Farm Credit Illinois, ACA

Quarterly Report
March 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Illinois, ACA and its subsidiaries, Farm Credit Illinois, FLCA and Farm Credit Illinois, PCA. This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2019 (2019 Annual Report).

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

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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2019 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

The first quarter of 2020 has been dominated by news of Coronavirus (COVID-19). As of this writing, global confirmed cases total nearly 3.2 million with more than 200 thousand deaths. The United States (U.S.) has seen nearly 60 thousand deaths with a surge forthcoming in many areas. Nearly every state has issued a stay-at-home order to some degree to prevent further spread, Illinois being among the first. This includes the shutting down of businesses large and small that have been deemed non-essential. Agriculture has been designated an essential enterprise, which includes production agriculture, as well as financial services. Farm Credit Illinois continues to operate using a work-from-home structure, with very limited on-site staff and with lobbies closed to members. The economic toll continues to build and will be worsened with each furtherance of the shutdown timeframe.

The initial economic damage from COVID-19 had been to the service industry including hospitality, travel, dining and airlines. Unemployment has skyrocketed to unprecedented levels. U.S. stock markets have seen tremendous volatility with the Dow Jones Industrial Average beginning the year at 28,639 points, falling to 19,028 points on March 23, 2020, and closing the quarter at 22,208 points.

A $2.2 trillion dollar stimulus package was approved by Congress and signed by the President on March 27, 2020. This represents the largest federal economic relief measure ever enacted. Of the total package, $48.4 billion was earmarked for agriculture. Specifically mentioned within the provisions were specialty crop producers and local food systems, as well as livestock producers and dairy farmers. Funding was also made available for the Commodity Credit Corporation (CCC) for net realized losses not previously reimbursed. The CCC Charter Act enabled the United States Department of Agriculture (USDA) to create the Market Facilitation Program (MFP). The reimbursement may enable the USDA to initiate a new round of payments should financial strain continue or worsen.

To date, markets for U.S. agricultural products have maintained pace. The U.S. Grains Council reports that infrastructure is intact, as port and rail transportation of commodities has continued without interruption both here and abroad. Uncertainty as to the duration of the health crisis and the control measures undertaken has led to volatility in commodity markets as well. Relatively flat over the first two months of the year, the effect of the virus on market demand manifested itself as the U.S. started to see positive COVID-19 tests in early March 2020. Market demand fell due to the closure of schools, restaurants, and non-essential businesses. Limited travel also reduced demand for gasoline and ethanol. Since January 2020, May 2020 corn futures have fallen by 15% to $3.35 per bushel and ethanol prices have dropped to $0.87 per gallon, a reduction of nearly 40%. Demand for soybeans remains highly questionable. The Phase One trade deal between the U.S. and China would theoretically have been very supportive for U.S. soybeans, but the COVID-19 outbreak and reduced Chinese hog herd due to African Swine Fever have called into question if China will reach committed levels. The May 2020 futures price for soybeans has fallen by 10% to $8.57 per bushel.

Even prior to COVID-19, above-trend yields or additional government aid would have been necessary in 2020 for Illinois famers to maintain a stable financial position. As control measures were implemented and commodity prices have fallen, these factors have become even more critical.

The immediate impact on farm income will be in sales of remaining 2019 crop. University of Illinois and Ohio State University agricultural economists analyzed pre-COVID-19 farm income level versus current farm income scenarios. Given average 2019 production for Illinois farmers, 30% unsold crop, and current cash prices, the negative impact to cash flow from the first quarter of 2020 is on the order of $20 per acre, or a little more than 10%. For a 1.5 thousand acre farm, this translates to a $30 thousand drop in cash flow from the April-September 2020 timeframe that will need to be covered with working capital or additional borrowing. Lower net farm income could be exacerbated by reduction or elimination of non-farm income, at least in the short-term.

For the coming season, estimates prepared by University of Illinois agricultural economists indicate increasingly negative returns for the coming year. Current bids for fall delivery imply a 2020 corn price at $3.30 per bushel and soybeans at $8.30 per bushel. Budgets were prepared with trend line yields, an estimate for Agriculture Risk Coverage and Price Loss Coverage (ARC/PLC) program payments, and no income from neither crop insurance nor any MFP-type payment. Expected farmer return is negative $74 per acre, compared to 2019 returns of $12 per acre and 2018 returns of $100 per acre. More optimistic scenarios for better returns include higher yields, an MFP-type payment, or higher prices should we return to demand that is more normal. As a note, the projected trend line yields are above 2019 yields, but below those seen from 2016-2018.

