OKLAHOMA AGCREDIT

COMMITTED TO RURAL OKLAHOMA IN GOOD TIMES AND BAD

2022 2nd 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

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 six months ended June 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

As COVID-19 health and pandemic issues continue to decline across the world, our Association operates in an environment that presents a number of opportunities and challenges. While the U.S. economy remains healthy, severe supply chain disruptions, labor shortages, fuel prices, inflation, 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 by 25, 50, 75 and 75 basis points in March, May, June and July, respectively, and 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.

Inflation, reaching levels last seen in the early 1980s, is impacting every facet of our business. Our borrowers are facing much higher input costs—when, that is, the inputs are even available. Supply chain issues have seen only marginal improvement since the first quarter. Rapidly rising interest rates are resulting in compressed margins and higher debt service costs for our borrowers. Tight labor market conditions and our successful efforts to retain high-performing employees have driven up our operating costs through higher wages.

After a rather wet spring, the beginning of summer has brought dry weather back to our trade territory. Conditions in 46% of the state's pasture and range land are rated good to excellent, despite the lack of recent rainfall. Oklahoma's 2022 wheat crop of sixty million bushels was 48% lower than the prior year's harvest. Fall crops have been seeded slightly ahead of schedule with most being rated in the good to excellent category. Forage production has been running near normal but will begin to trail prior years without summer rainfall.

Cattle prices have remained fairly stable with the lighter weights seeing prices decline while heavier weights improved slightly. Grain and oilseed prices saw extreme volatility during the quarter. As Russia's invasion of Ukraine continues, global grain traders are growing concerned with sourcing supplies. Prices rose for most of the quarter but have since retreated to pre-invasion levels. The majority of fertilizer prices appear to have peaked in the second quarter and there is hope this trend will continue.

Crude and natural gas prices increased significantly during the quarter, with crude averaging 18% higher and natural gas nearly 40% higher. In normal times, this type of price action would result in more robust exploration activity in our service area. However, oil and gas companies are resisting the urge to rapidly expand. The state's unemployment rate of 2.8% remains below the national average. Tax collections reported by the Oklahoma State Treasurer for the fiscal year ended June 30, 2022 were 15% higher than the prior year, with record high collections from oil and gas production taxes. A healthy state economy should support our borrowers' ability to service debt and maintain strong asset prices.

LOAN PORTFOLIO

Loans outstanding at June 30, 2022 totaled $1.80 billion, an increase of $32.8 million, or 1.9%, from loans of $1.77 billion at December 31, 2021. Included in this increase were $133.8 million in new real estate loans, 22 of which were between $1.0 million and $4.6 million, and $44.7 million in new participation loan volume. The overall increase was partially offset by $86.3 million in payoffs of existing loans and $76.5 million in recurring payments on the core portfolio. The $19.0 million decrease in our production and intermediate-term loans, chiefly due to normal seasonal repayments, comprised a significant portion of these decreases. Refinancing activity began to slow down in the second quarter of 2022, as interest rates increased.

Overall credit quality of our loan portfolio remained sound during the first six months of 2022, with credit quality ratios remaining stable and nonaccrual balances decreasing 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 June 30, 2022 and at December 31, 2021.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2022, was $15.2 million, an increase of $2.1 million, or 16.1%, 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 six months ended June 30, 2022, was $24.0 million, an increase of $2.5 million, or 11.7%, compared with the six months ended June 30, 2021. Interest rate spread increased by 4 basis points. Interest income increased as a result of an increase in borrower rates and an increase in average loan volume growth of 9.6%. Interest expense increased due to an increase in rates and an average volume increase in debt to CoBank of 9.8%. Net interest margin also increased 5 basis points, due to a 1 basis point increase in the rate of return on our own capital.

