2018
THIRD QUARTER FINANCIAL STATEMENTS

Fresno Madera Farm Credit
Agriculture is Our Only Business

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MESSAGE TO SHAREHOLDERS

November 9, 2018

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 2018. 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
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

Joe Soto
Senior Vice President and 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, 2018 was $17.1 million compared to $16.1 million from the comparative period in 2017 representing an increase of $1.0 million or 6%. Our earnings primarily reflect higher net interest income coupled with an increase in noninterest income related to increased patronage income from CoBank and other Farm Credit System institutions and a refund from the Farm Credit System Insurance Corporation. This was partly offset by an increase in our provision for loan losses and noninterest expense.

Net interest income increased $2.3 million to $24 million for the nine months ended September 30, 2018 from the comparative period in 2017 due to higher average loan volume and increased earnings associated with our invested capital impacted by increased interest rates.

Noninterest income for the nine months ended September 30, 2018 was $7.6 million which is an increase of $2.5 million or 48% from the comparative period in 2017. Noninterest income includes patronage distributions which reflect patronage income on direct borrowings from CoBank as well as participations purchased activity with CoBank and other Farm Credit Associations. Patronage income increased due to an increase in average volume outstanding in our participations sold portfolio. The Association also received a one-time special patronage distribution from CoBank in the current year which contributed to the increase. Noninterest income was also positively impacted by a non-recurring refund of premiums previously paid to the Farm Credit System Insurance Corporation (FCSIC) after the FCSIC board voted to return excess funds to the system.

The provision for loan losses for the nine months ended September 30, 2018 was $1.1 million compared to $362 in the comparative period in 2017. The provision is primarily due to an increase in our allowance for loan losses as a result of an increase in outstanding loan volume as well as some increase in credit risk associated with our loan portfolio. The provision in prior year was primarily due to an increase in our management allowance related to underlying risk factors in select commodities.

Noninterest expenses for the nine months ended September 30, 2018 increased $3 million, or 29%, to $13.5 million compared to the same period in the prior year primarily due to higher technology and salaries and employee benefits expenses. In August 2017, the Association executed an agreement with Farm Credit Financial Partners, Inc. (FPI) to transition its technology services from its current technology provider AgVantis to FPI. The increase in information technology (IT) expenses from the prior period is primarily due to IT conversion related expenses. Salaries and benefits expense is higher due to an increased number of staff and the utilization of temporary staff during our technology conversion.

LOAN PORTFOLIO

Loan volume outstanding at September 30, 2018 was $1,202 million, an increase of $86 million from total loan volume at December 31, 2017 of $1,116 million. Overall the increase in loan volume was driven by new loan originations across all segments of the portfolio along with seasonal utilization of existing loan commitments, specifically within our real estate and cooperative agribusiness segments.

As of September 30, 2018, the allowance for loan losses was $6.8 million, an increase of $767 from December 31, 2017, with the allowance as a percentage of loans at 0.57%. The increase in allowance for loan losses is primarily the result of an increase in our average outstanding loans as well as some increase in credit risk that includes an increase in impaired loans during the current quarter.

CAPITAL RESOURCES

The Association continues to have a sound capital position with a total regulatory capital ratio of 17.44% compared to the minimum of 15.50% established by the board of directors. Members' equity at September 30, 2018 was $274.5 million representing an increase of $17.1 million or 7% from December 31, 2017. 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 2017 Annual Report to Shareholders.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	September 30 2018 UNAUDITED	December 31 2017 AUDITED
ASSETS		
Loans	**$1,201,611**	$ 1,115,862
Less allowance for loan losses	**6,825**	6,058
Net loans	**1,194,786**	1,109,804
Cash	**616**	6,708
Accrued interest receivable	**22,560**	13,466
Investment in CoBank, ACB	**32,447**	32,001
Premises and equipment, net	**4,201**	4,304
Other assets	**9,671**	8,691
Total assets	**$1,264,281**	$ 1,174,974
LIABILITIES		
Note payable to CoBank, ACB	**$ 908,296**	$ 839,695
Funds held	**73,299**	60,675
Accrued interest payable	**2,163**	1,365
Patronage distributions payable	**17**	10,251
Other liabilities	**6,038**	5,598
Total liabilities	**989,813**	917,584
MEMBERS' EQUITY		
Capital stock and participation certificates	**772**	757
Unallocated retained earnings	**273,696**	256,633
Total members' equity	**274,468**	257,390
Total liabilities and members' equity	**$1,264,281**	$ 1,174,974

