MISSISSIPPI LAND BANK, ACA

2021
Quarterly Report
First Quarter

For the Quarter Ended March 31, 2021

REPORT OF MANAGEMENT

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

Craig B. Shideler President and CEO May 7, 2021	Abbott R. Myers Chairman, Board of Directors May 7, 2021
Claire B. Pegram Chief Financial Officer May 7, 2021	Lawson McClellan Chairman, Audit Committee May 7, 2021

First Quarter 2021 Financial Report

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The following commentary reviews the financial performance of the Mississippi Land Bank, ACA, referred to as the Association, for the quarter ended March 31, 2021. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2020 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Significant Events:

In February 2021, the Association paid to its stockholders a cash patronage of $5,400,000, which was declared by the board of directors in December 2020. In March 2021, one participation loan with a recorded investment of $1,250,000 was downgraded to substandard viable.

Conditions in North Mississippi

The United States continues to operate under a presidentially declared emergency since March 13, 2020, due to the Coronavirus Disease 2019 (also referred to as COVID-19). During these unprecedented times, the Association continues to fulfill its mission to support agriculture and rural communities by providing access to reliable and consistent credit. Net loan volume outstanding at March 31, 2021, has increased 2.2% from December 31, 2020, indicating that demand for loan volume remains strong despite uncertain conditions. Additionally, many borrowers have taken advantage of the low interest rate environment. The credit quality of the Association continues to remain strong at 99.5% total acceptable credit quality at March 31, 2021.

The Association's funding bank, the Farm Credit Bank of Texas (Bank), has been able to maintain access to capital markets in order to redeem and replace preferred stock and callable debt, as well as fund incremental needs. Despite turbulent markets at times, the Association has not experienced any disruption in its access to liquidity in order to fund loans and daily operations.

The U.S. economic recovery gained some momentum during the first quarter of 2021 as vaccination rates increased, new monthly COVID-19 cases decreased, and stimulus payments were distributed across the economy. The U.S. Bureau of Economic Analysis estimated that real gross domestic product (GDP) increased at an annual rate of 4.3% in the fourth quarter of 2020. Additionally, as of April 9, 2021, the Federal Reserve Bank of Atlanta's GDP forecasting model estimates that real GDP growth during the first quarter of 2021 was about 6.0%. U.S. total nonfarm payroll employment increased by 916,000 in March 2021, and the unemployment rate decreased to 6.0%, reflecting the continued resumption of economic activity. According to data and analysis published by the Federal Reserve Bank of Dallas, Texas, economic conditions have generally improved in recent months.

The average number of active oil and gas rigs in the United States increased for the eighth consecutive month in March 2021. Quarterly average West Texas Intermediate (WTI) oil prices increased more than 30.0% during the first quarter of 2021 compared to the previous quarter, reaching about $58 per barrel. Similarly, WTI crude oil prices averaged higher during the first quarter of 2021 compared to the same period last year, and consumers have begun to see an increase in fuel prices all around.

On March 31, 2021, the U.S. Department of Agriculture (USDA) released its 2021 Prospective Plantings report. Corn planted acreage was estimated at 91.1 million acres, up about 325,000 acres from 2020. Soybean planted acreage was estimated at 87.6 million acres, up about 4.5 million acres from the previous season. Estimated planted acreage for corn and soybeans was below market expectations, contributing to higher prices for both crops. All cotton planted area was estimated at 12.0 million acres, slightly lower than the level observed in 2020.

According to USDA's March 2021 World Agricultural Supply and Demand Estimates report, farmers are likely to receive significantly higher prices for corn, soybeans and cotton in the 2020/21 marketing year compared to the previous season. Livestock prices have been volatile overall, but feeder and live cattle prices averaged higher during the first quarter of 2021 compared to the same period last year. Lumber prices have continued to be historically high as elevated demand for construction materials has persisted in recent months.

During 2021, agricultural producers may be negatively affected by several factors, including volatile commodity prices, export market disruptions, economic uncertainty, and weather-related challenges. However, farmers in the Association's territory utilize risk management tools, such as federally-sponsored crop insurance programs and forward, futures and options contracts, to mitigate risk and enhance margins. To date, the historically low temperatures observed across the central U.S. in February have not had and are not expected to have a significant adverse impact on the Association's overall financial condition and results of operations. Additionally, the Association's loan portfolio is well-supported by industry diversification, and a large number of the Association's borrowers rely on non-farm sources of income to repay their loans. The Association's portfolio continues to be supported by strong credit quality, robust levels of capital and high diversification.

Loan Portfolio

Total loans outstanding at March 31, 2021, including nonaccrual loans and sales contracts, were $845,994,099 compared to $827,620,014 at December 31, 2020, reflecting an increase of 2.2%. Nonaccrual loans as a percentage of total loans outstanding were 0.1% at March 31, 2021, compared to 0.1% at December 31, 2020.