For the six months ended June 30, 2022, the Association recognized a $557 thousand provision for credit losses, a decrease of $164 thousand, or 22.8%, from the same period ended one year ago. The majority of the decrease was attributable to a $452 thousand decrease in net charge-offs for cattle loans, which were unusually high in the first six months of 2021, supplemented by a $53 thousand reversal in the specific reserve. These decreases were offset by larger increases to both the general allowance and management adjustment, which were $223 thousand and $128 thousand higher, respectively, than in the same period ended one year ago. Increases to the management adjustment reflect the conditions of economic stress described in the “Economic Overview” section above. Increases to the general allowance for loan losses and reserve for unfunded commitment were impacted by the downgrading of one large loan within the process and marketing portfolio. See Note 2 of the 2021 Annual Report to Shareholders for additional information on our loan rating model. The provision for reserve for unfunded commitments was $8 thousand lower in the current year, primarily as a result of the management adjustment.

Noninterest income increased $1.1 million during the first six months of 2022 compared with the first six months in 2021, primarily due to a $593 thousand increase in patronage income from CoBank and a $209 thousand increase in mineral income. The increase in patronage income from CoBank is the result of higher direct note volume, participations sold, and special cash patronage of $144 thousand paid in 2022.

Mineral income of $496 thousand was recognized during the first six months of 2022. Of this amount, $482 thousand was received from CoBank. The increase for the six months ended June 30, 2022 compared with the first six months of 2021 reflects the higher oil and gas commodity prices paid on production during the period.

During the first six months of 2022, noninterest expense increased $1.6 million to $13.5 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, and lower deferred costs related to lower loan origination activity than in the prior year. FCSIC premiums increased $399 thousand for the six months ended June 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, which was retroactively applied for 2022 during the second quarter. 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, software expenses, 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 June 30, 2022, was $339.8 million, an increase of $15.3 million since December 31, 2021. This increase is due to net income, the amortization of pension costs included in the net periodic benefit cost, and 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 June 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.

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Lisa Cochell
Chairwoman of the Audit Committee
August 4, 2022

//signature on file//

Patrick Zeka
President/CEO
August 4, 2022

//signature on file//

Malinda Thimmesch
CFO
August 4, 2022

Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2022 UNAUDITED	December 31 2021 AUDITED
ASSETS		
Loans	**$ 1,804,904**	$ 1,772,110
Less allowance for loan losses	**4,099**	3,606
Net loans	**1,800,805**	1,768,504
Cash	**2,319**	4,741
Accrued interest receivable	**18,012**	16,574
Investment in CoBank, ACB	**46,329**	50,706
Investment in AgDirect	**3,872**	4,158
Premises and equipment, net	**16,747**	14,988
Other property owned	**47**	47
Prepaid benefit expense	**9,293**	8,078
Other assets	**6,705**	10,386
Total assets	**$ 1,904,129**	$ 1,878,182
LIABILITIES		
Note payable to CoBank, ACB	**$ 1,544,573**	$ 1,525,552
Advance conditional payments	**10,738**	6,326
Accrued interest payable	**2,232**	1,761
Patronage distributions payable	**-**	11,500
Accrued benefits liability	**307**	479
Deferred tax liability	**16**	16
Reserve for unfunded commitments	**658**	539
Other liabilities	**5,804**	7,465
Total liabilities	**1,564,328**	1,553,638
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock	**3,776**	3,767
Additional paid-in capital	**55,558**	55,558
Unallocated retained earnings	**280,550**	265,382
Accumulated other comprehensive income/(loss)	**(83)**	(163)
Total shareholders' equity	**339,801**	324,544
Total liabilities and shareholders' equity	**$ 1,904,129**	$ 1,878,182

