OKLAHOMA AGCREDIT

COMMITTED TO RURAL OKLAHOMA IN GOOD TIMES AND BAD

2022 3rd Quarter Financial Report

NOTICE

The shareholders' investment in Oklahoma AgCredit, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2021 CoBank Annual Report to Shareholders and the CoBank quarterly shareholders' 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:

Oklahoma AgCredit, ACA
3033 Progressive Drive
Edmond, Oklahoma 73034
405-938-1700

OKLAHOMA AGCREDIT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)

The following discussion summarizes the financial position and results of operations of Oklahoma AgCredit, ACA (the Association) for the nine months ended September 30, 2022, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2021 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

ECONOMIC OVERVIEW

While the U.S. economy remains healthy, severe supply chain disruptions, labor shortages, fuel prices, inflation, weather related events and recession pressures remain a concern. The rural economy is benefitting from the strong U.S. economy, driving higher levels of spending and investment by businesses and consumers. Most agricultural commodity prices have increased sharply thus far in 2022 and remained highly volatile. The Russia/Ukraine conflict has also impacted certain agricultural commodity prices and created additional volatility and uncertainty in the markets. From a monetary policy perspective, the Fed increased interest rates multiple times in 2022, with the first interest rate increase of 25 basis points in March, quickly followed by 50 basis points in May and three more 75 basis point increases in June, July, and September. The Fed has announced plans to extend rate hikes through the end of 2022. Anticipation of tighter monetary policy is contributing to a stronger dollar and changes in the shape of the yield curve.

There is no shortage of challenges facing our borrowers and our Association as we enter the last quarter of the year. Persistent inflation, extreme drought conditions, ever-rising interest rates, and ongoing supply chain issues will have far-reaching reverberations for the remainder of this year and next. Although slightly moderating, inflation continues to run at 40 year highs and has a debilitating effect on consumer spending. Drought has overtaken the entire state and has intensified over a large part of our loan servicing area. Meanwhile, many of our agricultural producers are having difficulty sourcing inputs for their operations.

Due to the severe drought conditions, very little winter wheat has been planted, which will likely suppress yields and not afford wheat pasture forage. Large numbers of cows have been liquidated across the state due to the lack of surface water and poor pasture conditions. Cattle prices have risen despite the unexpected liquidation and closed out the quarter $20-$25 per hundredweight higher than year end. Hay and alfalfa prices have jumped to multi-year highs, while wheat and oilseed prices have stabilized near where they started the year. Area wheat producers harvested a below average crop and most fall crops failed due to lack of moisture.

Energy prices are vital to driving economic activity in our state. Crude oil prices have experienced much volatility since the first of the year but remain near year end levels. Likewise, natural gas prices have experienced similar volatility but are 33% higher than the levels at year end. The war in Ukraine has unsettled the global energy market with record amounts of liquefied natural gas being processed and shipped from American ports to European and Asian markets. These higher prices have resulted in an increase in rig activity of 30% since January.

Oklahoma's economy continues to perform very well despite the aforementioned challenges. The state's gross domestic product is up 6.14% since the first of the year. The unemployment rate of 3.1% remains below the nation's average of 3.7%. Twelve-month gross receipts through the third quarter are up 17.3% from the prior twelve months. Robust economic activity supports our borrowers through nonfarm employment and strong real estate values.

LOAN PORTFOLIO

Loans outstanding at September 30, 2022 totaled $1.84 billion, an increase of $73.7 million, or 4.2%, from loans of $1.77 billion at December 31, 2021. Included in this increase were $178.6 million in new real estate loans, 29 of which were between $1.0 million and $5.5 million, and $95.2 million in new participation loan volume. The overall increase was partially offset by $97.5 million in payoffs of existing loans and $103.5 million in recurring payments on the core portfolio. The $18.9 million decrease in our production and intermediate-term loans, chiefly due to normal seasonal repayments, comprised a portion of these decreases. As interest rates increased, new loans and refinancing activity slowed down.