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	
	2018	2017	**2018**	2017
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
INTEREST INCOME				
Loans	**$ 13,941**	$ 11,036	**$ 39,299**	$ 30,758
INTEREST EXPENSE				
Note payable to CoBank, ACB	**5,557**	3,389	**14,488**	8,623
Funds held	**358**	176	**823**	434
Total interest expense	**5,915**	3,565	**15,311**	9,057
Net interest income	**8,026**	7,471	**23,988**	21,701
Provision for Loan Losses	**384**	123	**1,080**	362
Net interest income after provision for loan losses	**7,642**	7,348	**22,908**	21,339
NONINTEREST INCOME				
Patronage distribution from Farm Credit Institutions	**2,423**	1,328	**6,322**	4,628
Farm Credit Insurance Fund rebate	**-**	-	**673**	-
Financially related services income	**47**	81	**214**	202
Loan fees	**90**	82	**294**	226
Other noninterest income	**71**	12	**118**	89
Total noninterest income	**2,631**	1,503	**7,621**	5,145
NONINTEREST EXPENSE				
Salaries and employee benefits	**2,210**	1,944	**6,834**	5,848
Occupancy and equipment	**132**	115	**399**	341
Farm Credit Insurance Fund premium	**192**	281	**556**	814
Information technology	**1,382**	463	**3,146**	1,266
Supervisory and examination costs	**89**	88	**305**	304
Other noninterest expense	**1,220**	688	**2,224**	1,843
Total noninterest expense	**5,225**	3,579	**13,464**	10,416
Income before income taxes	**5,048**	5,272	**17,065**	16,068
Provision for income taxes	**-**	-	**2**	2
Net income	**$ 5,048**	$ 5,272	**$ 17,063**	$ 16,066

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, 2016	$ 757	$ 246,974	$ 247,731
Net income		16,066	16,066
Capital stock and participation certificates issued	43		43
Capital stock and participation certificates retired	(53)		(53)
Balance at September 30, 2017	**$ 747**	**$263,040**	**$263,787**
Balance at December 31, 2017	$ 757	$ 256,633	$ 257,390
Net income		17,063	17,063
Capital stock and participation certificates issued	64		64
Capital stock and participation certificates retired	(49)		(49)
Balance at September 30, 2018	**$ 772**	**$273,696**	**$274,468**

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, 2017 are contained in the 2017 Annual Report to Shareholders. These unaudited third quarter 2018 financial statements should be read in conjunction with the 2017 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2017 as contained in the 2017 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2018. Descriptions of the significant accounting policies are included in the 2017 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 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 Association is evaluating the impact of adoption on the Association's financial condition and its results of operations.

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.

In August 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled "Classification of Certain Cash Receipts and Cash Payments." The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing. This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance did not 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. 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. The Association is evaluating the impact of adoption on its financial condition and 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. In July 2018, the FASB issued an update entitled "Leases – Targeted Improvements," which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. An entity that elects this additional transition method must provide the required disclosures of the now current standard for all prior periods presented. The guidance and related amendments in this update become effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is evaluating the impact of adoption on its financial condition and results of operations.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of the Association's contracts are excluded from the scope of this new guidance. The guidance sets forth the requirement for new and enhanced disclosures. The Association adopted the new standard effective January 1, 2018. As the majority of the Association's revenues are not subject to the new guidance, the adoption of the guidance did not have a material impact on the financial position, results of operations, equity or cash flows.

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

(Dollars in thousands, except as noted)

2. Loans and Allowance for Loan Losses

A summary of loans follows:

	September 30, 2018	December 31, 2017
Real estate mortgage	$ 761,867	$ 714,765
Production and intermediate-term	239,672	218,455
Agribusiness:		
Cooperatives	79,333	66,224
Processing and marketing	81,819	78,580
Farm-related business	2,346	1,069
Energy	6,373	6,533
Lease receivables	30,201	30,236
Total loans	$ 1,201,611	$ 1,115,862

