FRESNO MADERA
FARM CREDIT

2024

QUARTERLY REPORT
MARCH 31, 2024

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Message to Shareholders

May 10, 2024

Dear Member:

These consolidated financial statements reflect the status of the Fresno Madera Farm Credit, ACA and its subsidiaries at the end of the First Quarter of 2024. 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

Marta Decker

Marta Decker
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 three months ended March 31, 2024 was $8.7 million compared to $7.6 million from the comparative period in 2023. Our net income increased 14.18% from prior year reflecting an increase in net interest income and noninterest income. This was partially offset by an increase in noninterest expense.

Net Interest Income

Net interest income increased $854 to $10.9 million for the three months ended March 31, 2024 from the comparative period in 2023 primarily due to an increase in average loan volume and an increase in earnings from our invested capital resulting from the higher interest rate environment. Average loan volume during the first three months of 2024 was $1.53 billion, an increase of $71.1 million or 4.87% from $1.46 billion for the comparative period in 2023. Net interest margin increased to 2.85% for the first three months of 2024 compared to 2.75% for the comparative period in 2023. The higher net interest margin in the current period was due to an increase in earnings from our invested capital.

Noninterest Income

Noninterest income for the three months ended March 31, 2024 was $5.0 million, an increase of $534 or 11.89% from the comparative period in 2023. The increase in noninterest income was driven by an increase in patronage distributions from both CoBank and other Farm Credit institutions, along with an increase in loan fees due to increased unused commitment fees in our capital markets segment.

Provision for Credit Losses

We monitor our loan portfolio on a regular basis to determine if any increase through provision for credit losses or decrease through a credit loss reversal in our allowance for credit losses is warranted based on our estimate of credit losses over the remaining expected life of loans. The Association recorded a provision for credit losses for the three months ended March 31, 2024 of $45 compared to $300 for the comparative period in 2023. Our provision is the result of increased loan volume coupled with a slight deterioration of our credit quality.

Noninterest Expense

Noninterest expenses for the three months ended March 31, 2024 increased $565 or 8.52%, to $7.2 million compared to the same period in the prior year primarily due to increases in salaries and employee benefits of $389, and an increase in information technology expense of $212. The increase in salaries and employee benefits expense was driven by increases in staff along with higher salaries due to annual merit increases. The increase in information technology was due to increases in service charges from our technology provider coupled with increased software licensing fees. This was partially offset by lower-than-expected FCSIC premiums. The 2024 premium assessment came in at 10 bps compared to 18 bps in 2023.

Management's Discussion and Analysis

Financial Condition and Results of Operations

Dollars in thousands, except as noted.

LOAN PORTFOLIO

Loan volume outstanding at March 31, 2024 was $1.52 billion, a decrease of $39.2 million from total loan volume at December 31, 2023 of $1.56 billion. The decrease in loan volume was due to decreased utilization on revolving lines of credit and increased repayment activity in our real estate mortgage portfolio. This was partially offset by new loan commitments across loan segments.

Allowance for Credit Losses

As of March 31, 2024, the Association's allowance for credit losses (ACL) was $3.1 million, an increase of $45 thousand from December 31, 2023. Allowance as a percentage of loans was 0.20% and 0.19% as of March 31, 2024 and December 31, 2023, respectively. The provision in our allowance for credit losses is primarily due to increased loan volume coupled with a slight deterioration of our credit quality.

CAPITAL RESOURCES

The Association continues to have a sound capital position and exceed all regulatory and board minimums. Members' equity at March 31, 2024 was $326.6 million representing an increase of $8.7 million or 2.73% from December 31, 2023. 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 2023 Annual Report to Shareholders.