Overall credit quality of our loan portfolio remained sound during the first nine months of 2022, with credit quality ratios remaining stable and nonaccrual balances increasing $911 thousand since December 31, 2021.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. We had other property owned of $47 thousand at September 30, 2022 and at December 31, 2021.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2022, was $24.5 million, an increase of $3.5 million, or 16.4%, from the same period ended one year ago. The increase was primarily due to higher net interest income and an increase in patronage income from CoBank, offset by higher noninterest expense.

Net interest income for the nine months ended September 30, 2022, was $36.6 million, an increase of $4.2 million, or 13.0%, compared with the nine months ended September 30, 2021. Interest rate spread increased by 3 basis points. Interest income increased as a result of an increase in borrower rates and an increase in average loan volume growth of 9.8%. Interest expense increased due to an increase in rates and an average volume increase in debt to CoBank of 10.1%. Net interest margin also increased 8 basis points, due to a 5 basis point increase in the rate of return on our own capital.

For the nine months ended September 30, 2022, the Association recognized a $45 thousand provision for credit losses, an increase of $295 thousand, or 118.0%, from the credit loss reversal for the same period ended one year ago. The majority of the increase was attributable to a $673 thousand increase in specific reserve on one large loan within the process and marketing portfolio, a $53 thousand increase in general allowance and a $213 thousand decrease in net recoveries for cattle loans. These increases were offset by a $620 thousand decrease to the management adjustment due to higher average commodity prices and an improvement in the post-pandemic economic environment compared to a year ago. The provision for reserve for unfunded commitments was $25 thousand lower in the current year, primarily as a result of the management adjustment.

Noninterest income increased $2.0 million during the first nine months of 2022 compared with the first nine months in 2021, primarily due to an $832 thousand increase in patronage income from CoBank, a $714 thousand increase in other noninterest income and a $325 thousand increase in mineral income. The increase in patronage income from CoBank is the result of higher direct note volume, participations sold, and additional patronage of $144 thousand paid in 2022 primarily due to CoBank growth. The increase in other noninterest income is primarily due to the gain of $520 thousand on the sale of a branch office building. The new office was opened for business during third quarter.

Mineral income of $846 thousand was recognized during the first nine months of 2022. Of this amount, $823 thousand was received from CoBank. The increase for the nine months ended September 30, 2022 compared with the first nine months of 2021 reflects the higher oil and gas commodity prices paid on production during the period.

During the first nine months of 2022, noninterest expense increased $2.4 million to $20.4 million, primarily due to additional employees and merit increases, Farm Credit System Insurance Corporation (FCSIC) premiums, fees paid to AgVantis and other professional service providers, employee training and travel, and lower deferred costs related to lower loan origination activity than in the prior year. FCSIC premiums increased $609 thousand for the nine months ended September 30, 2022 compared with the same period in 2021 due primarily to an increase in the insurance premium accrual assessment rate on Systemwide adjusted insured debt from 16 basis points to 20 basis points. The increase in our loan volume has also affected the increase in FCSIC expense. These increases were partially offset by decreases in relocation expenses, qualified pension expense, and prepayment expense, which represents prepayment fees charged by CoBank related to loan conversions during the low rate environment of the first quarter of 2021.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2022, was $349.1 million, an increase of $24.6 million since December 31, 2021. This increase is due to net income and the amortization of pension costs included in the net periodic benefit cost, offset by net stock issuances.

OTHER MATTERS

On December 8, 2021, the FCA issued an informational memorandum to provide additional guidance to Farm Credit System institutions on their transition away from LIBOR. The guidance encourages Farm Credit System institutions to stop entering into new contracts that reference LIBOR as soon as practicable and in any event no later than December 31, 2021. Entering into new LIBOR-referenced contracts after that date would present safety and soundness risk. The guidance also provides clarity on what the FCA considers a new LIBOR-indexed contract; whether purchases of legacy LIBOR-indexed loans and investments are deemed new contracts; limited exceptions for entering into new LIBOR contracts that reduce or hedge risk in legacy LIBOR contracts; and the due diligence and other procedures required before using other benchmark/reference rate alternatives to LIBOR (beyond SOFR), including credit-sensitive alternative rates.

