2019 ANNUAL REPORT

Part of the Farm Credit System

2019 LETTER TO STOCKHOLDERS

Dear Louisiana Land Bank Stockholders,

As we move into a new decade, we are pleased to report that Louisiana Land Bank (Association) posted another year of increased net earnings and solid cash patronage returns to our stockholders. Net earnings totaled $14.05 million, $669 thousand or 5% greater than during 2018. The Board of Directors approved cash patronage payments from 2019 earnings of $7.76 million, an increase in the patronage amount of some 6.5% compared to the previous year.

These patronage payment checks will be distributed in the second quarter of 2020 and should equate to an interest savings of approximately 1.00% of the average principal balance for the typical Louisiana Land Bank customer. Over the past five years, the Association has paid over $34 million in patronage, all in cash. The remaining 2019 earnings were added to Association permanent capital to support future lending activities and strengthen our financial base.

Our lending staff's performance during 2019 was outstanding. Our branches closed 749 loans for $218.5 million which represented a 10-year high for loan originations. Our accruing loan portfolio volume at the end of 2019 was $844.8 million, up by $80.6 million or 10.5% greater than a year earlier. Loan asset quality remained very sound with over 98% of our loans being classified as acceptable. Nonearning assets at year-end were less than .5% of total loans, and delinquency rates were well within expected levels for the entire year.

The Association continues to benefit from the strong customer relationships that we have developed and nurtured over the years. We sincerely appreciate the new lending opportunities we had with our existing customers over the past year as well as the constant flow of good prospect referrals from our customer/stockholders. As our cooperatively-owned Association grows and prospers, our stockholders should share in increased patronage payments from a well-capitalized financial institution that is appropriately positioned and ready to serve present and future generations of farmers, agribusinesses and rural citizens.

We understand, however, that we cannot rest on our past laurels. Credit-delivery processes are changing as technology evolves. Our district wholesale bank, the Farm Credit Bank of Texas, is making substantial investments in loan origination, customer relationship management, business analytics and loan accounting systems. This investment, coupled with technology enhancements at the Association level, should allow us to meet the financial needs of customers more efficiently and effectively and to continue to grow without materially increasing human resources. We expect to make the transition to much of the new technology over the next 12 months, and we anticipate that the introduction of the new systems will be relatively seamless and user-friendly.

The Association's Board of Directors and the management team are taking other concrete steps to serve and support the next generation of farmers and agribusinesses. We sponsored our initial

Young Producer Educational Seminar in early 2020, and we continue to put special focus on loans and service to Young, Beginning, Small, Minority and Veteran farmers. Our customer appreciation events have been well-attended, and we encourage customers to bring family members, friends and prospects to these regional meetings.

Our loan officers have a keen understanding of agriculture and the unique skill sets needed to be a successful producer. We recognize that 2019 may have been a challenging year for some of our customers due to lower commodity prices, weather events or other circumstances beyond one's control. We encourage customers to promptly communicate any concerns about meeting future payment obligations to our lending staff.

A national politician recently said farming was not a demanding career choice and that he could teach anyone to farm in short order. We respectfully disagree and salute our customers for their hard work and daily devotion to their operations. We know that American farmers provide abundant food and fiber not only to the vast majority of U.S. citizens who are not involved in agriculture but to many others around the globe as well.

Your Board of Directors is committed to providing appropriate oversight to the Association's operation to reasonably ensure that Louisiana Land Bank is being operated in a safe and sound manner so that we are here to serve Louisiana agriculture across all future economic cycles. We, as part of the nationwide Farm Credit System, are now in our second century of operation, and we look forward to continuing to provide high-quality customer service, competitive loan products and recurring cash patronage payments to set us aside from commercial banks and other lenders who sometimes focus on agricultural and rural lending.

We see ourselves as the premier lender to Louisiana agriculture and the state's rural communities, and we strive to fulfill that vision in our daily interaction with customers and prospects. We wish for a safe and prosperous year for all of our stockholders in 2020. Thank you for your continued support of Louisiana Land Bank.

J. Mark Morgan, Chairman of the Board

Stephen F. Austin, Chief Executive Officer

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REPORT OF MANAGEMENT

The consolidated financial statements of Louisiana Land Bank, ACA (Association) are prepared by management, who is responsible for the statements' integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Other financial information included in the annual report is consistent with that in the consolidated financial statements.

To meet its responsibility for reliable financial information, management depends on the Farm Credit Bank of Texas' and the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. The systems have been designed to recognize that the cost of controls must be related to the benefits derived. The consolidated financial statements are audited by PricewaterhouseCoopers LLP, independent accountants, who also conduct a review of internal controls to the extent necessary to comply with auditing standards solely for the purpose of establishing a basis for reliance thereon in determining the nature, extent and timing of audit tests applied in the audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America. The Association is also examined by the Farm Credit Administration.

The Board of Directors has overall responsibility for the Association's systems of internal control and financial reporting. The Board consults regularly with management and reviews the results of the audits and examinations referred to previously.

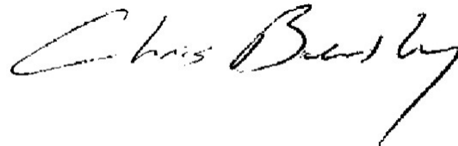
The undersigned certify that we have reviewed this annual report, that it has been prepared in accordance with all applicable statutory and regulatory requirements, and that the information contained herein is true, accurate and complete to the best of our knowledge or belief.

F. Stephen Austin, Chief Executive Officer

March 9, 2020

James Mark Morgan, Chairman, Board of Directors

March 9, 2020



Christopher E. Bentley, Chief Financial Officer

March 9, 2020

REPORT OF AUDIT COMMITTEE

The Audit Committee (Committee) is composed of Cecelia A. Hoyt – Chairman, Ben Guthrie, Gert Hawkins and Ed Patrick. In 2019, 12 committee meetings were held. The Committee oversees the scope of Louisiana Land Bank, ACA's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's approved responsibilities are described more fully in the Audit Committee Charter, which is available on request or on Louisiana Land Bank, ACA's website. The Committee approved the appointment of PricewaterhouseCoopers, LLP for 2019.

Management is responsible for the Association's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements are prepared under the oversight of the Committee. PricewaterhouseCoopers, LLP is responsible for performing an independent audit of Louisiana Land Bank, ACA's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and for issuing a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed Louisiana Land Bank, ACA's audited consolidated financial statements for the year ended December 31, 2019 (audited consolidated financial statements) with management and PricewaterhouseCoopers, LLP. The Committee also reviews with PricewaterhouseCoopers, LLP the matters required to be discussed by authoritative guidance "The Auditor's Communication With Those Charged With Governance," and both PricewaterhouseCoopers, LLP's and Louisiana Land Bank, ACA's internal auditors directly provide reports on significant matters to the Committee.

The Committee discussed with PricewaterhouseCoopers, LLP its independence from Louisiana Land Bank, ACA. The Committee also reviewed the non-audit services provided by PricewaterhouseCoopers, LLP and concluded that these services were not incompatible with maintaining the independent accountant's independence. The Committee has discussed with management and PricewaterhouseCoopers, LLP such other matters and received such assurances from them as the Committee deemed appropriate.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board include the audited consolidated financial statements in Louisiana Land Bank, ACA's Annual Report to Stockholders for the year ended December 31, 2019.

Audit Committee Members

Cecelia A. Hoyt, Chairman
Ben Guthrie
Gert Hawkins
Ed Patrick

March 9, 2020

LOUISIANA LAND BANK, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(unaudited)
(dollars in thousands)

	2019	2018	2017	2016	2015
Balance Sheet Data					
Assets					
Cash	**$ 36**	$ 303	$ 27	$ 3	$ 82
Loans	**844,732**	766,364	747,344	724,081	659,483
Less: allowance for loan losses	**5,350**	5,233	5,412	5,427	5,377
Net loans	**839,382**	761,131	741,932	718,654	654,106
Investment in and receivable from the Farm Credit Bank of Texas	**14,923**	14,750	13,085	11,329	11,028
Other property owned, net	**-**	-	162	75	-
Other assets	**15,110**	12,985	11,522	12,398	9,718
Total assets	**$ 869,451**	$ 789,169	$ 766,728	$ 742,459	$ 674,934
Liabilities					
Obligations with maturities of one year or less	**$ 13,860**	$ 12,919	$ 14,223	$ 12,656	$ 11,340
Obligations with maturities greater than one year	**698,643**	625,239	608,147	589,614	527,537
Total liabilities	**712,503**	638,158	622,370	602,270	538,877
Members' Equity					
Capital stock and participation certificates	**2,779**	2,684	2,734	2,653	2,548
Unallocated retained earnings	**155,042**	148,782	142,698	138,215	134,016
Accumulated other comprehensive income (loss)	**(873)**	(455)	(1,074)	(679)	(507)
Total members' equity	**156,948**	151,011	144,358	140,189	136,057
Total liabilities and members' equity	**$ 869,451**	$ 789,169	$ 766,728	$ 742,459	$ 674,934
Statement of Income Data					
Net interest income	**$ 22,789**	$ 21,567	$ 20,393	$ 19,361	$ 17,826
(Provision for loan losses) or loan loss reversal	**(25)**	209	38	(15)	(33)
Income from the Farm Credit Bank of Texas	**3,584**	3,099	2,784	2,701	2,517
Other noninterest income	**917**	1,028	370	453	875
Noninterest expense	**(13,210)**	(12,520)	(12,191)	(11,767)	(11,009)
Benefit from (provision for) income taxes	**(4)**	(1)	151	(2)	(1)
Net income (loss)	**$ 14,051**	$ 13,382	$ 11,545	$ 10,731	$ 10,175
Key Financial Ratios for the Year					
Return on average assets	**1.7%**	1.7%	1.5%	1.5%	1.5%
Return on average members' equity	**8.9%**	8.9%	7.9%	7.7%	7.5%
Net interest income as a percentage of average earning assets	**2.8%**	2.8%	2.8%	2.7%	2.8%

LOUISIANA LAND BANK, ACA

FIVE-YEAR SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA
(unaudited)
(dollars in thousands)

	2019	2018	2017	2016	2015
Key Financial Ratios at Year End *					
Members' equity as a percentage of total assets	**18.1%**	19.1%	18.8%	18.9%	20.2%
Debt as a percentage of members' equity	**454.0%**	422.6%	431.1%	429.6%	396.1%
Allowance for loan losses as a percentage of loans	**0.6%**	0.7%	0.7%	0.7%	0.8%
Common equity tier 1 ratio	**17.1%**	17.6%	17.8%	n/a	n/a
Tier 1 capital ratio	**17.1%**	17.6%	17.8%	n/a	n/a
Total capital ratio	**17.7%**	18.3%	18.5%	n/a	n/a
Permanent capital ratio	**17.2%**	17.7%	17.9%	18.4%	19.5%
Tier 1 leverage ratio	**17.6%**	18.3%	18.3%	n/a	n/a
UREE leverage ratio	**18.8%**	19.5%	19.5%	n/a	n/a
Total surplus ratio	**n/a**	n/a	n/a	18.0%	19.1%
Core surplus ratio	**n/a**	n/a	n/a	18.0%	19.1%
Net Income Distribution					
Patronage dividends:					
Cash	**$ 7,291**	$ 7,033	$ 6,494	$ 5,822	$ 4,500

*Effective January 1, 2017 the new regulatory capital ratios were implemented by the Association. Regulatory Ratios remained well above the regulatory minimums, including the conservation and leverage buffers at December 31, 2019.

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

The following commentary explains management's assessment of the principal aspects of the consolidated financial condition and results of operations of Louisiana Land Bank, ACA, including its wholly-owned subsidiaries, Louisiana Production Credit Association, PCA and Louisiana Federal Land Bank Association, FLCA (Association) for the years ended December 31, 2019, 2018 and 2017, and should be read in conjunction with the accompanying consolidated financial statements. The accompanying financial statements were prepared under the oversight of the Association's Audit Committee.

Forward-Looking Information:

This annual information statement contains forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Words such as "anticipates," "believes," "could," "estimates," "may," "should," "will" or other variations of these terms are intended to identify the forward-looking statements. These statements are based on assumptions and analyses made in light of experience and other historical trends, current conditions and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, but are not limited to:

- political, legal, regulatory and economic conditions and developments in the United States and abroad;
- economic fluctuations in the agricultural, rural utility, international and farm-related business sectors;
- weather-related, disease-related and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- changes in United States government support of the agricultural industry and the System as a government-sponsored enterprise, as well as investor and rating agency reactions to events involving the U.S. government and government-sponsored enterprises; and
- actions taken by the Federal Reserve System in implementing monetary policy.

Commodity Review And Outlook:

Producers in Louisiana have experienced turbulent commodity prices over the last 12 months. This paired with significant rainfall and high river stages could impair planting, growing and harvest seasons.

Significant Events:

During the first quarter of 2019, the Association's board of directors (Board) paid a patronage of $7,291,487 to eligible stockholders from 2018's earnings. The patronage is in the form of a qualified patronage distribution. The increase in the qualified patronage distribution paid in 2019 compared to 2018 is approximately 4 percent.

In March of 2019, the Farm Credit System Insurance Corporation (FCSIC) Board of Directors approved a refund of $66.1 million in excess insurance fund balances to Farm Credit System banks. The amount allocated to the Texas Farm Credit District was $5,287,657. The Association's allocated portion of the refund was $159,283 and was recognized as other income.

The Association's Board of Directors (Board) elected to pay a patronage from 2019's earnings totaling approximately $7.8 million. It is anticipated that the patronage will be paid to eligible stockholders in the first quarter of 2020. The patronage is in the form of a qualified patronage distribution. The increase in the qualified patronage distribution, compared to prior year, is approximately 7.0 percent. This marks the seventh consecutive year that the Association has increased and paid a cash patronage to eligible borrowers.

Mr. William "Ben" Guthrie was appointed to fill the seat of Mr. Jack Dailey who was elected to served on the board of directors for the Farm Credit Bank of Texas. Mr. John Van Mol, Jr. and Mr. Guthrie won their respective elections in the June 2019 annual election.

In December 2019, the Association received a direct loan patronage of $3,051,035 from the Bank, representing 46 basis points on the average daily balance of the Association's direct loan with the Bank. During 2019, the Association received $371,337 in patronage payments from the Bank, based on the Association's stock investment in the Bank. Also, the Association received a capital markets patronage of $161,744 from the Bank, representing 75 basis points on the Association's average balance of participations in the Bank's patronage pool program.

At year end 2019, the Association held no acquired property. During 2019, the Association had no acquired property activity. Management expects acquired property transactions in future years as part of the normal course of credit collection.

The Association has continued to provide its members with quality financial services. The Board and management remain committed to maintaining the financial integrity of the Association while offering competitive loan products that meet the financial needs of agricultural producers.

Loan Portfolio:

The Association makes and services loans to farmers, ranchers, rural homeowners and certain farm-related businesses. The Association's loan volume consists of long-term farm mortgage loans, production and intermediate-term loans, and farm-related business loans. These loan products are available to eligible borrowers with competitive variable, fixed, adjustable, LIBOR-based and prime-based interest rates. Loan maturities range from one to 40 years, with annual operating loans comprising the majority of the commercial loans and 20- to 30-year maturities comprising the majority of the mortgage loans. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with the seasonal cash-flow capabilities of the borrower.

The composition of the Association's loan portfolio, including principal less funds held of $844,732,450, $766,363,953 and $747,344,009 as of December 31, 2019, 2018 and 2017, respectively, is described more fully in detailed tables in Note 3 to the consolidated financial statements, "Loans and Allowance for Loan Losses" included in this annual report.

Purchase and Sales of Loans:

During 2019, 2018 and 2017, the Association was participating in loans with other lenders. As of December 31, 2019, 2018 and 2017, these participations totaled $53,062,284, $36,993,063 and $34,639,423, or 6.3 percent, 4.8 percent and 4.6 percent of loans, respectively. Included in these amounts are participations purchased from entities outside the district of $0, $6,477 and $274,604, or 0.0 percent, 0.0 percent and 0.0 percent of loans, respectively. The Association has also sold participations of $69,952,962, $40,210,612 and $51,281,588 as of December 31, 2019, 2018 and 2017, respectively.

Risk Exposure:

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned, net.

The following table illustrates the Association's components and trends of high-risk assets serviced for the prior three years as of December 31:

	2019		2018		2017	
	Amount	**%**	Amount	%	Amount	%
Nonaccrual	**$ 3,634,202**	**46.4%**	$ 3,631,343	48.8%	$ 3,315,988	37.5%
90 days past due and still accruing interest	**-**	**0.0%**	-	0.0%	25,666	0.3%
Formally restructured	**4,147,903**	**53.6%**	3,807,547	51.2%	5,351,716	60.4%
Other property owned, net	**-**	**0.0%**	-	0.0%	161,654	1.8%
Total	**$ 7,782,105**	**100.0%**	$ 7,438,890	100.0%	$ 8,855,024	100.0%

At December 31, 2019, 2018 and 2017, loans that were considered impaired were $7,782,105, $7,438,890 and $8,693,370, representing 0.9 percent, 1.0 percent and 1.2 percent of loan volume, respectively. Impaired loans consist of all high-risk assets except other property owned, net.

At December 31, 2019, the Association had 14 loans to a single borrower totaling $16,293,700, representing 1.9 percent of total loan volume.
Except for the relationship between installment due date and seasonal cash-flow capabilities of the borrower, the Association is not affected by any seasonal characteristics. The factors affecting the operations of the Association are the same factors that would affect any agricultural real estate lender.

Allowance for Loan Losses:

The following table provides relevant information regarding the allowance for loan losses as of, or for the year ended, December 31:

	2019	2018	2017
Allowance for loan losses	**$ 5,350,446**	$ 5,233,189	$ 5,411,851
Allowance for loan losses to total loans	**0.6%**	0.7%	0.7%
Allowance for loan losses to nonaccrual loans	**148.9%**	144.1%	163.2%
Allowance for loan losses to impaired loans	**69.1%**	70.3%	62.3%

The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition, collateral value, portfolio quality, current production conditions and economic conditions, and prior loan loss experience. Management may consider other qualitative factors in determining and supporting the level of allowance for loan losses including but not limited to: the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects, borrower repayment capacity, depth of lender staff, and/or past trends, and weather-related influences.

Based upon ongoing risk assessment and the allowance for loan losses procedures outlined above, the allowance for loan losses of $5,350,446, $5,233,189 and $5,411,851 at December 31, 2019, 2018 and 2017, respectively, is considered adequate by management to compensate for inherent losses in the loan portfolio at such dates.

Results of Operations:

The Association's net income for the year ended December 31, 2019, was $14,050,824 as compared to $13,381,644 for the year ended December 31, 2018, reflecting an increase of $669,180, or 5.0 percent. The Association's net income for the year ended December 31, 2017 was $11,545,353. Net income increased $1,836,291, or 15.9 percent, in 2018 versus 2017.

