2020

1ST QUARTER REPORT TO SHAREHOLDERS

OUR PURPOSE.
OUR PRIDE.

FARM CREDIT
OF SOUTHERN COLORADO

NOTICE TO STOCKHOLDERS

The shareholders’ investment in Farm Credit of Southern Colorado, 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:

Farm Credit of Southern Colorado, ACA
5110 Edison Avenue, PO Box 75640
Colorado Springs, Colorado 80970-5640
Phone Number: 800-815-8559

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 Farm Credit of Southern Colorado, ACA 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.

The largest factor impacting our association and the nation is the outbreak of the pandemic COVID-19 virus. Unemployment had remained low at or around 3.5% nationally, but then as a result of the pandemic, in the month of March alone claims have risen by 3.3 million people as many businesses closed temporarily and laid off people in the wake of this pandemic. As cases of the virus rose in early March of 2020, the stock market dropped erasing all gains made in the past four years. The Fed has taken extreme measures to inject liquidity into the market and to prop up the economy. On March 3, 2020, the Fed dropped rates 50 basis points in an attempt to keep the markets and the economy on track. As cases spread in the US, the Fed took unprecedented action and cut rates again to 0% and announced it would take unlimited action in quantitative easing to purchase Treasuries and inject liquidity into the market. The overall impact and effect of these actions is still unproven at the end of the first quarter however, that unlimited stance from the Fed seems to have calmed the market down. The future impact of the rise in unemployment rates and the longer-term effects of COVID-19 on the US economy are unknown.

Our lending territory spans over a very diverse region of Southern Colorado, including the San Luis Valley. The various commodities range from corn, wheat, cattle and potatoes, which represent the top four commodity concentrations in our association. Cattle is our largest commodity concentration made up primarily of cow/calf, fed cattle and stockers. The impact of COVID-19 on this commodity thus far has been a reduction in fat and feeder cattle prices due to a shortage of processing plants and the closure of some plants that have experienced COVID-19 outbreaks among their employees.

Corn and wheat prices remain low in 2020 due to large global surpluses and tariffs, resulting in continued economic stress for the eastern region of our territory. The south region, which has a high concentration of wheat, will see additional stress depending on the condition of this wheat crop. Reports from producers state that there are several fields with areas in them that did not sprout or had winterkill due to the mild winter and lack of moisture. The Seasonal Drought Outlook map shows drought conditions persisting in our territory through the end of the first quarter of 2020. Corn prices were impacted by the trade issues with China. There was movement towards the trade opening up before the COVID-19 pandemic. Now it remains to be seen how that may affect overall trade.

The most significant improvement has been for the potato farmers in the San Luis Valley, the second largest producer of fresh potatoes in the United States. All the potatoes are packaged locally and sent to grocery stores in surrounding states. The mountain region provides ideal growing conditions for potatoes. Potato prices improved in 2019 due to consumer demand and other regions in the country were hit with poor weather conditions resulting in reduced production. In the first part of 2020 and due to the COVID-19 pandemic, demand continues to outpace supply and pricing of direct-to-consumer vegetables like potatoes has been very strong.

Over the past two years, the aging farmer has become more prevalent in our eastern region. The association has seen increased farms being farmed under various leasing arrangements, resulting in landlords being in the top five of our commodity concentrations.

Real estate values in our territory have remained stable to increasing. Large mountain ranch properties held stable values. Real estate transactions over $100 thousand have been primarily cash deals resulting in limited loan volume. The hemp and marijuana industry has begun to impact the price of irrigated farm ground, with increasing prices from higher demand. Pricing of ag land and certainly recreational ranch properties in our territory could see an impact due to COVID-19 but it remains too early in the pandemic cycle to tell.

LOAN PORTFOLIO

Loans outstanding at March 31, 2020, totaled $1.05 billion, an increase of $16.8 million, or 1.62%, from loans of $1.04 billion at December 31, 2019. The increase was primarily due to growth in our Real Estate Mortgage loans segment for both our Core and Capital Markets portfolios as well as growth in our Cooperative and Processing and Marketing loans in our Capital Markets portfolio. These increases were partially offset by a decrease in our Production and Intermediate-Term segment due to scheduled payments and seasonal pay downs in both Core and Capital Markets loans.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2020, was $4.1 million, an increase of $112 thousand, or 2.83%, from the same period ended one year ago. The increase is primarily the result of lower provision for credit losses, offset by decreases in net interest income and noninterest income and an increase in noninterest expense.

