Premier Farm Credit

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1st QUARTER REPORT 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in Thousands, Except as Noted)
(Unaudited)

The following discussion summarizes the financial position and results of operations of Premier Farm Credit, 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 shareholders' investment in Premier Farm Credit, 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 202 Poplar Street, Sterling, Colorado 80751 or calling (970) 522-5295.

CURRENT OVERVIEW

The first quarter of 2020 experienced a range of economic and societal conditions never before experienced. General economic conditions within our territory began the quarter with continued stress on the agricultural sector but generally favorable overall. Cash grains continued to function on an outlook that prices would likely remain at or below 2019 levels with few exceptions, with the most optimism in our portfolio for the cattle sector. Producers across the board remained focused on reducing costs, improving management and maximizing production where possible to mitigate the impacts of another year of low prices. The local economy reflected stability with low unemployment, strong housing demand, and some new business investment. Stable general economic conditions continued to benefit our participation and direct loan portfolios. The Federal Open Market Committee (FOMC) continued to hold the fed funds rate at 1.75% due to slow global growth and muted inflation, and while there were signs of potential stress due to the Novel Coronavirus-19 affecting China beginning in late December, there were some assurances that it was under control and the seriousness of the situation was undetermined. The FOMC issued a statement on January 29, 2020 that stated in summary that the labor market remained strong, economic activity had been rising at a moderate rate, job gains had been solid and that unemployment remained low.

By mid-February, the virus had spread and the first death was reported outside of Asia. By the end of February, deaths were being increasingly reported worldwide and the effects were rippling across the globe, with the US stock market plummeting and the agricultural markets following suit. The FOMC dropped the fed funds rate to 1.25% on March 3, and on March 6 President Trump signed an $8.3 billion emergency spending package to combat the outbreak. Travel restrictions were put in place around this time, and many large events began to be cancelled. On March 13, President Trump declared a national state of emergency, and on March 15 the FOMC reduced the fed funds rate to 0.25% in response. The FOMC stated that they expect to maintain this target range until it's confident the economy has weathered the recent events and is back on track. By the end of March, the coronavirus outbreak was defined as a global pandemic, and most states in the US had issued 'shelter in place' orders, many had disaster declarations approved, and all 'non-essential' businesses, schools, houses of worship and many government services were closed. Unemployment skyrocketed and citizens struggled to deal with the financial, societal and health implications of the situation. Wall Street experienced record losses during this time, and ended one of the worst quarters in stock market history. By quarter-end the Fed had implemented several technical changes, injected cash, introduced regulatory easing, and offered additional services in an attempt to stabilize the economy, and the House and Senate had passed a $2 trillion stimulus package designed to ease the blow from the pandemic.

The Premier Farm Credit territory remained affected by the pandemic at quarter-end. The need for social distancing required all Premier Farm Credit buildings to be closed to the public, and the staff moved to a combination of work from home and rotational shifts to ensure operational continuity in the event of a staff member contracting COVID-19. Producers are seeing financial positions impacted due to the declining prices, with the livestock and corn sectors being hit hardest. Some meat packing facilities began to have workers affected by the virus, which is damaging supply chains. While crop planting and moisture conditions remain generally favorable in the area, many producers are struggling with planting decisions given current price levels. The outlook for the 2020 planting and growing season includes more risk and variability than has been seen in recent years.

Association credit quality reflected modest improvement during the first quarter due to a combination of favorable loan performance and borrowers retiring debt. Given the anticipated economic impacts of COVID-19, it is anticipated that credit quality will likely deteriorate in our direct and purchased loan portfolios. The level of decline will be largely dependent upon the duration of the COVID-19 pandemic and the level of government assistance provided to agriculture producers and businesses in the general economy. The Association remains well capitalized to support current operations in this potentially challenging environment.

LOAN PORTFOLIO

Loans outstanding at March 31, 2020, totaled $716,085, an increase of $4,804, or 0.68%, from loans of $711,281 at December 31, 2019. The increase was primarily due to new loans booked and increased usage of participations purchased revolving lines of credit during 2020, partially offset by operating loan repayments and principal reductions on term loans.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2020, was $3,246, a decrease of $146, or 4.30%, from the same period ended one year ago. The decrease in net income was primarily attributed to decreased noninterest income and increased noninterest expenses, partially offset by an increase in net interest income after provision for credit losses.

Net interest income for the three months ended March 31, 2020, was $4,920, an increase of $204, or 4.33%, compared with the three months ended March 31, 2019. Net interest income increased primarily as a result of increased average loan volume compared to the same prior year period.

The provision for credit losses for the three months ended March 31, 2020, was $216, compared to $103 for the same period ended one year ago. The provision for credit losses increased as a result of an increase in loan specific reserves and other adjustments related to both funded and unfunded commitments.

Noninterest income decreased $42 during the first three months of 2020 compared with the first three months in 2019 primarily due to decreases in CoBank patronage, mineral income, and refund of Farm Credit System Insurance Corporation (FCSIC). The FCSIC 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 $126 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 $196 to $2,534, primarily due to modest increases in salary and employee benefit expenses, increased costs of purchased services from AgVantis, and increases in other noninterest expense.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2020, was $174,161, an increase from $170,915 at December 31, 2019. This increase is due to net income and the amortization of pension costs included in the net periodic benefit cost, partially offset by net stock reductions.