Net interest income for 2019, 2018 and 2017 was $22,789,357, $21,567,343 and $20,393,270, respectively, reflecting increases of $1,222,014, or 5.7 percent, for 2019 versus 2018 and $1,174,073, or 5.8 percent, for 2018 versus 2017. Net interest income is the principal source of earnings for the Association and is impacted by volume, yields on assets and cost of debt. The effects of changes in average volume and interest rates on net interest income over the past three years are presented in the following tables:

	2019		2018		2017	
	Average Balance	**Interest**	Average Balance	Interest	Average Balance	Interest
Loans	**$ 808,213,232**	**$ 42,717,060**	$ 760,759,547	$ 38,283,430	$ 736,546,959	$ 33,657,983
Total interest-earning assets	**808,213,232**	**42,717,060**	760,759,547	38,283,430	736,546,959	33,657,983
Interest-bearing liabilities	**665,509,018**	**19,927,703**	622,313,769	16,716,087	602,329,753	13,264,713
Impact of capital	**$ 142,704,214**		$ 138,445,778		$ 134,217,206	
Net interest income		**$ 22,789,357**		$ 21,567,343		$ 20,393,270

	2019 Average Yield	2018 Average Yield	2017 Average Yield
Yield on loans	**5.29%**	5.03%	4.57%
Total yield on interest-earning assets	**5.29%**	5.03%	4.57%
Cost of interest-bearing liabilities	**2.99%**	2.69%	2.20%
Interest rate spread	**2.30%**	2.34%	2.37%

	2019 vs. 2018			2018 vs. 2017		
	Increase (decrease) due to			Increase (decrease) due to		
	Volume	**Rate**	**Total**	Volume	Rate	Total
Interest income - loans	**$ 2,388,012**	**$ 2,045,618**	**$ 4,433,630**	$ 1,106,443	$ 3,519,004	$ 4,625,447
Total interest income	**2,388,012**	**2,045,618**	**4,433,630**	1,106,443	3,519,004	4,625,447
Interest expense	**1,160,268**	**2,051,348**	**3,211,616**	440,088	3,011,286	3,451,374
Net interest income	**$ 1,227,744**	**$ (5,730)**	**$ 1,222,014**	$ 666,355	$ 507,718	$ 1,174,073

Interest income for 2019 increased by $4,433,630, or 11.6 percent, compared to 2018, primarily due to an increase in accrual loan volume and rates. Interest expense for 2019 increased by $3,211,616, or 19.2 percent, compared to 2018 due to an increase in debt outstanding and rates. The interest rate spread decreased by 4 basis points to 2.30 percent in 2019 from 2.34 percent in 2018. The interest rate spread decreased by 3 basis points to 2.34 percent in 2018 from 2.37 percent in 2017.

Noninterest income for 2019 increased by $372,959, or 9.0 percent, compared to 2018, due primarily to an increase in the direct note patronage from the Bank and loan fees collected. Noninterest income for 2018 increased by $972,921, or 30.9 percent, compared to 2017.

Provisions for loan losses increased by $233,145, or 111.8 percent, compared to 2018, due primarily to an increase in impaired assets requiring reserves.

Operating expenses consist primarily of salaries, employee benefits and purchased services. Expenses for purchased services may include administrative services, marketing, information systems, accounting and loan processing, among others. Operating expenses increased by $689,452 in 2019 when compared to 2018, primarily due to salaries and employee benefits. During 2019 salaries and employee benefits increased by $692,341 or 8.8 percent when compared to 2018. Other increases include travel $17,737, occupancy and equipment $75,207, communications $5,325, advertising $11,201, public and member relations $33,136, insurance fund premiums $45,783, and other noninterest expense of $20,207.

Authoritative accounting guidance requiring the capitalization and amortization of loan origination fees and costs resulted in the capitalization of $490,008, $512,587 and $548,130 for 2019, 2018 and 2017, respectively, in origination costs, which will be amortized over the life of the loans as an adjustment to yield in net interest income. The capitalized costs consisted of salaries and benefits totaling $607,436 related to the origination of loans.

For the year ended December 31, 2019, the Association's return on average assets was 1.7 percent, as compared to 1.7 percent and 1.5 percent for the years ended December 31, 2018 and 2017, respectively. For the year ended December 31, 2019, the Association's return on average members' equity was 8.9 percent, as compared to 8.9 percent and 7.9 percent for the years ended December 31, 2018 and 2017, respectively.

Because the Association depends on the Bank for funding, any significant positive or negative factors affecting the operations of the Bank may have an effect on the operations of the Association.

In July 2017, the United Kingdom's Financial Conduct Authority, the authority regulating the London Inter-Bank Offered Rate (LIBOR) announced that it will stop persuading or compelling banks to submit rates for the calculation of the LIBOR after 2021. Since this announcement, central banks around the world, including the Federal Reserve, have commissioned working groups with the goal of finding suitable replacements for LIBOR. In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee (ARRC) of the Federal Reserve Board and the Federal Reserve Bank of New York. Specifically, the ARRC has proposed the Secured Overnight Financing Rate (SOFR) as the recommended alternative to LIBOR. SOFR is based on a broad segment of the overnight Treasury repurchase market and is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. The Bank and its affiliated associations are currently evaluating the impacts of a potential phase-out of the LIBOR benchmark interest rate, including the possibility of using SOFR as an alternative to LIBOR. The transition from LIBOR to SOFR is expected to be complex and to include the development of term and credit adjustments to minimize, to the extent possible, discrepancies between LIBOR and SOFR. Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for LIBOR-based instruments, including certain of the Farm Credit Systemwide debt securities, the Bank's borrowings, loans, investments, derivatives, and other bank assets and liabilities that are indexed to LIBOR.

The Bank established a LIBOR Workgroup, with cross-functional representation from the finance, operations, credit and legal departments. The LIBOR Workgroup is progressing in implementing its transition plan to an alternative benchmark rate. The LIBOR Workgroup coordinates outreach to our associations and with other Farm Credit System institutions, especially the Funding Corporation.

Liquidity and Funding Sources:

The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the Bank. The Bank manages interest rate risk through its direct loan pricing and asset/liability management process.

The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $696,921,619, $623,657,708 and $606,930,548 as of December 31, 2019, 2018 and 2017, respectively, is recorded as a liability on the Association's balance sheet. At year-end 2019, the Association had $1,721,265 in accrued interest payable tied to the outstanding balance of the direct note. The note carried a weighted average interest rate of 2.90 percent, 2.93 percent and 2.37 percent at December 31, 2019, 2018 and 2017, respectively. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by a general financing agreement. The increase in note payable to the Bank and related accrued interest payable since December 31, 2018, is due to an increase in accrual loan volume.

The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $147,076,908, $142,008,551 and $139,791,810 at December 31, 2019, 2018 and 2017, respectively. The maximum amount the Association may borrow from the Bank as of December 31, 2019, was $845,000,000 as defined by the general financing agreement. The indebtedness continues in effect until the expiration date of the general financing agreement, which is September 30, 2020, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

The liquidity policy of the Association is to manage cash balances, to maximize debt reduction and to increase accrual loan volume. This policy will continue to be pursued during 2020. As borrower payments are received, they are applied to the Association's note payable to the Bank.

The Association will continue to fund its operations through direct borrowings from the Bank, capital surplus from prior years and borrower stock. It is management's opinion that funds available to the Association are sufficient to fund its operations for the coming year.

Capital Resources:

The Association's capital position remains strong, with total members' equity of $156,947,903, $151,010,977 and $144,357,974 at December 31, 2019, 2018 and 2017, respectively.

New regulations became effective January 1, 2017, which replaced the previously required core surplus and total surplus ratios with common equity tier 1, tier 1 capital, and total capital risk-based capital ratios. The new regulations also added tier 1 leverage and unallocated retained earnings and equivalents (UREE) ratios. The permanent capital ratio continues to remain in effect, with some modifications to align with the new regulations. The permanent capital ratio measures available at-risk capital relative to risk-adjusted assets and off-balance-sheet contingencies. Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of 7.0 percent of risk-adjusted assets as defined by the FCA. The ratio is an indicator of the institution's financial capacity to absorb potential losses beyond that provided in the allowance for loss accounts.

The Association's permanent capital ratio at December 31, 2019, 2018 and 2017 was 17.2 percent, 17.7 percent and 17.9 percent, respectively. Under the new regulations, the Association is required to maintain a minimum common equity tier 1 (CET1), tier 1 capital, and total capital ratios of 4.5 percent, 6.0 percent and 8.0 percent, along with a capital conservation buffer of 2.5 percent applicable to each ratio, respectively. The 2.5 percent capital conservation buffer was phased in over a three-year period ending on December 31, 2019. The Association's common equity tier 1 ratio was 17.1 percent, tier 1 capital ratio was 17.1 percent, and total capital ratio was 17.7 percent at December 31, 2019. Under the new regulations, the Association is required to maintain a minimum tier 1 leverage ratio of 4.0 percent, along with a leverage buffer of 1.0 percent, and a minimum unallocated retained earnings equivalents (UREE) leverage ratio of 1.5 percent. The Association's tier 1 leverage ratio was 17.6 percent and UREE leverage ratio was 18.8 percent at December 31, 2019.

The CET1 capital ratio is an indicator of the institution's highest quality of capital and consists of unallocated retained earnings, qualifying common cooperative equities (CCEs) that meet the required holding periods, and paid-in capital. The tier 1 capital ratio is a measure of the institution's quality of capital and financial strength. The total capital ratio is supplementary to the tier 1 capital ratio, the components of which include qualifying CCEs subject to certain holding periods, third-party capital subject to certain holding periods and limitations, and allowance and reserve for credit losses subject to certain limitations. The tier 1 leverage ratio is

used to measure the amount of leverage an institution has incurred against its capital base, of which at least 1.5 percent must be unallocated retained earnings (URE) and URE equivalents. This is the UREE leverage ratio.

Prior to January 1, 2017, the core surplus ratio measured available core surplus capital relative to risk-adjusted assets and off-balance-sheet contingencies. The ratio was an indicator of the quality of capital that exists to maintain stable earnings and financial strength. The Association's core surplus ratio at December 31, 2016 and 2015 was 18.0 percent and 19.1 percent, respectively, which was in compliance with the FCA's minimum ratio requirement of 3.5 percent. The total surplus ratio measured available surplus capital relative to risk-adjusted assets and off-balance-sheet contingencies. The ratio was an indicator of the reserves existing to protect borrowers' investments in the Association. The Association's total surplus ratio at December 31, 2016 and 2015 was 18.0 percent and 19.1 percent, respectively, which was in compliance with the FCA's minimum ratio requirement of 7.0 percent.

As of December 31, 2019, the Association is not prohibited from retiring stock or distributing earnings; furthermore, neither the board nor senior management knows of any such prohibitions that may apply during the subsequent fiscal year.

Significant Recent Accounting Pronouncements:

Refer to Note 2 – "Summary of Significant Accounting Policies" in this annual report for disclosures of recent accounting pronouncements which may impact the Association's consolidated financial position and results of operations and for critical accounting policies.

Regulatory Matters:

At December 31, 2019, the Association was not under written agreements with the Farm Credit Administration.

On June 12, 2018, the Farm Credit Administration (FCA) published a final rule revising the requirements governing the eligibility of investments for System banks and associations. The stated objectives of the final rule are as follows:

- To strengthen investment practices at System banks and associations to enhance their safety and soundness;
- To ensure that System banks hold sufficient high-quality liquid investments for liquidity purposes;
- To enhance the ability of the System banks to supply credit to agricultural and aquatic producers and their cooperatives in times of financial distress;
- To comply with the requirements of section 939A of the Dodd-Frank Act;
- To modernize the investment eligibility criteria for System banks; and
- To revise the investment regulation for System associations to improve their investment management practices so they are more resilient to risk.

The regulation became effective January 1, 2019.

On June 15, 2018, the FCA published a proposed rule to amend its regulations governing standards of conduct of directors and employees of System institutions and require every System bank and association to have a Standards of Conduct Program based on core principles to put into effect ethical values as part of corporate culture. The stated objectives of the proposed rule are to:

- Establish principles for ethical conduct and recognize each System institution's responsibility for promoting an ethical culture;
- Provide each System institution flexibility to develop specific guidelines on acceptable practices suitable for its business;
- Encourage each System institution to foster core ethical values and conduct as part of its corporate culture;
- Require each System institution to develop strategies and a system of internal controls to promote institution and individual accountability in ethical conduct, including by establishing a Standards of Conduct Program and adopting a Code of Ethics; and
- Remove prescriptive requirements of the regulations that do not promote these objectives.

The deadline for the submission of public comments was September 13, 2018.

On August 24, 2018, the FCA published for public comment a proposed rule that would modify the existing outside director eligibility criteria to accomplish the following objectives:

- Amend the eligibility criteria for outside directors in § 611.220(a);

- Remove the definition of outside director in § 619.9225;
- Strengthen the safety and soundness of System institutions; and
- Incorporate best practices for corporate governance for System institutions.

The proposed regulation would expand the list of persons who would be excluded from nomination for an outside director's seat to ensure the independence of outside directors. The list would include borrowers of the institution, immediate family members of any director, officer, employee, agent, stockholder or borrower of any System institution, and anyone who has a controlling interest in an entity that borrows from any System institution or any affiliated organization of a System institution. The deadline for the submission of public comments was October 23, 2018.

On January 22, 2019, the Farm Credit Administration issued an information memorandum citing the fact that effective December 20, 2018, the Agriculture Improvement Act of 2018 repealed the limitations on bank director compensation contained in section 4.21 of the Farm Credit Act of 1971, as amended. As a result, beginning in 2019, the Farm Credit Administration will no longer calculate the maximum annual compensation adjustments in FCA regulation § 611.400(b)(c), but will continue to review System bank director compensation to ensure that pay levels do not adversely affect the safety and soundness of System institutions.

On February 21, 2019, an advance notice of proposed rulemaking on ways to collect, evaluate and report data on the System's service to young, beginning and small farmers (YBS) was published in the Federal Register. The purpose of the advance notice of proposed rulemaking is to gather public input on how FCA might:

- Improve the accuracy, transparency and process by which FCA ensures that YBS farmer data is properly collected and reported by the System;
- Clarify the definitions of terms related to the collection, reporting and identification of YBS farmer data;
- Ensure the definitions of YBS farmers and related terms remain relevant and reflective of the evolving agricultural economy; and
- Evaluate the effectiveness of each System institution's YBS program to achieve its mission of serving YBS farmers.

The comment period ended on May 22, 2019.

On March 19, 2019, an interim final rule on margin and capital requirements for covered swap entities was published in the Federal Register. Five federal agencies acted to ensure that qualifying swaps may be transferred from a United Kingdom (UK) entity to an affiliate in the European Union (EU) or the United States without triggering new margin requirements. The interim final rule adopted would ensure that any legacy swap currently exempt from the agencies' rule on margin for non-cleared swaps would not become subject to the rule if such swap is amended solely for the purpose of transferring it to an affiliate as a result of a non-negotiated UK withdrawal from the EU. The comment period ended on April 18, 2019.

On April 3, 2019, a proposed rule was published in the Federal Register on the criteria for reinstating nonaccrual loans. The objectives of the proposed rule are to:

- Enhance the usefulness of high-risk loan categories;
- Replace the subjective measure of "reasonable doubt" used for reinstating loans to accrual status with a measurable standard;
- Improve the timely recognition of a change in a loan's status; and
- Update existing terminology and make other grammatical changes.

The comment period ended on June 3, 2019.

On September 18, 2019, a proposed rule was published in the Federal Register to address changes to allow Farm Credit System (FCS or System) associations to purchase and hold the portion of certain loans that non-FCS lenders originate and sell in the secondary market, and that the United States Department of Agriculture (USDA) unconditionally guarantees or insures as to the timely payment of principal and interest. The objectives of the proposed rule are to authorize FCS associations to buy as investments for risk management purposes, portions of certain loans that non-System lenders originate, and the USDA fully guarantees as to principal and interest to:

- Augment the liquidity of rural credit markets;
- Reduce the capital burden on community banks and other non-System lenders who choose to sell their USDA guaranteed portions of loans, so they may extend additional credit in rural areas; and
- Enhance the ability of associations to manage risk.

The comment period ended on November 18, 2019.

On September 23, 2019, a proposed rule was published in the Federal Register to address changes to capital and other regulations, including certain regulatory disclosure requirements, in response to recent changes in the U.S. generally accepted accounting principles (U.S. GAAP). The objectives of the proposed rule are to:

- Ensure that the System's capital requirements, including certain regulatory disclosures, reflect the current expected credit losses methodology, which revises the accounting for credit losses under U.S. GAAP; and
- Ensure that conforming amendments to other regulations accurately reference credit losses.

The comment period ended on November 22, 2019.

On November 7, 2019, a proposed rule was published in the Federal Register by five federal agencies that would amend the agencies' regulations that require swap dealers and security-based swap dealers under the agencies' respective jurisdictions to exchange margin with their counterparties for swaps that are not centrally cleared (Swap Margin Rule). The Swap Margin Rule as adopted in 2015 takes effect under a phased compliance schedule spanning from 2016 through 2020, and the dealers covered by the rule continue to hold swaps in their portfolios that were entered into before the effective dates of the rule. Such swaps are grandfathered from the Swap Margin Rule's requirements until they expire according to their terms. The proposed rule would permit swaps entered into prior to an applicable compliance date (legacy swaps) to retain their legacy status in the event that they are amended to replace an interbank offered rate (IBOR) or other discontinued rate, repeal the inter-affiliate initial margin provisions, introduce an additional compliance date for initial margin requirements, clarify the point in time at which trading documentation must be in place, permit legacy swaps to retain their legacy status in the event that they are amended due to technical amendments, notional reductions, or portfolio compression exercises, and make technical changes to relocate the provision addressing amendments to legacy swaps that are made to comply with the Qualified Financial Contract Rules, as defined in the Supplementary Information section.

The comment period ended on December 9, 2019.

In 2019, 2018 and 2017, the Association paid a cash patronage distribution of $7,291,486, $7,032,569 and $6,494,491, respectively. The board of directors approved a qualified patronage distribution of $7,800,000 to be paid in March 2020 from 2019 earnings. See Note 9 to the consolidated financial statements, "Members' Equity," included in this annual report, for further information.

Relationship With the Bank:

The Association's statutory obligation to borrow only from the Bank is discussed in Note 8 to the consolidated financial statements, "Note Payable to the Bank," included in this annual report.

The Bank's ability to access capital of the Association is discussed in Note 2 to the consolidated financial statements, "Summary of Significant Accounting Policies," included in this annual report, within the section "Capital Stock Investment in the Bank."

The Bank's role in mitigating the Association's exposure to interest rate risk is described in the section "Liquidity and Funding Sources" of Management's Discussion and Analysis and in Note 8 to the consolidated financial statements, "Note Payable to the Bank," included in this annual report.

The Bank provides computer systems to support the critical operations of all district associations. In addition, each association has operating systems and facility-based systems that are not supported by the Bank. As disclosed in Note 12 to the consolidated financial statements, "Related Party Transactions," included in this annual report, the Bank provides many services that the Association can utilize, such as administrative, marketing, information systems and accounting services. Additionally, the Bank bills district expenses to the Associations, such as the Farm Credit System Insurance Corporation insurance premiums.

Summary:

Over the past 103 years, regardless of the state of the agricultural economy, your Association's board of directors and management, as well as the board of directors and management of the Bank, have been committed to offering their borrowers a ready source of financing at a competitive price. Your continued support will be critical to the success of this Association.