On March 15, 2022, the U.S. government passed the Consolidated Appropriations Act of 2022, which includes federal legislation regarding the LIBOR transition. The legislation provides a statutory fallback mechanism to replace LIBOR with a benchmark rate, selected by the Federal Reserve Board and based on SOFR, for certain contracts that reference LIBOR and contain no or insufficient fallback provisions. The law also provides a safe harbor for parties who select the statutory benchmark replacement rate.

At September 30, 2022, our Association did not hold any legacy LIBOR indexed loans in our core portfolio and these developments did not have a material impact on the Association and our borrowers. We have adopted a transition plan to reduce LIBOR exposures and to stop the inflow of new LIBOR volume. Management has documented and worked through the LIBOR transition plan with our funding bank and service provider to address the phase out of LIBOR rates, including any updates to processes and loan servicing technology. All exposure to LIBOR is related to our participations purchased portfolio.

CHANGES IN MANAGEMENT

Our Chief Risk Officer will be retiring December 31, 2022. The Association is preparing for this transition according to its succession plan.

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.

//signature on file//

Lisa Cochell
Chairwoman of the Audit Committee
November 7, 2022

//signature on file//

Patrick Zeka
President/CEO
November 7, 2022

//signature on file//

Malinda Thimmesch
CFO
November 7, 2022

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2022 UNAUDITED	December 31 2021 AUDITED
ASSETS		
Loans	**$ 1,845,770**	$ 1,772,110
Less allowance for loan losses	**3,683**	3,606
Net loans	**1,842,087**	1,768,504
Cash	**784**	4,741
Accrued interest receivable	**20,792**	16,574
Investment in CoBank, ACB	**46,329**	50,706
Investment in AgDirect	**3,877**	4,158
Premises and equipment, net	**16,902**	14,988
Other property owned	**47**	47
Prepaid benefit expense	**9,900**	8,078
Other assets	**8,097**	10,386
Total assets	**$ 1,948,815**	$ 1,878,182
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,579,616**	$ 1,525,552
Advance conditional payments	**10,699**	6,326
Accrued interest payable	**3,000**	1,761
Patronage distributions payable	**-**	11,500
Accrued benefits liability	**302**	479
Deferred tax liability	**16**	16
Reserve for unfunded commitments	**551**	539
Other liabilities	**5,541**	7,465
Total liabilities	**1,599,725**	1,553,638
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**3,722**	3,767
Additional paid-in capital	**55,558**	55,558
Unallocated retained earnings	**289,853**	265,382
Accumulated other comprehensive income/(loss)	**(43)**	(163)
Total shareholders' equity	**349,090**	324,544
Total liabilities and shareholders' equity	**$ 1,948,815**	$ 1,878,182

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the three months Ended September 30		For the nine months Ended September 30	
UNAUDITED	**2022**	2021	**2022**	2021
INTEREST INCOME				
Loans	**$ 21,029**	$ 15,972	**$ 56,669**	$ 47,216
Total interest income	**21,029**	15,972	**56,669**	47,216
INTEREST EXPENSE				
Note payable to CoBank, ACB	**8,365**	5,000	**20,009**	14,767
Other	**12**	10	**33**	27
Total interest expense	**8,377**	5,010	**20,042**	14,794
Net interest income	**12,652**	10,962	**36,627**	32,422
(Credit loss reversal)/Provision for credit losses	**(512)**	(971)	**45**	(250)
Net interest income after credit loss reversal/provision for credit losses	**13,164**	11,933	**36,582**	32,672
NONINTEREST INCOME				
Financially related services income	**9**	3	**17**	10
Loan fees	**232**	240	**788**	691
Patronage distribution from Farm Credit institutions	**1,833**	1,594	**5,593**	4,761
Mineral income	**350**	234	**846**	521
Other noninterest income	**668**	109	**1,087**	373
Total noninterest income	**3,092**	2,180	**8,331**	6,356
NONINTEREST EXPENSE				
Salaries and employee benefits	**3,553**	3,333	**10,334**	9,506
Occupancy and equipment	**389**	409	**1,116**	1,146
Purchased services from AgVantis, Inc.	**976**	851	**2,929**	2,553
Farm Credit Insurance Fund premium	**747**	537	**2,225**	1,616
Supervisory and examination costs	**135**	103	**405**	354
Prepayment expense	**-**	-	**-**	23
Other noninterest expense	**1,154**	926	**3,433**	2,815
Total noninterest expense	**6,954**	6,159	**20,442**	18,013
Income before income taxes	**9,302**	7,954	**24,471**	21,015
Provision for income taxes	**3**	1	**9**	5
Net income	**9,299**	7,953	**24,462**	21,010
COMPREHENSIVE INCOME				
Amortization of retirement costs	**40**	20	**120**	62
Total comprehensive income	**$ 9,339**	$ 7,973	**$ 24,582**	$ 21,072