The Association recorded $0 in recoveries and $0 in charge-offs for the quarters ended March 31, 2021, and March 31, 2020. The Association's allowance for loan losses was 0.1% and 0.1% of total loans outstanding as of March 31,2021, and December 31, 2020, respectively.

Agribusiness Loan Program

The Association utilizes the Mississippi Development Authority's Agribusiness Enterprise Loan Program (ABE) to lower the cost of financing for its borrowers. The ABE loan program is designed to provide a percentage of low-cost state financing that is combined with private financial lending institutions' loan proceeds to encourage loans to the agribusiness industry in the state.

The Association guarantees payment of the borrower's ABE loan to the Mississippi Development Authority (MDA) and, therefore, the amount of ABE loans outstanding and due to MDA is included in "Loans" on the consolidated balance sheet with an offsetting liability at "Guaranteed obligations to government entities." ABE loans totaled $7,024,741 and $7,952,188 as of March 31, 2021 and December 31, 2020, 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. The following table illustrates the Association's components and trends of high-risk assets.

	March 31, 2021		December 31, 2020	
	Amount	**%**	Amount	%
Nonaccrual	**$ 593,299**	**78.5%**	$ 609,278	79.0%
Formally restructured	**162,322**	**21.5%**	162,205	21.0%
Total	**$ 755,621**	**100.0%**	$ 771,483	100.0%

Results of Operations

The Association had net income of $3,423,720 for the three months ended March 31, 2021, as compared to net income of $3,059,564 for the same period in 2020, reflecting an increase of 11.9%. Net interest income was $5,025,931 for the three ended March 31, 2021, compared to $4,604,956 for the same period in 2020.

	Three Months Ended			
	March 31, 2021		March 31, 2020	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 824,433,655**	**$ 8,383,707**	$ 724,221,253	$ 8,877,332
Interest-bearing liabilities	**700,503,615**	**3,357,776**	610,145,646	4,272,376
Impact of capital	**$ 123,930,040**		$ 114,075,607	
Net interest income		**$ 5,025,931**		$ 4,604,956

	2021 Average Yield	2020 Average Yield
Yield on loans	**4.12%**	4.93%
Cost of interest-bearing liabilities	**1.94%**	2.82%
Interest rate spread	**2.18%**	2.11%
Net interest income as a percentage of average earning assets	**2.47%**	2.56%

	Three months ended: March 31, 2021 vs. March 31, 2020		
	Increase (decrease) due to		
	Volume	**Rate**	**Total**
Interest income - loans	**$ 1,218,198**	**$ (1,711,823)**	**$ (493,625)**
Interest expense	**627,473**	**(1,542,073)**	**(914,600)**
Net interest income	**$ 590,725**	**$ (169,750)**	**$ 420,975**

Interest income for the three months ended March 31, 2021, decreased by $493,625, or 5.6%, from the same period of 2020, primarily due to a significant decline in yield on earning assets offset by an increase in average loan volume outstanding. Interest expense for the three months ended March 31,2021, decreased by $914,600, or 21.4%, from the same period of 2020 due to a substantial decrease in cost of interest-bearing liabilities offset by an increase in average debt volume. Average loan volume for the first quarter of 2021 was $824,433,655, compared to $724,221,253 in the first quarter of 2020. The average net interest rate spread on the loan portfolio for the first quarter of 2021 was 2.18%, compared to 2.11% in the first quarter of 2020.

The Association's return on average assets for the three months ended March 31, 2021, was 1.61% compared to 1.62% for the same period in 2020. The Association's return on average equity for the three months ended March 31, 2021, was 9.81%, compared to 9.29% for the same period in 2020.

Liquidity and Funding Sources

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (Bank), which obtains its funds through the issuance of System-wide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	March 31, 2021	December 31, 2020
Note payable to the Bank	**$ 716,121,905**	$ 696,761,495
Accrued interest on note payable	**1,290,698**	1,324,048
Total	**$ 717,412,603**	$ 698,085,543

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2023. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $716,121,905 as of March 31, 2021, is recorded as a liability on the Association's balance sheet. The note carried a weighted average interest rate of 1.88 percent at March 31, 2021. The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by the general financing agreement. The increase in note payable to the Bank is a direct correlation to the increased loan volume reported at March 31, 2021. The decrease in related accrued interest payable since December 31, 2020, however, is due to a decrease in the Association's weighted average interest rate on the note payable to the Bank. The Association's own funds, which represent the amount of the Association's loan portfolio funded by the Association's equity, were $120,468,059 at March 31, 2021. The maximum amount the Association may borrow from the Bank as of March 31, 2021, was $805,000,000 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, 2023, 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 2021. 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 increased by $3,473,431 at March 31, 2021, compared to December 31, 2020. The Association's debt as a ratio of members' equity was 5.10:1 as of March 31, 2021, compared to 5.14:1 as of December 31, 2020.