Mitigating factors for 2020-2021 could include lower input prices, increased program payments, potential for crop revenue and insurance payments, and the possibility of another round of MFP-type payments. It is not likely that producers will realize a great deal of savings for the 2020 crop in nitrogen cost but fuel and drying costs could see a more impactful reduction. Interest rates have also declined, potentially lowering interest expense and barring a need for higher borrowing levels. Lower 2019 market year average prices could result in increased ARC/PLC payments and, if triggered, higher crop insurance payments could occur.

The most recently available USDA World Agricultural Supply and Demand Estimates were released March 10, 2020. There were few changes in U.S. corn and soybean ending stocks and projected average farm price from the February 2020 report. According to the March 31, 2020, Prospective Plantings report, U.S. planted area for corn is expected to be up 8%, while soybean acres are expected to increase 10% from last year. In Illinois, corn acreage intentions match national estimates for increases, whereas our expected increase in soybean acres is 6%. However, the most recent crop budgets do call into question the shift in acres from soybeans to corn. Nitrogen application and fieldwork have begun in many areas within our territory. March 2020 saw above average temperatures and near average precipitation in the northern region of our territory. Southern Illinois, where fieldwork is likely to lag a few days, saw precipitation well above average.

In summary, there is an extraordinary level of uncertainty regarding domestic and global market demand, and factors change daily. The extent to which COVID-19 impacts the economy and our operations depends on the unpredictable progression of the outbreak, including the longevity and severity of the virus and its continued impact on capital and financial markets.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $4.3 billion at March 31, 2020, an increase of $60.2 million from December 31, 2019. The increase was primarily due to growth in the agribusiness portfolio, partially offset by a decrease in production and intermediate-term loans.

Portfolio Credit Quality

The credit quality of our portfolio remained stable from December 31, 2019. Adversely classified loans decreased slightly to 2.5% of the portfolio at March 31, 2020, from 2.6% of the portfolio at December 31, 2019. Adversely classified loans are loans we have identified as showing some credit weakness outside our credit standards.

While overall credit quality remains strong, the impact of the global pandemic disruption to many agriculture industries, and with commodity prices expected to remain at relatively low levels, grower margins may be negatively impacted in 2020. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses. No adjustment to the allowance for loan losses has been made as a result of the pandemic at March 31, 2020.

Risk Assets

Components of Risk Assets

(dollars in thousands) As of:	**March 31, 2020**	December 31, 2019
Loans:		
Nonaccrual	**$ 3,546**	$ 4,392
Accruing restructured	**39**	40
Accruing loans 90 days or more past due	**490**	2,201
Total risk loans	**4,075**	6,633
Other property owned	**--**	--
Total risk assets	**$ 4,075**	$ 6,633
Total risk loans as a percentage of total loans	**0.1%**	0.2%
Nonaccrual loans as a percentage of total loans	**0.1%**	0.1%
Current nonaccrual loans as a percentage of total nonaccrual loans	**72.0%**	72.2%
Total delinquencies as a percentage of total loans	**0.6%**	0.2%

Note: Accruing loans include accrued interest receivable.

Nonaccrual loans remained at an acceptable level at March 31, 2020, and December 31, 2019.

Our accounting policy requires loans past due 90 days or more to be transferred into nonaccrual status unless adequately secured and in the process of collection. Based on our analysis, accruing loans 90 days or more past due were eligible to remain in accruing status.

Allowance for Loan Losses

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

Allowance Coverage Ratios

As of:	**March 31, 2020**	December 31, 2019
Allowance as a percentage of:		
Loans	**0.2%**	0.2%
Nonaccrual loans	**254.4%**	198.1%
Total risk loans	**221.4%**	131.1%

In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2020.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the three months ended March 31,	**2020**	2019
Net income	**$ 18,959**	$ 16,539
Return on average assets	**1.7%**	1.5%
Return on average members' equity	**7.4%**	6.7%

Changes presented in the profitability information chart relate directly to:

- Changes in income discussed in this section
- Changes in assets discussed in the Loan Portfolio section
- Changes in capital discussed in the Funding, Liquidity, and Capital section

Changes in Significant Components of Net Income

(in thousands) For the three months ended March 31,		2020		2019		Increase (decrease) in net income
Net interest income	$	24,203	$	23,201	$	1,002
Provision for (reversal of) loan losses		188		(635)		(823)
Non-interest income		9,993		8,228		1,765
Non-interest expense		15,049		14,875		(174)
Provision for income taxes		--		650		650
Net income	$	18,959	$	16,539	$	2,420

Net Interest Income

Changes in Net Interest Income

(in thousands) For the three months ended March 31,		2020 vs 2019
Changes in volume	$	796
Changes in interest rates		187
Changes in nonaccrual income and other		19
Net change	$	1,002

Provision for (Reversal of) Loan Losses

The change in the provision for (reversal of) loan losses was related to our estimate of losses in our portfolio and an upgraded loss given default classification of a large relationship that occurred in the first quarter of 2019, resulting in a reversal of provision for loan loss.

Non-Interest Income

The change in non-interest income was primarily due to patronage income. We may receive patronage from AgriBank and other Farm Credit Institutions. Patronage distributions from AgriBank and other Farm Credit Institutions are declared solely at the discretion of each institution's Board of Directors.

Patronage Income

(in thousands) For the three months ended March 31,		2020		2019
Wholesale patronage	$	4,385	$	2,773
Pool program patronage		1,936		1,811
AgDirect partnership distribution		374		285
Total patronage income	$	6,695	$	4,869
Form of patronage distributions:				
Cash	$	6,695	$	4,869
Stock		--		--
Total patronage income	$	6,695	$	4,869

The increase in patronage income was primarily due to an increase in wholesale patronage, which is largely the result of a higher patronage rate for the first three months of 2020 compared to the same period of 2019.

Provision for Income Taxes

The decrease in provision for income taxes was related to our estimate of taxes based on taxable income. We recorded a 100% valuation allowance for our net deferred tax assets given our expectations regarding the ability to recognize the benefit from such deferred tax assets.

FUNDING, LIQUIDITY, AND CAPITAL

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our note payable is scheduled to mature on July 31, 2022. The note payable will be renegotiated no later than the maturity date. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio, which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future. Our other source of lendable funds is from unallocated surplus. At March 31, 2020, gross loans are funded 81.1% by the direct note and 18.9% by unallocated surplus.

We continue to maintain our primary source of liquidity through our AgriBank line of credit. During recent market volatility, certain adjustments to the cost of our funding of longer term loans was impacted.

The components of cost of funds associated with our note payable include:

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

We were not subject to a risk premium at March 31, 2020, or December 31, 2019.

Total members' equity increased $19.0 million from December 31, 2019, primarily due to net income for the period. The change in accumulated other comprehensive loss is the amortization impact of prior service cost and unamortized gain/loss related to the Pension Restoration Plan. Refer to Note 10 in our 2019 Annual Report for more information on the Pension Restoration Plan.

The Farm Credit Administration (FCA) Regulations require us to maintain minimums for our common equity tier 1, tier 1 capital, total capital, and permanent capital risk-based capital ratios. In addition, the FCA requires us to maintain minimums for our non-risk-adjusted ratios of tier 1 leverage and unallocated retained earnings and equivalents leverage. Refer to Note 8 in our 2019 Annual Report for a more complete description of these ratios.

Regulatory Capital Requirements and Ratios

As of:	**March 31, 2020**	December 31, 2019	Regulatory Minimums	Capital Conservation Buffer	Total
Risk-adjusted:					
Common equity tier 1 ratio	**19.5%**	20.0%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**19.5%**	20.0%	6.0%	2.5%	8.5%
Total capital ratio	**19.7%**	20.2%	8.0%	2.5%	10.5%
Permanent capital ratio	**19.5%**	20.1%	7.0%	N/A	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	**20.6%**	21.4%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**22.1%**	23.0%	1.5%	N/A	1.5%

Capital ratios are directly impacted by the changes in capital, as more fully explained in this section, the changes in assets, as discussed in the Loan Portfolio section, and off-balance sheet commitments.