Report of Independent Auditors

To the Board of Directors of Louisiana Land Bank, ACA

We have audited the accompanying consolidated financial statements of Louisiana Land Bank, ACA and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019, December 31, 2018, and December 31, 2017, and the related consolidated statements of comprehensive income, changes in members' equity and cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Land Bank, ACA and its subsidiaries as of December 31, 2019, December 31, 2018, and December 31, 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

March 9, 2020

PricewaterhouseCoopers LLP, 835 West 6th Street, Suite 1600 Austin, TX 78703
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LOUISIANA LAND BANK, ACA

CONSOLIDATED BALANCE SHEET

	December 31,		
	2019	2018	2017
Assets			
Cash	**$ 35,760**	$ 303,047	$ 26,816
Loans	**844,732,450**	766,363,953	747,344,009
Less: allowance for loan losses	**5,350,446**	5,233,189	5,411,851
Net loans	**839,382,004**	761,130,764	741,932,158
Accrued interest receivable	**9,806,394**	7,997,619	7,308,907
Investment in and receivable from the Farm Credit Bank of Texas:			
Capital stock	**13,192,815**	12,414,225	12,002,890
Other	**1,730,488**	2,335,883	1,082,252
Other property owned, net	**-**	-	161,654
Premises and equipment	**4,681,765**	4,463,309	3,748,837
Other assets	**622,025**	523,845	464,760
Total assets	**$ 869,451,251**	$ 789,168,692	$ 766,728,274
Liabilities			
Note payable to the Farm Credit Bank of Texas	**$ 696,921,619**	$ 623,657,708	$ 606,930,548
Accrued interest payable	**1,721,265**	1,566,591	1,215,974
Drafts outstanding	**98,072**	387,850	490,355
Patronage distributions payable	**7,800,039**	7,300,038	7,035,046
Other liabilities	**5,962,353**	5,245,528	6,698,377
Total liabilities	**712,503,348**	638,157,715	622,370,300
Members' Equity			
Capital stock and participation certificates	**2,778,990**	2,684,080	2,733,540
Unallocated retained earnings	**155,041,749**	148,782,413	142,698,330
Accumulated other comprehensive income (loss)	**(872,836)**	(455,516)	(1,073,896)
Total members' equity	**156,947,903**	151,010,977	144,357,974
Total liabilities and members' equity	**$ 869,451,251**	$ 789,168,692	$ 766,728,274

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2019	2018	2017
Interest Income			
Loans	**$ 42,717,060**	$ 38,283,430	$ 33,657,983
Total interest income	**42,717,060**	38,283,430	33,657,983
Interest Expense			
Note payable to the Farm Credit Bank of Texas	**19,927,703**	16,716,087	13,264,713
Total interest expense	**19,927,703**	16,716,087	13,264,713
Net interest income	**22,789,357**	21,567,343	20,393,270
Provision for Loan Losses	**24,538**	(208,607)	(38,238)
Net interest income after provision for losses	**22,764,819**	21,775,950	20,431,508
Noninterest Income			
Income from the Farm Credit Bank of Texas:			
Patronage income	**3,584,112**	3,098,918	2,784,069
Loan fees	**465,633**	271,433	249,841
Financially related services income	**2,047**	2,085	2,271
Gain (loss) on other property owned, net	**-**	109,209	(10,631)
Gain on sale of premises and equipment, net	**239,040**	156,547	50,108
Other noninterest income	**208,848**	488,529	78,142
Total noninterest income	**4,499,680**	4,126,721	3,153,800
Noninterest Expenses			
Salaries and employee benefits	**8,589,490**	7,897,149	7,421,265
Directors' expense	**389,719**	396,525	408,498
Purchased services	**403,872**	521,796	614,172
Travel	**592,418**	574,681	533,646
Occupancy and equipment	**659,349**	584,142	562,634
Communications	**244,008**	238,683	210,902
Advertising	**343,946**	332,745	379,280
Public and member relations	**377,057**	343,921	363,424
Supervisory and exam expense	**524,410**	582,086	428,532
Insurance Fund premiums	**673,073**	627,290	927,922
Other components of net periodic postretirement benefit cost	**156,202**	185,281	139,352
Other noninterest expense	**256,111**	235,904	201,054
Total noninterest expenses	**13,209,655**	12,520,203	12,190,681
Income before income taxes	**14,054,844**	13,382,468	11,394,627
Provision for (benefit from) income taxes	**4,020**	824	(150,726)
NET INCOME	**14,050,824**	13,381,644	11,545,353
Other comprehensive income:			
Change in postretirement benefit plans	**(417,320)**	618,380	(395,157)
Other comprehensive income, net of tax	**(417,320)**	618,380	(395,157)
COMPREHENSIVE INCOME	**$ 13,633,504**	$ 14,000,024	$ 11,150,196

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

	Capital Stock/ Participation Certificates	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2016	$ 2,652,945	$ 138,215,117	$ (678,739)	$ 140,189,323
Net income		11,545,353		11,545,353
Other comprehensive income			(395,157)	(395,157)
Comprehensive income	-	11,545,353	(395,157)	11,150,196
Capital stock/participation certificates and allocated retained earnings issued	329,455	-	-	329,455
Capital stock/participation certificates and allocated retained earnings retired	(248,860)	-	-	(248,860)
Patronage dividends:				
Cash	-	(7,062,140)	-	(7,062,140)
Balance at December 31, 2017	2,733,540	142,698,330	(1,073,896)	144,357,974
Net income		13,381,644		13,381,644
Other comprehensive income			618,380	618,380
Comprehensive income	-	13,381,644	618,380	14,000,024
Capital stock/participation certificates issued	293,140			293,140
Capital stock/participation certificates and allocated retained earnings retired	(342,600)			(342,600)
Patronage dividends:				
Cash		(7,297,561)		(7,297,561)
Balance at December 31, 2018	2,684,080	148,782,413	(455,516)	151,010,977
Net income		14,050,824		14,050,824
Other comprehensive income			(417,320)	(417,320)
Comprehensive income	-	14,050,824	(417,320)	13,633,504
Capital stock/participation certificates issued	360,190			360,190
Preferred stock retired				
Capital stock/participation certificates and allocated retained earnings retired	(265,280)			(265,280)
Patronage dividends:				
Cash		(7,791,488)		(7,791,488)
Balance at December 31, 2019	**$ 2,778,990**	**$ 155,041,749**	**$ (872,836)**	**$ 156,947,903**

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	**$ 14,050,824**	$ 13,381,644	$ 11,545,353
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses or (loan loss reversal)	**24,538**	(208,607)	(38,238)
Gain on sale of other property owned, net		(20,898)	(10,655)
Depreciation	**509,183**	453,610	432,810
Gain on sale of premises and equipment, net	**(239,040)**	(156,547)	(50,108)
Increase in accrued interest receivable	**(1,808,775)**	(688,712)	(747,289)
Decrease (increase) in other receivables from the Farm Credit Bank of Texas	**605,395**	(1,253,631)	705,989
Decrease in deferred tax assets	**4,020**	824	3,596
Decrease (increase) in other assets	**60,262**	(59,086)	1,075
Increase in accrued interest payable	**154,674**	350,617	218,774
Increase in patronage refunds payable			
Increase (decrease) in other liabilities	**111,834**	(783,772)	218,128
Net cash provided by operating activities	**13,472,915**	11,015,442	12,279,435
Cash flows from investing activities:			
Increase in loans, net	**(78,446,144)**	(19,151,871)	(23,497,361)
Cash recoveries of loans previously charged off	**120,012**	38,006	513
Proceeds from purchase of investment in the Farm Credit Bank of Texas	**(778,590)**	(411,335)	(673,415)
Purchases of premises and equipment	**(910,901)**	(1,272,957)	(1,276,189)
Proceeds from sales of premises and equipment	**497,864**	182,552	794,813
Proceeds from sales of other property owned	**-**	333,769	85,242
Net cash used in investing activities	**(79,517,759)**	(20,281,836)	(24,566,397)

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2019	2018	2017
Cash flows from financing activities:			
Net draws on note payable to the Farm Credit Bank of Texas	**73,263,912**	16,727,160	18,313,935
(Decrease) increase in drafts outstanding	**(289,779)**	(102,506)	410,890
Issuance of capital stock and participation certificates	**360,190**	293,140	329,455
Retirement of capital stock and participation certificates	**(265,280)**	(342,600)	(248,860)
Patronage distributions paid	**(7,291,486)**	(7,032,569)	(6,494,491)
Net cash provided by financing activities	**65,777,557**	9,542,625	12,310,929
Net (decrease) increase in cash	**(267,287)**	276,231	23,967
Cash at the beginning of the year	**303,047**	26,816	2,849
Cash at the end of the year	**$ 35,760**	$ 303,047	$ 26,816
Supplemental schedule of noncash investing and financing activities:			
Loans transferred to other property owned	**-**	-	161,654
Loans charged off	**2,085**	59,581	4,897
Patronage distributions declared	**7,800,000**	7,300,000	7,035,025
Supplemental cash information:			
Cash paid during the year for:			
Interest	**$ 19,773,029**	$ 16,365,470	$ 13,046,113

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

NOTE 1 — ORGANIZATION AND OPERATIONS:

A. Organization: Louisiana Land Bank, ACA including its wholly-owned subsidiaries, Louisiana Production Credit Association, PCA and Louisiana Federal Land Bank, FLCA (collectively called "the Association"), is a member-owned cooperative which provides credit and credit-related services to, or for the benefit of, eligible borrowers/stockholders for qualified agricultural purposes in the parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn in the state of Louisiana.

   The Association is a lending institution of the Farm Credit System (System), a nationwide system of cooperatively owned banks and associations that was established by Acts of Congress to meet the credit needs of American agriculture and is subject to the provisions of the Farm Credit Act of 1971, as amended (Act). At December 31, 2019, the System consisted of three Farm Credit Banks (FCBs) and their affiliated associations, one Agricultural Credit Bank (ACB) and its affiliated associations, the Federal Farm Credit Banks Funding Corporation (Funding Corporation) and various service and other organizations.

   The Farm Credit Bank of Texas (Bank) and its related associations are collectively referred to as the "District." The Bank provides funding to all associations within the District and is responsible for supervising certain activities of the District associations. At December 31, 2019, the district consisted of the Bank, one FLCA and 13 ACA parent companies, which have two wholly-owned subsidiaries, a FLCA and a PCA, operating in or servicing the states of Alabama, Louisiana, Mississippi, New Mexico and Texas. ACA parent companies provide financing and related services through their FLCA and PCA subsidiaries. The FLCA makes secured long-term agricultural real estate and rural home mortgage loans. The PCA makes short- and intermediate-term loans for agricultural production or operating purposes.

   The Farm Credit Administration (FCA) is delegated authority by Congress to regulate the System banks and associations. The FCA examines the activities of System associations to ensure their compliance with the Farm Credit Act, FCA regulations, and safe and sound banking practices.

   The Act established the Farm Credit System Insurance Corporation (FCSIC) to administer the Farm Credit Insurance Fund (Insurance Fund). The Insurance Fund is required to be used (1) to ensure the timely payment of principal and interest on Systemwide debt obligations, (2) to ensure the retirement of protected borrower capital at par or stated value and (3) for other specified purposes. The Insurance Fund is also available for the discretionary uses by the FCSIC of providing assistance to certain troubled System institutions and to cover the operating expenses of the FCSIC. Each System bank has been required to pay premiums, which may be passed on to the Association, into the Insurance Fund, based on its annual average adjusted outstanding insured debt until the monies in the Insurance Fund reach the "secure base amount," which is defined in the Farm Credit Act as 2.0 percent of the aggregate insured obligations (adjusted to reflect the reduced risk on loans or investments guaranteed by federal or state governments) or other such percentage of the aggregate obligations as the Insurance Corporation in its sole discretion determines to be actuarially sound. When the amount in the Insurance Fund exceeds the secure base amount, the FCSIC is required to reduce premiums as necessary to maintain the Insurance Fund at the 2 percent level. As required by the Farm Credit Act, as amended, the FCSIC may return excess funds above the secure base amount to System institutions.

   FCA regulations require borrower information to be held in strict confidence by Farm Credit institutions, their directors, officers and employees. Directors and employees of the Farm Credit institutions are prohibited, except under specified circumstances, from disclosing nonpublic personal information about members.

B. Operations: The Act sets forth the types of authorized lending activity, persons eligible to borrow and financial services that can be offered by the Association. The Association is authorized to provide, either directly or in participation with other lenders, credit, credit commitments and related services to eligible borrowers. Eligible borrowers include farmers, ranchers, producers or harvesters of aquatic products, rural residents and farm-related businesses. The Association makes and services

short- and intermediate-term loans for agricultural production or operating purposes, and secured long-term real estate mortgage loans, with funding from the Bank.

The Association's financial condition may be affected by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect stockholders' investments in the Association. Upon request, stockholders of the Association will be provided with the Farm Credit Bank of Texas Annual Report to Stockholders.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation and Consolidation

The consolidated financial statements (the "financial statements") of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). In consolidation, all significant intercompany accounts and transactions are eliminated and all material wholly-owned and majority-owned subsidiaries are consolidated unless GAAP requires otherwise.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses; the valuation of deferred tax assets; the determination of fair value of financial instruments and subsequent impairment analysis.

The accounting and reporting policies of the Association conform to accounting principles generally accepted in the United States of America (GAAP) and prevailing practices within the banking industry. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates are discussed in these footnotes, as applicable. Actual results could differ from those estimates. The consolidated financial statements include the accounts of Louisiana Production Credit Association, PCA and Louisiana Federal Land Bank, FLCA. All significant intercompany transactions have been eliminated in consolidation.

A. Recently Issued or Adopted 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 judgement in application or presentation. The guidance becomes effective for fiscal years after December 15, 2021. Early adoption of the guidance is permitted and the Association adopted the new standard on January 1, 2020. No cumulative-effect adjustments will be recorded to retained earnings or current year results of operations. The adoption of this guidance will not impact the Association's financial condition or its results of operations; nor will the guidance impact the presentation of taxes for prior periods in the year 2020 interim or year-end financial statements.

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 becomes 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. Early adoption is permitted. 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 will not 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 becomes effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted and an entity is permitted to early adopt any removal or modified disclosures and delay adoption of the additional disclosures until their effective date. The adoption of this guidance will not impact the Association's financial condition or its results of operations, but will impact the fair value measurements disclosures. The Association early adopted the removal and modified disclosures during the fourth quarter of 2018.

In August 2017, the FASB issued guidance entitled "Targeted Improvements to Accounting for Hedging Activities." The guidance better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The amendments in this guidance require an entity to present the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is reported. This guidance also addresses the timing of effectiveness testing, qualitative and quantitative effectiveness testing and components that can be excluded from effectiveness testing. This guidance became effective for interim and annual periods beginning after December 15, 2018. The adoption of this guidance did not materially impact the Association's financial condition or its results of operations.

In June 2016, the FASB issued guidance entitled "Measurement of Credit Losses on Financial Instruments." The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance becomes effective for interim and annual periods beginning after December 15, 2020, with early application permitted. In November 2019, the FASB issued an update that amends the mandatory effective date for this guidance for certain institutions. The change resulted from a change in the effective date philosophy that extends and simplifies the adoption by staggering the dates between large public entities and other entities. As a result of the change, the new credit loss standard becomes effective for interim and annual reporting periods beginning after December 15, 2022, with early adoption permitted. The institution qualifies for the delay in the adoption date. The Association continues to evaluate the impact of adoption on the Association's financial condition and its results of operations.

In February 2016, the FASB issued guidance entitled "Leases." The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance became effective for interim and annual periods beginning after December 15, 2018. The adoption of this guidance did not materially impact the Association's financial condition or its results of operations but did impact lease disclosures. The Association adopted this guidance January 1, 2019, and upon adoption, recorded a $262,652 right of use asset and a $262,652 lease liability.

B. Cash: Cash, as included in the financial statements, represents cash on hand and deposits at banks.

C. Loans and Allowance for Loan Losses: Long-term real estate mortgage loans generally have original maturities ranging from five to 40 years. Substantially all short- and intermediate-term loans for agricultural production or operating purposes have maturities of 10 years or less. Loans are carried at their principal amount outstanding adjusted for charge-offs and net deferred loan fees or costs. Interest on loans is accrued and credited to interest income based upon the daily principal amount outstanding. Authoritative accounting guidance requires loan origination fees and direct loan origination costs, if material, to be capitalized and the net fee or cost to be amortized over the life of the related loan as an adjustment to yield.

   Impaired loans are loans for which it is probable that not all principal and interest will be collected according to the contractual terms of the loan and are generally considered substandard or doubtful, which is in accordance with the loan rating model, as described below. Impaired loans include nonaccrual loans, restructured loans, and loans past due 90 days or more and still accruing interest. A loan is considered contractually past due when any principal repayment or interest payment required by the loan instrument is not received on or before the due date. A loan shall remain contractually past due until it is formally restructured or until the entire amount past due, including principal, accrued interest and penalty interest incurred as a result of past-due status, is collected or otherwise discharged in full.

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

Loans are generally placed in nonaccrual status when principal or interest is delinquent for 90 days (unless adequately secured and in the process of collection) or circumstances indicate that collection of principal and/or interest is in doubt. Additionally, all loans over 180 days past due are placed in nonaccrual status. When a loan is placed in nonaccrual status, accrued interest deemed uncollectible is either reversed (if accrued in the current year) or charged against the allowance for loan losses (if accrued in prior years). Loans are charged-off at the time they are determined to be uncollectible.

A concession is generally granted in order to minimize the Association's economic loss and avoid foreclosure. Concessions vary by program and are borrower-specific and may include interest rate reductions, term extensions, payment deferrals or the acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. A loan restructured in a troubled debt restructuring is an impaired loan.

Payments received on nonaccrual loans are generally applied to the recorded investment in the loan asset. If collection of the recorded investment in the loan is fully expected and the loan does not have a remaining unrecovered prior charge-off associated with it, the interest portion of payments is recognized as current interest income. Nonaccrual loans may be returned to accrual status when principal and interest are current, the borrower has demonstrated payment performance, there are no unrecovered prior charge-offs and collection of future payments is no longer in doubt. If previously unrecognized interest income exists at the time the loan is transferred to accrual status, cash received at the time of or subsequent to the transfer is first recorded as interest income until such time as the recorded balance equals the contractual indebtedness of the borrower.

The Bank and related associations use a two-dimensional loan rating model based on an internally generated combined system risk-rating guidance that incorporates a 14-point risk-rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default over a period of time. Probability of default is the probability that a borrower will experience a default within 12 months from the date of the determination of the risk rating. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower is past due more than 90 days. The loss given default is management's estimate as to the anticipated economic loss on a specific loan assuming default has occurred or is expected to occur within the next 12 months.

Each of the probability of default categories carries a distinct percentage of default probability. The 14-point risk-rating scale provides for granularity of the probability of default, especially in the acceptable ratings. There are nine acceptable categories that range from a borrower of the highest quality to a borrower of minimally acceptable quality. The probability of default between 1 and 9 is very narrow and would reflect almost no default to a minimal default percentage. The probability of default grows more rapidly as a loan moves from a "9" to other assets especially mentioned (OAEM) and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain.

The credit risk-rating methodology is a key component of the Association's allowance for loan losses evaluation, and is generally incorporated into its loan underwriting standards and internal lending limit. The allowance for loan losses is maintained at a level considered adequate by management to provide for probable losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition, collateral value, portfolio quality, current production conditions and economic conditions, and prior loan loss experience. Management may consider other qualitative factors in determining and supporting the level of allowances for loan losses including but not limited to: the concentration of lending in agriculture, combined with uncertainties associated with farmland values, commodity prices, exports, government assistance programs, regional economic effects, borrower repayment capacity, depth of lender staff, and/or past trends, and weather-related influences. The allowance for loan losses encompasses various judgments, evaluations and appraisals with respect to the loans and their underlying security that, by their nature, contain elements of uncertainty and imprecision. Changes in the agricultural economy and their impact on borrower repayment capacity will cause these various judgments, evaluations and appraisals to change over time.

The allowance for loan losses includes components for loans individually evaluated for impairment and loans collectively evaluated for impairment. Generally, for loans individually evaluated the allowance for loan losses represents the difference between the recorded investment in the loan and the present value of the cash flows expected to be collected discounted at the loan's effective interest rate, or at the fair value of the collateral, less estimated costs to sell, if the loan is collateral-dependent. For those loans collectively evaluated for impairment, the allowance for loan losses is determined using the risk-rating model.

Transfers of an entire financial asset, group of entire financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Association, (2) the transferee obtains the right to pledge or exchange the transferred assets, and (3) the Association does not maintain effective control over the transferred assets.

The Association purchases loan and lease participations from other System and non-System entities to generate additional earnings and diversify risk related to existing commodities financed and the geographic area served. Additionally, the Association sells a portion of certain large loans to other System and non-System entities to reduce risk and comply with established lending limits. Loans are sold and the sale terms comply with requirements under ASC 860 "Transfers and Servicing."

D. Capital Stock Investment in the Farm Credit Bank of Texas: The Association's investment in the Bank is in the form of Class A voting capital stock and allocated retained earnings. This investment is adjusted periodically based on the Association's proportional utilization of the Bank compared to other district associations. The Bank requires a minimum stock investment of 2 percent of the Association's average borrowing from the Bank. This investment is carried at cost plus allocated equities in the accompanying consolidated balance sheet.