Farm Credit Administration regulations require us to maintain minimums for various regulatory capital ratios. 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. As of March 31, 2021, the Association exceeded all regulatory capital requirements.

Significant Recent Accounting Pronouncements

Refer to Note 1 – "Organization and Significant Accounting Policies" in this quarterly 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.

Relationship with the Farm Credit Bank of Texas

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2020 Annual Report of Mississippi Land Bank, ACA more fully describe the Association's relationship with the Bank.

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, or by calling (512) 483-9204. The annual and quarterly stockholder reports for the Bank 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 can be obtained by writing to Mississippi Land Bank, ACA, P.O. Box 667, Senatobia, Mississippi 38668-0667, or calling (662) 562-9671. The annual and quarterly stockholder reports for the Association are also available on its website at *www.mslandbank.* Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *Jessica.Stanford@mslandbank.com.*

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED BALANCE SHEETS

	March 31, 2021 (unaudited)	December 31, 2020
ASSETS		
Cash	$ 6,785	$ 2,726
Loans	845,994,099	827,620,014
Less: allowance for loan losses	1,205,032	1,152,554
Net loans	844,789,067	826,467,460
Accrued interest receivable	9,254,242	12,504,423
Investment in and receivable from the Farm Credit Bank of Texas:		
Capital stock	12,675,385	12,675,385
Other	1,675,300	2,189,759
Premises and equipment, net	3,810,806	3,687,021
Other assets	2,302,321	712,106
Total assets	$ 874,513,906	$ 858,238,880
LIABILITIES		
Note payable to the Farm Credit Bank of Texas	$ 716,121,905	$ 696,761,495
Guaranteed obligations to government entities	7,024,741	7,952,188
Accrued interest payable	1,290,698	1,324,048
Drafts outstanding	2,237,193	1,538,151
Patronage distributions payable	13	5,400,052
Other liabilities	4,514,068	5,411,089
Total liabilities	731,188,618	718,387,023
MEMBERS' EQUITY		
Capital stock and participation certificates	3,606,040	3,554,195
Unallocated retained earnings	139,870,584	136,446,864
Accumulated other comprehensive income (loss)	(151,336)	(149,202)
Total members' equity	143,325,288	139,851,857
Total liabilities and members' equity	$ 874,513,906	$ 858,238,880

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Quarter Ended March 31, 2021	Quarter Ended March 31, 2020
INTEREST INCOME		
Loans	$ 8,383,707	$ 8,877,332
Total interest income	8,383,707	8,877,332
INTEREST EXPENSE		
Note payable to the Farm Credit Bank of Texas	3,357,776	4,272,372
Advance conditional payments	-	4
Total interest expense	3,357,776	4,272,376
Net interest income	5,025,931	4,604,956
PROVISION FOR LOAN LOSSES	50,000	-
Net interest income after provision for loan losses	4,975,931	4,604,956
NONINTEREST INCOME		
Income from the Farm Credit Bank of Texas:		
Patronage income	1,101,728	832,007
Loan fees	116,243	107,069
Financially related services income	123	187
Gain (loss) on sale of premises and equipment, net	53,814	62,166
Other noninterest income	3,786	146,379
Total noninterest income	1,275,694	1,147,808
NONINTEREST EXPENSES		
Salaries and employee benefits	1,970,065	1,833,968
Insurance Fund premiums	258,827	113,552
Other insurance expense	120,686	102,468
Occupancy and equipment	101,752	59,518
Supervisory and exam expense	75,111	70,216
Travel	61,474	87,941
Purchased services	60,502	88,967
Public and member relations	44,137	68,390
Directors' expense	37,089	87,523
Communications	25,949	25,958
Advertising	20,225	67,910
Other components of net periodic postretirement benefit cost	9,762	11,021
Training	940	25,401
Loss on other property owned, net	-	4,284
Other noninterest expense	38,129	44,504
Total noninterest expenses	2,824,648	2,691,621
Income before income taxes	3,426,977	3,061,143
Provision for (benefit from) income taxes	3,257	1,579
NET INCOME	3,423,720	3,059,564
Other comprehensive income:		
Change in postretirement benefit plans	(2,134)	(3,073)
COMPREHENSIVE INCOME	$ 3,421,586	$ 3,056,491

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

MISSISSIPPI LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(unaudited)