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

Lyndsey D. Grayes
Chair of the Audit Committee
May 5, 2020

Michael Grauberger
President & CEO
May 5, 2020

Jeffrey L. Schumacher
Chief Financial Officer
May 5, 2020

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2020 UNAUDITED	December 31 2019 AUDITED
ASSETS		
Loans	**$ 716,085**	$ 711,281
Less allowance for loan losses	**2,410**	2,178
Net loans	**713,675**	709,103
Cash	**2,412**	12,840
Accrued interest receivable	**8,677**	10,786
Investment in CoBank, ACB	**21,863**	21,782
Premises and equipment, net	**870**	910
Prepaid benefit expense	**2,816**	2,666
Other assets	**2,279**	4,463
Total assets	**$ 752,592**	$ 762,550
LIABILITIES		
Note payable to CoBank, ACB	**$ 562,107**	$ 568,955
Advance conditional payments	**11,990**	11,019
Accrued interest payable	**1,139**	1,219
Patronage distributions payable	**-**	5,500
Accrued benefits liability	**758**	757
Reserve for unfunded commitments	**359**	351
Other liabilities	**2,078**	3,834
Total liabilities	**578,431**	591,635
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**854**	867
Unallocated retained earnings	**173,571**	170,325
Accumulated other comprehensive income/(loss)	**(264)**	(277)
Total shareholders' equity	**174,161**	170,915
Total liabilities and shareholders' equity	**$ 752,592**	$ 762,550

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the three months ended March 31	
UNAUDITED	**2020**	2019
INTEREST INCOME		
Loans	**$ 8,284**	$ 8,452
Total interest income	**8,284**	8,452
INTEREST EXPENSE		
Note payable to CoBank, ACB	**3,332**	3,692
Other	**32**	44
Total interest expense	**3,364**	3,736
Net interest income	**4,920**	4,716
Provision for credit losses	**216**	103
Net interest income after provision for credit losses	**4,704**	4,613
NONINTEREST INCOME		
Financially related services income	**57**	45
Loan fees	**110**	64
Patronage distribution from Farm Credit institutions	**562**	634
Farm Credit Insurance Fund distribution	**148**	163
Mineral income	**126**	178
Other noninterest income	**77**	38
Total noninterest income	**1,080**	1,122
NONINTEREST EXPENSE		
Salaries and employee benefits	**1,369**	1,211
Occupancy and equipment	**114**	122
Purchased services from AgVantis, Inc.	**430**	410
Farm Credit Insurance Fund premium	**102**	111
Supervisory and examination costs	**73**	72
Other noninterest expense	**446**	412
Total noninterest expense	**2,534**	2,338
Income before income taxes	**3,250**	3,397
Provision for income taxes	**4**	5
Net income	**3,246**	3,392
COMPREHENSIVE INCOME		
Amortization of retirement costs	**13**	14
Total comprehensive income	**$ 3,259**	$ 3,406

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	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2018	$ 862	$ 161,486	$ (285)	$ 162,063
Comprehensive income		3,392	14	3,406
Stock issued	10			10
Stock retired	(12)			(12)
Balance at March 31, 2019	$ 860	$ 164,878	$ (271)	$ 165,467
Balance at December 31, 2019	$ 867	$ 170,325	$ (277)	$ 170,915
Comprehensive income		3,246	13	3,259
Stock issued	17			17
Stock retired	(30)			(30)
Balance at March 31, 2020	**$ 854**	**$ 173,571**	**$ (264)**	**$ 174,161**

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 Premier 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, 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	**$ 376,652**	$ 383,380
Production and intermediate-term	**152,522**	166,869
Agribusiness	**135,671**	116,145
Rural Infrastructure	**43,365**	37,082
Rural residential real estate	**221**	154
Agricultural export finance	**7,654**	7,651
Total Loans	**$ 716,085**	$ 711,281

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	
	Purchased	Sold
Real estate mortgage	$ 26,395	$ 25,588
Production and intermediate-term	36,272	4,261
Agribusiness	133,426	-
Rural infrastructure	43,365	-
Agricultural export finance	7,654	-
Total	$ 247,112	$ 29,849

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	**86.30%**	85.78%
OAEM	**9.97%**	9.11%
Substandard	**3.73%**	5.11%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**82.70%**	83.55%
OAEM	**9.17%**	6.93%
Substandard	**8.13%**	9.52%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**96.72%**	95.91%
OAEM	**2.45%**	2.84%
Substandard	**0.83%**	1.25%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**92.70%**	91.37%
OAEM	**5.65%**	6.64%
Substandard	**1.65%**	1.99%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**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	**88.02%**	87.34%
OAEM	**8.02%**	7.36%
Substandard	**3.96%**	5.30%
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	**$ 77**	$ 78
Agribusiness	**231**	758
Total nonaccrual loans	**$ 308**	$ 836
Total high risk assets	**$ 308**	$ 836