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

OKLAHOMA AGCREDIT

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months Ended June 30		For the six months Ended June 30	
	2022	2021	**2022**	2021
INTEREST INCOME				
Loans	**$ 18,231**	$ 15,700	**$ 35,640**	$ 31,244
Total interest income	**18,231**	15,700	**35,640**	31,244
INTEREST EXPENSE				
Note payable to CoBank, ACB	**6,304**	4,908	**11,644**	9,767
Other	**11**	10	**21**	17
Total interest expense	**6,315**	4,918	**11,665**	9,784
Net interest income	**11,916**	10,782	**23,975**	21,460
(Credit loss reversal)/Provision for credit losses	**(55)**	(126)	**557**	721
Net interest income after credit loss reversal/provision for credit losses	**11,971**	10,908	**23,418**	20,739
NONINTEREST INCOME				
Financially related services income	**6**	4	**8**	7
Loan fees	**332**	213	**556**	451
Patronage distribution from Farm Credit institutions	**1,817**	1,798	**3,760**	3,167
Mineral income	**252**	175	**496**	287
Other noninterest income	**284**	140	**419**	264
Total noninterest income	**2,691**	2,330	**5,239**	4,176
NONINTEREST EXPENSE				
Salaries and employee benefits	**3,414**	3,019	**6,781**	6,173
Occupancy and equipment	**340**	372	**727**	737
Purchased services from AgVantis, Inc.	**976**	851	**1,953**	1,702
Farm Credit Insurance Fund premium	**894**	538	**1,478**	1,079
Supervisory and examination costs	**135**	126	**270**	251
Prepayment expense	**-**	-	**-**	23
Other noninterest expense	**1,160**	953	**2,279**	1,889
Total noninterest expense	**6,919**	5,859	**13,488**	11,854
Income before income taxes	**7,743**	7,379	**15,169**	13,061
Provision for income taxes	**3**	3	**6**	4
Net income	**7,740**	7,376	**15,163**	13,057
COMPREHENSIVE INCOME				
Amortization of retirement costs	**40**	21	**80**	42
Total comprehensive income	**$ 7,780**	$ 7,397	**$ 15,243**	$ 13,099

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

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			13,057	42	13,099
Stock issued	288				288
Stock retired	(196)				(196)
Patronage distributions:					
Other			4		4
Balance at June 30, 2021	$ 3,728	$ 55,558	$ 260,852	$ (206)	$ 319,932
Balance at December 31, 2021	$ 3,767	$ 55,558	$ 265,382	$ (163)	$ 324,544
Comprehensive income			15,163	80	15,243
Stock issued	200				200
Stock retired	(191)				(191)
Patronage distributions:					
Other			5		5
Balance at June 30, 2022	**$ 3,776**	**$ 55,558**	**$ 280,550**	**$ (83)**	**$ 339,801**

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 second 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, 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, 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 methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to 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, 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 approved deferral of the effective date for certain entities for this guidance by two years, which will result in the new credit loss standard becoming 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 the Association’s financial condition and its results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	June 30, 2022	December 31, 2021
Real estate mortgage	**$ 1,257,422**	$ 1,241,658
Production and intermediate-term	**227,143**	246,177
Agribusiness	**213,157**	186,710
Rural infrastructure	**100,804**	91,104
International	**6,237**	6,221
Rural residential real estate	**141**	240
Total Loans	**$ 1,804,904**	$ 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 June 30, 2022:

	Other Farm Credit Institutions	
	Purchased	Sold
Real estate mortgage	$ 33,603	$ 35,077
Production and intermediate-term	44,106	5,878
Agribusiness	210,186	-
Rural infrastructure	100,804	-
International	6,237	-
Total	$ 394,936	$ 40,955

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:

	June 30, 2022	December 31, 2021
Real estate mortgage		
Acceptable	**98.31%**	98.70%
OAEM	**1.08%**	0.66%
Substandard	**0.61%**	0.64%
Total	**100.00%**	100.00%

(continued)	**June 30, 2022**	December 31, 2021
Production and intermediate-term		
Acceptable	**96.14%**	96.20%
OAEM	**1.35%**	0.89%
Substandard	**2.51%**	2.91%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**96.63%**	97.96%
OAEM	**1.35%**	1.61%
Substandard	**2.02%**	0.43%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**99.63%**	99.59%
OAEM	**0.37%**	0.41%
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	**97.92%**	98.32%
OAEM	**1.10%**	0.78%
Substandard	**0.98%**	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:

	June 30, 2022	December 31, 2021
Nonaccrual loans		
Real estate mortgage	**$ 5,688**	$ 6,553
Production and intermediate-term	**957**	1,890
Agribusiness	**100**	75
Total nonaccrual loans	**$ 6,745**	$ 8,518
Accruing restructured loans		
Real estate mortgage	**$ 285**	$ 291
Production and intermediate-term	**-**	210
Total accruing restructured loans	**$ 285**	$ 501
Accruing loans 90 days past due		
Production and intermediate-term	**$ 83**	$ 17
Total accruing loans 90 days past due	**$ 83**	$ 17
Total impaired loans	**$ 7,113**	$ 9,036
Other property owned	**47**	47
Total high risk assets	**$ 7,160**	$ 9,083