	Capital Stock/ Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2019	$ 3,354,715	$ 128,001,884	$ (104,295)	$ 131,252,304
Comprehensive income	-	3,059,564	(3,073)	3,056,491
Capital stock/participation certificates issued	207,145	-	-	207,145
Capital stock/participation certificates retired	(164,035)	-	-	(164,035)
Balance at March 31, 2020	$ 3,397,825	$ 131,061,448	$ (107,368)	$ 134,351,905
Balance at December 31, 2020	$ 3,554,195	$ 136,446,864	$ (149,202)	$ 139,851,857
Comprehensive income	-	3,423,720	(2,134)	3,421,586
Capital stock/participation certificates issued	228,285			228,285
Capital stock/participation certificates retired	(176,440)			(176,440)
Balance at March 31, 2021	**$ 3,606,040**	**$ 139,870,584**	**$ (151,336)**	**$ 143,325,288**

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Mississippi Land Bank, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Alcorn, Attala, Benton, Bolivar, Calhoun, Chickasaw, Choctaw, Clay, Coahoma, DeSoto, Itawamba, Lafayette, Lee, Lowndes, Marshall, Monroe, Noxubee, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Webster, Winston and Yalobusha in the state of Mississippi. The Association is a lending institution of the Farm Credit System (System), which was established by Acts of Congress to meet the needs of American agriculture.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2020, as contained in the 2020 Annual Report to Stockholders.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with GAAP, except for the inclusion of a statement of cash flows. GAAP require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2020, as contained in the 2020 Annual Report to Stockholders. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2021. Descriptions of the significant accounting policies are included in the 2020 Annual Report to Stockholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In January 2021, the FASB issued an update whereby certain derivative instruments may be modified to change the rate used for margining, discounting, or contract price alignment. An entity may elect to apply the new amendments on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the update, up to the date that financial statements are available to be issued. These amendments do not apply to contract modifications made or new hedging relationships entered into after December 31, 2022, and existing hedging relationships evaluated for effectiveness in periods after December 31, 2022. The guidance has no effect on the institution's financial condition and its results of operations.

In March 2020, the Financial Accounting Standards Board (FASB) issued guidance entitled "Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The guidance simplifies the accounting evaluation of contract modifications that replace a reference rate affected by reference rate reform and contemporaneous modifications of other contracts related to the replacement of the reference rate. With respect to hedge accounting, the guidance allows amendment of formal designation and documentation of hedging relationships in certain circumstances as a result of reference rate reform and provides additional expedients for different types of hedges, if certain criteria are met. The optional amendments are effective as of March 12, 2020, through December 31, 2022. New contracts entered into before December 31, 2021, will either utilize a reference rate other than LIBOR or have robust fallback language that includes a clearly defined alternative reference rate. These actions are necessary to facilitate an orderly transition. The Association adopted the practical expedients provided for by this guidance in the first quarter of 2020.

In December 2019, the FASB issued guidance entitled "Simplifying the Accounting for Income Taxes." This guidance eliminates certain intra period tax allocations, foreign deferred tax recognition and interim period tax calculations. In addition, the guidance simplifies disclosure regarding capital and franchise taxes, the allocation of goodwill in business combinations, subsidiary financial statements and other disclosures. The new guidance is intended to eliminate and/or simplify certain aspects of income tax accounting that are complex or that require significant judgment in application or presentation. The guidance becomes effective for fiscal years beginning after December 15, 2021. Early adoption of the guidance is permitted and the institution adopted this guidance on January 1, 2020. The adoption of this guidance did not materially impact the institution's financial condition or results of operations; nor did the guidance impact the presentation of taxes for prior periods in the 2020 year-end financial statements.

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 became effective for fiscal years ending after December 15, 2020. The guidance was 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 did impact the employee benefit plan disclosures.

In June 2016, the FASB issued guidance entitled "Measurement of Credit Losses on Financial Instruments." The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance was to become effective for interim and annual periods beginning after December 15, 2020, with early application permitted. 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, for those institutions qualifying for the delay, becomes effective for interim and annual reporting periods beginning after December 15, 2022, with early adoption permitted. The Association 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, with planned adoption for interim and reporting periods beginning after December 15, 2022.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires the use of management's estimates. The results for the quarter ended March 31, 2021, are not necessarily indicative of the results to be expected for the year ended December 31, 2021. Certain amounts in the prior period's financial statements have been reclassified to conform to current financial statement presentation.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans follows:

Loan Type	**March 31, 2021 Amount**	December 31, 2020 Amount
Production agriculture:		
Real estate mortgage	**$ 697,607,603**	$ 682,837,477
Production and intermediate term	**91,179,929**	93,812,069
Agribusiness:		
Processing and marketing	**25,548,965**	20,206,199
Farm-related business	**8,803,097**	8,993,963
Loans to cooperatives	**675,380**	1,667,945
Rural residential real estate	**12,946,485**	11,781,508
Communication	**6,955,995**	6,970,056
Energy	**1,248,848**	308,803
Water and waste water	**1,027,797**	1,041,994
Total	**$ 845,994,099**	$ 827,620,014