Net interest income for the three months ended March 31, 2020, was $7.3 million, a decrease of $9 thousand, or 0.12%, compared with the three months ended March 31, 2019. Net interest income decreased as a result of a decrease in the return on our loanable funds, partially offset by an increase in average accrual loan volume and a small increase in spread.

The provision for credit losses for the three months ended March 31, 2020, was $129 thousand, a decrease of $293 thousand, or 69.43%, from the provision for credit losses for the same period ended one year ago. The provision for credit losses during the first quarter of 2020 was due to an increase in our management reserves as well as an increase in specific reserves on one loan. The provision for credit losses during the first quarter of 2019 was due to loan downgrades.

Noninterest income decreased $130 thousand during the first three months of 2020 compared with the first three months in 2019 primarily due to a decrease in mineral income and CoBank patronage income. Also included in noninterest income is a refund of $227 thousand from Farm Credit System Insurance Corporation (FCSIC), a decrease of $20 thousand compared with the refund 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.

We received mineral income of $190 thousand during the first three months of 2020, which is distributed to us quarterly by 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 $37 thousand to $4.5 million, primarily due to an increase in purchased services, including purchased services from AgVantis, partially offset by a decrease in salaries and employee benefits expenses.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2020, was $264.8 million, an increase from $261.0 million at December 31, 2019. This increase is due to net income, and the amortization of pension costs included in the net periodic benefit cost, offset by net stock reductions**.**

OTHER MATTERS

The COVID-19 pandemic has rapidly evolved from a global public health crisis into a global economic crisis. The suddenness of the crisis is forcing the businesses, including the agriculture/food industries which we serve, to adapt quickly to maintain continuity of their operations. Consumer consumption patterns have changed with the stay-at-home orders enacted in Colorado and nearly every state. This has resulted in food supply shifting away from food service and restaurant consumption to a higher share of grocery store food purchases. Farmers and ranchers are dealing with lower commodity prices for most major commodities, along with prices being impacted by exports that face logistics challenges. Protein processing plant slowdowns and closures have put downward pressure on livestock prices with anticipated disruptions in the meat supply. The financial distress that may be experienced by our customers due to the impacts of COVID-19 could have an adverse impact on their operations and may result in challenges for them to fulfill their obligations to us.

The United States government has enacted various programs in support of the COVID-19 economic recovery. In late March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Among other provisions, the CARES Act made available for small businesses almost $350 billion under the Paycheck Protection Program (PPP), which is a loan guarantee program administered by the Small Business Administration (SBA). In April 2020, Congress increased funding for the PPP by $310 billion. As of May 6th, Farm Credit of Southern Colorado has successfully processed $788 thousand in PPP loan applications for customers providing for continuation of approximately 90 jobs. These loans have been processed utilizing North Avenue Capital as the technology provider for electronic loan applications and SBA interface for our association.

Farm Credit of Southern Colorado has been focused on responding to this crisis event and protecting the health and safety of our employees while continuing to serve the needs of our customers-owners. While the overall credit quality of our loan portfolio remained strong during the first three months of 2020, it is unclear what the magnitude and severity of the economic impact of this pandemic will have on our loan portfolio. The effects of the COVID-19 pandemic could have a material effect on our Association's business, results of operations and financial conditions.

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.