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

OKLAHOMA AGCREDIT

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Capital Stock	Additional Paid-In Capital	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2020	$ 3,636	$ 55,558	$ 247,791	$ (248)	$ 306,737
Comprehensive income			21,010	62	21,072
Stock issued	415				415
Stock retired	(300)				(300)
Patronage distributions:					
Other			5		5
Balance at September 30, 2021	$ 3,751	$ 55,558	$ 268,806	$ (186)	$ 327,929
Balance at December 31, 2021	$ 3,767	$ 55,558	$ 265,382	$ (163)	$ 324,544
Comprehensive income			24,462	120	24,582
Stock issued	251				251
Stock retired	(296)				(296)
Patronage distributions:					
Other			9		9
Balance at September 30, 2022	**$ 3,722**	**$ 55,558**	**$ 289,853**	**$ (43)**	**$ 349,090**

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

NOTES TO FINANCIAL STATEMENTS
Dollars in Thousands, Except as Noted
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Oklahoma AgCredit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2021, are contained in the 2021 Annual Report to Shareholders. These unaudited third quarter 2022 financial statements should be read in conjunction with the 2021 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, 2021, as contained in the 2021 Annual Report to Shareholders.

In the opinion of management, all adjustments consisting of normal recurring adjustments necessary for a fair statement of results for the interim periods, have been made. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2022. Descriptions of the significant accounting policies are included in the 2021 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

Recently Adopted or Issued Accounting Pronouncements

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

In June 2016, the FASB issued guidance entitled “Measurement of Credit Losses on Financial Instruments.” The guidance replaces the current incurred loss impairment methodology with a single allowance framework for financial assets carried at amortized cost, which reflects management’s estimate of expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to held-to-maturity securities, and depending on the situation, available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers, including this Association, this guidance becomes effective for interim and annual reporting periods beginning after December 15, 2022. We continue to test and refine our current expected loss models.

The Association intends to estimate losses over a one year forecast period using a range of macroeconomic variables and then revert to the Association’s historical loss experience over an extended period of time**.** The Association continues to evaluate the impact of adoption on the financial condition and results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	September 30, 2022	December 31, 2021
Real estate mortgage	**$ 1,262,754**	$ 1,241,658
Production and intermediate-term	**227,320**	246,177
Agribusiness	**229,718**	186,710
Rural infrastructure	**119,298**	91,104
International	**6,245**	6,221
Rural residential real estate	**435**	240
Total Loans	**$ 1,845,770**	$ 1,772,110

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 the balances of participations purchased and sold at September 30, 2022:

	Other Farm Credit Institutions	
	Purchased	Sold
Real estate mortgage	$ 35,552	$ 34,541
Production and intermediate-term	50,261	5,683
Agribusiness	226,789	-
Rural infrastructure	119,298	-
International	6,245	-
Total	$ 438,145	$ 40,224

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.
- Loss – assets are considered uncollectible.