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold at March 31, 2021:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Agribusiness	$ 23,266,424	$ 71,843	$ -	$ -	$ 23,266,424	$ 71,843
Real estate mortgage	312,243	-	15,454,108	-	15,766,351	-
Communication	6,955,995	-	-	-	6,955,995	-
Production and intermediate term	1,996,767	1,501,848	-	-	1,996,767	1,501,848
Energy	1,248,848	-	-	-	1,248,848	-
Water and waste water	1,027,797	-	-	-	1,027,797	-
Total	$ 34,808,074	$ 1,573,691	$ 15,454,108	$ -	$ 50,262,182	$ 1,573,691

The Association is authorized under the Farm Credit Act to accept "advance conditional payments" (ACPs) from borrowers. To the extent the borrower's access to such ACPs is restricted and the legal right of setoff exists, the ACPs are netted against the borrower's related loan balance. Unrestricted advance conditional payments are included in other liabilities. ACPs are not insured, and interest is generally paid by the Association on such balances. Balances of ACPs were $12,187,623 and $9,970,378 at March 31, 2021, and December 31, 2020, respectively.

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

	March 31, 2021	December 31, 2020
Nonaccrual loans:		
Real estate mortgage	**$ 593,299**	$ 609,278
Total nonaccrual loans	**593,299**	609,278
Accruing restructured loans:		
Real estate mortgage	**162,322**	162,205
Total accruing restructured loans	**162,322**	162,205
Total nonperforming loans	**755,621**	771,483
Total nonperforming assets	**$ 755,621**	$ 771,483

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

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

The following table shows loans and related accrued interest as a percentage of total loans and related accrued interest receivable by loan type as of:

	March 31, 2021	December 31, 2020
Real estate mortgage		
Acceptable	**99.4** %	99.4 %
OAEM	**0.2**	0.2
Substandard/doubtful	**0.4**	0.4
	100.0	100.0
Production and intermediate term		
Acceptable	**99.9**	100.0
OAEM	**0.1**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Agribusiness		
Acceptable	**95.3**	94.7
OAEM	**4.7**	5.3
Substandard/doubtful	**-**	-
	100.0	100.0
Energy and water/waste water		
Acceptable	**45.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**55.0**	-
	100.0	100.0
Communication		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Rural residential real estate		
Acceptable	**99.5**	99.4
OAEM	**0.1**	0.2
Substandard/doubtful	**0.4**	0.4
	100.0	100.0
Total loans		
Acceptable	**99.2**	99.3
OAEM	**0.3**	0.4
Substandard/doubtful	**0.5**	0.3
	100.0 %	100.0 %

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

March 31, 2021	**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	**$ 1,006,294**	**$ -**	**$ 1,006,294**	**$ 704,562,557**	**$ 705,568,851**	**$ -**
Production and intermediate term	**-**	**-**	**-**	**92,349,478**	**92,349,478**	**-**
Processing and marketing	**-**	**-**	**-**	**25,571,146**	**25,571,146**	**-**
Rural residential real estate	**-**	**-**	**-**	**12,988,165**	**12,988,165**	**-**
Farm-related business	**-**	**-**	**-**	**8,855,981**	**8,855,981**	**-**
Communication	**-**	**-**	**-**	**6,956,388**	**6,956,388**	**-**
Energy	**-**	**-**	**-**	**1,254,126**	**1,254,126**	**-**
Water and waste water	**-**	**-**	**-**	**1,027,857**	**1,027,857**	**-**
Loans to cooperatives	**-**	**-**	**-**	**676,349**	**676,349**	**-**
Total	**$ 1,006,294**	**$ -**	**$ 1,006,294**	**$ 854,242,047**	**$ 855,248,341**	**$ -**

December 31, 2020	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 768,550	$ -	$ 768,550	$ 692,768,385	$ 693,536,935	$ -
Production and intermediate term	-	-	-	95,457,973	95,457,973	-
Processing and marketing	-	-	-	20,231,262	20,231,262	-
Rural residential real estate	-	-	-	11,821,189	11,821,189	-
Farm-related business	-	-	-	9,085,792	9,085,792	-
Communication	-	-	-	6,970,458	6,970,458	-
Loans to cooperatives	-	-	-	1,669,051	1,669,051	-
Water and waste water	-	-	-	1,042,056	1,042,056	-
Energy	-	-	-	309,721	309,721	-
Total	$ 768,550	$ -	$ 768,550	$ 839,355,887	$ 840,124,437	$ -

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 (TDR) if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. 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 March 31, 2021, the total recorded investment of troubled debt restructured loans was $195,361, including $33,039 classified as nonaccrual and $162,322 classified as accrual. There was no specific allowance for loan losses related to the loans based upon current net realizable value analyses. As of March 31, 2021, and as of December 31, 2020, there were no commitments to lend funds to borrowers whose loan terms have been modified in a troubled debt restructuring.

