OKLAHOMA

AGCREDIT

2020 First Quarter Financial Report

NOTICE

The shareholders' investment in Oklahoma AgCredit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2019 CoBank Annual Report to Shareholders and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

The following discussion summarizes the financial position and results of operations of Oklahoma AgCredit, ACA (the Association) for the three months ended March 31, 2020, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2019 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

ECONOMIC OVERVIEW

The effects of the coronavirus (COVID-19) pandemic could have a material adverse effect on the Association's business, results of operation and financial condition.

The general economy has been dramatically impacted by the COVID-19 pandemic. The non-agriculture sector supports many of our loans through non-farm employment. Nearly 50% of the retail loan portfolio with payments due monthly is primarily sourced from non-farm income. In Oklahoma, unemployment claims for April are three times higher than the normal monthly average. Income streams for both farm and non-farm income have been disrupted and may take time to recover. Constraints on income are expected to turn around quickly when the shutdown is lifted, but some borrowers will experience financial hardship due to loss of employment or companies going out of business.

Adequate rainfall was present during the first quarter leaving the state with a minimal drought area. Fortunately for Oklahoma AgCredit customers none of the moderate drought areas were located within our trade area. Volatile temperatures with near record highs as well as near record lows have persisted during this year. Predictions of damaging freezes for the pending wheat crop are imminent which may lead to irreparable damage.

With the progression of COVID-19 throughout the world, livestock producers have faced unprecedented market effects. Most market events can be tied to a specific occurrence or incident and once concluded, market effects may be short lived. The COVID-19 virus has brought uncertainty as this situation continues to evolve and is not expected to end abruptly like most market notable events. Leading economists have indicated a 59% drop in auction volumes throughout the state and corresponding price decreases despite increased domestic demand. A redistribution of protein demand from restaurant use to grocers have bottlenecked the supply chain causing shortages of supply to consumers. Market difficulties for producers lasting into the next two quarters are predicted and may give rise to long term preparations to respond to financial impacts.

Planted wheat acres in Oklahoma for 2020 have remained constant as compared with previous year. Beginning quarter estimates by the USDA National Agriculture Statistics Services (NASS) listed Oklahoma's wheat crop as 39% good condition with 41% coming in fair. Colder temperatures near the end of the quarter may threaten the viability of this year's crop as jointing reached 62%, up 10 points from this period in 2019, but unchanged from normal. Long term lower prices have been predicted by economists; however, the eruption of the COVID-19 virus has caused hoarding of wheat products such as bread, flour and pasta, increasing demand and giving short term lift to wheat prices. Preparation for wheat harvest under COVID-19 is underway. Hired harvest crews may see limitations and delays that are transferred to our producers.

Crude oil prices plunged during the first quarter of 2020 with West Texas Intermediate prices slightly above $20 per barrel. This downfall has been reported as the worst on record due to the outbreak of COVID-19 coupled with abundant storage and worldwide price wars. Exhausting this storage capacity may result in production shutdowns, bruising an already crippled economy with additional unemployment. The rig count in Oklahoma decreased by 13 in the first quarter of 2020 to 39 rigs while the nation's rig count decreased to 728 rigs from 805 at year end.

Our Association is taking extra steps to provide services while prioritizing the health of borrowers and employees. We are doing our part to continue serving our borrowers while preventing the spread of COVID-19. Our business continuity plan was implemented effectively and our staff is working normal operating hours. The infrastructures in place allow employees to work from home and limit the number of staff in our offices. Please refer to our website for the latest information.

We are committed to supporting our borrowers and employees impacted by income stream disruptions and social distancing.

- Our Association has adopted a streamlined payment deferral process to assist with loan conversions, short-term payment deferrals, or an informal deferral or forbearance on payments.
- We are complying with the Families First Coronavirus Response Act (FFCRA or Act) which requires certain employers to provide their employees with 80 hours of paid sick leave if impacted by COVID-19.
- We have been approved as a Small Business Administration (SBA) lender which will allow participation in the Paycheck Protection Program (PPP). In parallel, we've put the staff, processes, and systems in place to begin taking applications when funding is available.

Our Association does not yet know the full extent or duration of the effects of COVID-19 on its business, operations or the global economy as a whole, but they could materially and adversely affect the Association's business, results of operations and financial condition.

LOAN PORTFOLIO

Loans outstanding at March 31, 2020 totaled $1.46 billion, an increase of $58.5 million, or 4.2%, from loans of $1.40 billion at December 31, 2019. The increase was primarily due to new real estate loans and an increase in net disbursements on existing lines of credit for capital markets loans during the last two weeks of March in response to the COVID-19 pandemic. Repayment is expected once the general economy returns to normal.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2020, was $6.0 million, an increase of $290 thousand, or 5.1%, from the same period ended one year ago. The increase is primarily due to an increase in net interest income partially offset by an increase in noninterest expense.

Net interest income for the three months ended March 31, 2020, was $9.6 million, an increase of $650 thousand, or 7.2%, compared with the three months ended March 31, 2019. Interest rate spread increased by 1 basis point. Interest income increased as a result of average loan volume growth of 9.9%, partially offset by a decrease in borrower rates. Interest expense decreased due to a decrease in rates, partially offset by the average volume increase on debt to CoBank of 10.8%. Falling interest rates and conversion to full pro rata caused the net interest margin decrease of 7 basis points due to a lower return on our own capital.

The provision for credit losses for the three months ended March 31, 2020, was $168 thousand, an increase of $52 thousand, or 44.8%, from the provision for credit losses for the same period ended one year ago. The provision for credit losses increased as a result of a decrease in credit loss reversals for unfunded commitments due to the management adjustment for commodity stress.

Noninterest income increased $45 thousand during the first three months of 2020 compared with the first three months in 2019 primarily due to an increase in loan fees and higher Farm Credit System (FCS) Association Captive Insurance Company allocated savings income, partially offset by a decrease in mineral income. Conversion, outside appraisal and participation loan fees increased $54 thousand during 2020 as compared to the same period in 2019. Falling borrower rates resulted in an increase in conversion and refinancing activity. The FCS Insurance savings allocation of $107 thousand for 2019 was much higher than the $34 thousand allocated for 2018, due to the unfavorable impact of several large stop loss claims and other negative claim developments in 2018. Income is recorded one year in arrears.

Also included in noninterest income is a refund of $313 thousand from Farm Credit System Insurance Corporation (FCSIC), unchanged from a refund of $313 thousand in 2019. The refunds are our portion of excess funds above the secure base amount in the FCSIC Allocated Insurance Reserve Accounts. Refer to the 2019 Annual Report to Shareholders for additional information.

Mineral income of $179 thousand was recognized during the first three months of 2020. Of this amount, $175 thousand was received from CoBank. The decrease for the three months ended March 31, 2020, compared with first three months of 2019 is primarily the result of higher production revenue from increased volumes in the first quarter of 2019, attributed to new wells added in 2019.

During the first three months of 2020, noninterest expense increased $351 thousand to $5.5 million, primarily due to the increase in qualified pension expense, employee relocation costs, and AgVantis subscription fees, partially offset by timing of corporate insurance premiums.

The Association is an employer participant of the Ninth Retirement Plan, a multi-employer defined benefit plan. The allocation methodology amongst the employer participants was changed beginning 2020. The change reduced expense and funding requirements. The new method is based on service cost and unfunded liability of each Association. The method automatically adjusts to reflect changes to active and inactive populations. Service cost is allocated to each employer based on its active participants in the pension plan and the cost of earning an additional year of service. The remaining portion of annual expense is allocated in proportion to the projected benefit obligation (liability). The previous methodology was an ownership percentage concept. See Note 10 of the 2019 Annual Report to Shareholders for more information about the previous methodology.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2020, was $295.9 million, an increase from $289.9 million at December 31, 2019. This increase is due to net income, the amortization of pension costs included in the net periodic benefit cost, and net stock issuances.

OKLAHOMA AGCREDIT

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

Dale McDaniel
Chairman of the Audit Committee
May 6, 2020

Patrick Zeka
President/CEO
May 6, 2020

Malinda Thimmesch
CFO
May 6, 2020

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2020 UNAUDITED	December 31 2019 AUDITED
ASSETS		
Loans	**$ 1,458,261**	$ 1,399,737
Less allowance for loan losses	**3,456**	3,255
Net loans	**1,454,805**	1,396,482
Cash	**1,070**	2,943
Accrued interest receivable	**18,301**	16,501
Investment in CoBank, ACB	**44,560**	44,560
Investment in AgDirect	**2,593**	2,815
Premises and equipment, net	**10,425**	9,329
Prepaid benefit expense	**5,465**	5,145
Other assets	**4,158**	6,964
Total assets	**$ 1,541,377**	$ 1,484,739
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,229,162**	$ 1,177,209
Advance conditional payments	**2,955**	2,091
Accrued interest payable	**2,461**	2,538
Patronage distributions payable	**6,768**	7,000
Accrued benefits liability	**673**	841
Reserve for unfunded commitments	**568**	578
Other liabilities	**2,887**	4,573
Total liabilities	**1,245,474**	1,194,830
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**3,474**	3,459
Additional paid-in capital	**55,558**	55,558
Unallocated retained earnings	**237,174**	231,212
Accumulated other comprehensive income/(loss)	**(303)**	(320)
Total shareholders' equity	**295,903**	289,909
Total liabilities and shareholders' equity	**$ 1,541,377**	$ 1,484,739

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 **2020**		2019	
INTEREST INCOME				
Loans	**$**	**17,063**	$	16,693
Total interest income		**17,063**		16,693
INTEREST EXPENSE				
Note payable to CoBank, ACB		**7,411**		7,686
Other		**8**		13
Total interest expense		**7,419**		7,699
Net interest income		**9,644**		8,994
Provision for credit losses		**168**		116
Net interest income after provision for credit losses		**9,476**		8,878
NONINTEREST INCOME				
Financially related services income		**3**		4
Loan fees		**239**		185
Patronage distribution from Farm Credit institutions		**1,081**		1,087
Farm Credit Insurance Fund distribution		**313**		313
Mineral income		**179**		252
Other noninterest income		**127**		56
Total noninterest income		**1,942**		1,897
NONINTEREST EXPENSE				
Salaries and employee benefits		**3,250**		2,795
Occupancy and equipment		**271**		249
Purchased services from AgVantis, Inc.		**738**		687
Farm Credit Insurance Fund premium		**229**		233
Supervisory and examination costs		**230**		216
Other noninterest expense		**736**		923
Total noninterest expense		**5,454**		5,103
Income before income taxes		**5,964**		5,672
Provision for income taxes		**2**		-
Net income		**5,962**		5,672
COMPREHENSIVE INCOME				
Amortization of retirement costs		**17**		18
Total comprehensive income	**$**	**5,979**	$	5,690

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2018	$ 3,352	$ 55,558	$ 214,105	$ (318)	$ 272,697
Comprehensive income			5,672	18	5,690
Stock issued	84				84
Stock retired	(98)				(98)
Balance at March 31, 2019	$ 3,338	$ 55,558	$ 219,777	$ (300)	$ 278,373
Balance at December 31, 2019	$ 3,459	$ 55,558	$ 231,212	$ (320)	$ 289,909
Comprehensive income			5,962	17	5,979
Stock issued	102				102
Stock retired	(87)				(87)
Balance at March 31, 2020	**$ 3,474**	**$ 55,558**	**$ 237,174**	**$ (303)**	**$ 295,903**

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

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

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Oklahoma AgCredit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2019, are contained in the 2019 Annual Report to Shareholders. These unaudited first quarter 2020 financial statements should be read in conjunction with the 2019 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, 2019, as contained in the 2019 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, 2020. Descriptions of the significant accounting policies are included in the 2019 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.

Recently Adopted or Issued Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (FASB) issued guidance entitled “Simplifying the Accounting for Income Taxes.” This guidance eliminates certain intra period tax allocations, foreign deferred tax recognition and interim period tax calculations. In addition, the guidance simplifies disclosure regarding capital and franchise taxes, the allocation of goodwill in business combinations, subsidiary financial statements and other disclosures. The new guidance is intended to eliminate and/or simplify certain aspects of income tax accounting that are complex or that require significant judgment in application or presentation. The guidance becomes effective for fiscal years beginning after December 15, 2021. Early adoption of the guidance is permitted and the institution adopted this guidance on January 1, 2020. The adoption of this guidance did not materially impact the Association’s financial condition or results of operations.

In August 2018, the Financial Accounting Standards Board (FASB) issued guidance entitled “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Cost.” The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this guidance. This guidance became effective for interim and annual periods beginning after December 15, 2019. The guidance also requires an entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. It further specifies where to present expense and payments in the financial statements. The Association adopted this guidance on January 1, 2019, applying the guidance on a prospective basis to all implementation costs incurred after the date of adoption. The adoption of this guidance did not materially impact the Association’s financial condition or its results of operations.

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

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

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 was to become effective for interim and annual periods beginning after December 15, 2020, with early application permitted. On October 16, 2019, the FASB approved deferral of the effective date for certain entities for this guidance by two years, which will result in the new credit loss standard becoming effective for interim and annual reporting periods beginning after December 15, 2022. The Association qualifies for the delay in the adoption date. The Association continues to evaluate the impact of adoption on its financial condition and its results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	March 31, 2020	December 31, 2019
Real estate mortgage	**$ 952,410**	$ 938,740
Production and intermediate-term	**240,865**	232,324
Agribusiness	**180,332**	153,392
Rural Infrastructure	**77,689**	67,630
International	**6,250**	6,249
Rural residential real estate	**715**	1,402
Total Loans	**$1,458,261**	$1,399,737

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, 2020:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 45,220	$ 6,911	$ 379	$ -	$ 45,599	$ 6,911
Production and intermediate-term	39,533	4,100	-	-	39,533	4,100
Agribusiness	176,884	-	-	-	176,884	-
Rural infrastructure	77,689	-	-	-	77,689	-
International	6,250	-	-	-	6,250	-
Total	$ 345,576	$ 11,011	$ 379	$ -	$ 345,955	$ 11,011

One credit quality indicator utilized by the Association is the Farm Credit Administration Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality.
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness.
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan.
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable.
- Loss – assets are considered uncollectible.

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

	March 31, 2020	December 31, 2019
Real estate mortgage		
Acceptable	**97.68%**	97.82%
OAEM	**1.36%**	1.24%
Substandard	**0.96%**	0.94%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**95.33%**	95.78%
OAEM	**1.98%**	1.18%
Substandard	**2.69%**	3.04%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**97.89%**	97.55%
OAEM	**2.05%**	2.38%
Substandard	**0.06%**	0.07%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**94.68%**	93.80%
OAEM	**4.01%**	4.63%
Substandard	**1.31%**	1.57%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
International		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**97.17%**	97.27%
OAEM	**1.68%**	1.51%
Substandard	**1.15%**	1.22%
Total	**100.00%**	100.00%

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

	March 31, 2020	December 31, 2019
Nonaccrual loans		
Real estate mortgage	**$ 5,082**	$ 3,910
Production and intermediate-term	**4,300**	3,876
Total nonaccrual loans	**$ 9,382**	$ 7,786
Accruing restructured loans		
Real estate mortgage	**$ 318**	$ 321
Production and intermediate-term	**873**	811
Total accruing restructured loans	**$ 1,191**	$ 1,132
Accruing loans 90 days past due		
Real estate mortgage	**$ 105**	$ -
Total accruing loans 90 days past due	**$ 105**	$ -
Total high risk assets	**$ 10,678**	$ 8,918

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

Additional impaired loan information is as follows:

	March 31, 2020			December 31, 2019		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Production and intermediate-term	**874**	**855**	**42**	2,316	2,314	132
Total	**$ 874**	**$ 855**	**$ 42**	$ 2,316	$ 2,314	$ 132
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 5,505**	**$ 6,090**		$ 4,231	$ 4,833	
Production and intermediate-term	**4,299**	**4,903**		2,371	2,905	
Agribusiness	**-**	**119**		-	141	
Total	**$ 9,804**	**$ 11,112**		$ 6,602	$ 7,879	
Total impaired loans:						
Real estate mortgage	**$ 5,505**	**$ 6,090**	**$ -**	$ 4,231	$ 4,833	$ -
Production and intermediate-term	**5,173**	**5,758**	**42**	4,687	5,219	132
Agribusiness	**-**	**119**	**-**	-	141	-
Total	**$ 10,678**	**$ 11,967**	**$ 42**	$ 8,918	$ 10,193	$ 132

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, 2020		For the Three Months Ended March 31, 2019	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ -**	**$ -**	$ 331	$ 5
Production and intermediate-term	**872**	**-**	-	-
Agribusiness	**-**	**-**	368	-
Total	**$ 872**	**$ -**	$ 699	$ 5
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 4,725**	**$ 21**	$ 3,576	$ 27
Production and intermediate-term	**3,921**	**13**	3,129	-
Total	**$ 8,646**	**$ 34**	$ 6,705	$ 27
Total impaired loans:				
Real estate mortgage	**$ 4,725**	**$ 21**	$ 3,907	$ 32
Production and intermediate-term	**4,793**	**13**	3,129	-
Agribusiness	**-**	**-**	368	-
Total	**$ 9,518**	**$ 34**	$ 7,404	$ 32

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

March 31, 2020	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,189	$ 873	$ 3,062	$ 962,038	$ 965,100	$ 105
Production and intermediate-term	1,882	2,239	4,121	241,768	245,889	-
Agribusiness	-	-	-	180,799	180,799	-
Rural infrastructure	-	-	-	77,792	77,792	-
Rural residential real estate	-	-	-	718	718	-
International	-	-	-	6,264	6,264	-
Total	$ 4,071	$ 3,112	$ 7,183	$ 1,469,379	$ 1,476,562	$ 105

December 31, 2019	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 3,464	$ 314	$ 3,778	$ 946,531	$ 950,309	$ -
Production and intermediate-term	2,370	-	2,370	234,318	236,688	-
Agribusiness	2	-	2	153,854	153,856	-
Rural infrastructure	-	-	-	67,700	67,700	-
Rural residential real estate	99	-	99	1,319	1,418	-
International	-	-	-	6,267	6,267	-
Total	$ 5,935	$ 314	$ 6,249	$ 1,409,989	$ 1,416,238	$ -

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

	Balance at December 31, 2019	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2020
Real estate mortgage	$ 742	$ -	$ 1	99	$ 842
Production and intermediate-term	1,292	-	-	(159)	1,133
Agribusiness	1,041	-	22	232	1,295
Rural infrastructure	176	-	-	6	182
Rural residential real estate	1	-	-	-	1
International	3	-	-	-	3
Total	$ 3,255	$ -	$ 23	$ 178	$ 3,456

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

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	
	2020	2019
Balance at beginning of period	**$ 578**	$ 521
Reversal of reserve for unfunded commitments	**(10)**	(62)
Total	**$ 568**	$ 459

Additional information on the allowance for loan losses follows:

	Allowance for Credit Losses Ending Balance at March 31, 2020		Recorded Investments in Loans Outstanding Ending Balance at March 31, 2020	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 842	$ 5,505	$ 959,595
Production and intermediate-term	42	1,091	5,173	240,716
Agribusiness	-	1,295	-	180,799
Rural infrastructure	-	182	-	77,792
Rural residential real estate	-	1	-	718
International	-	3	-	6,264
Total	$ 42	$ 3,414	$ 10,678	$1,465,884