Consolidated Statements of Condition

Dollars in thousands

	March 31 2024 Unaudited	December 31 2023 Audited
Assets		
Loans	**$ 1,523,658**	$ 1,562,832
Less: allowance for credit losses	**3,083**	3,038
Net loans	**1,520,575**	1,559,794
Cash	**19**	3,028
Accrued interest receivable	**25,191**	39,096
Investment in CoBank, ACB	**40,352**	39,788
Premises and equipment, net	**9,529**	9,584
Other assets	**14,166**	20,934
Total assets	**$ 1,609,832**	$ 1,672,224
Liabilities		
Note payable to CoBank, ACB	**$ 1,202,865**	$ 1,281,119
Funds held	**60,574**	43,168
Accrued interest payable	**5,014**	5,336
Patronage distributions payable	**11,600**	19,355
Reserve for unfunded commitments	**234**	251
Other liabilities	**2,922**	5,048
Total liabilities	**1,283,209**	1,354,277
Members' Equity		
Capital stock and participation certificates	**716**	720
Unallocated retained earnings	**325,907**	317,227
Total members' equity	**326,623**	317,947
Total liabilities and members' equity	**$ 1,609,832**	$ 1,672,224

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

Consolidated Statements of Income

Dollars in thousands

	For the three months ended March 31	
	2024	2023
	Unaudited	Unaudited
Interest income		
Loans	**$ 28,397**	$ 23,935
Interest expense		
Note payable to CoBank, ACB	**16,699**	13,494
Funds held	**793**	390
Total interest expense	**17,492**	13,884
Net interest income	**10,905**	10,051
Provision for credit losses	**45**	300
Net interest income after provision for credit losses	**10,860**	9,751
Noninterest income		
Financially related services income	**56**	74
Loan fees	**224**	160
Patronage distribution from Farm Credit institutions	**4,643**	4,228
Other noninterest income	**101**	28
Total noninterest income	**5,024**	4,490
Noninterest expense		
Salaries and employee benefits	**4,325**	3,936
Occupancy and equipment	**244**	216
Farm Credit Insurance Fund premium	**296**	506
Information technology	**1,441**	1,229
Supervisory and examination costs	**142**	126
Other noninterest expense	**754**	624
Total noninterest expense	**7,202**	6,637
Income before income taxes	**8,682**	7,604
Provision for income taxes	**2**	2
Net income	**$ 8,680**	$ 7,602

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, 2022	$ 753	$ 308,322	$ 309,075
Net income		7,602	7,602
Capital stock and participation certificates issued	12		12
Capital stock and participation certificates retired	(28)		(28)
Cumulative effects from adoption of the CECL standard		1,621	1,621
Balance at March 31, 2023	**$ 737**	**$ 317,545**	**$ 318,282**
Balance at December 31, 2023	$ 720	$ 317,227	$ 317,947
Net income		8,680	8,680
Capital stock and participation certificates issued	9		9
Capital stock and participation certificates retired	(13)		(13)
Balance at March 31, 2024	**$ 716**	**$ 325,907**	**$ 326,623**

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

Notes to Consolidated Financial Statements

Dollars in thousands, except as noted (Unaudited)

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, 2023 are contained in the 2023 Annual Report to Shareholders. These unaudited first quarter 2024 consolidated financial statements should be read in conjunction with the 2023 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, 2023 as contained in the 2023 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, 2024. Descriptions of the significant accounting policies are included in the 2023 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.

Recently Adopted or Issued Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than five percent of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The guidance will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this guidance are effective for public business entities for annual periods beginning after December 15, 2024 and should be applied on a prospective basis, although retrospective application is permitted. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows.

2. Loans and Allowance for Credit Losses

A summary of loans follows:

($ in thousands)	March 31, 2024	December 31, 2023
Real estate mortgage	**$ 930,684**	$ 967,491
Production and intermediate-term	**256,219**	269,728
Agribusiness:		
Cooperatives	**83,294**	76,646
Processing and marketing	**162,311**	155,981
Farm related business	**22,740**	25,568
Communications	**15,554**	12,949
Energy	**36,280**	37,240
Lease receivables	**16,576**	17,229
Total loans	**$ 1,523,658**	$ 1,562,832

Unamortized deferred loan fees and costs totaled $3.1 million and $3.0 million as of March 31, 2024 and December 31, 2023, 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 March 31, 2024:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
($ in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 169,521	$ 230,901	$ -	$ -	$ 169,521	$ 230,901
Production and intermediate-term	12,268	149,947	-	-	12,268	149,947
Agribusiness	227,839	71,214	3,452	-	231,291	71,214
Communications	15,554	-	-	-	15,554	-
Energy	36,280	-	-	-	36,280	-
Lease receivables	15,685	-	-	-	15,685	-
Total loans	**$ 477,147**	**$ 452,062**	**$ 3,452**	**$ -**	**$ 480,599**	**$ 452,062**

Credit Quality

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit, and unfunded loan commitments. The Association manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position, and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each association that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The Association uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses, and risks in a particular relationship. The Association reviews, at least on an annual basis, or when a credit action is taken the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level.

A substandard (non-viable) rating indicates that the probability of default is almost certain. These 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 presents credit quality indicators by loan type and the related principal balance as of March 31, 2024:

	Term Loans Amortized Cost by Origination Year							
($ in thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Real estate mortgage								
Acceptable	$ 11,964	$ 82,438	$ 113,266	$ 168,746	$ 96,527	$ 254,040	$ 144,914	$ 871,895
OAEM	-	-	9,870	-	6,335	12,503	2,513	31,221
Substandard	-	4	7,653	-	-	18,682	1,229	27,568
Total	11,964	82,442	130,789	168,746	102,862	285,225	148,656	930,684
Production and intermediate-term								
Acceptable	14,567	13,323	4,721	8,664	2,121	10,574	165,972	219,942
OAEM	3,924	65	-	-	93	1,033	19,352	24,467
Substandard	11,082	712	11	-	-	5	-	11,810
Total	29,573	14,100	4,732	8,664	2,214	11,612	185,324	256,219
Agribusiness								
Acceptable	8	32,344	36,039	23,612	5,808	58,838	102,013	258,662
Substandard	-	1,059	3,281	803	-	2,463	2,077	9,683
Total	8	33,403	39,320	24,415	5,808	61,301	104,090	268,345
Communications								
Acceptable	1,063	7,048	-	4,941	-	-	2,502	15,554
Total	1,063	7,048	-	4,941	-	-	2,502	15,554
Energy								
Acceptable	-	15,450	12,482	-	-	-	8,348	36,280
Total	-	15,450	12,482	-	-	-	8,348	36,280
Lease receivables								
Acceptable	-	1,152	5,972	901	14	7,659	-	15,698
OAEM	-	-	-	-	-	735	-	735
Substandard	-	-	-	-	143	-	-	143
Total	-	1,152	5,972	901	157	8,394	-	16,576
Total loans	**$ 42,608**	**$ 153,595**	**$ 193,295**	**$ 207,667**	**$ 111,041**	**$ 366,532**	**$ 448,920**	**$ 1,523,658**

The following table presents credit quality indicators by loan type and the related principal balance as of December 31, 2023:

	Term Loans Amortized Cost by Origination Year							
($ in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Real estate mortgage								
Acceptable	$ 78,921	$ 121,937	$ 171,712	$ 98,755	$ 68,423	$ 197,756	$ 179,764	$ 917,268
OAEM	-	2,841	-	6,540	2,076	12,266	2,022	25,745
Substandard	2	7,675	-	-	1,685	13,873	1,243	24,478
Total	78,923	132,453	171,712	105,295	72,184	223,895	183,029	967,491
Production and intermediate-term								
Acceptable	19,357	5,744	8,933	2,369	10,528	1,173	197,399	245,503
OAEM	2,681	-	-	93	1,319	-	8,089	12,182
Substandard	9,622	2,398	-	-	-	23	-	12,043
Total	31,660	8,142	8,933	2,462	11,847	1,196	205,488	269,728
Current period gross charge-offs	-	-	-	116	-	-	-	116
Agribusiness								
Acceptable	32,569	35,495	24,727	6,192	7,397	51,895	86,980	245,255
Substandard	20	3,374	824	-	378	3,251	5,093	12,940
Total	32,589	38,869	25,551	6,192	7,775	55,146	92,073	258,195
Communications								
Acceptable	6,744	-	4,953	-	-	-	1,252	12,949
Total	6,744	-	4,953	-	-	-	1,252	12,949
Energy								
Acceptable	15,542	12,514	-	-	-	-	9,184	37,240
Total	15,542	12,514	-	-	-	-	9,184	37,240
Lease receivables								
Acceptable	1,167	5,948	1,047	14	817	8,015	-	17,008
OAEM	-	-	-	-	-	61	-	61
Substandard	-	-	-	160	-	-	-	160
Total	1,167	5,948	1,047	174	817	8,076	-	17,229
Total loans	**$ 166,625**	**$ 197,926**	**$ 212,196**	**$ 114,123**	**$ 92,623**	**$ 288,313**	**$ 491,026**	**$ 1,562,832**
Total current period gross charge-offs	**$ -**	**$ -**	**$ -**	**$ 116**	**$ -**	**$ -**	**$ -**	**$ 116**

Accrued interest receivable on loans of $25.2 million and $39.1 million at March 31, 2024 and December 31, 2023, respectively, have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. During the three months ended March 31, 2024 and 2023, the Association recorded no write-offs of accrued interest receivable.

The following table reflects nonperforming assets, which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned and related credit quality statistics:

($ in thousands)	**March 31, 2024**	December 31, 2023
Nonaccrual loans:		
Real estate mortgage	**$ 833**	$ 1,156
Production and intermediate-term	**16**	36
Agribusiness		
Processing and marketing	**1,059**	1,104
Lease receivables	**53**	69
Total nonaccrual loans	**1,961**	2,365
Accruing loans 90 days or more past due	**15,069**	2,635
Total nonperforming loans	**17,030**	5,000
Other property owned	**-**	-
Total nonperforming assets	**$ 17,030**	$ 5,000
Nonaccrual loans to total loans	**0.13%**	0.15%
Nonperforming assets to total loans	**1.12%**	0.32%
Nonperforming assets to total members' equity	**5.21%**	1.57%

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for credit losses, as well as interest income recognized on nonaccrual during the period:

	March 31, 2024			Interest Income Recognized
($ in thousands)	Amortized Cost with Related Allowance	Amortized Cost without Related Allowance	Total	For the Three Months Ended March 31, 2024
Nonaccrual loans:				
Real estate mortgage	$ -	$ 833	$ 833	$ 125
Production and intermediate-term	12	4	16	-
Agribusiness:				
Processing and marketing	-	1,059	1,059	-
Lease receivables	-	53	53	-
Total nonaccrual loans	$ 12	$ 1,949	$ 1,961	$ 125

($ in thousands)	December 31, 2023 Amortized Cost with Related Allowance	Amortized Cost without Related Allowance	Total	Interest Income Recognized For the Three Months Ended March 31, 2023
Nonaccrual loans:				
Real estate mortgage	$ -	$ 1,156	$ 1,156	$ -
Production and intermediate-term	12	24	36	-
Agribusiness:				
Processing and marketing	-	1,104	1,104	-
Lease receivables	-	69	69	-
Total nonaccrual loans	$ 12	$ 2,353	$ 2,365	$ -

The following tables provide an aging analysis of past due loans at amortized cost by portfolio segment as of:

March 31, 2024	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	$ 907,124	$ 7,935	$ 15,625	$ 930,684	$ 14,797
Production and intermediate-term	254,115	1,821	283	256,219	272
Agribusiness	268,345	-	-	268,345	-
Communications	15,554	-	-	15,554	-
Energy	36,280	-	-	36,280	-
Lease receivables	16,432	144	-	16,576	-
Total	$ 1,497,850	$ 9,900	$ 15,908	$ 1,523,658	$ 15,069

December 31, 2023	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	$ 963,425	$ 1,294	$ 2,772	$ 967,491	$ 2,168
Production and intermediate-term	266,943	2,282	503	269,728	467
Agribusiness	258,195	-	-	258,195	-
Communications	12,949	-	-	12,949	-
Energy	37,240	-	-	37,240	-
Lease receivables	17,099	130	-	17,229	-
Total	$ 1,555,851	$ 3,706	$ 3,275	$ 1,562,832	$ 2,635

Loan Modifications to Borrowers Experiencing Financial Difficulties

Creditors are required to disclose specific modifications with borrowers that are experiencing financial difficulty. The Association had no loan modifications to disclose as of March 31, 2024.

Dollars in thousands, except as noted (Unaudited)

Allowance for Credit Losses

The credit risk rating methodology is a key component of the Association's allowance for credit losses evaluation and is generally incorporated into the Association's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the Association to manage credit exposure. By regulation, loan commitments to one borrower cannot be more than 15% of our regulatory capital. To further mitigate loan concentration risks, we have established internal lending limits that are below the regulatory requirements that are based on the risk associated with individual borrowers.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

	Real estate mortgage	Production and intermediate-term	Agribusiness	Communications	Energy	Lease receivables	Total
Allowance for credit losses:							
Balance at December 31, 2023	$ 773	$ 353	$ 1,712	$ 27	$ 68	$ 105	$ 3,038
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for credit losses (credit loss reversal)	11	(20)	51	4	(1)	-	45
Balance at March 31, 2024	784	333	1,763	31	67	105	3,083
Reserve for unfunded commitments:							
Balance at December 31, 2023	31	54	129	11	-	26	251
(Credit loss reversal) provision for credit loss	(5)	11	(32)	6	-	3	(17)
Balance at March 31, 2024	26	65	97	17	-	29	234
Total allowance for credit losses	$ 810	$ 398	$ 1,860	$ 48	$ 67	$ 134	$ 3,317

	Real estate mortgage	Production and intermediate-term	Agribusiness	Communications	Energy	Lease receivables	Total
Allowance for credit losses:							
Balance at December 31, 2022	$ 423	$ 3,854	$ 1,472	$ -	$ -	$ 186	$ 5,935
Cumulative effect of a change in accounting principle	1,858	(3,103)	(529)	-	-	(67)	(1,841)
Balance at January 1, 2023	2,281	751	943	-	-	119	4,094
Charge-offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provision for credit losses (credit loss reversal)	329	(168)	27	8	3	101	300
Balance at March 31, 2023	2,610	583	970	8	3	220	4,394
Reserve for unfunded commitments:							
Balance at December 31, 2022	11	150	74	-	2	4	241
Cumulative effect of a change in accounting principle	143	56	(28)	-	1	48	220
Balance at January 1, 2023	154	206	46	-	3	52	461
(Credit loss reversal) provision for credit losses	(72)	(169)	41	3	(1)	(11)	(209)
Balance at March 31, 2023	82	37	87	3	2	41	252
Total allowance for credit losses	$ 2,692	$ 620	$ 1,057	$ 11	$ 5	$ 261	$ 4,646

Dollars in thousands, except as noted (Unaudited)

3. Capital

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

	March 31, 2024	December 31, 2023	Regulatory Minimums	Capital Conservation Buffer	Total
Risk adjusted:					
Common equity tier 1 ratio	**15.69%**	16.21%	4.50%	2.5%	7.00%
Tier 1 capital ratio	**15.69%**	16.21%	6.00%	2.5%	8.50%
Total capital ratio	**15.87%**	16.40%	8.00%	2.5%	10.50%
Permanent capital ratio	**15.71%**	16.24%	7.00%	-	7.00%
Non-risk-adjusted:					
Tier 1 leverage ratio	**17.97%**	18.73%	4.00%	1.00%	5.00%
Unallocated retained earnings and equivalents leverage ratio	**17.93%**	18.68%	1.50%	–	1.50%

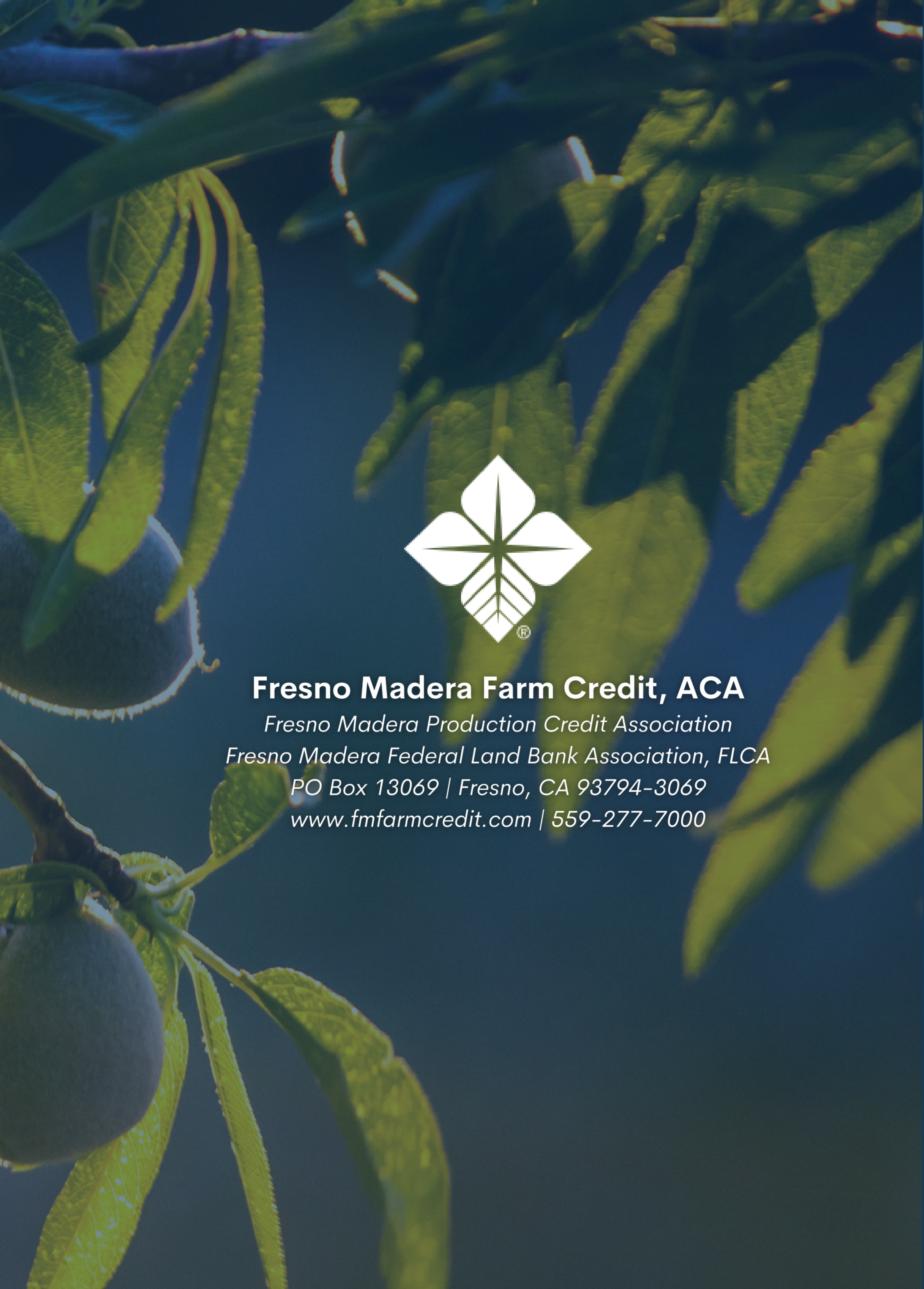
4. Fair Value Measurements

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 2023 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 March 31, 2024 or December 31, 2023.

5. Subsequent Events

The Association has evaluated subsequent events through May 10, 2024, 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

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