__//signed//___________________________
Mark Peterson
Chairman of the Board
May 8, 2020

__//signed//___________________________
Jeremy M Anderson
CEO
May 8, 2020

__//signed//___________________________
Shawna R Neppl
CFO
May 8, 2020

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2020 UNAUDITED	December 31 2019 AUDITED
ASSETS		
Loans	**$ 1,053,078**	$ 1,036,258
Less allowance for loan losses	**3,626**	3,440
Net loans	**1,049,452**	1,032,818
Cash	**1,339**	5,283
Accrued interest receivable	**13,848**	16,370
Investment in CoBank, ACB	**32,844**	32,839
Investment in AgDirect	**666**	632
Premises and equipment, net	**11,857**	11,919
Prepaid benefit expense	**3,795**	3,598
Other assets	**2,418**	4,641
Total assets	**$ 1,116,219**	$ 1,108,100
LIABILITIES		
Note payable to CoBank, ACB	**$ 835,328**	$ 823,591
Advance conditional payments	**12,071**	9,334
Accrued interest payable	**1,428**	1,631
Patronage distributions payable	**-**	6,500
Accrued benefits liability	**159**	450
Reserve for unfunded commitments	**400**	437
Other liabilities	**1,993**	5,149
Total liabilities	**851,379**	847,092
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Preferred stock	**2,231**	2,557
Capital stock	**1,508**	1,487
Unallocated retained earnings	**261,320**	257,254
Accumulated other comprehensive income/(loss)	**(219)**	(290)
Total shareholders' equity	**264,840**	261,008
Total liabilities and shareholders' equity	**$ 1,116,219**	$ 1,108,100

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	**$ 12,772**	$ 13,475
Total interest income	**12,772**	13,475
INTEREST EXPENSE		
Note payable to CoBank, ACB	**5,436**	6,112
Other	**28**	46
Total interest expense	**5,464**	6,158
Net interest income	**7,308**	7,317
Provision for credit losses	**129**	422
Net interest income after provision for credit losses	**7,179**	6,895
NONINTEREST INCOME		
Financially related services income	**18**	24
Loan fees	**109**	91
Patronage distribution from Farm Credit institutions	**746**	822
Farm Credit Insurance Fund distribution	**227**	247
Mineral income	**190**	268
Other noninterest income	**120**	88
Total noninterest income	**1,410**	1,540
NONINTEREST EXPENSE		
Salaries and employee benefits	**2,325**	2,535
Occupancy and equipment	**344**	362
Purchased services from AgVantis, Inc.	**571**	536
Farm Credit Insurance Fund premium	**154**	175
Supervisory and examination costs	**117**	113
Other noninterest expense	**997**	750
Total noninterest expense	**4,508**	4,471
Income before income taxes	**4,081**	3,964
Provision for income taxes	**8**	3
Net income	**4,073**	3,961
COMPREHENSIVE INCOME		
Amortization of retirement costs	**71**	67
Total comprehensive income	**$ 4,144**	$ 4,028

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Preferred Stock	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2018	$ 2,826	$ 1,454	$ 249,624	$ (567)	$ 253,337
Comprehensive income			3,961	67	4,028
Stock issued	1,170	32			1,202
Stock retired	(386)	(39)			(425)
Preferred stock dividends	11		(18)		(7)
Balance at March 31, 2019	$ 3,621	$ 1,447	$ 253,567	$ (500)	$ 258,135
Balance at December 31, 2019	$ 2,557	$ 1,487	$ 257,254	$ (290)	$ 261,008
Comprehensive income			4,073	71	4,144
Stock issued	20	62			82
Stock retired	(356)	(41)			(397)
Preferred stock dividends	10		(7)		3
Balance at March 31, 2020	**$ 2,231**	**$ 1,508**	**$ 261,320**	**$ (219)**	**$ 264,840**

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 Farm Credit of Southern Colorado, 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 institution’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 guidance is to be applied on a retrospective or 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	**$ 638,260**	$ 614,626
Production and intermediate-term	**166,487**	185,943
Agribusiness	**169,246**	152,092
Rural infrastructure	**69,627**	74,130
Rural residential real estate	**29**	30
Mission-related	**911**	920
Agricultural export finance	**8,518**	8,517
Total loans	**$ 1,053,078**	$ 1,036,258

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	$ 37,295	$ 35,487	$ 1,709	$ –	$ 39,004	$ 35,487
Production and intermediate-term	23,772	–	–	–	23,772	–
Agribusiness	162,862	–	–	–	162,862	–
Rural infrastructure	69,627	–	–	–	69,627	–
Agricultural export finance	8,518	–	–	–	8,518	–
Total	$ 302,074	$ 35,487	$ 1,709	$ –	$ 303,783	$ 35,487