The Association had no accruing restructured loans, accruing loans 90 days past due, or 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 no related allowance for loan losses:						
Real estate mortgage	**$ 77**	**$ 84**		$ 78	$ 83	
Agribusiness	**231**	**432**		758	987	
Total	**$ 308**	**$ 516**	**$ -**	$ 836	$ 1,070	$ -

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:				
Agribusiness	**$ -**	**$ -**	$ 368	$ -
Total	**$ -**	**$ -**	$ 368	$ -
Impaired loans with no related allowance for loan losses:				
Real estate mortgage	**$ 77**	**$ -**	$ 1,808	$ -
Agribusiness	**238**	**56**	1,078	-
Total	**$ 315**	**$ 56**	$ 2,886	$ -
Total impaired loans:				
Real estate mortgage	**$ 77**	**$ -**	$ 1,808	$ -
Agribusiness	**238**	**56**	1,446	-
Total	**$ 315**	**$ 56**	$ 3,254	$ -

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	$ -	$ -	$ -	$ 382,606	$ 382,606	$ -
Production and intermediate-term	1,523	-	1,523	153,271	154,794	-
Agribusiness	-	-	-	136,029	136,029	-
Rural infrastructure	-	-	-	43,433	43,433	-
Rural residential real estate	-	-	-	222	222	-
Agricultural export finance	-	-	-	7,678	7,678	-
Total	$ 1,523	$ -	$ 1,523	$ 723,239	$ 724,762	$ -

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	$ 220	$ -	$ 220	$ 390,912	$ 391,132	$ -
Production and intermediate-term	5,537	-	5,537	163,925	169,462	-
Agribusiness	45	525	570	115,899	116,469	-
Rural infrastructure	-	-	-	37,170	37,170	-
Rural residential real estate	-	-	-	154	154	-
Agricultural export finance	-	-	-	7,680	7,680	-
Total	$ 5,802	$ 525	$ 6,327	$ 715,740	$ 722,067	$ -

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	$ 480	$ -	$ -	$ 35	$ 515
Production and intermediate-term	796	-	2	(100)	698
Agribusiness	650	-	22	204	876
Rural infrastructure	219	-	-	57	276
Rural residential real estate	-	-	-	1	1
Agricultural export finance	33	-	-	11	44
Total	$ 2,178	$ -	$ 24	$ 208	$ 2,410

	Balance at December 31, 2018	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at March 31, 2019
Real estate mortgage	$ 1,132	$ -	$ -	$ (92)	$ 1,040
Production and intermediate-term	750	1	4	4	757
Agribusiness	683	-	-	48	731
Rural infrastructure	208	-	-	17	225
Agricultural export finance	17	-	-	(1)	16
Total	$ 2,790	$ 1	$ 4	$ (24)	$ 2,769

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	**$ 351**	$ 337
Provision for reserve for unfunded commitments	**8**	127
Total	**$ 359**	$ 464

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	$ -	$ 515	$ 77	$ 382,529
Production and intermediate-term	-	698	-	154,794
Agribusiness	-	876	231	135,798
Rural infrastructure	-	276	-	43,433
Rural residential real estate	-	1	-	222
Agricultural export finance	-	44	-	7,678
Total	$ -	$ 2,410	$ 308	$ 724,454

	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	$ -	$ 480	$ 77	$ 391,055
Production and intermediate-term	-	796	-	169,462
Agribusiness	-	650	758	115,711
Rural infrastructure	-	219	-	37,170
Rural residential real estate	-	-	-	154
Agricultural export finance	-	33	-	7,680
Total	$ -	$ 2,178	$ 835	$ 721,232

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.

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:				
Agribusiness	$ -	$ -	$ 436	$ 436
Total	$ -	$ -	$ 436	$ 436

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

The Association had no TDRs within the previous 12 months and for which there were subsequent payment defaults during the first three months of 2020 and 2019. There were no additional commitments to lend to borrowers whose loans have been modified in troubled debt restructuring at March 31, 2020 and 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
Agribusiness	**$ -**	$ 267	**$ -**	$ 267
Total	**$ -**	$ 267	**$ -**	$ 267

* 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	19.17%	19.14%	4.5%	2.5%	7.0%
Tier 1 capital ratio	19.17%	19.14%	6.0%	2.5%	8.5%
Total capital ratio	19.49%	19.45%	8.0%	2.5%	10.5%
Permanent capital ratio	19.22%	19.19%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	20.87%	20.85%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	21.37%	21.32%	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	**$ (277)**	$ (285)
Amounts reclassified from accumulated other comprehensive loss	**13**	14
Net current period other comprehensive income	**13**	14
Ending balance	**$ (264)**	$ (271)

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

	Amount Reclassified from Accumulated Other Comprehensive 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	**$ 13**	$ 14	Salaries and employee benefits
Total reclassifications	**$ 13**	$ 14	

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	**$ 828**	**$ -**	**$ -**	**$ 828**
December 31, 2019	$ 736	$ -	$ -	$ 736

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

The Association had no assets or 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 5, 2020, which is the date the financial statements were issued, and no material subsequent events were identified.