Fresno Madera

Farm Credit

Agriculture is our only business

2022 Quarterly Report

September 30, 2022




TABLE OF CONTENTS

FRESNO MADERA FARM CREDIT, ACA

2022 QUARTERLY REPORT

SEPTEMBER 30, 2022

Fresno Madera Farm Credit, ACA

2022 Quarterly Report

September 30, 2022

Message to Shareholders

November 9, 2022

Dear Member:

These consolidated financial statements reflect the status of the Fresno Madera Farm Credit, ACA and its subsidiaries at the end of the Third Quarter of 2022. Results for interim periods are not necessarily indicative of results to be expected for the year. These financial statements were prepared and reviewed under the oversight of the Association's Audit Committee.

The shareholders' investment in the Association is materially affected by the financial condition and the results of the operation of CoBank. The CoBank, ACB and CoBank District quarterly and annual reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at 4635 W. Spruce, P.O. Box 13069, Fresno, California 93794-3069 or by calling (559) 277-7000.

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

Sincerely,

Denise Waite

Denise Waite
Audit Committee Chair
Fresno Madera Farm Credit, ACA
Fresno Madera PCA, FLCA

Keith Hesterberg
President and Chief Executive Officer
Fresno Madera Farm Credit, ACA
Fresno Madera PCA, FLCA

Sandy Grewal

Sandy Grewal
Interim Chief Financial Officer
Fresno Madera Farm Credit, ACA
Fresno Madera PCA, FLCA

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

(Dollars in thousands, except as noted)

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2022 was $18.6 million compared to $18.5 million from the comparative period in 2021. Our net income is within 1% of prior year reflecting an increase in net interest income and noninterest income, followed by a similar increase in noninterest expense.

Net Interest Income

Net interest income increased $1.2 million to $27.6 million for the nine months ended September 30, 2022 from the comparative period in 2021 primarily due to an increase in average loan volume and an increase in earnings from our capital resulting from the higher interest rate environment. Average loan volume during the first nine months of 2022 was $1,374 million, an increase of $65 million or 5% from $1,309 million for the comparative period in 2021. Net interest margin decreased to 2.68% for the nine months of 2022 compared to 2.69% for the comparative period in 2021. The higher net interest margin in the prior period was due to the recognition of non-recurring interest income recovered on nonaccrual loans in 2021. This was partially offset by slightly higher spreads on our direct loans and participations purchased.

Noninterest Income

Noninterest income for the nine months ended September 30, 2022 was $8.8 million, an increase of $981 or 13% from the comparative period in 2021. The increase in noninterest income is primarily due to a $491 increase in patronage distributions from both CoBank and other Farm Credit associations and a $516 increase in gains recognized from sales of premises and equipment. The increase in noninterest income is also due to a decrease in note payable prepayment fees of $363 resulting from fewer borrower prepayments in 2022 given the increasing rate environment, compared to a lower rate environment during the comparative period in 2021. The increase in noninterest income year over year was partially offset by the cessation of the Payroll Protection Program (PPP) and the decrease in fee income associated with that non-recurring activity.

Provision for Loan Losses

We monitor the risks within our loan portfolio to determine if any adjustments to our allowance for loan losses are necessary based on our assessment of inherent credit losses at the balance sheet date. We recorded a loan loss reversal for the nine months ended September 30, 2022 of $168 compared to $251 for the comparative period in 2021. The decrease in our allowance for loan losses is primarily due to the Association updating the underlying risk factors utilized for the allowance for loan losses estimate. This was partially offset by an increase in average loan volume. Comparatively, in 2021 we experienced loan payoffs and loan upgrades, including updating the allowance underlying risk factors.

Noninterest Expense

Noninterest expenses for the nine months ended September 30, 2022 increased $2 million or 12%, to $18 million compared to the same period in the prior year primarily due to increases in salaries and employee benefits of $549, increase in Farm Credit Insurance Fund premium expense of $401, and an increase in other noninterest expense of $978. Salaries and employee benefits expense increased primarily due to planned increases in staff, in addition to annual merit increases and related increases in accruals of incentive compensation programs. The increase in the Farm Credit Insurance Fund Premium expense was due to an increase in the premium rate as determined by the Farm Credit

Insurance Corporation ("FCSIC"). The increase in other noninterest expense is partially due to an increase in board honorarium effective June 2021, and an increase in offsite training and travel related expenses of $214 resulting from less COVID-19 restrictions compared to the same period in 2021.