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

	September 30, 2022	December 31, 2021
Real estate mortgage		
Acceptable	**98.40%**	98.70%
OAEM	**0.88%**	0.66%
Substandard	**0.72%**	0.64%
Total	**100.00%**	100.00%

(continued)	**September 30, 2022**	December 31, 2021
Production and intermediate-term		
Acceptable	**97.38%**	96.20%
OAEM	**0.37%**	0.89%
Substandard	**2.25%**	2.91%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**97.09%**	97.96%
OAEM	**1.22%**	1.61%
Substandard	**1.69%**	0.43%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**99.05%**	99.59%
OAEM	**0.64%**	0.41%
Substandard	**0.31%**	-
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
International		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**98.16%**	98.32%
OAEM	**0.84%**	0.78%
Substandard	**1.00%**	0.90%
Total	**100.00%**	100.00%

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

	September 30, 2022	December 31, 2021
Nonaccrual loans		
Real estate mortgage	**$ 4,760**	$ 6,553
Production and intermediate-term	**779**	1,890
Agribusiness	**3,890**	75
Total nonaccrual loans	**$ 9,429**	$ 8,518
Accruing restructured loans		
Real estate mortgage	**$ 316**	$ 291
Production and intermediate-term	**1**	210
Total accruing restructured loans	**$ 317**	$ 501
Accruing loans 90 days past due		
Production and intermediate-term	**$ -**	$ 17
Total accruing loans 90 days past due	**$ -**	$ 17
Total impaired loans	**$ 9,746**	$ 9,036
Other property owned	**47**	47
Total high risk assets	**$ 9,793**	$ 9,083

Additional impaired loan information is as follows:

	September 30, 2022			December 31, 2021		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Production and intermediate-term	**$ -**	**$ -**	**$ -**	$ 166	$ 169	$ 53
Agribusiness	**3,797**	**3,814**	**764**	-	-	-
Total	**$ 3,797**	**$ 3,814**	**$ 764**	$ 166	$ 169	$ 53
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 5,076**	**$ 5,624**		$ 6,844	$ 7,718	
Production and intermediate-term	**780**	**1,001**		1,951	2,323	
Agribusiness	**93**	**203**		75	184	
Total	**$ 5,949**	**$ 6,828**		$ 8,870	$ 10,225	
Total impaired loans:						
Real estate mortgage	**$ 5,076**	**$ 5,624**	**$ -**	$ 6,844	$ 7,718	$ -
Production and intermediate-term	**780**	**1,001**	**-**	2,117	2,492	53
Agribusiness	**3,890**	**4,017**	**764**	75	184	-
Total	**$ 9,746**	**$ 10,642**	**$ 764**	$ 9,036	$ 10,394	$ 53

Note: The recorded investment in the loan receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the loan receivable.

	For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Production and intermediate-term	**$ -**	**$ -**	$ 48	$ -
Agribusiness	**907**	**-**	-	-
Total	**$ 907**	**$ -**	$ 48	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 5,575**	**$ 192**	$ 7,849	$ 7
Production and intermediate-term	**913**	**10**	2,612	29
Agribusiness	**784**	**-**	78	-
Total	**$ 7,272**	**$ 202**	$ 10,539	$ 36
Total impaired loans:				
Real estate mortgage	**$ 5,575**	**$ 192**	$ 7,849	$ 7
Production and intermediate-term	**913**	**10**	2,660	29
Agribusiness	**1,691**	**-**	78	-
Total	**$ 8,179**	**$ 202**	$ 10,587	$ 36

	For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Production and intermediate-term	**$ 105**	**$ -**	$ 16	$ -
Agribusiness	**306**	**-**	-	-
Total	**$ 411**	**$ -**	$ 16	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 6,104**	**$ 506**	$ 7,041	$ 56
Production and intermediate-term	**1,129**	**141**	2,899	43
Agribusiness	**323**	**-**	27	-
Total	**$ 7,556**	**$ 647**	$ 9,967	$ 99
Total impaired loans:				
Real estate mortgage	**$ 6,104**	**$ 506**	$ 7,041	$ 56
Production and intermediate-term	**1,234**	**141**	2,915	43
Agribusiness	**629**	**-**	27	-
Total	**$ 7,967**	**$ 647**	$ 9,983	$ 99