If needed to meet regulatory capital adequacy requirements, the board of directors of the Bank may increase the percentage of stock held by an association from 2 percent of the average outstanding balance of borrowings from the Bank to a maximum of 5 percent of the average outstanding balance of borrowings from the Bank.

E. Other Property Owned, Net: Other property owned, net, consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure, and is recorded at fair value less estimated selling costs upon acquisition and is included in other assets in the consolidated balance sheet. Any initial reduction in the carrying amount of a loan to the fair value of the collateral received is charged to the allowance for loan losses. On at least an annual basis, revised estimates to the fair value less cost to sell are reported as adjustments to the carrying amount of the asset, provided that such adjusted value is not in excess of the carrying amount at acquisition. Income and expenses from operations and carrying value adjustments are included in net gains (losses) on other property owned in the statements of comprehensive income.

F. Premises and Equipment: Premises and equipment are carried at cost less accumulated depreciation. Land is carried at cost. Depreciation is provided on the straight-line method using estimated useful lives of the assets. Gains and losses on dispositions are reflected in current operations. Maintenance and repairs are charged to operating expense, and improvements are capitalized.

G. Advance Conditional Payments: The Association is authorized under the Act to accept advance payments from borrowers. To the extent that the borrower's access to such funds is restricted, the advance conditional payments are netted against the borrower's related loan balance. Amounts in excess of the related loan balance and amounts to which the borrower has unrestricted access are presented as liabilities in the accompanying consolidated balance sheet. Advance conditional payments are not insured. Interest is generally paid by the Association on such accounts at rates established by the board of directors.

H. Employee Benefit Plans: Employees of the Association participate in either the District defined benefit retirement plan (DB plan) or the defined contribution plan (DC plan). All eligible employees may participate in the Farm Credit Benefits Alliance 401(k) Plan. The DB plan is closed to new participants. Participants generally include employees hired prior to January 1, 1996. The DB plan is noncontributory and provides benefits based on salary and years of service. The "projected unit credit" actuarial method is used for financial reporting and funding purposes for the DB plan.

Participants in the DC plan generally include employees who elected to transfer from the DB plan prior to January 1, 1996, and employees hired on or after January 1, 1996. Participants in the DC plan direct the placement of their employers' contributions, 5.0 percent of eligible pay for the year ended December 31, 2019, made on their behalf into various investment alternatives.

The structure of the district's DB plan is characterized as multi-employer, since neither the assets, liabilities nor costs of the plan are segregated or separately accounted for by the Associations. No portion of any surplus assets is available to the Associations, nor are the Associations required to pay for plan liabilities upon withdrawal from the plans. As a result, the Associations recognize as pension cost the required contribution to the plans for the year. Contributions due and unpaid are recognized as a liability. The Association recognized pension costs for the DC plan of $248,346, $227,265 and $211,904 for the years ended December 31, 2019, 2018 and 2017 respectively. For the DB plan, the Association recognized pension costs of $372,504, $331,236 and $318,569 for the years ended December 31, 2019, 2018 and 2017, respectively.

The Association also participates in the Farm Credit Benefits Alliance 401(k) Plan, which requires the Associations to match 100 percent of employee contributions up to 3.0 percent of eligible earnings and to match 50 percent of employee contributions for the next 2.0 percent of employee contributions, up to a maximum employer contribution of 4.0 percent of eligible earnings. Association 401(k) plan costs are expensed as incurred. The Association's contributions to the 401(k) plan were $191,047, $193,813 and $182,926 for the years ended December 31, 2019, 2018 and 2017, respectively.

In addition to the DB plan, the DC plan and the Farm Credit Benefits Alliance 401(k) plans above, the Association sponsors a defined contribution supplemental retirement plan. This plan is a nonqualified 401(k) plan; therefore, the Associated liabilities are included in the Association's consolidated balance sheet in other liabilities. The expenses of the nonqualified plan included in the Association's employee benefit costs were $12,000 at December 31, 2019. 2019 is the first year the Association has had to account for the nonqualified 401(k) plan.

In addition to pension benefits, the Association provides certain health care and life insurance benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer and, consequently, the liability for these benefits is included in other liabilities on the consolidated balance sheet.

I. Income Taxes: The ACA holding company conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are operated through the wholly-owned FLCA subsidiary, which is exempt from federal and state income tax. Short- and intermediate-term lending activities are operated through the wholly-owned PCA subsidiary. Operating expenses are allocated to each subsidiary based on estimated relative service. All significant transactions between the subsidiaries and the parent company have been eliminated in consolidation. The ACA, along with the PCA subsidiary, is subject to income tax. The Association is eligible to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, the Association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. Deferred taxes are provided on the Association's taxable income on the basis of a proportionate share of the tax effect of temporary differences not allocated in patronage form. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50 percent probability), based on management's estimate, that they will not be realized. The consideration of valuation allowances involves various estimates and assumptions as to future taxable earnings, including the effects of the Association's expected patronage program, which reduces taxable earnings.

J. Patronage Refunds From the Farm Credit Bank of Texas: The Association records patronage refunds from the Bank on an accrual basis.

K. Fair Value Measurement: The FASB guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury, other U.S. government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets. Also included in Level 1 are assets held in trust funds, which relate to deferred compensation and the supplemental retirement plan. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace. Pension plan assets that are invested in equity securities, including mutual funds and fixed-income securities that are actively traded, are also included in Level 1.

Level 2 — Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates; and (d) inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. government and agency mortgage-backed debt securities, corporate debt securities, and derivative contracts. Pension plan assets that are derived from observable inputs, including corporate bonds and mortgage-backed securities, are reported in Level 2.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities are considered Level 3. These unobservable inputs reflect the reporting entity's own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interests in securitizations, asset-backed securities, highly structured or long-term derivative contracts, certain loans and other property owned. Pension plan assets such as certain mortgage-backed securities that are supported by little or no market data in determining the fair value are included in Level 3.

The fair value disclosures are presented in Note 13, "Fair Value Measurements."

L. Off-balance-sheet credit exposures: Commitments to extend credit are agreements to lend to customers, generally having fixed expiration dates or other termination clauses that may require payment of a fee. Commercial letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. These letters of credit are issued to facilitate commerce and typically result in the commitment being funded when the underlying transaction is consummated between the customer and third party. The credit risk associated with commitments to extend credit and commercial letters of credit is essentially the same as that involved with extending loans to customers and is subject to normal credit policies. Collateral may be obtained based on management's assessment of the customer's creditworthiness.

NOTE 3 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans as of December 31 follows:

	2019		2018		2017	
Loan Type	**Amount**	**%**	Amount	%	Amount	%
Real estate mortgage	**$ 684,945,535**	**81.1%**	$ 644,522,468	84.0%	$ 635,864,454	85.1%
Production and intermediate term	**68,869,826**	**8.2%**	57,117,423	7.5%	51,186,630	6.8%
Agribusiness:						
Loans to cooperatives	**15,943,476**	**1.9%**	12,656,537	1.7%	5,111,370	0.7%
Processing and marketing	**35,807,651**	**4.2%**	24,721,310	3.2%	24,764,520	3.3%
Farm-related business	**22,518,263**	**2.7%**	15,110,352	2.0%	16,263,259	2.2%
Communication	**7,511,673**	**0.9%**	2,498,464	0.3%	2,498,214	0.3%
Energy	**1,132,453**	**0.1%**	724,499	0.1%	797,601	0.1%
Rural residential real estate	**8,003,573**	**0.9%**	9,012,900	1.2%	10,857,961	1.5%
Total	**$ 844,732,450**	**100.0%**	$ 766,363,953	100.0%	$ 747,344,009	100.0%

The Association may purchase or sell 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 participations purchased and sold as of December 31, 2019:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 4,615,729	$ 24,275,981	$ -	$ -	$ 4,615,729	$ 24,275,981
Production and intermediate term	7,178,247	-	-	-	7,178,247	-
Agribusiness	32,624,182	45,676,981	-	-	32,624,182	45,676,981
Communication	7,511,673	-	-	-	7,511,673	-
Energy	1,132,453	-	-	-	1,132,453	-
Total	$ 53,062,284	$ 69,952,962	$ -	$ -	$ 53,062,284	$ 69,952,962

Geographic Distribution by loan volume as of December 31, 2019:

REGION	2019	2018	2017
Louisiana			
Northeast	31.65%	29.82%	30.68%
Northwest	12.28%	12.87%	12.72%
Southeast	17.40%	19.30%	20.17%
Southwest	19.03%	18.48%	17.76%
Total Louisiana	80.36%	80.47%	81.33%
Out of State	19.64%	19.53%	18.67%
	100.00%	100.00%	100.00%

The Association's concentration of credit risk in various agricultural commodities is shown in the following table. While the amounts represent the Association's maximum potential credit risk as it relates to recorded loan principal, a substantial portion of the Association's lending activities is collateralized, and the Association's exposure to credit loss associated with lending activities is reduced accordingly. An estimate of the Association's credit risk exposure is considered in the determination of the allowance for loan losses.

	2019		2018		2017	
Operation/Commodity	**Amount**	**%**	Amount	%	Amount	%
Cash grains	**$ 198,031,643**	**23.4%**	$ 172,002,373	22.5%	$ 163,277,087	21.9%
Timber	**184,224,359**	**21.8%**	201,418,681	26.4%	218,380,111	29.2%
Hunting, trapping and game propagation	**109,402,993**	**13.0%**	89,662,905	11.7%	70,822,833	9.6%
Field crops except cash grains	**99,129,650**	**11.7%**	91,449,655	11.9%	86,074,231	11.5%
Livestock, except dairy and poultry	**80,955,849**	**9.6%**	76,183,529	9.9%	74,293,047	9.9%
Food and kindred products	**44,210,470**	**5.2%**	32,985,221	4.3%	25,052,194	3.5%
Rural home loans	**17,169,637**	**2.0%**	17,121,739	2.2%	18,937,748	2.5%
Poultry and eggs	**14,057,587**	**1.7%**	16,423,894	2.1%	17,303,240	2.3%
Wholesale trade - nondurable goods	**13,987,875**	**1.7%**	13,292,614	1.7%	13,767,436	1.8%
Farm and garden machinery equipment	**13,267,609**	**1.6%**	9,230,322	1.2%	9,910,224	1.3%
Animal specialties	**12,690,993**	**1.5%**	12,162,647	1.6%	11,343,600	1.5%
General farms, primarily crops	**8,991,050**	**1.1%**	6,974,161	0.9%	7,103,917	1.0%
Public warehousing and storage	**8,840,149**	**1.0%**	1,257,555	0.2%	1,314,184	0.2%
Communication	**7,511,673**	**0.9%**	2,498,464	0.3%	2,498,214	0.3%
Lumber and wood products, except furniture	**6,000,023**	**0.7%**	1,327,869	0.2%	71,532	0.0%
Dairy farms	**4,060,340**	**0.5%**	1,535,375	0.2%	1,733,874	0.2%
Chemical and allied products	**3,951,492**	**0.5%**	4,740,495	0.6%	4,083,344	0.6%
Commercial fishing	**3,533,119**	**0.4%**	3,237,793	0.4%	1,481,442	0.2%
Paper and allied products	**3,172,442**	**0.4%**	2,445,373	0.3%	5,446,622	0.7%
Fruit and tree nuts	**2,645,867**	**0.3%**	1,625,862	0.2%	1,788,261	0.2%
General farms, primarily livestock	**1,157,177**	**0.1%**	1,769,611	0.2%	2,508,458	0.3%
Electric services	**1,132,453**	**0.1%**	724,499	0.1%	797,601	0.1%
Agricultural services	**898,796**	**0.1%**	640,591	0.1%	660,476	0.1%
Vegetables and melons	**839,587**	**0.1%**	285,307	0.0%	304,715	0.0%
Horticultural specialties	**596,958**	**0.1%**	668,172	0.1%	699,354	0.1%
Real estate	**552,557**	**0.1%**	459,193	0.1%	488,664	0.1%
Building materials, hardware and garden supplies	**210,211**	**0.0%**	220,298	0.0%	245,163	0.0%
Other	**3,509,891**	**0.4%**	4,019,755	0.6%	6,956,437	0.9%
Total	**$ 844,732,450**	**100.0%**	$ 766,363,953	100.0%	$ 747,344,009	100.0%

The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held varies but typically includes farmland and income-producing property, such as crops and livestock, as well as receivables. Long-term real estate loans are secured by the first liens on the underlying real property. Federal regulations state that long-term real estate loans are not to exceed 85 percent (or 97 percent if guaranteed by a government agency) of the property's appraised value. However, a decline in a property's market value subsequent to loan origination or advances, or other

actions necessary to protect the financial interest of the Association in the collateral, may result in the loan-to-value ratios in excess of the regulatory maximum.

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

The following table presents information relating to impaired loans:

	December 31, 2019
Nonaccrual Loans:	
Current as to Principal and Interest	**1,674,464**
Past Due	**1,959,738**
Total Nonaccrual Loans	**3,634,202**
Impaired Accrual Loans:	
Restructured Accrual Loans	**4,147,903**
Total Impaired Accrual Loans	**4,147,903**
Total Impaired Loans	**7,782,105**

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	December 31, 2019	December 31, 2018	December 31, 2017
Nonaccrual loans:			
Real estate mortgage	**$ 3,374,540**	$ 3,421,393	$ 2,788,893
Production and intermediate term	**259,662**	-	-
Agribusiness	**-**	6,477	274,604
Rural residential real estate	**-**	203,473	252,491
Total nonaccrual loans	**3,634,202**	3,631,343	3,315,988
Accruing restructured loans:			
Real estate mortgage	**3,663,232**	3,299,450	4,510,397
Production and intermediate term	**337,149**	475,425	681,752
Rural residential real estate	**147,522**	32,672	159,567
Total accruing restructured loans	**4,147,903**	3,807,547	5,351,716
Accruing loans 90 days or more past due:			
Real estate mortgage	**-**	-	25,666
Total accruing loans 90 days or more past due	**-**	-	25,666
Total nonperforming loans	**7,782,105**	7,438,890	8,693,370
Other property owned	**-**	-	161,654
Total nonperforming assets	**$ 7,782,105**	$ 7,438,890	$ 8,855,024

One credit quality indicator utilized by the Bank and the Association is the Farm Credit Administration's 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, and

- Loss – assets are considered uncollectible.

The following table shows loans and related accrued interest classified under the Farm Credit Administration's Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of December 31:

	2019		2018		2017	
Real estate mortgage						
Acceptable	**98.3**	%	98.2	%	97.0	%
OAEM	**1.0**		1.0		1.2	
Substandard/doubtful	**0.7**		0.8		1.8	
	100.0		100.0		100.0	
Production and intermediate term						
Acceptable	**98.0**		99.9		95.7	
OAEM	**1.6**		0.1		0.2	
Substandard/doubtful	**0.4**		-		4.1	
	100.0		100.0		100.0	
Loans to cooperatives						
Acceptable	**100.0**		100.0		100.0	
OAEM	**-**		-		-	
Substandard/doubtful	**-**		-		-	
	100.0		100.0		100.0	
Processing and marketing						
Acceptable	**93.8**		100.0		100.0	
OAEM	**6.2**		-		-	
Substandard/doubtful	**-**		-		-	
	100.0		100.0		100.0	
Farm-related business						
Acceptable	**100.0**		97.0		98.3	
OAEM	**-**		3.0		-	
Substandard/doubtful	**-**		0.0		1.7	
	100.0		100.0		100.0	
Communication						
Acceptable	**100.0**		100.0		100.0	
OAEM	**-**		-		-	
Substandard/doubtful	**-**		-		-	
	100.0		100.0		100.0	
Energy						
Acceptable	**100.0**		69.2		67.9	
OAEM	**-**		30.8		32.1	
Substandard/doubtful	**-**		-		-	
	100.0		100.0		100.0	
Rural residential real estate						
Acceptable	**98.2**		97.6		97.5	
OAEM	**0.3**		0.2		0.2	
Substandard/doubtful	**1.5**		2.2		2.3	
	100.0		100.0		100.0	
Total Loans						
Acceptable	**98.17**		98.38		97.0	
OAEM	**1.17**		0.93		1.1	
Substandard/doubtful	**0.66**		0.69		1.9	
	100.0	%	100.00	%	100.0	%

The following tables provide an aging analysis of past due loans (including accrued interest) as of December 31, 2019, 2018 and 2017:

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 Loans**	**Recorded Investment >90 Days and Accruing**
Real estate mortgage	**$ 3,275,779**	**$ 1,277,405**	**$ 4,553,184**	**$ 688,352,999**	**$ 692,906,182**	**$ -**
Production and intermediate term	**267,151**	**-**	**267,151**	**70,008,164**	**70,275,315**	**-**
Loans to cooperatives	**-**	**-**	**-**	**16,162,883**	**16,162,883**	**-**
Processing and marketing	**-**	**-**	**-**	**35,940,329**	**35,940,329**	**-**
Farm-related business	**-**	**-**	**-**	**22,571,239**	**22,571,239**	**-**
Communication	**-**	**-**	**-**	**7,512,451**	**7,512,451**	**-**
Energy	**-**	**-**	**-**	**1,133,875**	**1,133,875**	**-**
Rural residential real estate	**20,814**	**-**	**20,814**	**8,015,755**	**8,036,569**	**-**
Total	**$ 3,563,744**	**$ 1,277,405**	**$ 4,841,149**	**$ 849,697,695**	**$ 854,538,843**	**$ -**

December 31, 2018:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 1,552,874	$ 713,700	$ 2,266,574	$ 648,821,909	$ 651,088,483	$ -
Production and intermediate term	176,466	-	176,466	58,045,247	58,221,713	-
Loans to cooperatives	-	-	-	12,809,856	12,809,856	-
Processing and marketing	-	-	-	24,804,124	24,804,124	-
Farm-related business	-	-	-	15,166,072	15,166,072	-
Communication	-	-	-	2,498,779	2,498,779	-
Energy	-	-	-	724,590	724,590	-
Rural residential real estate	-	-	-	9,047,955	9,047,955	-
Total	$ 1,729,340	$ 713,700	$ 2,443,040	$ 771,918,532	$ 774,361,572	$ -

December 31, 2017:	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 1,453,237	$ 424,300	$ 1,877,537	$ 640,384,931	$ 642,262,468	$ 25,666
Production and intermediate term	46,824	-	46,824	51,805,542	51,852,366	-
Loans to cooperatives	-	-	-	5,172,061	5,172,061	-
Processing and marketing	-	-	-	24,837,358	24,837,358	-
Farm-related business	1,015,014	-	1,015,014	15,320,523	16,335,537	-
Communication	-	-	-	2,498,906	2,498,906	-
Energy	-	-	-	797,828	797,828	-
Rural residential real estate	-	-	-	10,896,392	10,896,392	-
Total	$ 2,515,075	$ 424,300	$ 2,939,375	$ 751,713,541	$ 754,652,916	$ 25,666

Note: The recorded investment in the 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 investment.

A restructuring of a debt constitutes a troubled debt restructuring 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. Troubled debt restructurings are undertaken in order to improve the likelihood of recovery on the loan and may include, but are not limited to, forgiveness of principal or interest, interest rate reductions that are lower than the current market rate for new debt with similar risk, or significant term or payment extensions.

As of December 31, 2019, the total recorded investment of troubled debt restructured loans was $5,610,340, including $1,462,437 classified as nonaccrual and $4,147,903 classified as accrual, with specific allowance for loan losses of $0. As of December 31, 2019, commitments to lend funds to borrowers whose loan terms have been modified in a troubled debt restructuring were $0.

The following tables present additional information regarding troubled debt restructurings, which includes both accrual and nonaccrual loans with troubled debt restructuring designation, that occurred during the years ended December 31, 2019, 2018 and 2017. The pre-modification outstanding recorded investment represents the recorded investment of the loans as of the quarter end prior to the restructuring. The post-modification outstanding recorded investment represents the recorded investment of the loans as of the quarter end the restructuring occurred.