OTHER MATTERS

Relationships with Other Farm Credit Institutions

SunStream Business Services: SunStream Business Services (SunStream) was previously a division of AgriBank. Effective April 1, 2020, SunStream is a System service corporation and we will continue to purchase services from SunStream. We purchase various services from SunStream, which include financial and retail systems, tax reporting services, and insurance services.

COVID-19

In March 2020, the World Health Organization declared the 2019 outbreak of COVID-19 a pandemic, which continues to spread globally. The extent to which the virus impacts our operations depends on the unpredictable progression of the outbreak, including the longevity and severity of the virus and its continued impact on capital and financial markets. Possible effects may include, but are not limited to, disruption to member cash flows due to threatened global demand, access to funding markets impacting liquidity, and employee absenteeism. Beginning March 2020, we implemented a loan modification program for borrowers with acceptable credit quality who have experienced financial difficulty related to COVID-19, which after proper approval, allows for payment deferral up to 12 months or updated amortization of payments without extension of maturity. We have estimated that $60.0 million to $102.0 million of outstanding principal may be impacted by our loan modification program. No material impact is reflected in the Consolidated Financial Statements for the three months ended March 31, 2020.

Despite volatility and uncertainty in the market, we have weathered the significant initial challenges presented by the current operating environment. We continue to operate by using a work-from-home structure with very limited on-site staff and with lobbies closed to members. Our business continuity response has allowed us to continue to serve our mission and the remote work environment has allowed us to continue to maintain the health of our employees and operate without loss of key functions due to illness. We have not had any significant changes to internal controls over financial reporting due to working remotely or due to limited staff.

CERTIFICATION

The undersigned have reviewed the March 31, 2020, Quarterly Report of Farm Credit Illinois, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Eric J. Mosbey
Eric J. Mosbey
Chairperson of the Board
Farm Credit Illinois, ACA

Aaron S. Johnson
Aaron S. Johnson
President and Chief Executive Officer
Farm Credit Illinois, ACA

Kelly D. Loschen
Kelly D. Loschen
Chief Financial Officer
Farm Credit Illinois, ACA

May 8, 2020

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Illinois, ACA
(in thousands)
(Unaudited)

As of:		March 31, 2020		December 31, 2019
ASSETS				
Loans	**$**	**4,346,580**	$	4,286,417
Allowance for loan losses		**9,022**		8,699
Net loans		**4,337,558**		4,277,718
Investment in AgriBank, FCB		**116,054**		118,610
Investment securities		**54,793**		9,559
Accrued interest receivable		**48,081**		56,687
Other assets		**59,258**		58,953
Total assets	**$**	**4,615,744**	$	4,521,527
LIABILITIES				
Note payable to AgriBank, FCB	**$**	**3,524,215**	$	3,441,433
Accrued interest payable		**20,707**		21,393
Patronage distribution payable		**26,547**		28,078
Other liabilities		**7,044**		12,409
Total liabilities		**3,578,513**		3,503,313
Contingencies and commitments (Note 5)				
MEMBERS' EQUITY				
Capital stock and participation certificates		**7,502**		7,489
Unallocated surplus		**1,030,806**		1,011,847
Accumulated other comprehensive loss		**(1,077)**		(1,122)
Total members' equity		**1,037,231**		1,018,214
Total liabilities and members' equity	**$**	**4,615,744**	$	4,521,527

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Farm Credit Illinois, ACA
(in thousands)
(Unaudited)

	Three Months Ended	
For the period ended March 31,	**2020**	2019
Interest income	**$ 44,910**	$ 45,791
Interest expense	**20,707**	22,590
Net interest income	**24,203**	23,201
Provision for (reversal of) loan losses	**188**	(635)
Net interest income after provision for (reversal of) loan losses	**24,015**	23,836
Non-interest income		
Patronage income	**6,695**	4,869
Financially related services income	**1,934**	1,590
Fee income	**295**	712
Allocated Insurance Reserve Accounts distribution	**835**	939
Other non-interest income	**234**	118
Total non-interest income	**9,993**	8,228
Non-interest expense		
Salaries and employee benefits	**8,607**	7,992
Other operating expense	**6,442**	6,846
Other non-interest expense	**--**	37
Total non-interest expense	**15,049**	14,875
Income before income taxes	**18,959**	17,189
Provision for income taxes	**--**	650
Net income	**$ 18,959**	$ 16,539
Other comprehensive income		
Employee benefit plans activity	**$ 45**	$ 34
Total other comprehensive income	**45**	34
Comprehensive income	**$ 19,004**	$ 16,573

