


Fresno Madera Farm Credit

Agriculture is Our Only Business

2020 First Quarter Financial Statements


TABLE OF CONTENTS

FRESNO MADERA FARM CREDIT, ACA

2020 FIRST QUARTER FINANCIAL STATEMENTS

FRESNO MADERA FARM CREDIT, ACA

2020 FIRST QUARTER FINANCIAL STATEMENTS

MESSAGE TO SHAREHOLDERS

May 8, 2020

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 2020. 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 three months ended March 31, 2020 was $7.7 million compared to $7.0 million from the comparative period in 2019. Our earnings primarily reflect higher net interest income, a reversal in the loan loss provision, and lower noninterest expense from the same period of the prior year.

Net interest income increased $237 to $8.7 million for the three months ended March 31, 2020 from the comparative period in 2019 primarily due to an increase in income recovered on nonaccrual loans. This was partially offset by lower average loan volume and a decrease in earnings associated with our invested capital impacted by decreasing short-term interest rates.

Noninterest income for the three months ended March 31, 2020 was $3.6 million which is a decrease of $25 or 1% from the comparative period in 2019. 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. Noninterest income has remained fairly steady compared to the prior year.

We recorded a loan loss reversal of $62 for the three months ended March 31, 2020 compared to a provision for loan losses of $171 in the comparative period in 2019. The reversal in the current period is primarily due to a decrease in our overall exposure as a result of decreased volume. The provision in the prior year was primarily due to an increase in our allowance for loan losses as a result of some increase in credit risk associated with our loan portfolio.

Noninterest expenses for the three months ended March 31, 2020 decreased $255 or 5%, to $4.8 million compared to the same period in the prior year primarily due to a decrease in salaries and employee benefits expenses and training expenses. Salaries and employee benefits expense increased compared to prior year by $131 driven by an increased number of staff in order to provide bench strength in various departments and assist in succession planning efforts. However, this increase was offset by an increase in credits to salaries and employee benefits expense by $219 for those costs directly related to originating loans during the quarter considered direct loan origination costs. Direct loan origination costs are capitalized and amortized as a yield adjustment over the contractual lives of the related loans in accordance with generally accepted accounting principles. The net decrease in salaries and employee benefits expense was caused by an increase in the number of loans and renewals originated in the current period compared to the prior year. The decrease in training expense from the prior period is due to the timing of training events scheduled to take place in the current quarter either being canceled or postponed as a result of the COVID-19 pandemic.

Loan Portfolio

Loan volume outstanding at March 31, 2020 was $1,212 million, a decrease of $14 million from total loan volume at December 31, 2019 of $1,226 million. Overall the decrease in loan volume is primarily due to loan payoffs and lower utilization of revolving lines of credit.

As of March 31, 2020, the allowance for loan losses was $6.9 million, a decrease of $63 thousand from December 31, 2019, with the allowance as a percentage of loans as of March 31, 2020 at 0.57%. The decrease in allowance for loan losses is primarily the result of a decrease in loan volume.

CAPITAL RESOURCES

The Association continues to have a sound capital position with a total regulatory capital ratio of 17.46% compared to the minimum of 15.50% established by the board of directors and the regulatory minimum of 10.50%. Members' equity at March 31, 2020 was $285.3 million representing an increase of $7.7 million or 3% from December 31, 2019. 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 2019 Annual Report to Shareholders.

COVID-19 PANDEMIC

In March 2020, the outbreak of the Coronavirus Disease 2019 ("COVID-19") was recognized as a pandemic by the World Health Organization. The spread of COVID-19 has created a global public health crisis that has resulted in unprecedented uncertainty, volatility and disruption in financial markets and in governmental, commercial and consumer activity in the United States and globally, including the markets that the Association serves. Governmental authorities have responded to the pandemic by mandating the closure of locations of non-essential businesses and requiring individuals to observe social distancing and "Shelter in Place " restrictions. These governmental restrictions, coupled with fear of contracting the virus, have resulted in a rapid decline in commercial and consumer activity, loss of revenues by businesses, a severe spike in unemployment, material decreases in oil and gas prices and in business valuations, disrupted global supply chains and market volatility.

As an essential business, the Association has remained open and continues to operate and serve our borrowers while also making adjustments to protect employee safety. The majority of the Association staff have been transitioned to remote work arrangements with a limited number of staff based in the Association branches. Despite these changes, the Association has not experienced an interruption in our ability to operate and provide services to our borrowers. The long-term impacts of COVID-19 on agriculture and the Association's borrowers are still relatively unknown.

However, the Association has noted certain segments considered to have elevated vulnerability, with dairy, agribusiness, and fresh produce industries expected to see the most impact due to certain markets being unavailable such as the entire food service segment and a reduced labor supply needed to harvest the crops in a timely manner. There are currently no loan defaults known to be attributed to COVID-19. The Agribusiness segment is also impacted as reduced demand from the food service industry and school meal programs is expected to negatively impact pricing as a result of these markets being offline. There is also an elevated risk relative to labor, as a COVID-19 outbreak at a processing facility could force shutdown, given the close proximity of employees as they perform their duties.

During the second quarter, we will likely have a better indication as to the continued impact on agricultural commodities and the potential financial impact to our borrowers. We expect to see declines in credit quality throughout the year as a result of COVID-19.

CONSOLIDATED STATEMENTS OF CONDITION

(Dollars in thousands)

	March 31 2020 UNAUDITED	December 31 2019 AUDITED
ASSETS		
Loans	**$1,211,579**	$ 1,225,675
Less allowance for loan losses	**6,864**	6,927
Net loans	**1,204,715**	1,218,748
Cash	**610**	10,137
Accrued interest receivable	**10,242**	20,872
Investment in CoBank, ACB	**39,210**	38,703
Premises and equipment, net	**5,507**	5,596
Other assets	**8,469**	11,879
Total assets	**$1,268,753**	$ 1,305,935
LIABILITIES		
Note payable to CoBank, ACB	**$ 890,772**	$ 946,569
Funds held	**76,528**	64,260
Accrued interest payable	**1,044**	1,334
Patronage distributions payable	**12,539**	12,539
Other liabilities	**2,549**	3,567
Total liabilities	**983,432**	1,028,269
MEMBERS' EQUITY		
Capital stock and participation certificates	**755**	755
Unallocated retained earnings	**284,566**	276,911
Total members' equity	**285,321**	277,666
Total liabilities and members' equity	**$1,268,753**	$ 1,305,935

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	
	2020	2019
	UNAUDITED	UNAUDITED
INTEREST INCOME		
Loans	**$ 13,928**	$ 15,533
INTEREST EXPENSE		
Note payable to CoBank, ACB	**4,935**	6,600
Funds held	**265**	442
Total interest expense	**5,200**	7,042
Net interest income	**8,728**	8,491
(Loan loss reversal) provision for loan losses	**(62)**	171
Net interest income after (loan loss reversal) provision for loan losses	**8,790**	8,320
NONINTEREST INCOME		
Patronage distribution from Farm Credit Institutions	**3,133**	3,127
Farm Credit Insurance Fund rebate	**258**	272
Financially related services income	**37**	120
Loan fees	**94**	89
Other noninterest income	**103**	42
Total noninterest income	**3,625**	3,650
NONINTEREST EXPENSE		
Salaries and employee benefits	**2,975**	3,063
Occupancy and equipment	**136**	133
Farm Credit Insurance Fund premium	**175**	202
Information technology	**923**	909
Supervisory and examination costs	**120**	111
Other noninterest expense	**429**	595
Total noninterest expense	**4,758**	5,013
Income before income taxes	**7,657**	6,957
Provision for income taxes	**2**	-
Net income	**$ 7,655**	$ 6,957

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, 2018	$ 774	$ 266,184	$ 266,958
Net income		6,957	6,957
Capital stock and participation certificates issued	13		13
Capital stock and participation certificates retired	(24)		(24)
Balance at March 31, 2019	**$ 763**	**$273,141**	**$273,904**
Balance at December 31, 2019	$ 755	$ 276,911	$ 277,666
Net income		7,655	7,655
Capital stock and participation certificates issued	20		20
Capital stock and participation certificates retired	(20)		(20)
Balance at March 31, 2020	**$ 755**	**$284,566**	**$285,321**

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, 2019 are contained in the 2019 Annual Report to Shareholders. These unaudited first quarter 2020 financial statements should be read in conjunction with the 2019 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, 2019 as contained in the 2019 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, 2020. Descriptions of the significant accounting policies are included in the 2019 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 became 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. The guidance is to be applied on a retrospective or prospective basis to all implementation costs incurred after the date of adoption. The adoption of this guidance did not materially impact the Association's financial condition or its results of operations.

In August 2018, the FASB issued guidance entitled "Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans." The guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This guidance becomes effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The guidance is to be applied on a retrospective basis for all periods. The adoption of this guidance will not impact the Association's financial condition or its results of operations, but will impact the employee benefit plan disclosures.

(Dollars in thousands, except as noted)

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 was to become effective for interim and annual periods beginning after December 15, 2020, with early application permitted. In November 2019, the FASB issued an update that amends the mandatory effective date for this guidance for certain institutions. The change resulted from a change in the effective date philosophy that extends and simplifies the adoption by staggering the dates between large public entities and other entities. As a result of the change, the new credit loss standard, for those institutions qualifying for the delay, becomes effective for interim and annual reporting periods beginning after December 15, 2022, with early adoption permitted. The Association qualifies for the delay in the adoption date. The Association continues to evaluate the impact of adoption on its financial condition and results of operations.

2. Loans and Allowance for Loan Losses

A summary of loans follows:

	March 31, 2020	December 31, 2019
Real estate mortgage	**$ 760,091**	$ 783,124
Production and intermediate-term	**227,910**	254,647
Agribusiness:		
Cooperatives	**96,000**	72,807
Processing and marketing	**95,582**	82,234
Farm-related business	**2,297**	2,251
Energy	**5,311**	5,311
Lease receivables	**24,388**	25,301
Total loans	**$ 1,211,579**	$ 1,225,675

Unamortized deferred loan fees and costs totaled $3.8 million as of both March 31, 2020 and December 31, 2019.

(Dollars in thousands, except as noted)

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, 2020:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 116,045	$ 191,588	$ -	$ -	$ 116,045	$ 191,588
Production and intermediate-term	15,094	214,045	-	-	15,094	214,045
Agribusiness	165,825	26,385	-	-	165,825	26,385
Energy	5,311	-	-	-	5,311	-
Lease receivables	24,388	-	-	-	24,388	-
Total loans	**$ 326,663**	**$ 432,018**	**$ -**	**$ -**	**$ 326,663**	**$ 432,018**

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

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

(Dollars in thousands, except as noted)

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

	March 31, 2020	December 31, 2019
Real estate mortgage		
Acceptable	**95.24%**	96.17%
OAEM	**2.47%**	1.41%
Substandard	**2.29%**	2.42%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**86.69%**	91.37%
OAEM	**10.08%**	4.40%
Substandard	**3.23%**	4.23%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**96.14%**	95.30%
OAEM	**2.22%**	2.55%
Substandard	**1.64%**	2.15%
Total	**100.00%**	100.00%
Energy		
OAEM	**100.00%**	100.00%
Total	**100.00%**	100.00%
Lease receivables		
Acceptable	**93.70%**	93.63%
Substandard	**6.30%**	6.37%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**93.33%**	94.61%
OAEM	**4.24%**	2.56%
Substandard	**2.43%**	2.83%
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:

	March 31, 2020	December 31, 2019
Nonaccrual loans:		
Real estate mortgage	$ 7,149	$ 7,159
Production and intermediate-term	3,949	3,895
Agribusiness:		
Processing and Marketing	2,962	3,155
Total nonaccrual loans	14,060	14,209
Accruing restructured loans	-	-
Accruing loans 90 days past due	-	-
Other property owned	-	-
Total high risk assets	$ 14,060	$ 14,209

Additional impaired loan information is as follows:

	March 31, 2020			December 31, 2019		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	$ 7,149	$ 7,237	$ -	$ 7,159	$ 7,448	$ -
Production and intermediate-term	3,949	4,548	-	3,895	4,606	-
Agribusiness:						
Processing and Marketing	2,962	3,093	-	3,155	3,155	-
Total impaired loans	$ 14,060	$ 14,878	$ -	$ 14,209	$ 15,209	$ -

The decrease in impaired loans during the three months ended March 31, 2020 is primarily due to paydowns on existing impaired loans in the first quarter.

	For the Three Months Ended			
	March 31, 2020		March 31, 2019	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	$ 7,022	$ 495	$ 7,063	$ 76
Production and intermediate-term	4,007	142	3,950	-
Agribusiness:				
Processing and Marketing	2,976	-	-	-
Total	14,005	637	11,013	76
Total impaired loans	$ 14,005	$ 637	$ 11,013	$ 76

(Dollars in thousands, except as noted)

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

March 31, 2020	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	$ 763,046	$ 2,610	$ 2,083	$ 767,739	$ -
Production and intermediate-term	227,085	509	2,150	229,744	-
Agribusiness	193,687	2	648	194,337	-
Energy	5,316	-	-	5,316	-
Lease receivables	24,661	24	-	24,685	-
Total	$ 1,213,795	$ 3,145	$ 4,881	$ 1,221,821	$ -

December 31, 2019	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	$ 798,431	$ 56	$ 2,082	$ 800,569	$ -
Production and intermediate-term	255,017	41	2,150	257,208	-
Agribusiness	157,154	650	-	157,804	-
Energy	5,315	-	-	5,315	-
Lease receivables	25,651	-	-	25,651	-
Total	$ 1,241,568	$ 747	$ 4,232	$ 1,246,547	$ -

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

For the Three Months Ended March 31, 2020	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at December 31, 2019	$ 410	$ 3,919	$ 1,311	$ 87	$ 1,200	$ 6,927
Charge-offs	-	(1)	-	-	-	(1)
Recoveries	-	-	-	-	-	-
Provision for Loan Losses/(Loan loss reversal)	8	(277)	368	5	(166)	(62)
Balance at March 31, 2020	$ 418	$ 3,641	$ 1,679	$ 92	$ 1,034	$ 6,864

For the Three Months Ended March 31, 2019	Real estate mortgage	Production and intermediate-term	Agribusiness	Energy	Lease receivables	Total
Allowance for Credit Losses:						
Balance at December 31, 2018	$ 439	$ 3,781	$ 1,699	$ 26	$ 842	$ 6,787
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision for Loan Losses/(Loan loss reversal)	68	(65)	258	1	(91)	171
Balance at March 31, 2019	$ 507	$ 3,716	$ 1,957	$ 27	$ 751	$ 6,958

(Dollars in thousands, except as noted)

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	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance: Allowance collectively evaluated for impairment	418	3,641	1,679	92	1,034	6,864
Balance at March 31, 2020	$ 418	$ 3,641	$ 1,679	$ 92	$ 1,034	$ 6,864
Recorded Investments in Loans Outstanding:						
Ending balance: Loans individually evaluated for impairment	$ 7,149	$ 3,949	$ 2,962	$ -	$ -	$ 14,060
Ending balance: Loans collectively evaluated for impairment	760,590	225,795	191,375	5,316	24,685	1,207,761
Balance at March 31, 2020	$ 767,739	$ 229,744	$ 194,337	$ 5,316	$ 24,685	$ 1,221,821

	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	410	3,919	1,311	87	1,200	6,927
Balance at December 31, 2019	$ 410	$ 3,919	$ 1,311	$ 87	$ 1,200	$ 6,927
Recorded Investments in Loans Outstanding:						
Ending balance: Loans individually evaluated for impairment	$ 7,159	$ 3,895	$ 3,155	$ -	$ -	$ 14,209
Ending balance: Loans collectively evaluated for impairment	793,410	253,313	154,649	5,315	25,651	1,232,338
Balance at December 31, 2019	$ 800,569	$ 257,208	$ 157,804	$ 5,315	$ 25,651	$ 1,246,547

The Association recorded no troubled debt restructurings during the three months ended March 31, 2020.

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, 2020	December 31, 2019	Regulatory Minumums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	**16.96%**	**16.85%**	4.50%	2.5%	7.00%
Tier 1 capital ratio	**16.96%**	**16.85%**	6.00%	2.5%	8.50%
Total capital ratio	**17.46%**	**17.36%**	8.00%	2.5%	10.50%
Permanent capital ratio	**17.04%**	**16.94%**	7.00%	-	7.00%
Non-risk-adjusted:					
Tier 1 leverage ratio	**19.91%**	**19.79%**	4.00%	1.00%	5.00%
Unallocated retained earnings and equivalents leverage ratio	**21.12%**	**20.86%**	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 2019 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, 2020 or December 31, 2019.

5. SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 8, 2020 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

PO Box 13069 ● Fresno, CA 93794-3069

www.fmfarmcredit.com ● 559-277-7000