December 31, 2019:	**Pre-modification Outstanding Recorded Investment**	**Post-modification Outstanding Recorded Investment**
Troubled debt restructurings:		
Real estate mortgage	**$ 82,450**	**$ 82,450**
Total	**$ 82,450**	**$ 82,450** *

*** The loan was paid off December 2019 and this is the amount borrower paid.**

December 31, 2018:	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Troubled debt restructurings:		
Real estate mortgage	$ 1,677,303	$ 2,059,195
Total	$ 1,677,303	$ 2,059,195

December 31, 2017:	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Troubled debt restructurings:		
Real estate mortgage	$ 1,683,102	$ 1,965,226
Production and intermediate term	287,827	111,209
Total	$ 1,970,929	$ 2,076,435

In restructurings where principal is forgiven, the amount of the forgiveness is immediately charged off. In restructurings where accrued interest is forgiven, the interest is reversed (if current year interest) or charged off (if prior year interest). Charge-offs recorded at the modification date were $0 for the year ending December 31, 2019.

The predominant form of concession granted for troubled debt restructuring includes rate reductions and term extensions. At times these terms might be offset with incremental payments, collateral or new borrower guarantees, in which case the Association assesses all of the modified terms to determine if the overall modification qualifies as a troubled debt restructuring.

The following table presents information regarding loans that met the accounting criteria as a troubled debt restructuring and that occurred within the previous 12 months of that year and for which there was a payment default during the period. A payment default is defined as a payment that is 30 days past due after the date the loan was restructured.

Troubled debt restructurings that subsequently defaulted:	**Recorded Investment at December 31, 2019**	Recorded Investment at December 31, 2018	Recorded Investment at December 31, 2017
Real estate mortgage	**$ -**	$ -	$ 80,694
Total	**$ -**	$ -	$ 80,694

Additional commitments to lend to borrowers whose loans have been modified in TDRs were $0 at December 31, 2019, $0 at December 31, 2018 and $29,750 at December 31, 2017.

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		
	December 31, 2019	December 31, 2018	December 31, 2017
Troubled debt restructurings:			
Real estate mortgage	**$ 5,042,865**	$ 5,402,092	$ 5,449,785
Production and intermediate term	**337,149**	475,425	681,752
Farm-related business	**-**	6,477	274,604
Rural residential real estate	**230,326**	165,642	316,218
Total	**$ 5,610,340**	$ 6,049,636	$ 6,722,359

	TDRs on Nonaccrual Status*		
	December 31, 2019	December 31, 2018	December 31, 2017
Troubled debt restructurings:			
Real estate mortgage	**$ 1,462,437**	$ 2,102,643	$ 939,388
Farm-related business	**-**	6,477	274,604
Rural residential real estate	**-**	132,969	156,651
Total	**$ 1,462,437**	$ 2,242,089	$ 1,370,643

*Represents the portion of loans modified as TDRs that are in nonaccrual status

Additional impaired loan information is as follows:

	Recorded Investment at 12/31/2019	Unpaid Principal Balance[a]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 987,710	$ 987,710	$ 51,153	$ 488,228	$ 9,933
Total	$ 987,710	$ 987,710	$ 51,153	$ 488,228	$ 9,933
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 6,060,143	$ 6,212,454	$ -	$ 5,810,333	$ 361,643
Production and intermediate term	591,671	592,891	-	421,475	29,476
Rural residential real estate	146,698	146,698	-	153,099	13,759
Total	$ 6,798,512	$ 6,952,044	$ -	$ 6,384,907	$ 404,878
Total impaired loans:					
Real estate mortgage	$ 7,047,853	$ 7,200,164	$ 51,153	$ 6,298,561	$ 371,576
Production and intermediate term	591,671	592,891	-	421,475	29,476
Rural residential real estate	146,698	146,698	-	153,099	13,759
Total	$ 7,786,223	$ 7,939,754	$ 51,153	$ 6,873,135	$ 414,811

[a] Unpaid principal balance represents the recorded principal balance of the loan.

	Recorded Investment at 12/31/2018	Unpaid Principal Balance[a]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 566,092	$ 566,092	$ 44,460	$ 155,182	$ 7,090
Farm-related business	-	-	-	144,279	-
Total	$ 566,092	$ 566,092	$ 44,460	$ 299,461	$ 7,090
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 6,134,748	$ 6,260,190	$ -	$ 6,272,674	$ 334,317
Production and intermediate term	456,240	457,470	-	489,731	24,079
Farm-related business	6,477	3,930,699	-	8,737	-
Rural residential real estate	236,025	239,509	-	322,645	4,240
Total	$ 6,833,490	$ 10,887,868	$ -	$ 7,093,787	$ 362,636
Total impaired loans:					
Real estate mortgage	$ 6,700,840	$ 6,826,282	$ 44,460	$ 6,427,856	$ 341,407
Production and intermediate term	456,240	457,470	-	489,731	24,079
Farm-related business	6,477	3,930,699	-	153,016	-
Rural residential real estate	236,025	239,509	-	322,645	4,240
Total	$ 7,399,582	$ 11,453,960	$ 44,460	$ 7,393,248	$ 369,726

[a] Unpaid principal balance represents the recorded principal balance of the loan.

	Recorded Investment at 12/31/2017	Unpaid Principal Balance[a]	Related Allowance	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 301,364	$ 301,367	$ 42,374	$ 261,864	$ 3,186
Farm-related business	274,605	4,198,827	104,680	659,866	-
Total	$ 575,969	$ 4,500,194	$ 147,054	$ 921,730	$ 3,186
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 6,963,205	$ 7,085,265	$ -	$ 6,603,871	$ 182,333
Production and intermediate term	669,692	670,923	-	387,917	33,925
Rural residential real estate	411,466	414,978	-	445,394	7,301
Total	$ 8,044,363	$ 8,171,166	$ -	$ 7,437,182	$ 223,559
Total impaired loans:					
Real estate mortgage	$ 7,264,569	$ 7,386,632	$ 42,374	$ 6,865,735	$ 185,519
Production and intermediate term	669,692	670,923	-	387,917	33,925
Farm-related business	274,605	4,198,827	104,680	659,866	-
Rural residential real estate	411,466	414,978	-	445,394	7,301
Total	$ 8,620,332	$ 12,671,360	$ 147,054	$ 8,358,912	$ 226,745

[a] Unpaid principal balance represents the recorded principal balance of the loan.

There were no material commitments to lend additional funds to debtors whose loans were classified as impaired at December 31, 2019, 2018 and 2017.

Interest income on nonaccrual and accruing restructured loans that would have been recognized under the original terms of the loans at December 31:

	2019	2018	2017
Interest income which would have been recognized under the original terms	**$ 661,459**	$ 614,677	$ 527,835
Less: interest income recognized	**(414,811)**	(369,726)	(226,745)
Foregone interest income	**$ 246,648**	$ 244,951	$ 301,090

A summary of the changes in the allowance for credit losses and the ending balance of loans outstanding are as follows:

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communication	Energy	Water and Waste Water	Rural Residential Real Estate	Agricultural Export Finance	Lease Receivable	Mission-Related Investments	Total
Allowance for Credit Losses:											
Balance at December 31, 2018	$ 4,048,808	$ 574,458	$ 291,205	$ 218,031	$ 2,306	$ -	$ 98,381	$ -	$ -	$ -	$ 5,233,189
Charge-offs	(2,084)	-	-	-	-	-	-	-	-	-	(2,084)
Recoveries	2,242	-	114,286	-	-	-	3,484	-	-	-	120,012
Provision for loan losses	328,211	(157,357)	99,341	(196,096)	8,023	-	(57,584)	-	-	-	24,538
Other	(950)	(11,930)	(11,934)	(299)	(96)	-	-	-	-	-	(25,209)
Balance at December 31, 2019	$ 4,376,227	$ 405,171	$ 492,898	$ 21,636	$ 10,233	$ -	$ 44,281	$ -	$ -	$ -	$ 5,350,446
Ending Balance: individually evaluated for impairment	$ 51,153	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 51,153
Ending Balance: collectively evaluated for impairment	$ 4,325,073	$ 405,171	$ 492,898	$ 21,637	$ 10,233	$ -	$ 44,281	$ -	$ -	$ -	$ 5,299,293
Recorded Investment in Loans Outstanding:											
Ending Balance at December 31, 2019	$ 692,906,182	$ 70,275,315	$ 74,674,451	$ 7,512,451	$ 1,133,875	$ -	$ 8,036,569	$ -	$ -	$ -	$ 854,538,843
Ending balance for loans individually evaluated for impairment	$ 7,103,939	$ 596,811	$ -	$ -	$ -	$ -	$ 147,522	$ -	$ -	$ -	$ 7,848,272
Ending balance for loans collectively evaluated for impairment	$ 685,802,243	$ 69,678,504	$ 74,674,451	$ 7,512,451	$ 1,133,875	$ -	$ 7,889,047	$ -	$ -	$ -	$ 846,690,571

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communication	Energy	Water and Waste Water	Rural Residential Real Estate	Agricultural Export Finance	Lease Receivable	Mission-Related Investments	Total
Allowance for Credit Losses:											
Balance at December 31, 2017	$ 4,432,214	$ 458,921	$ 331,319	$ 105,588	$ 7,662	$ -	$ 76,147	$ -	$ -	$ -	$ 5,411,851
Charge-offs	(59,581)	-	-	-	-	-	-	-	-	-	(59,581)
Recoveries	26,809	988	-	10,208	-	-	-	-	-	-	38,005
Provision for loan losses	(355,194)	85,184	(56,366)	101,493	(5,958)	-	22,234	-	-	-	(208,607)
Other	4,560	29,365	16,252	742	602	-	-	-	-	-	51,521
Balance at December 31, 2018	$ 4,048,808	$ 574,458	$ 291,205	$ 218,031	$ 2,306	$ -	$ 98,381	$ -	$ -	$ -	$ 5,233,189
Ending Balance: individually evaluated for impairment	$ 44,460	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,460
Ending Balance: collectively evaluated for impairment	$ 4,004,348	$ 574,458	$ 291,205	$ 218,031	$ 2,306	$ -	$ 98,381	$ -	$ -	$ -	$ 5,188,729
Recorded Investment in Loans Outstanding:											
Ending Balance at December 31, 2018	$ 651,088,483	$ 58,221,713	$ 52,780,052	$ 2,498,779	$ 724,590	$ -	$ 9,047,955	$ -	$ -	$ -	$ 774,361,572
Ending balance for loans individually evaluated for impairment	$ 6,754,232	$ 475,425	$ 6,477	$ -	$ -	$ -	$ 236,145	$ -	$ -	$ -	$ 7,472,279
Ending balance for loans collectively evaluated for impairment	$ 644,334,251	$ 57,746,288	$ 52,773,575	$ 2,498,779	$ 724,590	$ -	$ 8,811,810	$ -	$ -	$ -	$ 766,889,293

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communication	Energy	Water and Waste Water	Rural Residential Real Estate	Agricultural Export Finance	Lease Receivable	Mission-Related Investments	Total
Allowance for Credit Losses:											
Balance at December 31, 2016	$ 4,481,478	$ 356,859	$ 418,177	$ 47,326	$ 11,998	$ -	$ 111,107	$ -	$ -	$ -	$ 5,426,945
Charge-offs	(4,897)	-	-	-	-	-	-	-	-	-	(4,897)
Recoveries	513	-	-	-	-	-	-	-	-	-	513
Provision for loan losses	(44,937)	86,809	(97,785)	57,910	(5,275)	-	(34,960)	-	-	-	(38,238)
Other	57	15,253	10,927	352	939	-	-	-	-	-	27,528
Balance at December 31, 2017	$ 4,432,214	$ 458,921	$ 331,319	$ 105,588	$ 7,662	$ -	$ 76,147	$ -	$ -	$ -	$ 5,411,851
Ending Balance: individually evaluated for impairment	$ 42,374	$ -	$ 104,680	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 147,054
Ending Balance: collectively evaluated for impairment	$ 4,389,840	$ 458,921	$ 226,639	$ 105,588	$ 7,662	$ -	$ 76,147	$ -	$ -	$ -	$ 5,264,797
Recorded Investment in Loans Outstanding:											
Ending Balance at December 31, 2017	$ 642,262,469	$ 51,852,366	$ 46,344,955	$ 2,498,906	$ 797,828	$ -	$ 10,896,392	$ -	$ -	$ -	$ 754,652,916
Ending balance for loans individually evaluated for impairment	$ 7,264,570	$ 669,692	$ 274,604	$ -	$ -	$ -	$ 411,466	$ -	$ -	$ -	$ 8,620,332
Ending balance for loans collectively evaluated for impairment	$ 634,997,899	$ 51,182,674	$ 46,070,351	$ 2,498,906	$ 797,828	$ -	$ 10,484,926	$ -	$ -	$ -	$ 746,032,584

NOTE 4 — INVESTMENT IN THE FARM CREDIT BANK OF TEXAS

The investment in the Farm Credit Bank of Texas is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying consolidated balance sheet. Estimating the fair value of the Association's investment in the Farm Credit Bank of Texas is not practicable because the stock is not traded. The Association owned 3.94 percent of the issued stock of the Bank as of December 31, 2019. As of that date, the Bank's assets totaled $25.7 billion and members' equity totaled $1.8 billion. The Bank's earnings were $203 million 2019.

NOTE 5 — PREMISES AND EQUIPMENT:

Premises and equipment consisted of the following at December 31:

	2019	2018	2017
Land and improvements	**$ 523,104**	$ 544,082	$ 523,104
Building and improvements	**4,249,127**	4,210,549	3,312,199
Furniture and equipment	**690,806**	679,668	663,127
Computer equipment and software	**353,597**	274,391	264,193
Automobiles	**1,183,777**	1,102,517	1,205,848
Construction in progress	**-**	-	59,405
	7,000,411	6,811,207	6,027,876
Accumulated depreciation	**(2,318,646)**	(2,347,898)	(2,279,039)
Total	**$ 4,681,765**	$ 4,463,309	$ 3,748,837

The Association leases office space in Crowley, Arcadia, and Port Allen, Louisiana. Lease expense was $108,065, $133,102 and $112,117 for 2019, 2018 and 2017, respectively. Minimum annual lease payments for the next five years are as follows:

	Operating
2020	$ 89,352
2021	57,451
2022	8,542
2023	2,131
2024	238
Thereafter	
Total	$ 157,714

NOTE 6 — OTHER PROPERTY OWNED, NET:

Net gain (loss) on other property owned, net consists of the following for the years ended December 31:

	2019	2018	2017
Gain (loss) on sale, net	**$ -**	$ 110,219	$ 10,655
Operating income (expense), net	**-**	(1,010)	(21,286)
Net gain (loss) on other property owned	**$ -**	$ 109,209	$ (10,631)

There was no Other Property Owned activity during 2019.

NOTE 7 — OTHER ASSETS AND OTHER LIABILITIES:

Other assets comprised the following at December 31:

	2019	2018	2017
Accounts Receivable	**$ 622,025**	$ 523,845	$ 464,760
Total	**$ 622,025**	$ 523,845	$ 464,760

Other liabilities comprised the following at December 31:

	2019	2018	2017
Accumulated Postretirement Benefit Obligation	**$ 3,793,444**	$ 3,252,487	$ 3,697,450
Insurance Premium Payable	**546,612**	507,401	816,073
Accounts Payable	**77,687**	198,701	78,104
Income Taxes Payable	**16,931**	12,911	12,087
Other	**1,527,679**	1,274,028	2,094,663
Total	**$ 5,962,353**	$ 5,245,528	$ 6,698,377

"Other" includes items such as annual leave accrual for employees, incentive compensation accrual and allowance for loan losses on unfunded commitments.

NOTE 8 — NOTE PAYABLE TO THE BANK:

The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the Bank. The Bank manages interest rate risk through its direct loan pricing and asset/liability management process. The Association's indebtedness to the Bank represents borrowings by the Association to fund the majority of its loan portfolio. The indebtedness is collateralized by a pledge of substantially all of the Association's assets, and is governed by a general financing agreement. The interest rate on the direct loan is based upon the Bank's cost of funding the loans the Association has outstanding to its borrowers. The indebtedness continues in effect until the expiration date of the general financing agreement, which is September 30, 2020 unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days' prior written notice, or in all other circumstances, upon giving the Bank 120 days' prior written notice.

The total amount and the weighted average interest rate of the Association's direct loan from the Bank at December 31, 2019, 2018 and 2017, was $696,921,619 at 2.90 percent, $623,657,708 at 2.93 percent and $606,930,548 at 2.38 percent, respectively.

Under the Act, the Association is obligated to borrow only from the Bank unless the Bank approves borrowing from other funding sources. The Bank and FCA regulations have established limitations on the Association's ability to borrow funds based on specified factors or formulas relating primarily to credit quality and financial condition. At December 31, 2019, 2018 and 2017, the Association's note payable was within the specified limitations. The maximum amount the Association may borrow from the Bank as of December 31, 2019, was $845,000,000, as defined by the general financing agreement. All other liabilities in the financial statements are uninsured.

In addition to borrowing limits, the financing agreement establishes certain covenants including limits on leases, investments, other debt, and dividend and patronage distributions; minimum standards for return on assets and for liquidity; and provisions for conducting business, maintaining records, reporting financial information, and establishing policies and procedures. Remedies specified in the general financing agreement associated with the covenants include additional reporting requirements, development of action plans, increases in interest rates on indebtedness, reduction of lending limits or repayment of indebtedness. As of and for the years ended December 31, 2019, 2018 and 2017, the Association was not subject to remedies associated with the covenants in the general financing agreement.

NOTE 9 — MEMBERS' EQUITY:

A description of the Association's capitalization requirements, protection mechanisms, regulatory capitalization requirements and restrictions, and equities are provided below.

The Association maintains an unallocated surplus account. The minimum for this account shall be prescribed by the FCA and FCA regulations. The Association does not have an allocated surplus account. Rather than earnings held therein and allocated to borrowers on a patronage basis, the Association funds 100 percent of any declared patronage through cash.

Protection of certain borrower equity is provided under the Act that requires the Association, when retiring protected borrower equity, to retire such equity at par or stated value regardless of its book value. Protected borrower equity includes capital stock, participation certificates and allocated equities that were outstanding as of January 6, 1988, or were issued or allocated prior to October 6, 1988. If an association is unable to retire protected borrower equity at par value or stated value, amounts required to retire this equity would be obtained from the Insurance Fund.

In accordance with the Act and the Association's capitalization bylaws, each borrower is required to invest in the Association as a condition of borrowing. The investment in Class A capital stock (for farm loans) and participation certificates (for farm related business) is equal to 2 percent of the loan amount, up to a maximum amount of $1,000. The borrower acquires ownership of the capital stock or participation certificates at the time the loan is made, usually by adding the aggregate par value of the capital stock or participation certificates to the principal amount of the related loan obligation. The capital stock or participation certificates are subject to a first lien by the Association. Retirement of such equities will generally be at the lower of par or book value, and repayment of a loan does not automatically result in retirement of the corresponding capital stock or participation certificates.

Association bylaws generally permit stock and participation certificates to be retired at the discretion of our Board of Directors and in accordance with our capitalization plan, provided that prescribed capital standards have been met. At December 31, 2019, we exceeded the prescribed standards. We do not anticipate any significant changes in capital that would affect the normal retirement of stock. All classes of stock are transferable to other customers who are eligible to hold such class as long as the Association meets the regulatory minimum capital requirements.

If needed to meet regulatory capital adequacy requirements, the Board of the Association may increase the percentage of stock requirement for each borrower up to a maximum of 10 percent of the loan amount.

Each owner of Class A capital stock is entitled to a single vote, while participation certificates provide no voting rights to their owners.

Within two years of repayment of a loan, the Association capital bylaws require the conversion of any borrower's outstanding Class A to Class C stock. Class C stock has no voting rights except in a case where a new issuance of preferred stock has been submitted to stockholders affected by the preference. Redemption of Class C shares is made solely at the discretion of the Association's Board. At December 31, 2019, 2018 and 2017, the Association had no Class C stock.