The Association had no loans meet the requirements for troubled debt restructuring designation during the three months ended March 31, 2021, nor did it have any meet the requirements for the same period in 2020.

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). The Association had no charge-offs recorded at the modification date for the quarter ending March 31, 2021.

The predominant form of concession granted for troubled debt restructuring is interest rate reduction, although other forms of concession could include deferral of principal or principal or interest reductions. 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. For the loans listed below meeting the requirements for a TDR designation, all but one was granted an interest rate that was considered lower than market rate for new debt with similar risk. The remaining loan was granted a deferral of principal. No principal or interest was forgiven as part of the concessions.

The Association has no loans that met the accounting criteria as a troubled debt restructuring and that occurred within the previous 12 months and for which there was a subsequent 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.

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 at:

	Loans Modified as TDRs		TDRs in Nonaccrual Status*	
	March 31, 2021	December 31, 2020	**March 31, 2021**	December 31, 2020
Real estate mortgage	**$ 195,361**	$ 207,615	**$ 33,039**	$ 45,410
Total	**$ 195,361**	$ 207,615	**$ 33,039**	$ 45,410

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

Additional impaired loan information is as follows:

	March 31, 2021			December 31, 2020		
	Recorded Investment	**Unpaid Principal Balance[a]**	**Related Allowance**	Recorded Investment	Unpaid Principal Balance[a]	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$755,003**	**$ 755,003**	**$ -**	$ 770,983	$ 770,983	$ -
Total	**$755,003**	**$ 755,003**	**$ -**	$ 770,983	$ 770,983	$ -
Total impaired loans:						
Real estate mortgage	**$755,003**	**$ 755,003**	**$ -**	$ 770,983	$ 770,983	$ -
Total	**$755,003**	**$ 755,003**	**$ -**	$ 770,983	$ 770,983	$ -

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

	For the Three Months Ended			
	March 31, 2021		March 31, 2020	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$758,212**	**$ 5,061**	$ 925,388	$ 5,825
Total	**$758,212**	**$ 5,061**	$ 925,388	$ 5,825
Total impaired loans:				
Real estate mortgage	**$758,212**	**$ 5,061**	$ 925,388	$ 5,825
Total	**$758,212**	**$ 5,061**	$ 925,388	$ 5,825

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Total
Allowance for Credit Losses:							
Balance at December 31, 2020	$ 999,361	$ 72,863	$ 51,271	$ 3,313	$ 1,440	$ 24,306	$ 1,152,554
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	(113,628)	(15,046)	(9,466)	(98)	188,563	(325)	50,000
Other	18	(8,486)	12,112	-	(1,165)	(1)	2,478
Balance at March 31, 2021	$ 885,751	$ 49,331	$ 53,917	$ 3,215	$ 188,838	$ 23,980	$ 1,205,032
Ending Balance:							
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ 3,500	$ 3,500
Collectively evaluated for impairment	885,751	49,331	53,916	3,215	188,839	20,480	1,201,532
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-
Balance at March 31, 2021	$ 885,751	$ 49,331	$ 53,916	$ 3,215	$ 188,839	$ 23,980	$ 1,205,032
Balance at December 31, 2019	$ 841,336	$ 77,041	$ 50,802	$ 2,914	$ -	$ 23,443	$ 995,536
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for loan losses	17,928	(20,584)	(2,723)	(68)	-	5,447	-
Adjustment due to merger	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance at March 31, 2020	$ 859,264	$ 56,457	$ 48,079	$ 2,846	$ -	$ 28,890	$ 995,536
Ending Balance:							
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ 3,500	$ 3,500
Collectively evaluated for impairment	859,264	56,457	48,079	2,846	-	25,390	992,036
Loans acquired with deteriorated credit quality	-	-	-	-	-	-	-
Balance at March 31, 2020	$ 859,264	$ 56,457	$ 48,079	$ 2,846	$ -	$ 28,890	$ 995,536