Unamortized deferred loan fees and costs totaled $4.4 million and $4.5 million as of September 30, 2018 and December 31, 2017, 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, 2018:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 91,953	$ 228,180	$ 1,919	$ -	$ 93,872	$ 228,180
Production and intermediate-term	10,630	161,405	-	-	10,630	161,405
Agribusiness	133,610	52,313	-	-	133,610	52,313
Lease receivables	30,201	-	-	-	30,201	-
Energy	6,373	-	-	-	6,373	-
Total loans	$ 272,767	$ 441,898	$ 1,919	$ -	$ 274,686	$ 441,898

(Dollars in thousands, except as noted)

The following table shows loan 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, 2018	December 31, 2017
Real estate mortgage		
Acceptable	**98.19%**	97.88%
OAEM	**0.24%**	1.52%
Substandard	**1.57%**	0.60%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**91.14%**	90.91%
OAEM	**1.71%**	8.63%
Substandard	**7.15%**	0.46%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**95.49%**	97.82%
OAEM	**2.71%**	1.97%
Substandard	**1.80%**	0.21%
Total	**100.00%**	100.00%
Energy		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Lease receivables		
Acceptable	**89.54%**	99.69%
OAEM	**0.40%**	0.31%
Substandard	**10.06%**	0.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**96.22%**	96.57%
OAEM	**0.86%**	2.93%
Substandard	**2.92%**	0.50%
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, 2018	December 31, 2017
Nonaccrual loans:		
Real estate mortgage	$ 5,762	$ 6
Production and intermediate-term	7,119	48
Total nonaccrual loans	12,881	54
Accruing restructured loans	-	-
Accruing loans 90 days past due	-	-
Other property owned	-	-
Total high risk assets	$ 12,881	$ 54

Additional impaired loan information is as follows:

	September 30, 2018			December 31, 2017		
	Carrying Value	Unpaid Principal Balance	Related Allowance	Carrying Value	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Production and intermediate-term	$ 2,353	$ 2,687	$ 117	$ -	$ -	$ -
Total	$ 2,353	$ 2,687	$ 117	$ -	$ -	$ -
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	$ 5,762	$ 5,762	$ -	$ 6	$ 34	$ -
Production and intermediate-term	4,766	4,766	-	48	52	-
Total	$10,528	$10,528	$ -	$ 54	$ 86	$ -
Total impaired loans	$12,881	$13,215	$ 117	$ 54	$ 86	$ -

The increase in impaired loans during the nine months ended September 30, 2018 is primarily due to the transfer of two loan complexes to nonaccrual status in the third quarter.

(Dollars in thousands, except as noted)

	For the Three Months Ended			
	September 30, 2018		September 30, 2017	
	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	$ 102	$ -	$ -	$ -
Total	102	-	-	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	2,129	-	8	
Production and intermediate-term	1,761	-	5	-
Total	3,890	-	13	-
Total impaired loans	$ 3,992	$ -	$ 13	$ -

	For the Nine Months Ended			
	September 30, 2018		September 30, 2017	
	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	$ 34	$ -	$ -	$ -
Total	34	-	-	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	719	-	10	-
Production and intermediate-term	594	-	2	-
Agribusiness				
Process and marketing	-	-	9	-
Total	1,313	-	21	-
Total impaired loans	$ 1,347	$ -	$ 21	$ -

(Dollars in thousands, except as noted)

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

September 30, 2018	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	$ 780,366	$ -	$ -	$ 780,366	$ -
Production and intermediate-term	235,649	2,911	4,427	242,987	-
Agribusiness	164,091	-	-	164,091	-
Energy	6,377			6,377	
Lease receivables	30,350	-	-	30,350	-
Total	$ 1,216,833	$ 2,911	$ 4,427	$ 1,224,171	$ -
December 31, 2017					
Real estate mortgage	$ 725,625	$ -	$ 6	$ 725,631	$ -
Production and intermediate-term	217,998	2,390	48	$ 220,436	-
Agribusiness	146,344	-	-	146,344	-
Energy	6,536	-	-	6,536	-
Lease receivables	30,381	-	-	30,381	-
Total	$ 1,126,884	$ 2,390	$ 54	$ 1,129,328	$ -

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

For the Three Months Ended September 30, 2018	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at June 30, 2018	$ 363	$ 3,870	$ 1,675	$ 24	$ 843	$ 6,775
Charge-offs	-	(334)	-	-	-	(334)
Recoveries	-	-	-	-	-	-
Provision for Loan Losses/(Loan loss reversal)	(3)	276	(93)	1	203	384
Balance at September 30, 2018	$ 360	$ 3,812	$ 1,582	$ 25	$ 1,046	$ 6,825