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Illinois, ACA
(in thousands)
(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Surplus	Accumulated Other Comprehensive Loss	Total Members' Equity
Balance at December 31, 2018	$ 7,554	$ 964,705	$ (709)	$ 971,550
Net income	--	16,539	--	16,539
Other comprehensive income	--	--	34	34
Capital stock and participation certificates issued	114	--	--	114
Capital stock and participation certificates retired	(202)	--	--	(202)
Balance at March 31, 2019	$ 7,466	$ 981,244	$ (675)	$ 988,035
Balance at December 31, 2019	$ 7,489	$ 1,011,847	$ (1,122)	$ 1,018,214
Net income	**--**	**18,959**	**--**	**18,959**
Other comprehensive income	**--**	**--**	**45**	**45**
Capital stock and participation certificates issued	**194**	**--**	**--**	**194**
Capital stock and participation certificates retired	**(181)**	**--**	**--**	**(181)**
Balance at March 31, 2020	**$ 7,502**	**$ 1,030,806**	**$ (1,077)**	**$ 1,037,231**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim Consolidated Statements of Condition and Consolidated Statements of Comprehensive Income. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP) and the prevailing practices within the financial services industry. This interim Quarterly Report is prepared based upon statutory and regulatory requirements and in accordance with GAAP. However, certain disclosures required by GAAP are omitted. The results of the three months ended March 31, 2020, are not necessarily indicative of the results to be expected for the year ending December 31, 2020. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2019 (2019 Annual Report).

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

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

Recently Issued or Adopted Accounting Pronouncements

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

Standard and effective date	Description	Adoption status and financial statement impact
In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses." The guidance was originally effective for non-U.S. Securities Exchange Commission filers for our first quarter of 2021. In November 2019, the FASB issued ASU 2019-10 which amends the mandatory effective date for this guidance for certain institutions. We have determined we qualify for the deferral of the mandatory effective date. As a result of the change, the standard is effective for our first quarter of 2023 and early adoption is permitted.	The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses.	We are evaluating the deferral and have not yet determined if we will early adopt the standard. We have reviewed the accounting standard, selected and substantially completed development and testing of our system, and are in the process of drafting disclosures. Significant implementation matters yet to be addressed include drafting of accounting policies and designing processes and controls. We are currently unable to estimate the impact on our financial statements.

NOTE 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type

(dollars in thousands)

As of:	**March 31, 2020**			December 31, 2019		
		Amount	%		Amount	%
Real estate mortgage	**$**	**2,489,176**	**57.3%**	$	2,489,082	58.1%
Production and intermediate-term		**657,230**	**15.1%**		706,237	16.5%
Agribusiness		**918,879**	**21.1%**		815,280	19.0%
Other		**281,295**	**6.5%**		275,818	6.4%
Total	**$**	**4,346,580**	**100.0%**	$	4,286,417	100.0%

The other category is primarily composed of rural infrastructure and agricultural export finance related loans and certain assets originated under the mission related investment authority.

Delinquency

Aging Analysis of Loans

(in thousands) **As of 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	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	**$ 15,261**	**$ 1,032**	**$ 16,293**	**$ 2,508,174**	**$ 2,524,467**	**$ 490**
Production and intermediate-term	**8,332**	**408**	**8,740**	**657,522**	**666,262**	**--**
Agribusiness	**--**	**--**	**--**	**921,965**	**921,965**	**--**
Other	**--**	**--**	**--**	**281,618**	**281,618**	**--**
Total	**$ 23,593**	**$ 1,440**	**$ 25,033**	**$ 4,369,279**	**$ 4,394,312**	**$ 490**

As of 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	Total	Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 3,573	$ 2,958	$ 6,531	$ 2,521,712	$ 2,528,243	$ 2,201
Production and intermediate-term	431	409	840	719,328	720,168	--
Agribusiness	--	17	17	818,374	818,391	--
Other	--	--	--	276,263	276,263	--
Total	$ 4,004	$ 3,384	$ 7,388	$ 4,335,677	$ 4,343,065	$ 2,201

Note: Accruing loans include accrued interest receivable.