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	**88.51%**	88.56%
OAEM	**7.50%**	6.49%
Substandard	**3.90%**	4.85%
Doubtful	**0.09%**	0.01%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**93.31%**	93.98%
OAEM	**4.14%**	3.00%
Substandard	**2.55%**	3.02%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**94.42%**	93.81%
OAEM	**4.12%**	4.42%
Substandard	**1.46%**	1.77%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**90.23%**	90.70%
OAEM	**6.38%**	6.00%
Substandard	**3.39%**	3.30%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Mission-related		
Substandard	**100.00%**	100.00%
Total	**100.00%**	100.00%
Agricultural export finance		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**90.35%**	90.47%
OAEM	**6.29%**	5.46%
Substandard	**3.31%**	4.01%
Doubtful	**0.05%**	0.06%
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	**$ 8,040**	$ 8,136
Production and intermediate-term	**74**	97
Agribusiness	**—**	3
Mission-related	**911**	920
Total nonaccrual loans	**$ 9,025**	$ 9,156
Accruing restructured loans		
Real estate mortgage	**$ 408**	$ 403
Production and intermediate-term	**323**	804
Total accruing restructured loans	**$ 731**	$ 1,207
Accruing loans 90 days past due		
Real estate mortgage	**$ 462**	$ 1,458
Total accruing loans 90 days past due	**$ 462**	$ 1,458
Total impaired loans and total high risk assets	**$ 10,218**	$ 11,821

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 loan losses:						
Real estate mortgage	**$ 603**	**$ 623**	**$ 1**	$ 603	$ 623	$ 1
Agribusiness	**—**	**—**	**—**	3	45	3
Mission-related	**911**	**977**	**600**	920	982	550
Total	**$ 1,514**	**$ 1,600**	**$ 601**	$ 1,526	$ 1,650	$ 554
Impaired loans with no related allowance for loan losses:						
Real estate mortgage	**$ 8,307**	**$ 9,833**		$ 9,395	$ 10,868	
Production and intermediate-term	**397**	**398**		900	862	
Agribusiness	**—**	**119**		—	96	
Total	**$ 8,704**	**$ 10,350**		$ 10,295	$ 11,826	
Total impaired loans:						
Real estate mortgage	**$ 8,910**	**$ 10,456**	**$ 1**	$ 9,998	$ 11,491	$ 1
Production and intermediate-term	**397**	**398**	**—**	900	862	—
Agribusiness	**—**	**119**	**—**	3	141	3
Mission-related	**911**	**977**	**600**	920	982	550
Total	**$ 10,218**	**$ 11,950**	**$ 601**	$ 11,821	$ 13,476	$ 554

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 loan losses:				
Real estate mortgage	**$ 606**	**$ —**	$ 658	$ —
Production and intermediate-term	**—**	**—**	8	—
Agribusiness	**—**	**—**	368	—
Mission-related	**919**	**—**	49	—
Total	**$ 1,525**	**$ —**	$ 1,083	$ —
Impaired loans with no related allowance for loan losses:				
Real estate mortgage	**$ 8,909**	**$ 25**	$ 11,219	$ 15
Production and intermediate-term	**785**	**10**	815	11
Agribusiness	**1**	**—**	—	—
Total	**$ 9,695**	**$ 35**	$ 12,034	$ 26
Total impaired loans:				
Real estate mortgage	**$ 9,515**	**$ 25**	$ 11,877	$ 15
Production and intermediate-term	**785**	**10**	823	11
Agribusiness	**1**	**—**	368	—
Mission-related	**919**	**—**	49	—
Total	**$ 11,220**	**$ 35**	$ 13,117	$ 26

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 Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 3,890	$ 1,315	$ 5,205	$ 642,287	$ 647,492	$ 462
Production and intermediate-term	3,323	16	3,339	167,093	170,432	—
Agribusiness	—	—	—	169,731	169,731	—
Rural infrastructure	—	—	—	69,795	69,795	—
Rural residential real estate	—	—	—	29	29	—
Mission-related	—	—	—	911	911	—
Agricultural export finance	—	—	—	8,536	8,536	—
Total	$ 7,213	$ 1,331	$ 8,544	$1,058,382	$1,066,926	$ 462