All borrower stock is at-risk. As such, losses that result in impairment of capital stock or participation certificates shall be borne on a pro rata basis by all holders of Class A and participation certificates. In the event of liquidation of the Association, capital stock and participation certificates would be utilized as necessary to satisfy any remaining obligations in excess of the amounts realized on the sale or liquidation of assets. Any excess of the amounts realized on the sale or liquidation of assets over the Association's obligations to external parties and to the Bank would be distributed to the Association's stockholders.

Patronage distributions may be paid on the capital stock and participation certificates of the Association, as the Board may determine by resolution, subject to capitalization requirements as defined by the FCA. Amounts not distributed are retained as unallocated retained earnings. The following patronage distributions were declared and paid in 2019, 2018 and 2017, respectively:

Date Declared	Date Paid	Patronage
December 2019	**Anticipated March 2020**	**$7,800,000**
December 2018	March 2019	$ 7,291,486
December 2017	March 2018	$ 7,032,569

The Farm Credit Administration sets minimum regulatory capital requirements for banks and associations. Effective January 1, 2017, new regulatory capital requirements for banks and associations were adopted. These new requirements replaced the core surplus and total surplus requirements with Common Equity Tier 1, Tier 1 Capital and Total Capital risk-based capital ratio requirements. The new requirements also replaced the existing net collateral ratio for System banks with a Tier 1 Leverage ratio and an Unallocated Retained Earnings (URE) and URE Equivalents Leverage ratio that are applicable to both the banks and associations. The Permanent Capital Ratio continues to remain in effect; however, the risk-adjusted assets are calculated differently than in the past. As of December 31, 2019, the Association is not prohibited from retiring stock or distributing earnings.

The following sets forth the regulatory capital ratio requirements and ratios at December 31, 2019:

Risk-adjusted:	Regulatory Minimums	Conservation Buffer*	Total	As of December 31, 2019
Common equity tier 1 ratio	4.50%	2.50%	7.00%	17.07%
Tier 1 capital ratio	6.00%	2.50%	8.50%	17.07%
Total capital ratio	8.00%	2.50%	10.50%	17.70%
Permanent capital ratio	7.00%	0.00%	7.00%	17.18%
Non-risk-adjusted:				
Tier 1 leverage ratio**	4.00%	1.00%	5.00%	17.64%
UREE leverage ratio	1.50%	0.00%	1.50%	18.78%

*the 2.5 percent capital conservation buffer for the risk-adjusted ratios will be phased in over a three year period ending on December 31, 2019.

**Must include the regulatory minimum requirement for the URE and UREE Leverage ratio

Risk-adjusted assets have been defined by FCA Regulations as the Statement of Condition assets and off balance-sheet commitments adjusted by various percentages, depending on the level of risk inherent in the various types of assets. The primary changes which generally have the impact of increasing risk-adjusted assets (decreasing risk-based regulatory capital ratios) were as follows:

- Inclusion of off-balance-sheet commitments less than 14 months
- Increased risk-weighting of most loans 90 days past due or in nonaccrual status

Risk-adjusted assets is calculated differently for the permanent capital ratio (referred herein as PCR risk-adjusted assets) compared to the other risk-based capital ratios. The primary difference is the deduction of the allowance for loan losses from risk-adjusted assets for the permanent capital ratio.

The ratios are based on a three-month average daily balance in accordance with FCA regulations and are calculated as follows:

- Common equity tier 1 ratio is statutory minimum purchased borrower stock, other required borrower stock held for a minimum of 7 years, allocated equities held for a minimum of 7 years or not subject to revolvement, unallocated retained earnings, paid-in capital, less certain regulatory required deductions including the amount of allocated investments in other System institutions, and the amount of purchased investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Tier 1 capital ratio is common equity tier 1 plus non-cumulative perpetual preferred stock, divided by average risk-adjusted assets.
- Total capital is tier 1 capital plus other required borrower stock held for a minimum of 5 years, allocated equities held for a minimum of 5 years, subordinated debt and limited-life preferred stock greater than 5 years to maturity at issuance subject to certain limitations, allowance and reserve for credit losses under certain limitations less certain investments in other System institutions under the corresponding deduction approach, divided by average risk-adjusted assets.
- Permanent capital ratio (PCR) is all at-risk borrower stock, any allocated excess stock, unallocated retained earnings, paid-in capital, subordinated debt and preferred stock subject to certain limitations, less certain allocated and purchased investments in other System institutions, divided by PCR risk-adjusted assets.
- Tier 1 leverage ratio is tier 1 capital, including regulatory deductions, divided by average assets less regulatory deductions subject to tier 1 capital.
- UREE leverage ratio is unallocated retained earnings, paid-in capital, allocated surplus not subject to revolvement less certain regulatory required deductions including the amount of allocated investments in other System institutions divided by average assets less regulatory deductions subject to tier 1 capital.

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

The components of the Association's risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2019:

(dollars in thousands)	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	**159,020,288**	**159,020,288**	**159,020,288**	**159,020,288**
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	**2,769,565**	**2,769,565**	**2,769,565**	**2,769,565**
Allowance for loan losses and reserve for credit losses subject to certain limitations*			**5,483,927**	
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	**(12,414,225)**	**(12,414,225)**	**(12,414,225)**	**(12,414,225)**
Other regulatory required deductions	**-**	**-**	**-**	**-**
	149,375,628	**149,375,628**	**154,859,555**	**149,375,628**
Denominator:				
Risk-adjusted assets excluding allowance	**887,424,413**	**887,424,413**	**887,424,413**	**887,424,413**
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	**(12,414,225)**	**(12,414,225)**	**(12,414,225)**	**(12,414,225)**
Allowance for loan losses				**(5,350,751)**
	875,010,188	**875,010,188**	**875,010,188**	**869,659,437**

*Capped at 1.25 percent of risk-adjusted assets

The components of the Association's non-risk-adjusted capital, based on 90-day average balances, were as follows at December 31, 2019:

(dollars in thousands)	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	**159,020,288**	**159,020,288**
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	**2,769,565**	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	**(12,414,225)**	**-**
	149,375,628	**159,020,288**
Denominator:		
Total Assets	**861,223,087**	**861,223,087**
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	**(14,280,746)**	**(14,280,746)**
	846,942,341	**846,942,341**

The Association has a capital adequacy plan (Plan) that includes capital targets necessary to achieve the Association's capital adequacy goals as well as the minimum permanent capital standard. In addition to factors that must be considered in meeting the minimum standards, the Board considered the following factors in developing the Plan:

- Capability of Management
- Quality of operating policies, procedures and internal controls
- Quality and quantity of earnings
- Asset quality
- Sufficiency of liquid funds
- Needs of the ACA customer base
- Other operating risks

An FCA regulation empowers the FCA to direct a transfer of funds or equities by one or more System institutions to another System institution under specified circumstances. The Association has not been called upon to initiate any transfers and is not aware of any proposed action under this regulation.

Refer to Note 9, to the consolidated financial statements, "Members' Equity" for additional information related to our capital and related requirements and restrictions.

At December 31, the Association had the following shares of Class A capital stock and participation certificates outstanding at a par value of $5 per share:

	2019	2018	2017
Class A stock	**526,421**	505,887	510,420
Participation certificates	**29,377**	30,929	36,288
Total	**555,798**	536,816	546,708

An additional component of equity is accumulated other comprehensive income, which is reported net of taxes as follows:

Accumulated Other Comprehensive Income (Loss)			
December 31, 2019	**Before Tax**	**Deferred Tax**	**Net of Tax**
Nonpension postretirement benefits	**$ (872,836)**	**$ -**	**$ (872,836)**

December 31, 2018	Before Tax	Deferred Tax	Net of Tax
Nonpension postretirement benefits	$ (455,516)	$ -	$ (455,516)

December 31, 2017	Before Tax	Deferred Tax	Net of Tax
Nonpension postretirement benefits	$ (678,739)	$ -	$ (678,739)

The Association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. The following table summarizes the changes in accumulated other comprehensive income (loss) and the location on the income statement for the year ended December 31:

	2019	2018	2017
Accumulated other comprehensive income (loss) at January 1	**$(455,516)**	$(1,073,896)	$ (678,739)
Actuarial gains(losses)	**(421,655)**	404,853	(390,224)
Prior service (cost) credit	**-**	174,111	-
Amortization of prior service (credit) costs included in salaries and employee benefits	**(30,175)**	(38,255)	(51,010)
Amortization of actuarial (gain) loss included in salaries and employee benefits	**34,510**	77,671	46,077
Other comprehensive income (loss), net of tax	**(417,320)**	618,380	(395,157)
Accumulated other comprehensive income at December 31	**$ (872,836)**	$ (455,516)	$ (1,073,896)

NOTE 10 — INCOME TAXES:

The provision for (benefit from) income taxes follows for the years ended December 31:

	2019	2018	2017
Current:			
Federal	**$ -**	$ -	$ (154,322)
Total current	**-**	-	(154,322)
Deferred:			
Federal	**4,020**	824	3,596
Total deferred	**4,020**	824	3,596
Total provision for (benefit from) income taxes	**$ 4,020**	$ 824	$ (150,726)

The provision for (benefit from) income tax differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as follows for the years ended December 31:

	2019	2018	2017
Federal tax at statutory rate	$ **2,951,517**	$ 2,810,318	$ 3,988,119
Effect of nontaxable FLCA subsidiary	**(2,820,284)**	(2,776,926)	(3,978,319)
Change in valuation allowance	**14,708**	(9,951)	122,884
Change in Statutory Rate	**-**	-	(103,146)
Refund of Prior Year Taxes	**-**	-	(154,322)
Other	**(141,921)**	(22,617)	(25,942)
Provision for (benefit from) income taxes	$ **4,020**	$ 824	$ (150,726)

Deferred tax assets and liabilities in accordance with accounting guidance, "Accounting for Income Taxes," are comprised of the following at December 31:

	2019	2018	2017
Deferred Tax Assets			
Allowance for loan losses	$ **67,670**	$ 53,144	$ 64,129
Annual leave	**19,116**	18,244	16,520
Loss carryforwards	**287,620**	287,620	287,620
Other	**3,450**	4,140	4,830
Gross deferred tax assets	**377,856**	363,148	373,099
Deferred tax asset valuation allowance	**(377,856)**	(363,148)	(373,099)
Deferred Tax Liabilities			
Other	**(16,931)**	(12,911)	(12,087)
Gross deferred tax liabilities	**(16,931)**	(12,911)	(12,087)
Net deferred tax asset (liability)	$ **(16,931)**	$ (12,911)	$ (12,087)

The Association recorded valuation allowances of $377,856, $363,148 and $373,099 during 2019, 2018 and 2017, respectively. The Association will continue to evaluate the realizability of the deferred tax assets and adjust the valuation allowance accordingly.

The enactment of federal tax legislation in late December 2017, among other things, lowered the federal corporate tax rate from 35 percent to 21 percent beginning in 2018. In accordance with GAAP, the change to the lower corporate tax rate led to a revaluation of our deferred tax liabilities and deferred tax assets in the period of enactment (2017).

The Association has a net operating loss carryforward of $1,369,622 available to offset against future taxable income of which $263,868 will expire in 2033, $571,895 will expire in 2034 and $533,859 will expire in 2035.

NOTE 11 — EMPLOYEE BENEFIT PLANS:

Employee Retirement Plans: Employees of the Association participate in either the defined benefit retirement plan (DB plan) or the defined contributions plan (DC plan) and are eligible to participate in the Farm Credit Benefits Alliance 401(k) Plan. These plans are described more fully in section I of Note 2, "Summary of Significant Accounting Policies." The structure of the district's DB plan is characterized as multi-employer, since neither the assets, liabilities nor cost of any plan is segregated or separately accounted for by participating employers (bank and associations). No portion of any surplus assets is available to any participating employer. As a result, participating employers of the plan only recognize as cost the required contributions for the period and a liability for any unpaid contributions required for the period of their financial statements. Plan obligations, assets and the components of annual benefit expenses are recorded and reported upon district combination only. The Association records current contributions to the DB plan as an expense in the current year.

The CEO and certain executive or highly-compensated employees in the Association are eligible to participate in a separate nonqualified supplemental 401(k) plan, named the Farm Credit Benefits Alliance Nonqualified Supplemental 401(k) Plan (supplemental 401(k) plan). This plan allows district employers to elect to participate in any or all of the following benefits:

- Restored Employer Contributions – to allow "make-up" contributions for eligible employees whose benefits to the qualified 401(k) plan were limited by the Internal Revenue Code during the year
- Elective Deferrals – to allow eligible employees to make pre-tax deferrals of compensation above and beyond any deferrals into the qualified 401(k) plan
- Discretionary Contributions – to allow participating employers to make a discretionary contribution to an eligible employee's account in the plan, and to designate a vesting schedule

The Association elected to participate in Elective Deferrals. 2019 is the first year that an eligible employee participated in the nonqualified supplemental 401 (k) plan. Contributions of $12,000 were made to this plan for the years ended December 31, 2019. There were no payments made from the supplemental 401(k) plan to active employees during 2019.

The DB plan is noncontributory and benefits are based on salary and years of service. The legal name of the plan is Farm Credit Bank of Texas Pension Plan; its employer identification number is 74-1110170. The DB plan is not subject to any contractual expiration dates. The DB plan's funding policy is to fund current year benefits expected to be earned by covered employees plus an amount to improve the accumulated benefit obligation funded status by a percentage approved by the plan sponsor. The plan sponsor is the board of the Farm Credit Bank of Texas. The "projected unit credit" actuarial method is used for both financial reporting and funding purposes. District employers have the option of providing enhanced retirement benefits, under certain conditions, within the DB plan, to facilitate reorganization and/or restructuring. The actuarial present value of vested and nonvested accumulated benefit obligation exceeded the net assets of the DB plan as of December 31, 2019.

The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If the Association chooses to stop participating in some of its multi-employer plans, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following table includes additional information regarding the funded status of the plan, the Association's contributions, and the percentage of association contribution to total plan contributions for the years ended December 31, 2019, 2018 and 2017:

	2019	2018	2017
Funded status of plan	**66.2** %	68.0 %	69.7 %
Association's contribution	**$372,504**	$ 331,236	$ 318,569
Percentage of association's contribution to total contributions	**4.6** %	3.4 %	2.8 %

The funded status presented above is based on the percentage of plan assets to projected benefit obligations. DB plan funding is based on the percentage of plan assets to the accumulated benefit obligation, which was 68.0 percent, 70.1 percent and 73.4 percent at December 31, 2019, 2018 and 2017, respectively.

Other Postretirement Benefits: In addition to pension benefits, the Association provides certain health care benefits to qualifying retired employees (other postretirement benefits). These benefits are not characterized as multi-employer and, consequently, the liability for these benefits is included in other liabilities.

The following table reflects the benefit obligation, cost and actuarial assumptions for the Association's other postretirement benefits:

Retiree Welfare Benefit Plans

Disclosure Information Related to Retirement Benefits	2019	2018	2017
Change in Accumulated Postretirement Benefit Obligation			
Accumulated postretirement benefit obligation, beginning of year	**$ 3,252,487**	$ 3,697,450	$ 3,180,021
Service cost	**57,992**	78,544	71,863
Interest cost	**151,867**	145,865	144,285
Plan participants' contributions	**33,024**	43,692	46,087
Plan amendments	**-**	(174,111)	-
Actuarial loss (gain)	**421,655**	(404,853)	390,224
Benefits paid	**(116,819)**	(134,100)	(135,030)
Accumulated postretirement benefit obligation, end of year	**$ 3,800,206**	$ 3,252,487	$ 3,697,450
Change in Plan Assets			
Plan assets at fair value, beginning of year	**$ -**	$ -	$ -
Company contributions	**83,795**	90,408	88,943
Plan participants' contributions	**33,024**	43,692	46,087
Benefits paid	**(116,819)**	(134,100)	(135,030)
Plan assets at fair value, end of year	**$ -**	$ -	$ -
Funded status of the plan	**$ (3,800,206)**	$ (3,252,487)	$ (3,697,450)
Amounts Recognized in Statement of Financial Position			
Other liabilities	**$ (3,793,444)**	$ (3,252,487)	$ (3,697,450)
Amounts Recognized in Accumulated Other Comprehensive Income			
Net actuarial loss (gain)	**$ 1,016,772**	$ 629,627	$ 1,112,151
Prior service cost (credit)	**(143,936)**	(174,111)	(38,255)
Net transition obligation (asset)	**-**	-	-
Total	**$ 872,836**	$ 455,516	$ 1,073,896
Weighted-Average Assumptions Used to Determine Obligations at Year End			
Measurement date	**12/31/2019**	12/31/2018	12/31/2017
Discount rate	**3.45%**	4.75%	4.00%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	**6.90%/6.40%**	7.30%/6.90%	7.70%/6.90%
Health care cost trend rate assumed for next year - Rx	**0.00%**	0.00%	0.00%
Ultimate health care cost trend rate	**4.50%**	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	**2028/2029**	2026/2027	2026

Total Cost	**2019**	2018	2017
Service cost	**$ 57,992**	$ 78,544	$ 71,863
Interest cost	**151,867**	145,865	144,285
Amortization of:			
Unrecognized prior service cost	**(30,175)**	(38,255)	(51,010)
Unrecognized net loss (gain)	**34,510**	77,671	46,077
Net postretirement benefit cost	**$ 214,194**	$ 263,825	$ 211,215
Accounting for settlements/curtailments/special termination benefits	**$ -**	$ -	$ -
Other Changes in Plan Assets and Projected Benefit Obligation Recognized in Other Comprehensive Income			
Net actuarial loss (gain)	**$ 421,655**	$ (404,853)	$ 390,224
Amortization of net actuarial loss (gain)	**-**	(77,671)	(46,077)
Prior service cost (credit)	**30,175**	(174,111)	-
Amortization of prior service cost	**(34,510)**	38,255	51,010
Amortization of transition liability (asset)	**-**	-	-
Total recognized in other comprehensive income	**$ 417,320**	$ (618,380)	$ 395,157
AOCI Amounts Expected to be Amortized Into Expense in 2016			
Unrecognized net transition obligation (asset)	**$ -**	$ -	$ -
Unrecognized prior service cost	**(30,175)**	(30,175)	(38,255)
Unrecognized net loss (gain)	**75,266**	34,510	77,671
Total	**$ 45,091**	$ 4,335	$ 39,416
Weighted-Average Assumptions Used to Determine Benefit Cost			
Measurement date	**12/31/2018**	12/31/2017	12/31/2016
Discount rate	**4.75%**	4.00%	4.60%
Health care cost trend rate assumed for next year (pre-/post-65) - medical	**7.30%/6.90%**	7.70%/6.90%	6.75%/6.50%
Health care cost trend rate assumed for next year - Rx	**0.00%**	0.00%	0.00%
Ultimate health care cost trend rate	**4.50%**	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	**2026/2027**	2026	2025/2024

Expected Future Cash Flows

Expected Benefit Payments (net of employee contributions)			
Fiscal 2020	**$ 92,493**	$ 114,135	$ 119,718
Fiscal 2021	**96,023**	116,121	120,713
Fiscal 2022	**112,308**	134,929	139,863
Fiscal 2023	**112,593**	146,053	-
Fiscal 2024	**112,042**	-	-
Fiscal 2025–2029	**790,375**	843,497	816,136
Expected Contributions			
Fiscal 2020	**$ 92,493**		

NOTE 12 — RELATED PARTY TRANSACTIONS:

Directors of the Association, except for any director-elected directors, are required to be borrowers/stockholders of the Association. Also, in the ordinary course of business, the Association may enter into loan origination or servicing transactions with its officers, relatives of officers and directors, or with organizations with which such persons are associated. Such loans are subject to special approval requirements contained in FCA regulations and are made on the same terms, including interest rates, amortization schedule and collateral, as those prevailing at the time for comparable transactions with unrelated borrowers.