LOAN PORTFOLIO

Loan volume outstanding at September 30, 2022 was $1,409 million, an increase of $57.6 million from total loan volume at December 31, 2021 of $1,351 million. Overall, the increase in loan volume was driven by new loan commitments coupled with increased utilization on revolving lines of credit in the cooperative and real estate segments. This was partially offset by increased repayment activity in our farm related business and lease participation segments.

Allowance for Loan Losses

As of September 30, 2022, the allowance for loan losses was $6.8 million, a decrease of $181 from December 31, 2021. Allowance as a percentage of loans was 0.48% and 0.52% as of September 30, 2022 and December 31, 2021, respectively. As noted above, the decrease in our allowance for loan losses is primarily due to updating underlying risk factors utilized for the allowance for loan losses estimate, which was partially offset by an increase in loan volume.

CAPITAL RESOURCES

The Association continues to have a sound capital position and exceed all regulatory and board minimums. Members' equity at September 30, 2022 was $318.7 million representing an increase of $18.6 million or 6% from December 31, 2021. The increase in Members' equity is attributed to the Association's net operating results.

For additional information, please refer to the "Notes to Consolidated Financial Statements" and the Association's 2021 Annual Report to Shareholders.

COVID-19 PANDEMIC

The Coronavirus Disease 2019 (COVID-19) pandemic is recognized as a global public health crisis that has resulted in unprecedented uncertainty, volatility and disruption in financial markets and in governmental, commercial and consumer activity in the United States and globally, including the markets that the Association serves.

The U.S. economy continues to be affected by the Federal Reserve's monetary policies initiated during the COVID-19 pandemic. Growth in economic activity and demand for goods and services, alongside labor shortages and supply chain complications, have contributed to rising inflation. As a result of rising inflation, the Federal Reserve has responded by rapidly increasing short-term interest rates and it is expected that additional rate increases will occur for the remainder of 2022. Uncertainty remains related to the timing and impact of inflation and rising interest rates. The Association will continue to monitor the impact on agricultural commodities and the potential financial impact to our borrowers.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	September 30 2022 UNAUDITED	December 31 2021 AUDITED
ASSETS		
Loans	**$ 1,408,986**	$ 1,351,411
Less allowance for loan losses	**6,831**	7,012
Net loans	**1,402,155**	1,344,399
Cash	**2,480**	1,159
Accrued interest receivable	**22,503**	15,078
Investment in CoBank, ACB	**39,833**	40,876
Premises and equipment, net	**8,532**	6,188
Other assets	**17,110**	17,721
Total assets	**$ 1,492,613**	$ 1,425,421
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,126,413**	$ 1,059,017
Funds held	**39,908**	47,066
Accrued interest payable	**2,124**	309
Patronage distributions payable	**-**	14,121
Other liabilities	**5,481**	4,798
Total liabilities	**1,173,926**	1,125,311
MEMBERS' EQUITY		
Capital stock and participation certificates	**759**	760
Unallocated retained earnings	**317,928**	299,350
Total members' equity	**318,687**	300,110
Total liabilities and members' equity	**$ 1,492,613**	$ 1,425,421

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

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands)