Risk Loans

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands) As of:	**March 31, 2020**	December 31, 2019
Volume with specific allowance	**$ 88**	$ 104
Volume without specific allowance	**3,987**	6,529
Total risk loans	**$ 4,075**	$ 6,633
Total specific allowance	**$ 88**	$ 104
For the three months ended March 31,	**2020**	2019
Income on accrual risk loans	**$ 31**	$ 4
Income on nonaccrual loans	**74**	55
Total income on risk loans	**$ 105**	$ 59
Average risk loans	**$ 6,382**	$ 7,237

Note: Accruing loans include accrued interest receivable.

We had no commitments to lend additional money to borrowers whose loans were classified as risk loans at March 31, 2020.

Troubled Debt Restructurings (TDRs)

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring, also known as a restructured loan. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower and may include interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as TDRs are considered risk loans. All risk loans are analyzed within our allowance for loan losses. We record a specific allowance to reduce the carrying amount of the restructured loan to the lower of book value or net realizable value of collateral.

There were no TDRs that occurred during the three months ended March 31, 2020, or 2019. In addition, there were no TDRs that defaulted during the three months ended March 31, 2020, or 2019 in which the modification was within twelve months of the respective reporting period.

TDRs Outstanding in the Production and Intermediate-Term Loan Category

(in thousands) As of:		March 31, 2020		December 31, 2019
TDRs in accrual status	$	39	$	40
TDRs in nonaccrual status		8		10
Total TDRs	$	47	$	50

There were no commitments to lend to borrowers whose loans have been modified in a TDR at March 31, 2020.

Allowance for Loan Losses

Changes in Allowance for Loan Losses

(in thousands) Three months ended March 31,		2020		2019
Balance at beginning of period	$	8,699	$	8,798
Provision for (reversal of) loan losses		188		(635)
Loan recoveries		137		7
Loan charge-offs		(2)		--
Balance at end of period	$	9,022	$	8,170

NOTE 3: INVESTMENT SECURITIES

We held investment securities of $54.8 million at March 31, 2020, and $9.6 million at December 31, 2019. Our investment securities consisted of securities containing loans guaranteed by the Small Business Administration (SBA). The increase in investment securities is due to purchasing 15 SBA pool investments during the first quarter of 2020. All of our investment securities were fully guaranteed by the SBA at March 31, 2020.

The investment securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. No investments within the portfolio were impaired at March 31, 2020, or December 31, 2019.

Additional Investment Securities Information

(dollars in thousands) As of:		March 31, 2020		December 31, 2019
Amortized cost	$	54,793	$	9,559
Unrealized gains		147		14
Unrealized losses		(242)		(11)
Fair value	$	54,698	$	9,562
Weighted average yield		2.3%		2.1%

Investment income is recorded in “Interest income” in the Consolidated Statements of Comprehensive Income and totaled $152 thousand for the three months ended March 31, 2020. We did not have investment income for the three months ended March 31, 2019.

Contractual Maturities of Investment Securities

(in thousands) **As of March 31, 2020**		Amortized Cost
Five to ten years	$	33,402
More than ten years		21,391
Total	$	54,793

NOTE 4: OTHER INVESTMENTS

We and other Farm Credit Institutions are among the limited partners for Rural Business Investment Companies (RBICs). Our total commitment is $9.0 million with varying commitment end dates through December 31, 2029. Certain commitments may have an option to extend under certain circumstances. Our investment in the RBICs are recorded in “Other assets” in the Consolidated Statements of Condition, and totaled $1.4 million at March 31, 2020, and $1.0 million at December 31, 2019.

The investments were evaluated for impairment. No investments were impaired at March 31, 2020, or December 31, 2019.

NOTE 5: CONTINGENCIES AND COMMITMENTS

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

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

NOTE 6: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three input levels that may be used to measure fair value. Refer to Note 2 in our 2019 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis at March 31, 2020, or December 31, 2019.

NOTE 7: SUBSEQUENT EVENTS

We have evaluated subsequent events through May 8, 2020, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.