Total loans to such persons at December 31, 2019, 2018 and 2017 for the Association amounted to $35,536,364, $29,200,126 and $29,319,134. During 2019, $12,857,622, in new loans were made, and repayments totaled $8,142,227. In the opinion of management, no such loans outstanding at December 31, 2019 involved more than a normal risk of collectability.

Expenses included in purchased services may include purchased services such as administrative services, marketing, information systems and accounting services and allocations of expenses incurred by the Bank and passed through to the Associations, such as FCSIC expenses. The Bank charges the individual associations directly for these services based on each association's proportionate usage. These expenses totaled $65,297, $75,222 and $79,392 in 2019, 2018 and 2017, respectively.

The Association received patronage payments from the Bank totaling $3,584,113, $3,098,918 and $2,784,069 during 2019, 2018 and 2017, respectively.

NOTE 13 — 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 an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2, "Summary of Significant Accounting Policies," for additional information.

Assets and liabilities measured at fair value on a recurring basis at December 31, 2019 for each of the fair value hierarchy values are summarized below:

December 31, 2019	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in nonqualified benefit trusts	**12,673**	**-**	**-**	**12,673**
Total assets	**$ 12,673**	**$ -**	**$ -**	**$ 12,673**

Assets and liabilities measured at fair value on a nonrecurring basis for each of the fair value hierarchy values are summarized below:

December 31, 2019	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans	**$ -**	**$ -**	**$ 847,800**	**$ 847,800**

December 31, 2018	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 500,581	$ 500,581

December 31, 2017	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans	$ -	$ -	$ 446,445	$ 446,445
Other property owned	-	-	179,616	179,616

Financial assets and financial liabilities measured at carrying amounts and not measured at fair value on the consolidated balance sheets for each of the fair value hierarchy values are summarized as follows:

	December 31, 2019 Fair Value Measurement Using				
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Assets:					
Cash	**$ 35,760**	**$ 35,760**	**$ -**	**$ -**	**$ 35,760**
Net loans	**838,534,204**	**-**	**-**	**839,702,946**	**839,702,946**
Total Assets	**$838,569,964**	**$ 35,760**	**$ -**	**$839,702,946**	**$839,738,706**
Liabilities:					
Note payable to Bank	**$696,921,619**	**$ -**	**$ -**	**$697,886,862**	**$697,886,862**
Total Liabilities	**$696,921,619**	**$ -**	**$ -**	**$697,886,862**	**$697,886,862**

	December 31, 2018 Fair Value Measurement Using				
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 303,047	$ 303,047	$ -	$ -	$ 303,047
Net loans	760,630,183	-	-	740,633,484	740,633,484
Total Assets	$760,933,230	$ 303,047	$ -	$740,633,484	$740,936,531
Liabilities:					
Note payable to Bank	$623,657,708	$ -	$ -	$607,373,333	$607,373,333
Total Liabilities	$623,657,708	$ -	$ -	$607,373,333	$607,373,333

	December 31, 2017 Fair Value Measurement Using				
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Assets:					
Cash	$ 26,816	$ 26,816	$ -	$ -	$ 26,816
Net loans	741,485,713	-	-	721,586,115	721,586,115
Total Assets	$741,512,529	$ 26,816	$ -	$721,586,115	$721,612,931
Liabilities:					
Note payable to Bank	$606,960,548	$ -	$ -	$590,786,488	$590,786,488
Total Liabilities	$606,960,548	$ -	$ -	$590,786,488	$590,786,488

Valuation Techniques

As more fully discussed in Note 2, "Summary of Significant Accounting Policies," 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. Fair values of financial instruments represent the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability in active markets among willing participants at the reporting date. Due to the uncertainty of expected cash flows resulting from financial instruments, the use of different assumptions and valuation methodologies could significantly affect the estimated fair value amounts. Accordingly, certain of the estimated fair values may not be indicative of the amounts for which the financial instruments could be exchanged in a current or future market transaction. The following represent a brief summary of the valuation techniques used by the Association for assets and liabilities:

Loans Evaluated for Impairment

For certain loans evaluated for impairment under impairment guidance, 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, a majority of these loans have fair value measurements that fall within Level 3 of the fair value 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 of the hierarchy if the process uses independent appraisals and other market-based information.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

Note Payable to the Bank

The note payable to the Bank is not regularly traded; thus, quoted market prices are not available. Fair value of this instrument is discounted based on the Association's and the Bank's loan rates as well as on management estimates. For the purposes of this estimate, it is assumed that the cash flow on the note is equal to the principal payments on the Association's loan receivables plus accrued interest on the note payable. The assumption implies that the earnings on the Association's interest margin are used to fund operating expenses and capital expenditures. Management has no basis to determine whether the fair value would be indicative of the value negotiated in an actual sale.

Information about Other Financial Instrument Fair Value Measurements:

	Valuation Technique(s)	Input
Cash	Carrying value	Par/principal and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecasts Probability of default Loss severity
Note payable to Bank	Discounted cash flow	Benchmark yield curve Derived yield spread Own credit risk

NOTE 14 — COMMITMENTS AND CONTINGENCIES

In addition to those commitments and contingencies discussed in Note 2, "Summary of Significant Accounting Policies," the Association is involved in various legal proceedings in the ordinary course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

The Association may participate in financial instruments with off-balance-sheet risk to satisfy the financing needs of its borrowers in the form of commitments to extend credit and commercial letters of credit. These financial instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the financial statements. Commitments to extend credit are agreements to lend to a borrower as long as there is not a violation of any condition established in the contract. Commercial letters of credit are agreements to pay a beneficiary under conditions specified in the letter of credit. Commitments and letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2019, $88,755,809 of commitments and $2,513,149 of commercial letters of credit were outstanding.

Since many of these commitments are expected to expire without being drawn upon, the total commitments do not necessarily represent future cash requirements. However, these credit-related financial instruments have off-balance-sheet credit risk because their amounts are not reflected on the consolidated balance sheets until funded or drawn upon. The credit risk associated with issuing commitments and letters of credit is substantially the same as that involved in extending loans to borrowers, and management applies the same credit policies to these commitments. Upon fully funding a commitment, the credit risk amounts are equal to the contract amounts, assuming that borrowers fail completely to meet their obligations and the collateral or other security is of no value. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the borrower.

NOTE 15 — QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

Quarterly results of operations for the years ended December 31 (in thousands) follow:

	2019				
	First	**Second**	**Third**	**Fourth**	**Total**
Net interest income	**$ 5,614**	**$ 5,618**	**$ 5,752**	**$ 5,805**	**$ 22,789**
(Provision for) reversal of loan losses	**86**	**28**	**(93)**	**(46)**	**(25)**
Noninterest income (expense), net	**(2,115)**	**(2,222)**	**(2,285)**	**(2,091)**	**(8,713)**
Net income	**$ 3,585**	**$ 3,424**	**$ 3,374**	**$ 3,668**	**$ 14,051**

	2018				
	First	Second	Third	Fourth	Total
Net interest income	$ 5,355	$ 5,379	$ 5,403	$ 5,430	$ 21,567
(Provision for) reversal of loan losses	(1)	65	40	105	209
Noninterest income (expense), net	(1,649)	(2,282)	(2,183)	(2,280)	(8,394)
Net income	$ 3,705	$ 3,162	$ 3,260	$ 3,255	$ 13,382

	2017				
	First	Second	Third	Fourth	Total
Net interest income	$ 5,025	$ 5,029	$ 5,174	$ 5,188	$ 20,416
(Provision for) reversal of loan losses	35	(11)	21	(6)	39
Noninterest income (expense), net	(2,301)	(2,330)	(2,128)	(2,151)	(8,910)
Net income	$ 2,759	$ 2,688	$ 3,067	$ 3,031	$ 11,545

NOTE 16 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through March 9, 2020, which is the date the financial statements were issued or available to be issued and has determined that there were no other events requiring disclosure.

DISCLOSURE INFORMATION AND INDEX

(Unaudited)

Disclosures Required by Farm Credit Administration Regulations

DESCRIPTION OF BUSINESS

The description of the territory served, the persons eligible to borrow, the types of lending activities engaged in and the financial services offered, and related Farm Credit organizations required to be disclosed in this section is incorporated herein by reference from Note 1 to the consolidated financial statements, "Organization and Operations," included in this annual report.

The descriptions of significant developments that had or could have a material impact on earnings, interest rates to borrowers, patronage, or dividends and acquisitions or dispositions of material assets, changes in the reporting entity, changes in patronage policies or practices and financial assistance provided by or to the Association through loss sharing or capital preservation agreements or from any other source, if any, required to be disclosed in this section are incorporated herein by reference from "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this annual report.

DESCRIPTION OF PROPERTY

The Louisiana Land Bank, ACA (Association) serves its 64-parish territory through its main administrative and lending office at 2413 Tower Drive, Monroe, Louisiana, 71201. Additionally, there are 10 branch lending offices located throughout the territory. The Association owns the office buildings in Hammond, Monroe, Opelousas, Shreveport, Tallulah, Winnsboro and Alexandria, free of debt. The Association leases the office buildings in Arcadia, Crowley, and Port Allen, Louisiana.

The Association organized Louisiana White Energy, LLC and Louisiana ASA, LLC for the purpose of managing complex, out of state adverse credit relationships. These entities have no assets as of the date of this report and management believes that the business of these LLC's has concluded.

LEGAL PROCEEDINGS

In the ordinary course of business, the Association is involved in various legal proceedings. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the consolidated financial statements of the Association.

DESCRIPTION OF CAPITAL STRUCTURE

The information required to be disclosed in this section is incorporated herein by reference from Note 9 to the consolidated financial statements, "Members' Equity," included in this annual report.

DESCRIPTION OF LIABILITIES

The description of liabilities required to be disclosed in this section is incorporated herein by reference from Note 8, "Note Payable to the Bank," Note 11, "Employee Benefit Plans," and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in this annual report.

The description of contingent liabilities required to be disclosed in this section is incorporated herein by reference from Notes 2 and 14 to the consolidated financial statements, "Summary of Significant Accounting Policies" and "Commitments and Contingencies," respectively, included in this annual report.

RELATIONSHIP WITH THE FARM CREDIT BANK OF TEXAS

The Association's financial condition may be impacted by factors that affect the Bank, as discussed in Note 1 to the consolidated financial statements, "Organization and Operations," included in this annual report. The financial condition and results of operations of the Bank may materially affect the stockholders' investment in the Association.

The annual and quarterly stockholder reports of the Bank are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, Corporate Communications, P.O. Box 202590, Austin, Texas 78720-2590 or calling (512) 465-1881. Copies of the Bank annual and quarterly stockholder reports can also be requested by e-mailing *fcb@farmcreditbank.com*. The annual and quarterly stockholder reports are also available on its website at www.farmcreditbank.com.

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports will be available approximately 40 days after quarter end and can be obtained by writing to Louisiana Land Bank, ACA, 2413 Tower Drive, Monroe, Louisiana, 71201 or calling 318-387-7535. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *debbie.bond@louisianalandbank.com*. The Association's annual stockholder report is available on its website at *www.louisianalandbank.com* 75 days after the fiscal year end. Copies of the Association's annual stockholder report can also be requested 90 days after the fiscal year end.

SELECTED FINANCIAL DATA

The selected financial data for the five years ended December 31, 2019, required to be disclosed, is incorporated herein by reference to the "Five-Year Summary of Selected Consolidated Financial Data" included in this annual report to stockholders.

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

"Management's Discussion and Analysis," which precedes the consolidated financial statements in this annual report, is incorporated herein by reference.

DIRECTORS AND SENIOR OFFICERS

The Association's member-elected and director-elected board of directors and senior officers are as follows:

NAME	POSITION	DATE ELECTED/ EMPLOYED	TERM EXPIRES
James Mark Morgan	Chairman & Stockholder Elected Director	2011	2020
Cullen M. Kovac	Vice Chairman & Stockholder Elected Director	2011	2021
Donald Berken	Stockholder Elected Director	2015	2021
Henry Capdeboscq, Jr.	Stockholder Elected Director	2008	2020
John F. Earles	Stockholder Elected Director	2010	2022
Gertrude Hawkins	Stockholder Elected Director	2002	2020
Cecelia A. Hoyt	Board Appointed Director	2013	2022
William B. Guthrie	Stockholder Elected Director	2019	2022
Edward W. Patrick, Jr.	Stockholder Elected Director	1994	2021
Robert James "Bobby" Soileau, Ph.D.	Board Appointed Director	2015	2021
John L. Van Mol, Jr	Stockholder Elected Director	2019	2022
F. Stephen Austin	CEO	2011	
Christopher E. Bentley	CFO	2008	
Brian D. Turner	CCO	2012	
Robert Wes Lowe	Chief Appraisal Officer	2012	
David A. Ogletree	Senior VP of Lending & Field Operations	1990	

A brief statement of the business and employment background of each director and senior officer is provided for informational purposes.

James Mark Morgan is general manager of Atco Investment Company, a privately-owned investment group, and has been for the last 31 years. Mr. Morgan is also the founding/managing partner of Louisiana Timber Partners, LLC, a timber land investment organization and has been for the last 16 years. Mr. Morgan is also the managing partner of Morgan Brothers Land Co. LLC, Morgan Land and Timber, LLC and Morgan Timber Partners, LLC, all family-owned land and timber investment companies. He is also the manager of three farming operations located in Natchitoches Parish, Louisiana. They are Bayou Camitte Lands, LLC, Oaklawn Chico, LLC and Melrose Plantation, LLC. Mr. Morgan is Louisiana Land Bank's alternate representative on the Farm Credit Bank of Texas Stockholder Advisory Council and the 10th District Farm Credit Council. He is a life-time member of both the Louisiana Forestry Association and the Texas Forestry Association, where he has previously served on the board. He serves on the board for the Shreveport/Bossier Military Affairs Council. He also serves as a deacon and trustee at Cross Point Baptist Church in Bossier City, Louisiana.

Cullen M. Kovac has been a co-owner/operator in Kovac Cattle, Inc., a cow/calf and stocker operation, for the last 11 years. Mr. Kovac is a partner in Kovac Land, LLC, which is an agricultural land buying and holding corporation. Mr. Kovac is vice president of the Fiske Union Water System. He serves as a director of the West Carroll Soil and Water Conservation District

Board and is president of the West Carroll Parish Farm Bureau Board. Mr. Kovac is a board member of the West Carroll Parish School Board.

Donald Berken is a self-employed rice farmer. He has been farming for the last 47 years. Mr. Berken is president of the Berken Estate, Inc., DCB Interests, Inc., and Berken Farms, Inc. Mr. Berken serves on the boards of Jeff Davis Farm Bureau, Louisiana Rice Council, and Louisiana Agricultural Commodities Commission. Mr. Berken also serves on the Regulatory Affairs and Food Safety, and PAC committees of the USA Rice Federation. Mr. Berken also serves as chairman of the Louisiana Farm Bureau Rice Advisory Committee, which is a member of the Louisiana Rice Producers Group.

Henry A. Capdeboscq, Jr. has been a self-employed dairy and beef cattle operator for the last 39 years. Mr. Capdeboscq is also owner of Capdeboscq Farm Trucking, LLC and Capdeboscq Farm Hauling, LLC. Mr. Capdeboscq serves on the board of the Tangipahoa Parish Cattlemen's Association and is a board member on the Louisiana Brand Commission. Mr. Capdeboscq is also a member of the Tangipahoa Parish Farm Bureau, Tangipahoa Parish Forestry Association and Louisiana Cattlemen's Association.

John F. Earles has been a co-owner/operator of Triple E Farms for the last 39 years. Mr. Earles is co-owner/president of Townsend Brothers Farms and co-owner/secretary-treasurer of Triple E Land Grading Inc., a land grading and development company. He is president of Earles, Inc., a land and rice dryer organization, Gold Dust Hunting Club, Inc. and vice president of Black Lake Hunting Club, Inc. Mr. Earles serves as co-owner of Cenla Fuels, LLC and Bunkie Flying Service, Inc. He currently serves as a police juror for Avoyelles Parish. Mr. Earles is also co-owner of Express Car Wash, LLC and Gold Dust Investment Co. Mr. Earles is a member of the Cajun Sugar II Co-op and a board member of district six Kisatchie-Delta Regional Planning and Development District, which is an eight-parish district serving Avoyelles, Rapides, Concordia, Catahoula, Vernon, LaSalle, Grant and Winn parishes.

William Benjamin "Ben" Guthrie is the General Manager/Secretary-Treasurer for Panola Company, LTD and the Managing Partner for Balmoral Farming Partnership and Island Farming Partnership, farming and land-holding partnerships that produce corn, cotton, soybeans and cattle on 15,000 acres in the Louisiana delta. He currently serves on the boards of Panola Company, LTD, the Louisiana Boll Weevil Eradication Commission and the LAC-Self Insured Fund. He is a member of the National Cotton Council, past president of the Louisiana Cotton and Grain Association, past chairman of the Cotton Foundation, and the Cotton Committee chairman for the Louisiana Farm Bureau. Mr. Guthrie is a graduate of Louisiana State University and completed the LSU Ag Leadership Program.

Gertrude Hawkins retired in October 2019 after being employed as a research associate for the last 27 years by the LSU AgCenter Sugar Research Station. She farms cotton, corn, soybeans, sugarcane and wheat with her brother. She manages the Edgar LaCour Land Company, LLC, which is a family-owned business consisting of timber and row crops. Mrs. Hawkins also manages LaCour & Blake, LLC, and Blue Lake Farms, LLC, and is a partner in GNL Farm, LLC and GNG Farm Partnership. She is a board member of the Pointe Coupee Parish Farm Bureau, Edgar LaCour Land Company, LLC, LaCour & Blake, LLC, and Blue Lake Farms, LLC. Mrs. Hawkins is also the president of Schwab Farms, Inc., and secretary for Bouanchaud Farms, Inc., Gilmer Farms, Inc., and G&M Farms, Inc. Mrs. Hawkins serves as a member of American Sugar Cane League, Louisiana Sugar Growers, American Society of Sugar Cane Technologists and Tri Parish Gin.

Cecelia A. Hoyt is a Certified Public Accountant with over 41 years of broad accounting and business experience and expertise who recently retired from public accounting. She earned a B.S. degree in biology from the State University of New York at Buffalo and a B.S. degree in accounting from Canisius College. Mrs. Hoyt is the Chief Financial Officer for Hoyt, Stanford & Wynne, LLC, a law firm located in Lafayette, Louisiana. She is also a member of the American Institute of Certified Public Accountants and the Louisiana State Society of Certified Public Accountants.

Edward W. Patrick, Jr. has been a self-employed farmer of cotton, rice, corn and soybeans for the last 44 years. Mr. Patrick is co-owner and operator of Joe's Bayou Gin. Mr. Patrick serves as secretary/treasurer of Joe's Bayou Farm Supply and Joe's Bayou Gin. Mr. Patrick serves as board president of PP&E Corporation and Pop Pat, Inc. PP&E Corporation and Pop Pat, Inc. are both farming entities. Mr. Patrick is a director on the East Carroll Farm Bureau Board.

Robert James "Bobby" Soileau received an M.S. and a Ph.D. in agricultural education and leadership from Louisiana State University. Mr. Soileau has served as the director of Ag Leadership for the LSU AgCenter for the last 12 years. He oversees the leadership programs for people in agriculture and agribusiness, and the LSU AgCenter and College of Agriculture faculty. He also works with the Agricultural Leaders of Louisiana and serves as treasurer for the Louisiana County Agricultural Agents Association.

John L. Van Mol, Jr., age 60, is a life-long resident of Alexandria, Louisiana, in Rapides Parish. He is an owner and managing partner of Leverton Farms, LLC, a 3,000-acre operation producing 950 acres of sugar cane, 400 acres of corn and 1,650 acres of soybeans in central Louisiana. He has farmed for 36 years, and farming has been his principal occupation for the last five years. He also serves on the board of managers of Lagniappe Cotton Gin in Hamburg, Louisiana, and he is currently serving his second elected term as chairman of the USDA Farm Services Agency County Committee and Advisory Board for Rapides Parish. He has previously served the Louisiana Farm Bureau and Rapides Parish Farm Bureau. Mr. Van Mol graduated from St. Stanislaus High School and Louisiana Tech with a degree in agribusiness. He and his wife Collene have two adult daughters and two adult sons. His business address is 1261 Bayou Road, Cheneyville, LA 71325.