Additional impaired loan information is as follows:

	June 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
Total	**$ -**	**$ -**	**$ -**	$ 166	$ 169	$ 53
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 5,973**	**$ 6,741**		$ 6,844	$ 7,718	
Production and intermediate-term	**1,040**	**1,249**		1,951	2,323	
Agribusiness	**100**	**210**		75	184	
Total	**$ 7,113**	**$ 8,200**		$ 8,870	$ 10,225	
Total impaired loans:						
Real estate mortgage	**$ 5,973**	**$ 6,741**	**$ -**	$ 6,844	$ 7,718	$ -
Production and intermediate-term	**1,040**	**1,249**	**-**	2,117	2,492	53
Agribusiness	**100**	**210**	**-**	75	184	-
Total	**$ 7,113**	**$ 8,200**	**$ -**	$ 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 June 30, 2022		For the Three Months Ended June 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	**$ 151**	**$ -**	$ -	$ -
Total	**$ 151**	**$ -**	$ -	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 6,114**	**$ 12**	$ 7,097	$ 4
Production and intermediate-term	**864**	**2**	3,351	4
Agribusiness	**104**	**-**	1	-
Total	**$ 7,082**	**$ 14**	$ 10,449	$ 8
Total impaired loans:				
Real estate mortgage	**$ 6,114**	**$ 12**	$ 7,097	$ 4
Production and intermediate-term	**1,015**	**2**	3,351	4
Agribusiness	**104**	**-**	1	-
Total	**$ 7,233**	**$ 14**	$ 10,449	$ 8

	For the Six Months Ended June 30, 2022		For the Six Months Ended June 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	**$ 159**	**$ -**	$ -	$ -
Total	**$ 159**	**$ -**	$ -	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 6,374**	**$ 314**	$ 6,631	$ 49
Production and intermediate-term	**1,238**	**131**	3,044	14
Agribusiness	**88**	**-**	-	-
Total	**$ 7,700**	**$ 445**	$ 9,675	$ 63
Total impaired loans:				
Real estate mortgage	**$ 6,374**	**$ 314**	$ 6,631	$ 49
Production and intermediate-term	**1,397**	**131**	3,044	14
Agribusiness	**88**	**-**	-	-
Total	**$ 7,859**	**$ 445**	$ 9,675	$ 63

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

June 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	$ 1,745	$ 286	$ 2,031	$ 1,269,522	$ 1,271,553	$ -
Production and intermediate-term	7,254	493	7,747	222,633	230,380	83
Agribusiness	-	100	100	213,589	213,689	-
Rural infrastructure	-	-	-	100,901	100,901	-
Rural residential real estate	-	-	-	141	141	-
International	-	-	-	6,252	6,252	-
Total	$ 8,999	$ 879	$ 9,878	$ 1,813,038	$ 1,822,916	$ 83

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 March 31, 2022	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2022
Real estate mortgage	$ 917	$ -	$ -	$ (79)	$ 838
Production and intermediate-term	650	2	-	(72)	576
Agribusiness	2,447	-	-	55	2,502
Rural infrastructure	161	-	-	18	179
Rural residential real estate	1	-	-	(1)	-
International	3	-	-	1	4
Total	$ 4,179	$ 2	$ -	$ (78)	$ 4,099

	Balance at December 31, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2022
Real estate mortgage	$ 888	$ -	$ -	$ (50)	$ 838
Production and intermediate-term	631	51	106	(110)	576
Agribusiness	1,924	-	-	578	2,502
Rural infrastructure	159	-	-	20	179
Rural residential real estate	1	-	-	(1)	-
International	3	-	-	1	4
Total	$ 3,606	$ 51	$ 106	$ 438	$ 4,099