For the Three Months Ended September 30, 2017	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at June 30, 2017	$ 494	$ 2,825	$ 1,544	$ -	$ 1,124	$ 5,987
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision for Loan Losses/(Loan loss reversal)	(80)	612	(269)	-	(140)	123
Balance at September 30, 2017	$ 414	$ 3,437	$ 1,275	$ -	$ 984	$ 6,110

(Dollars in thousands, except as noted)

For the Nine Months Ended September 30, 2018	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at December 31, 2017	$ 393	$ 3,203	$ 1,422	$ 41	$ 999	$ 6,058
Charge-offs	-	(334)	-	-	-	(334)
Recoveries	-	-	21	-	-	21
Provision for Loan Losses/(Loan loss reversal)	(33)	943	139	(16)	47	1,080
Balance at September 30, 2018	$ 360	$ 3,812	$ 1,582	$ 25	$ 1,046	$ 6,825

For the Nine Months Ended September 30, 2017	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at December 31, 2016	$ 470	$ 2,016	$ 2,046	$ 3	$ 1,245	$ 5,780
Charge-offs	-	-	(93)	-	-	(93)
Recoveries	-	-	61	-	-	61
Provision for Loan Losses/(Loan loss reversal)	(56)	1,421	(739)	(3)	(261)	362
Balance at September 30, 2017	$ 414	$ 3,437	$ 1,275	$ -	$ 984	$ 6,110

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	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Ending balance: Allowance individually evaluated for impairment	$ -	$ 117	$ -	$ -	$ -	$ 117
Ending balance: Allowance collectively evaluated for impairment	360	3,695	1,582	25	1,046	6,708
Balance at September 30, 2018	$ 360	$ 3,812	$ 1,582	$ 25	$ 1,046	$ 6,825
Recorded Investments in Loans Outstanding:						
Ending balance: Loans individually evaluated for impairment	$ 5,762	$ 7,119	$ -	$ -	$ -	$ 12,881
Ending balance: Loans collectively evaluated for impairment	774,604	235,868	164,091	6,377	30,350	1,211,290
Balance at September 30, 2018	$ 780,366	$ 242,987	$ 164,091	$ 6,377	$ 30,350	$ 1,224,171

	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Ending balance: Allowance individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Allowance collectively evaluated for impairment	393	3,203	1,422	41	999	6,058
Balance at December 31, 2017	$ 393	$ 3,203	$ 1,422	$ 41	$ 999	$ 6,058
Recorded Investments in Loans Outstanding:						
Ending balance: Loans individually evaluated for impairment	$ 6	$ 48	$ -	$ -	$ -	$ 54
Ending balance: Loans collectively evaluated for impairment	725,625	220,388	146,344	6,536	30,381	1,129,274
Balance at December 31, 2017	$ 725,631	$ 220,436	$ 146,344	$ 6,536	$ 30,381	$ 1,129,328

(Dollars in thousands, except as noted)

The Association recorded no troubled debt restructurings during the nine months ended September 30, 2018.

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, 2018	December 31, 2017	Regulatory Minumums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**16.94%**	**18.16%**	4.50%	2.5%*	7.00%
Tier 1 capital ratio	**16.94%**	**18.16%**	6.00%	2.5%*	8.50%
Total capital ratio	**17.44%**	**18.67%**	8.00%	2.5%*	10.50%
Permanent capital ratio	**17.03%**	**18.25%**	7.00%	-	7.00%
Non-risk-adjusted:					
Tier 1 leverage ratio	**19.45%**	**21.08%**	4.00%	1.00%	5.00%
Unallocated retained earnings and equivalents	**20.14%**	**21.81%**	1.50%	–	1.50%

* The 2.5% capital conservation buffer over risk-adjusted ratio minimums will be phased in over three years under the FCA capital requirements.

4. INCOME TAXES

The Tax Cuts and Jobs Act of 2017 enacted in late 2017, among other changes, lowered the federal corporate tax rate from 35 percent to 21 percent beginning in 2018. Refer to the 2017 Annual Report to Shareholders for additional information.

5. 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 2017 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, 2018 or December 31, 2017.

6. SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 9, 2018 which is the date the 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

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