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Total
Recorded Investments in Loans Outstanding:							
Ending Balance at March 31, 2021	$705,568,851	$ 92,349,478	$ 35,103,476	$ 6,956,388	$ 2,281,983	$12,988,165	$855,248,341
Individually evaluated for impairment	$ 3,248,998	$ -	$ -	$ -	$ 1,254,126	$ 66,238	$ 4,569,362
Collectively evaluated for impairment	$702,319,853	$ 92,349,478	$ 35,103,476	$ 6,956,388	$ 1,027,857	$12,921,927	$850,678,979
Loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ending Balance at December 31, 2020	$693,536,935	$ 95,457,973	$ 30,986,105	$ 6,970,458	$ 1,351,777	$11,821,189	$840,124,437
Individually evaluated for impairment	$ 2,871,246	$ -	$ -	$ -	$ -	$ 50,855	$ 2,922,101
Collectively evaluated for impairment	$690,665,689	$ 95,457,973	$ 30,986,105	$ 6,970,458	$ 1,351,777	$11,770,334	$837,202,336
Loans acquired with deteriorated credit quality	$ -	$ -	$ -	$ -	$ -	$ -	$ -

NOTE 3 — CAPITAL:

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

Regulatory Capitalization Requirements

Risk-adjusted:	Regulatory Requirements Including Capital Conservation Buffers	As of March 31, 2021	As of December 31, 2020
Common equity tier 1 ratio	7.00%	14.74%	15.30%
Tier 1 capital ratio	8.50%	14.74%	15.30%
Total capital ratio	10.50%	14.87%	15.43%
Permanent capital ratio	7.00%	14.76%	15.32%
Non-risk-adjusted:			
Tier 1 leverage ratio	5.00%	15.19%	15.74%
UREE leverage ratio	1.50%	16.26%	16.75%

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

	at March 31, 2021			
	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 137,601,048	$ 137,601,048	$ 137,601,048	$ 137,601,048
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	3,573,846	3,573,846	3,573,846	3,573,846
Allowance for loan losses and reserve for credit losses subject to certain limitations	-	-	1,193,103	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(12,675,385)	(12,675,385)	(12,675,385)	(12,675,385)
	$ 128,499,509	$ 128,499,509	$ 129,692,612	$ 128,499,509
Denominator:				
Risk-adjusted assets excluding allowance	$ 884,571,369	$ 884,571,369	$ 884,571,369	$ 884,571,369
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(12,675,385)	(12,675,385)	(12,675,385)	(12,675,385)
Allowance for loan losses	-	-	-	(1,145,702)
	$ 871,895,984	$ 871,895,984	$ 871,895,984	$ 870,750,282

	at December 31, 2020			
	Common equity tier 1 ratio	Tier 1 capital ratio	Total capital ratio	Permanent capital ratio
Numerator:				
Unallocated retained earnings	$ 137,525,751	$ 137,525,751	$ 137,525,751	$ 137,525,751
Common Cooperative Equities:				
Statutory minimum purchased borrower stock	3,514,634	3,514,634	3,514,634	3,514,634
Allowance for loan losses and reserve for credit losses subject to certain limitations	-	-	1,099,214	-
Regulatory Adjustments and Deductions:				
Amount of allocated investments in other System institutions	(11,818,201)	(11,818,201)	(11,818,201)	(11,818,201)
	$ 129,222,184	$ 129,222,184	$ 130,321,398	$ 129,222,184
Denominator:				
Risk-adjusted assets excluding allowance	$ 856,507,031	$ 856,507,031	$ 856,507,031	$ 856,507,031
Regulatory Adjustments and Deductions:				
Regulatory deductions included in total capital	(11,818,201)	(11,818,201)	(11,818,201)	(11,818,201)
Allowance for loan losses				(1,020,207)
	$ 844,688,830	$ 844,688,830	$ 844,688,830	$ 843,668,623

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

	at March 31, 2021	
	Tier 1 leverage ratio	**UREE leverage ratio**
Numerator:		
Unallocated retained earnings	**$ 137,601,048**	**$ 137,601,048**
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	**3,573,846**	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	**(12,675,385)**	**-**
Other regulatory required deductions	**-**	**-**
	$ 128,499,509	**$ 137,601,048**
Denominator:		
Total Assets	**$ 866,795,101**	**$ 866,795,101**
Regulatory Adjustments and Deductions:		**-**
Regulatory deductions included in tier 1 capital	**(20,705,083)**	**(20,705,083)**
	$ 846,090,018	**$ 846,090,018**

	at December 31, 2020	
	Tier 1 leverage ratio	UREE leverage ratio
Numerator:		
Unallocated retained earnings	$ 137,525,751	$ 137,525,751
Common Cooperative Equities:		
Statutory minimum purchased borrower stock	3,514,634	-
Regulatory Adjustments and Deductions:		
Amount of allocated investments in other System institutions	(11,818,201)	-
	$ 129,222,184	$ 137,525,751
Denominator:		
Total Assets	$ 840,960,461	$ 840,960,461
Regulatory Adjustments and Deductions:		
Regulatory deductions included in tier 1 capital	(20,040,279)	(20,040,279)
	$ 820,920,182	$ 820,920,182