	Balance at March 31, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2021
Real estate mortgage	$ 1,047	$ -	$ -	$ (55)	$ 992
Production and intermediate-term	876	10	335	(458)	743
Agribusiness	1,569	-	-	290	1,859
Rural infrastructure	138	-	-	(7)	131
Rural residential real estate	1	-	-	-	1
International	3	-	-	-	3
Total	$ 3,634	$ 10	$ 335	$ (230)	$ 3,729

	Balance at December 31, 2020	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2021
Real estate mortgage	$ 901	$ -	$ -	$ 91	$ 992
Production and intermediate-term	894	1,003	606	246	743
Agribusiness	1,527	-	-	332	1,859
Rural infrastructure	208	-	-	(77)	131
Rural residential real estate	-	-	-	1	1
International	3	-	-	-	3
Total	$ 3,533	$ 1,003	$ 606	$ 593	$ 3,729

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 June 30,		For the Six Months Ended June 30,	
	2022	2021	**2022**	2021
Balance at beginning of period	**$ 635**	$ 586	**$ 539**	$ 562
Provision for reserves for unfunded commitments	**23**	104	**119**	128
Total	**$ 658**	$ 690	**$ 658**	$ 690

Additional information on the allowance for loan losses follows:

	Allowance for Credit Losses Ending Balance at June 30, 2022		Recorded Investments in Loans Outstanding Ending Balance at June 30, 2022	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ -	$ 838	$ 5,973	$ 1,265,580
Production and intermediate-term	-	576	1,040	229,340
Agribusiness	-	2,502	100	213,589
Rural infrastructure	-	179	-	100,901
Rural residential real estate	-	-	-	141
International	-	4	-	6,252
Total	$ -	$ 4,099	$ 7,113	$ 1,815,803

	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 six-month periods ended June 30, 2022 or June 30, 2021.

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

There were no additional commitments to lend to borrowers whose loans were modified in a troubled debt restructuring at June 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*	
	June 30, 2022	December 31, 2021	**June 30, 2022**	December 31, 2021
Real estate mortgage	**$ 2,143**	$ 2,181	**$ 1,858**	$ 1,889
Production and intermediate-term	**-**	209	**-**	-
Total	**$ 2,143**	$ 2,390	**$ 1,858**	$ 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 June 30, 2022	As of December 31, 2021	Regulatory Minimums	Capital Conservation Buffer	Total
Risk Adjusted:					
Common equity tier 1 ratio	14.71%	14.83%	4.5%	2.5%	7.0%
Tier 1 capital ratio	14.71%	14.83%	6.0%	2.5%	8.5%
Total capital ratio	14.96%	15.06%	8.0%	2.5%	10.5%
Permanent capital ratio	14.74%	14.86%	7.0%	-	7.0%
Non-risk-adjusted:					
Tier 1 leverage ratio	15.40%	15.61%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	15.20%	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 June 30		For the Six Months Ended June 30	
	2022	2021	**2022**	2021
Pension and other benefit plans:				
Beginning balance	**$ (123)**	$ (227)	**$ (163)**	$ (248)
Amounts reclassified from accumulated other comprehensive loss	**40**	21	**80**	42
Net current period other comprehensive income	**40**	21	**80**	42
Ending balance	**$ (83)**	$ (206)	**$ (83)**	$ (206)

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 June 30		
	2022	2021	
Pension and other benefit plans:			
Net actuarial loss	**$ 40**	$ 21	Salaries and employee benefits
Total reclassifications	**$ 40**	$ 21	

	Amount Reclassified from Accumulated Other Comprehensive Loss		Location of Gain/Loss Recognized in Statement of Income
	For the Six Months Ended June 30		
	2022	2021	
Pension and other benefit plans:			
Net actuarial loss	**$ 80**	$ 42	Salaries and employee benefits
Total reclassifications	**$ 80**	$ 42	

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				
June 30, 2022	**$ 498**	**$ -**	**$ -**	**$ 498**
December 31, 2021	$ 559	$ -	$ -	$ 559

The Association had no liabilities measured at fair value on a recurring basis at June 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**	
June 30, 2022				
Loans	**$ -**	**$ -**	**$ -**	**$ -**
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 June 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 entity 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 August 4, 2022, which is the date the financial statements were issued, and no material subsequent events were identified.