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
INTEREST INCOME				
Loans	**$ 16,692**	$ 11,023	**$ 40,337**	$ 32,286
INTEREST EXPENSE				
Note payable to CoBank, ACB	**7,008**	2,053	**12,475**	5,877
Funds held	**224**	5	**278**	35
Total interest expense	**7,232**	2,058	**12,753**	5,912
Net interest income	**9,460**	8,965	**27,584**	26,374
(Loan loss reversal) provision for loan losses	**(296)**	33	**(168)**	(251)
Net interest income after (loan loss reversal) provision for loan losses	**9,756**	8,932	**27,752**	26,625
NONINTEREST INCOME				
Patronage distribution from Farm Credit Institutions	**1,770**	1,651	**7,453**	6,962
Financially related services income	**86**	36	**275**	126
Loan fees	**136**	142	**387**	901
Note payable prepayment fees	**(3)**	-	**(9)**	(372)
Gain on sale of premises and equipment	**-**	-	**560**	44
Other noninterest income	**44**	25	**153**	177
Total noninterest income	**2,033**	1,854	**8,819**	7,838
NONINTEREST EXPENSE				
Salaries and employee benefits	**3,340**	2,993	**9,629**	9,080
Occupancy and equipment	**162**	234	**495**	517
Farm Credit Insurance Fund premium	**519**	396	**1,531**	1,130
Information technology	**1,179**	1,139	**3,462**	3,413
Supervisory and examination costs	**125**	101	**373**	348
Other noninterest expense	**1,160**	667	**2,501**	1,523
Total noninterest expense	**6,485**	5,530	**17,991**	16,011
Income before income taxes	**5,304**	5,256	**18,580**	18,452
Provision for income taxes	**-**	-	**2**	2
Net income	**$ 5,304**	$ 5,256	**$ 18,578**	$ 18,450

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(Dollars in thousands)

UNAUDITED	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Total Members' Equity
Balance at December 31, 2020	$ 757	$ 288,549	$ 289,306
Net income		18,450	18,450
Capital stock and participation certificates issued	53		53
Capital stock and participation certificates retired	(51)		(51)
Balance at September 30, 2021	**$ 759**	**$ 306,999**	**$ 307,758**
Balance at December 31, 2021	$ 760	$ 299,350	$ 300,110
Net income		18,578	18,578
Capital stock and participation certificates issued	46		46
Capital stock and participation certificates retired	(47)		(47)
Balance at September 30, 2022	**$ 759**	**$ 317,928**	**$ 318,687**

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Fresno Madera Farm Credit, ACA (ACA) and subsidiaries, Fresno Madera Federal Land Bank Association, FLCA (FLCA) and Fresno Madera Production Credit Association, (PCA) (collectively, the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2021 are contained in the 2021 Annual Report to Shareholders. These unaudited third quarter 2022 consolidated financial statements should be read in conjunction with the 2021 Annual Report to Shareholders.

The accompanying unaudited consolidated 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, 2021 as contained in the 2021 Annual Report to Shareholders.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods have been made. 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, 2022. Descriptions of the significant accounting policies are included in the 2021 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In March 2022, the Financial Accounting Standards Board (FASB) issued an update entitled "Financial Instruments - Credit Losses: Troubled Debt Restructurings and Vintage Disclosures." The guidance eliminates the accounting guidance for troubled debt restructurings (TDRs) by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. The creditor must apply the guidance to determine whether a modification results in a new loan or a continuation of an existing loan. In addition to the TDR guidance, the update requires public business entities to disclose current period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of the credit losses standard. These amendments become effective for the Association at the time of adoption of the measurement of credit losses on financial instruments standard on January 1, 2023.

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 single allowance framework for financial assets carried at amortized cost, which reflects management's estimate of expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For public business entities that are not U.S. Securities and Exchange Commission filers, including this entity, this guidance becomes effective for interim and annual reporting periods beginning after December 15, 2022. The Association continues to evaluate the impact of adoption on its financial condition and results of operations.

(Dollars in thousands, except as noted)

2. Loans and Allowance for Loan Losses

A summary of loans follows:

	September 30, 2022	December 31, 2021
Real estate mortgage	$ 932,767	$ 881,129
Production and intermediate-term	260,356	259,859
Agribusiness:		
Cooperatives	76,190	68,930
Processing and marketing	105,649	101,080
Farm-related business	19,039	22,246
Lease receivables	14,985	18,167
Total loans	$ 1,408,986	$ 1,351,411

Unamortized deferred loan fees and costs totaled $3.5 million and $3.6 million as of September 30, 2022 and December 31, 2021, respectively.

The Association purchases and sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding participations purchased and sold as of September 30, 2022:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 164,674	$ 215,638	$ -	$ -	$ 164,674	$ 215,638
Production and intermediate-term	19,819	205,505	-	-	19,819	205,505
Agribusiness	161,314	62,150	4,846	-	166,160	62,150
Lease receivables	14,985	-	-	-	14,985	-
Total loans	$ 360,792	$ 483,293	$ 4,846	$ -	$ 365,638	$ 483,293

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.