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

September 30, 2022	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 868	$ 286	$ 1,154	$ 1,277,264	$ 1,278,418	$ -
Production and intermediate-term	1,684	410	2,094	229,436	231,530	-
Agribusiness	2	93	95	230,356	230,451	-
Rural infrastructure	-	-	-	119,460	119,460	-
Rural residential real estate	-	-	-	435	435	-
International	-	-	-	6,268	6,268	-
Total	$ 2,554	$ 789	$ 3,343	$ 1,863,219	$ 1,866,562	$ -

December 31, 2021	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Recorded Investment in Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 2,997	$ 510	$ 3,507	$ 1,250,963	$ 1,254,470	$ -
Production and intermediate-term	3,897	1,252	5,149	244,301	249,450	17
Agribusiness	-	75	75	187,033	187,108	-
Rural infrastructure	-	-	-	91,185	91,185	-
Rural residential real estate	-	-	-	241	241	-
International	-	-	-	6,230	6,230	-
Total	$ 6,894	$ 1,837	$ 8,731	$ 1,779,953	$ 1,788,684	$ 17

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

	Balance at June 30, 2022	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2022
Real estate mortgage	$ 838	$ -	$ -	$ (15)	$ 823
Production and intermediate-term	576	11	-	(74)	491
Agribusiness	2,502	-	-	(345)	2,157
Rural infrastructure	179	-	-	30	209
International	4	-	-	(1)	3
Total	$ 4,099	$ 11	$ -	$ (405)	$ 3,683

	Balance at December 31, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2022
Real estate mortgage	$ 888	$ -	$ -	$ (65)	$ 823
Production and intermediate-term	631	62	106	(184)	491
Agribusiness	1,924	-	-	233	2,157
Rural infrastructure	159	-	-	50	209
Rural residential real estate	1	-	-	(1)	-
International	3	-	-	-	3
Total	$ 3,606	$ 62	$ 106	$ 33	$ 3,683

	Balance at June 30, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2021
Real estate mortgage	$ 992	$ -	$ -	$ (53)	$ 939
Production and intermediate-term	743	-	655	(775)	623
Agribusiness	1,859	-	-	(65)	1,794
Rural infrastructure	131	-	-	13	144
Rural residential real estate	1	-	-	-	1
International	3	-	-	-	3
Total	$ 3,729	$ -	$ 655	$ (880)	$ 3,504

	Balance at December 31, 2020	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2021
Real estate mortgage	$ 901	$ -	$ -	$ 38	$ 939
Production and intermediate-term	894	1,003	1,261	(529)	623
Agribusiness	1,527	-	-	267	1,794
Rural infrastructure	208	-	-	(64)	144
Rural residential real estate	-	-	-	1	1
International	3	-	-	-	3
Total	$ 3,533	$ 1,003	$ 1,261	$ (287)	$ 3,504

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Balance at beginning of period	**$ 658**	$ 690	**$ 539**	$ 562
(Reversal of)/Provision for reserves for unfunded commitments	**(107)**	(91)	**12**	37
Total	**$ 551**	$ 599	**$ 551**	$ 599

Additional information on the allowance for loan losses follows:

	Allowance for Credit Losses Ending Balance at September 30, 2022		Recorded Investments in Loans Outstanding Ending Balance at September 30, 2022	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 823	$ 5,076	$ 1,273,342
Production and intermediate-term	-	491	780	230,750
Agribusiness	764	1,393	3,890	226,561
Rural infrastructure	-	209	-	119,460
Rural residential real estate	-	-	-	435
International	-	3	-	6,268
Total	$ 764	$ 2,919	$ 9,746	$ 1,856,816

	Allowance for Credit Losses Ending Balance at December 31, 2021		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2021	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 888	$ 6,844	$ 1,247,626
Production and intermediate-term	53	578	2,117	247,333
Agribusiness	-	1,924	75	187,033
Rural infrastructure	-	159	-	91,185
Rural residential real estate	-	1	-	241
International	-	3	-	6,230
Total	$ 53	$ 3,553	$ 9,036	$ 1,779,648

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider.

No loans were modified as part of a troubled debt restructuring during the nine-month periods ended September 30, 2022 or September 30, 2021.

Of loans modified as troubled debt restructurings within the last twelve months, none defaulted during the nine-month periods ended September 30, 2022 or September 30, 2021.

There were no additional commitments to lend to borrowers whose loans were modified in a troubled debt restructuring at September 30, 2022 or at December 31, 2021.

The following table provides information on outstanding loans restructured in troubled debt restructurings at period end. These loans are included as impaired loans in the impaired loan table.

	Loans modified as TDRs		TDRs in Nonaccrual Status*	
	September 30, 2022	December 31, 2021	**September 30, 2022**	December 31, 2021
Real estate mortgage	**$ 2,100**	$ 2,181	**$ 1,784**	$ 1,889
Production and intermediate-term	**1**	209	**-**	-
Total	**$ 2,101**	$ 2,390	**$ 1,784**	$ 1,889

* Represents the portion of loans modified as TDRs (first column) that are in nonaccrual status.

NOTE 3 - CAPITAL

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

	As of September 30, 2022	As of December 31, 2021	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	14.85%	14.83%	4.5%	2.5%	7.0%
Tier 1 capital ratio	14.85%	14.83%	6.0%	2.5%	8.5%
Total capital ratio	15.09%	15.06%	8.0%	2.5%	10.5%
Permanent capital ratio	14.88%	14.86%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	15.60%	15.61%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.40%	17.04%	1.5%	-	1.5%

If capital ratios fall below the regulatory minimum plus buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	**2022**	2021
Pension and other benefit plans:				
Beginning balance	**$ (83)**	$ (206)	**$ (163)**	$ (248)
Amounts reclassified from accumulated other comprehensive loss	**40**	20	**120**	62
Net current period other comprehensive income	**40**	20	**120**	62
Ending balance	**$ (43)**	$ (186)	**$ (43)**	$ (186)

The following table represents reclassifications out of accumulated other comprehensive loss.

	Amount Reclassified from Accumulated Other Comprehensive Loss		Location of Gain/Loss Recognized in Statement of Income
	For the Three Months Ended September 30		
	2022	2021	
Pension and other benefit plans:			Salaries and employee benefits
Net actuarial loss	**$ 40**	$ 20	
Total reclassifications	**$ 40**	$ 20	

	Amount Reclassified from Accumulated Other Comprehensive Loss		Location of Gain/Loss Recognized in Statement of Income
	For the Nine Months Ended September 30		
	2022	2021	
Pension and other benefit plans:			Salaries and employee benefits
Net actuarial loss	**$ 120**	$ 62	
Total reclassifications	**$ 120**	$ 62	

NOTE 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. See Note 2 of the 2021 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Assets held in nonqualified benefits trusts				
September 30, 2022	**$ 448**	**$ -**	**$ -**	**$ 448**
December 31, 2021	$ 559	$ -	$ -	$ 559

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

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
September 30, 2022				
Loans	**$ -**	**$ -**	**$ 3,051**	**$ 3,051**
Other property owned	**-**	**-**	**56**	**56**
December 31, 2021				
Loans	$ -	$ -	$ 740	$ 740
Other property owned	-	-	56	56

With regard to impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. The Association utilizes appraisals or other market-based information to value these loans and other property owned and takes into account unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

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

Valuation Techniques

As more fully discussed in Note 2 of the 2021 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an Association to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Loans Evaluated for Impairment

For impaired loans measured on a non-recurring basis, the fair value is based upon the underlying collateral since the loans are collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases, it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned measured on a non-recurring basis is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 7, 2022, which is the date the financial statements were issued, and no material subsequent events were identified.