An additional component of equity is accumulated other comprehensive income, which is reported net of taxes. The Association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statements of

Comprehensive Income. The following table summarizes the change in accumulated other comprehensive income (loss) for the three months ended March 31:

	2021	2020
Accumulated other comprehensive income (loss) at January 1	**$ (149,202)**	$ (104,295)
Actuarial gains/(losses)	**939**	-
Amortization of prior service (credit) costs included in salaries and employee benefits	**(3,073)**	(3,073)
Other comprehensive income (loss), net of tax	**(2,134)**	(3,073)
Accumulated other comprehensive income (loss) at March 31	**$ (151,336)**	$ (107,368)

NOTE 4 — INCOME TAXES:

Mississippi Land Bank, ACA and its subsidiary, Mississippi, PCA, are subject to federal and certain other income taxes. The Association operates 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 dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends.

Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the institution and will, therefore, impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized. For the three months ended March 31, 2021 and 2020, the Association carried a deferred tax asset of $108,867 and $93,853, respectively, with a full valuation allowance recorded against the net asset.

NOTE 5 — FAIR VALUE MEASUREMENTS:

FASB guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2020 Annual Report to Stockholders for a more complete description.

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

March 31, 2021	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Assets held in nonqualified benefit trusts	**$ 124,958**	**$ -**	**$ -**	**$ 124,958**
Total assets	**$ 124,958**	**$ -**	**$ -**	**$ 124,958**

December 31, 2020	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in nonqualified benefit trusts	$ 121,393	$ -	$ -	$ 121,393
Total assets	$ 121,393	$ -	$ -	$ 121,393

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

March 31, 2021	**Fair Value Measurement Using**			**Total Fair**
	Level 1	**Level 2**	**Level 3**	**Value**
Assets:				
Loans*	**$ -**	**$ -**	**$ 13,817**	**$ 13,817**
Other property owned	**-**	**-**	**-**	**-**

December 31, 2020	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Loans*	$ -	$ -	$ 15,013	$ 15,013
Other property owned	-	-	-	-

*Represents the fair value of certain loans that were evaluated for impairment under the authoritative guidance "Accounting by Creditors for Impairment of a Loan." The fair value was based upon the underlying collateral since these were collateral-dependent loans for which real estate is the collateral.

The Association also participates in letters of credit to satisfy the financing needs of its borrowers. These letters of credit are irrevocable agreements to guarantee payments of specified financing obligations. At March 31, 2021, the Association had $109,722 in outstanding standby letters of credit and $3,926 in outstanding commercial letters of credit, all issued primarily in conjunction with participation loans.

Uncertainty of Fair Value Measurements

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

Valuation Techniques

As more fully discussed in Note 2 to the 2020 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see Notes to the 2020 Annual Report to Stockholders.

Assets Held in Nonqualified Benefits Trusts

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

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB 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 the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

Cash

For cash, the carrying amount is a reasonable estimate of fair value.

Standby Letters of Credit

The fair value of letters of credit approximate the fees currently charged for similar agreements or the estimated cost to terminate or otherwise settle similar obligations.

Commitments to Extend Credit

The fair value of commitments is estimated using the fees currently charged for similar agreements, taking into account the remaining terms of the agreements and the creditworthiness of the counterparties. For fixed-rate loan commitments, estimated fair value also considers the difference between current levels of interest rates and the committed rates.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs of nonpension other postretirement employee benefits for the three months ended March 31:

	Other Benefits	
	2021	2020
Service cost	**$ 5,316**	$ 4,837
Interest cost	**11,896**	14,094
Amortization of prior service (credits) costs	**(2,134)**	(3,073)
Net periodic benefit cost	**$ 15,078**	$ 15,858

The Association's liability for the unfunded accumulated obligation for these benefits at March 31, 2021, was $1,740,657 and is included in other liabilities on the balance sheet.

The components of net periodic benefit cost other than the service cost component are included in the line item "Other components of net periodic postretirement benefit cost" in the income statement.

The structure of the District's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (Bank and associations). The Association recognizes its amortized annual contributions to the plan as an expense. The annual contribution is paid in January with the expense amortized monthly to the "Salaries and employee benefits" line item on the consolidated statement of comprehensive income. The remaining unamortized amount is included in "Other assets" on the consolidated balance sheet.

The following table represents DB contributions made, amounts amortized into expense and the remaining unamortized contribution amounts as of March 31:

	2021	2020
DB contribution	**$ 762,268**	$ 419,439
YTD amortization	**(190,567)**	(104,860)
Remaining contribution	**$ 571,701**	$ 314,579

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal 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.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through May 7, 2021, which is the date the financial statements were issued. There are no other significant events requiring disclosure as of May 7, 2021.