(Dollars in thousands, except as noted)

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

	September 30, 2022	December 31, 2021
Real estate mortgage		
Acceptable	**96.26%**	97.04%
OAEM	**2.55%**	1.98%
Substandard	**1.19%**	0.98%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**89.50%**	90.25%
OAEM	**7.86%**	8.38%
Substandard	**2.64%**	1.37%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**97.52%**	90.24%
OAEM	**1.77%**	8.86%
Substandard	**0.71%**	0.90%
Total	**100.00%**	100.00%
Lease receivables		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**95.23%**	94.82%
OAEM	**3.39%**	4.15%
Substandard	**1.38%**	1.03%
Total	**100.00%**	100.00%

(Dollars in thousands, except as noted)

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

	September 30, 2022	December 31, 2021
Nonaccrual loans:		
Real estate mortgage	**$ 650**	$ 396
Agribusiness:		
Processing and marketing	**1,424**	1,630
Total nonaccrual loans	**2,074**	2,026
Accruing restructured loans	**-**	-
Accruing loans 90 days past due	**115**	-
Other property owned	**-**	-
Total high risk assets	**$ 2,189**	$ 2,026

Additional impaired loan information is as follows:

	September 30, 2022			December 31, 2021		
	Recorded Investment	**Unpaid Principal Balance**	**Related Allowance**	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	$ 650	$ 717	$ -	$ 396	$ 447	$ -
Agribusiness:						
Processing and marketing	1,424	1,713	-	1,630	1,863	-
Total impaired loans	$ 2,074	$ 2,430	$ -	$ 2,026	$ 2,310	$ -

(Dollars in thousands, except as noted)

	For the Three Months Ended			
	September 30, 2022		September 30, 2021	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Production and intermediate-term	$ 70	$ 13	$ -	$ -
Total	70	13	-	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	650	-	397	21
Production and intermediate-term	35	2	-	-
Agribusiness:				
Processing and marketing	1,434	-	1,660	-
Total	2,119	2	2,057	21
Total impaired loans	$ 2,189	$ 15	$ 2,057	$ 21

	For the Nine Months Ended			
	September 30, 2022		September 30, 2021	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Production and intermediate-term	$ 119	$ 13	$ -	$ -
Total	119	13	-	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	564	-	1,448	432
Production and intermediate-term	43	2	-	-
Agribusiness:				
Processing and marketing	1,471	-	2,011	131
Total	2,078	2	3,459	563
Total impaired loans	$ 2,197	$ 15	$ 3,459	$ 563

(Dollars in thousands, except as noted)

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

September 30, 2022	Current Loans	30-89 Days Past Due	90 Days or More Past Due	Total Loans Outstanding	Accrual loans 90 days or More Past Due
Real estate mortgage	$ 951,152	$ 56	$ 295	$ 951,503	$ -
Production and intermediate-term	263,042	49	115	263,206	115
Agribusiness	201,501	52	-	201,553	-
Lease receivables	15,098	129	-	15,227	-
Total	$ 1,430,793	$ 286	$ 410	$ 1,431,489	$ 115

December 31, 2021	Current Loans	30-89 Days Past Due	90 Days or More Past Due	Total Loans Outstanding	Accrual loans 90 days or More Past Due
Real estate mortgage	$ 893,585	$ 271	$ -	$ 893,856	$ -
Production and intermediate-term	261,339	320	-	261,659	-
Agribusiness	192,501	95	-	192,596	-
Lease receivables	18,378	-	-	18,378	-
Total	$ 1,365,803	$ 686	$ -	$ 1,366,489	$ -

A summary of changes in the allowance for loan losses by loan type is as follows:

For the Three Months Ended September 30, 2022	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Balance at June 30, 2022	$ 596	$ 4,345	$ 1,942	$ 241	$ 7,124
Charge-offs	-	-	-	-	-
Recoveries	-	3	-	-	3
Provision for loan losses (loan loss reversal)	34	(52)	(315)	37	(296)
Balance at September 30, 2022	$ 630	$ 4,296	$ 1,627	$ 278	$ 6,831

