2022

THIRD QUARTER REPORT

FARM CREDIT OF ENID, ACA

The shareholders' investment in Farm Credit of Western Oklahoma, ACA, formerly Farm Credit of Enid, 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 3302 Williams Avenue, Woodward, Oklahoma 73801, or by calling 580-256-3465 or toll free 1-800-299-3465.

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 Farm Credit of Enid, 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.

During the third quarter of 2022, the Association's entire territory experienced high temperatures and limited rainfall. As a result, summer crops, grass pastures and fall wheat pasture prospects were all negatively impacted. Grain and livestock prices fluctuated and remained at historically high levels. Farm input prices remained high and interest rates continued to rise from Federal Reserve actions to combat inflation. