FRESNO MADERA
FARM CREDIT

2024

QUARTERLY REPORT
SEPTEMBER 30, 2024

This page is intentionally left blank.

Table of Contents

Fresno Madera Farm Credit, ACA
2024 Quarterly Report
September 30, 2024

Fresno Madera Farm Credit, ACA
2024 Quarterly Report
September 30, 2024

Message to Shareholders

November 8, 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 Third 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

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 nine months ended September 30, 2024 was $21.1 million compared to $20.5 million from the comparative period in 2023. Our net income increased 2.84% 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 $2.7 million to $32.8 million for the nine months ended September 30, 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 nine months of 2024 was $1.56 billion, an increase of $86.0 million or 5.83% from $1.48 billion for the comparative period in 2023. Net interest margin increased to 2.80% for the first nine months of 2024 compared to 2.72% 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 nine months ended September 30, 2024 was $9.9 million, an increase of $894 or 9.90% from the comparative period in 2023. The rise in noninterest income was primarily due to a one-time $444 rebate from the Farm Credit System Insurance Corporation ("FCSIC"). Additional factors include increased patronage distributions from CoBank and other Farm Credit institutions, along with higher loan fee income generated from our unused commitments.

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 nine months ended September 30, 2024 of $502 compared to a credit loss reversal of $893 during 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 nine months ended September 30, 2024 increased $1.6 million or 8.06%, to $21.1 million compared to the same period in the prior year primarily due to increases in salaries and employee benefits expense of $1.2 million, and an increase in information technology expense of $638. The increase in salaries and employee benefits expenses was driven by staff additions and higher salaries due to annual merit increases. The increase in information technology was due to higher service charges from our technology provider coupled with increased software licensing fees. This was partially offset by a decrease in Farm Credit System Insurance Corporation premiums attributable to a rate decrease from 18 bps in 2023 to 10 bps in 2024.

LOAN PORTFOLIO

Loan volume outstanding at September 30, 2024 was $1.65 billion, an increase of $85.6 million from total loan volume at December 31, 2023 of $1.56 billion. The increase was due to new loan commitments along with increased utilization on revolving lines of credit across our Real Estate, Processing and Marketing, and Communication segments. This was partially offset by increased seasonal repayment activity in our Production and Intermediate segment.

Allowance for Credit Losses

As of September 30, 2024, the Association's allowance for credit losses (ACL) was $3.5 million, an increase of $412 from December 31, 2023. Allowance as a percentage of loans was 0.21% and 0.19% as of September 30, 2024 and December 31, 2023, respectively. Our allowance for credit losses increased due to an increase in 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 September 30, 2024 was $339.0 million representing an increase of $21.1 million or 6.62% 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

	September 30, 2024	December 31, 2023
	Unaudited	Audited
Assets		
Loans	$ 1,648,464	$ 1,562,832
Less: allowance for credit losses	3,450	3,038
Net loans	1,645,014	1,559,794
Cash	2,639	3,028
Accrued interest receivable	41,518	39,096
Investment in CoBank, ACB	40,352	39,788
Premises and equipment, net	9,346	9,584
Other assets	18,117	20,934
Total assets	$ 1,756,986	$ 1,672,224
Liabilities		
Note payable to CoBank, ACB	$ 1,355,816	$ 1,281,119
Funds held	51,690	43,168
Accrued interest payable	5,467	5,336
Patronage distributions payable	-	19,355
Reserve for unfunded commitments	243	251
Other liabilities	4,773	5,048
Total liabilities	1,417,989	1,354,277
Members' equity		
Capital stock and participation certificates	703	720
Unallocated retained earnings	338,294	317,227
Total members' equity	338,997	317,947
Total liabilities and members' equity	$ 1,756,986	$ 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 September 30		For the nine months ended September 30	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
Interest income				
Loans	$ 29,924	$ 27,298	$ 86,658	$ 76,824
Interest expense				
Note payable to CoBank, ACB	18,148	16,640	51,636	45,083
Funds held	682	617	2,256	1,633
Total interest expense	18,830	17,257	53,892	46,716
Net interest income	11,094	10,041	32,766	30,108
Provision for credit losses (credit loss reversal)	258	(1,051)	502	(893)
Net interest income after provision for credit losses (credit loss reversal)	10,836	11,092	32,264	31,001
Noninterest income				
Patronage distribution from Farm Credit institutions	1,968	2,065	8,497	8,191
Loan fees	284	203	717	543
Farm Credit Insurance Fund rebate	-	-	444	-
Financially related services income	27	38	109	140
Other noninterest income	28	48	155	154
Total noninterest income	2,307	2,354	9,922	9,028
Noninterest expense				
Salaries and employee benefits	3,870	3,551	12,071	10,852
Information technology	1,523	1,336	4,492	3,854
Farm Credit Insurance Fund premium	310	513	890	1,518
Occupancy and equipment	205	267	641	632
Supervisory and examination costs	141	127	424	379
Other noninterest expense	857	858	2,599	2,307
Total noninterest expense	6,906	6,652	21,117	19,542
Income before income taxes	6,237	6,794	21,069	20,487
Provision for income taxes	-	-	2	2
Net income	$ 6,237	$ 6,794	$ 21,067	$ 20,485

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		20,485	20,485
Capital stock and participation certificates issued	33		33
Capital stock and participation certificates retired	(50)		(50)
Cumulative effects from adoption of the CECL standard		1,621	1,621
Balance at September 30, 2023	$ 736	$ 330,428	$ 331,164
Balance at December 31, 2023	$ 720	$ 317,227	$ 317,947
Net income		21,067	21,067
Capital stock and participation certificates issued	26		26
Capital stock and participation certificates retired	(43)		(43)
Balance at September 30, 2024	$ 703	$ 338,294	$ 338,997

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 third 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.

Dollars in thousands, except as noted (Unaudited)

2. Loans and Allowance for Credit Losses

A summary of loans follows:

	September 30, 2024	December 31, 2023
Real estate mortgage	$ 1,010,513	$ 967,491
Production and intermediate-term	262,495	269,728
Agribusiness		
Processing and marketing	191,200	155,981
Cooperatives	80,949	76,646
Farm related business	24,382	25,568
Energy	35,562	37,240
Communications	25,567	12,949
Lease receivables	17,796	17,229
Total loans	$ 1,648,464	$ 1,562,832

Unamortized deferred loan fees and costs totaled $3.0 million as of September 30, 2024, and December 31, 2023.

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, 2024:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 175,077	$ 253,822	$ -	$ -	$ 175,077	$ 253,822
Production and intermediate-term	8,970	180,470	-	-	8,970	180,470
Agribusiness	262,524	45,066	2,953	-	265,477	45,066
Communications	25,567	-	-	-	25,567	-
Energy	35,562	-	-	-	35,562	-
Lease receivables	17,796	-	-	-	17,796	-
Total	$ 525,496	$ 479,358	$ 2,953	$ -	$ 528,449	$ 479,358

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.

Dollars in thousands, except as noted (Unaudited)

The following table presents credit quality indicators by loan type and the related principal balance as of September 30, 2024:

	Term loans Amortized cost by origination year							
	2024	2023	2022	2021	2020	Prior	Revolving loans amortized cost basis	Total
Real estate mortgage								
Acceptable	$ 46,886	$ 77,594	$ 108,303	$ 155,067	$ 96,948	$ 251,433	$ 201,154	$ 937,385
OAEM	789	423	7,080	1,117	4,449	10,834	650	25,342
Substandard	3,244	4	15,084	-	6,336	20,620	2,498	47,786
Total	50,919	78,021	130,467	156,184	107,733	282,887	204,302	1,010,513
Production and intermediate-term								
Acceptable	18,638	6,717	1,471	3,447	1,589	6,883	179,319	218,064
OAEM	7,961	853	-	-	499	1,033	2,754	13,100
Substandard	18,091	444	3,195	-	-	-	9,601	31,331
Total	44,690	8,014	4,666	3,447	2,088	7,916	191,674	262,495
Current period gross charge-offs	-	34	-	-	-	-	-	34
Agribusiness								
Acceptable	29,811	31,076	32,001	25,339	5,679	52,998	110,514	287,418
Substandard	-	971	3,095	763	-	2,338	1,946	9,113
Total	29,811	32,047	35,096	26,102	5,679	55,336	112,460	296,531
Communications								
Acceptable	12,994	7,656	-	4,915	-	-	2	25,567
Total	12,994	7,656	-	4,915	-	-	2	25,567
Energy								
Acceptable	-	15,267	12,416	-	-	-	7,879	35,562
Total	-	15,267	12,416	-	-	-	7,879	35,562
Lease receivables								
Acceptable	311	1,122	5,539	729	-	6,215	-	13,916
OAEM	-	-	-	-	-	48	-	48
Substandard	3,173	-	-	-	37	622	-	3,832
Total	3,484	1,122	5,539	729	37	6,885	-	17,796
Total loans	$ 141,898	$ 142,127	$ 188,184	$ 191,377	$ 115,537	$ 353,024	$ 516,317	$ 1,648,464
Total current period gross charge-offs	$ -	$ 34	$ -	$ -	$ -	$ -	$ -	$ -

Dollars in thousands, except as noted (Unaudited)

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							
	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

Dollars in thousands, except as noted (Unaudited)

The following table shows loans under the Farm Credit Administration Uniform Classification System as a percentage of total loans by loan type as of September 30, 2024 and December 31, 2023:

September 30, 2024	Acceptable	OAEM	Substandard	Total
Real estate mortgage	92.76%	2.51%	4.73%	100.00%
Production and intermediate-term	83.07%	4.99%	11.94%	100.00%
Agribusiness	96.93%	0.00%	3.07%	100.00%
Communications	100.00%	0.00%	0.00%	100.00%
Energy	100.00%	0.00%	0.00%	100.00%
Lease receivables	78.20%	0.27%	21.53%	100.00%
Total loans	92.09%	2.33%	5.58%	100.00%

December 31, 2023	Acceptable	OAEM	Substandard	Total
Real estate mortgage	94.81%	2.66%	2.53%	100.00%
Production and intermediate-term	91.02%	4.52%	4.46%	100.00%
Agribusiness	94.99%	0.00%	5.01%	100.00%
Communications	100.00%	0.00%	0.00%	100.00%
Energy	100.00%	0.00%	0.00%	100.00%
Lease receivables	98.72%	0.35%	0.93%	100.00%
Total loans	94.40%	2.43%	3.17%	100.00%

Accrued interest receivable on loans of $41.5 million and $39.1 million at September 30, 2024 and December 31, 2023, respectively, have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Condition. The Association wrote off accrued interest receivable of $210 and $30 for the nine months ended September 30, 2024 and 2023.

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:

	September 30, 2024	December 31, 2023
Nonaccrual loans		
Real estate mortgage	$ 2,955	$ 1,156
Production and intermediate-term	556	36
Agribusiness	971	1,104
Lease receivables	36	69
Total nonaccrual loans	4,518	2,365
Accruing loans 90 days or more past due	2,376	2,635
Total nonperforming loans	6,894	5,000
Other property owned	-	-
Total nonperforming assets	$ 6,894	$ 5,000
Nonaccrual loans to total loans	0.27%	0.15%
Nonperforming assets to total loans	0.42%	0.32%
Nonperforming assets to total members' equity	2.03%	1.57%

Dollars in thousands, except as noted (Unaudited)

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:

	September 30, 2024			Interest income recognized	
	Amortized cost with related allowance	Amortized cost without related allowance	Total	For the three months ended September 30, 2024	For the nine months ended September 30, 2024
Nonaccrual loans					
Real estate mortgage	$ -	$ 2,955	$ 2,955	$ -	$ 125
Production and intermediate-term	11	545	556	-	-
Agribusiness					
Processing and marketing	-	971	971	-	-
Lease receivables	-	36	36	-	-
Total nonaccrual loans	$ 11	$ 4,507	$ 4,518	$ -	$ 125

	December 31, 2023			Interest income recognized	
	Amortized cost with related allowance	Amortized cost without related allowance	Total	For the three months ended September 30, 2023	For the nine months ended September 30, 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:

September 30, 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	$ 1,000,083	$ 5,303	$ 5,127	$ 1,010,513	$ 2,376
Production and intermediate-term	257,659	4,282	553	262,494	-
Agribusiness	294,941	1,591	-	296,532	-
Communications	25,567	-	-	25,567	-
Energy	35,562	-	-	35,562	-
Lease receivables	17,566	230	-	17,796	-
Total	$ 1,631,378	$ 11,406	$ 5,680	$ 1,648,464	$ 2,376

Dollars in thousands, except as noted (Unaudited)

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

The following table shows the amortized cost basis at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

	For the three months ended September 30, 2024				For the nine months ended September 30, 2024			
	Term extension	Payment extension	Total	Modification as a percentage of loan type	Term extension	Payment extension	Total	Modification as a percentage of loan type
Real estate mortgage	$ -	$ -	$ -	0.00%	$ -	$ 14,364	$ 14,364	1.42%
Agribusiness	-	-	-	0.00%	1,946	-	1,946	0.66%
Total	$ -	$ -	$ -	0.00%	$ 1,946	$ 14,364	$ 16,310	0.99%

The Association had no loan modifications to disclose for the three and nine months ended September 30, 2023.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended September 30, 2024 and 2023 were $0. Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty as of the nine months ended September 30, 2024 and 2023 were $418 and $0, respectively.

The following table describes the financial effects of the modifications made to borrowers experiencing financial difficulty during the three months ended September 30, 2024 and September 30, 2023:

	For the three months ended September 30, 2024		For the three months ended September 30, 2023	
	Weighted average term extension (months)	Weighted average payment extension (months)	Weighted average term extension (months)	Weighted average payment extension (months)
Real estate mortgage	-	-	-	-
Agribusiness	-	-	-	-

Dollars in thousands, except as noted (Unaudited)

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the nine months ended September 30, 2024 and September 30, 2023:

	For the nine months ended September 30, 2024		For the nine months ended September 30, 2023	
	Weighted average term extension (months)	Weighted average payment extension (months)	Weighted average term extension (months)	Weighted average payment extension (months)
Real estate mortgage	-	12	-	-
Agribusiness	12	-	-	-

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to September 30, 2024:

	Payment status of loans modified in the past 12 months		
	Current	30-89 days past due	90 days or more past due
Real estate mortgage	$ 14,364	$ -	$ -
Agribusiness	1,946	-	-
Total	$ 16,310	$ -	$ -

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the nine months ended September 30, 2024 were $2.1 million and during the year ended December 31, 2023 were $0.

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 & intermediate-term	Agribusiness	Communications	Energy	Lease receivables	Total
Allowance for credit losses							
Balance at June 30, 2024	$ 814	$ 508	$ 1,708	$ 30	$ 67	$ 99	$ 3,226
Charge-offs	-	(34)	-	-	-	-	(34)
Provision for credit losses (credit loss reversal)	(143)	97	70	22	(18)	230	258
Balance at September 30, 2024	671	571	1,778	52	49	329	3,450
Reserve for unfunded commitments							
Balance at June 30, 2024	29	88	115	17	-	29	278
(Credit loss reversal) provision for credit losses	(13)	(8)	(7)	(1)	-	(6)	(35)
Balance at September 30, 2024	16	80	108	16	-	23	243
Total allowance for credit losses	$ 687	$ 651	$ 1,886	$ 68	$ 49	$ 352	$ 3,693

Dollars in thousands, except as noted (Unaudited)

	Real estate mortgage	Production & 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	(56)	(34)	-	-	-	-	(90)
Provision for credit losses (credit loss reversal)	(46)	252	66	25	(19)	224	502
Balance at September 30, 2024	671	571	1,778	52	49	329	3,450
Reserve for unfunded commitments							
Balance at December 31, 2023	31	54	129	11	-	26	251
(Credit loss reversal) provision for credit losses	(15)	26	(21)	5	-	(3)	(8)
Balance at September 30, 2024	16	80	108	16	-	23	243
Total allowance for credit losses	$ 687	$ 651	$ 1,886	$ 68	$ 49	$ 352	$ 3,693

	Real estate mortgage	Production & intermediate-term	Agribusiness	Communications	Energy	Lease receivables	Total
Allowance for credit losses							
Balance at June 30, 2023	$ 2,449	$ 592	$ 955	$ 19	$ 37	$ 200	$ 4,252
Charge-offs	-	(9)	-	-	-	-	(9)
(Credit loss reversal) provision for credit losses	(1,030)	(168)	224	(6)	(11)	(60)	(1,051)
Balance at September 30, 2023	1,419	415	1,179	13	26	140	3,192
Reserve for unfunded commitments							
Balance at June 30, 2023	54	72	96	4	-	33	259
(Credit loss reversal) provision for credit losses	-	(22)	12	(1)	-	(8)	(19)
Balance at September 30, 2023	54	50	108	3	-	25	240
Total allowance for credit losses	$ 1,473	$ 465	$ 1,287	$ 16	$ 26	$ 165	$ 3,432
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	1,859	(3,103)	(530)	-	-	(67)	(1,841)
Balance at January 1, 2023	2,282	751	942	-	-	119	4,094
Charge-offs	-	(9)	-	-	-	-	(9)
(Credit loss reversal) provision for credit losses	(863)	(327)	237	13	26	21	(893)
Balance at September 30, 2023	1,419	415	1,179	13	26	140	3,192
Reserve for unfunded commitments							
Balance at December 31, 2022	11	150	74	-	2	4	241
Cumulative effect of a change in accounting principle	143	57	(28)	-	-	48	220
Balance at January 1, 2023	154	207	46	-	2	52	461
(Credit loss reversal) provision for credit losses	(100)	(157)	62	3	(2)	(27)	(221)
Balance at September 30, 2023	54	50	108	3	-	25	240
Total allowance for credit losses	$ 1,473	$ 465	$ 1,287	$ 16	$ 26	$ 165	$ 3,432

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:

	September 30, 2024	December 31, 2023	Regulatory minimums	Capital conservation buffer	Total
Risk adjusted					
Common equity tier 1 ratio	15.42%	16.21%	4.50%	2.50%	7.00%
Tier 1 capital ratio	15.42%	16.21%	6.00%	2.50%	8.50%
Total capital ratio	15.61%	16.40%	8.00%	2.50%	10.50%
Permanent capital ratio	15.45%	16.24%	7.00%	-	7.00%
Non-risk-adjusted					
Tier 1 leverage ratio	17.69%	18.73%	4.00%	1.00%	5.00%
Unallocated retained earnings and equivalents leverage ratio	17.65%	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 September 30, 2024 or December 31, 2023.

5. Subsequent Events

The Association has evaluated subsequent events through November 8, 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
PO Box 13069 | Fresno, CA 93794-3069
www.fmfarmcredit.com | 559-277-7000