorded Investments in Loans Outstanding Ending Balance at March 31, 2018	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 515	$ 1,393	$ 738,413
Production and intermediate-term	-	2,140	825	294,380
Agribusiness	-	100	-	65,606
Rural infrastructure	-	-	-	3,426
Rural residential real estate	-	-	-	686
Total	$ -	$ 2,755	$ 2,218	$ 1,102,511

	Allowance for Credit Losses Ending Balance at December 31, 2017		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2017	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 483	$ 1,475	$ 740,583
Production and intermediate-term	-	1,909	38	285,970
Agribusiness	-	57	-	41,170
Rural infrastructure	-	-	-	3,483
Rural residential real estate	-	-	-	764
Total	$ -	$ 2,449	$ 1,513	$ 1,071,970

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. TDR volume at March 31, 2018 consisted of one nonaccrual loan. The restructure, which occurred during the first quarter of 2018, is part of a court ordered bankruptcy plan.

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

	For the Three Months Ended			
	March 31, 2018		March 31, 2017	
	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:				
Real estate mortgage	$ 76	$ 76	$ -	$ -
Total	$ 76	$ 76	$ -	$ -

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

The Association had no TDRs within the previous 12 months for which there were subsequent payment defaults during the first three months of 2018 and 2017. There were no additional commitments to lend to borrowers whose loans have been modified in troubled debt restructuring at March 31, 2018 and December 31, 2017.

	Loans modified as TDRs		TDRs in Nonaccrual Status*	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017
Real estate mortgage	**$ 76**	$ -	**$ 76**	$ -
Total	**$ 76**	$ -	**$ 76**	$ -

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

NOTE 3 - CAPITAL

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

	As of March 31, 2018	As of December 31, 2017	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	15.75%	15.43%	4.5%	2.5%*	7.0%
Tier 1 capital ratio	15.75%	15.43%	6.0%	2.5%*	8.5%
Total capital ratio	16.01%	15.70%	8.0%	2.5%*	10.5%
Permanent capital ratio	16.22%	15.74%	7.0%	–	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	16.19%	15.97%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	18.40%	18.20%	1.5%	–	1.5%

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

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

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

	For the Three Months Ended March 31	
	2018	2017
Pension and other benefit plans:		
Beginning balance	**$ (414)**	$ (401)
Amounts reclassified from accumulated other comprehensive loss	**28**	22
Net current period other comprehensive income/(loss)	**28**	22
Ending balance	**$ (386)**	$ (379)

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

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss) For the Three Months Ended March 31		Location of Gain/Loss Recognized in Statement of Income
	2018	2017	
Pension and other benefit plans:			
Net actuarial loss	**$ 28**	$ 22	Salaries and employee benefits
Total reclassifications	**$ 28**	$ 22	

NOTE 4 - INCOME TAXES

The Tax Cuts and Jobs Act of 2017 enacted in late 2017, among other things, lowered the federal corporate tax rate from 35 percent to 21 percent beginning in 2018. Refer to the 2017 Annual Report to Shareholders for additional information.

NOTE 5 - FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2017 Annual Report to Shareholders for a more complete description.

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

	Fair Value Measurement Using			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets held in nonqualified benefits trusts				
March 31, 2018	**$ 379**	**$ –**	**$ –**	**$ 379**
December 31, 2017	$ 364	$ –	$ –	$ 364

During the first three months of 2018, the Association recorded no transfers in or out of Levels 1, 2, or 3.

The Association had no liabilities measured at fair value on a recurring basis at March 31, 2018 or December 31, 2017.

The Association had no assets or liabilities measured at fair value on a non-recurring basis at March 31, 2018 or December 31, 2017.

Valuation Techniques

As more fully discussed in Note 2 to the 2017 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

NOTE 6 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 4, 2018, which is the date the financial statements were issued, and no material subsequent events were identified.