For the Three Months Ended September 30, 2021	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Balance at June 30, 2021	$ 515	$ 4,312	$ 1,849	$ 443	$ 7,119
Charge-offs	-	-	-	-	-
Recoveries	-	-	-	-	-
Provision for loan losses (loan loss reversal)	15	192	(176)	2	33
Balance at September 30, 2021	$ 530	$ 4,504	$ 1,673	$ 445	$ 7,152

For the Nine Months Ended September 30, 2022	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Balance at December 31, 2021	$ 680	$ 3,943	$ 1,993	$ 396	$ 7,012
Charge-offs	(14)	(2)	-	-	(16)
Recoveries	-	3	-	-	3
Provision for loan losses (loan loss reversal)	(36)	352	(366)	(118)	(168)
Balance at September 30, 2022	$ 630	$ 4,296	$ 1,627	$ 278	$ 6,831

(Dollars in thousands, except as noted)

For the Nine Months Ended September 30, 2021	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Balance at December 31, 2020	$ 386	$ 4,874	$ 1,675	$ 435	$ 7,370
Charge-offs	-	-	-	-	-
Recoveries	33	-	-	-	33
Provision for loan losses (loan loss reversal)	111	(370)	(2)	10	(251)
Balance at September 30, 2021	$ 530	$ 4,504	$ 1,673	$ 445	$ 7,152

A summary of the allowance for loan losses and period end recorded investment in loans (including accrued interest) is as follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Ending balance: Allowance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Ending balance: Allowance collectively evaluated for impairment	630	4,296	1,627	278	6,831
Balance at September 30, 2022	$ 630	$ 4,296	$ 1,627	$ 278	$ 6,831
Recorded Investments in Loans Outstanding:					
Ending balance: Loans individually evaluated for impairment	$ 650	$ -	$ 1,424	$ -	$ 2,074
Ending balance: Loans collectively evaluated for impairment	950,853	263,206	200,129	15,227	1,429,415
Balance at September 30, 2022	$ 951,503	$ 263,206	$ 201,553	$ 15,227	$ 1,431,489

	Real estate mortgage	Production and intermediate-term	Agribusiness	Lease receivables	Total
Allowance for Credit Losses:					
Ending balance: Allowance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Ending balance: Allowance collectively evaluated for impairment	680	3,943	1,993	396	7,012
Balance at December 31, 2021	$ 680	$ 3,943	$ 1,993	$ 396	$ 7,012
Recorded Investments in Loans Outstanding:					
Ending balance: Loans individually evaluated for impairment	$ 396	$ -	$ 1,630	$ -	$ 2,026
Ending balance: Loans collectively evaluated for impairment	893,460	261,659	190,966	18,378	1,364,463
Balance at December 31, 2021	$ 893,856	$ 261,659	$ 192,596	$ 18,378	$ 1,366,489

The Association recorded no troubled debt restructurings during the nine months ended September 30, 2022.

(Dollars in thousands, except as noted)

3. CAPITAL

A summary of select capital ratios based on a three-month average and minimums set by the Farm Credit Administration follows:

	September 30, 2022	December 31, 2021	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**16.95%**	**16.74%**	4.50%	2.5%	7.00%
Tier 1 capital ratio	**16.95%**	**16.74%**	6.00%	2.5%	8.50%
Total capital ratio	**17.41%**	**17.21%**	8.00%	2.5%	10.50%
Permanent capital ratio	**17.02%**	**16.81%**	7.00%	-	7.00%
Non-risk-adjusted:					
Tier 1 leverage ratio	**19.31%**	**19.41%**	4.00%	1.00%	5.00%
Unallocated retained earnings and equivalents leverage ratio	**19.26%**	**20.64%**	1.50%	–	1.50%

4. Fair Value Measurements

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. Refer to Note 2 in the 2021 Annual Report to Shareholders for a more complete description.

The Association had no assets or liabilities measured at fair value on a recurring or non-recurring basis at September 30, 2022 or December 31, 2021.

5. SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 9, 2022, which is the date the consolidated financial statements were issued, and no material subsequent events were identified.

Fresno Madera Farm Credit, ACA

Fresno Madera Production Credit Association

Fresno Madera Federal Land Bank Association, FLCA

PO Box 13069 | Fresno, CA 93794-3069

www.fmfarmcredit.com | 559-277-7000