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 Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 41	$ 1,725	$ 1,766	$ 623,978	$ 625,744	$ 1,458
Production and intermediate-term	568	–	568	189,814	190,382	–
Agribusiness	–	3	3	152,649	152,652	–
Rural infrastructure	–	–	–	74,360	74,360	–
Rural residential real estate	–	–	–	31	31	–
Mission-related	–	–	–	920	920	–
Agricultural export finance	–	–	–	8,539	8,539	–
Total	$ 609	$ 1,728	$ 2,337	$1,050,291	$1,052,628	$ 1,458

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	$ 861	$ –	$ –	$ 15	$ 876
Production and intermediate-term	629	–	–	19	648
Agribusiness	912	–	20	83	1,015
Rural infrastructure	481	–	–	(1)	480
Mission-related	550	–	–	50	600
Agricultural export finance	7	–	–	–	7
Total	$ 3,440	$ –	$ 20	$ 166	$ 3,626

	Balance at December 31, 2018	Charge-offs	Recoveries	Provision for Loan Losses/	Balance at March 31, 2019
Real estate mortgage	$ 710	$ –	$ –	$ 32	$ 742
Production and intermediate-term	668	–	–	50	718
Agribusiness	932	–	5	55	992
Rural infrastructure	330	–	–	134	464
Mission-related	216	–	–	164	380
Agricultural export finance	7	–	–	–	7
Total	$ 2,863	$ –	$ 5	$ 435	$ 3,303

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	**$ 437**	$ 411
Reversal of reserves for unfunded commitments	**(37)**	(13)
Total	**$ 400**	$ 398

Additional information on the allowance for loan losses follows:

	Allowance for Loan 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	$ 1	$ 875	$ 8,910	$ 638,582
Production and intermediate-term	—	648	397	170,035
Agribusiness	—	1,015	—	169,731
Rural infrastructure	—	480	—	69,795
Rural residential real estate	—	—	—	29
Mission-related	600	—	911	—
Agricultural export finance	—	7	—	8,536
Total	$ 601	$ 3,025	$ 10,218	$ 1,056,708

	Allowance for Loan 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	$ 1	$ 860	$ 9,998	$ 615,746
Production and intermediate-term	—	629	900	189,482
Agribusiness	3	909	3	152,649
Rural infrastructure	—	481	—	74,360
Rural residential real estate	—	—	—	31
Mission-related	550	—	920	—
Agricultural export finance	—	7	—	8,539
Total	$ 554	$ 2,886	$ 11,821	$ 1,040,807

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 Association recorded no TDRs during the three months ended March 31, 2020 and March 31, 2019.
The Association had no TDRs within the previous 12 months and for which there were subsequent payment defaults during the first three months of 2020 and 2019.

Additional commitments to lend to borrowers whose loans have been modified in troubled debt restructurings were $913 thousand at March 31, 2020 and $471 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	**$ 408**	$ 403	**$ —**	$ —
Production and intermediate-term	**323**	804	**—**	—
Total	**$ 731**	$ 1,207	**$ —**	$ —

* 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	20.19%	20.36%	4.5%	2.5%	7.0%
Tier 1 capital ratio	20.19%	20.36%	6.0%	2.5%	8.5%
Total capital ratio	20.53%	20.70%	8.0%	2.5%	10.5%
Permanent capital ratio	20.45%	20.65%	7.0%	–	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	21.14%	21.47%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	21.87%	22.18%	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 income/loss, net of tax by component:

	For the Three Months Ended March 31	
	2020	2019
Pension and other benefit plans:		
Beginning balance	**$ (290)**	$ (567)
Amounts reclassified from accumulated other comprehensive loss	**71**	67
Net current period other comprehensive income	**71**	67
Ending balance	**$ (219)**	$ (500)

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

	Amount Reclassified from Accumulated Other Comprehensive Loss For the Three Months Ended March 31		Location of Gain/Loss Recognized in Statement of Income
	2020	2019	
Pension and other benefit plans: Net actuarial loss	**$ 71**	$ 67	Salaries and employee benefits
Total reclassifications	**$ 71**	$ 67	

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	**$ 15**	**$ –**	**$ –**	**$ 15**
December 31, 2019	$ 15	$ –	$ –	$ 15

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	**$ —**	**$ —**	**$ 919**	**$ 919**
December 31, 2019				
Loans	$ —	$ —	$ 978	$ 978

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 8, 2020, which is the date the financial statements were issued, and no material subsequent events were identified.