F. Stephen Austin serves as the **Chief Executive Officer** for Louisiana Land Bank, ACA. Mr. Austin joined the Association in 2011 as chief credit officer and was promoted to CEO in 2013. Mr. Austin earned a B.S. degree in agriculture with a minor in marketing from Southeast Missouri State University. He also completed the Graduate School of Banking at Louisiana State University. His work experience includes over 33 years in lending and branch manager positions with the Farm Credit System entities in Illinois and Missouri. Prior to his tenure with the Association, he served for over eight years as the senior lender of a regional five-bank holding company in southeast Missouri.

Christopher E. Bentley, **Chief Financial Officer**, joined the Association in July 2008 and was promoted to CFO during 2012. He is a graduate of Louisiana Tech University with a bachelor of science degree in finance. Mr. Bentley has previously served as senior accountant, controller, and director of compliance, controls and risk management for the Association. Mr. Bentley serves as chairman of the Association's Asset/Liability Committee. Mr. Bentley is a member of the district's ICFR Steering Committee. Prior to his employment with the Association, Mr. Bentley worked with a Fortune 500 telecommunications company in the Subsidiary Accounting group and with a Fortune 500 commercial bank in various functions including analyst and portfolio manager.

Brian D. Turner, Chief Credit Officer, joined the Association in January 2012 as director of compliance, controls and risk and was promoted to chief credit officer during 2013. Prior to joining the Association, Mr. Turner had been employed in commercial banking for 17 years with experience in credit analysis, commercial lending, and risk management. He received a B.A. degree in Legal Studies from the University of Louisiana at Monroe and an M.B.A. in finance from Louisiana Tech. He has completed the Graduate School of Banking at Louisiana State University. Mr. Turner also serves as chairman of the Association's Loan Committee.

David A. Ogletree has been with the Association since 1988 and currently serves as **Senior Vice-President of Lending and Field Operations.** He has B.S. degrees in animal science and agricultural business from Louisiana Tech University and completed the Graduate School of Banking at Louisiana State University. Mr. Ogletree also serves as chairman on the board of the Ark-La-Tex Agricultural Council, which is a nonprofit organization that promotes agriculture in the state of Louisiana.

Robert "Wes" Lowe, Chief Appraisal Officer, joined the Association as senior appraiser in July 2012. Prior to that, Mr. Lowe worked as a review appraiser for the U.S. Corps of Engineers in the New Orleans and Vicksburg Districts. He also worked as an independent fee appraiser and real estate broker in northeast Louisiana and southeast Arkansas for over 24 years specializing in agricultural and recreational properties. Mr. Lowe received a B.S. degree in construction management from the University of Louisiana at Monroe and is an accredited ARA member of the American Society of Farm Managers and Rural Appraisers.

COMPENSATION OF DIRECTORS

Directors were compensated for their service to the Association in the form of an honorarium. The Chairman of the Board received a monthly retainer of $2,500 in lieu of any other payment for Board or committee meeting attendance and received the same compensation as any other director for training days, attending the FCBT annual meeting, attending national meetings or special assignments. The Vice Chairman received a monthly retainer of $1,250, and all other directors received a monthly retainer of $1,000. Mileage for attending official meetings during 2019 was paid at the IRS-approved rate of 58 cents per mile. A copy of the travel policy is available to stockholders of the Association upon request.

Directors, other than the Chairman of the Board, received $750 for attending each Board meeting, with no additional compensation for attending committee meetings on the same day of the Board meeting being paid. The compensation or honorarium for attending external training sessions, attending District or national Farm Credit meetings, attending a committee meeting on a non-board meeting day, or undertaking special assignments as directed by the Chairman of the Board will be $500 per day. Committee chairs except for the Audit Committee chair received an additional $150 for organizing, attending and presiding at committee meetings, whether on the same day as the Board meeting or on a different day. The Audit Committee Chair will receive an additional $500 per Audit Committee meeting. Conference call with the exception of the Chairman of the Board will be $150.

	Number of Days Served Associated With		
Director	**Board Meetings**	**Other Official Activities**	**Total Compensation in 2019**
James Mark Morgan	10	18	$ 35,500
Cullen M. Kovac	11	16	32,750
Donald Berken	11	6	23,900
Henry Capdeboscq, Jr.	11	8	24,050
Grady Coburn, Ph.D.	5	3	12,900
John F. Earles	11	7	24,500
Gertrude Hawkins	11	19	24,950
Cecelia A. Hoyt	11	19	31,950
William B. Guthrie	10	9	23,300
Edward W. Patrick, Jr.	10	18	23,200
Robert James “Bobby” Soileau, Ph.D.	10	6	24,400
John L. Van Mol, Jr	6	4	13,500
			$ 294,900

The aggregate compensation paid to directors in 2019, 2018 and 2017 was $294,900, $299,000 and $310,650, respectively. Additional detail regarding director compensation paid for committee service (which is included in the table above) is as follows for 2019:

	Committee		
Director	**Audit**	**Compensation**	**Governance**
Cullen M. Kovac	750	-	600
Henry Capdeboscq, Jr.	-	-	150
John F. Earles	-	-	600
Gertrude Hawkins	1,050	-	-
Cecelia A. Hoyt	7,800	-	-
William B. Guthrie	150	-	-
Edward W. Patrick, Jr.	1,050	-	-
Robert James “Bobby” Soileau, Ph.D.	-	750	-
	$ 10,800	$ 750	$ 1,350

The aggregate amount of reimbursement for travel, subsistence and other related expenses paid to directors and on their behalf was $62,132, $65,420 and $89,263 in 2019, 2018 and 2017, respectively.

COMPENSATION OF SENIOR OFFICERS

Compensation Discussion and Analysis – Senior Officers

Fair and uniform salary administration is important and an integral part of the success of Louisiana Land Bank, ACA. The Board, through its Compensation Committee (Committee), has pursued a Salary Administration Plan for the Association that includes the specific objectives as listed below:

- To attract, retain and motivate all personnel needed for the Association to achieve its strategic goals and project plans;
- To ensure fair and equitable compensation opportunities for those who hold positions of comparable responsibility and importance to the Association;
- To meet legal requirements in all compensation practices;
- To provide objective methods for measuring the relative value of jobs within the Association;
- To encourage the highest possible degree of employee performance, motivation and overall contribution to the Association;
- To provide for recognition of and reward for differences in individual ability and performance;
- To establish and maintain salaries and grade ranges which position the Association to be competitive in the marketplace;
- To establish procedures that will provide for the fair and consistent monitoring of the salary administration system and application of salary practices within our organization.

The Committee establishes the overall compensation structure and executive compensation philosophy and principles of the Association in order to ensure competitive compensation programs and retention of key management and staff talent. The Committee annually reviews the Salary Administration Plan which addresses merit increases, salary adjustments, incentive plans, bonuses and employee benefits and approves these programs for senior officers and employees. Market salary data is derived from an independent third-party vendor through the Bank which is utilized to ensure that proper compensation structures are in line with market-comparable positions with similarly situated financial institutions. The study provides the basis for actions by the Committee to review, recommend and present to the Board plans for final approval. The Committee makes recommendations to the Board with regard to base salary, incentive and/or bonus payments and other compensation for the CEO and also approves the overall compensation program for senior officers. The Association's compensation program encompasses four primary elements: (1) base salary, (2) discretionary and/or incentive bonus compensation, (3) Association-paid retirement benefits and (4) secondary benefits such as annual leave, Association-paid life insurance and Association-provided vehicles.

Certain employees of the Association participate in the Farm Credit Bank of Texas Pension Plan (the Pension Plan), which is a qualified defined benefit retirement plan. Compensation, as defined in the Pension Plan, includes wages, incentive compensation and deferrals to the 401(k) and flexible spending account plans, but excludes annual leave that may be paid in cash at the time of termination, retirement or transfer of employment, severance payments, retention bonuses, taxable fringe benefits, and any other payments. Pension Plan benefits are based on the average of monthly eligible compensation over the 60 consecutive months that produce the highest average of monthly eligible compensation after 1996 (FAC60). The Pension Plan's benefit formula for a normal retirement pension is the sum of (a) 1.65 percent of FAC60 times Years of Benefit Service and (b) 0.50 percent of (i) FAC60 in excess of Social Security covered compensation times (ii) Years of Benefit Service (not to exceed 35).

Chief Executive Officer (CEO) Compensation Policy

Summary Compensation Table

The following table summarizes the compensation paid to the CEO and all senior officers of the Association during 2019, 2018 and 2017. This may include other non-senior officers if their total compensation is within the top five highest paid employees. Amounts reflected in the table are presented in the year the compensation was earned.

Name of Individual or number in group (a)	Year	Salary (b)	Bonus (c)	Change in Pension Value (d)	Deferred/ Perquisite (e)	Other (f)	Total
F. Stephen Austin							
CEO	**2019**	**$ 315,000**	**$ 68,240**	**$ -**	**$ 30,206**	**$ -**	**$ 413,446**
	2018	300,000	67,750	-	29,421	-	397,171
	2017	271,215	64,575	-	28,853	-	364,643
Aggregate Number of Senior Officers (& other highly compensated employees, if applicable)							
5	**2019**	**$ 937,184**	**$ 176,159**	**$ 457,749**	**$ 114,731**	**$ -**	**$1,685,823**
5	2018	880,089	211,326	28,407	111,672	-	1,231,494
5	2017	851,916	207,162	357,267	108,021	-	1,524,366

(a) Aggregate number of senior officers/highly compensated individuals, excluding CEO.
(b) Gross salary, including retention plan compensation for certain senior officers.
(c) Bonuses paid within the first 30 days of the subsequent calendar year.
(d) Change in pension value represents the change in the actuarial present value of the accumulated benefit under the defined benefit pension plan, the Farm Credit Bank of Texas Pension Plan, from the prior fiscal year to the current fiscal year.
(e) Deferred/Perquisites include contributions to 401(k) and defined contribution plans, supplemental 401(k) discretionary contributions, automobile benefits and premiums paid for life insurance, AD&D, business travel insurance, and LTD insurance.
(f) Amounts in the "Other" column include annual leave hours and/or severance pay at time of retirement, resignation, or termination.

Disclosure of information on the total compensation paid and the arrangements of the compensation plans during the last fiscal year to any senior officer or to any other officer and/or highly compensated employee included in the aggregate are available and will be disclosed to shareholders of the institution upon request.

Salary is the base salary compensation earned and paid during the respective year. Incentive compensation is earned and accrued in the current year, pursuant to the Association's Incentive Compensation Plan. Over and above base salary, incentive compensation is available to all full-time, permanent employees, based upon the achievement of predetermined performance goals. The Association's Incentive Compensation Plan and total incentive compensation dollars are approved and recommended annually by the Committee to the full Board for final approval.

The incentive plan is a metric-based plan that measures Association key result areas including specific Association target checks. The CEO, senior officers and employees are covered by the same plan approved by the Committee and the Board. The plan allocates potential incentive pay of a percentage of salary based on performance. Key result areas include loan volume growth, loans closed volume, credit administration, past due percentages, interest rate spread, and fees collected on loans closed. The weighting of these areas is consistent with Association business goals as approved by the Board. In addition, targets are incorporated into the plan so that if the Association does not perform as required, then no incentive compensation is allocated to individuals. The target checks include minimum and zero compensation measurement of Association credit quality and earnings to derive a final incentive payout. Payment of incentive compensation is paid on a lump sum basis after the Committee recommends and the Board approves the final payouts.

The plan contains a maximum funding ceiling capped at a Board-approved percentage (35 percent) of the combined base salaries of the administrative and branch employees. The plan is focused on helping the Association fulfill its charter to serve the borrowers' needs of the agribusiness community of Louisiana.

Deferred and perquisite compensation includes retirement plan activity, which is contributions to 401(k) plans, defined benefit plans, premiums paid for life, accidental, death and dismemberment, business travel, and long-term disability insurance. Other compensation includes any severance pay and/or accrued annual leave paid at termination. Group term life insurance is provided to all eligible employees in an amount equal to two times the employees' base salary, up to $1 million. To the extent that the value of this life insurance exceeds $50,000, an amount is added to each respective employee's taxable earnings using the IRS-approved calculations. Accidental, death and dismemberment insurance is provided to all eligible employees in an amount equal to two times the employees' base salary, up to $1 million. Business travel accident insurance is provided to all eligible employees in an amount equal to five times the employees' base salary, up to $2 million. Long-term disability insurance is provided to all eligible employees with a benefit amount equal to two-thirds of the employees' monthly base salary, up to $15,000 per month. Amounts relating to life, AD&D, business travel and LTD insurance are included in "Deferred/Perquisite" in the table of CEO/Top 5 Compensation.

Employees' assigned Association automobiles reimburse the Association for personal miles at a board-established rate. Employees who use their personal automobiles for business purposes were reimbursed during 2019 at the IRS-approved rate of 58 cents per mile.

Senior officers, including the CEO, are reimbursed for reasonable travel, subsistence and other related expenses while conducting Association business. A copy of the Association's travel procedures is available to shareholders upon request.

Neither the CEO nor any other senior officer received noncash compensation exceeding $5,000 in 2019, 2018 or 2017.

Disclosure of the compensation paid during 2019 to any senior officer or officer included in the table is available and will be disclosed to stockholders of the Association upon written request.

Pension Benefits Table

The following table presents the total annual benefit provided from the defined benefit pension plan applicable to Senior Officers for the year ended December 31, 2019:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During 2019
Aggregate Number of Senior Officers (& other highly compensated employees, if applicable) 1	Farm Credit Bank of Texas Pension Plan	38	$ 2,533,603	$ -

Pension Benefits Table Narrative Disclosure

Certain senior officers and other highly compensated employees of the Association participate in the Farm Credit Bank of Texas Pension Plan (the "Pension Plan"), which is a qualified defined benefit retirement plan. Compensation, as defined in the Pension Plan, includes wages, incentive compensation, and deferrals to the 401(k) and flexible spending account plans, but excludes annual leave or sick leave that may be paid in cash at the time of termination, retirement, or transfer of employment, severance payments, retention bonuses, taxable fringe benefits, and any other payments. Pension Plan benefits are based on the average of monthly eligible compensation over the 60 consecutive months that produce the highest average after 1996 ("FAC60"). The Pension Plan's benefit formula for a Normal Retirement Pension is the sum of (a) 1.65 percent of FAC60 times "Years of Benefit Service" and (b) 0.50 percent of (i) FAC60 in excess of Social Security covered compensation items and (ii) "Years of Benefit Service" (not to exceed 35). The present value of the senior officers' accumulated Pension Plan is calculated assuming retirement had occurred at the measurement date used for financial reporting purposes with the retirement at age 65. The Pension Plan's benefit formula for the Normal Retirement Pension assumes that the senior officer is married on the date the annuity begins, that the spouse is exactly two years younger than the senior officer and that the benefit is payable in the form of a 50 percent joint and survivor annuity. If any of those assumptions are incorrect, the benefit is recalculated to be the actuarial equivalent benefit.

Other Supplemental Retirement Plans Funded by the Association on Behalf of Senior Officers and Employees

Employees assigned association automobiles reimburse the Association for personal miles at a board-established rate. Employees who use their personal automobiles for business purposes were reimbursed during 2019 at the IRS-approved rate of 58.0 cents per mile.

Neither the CEO nor any other senior officer received noncash compensation exceeding $5,000 in 2019, 2018 and 2017.

Senior officers, including the CEO, are reimbursed for reasonable travel, subsistence and other related expenses while conducting association business. A copy of the Association's travel policy is available to shareholders upon request.

TRANSACTIONS WITH DIRECTORS AND SENIOR OFFICERS

The Association's policies on loans to and transactions with its officers and directors, required to be disclosed in this section, are incorporated herein by reference from Note 12 to the consolidated financial statements, "Related Party Transactions," included in this annual report.

DIRECTORS' AND SENIOR OFFICERS' INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

During the past five years, none of the Association's officers or directors has been involved in legal proceedings that are material to an evaluation of the ability or integrity of any person who served as director or senior officer at any time during the year just ended.

RELATIONSHIP WITH INDEPENDENT AUDITOR

There were no changes in the relationship with the independent auditor during 2019. The fees for professional services rendered for the Association by PricewaterhouseCoopers, LLP during 2019 were $99,379 for audit and $900 for other non-audit services which were approved by the audit committee.

RELATIONSHIP WITH UNINCORPORATED BUSINESS ENTITIES

The Association has formed unincorporated business entities for the purpose of acquiring and managing unusual or complex collateral associated with loans. Each of the entities is a single-member limited liability company (LLC), with the Association being the sole member. Louisiana White Energy, LLC and Louisiana ASA, LLC were organized for the purpose of holding and managing foreclosed properties.

FINANCIAL STATEMENTS

The financial statements, together with the report thereon of Pricewaterhouse Coopers, LLC dated March 9, 2020, and the report of management in this annual report to stockholders, are incorporated herein by reference.

MEMBER/SHAREHOLDER PRIVACY

Members' nonpublic personal financial information is protected by Farm Credit Administration regulation. Our directors and employees are restricted from disclosing information not normally contained in published reports or press releases about the Association or its members.

CREDIT AND SERVICES TO YOUNG, BEGINNING AND SMALL FARMERS AND RANCHERS, AND PRODUCERS OR HARVESTERS OF AQUATIC PRODUCTS

The Association is committed to meeting the needs of young, beginning and small farmers (YBS) and ranchers and recognizes the need to support these operators to ensure a strong agricultural community for the future. Support of the YBS lending activities is a priority in the Association. Additional employee time and other resources are combined with the most liberal application of the Association's underwriting standard possible to meet the credit needs of YBS farmers and ranchers. In addition, the Association actively supports other programs, events and educational activities that benefit young people who will become the agricultural providers of tomorrow.

The Association sets annual goals and monitors its YBS performance on a regular basis. These results are also compared to the demographics of the territory it serves as reflected in the USDA Census of Agriculture.

Definitions for "young", "beginning" and "small" farmers and ranchers used by the Association are:

- Young: Age 35 or younger as of loan date
- Beginning: 10 years or less of farming, ranching or aquatic experience as of the loan date
- Small: Less than $250,000 in annual gross sales of agricultural products

The 2012 USDA Census of Agriculture for Louisiana indicates that 5.29 percent of the total number of Louisiana farmers were classified as Young, 25.25 percent were classified as Beginning, and 91.24 percent were classified as Small.

Goals for YBS lending, as a percentage of the total loan portfolio, and strategic performance levels are established as follows: *(The following percentages are cumulative in volume and categories are inclusive)*

Overall Portfolio	**10/31/19 – Actual** *(LA4190RS)*		**Goals**					
			2020		**2021**		**2022**	
	% Loans	% Volume	% Loans	% Volume	% Loans	% Volume	% Loans	% Volume
Young	22.13	13.88	22.15	13.90	22.20	13.95	22.25	14.00
Beginning	55.68	53.29	55.75	53.30	55.80	53.35	55.85	53.40
Small	75.41	60.24	75.50	60.30	75.55	60.35	75.60	60.40

Goals for YBS lending, as a percentage of the annual new business activity for the year, are established as follows: *(The following percentages are cumulative in volume and categories are inclusive)*

New Loans	**10/31/19 – Actual** *(LA4190RS)*		**Goals**					
			2020		**2021**		**2022**	
	% Loans	% Volume	% Loans	% Volume	% Loans	% Volume	% Loans	% Volume
Young	18.04	10.48	18.05	10.50	18.10	10.55	18.10	10.60
Beginning	45.87	41.49	45.90	41.50	45.95	41.55	46.00	41.60
Small	64.90	49.00	64.95	49.05	65.00	49.10	65.05	49.15