	Allowance for Credit Losses Ending Balance at December 31, 2019		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2019	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 742	$ 4,231	$ 946,078
Production and intermediate-term	132	1,160	4,687	232,001
Agribusiness	-	1,041	-	153,856
Rural infrastructure	-	176	-	67,700
Rural residential real estate	-	1	-	1,418
International	-	3	-	6,267
Total	$ 132	$ 3,123	$ 8,918	$1,407,320

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider.

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

	For the Three Months Ended			
	March 31, 2020		March 31, 2019	
	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	$ 40	$ 41	$ -	$ -
Total	$ 40	$ 41	$ -	$ -

* 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 following table presents information regarding troubled debt restructurings that occurred within the previous 12 months and for which there was a subsequent payment default during the period.

	For the Three Months Ended			
	March 31, 2020		March 31, 2019	
	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted				
Real estate mortgage	1	$ 71	-	$ -
Production and intermediate-term	1	2,238	-	-
Total	2	$ 2,309	-	$ -

Commitments to lend additional funds to borrowers whose loans have been modified in troubled debt restructurings were $215 at March 31, 2020. There were no commitments to lend additional funds to borrowers whose loans have been modified in troubled debt restructurings at December 31, 2019.

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

	Loans modified as TDRs		TDRs in Nonaccrual Status*	
	March 31, 2020	December 31, 2019	**March 31, 2020**	December 31, 2019
Real estate mortgage	**$ 691**	$ 668	**$ 373**	$ 347
Production and intermediate-term	**3,301**	3,391	**2,428**	2,580
Total	**$ 3,992**	$ 4,059	**$ 2,801**	$ 2,927

* 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, 2020	As of December 31, 2019	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	16.46%	17.06%	4.5%	2.5%	7.0%
Tier 1 capital ratio	16.46%	17.06%	6.0%	2.5%	8.5%
Total capital ratio	16.72%	17.30%	8.0%	2.5%	10.5%
Permanent capital ratio	16.50%	17.10%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	16.89%	17.56%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	18.22%	18.68%	1.5%	-	1.5%

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

	For the Three Months Ended March 31	
	2020	2019
Pension and other benefit plans:		
Beginning balance	**$ (320)**	$ (318)
Amounts reclassified from accumulated other comprehensive loss	**17**	18
Net current period other comprehensive income	**17**	18
Ending balance	**$ (303)**	$ (300)

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

	Amount Reclassified from Accumulated Other Comprehensive Income/(Loss)		Location of Gain/Loss Recognized in Statement of Income
	For the Three Months Ended March 31		
	2020	2019	
Pension and other benefit plans:			
Net actuarial loss	**$ 17**	$ 18	Salaries and employee benefits
Total reclassifications	**$ 17**	$ 18	

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 of the 2019 Annual Report to Shareholders for a more complete description.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
March 31, 2020	**$ 645**	**$ -**	**$ -**	**$ 645**
December 31, 2019	$ 572	$ -	$ -	$ 572

The Association had no liabilities measured at fair value on a recurring basis at March 31, 2020 or December 31, 2019.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
March 31, 2020				
Loans	**$ -**	**$ -**	**$ 706**	**$ 706**
December 31, 2019				
Loans	$ -	$ -	$ 2,424	$ 2,424

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

The Association had no liabilities measured at fair value on a non-recurring basis at March 31, 2020 or December 31, 2019.

Valuation Techniques

As more fully discussed in Note 2 of the 2019 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Assets Held in Non-Qualified Benefits Trusts

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

Loans Evaluated for Impairment

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. The fair value of these loans would fall under Level 2 hierarchy if the process uses independent appraisals and other market-based information.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 6, 2020, which is the date the financial statements were issued, and no material subsequent events were identified.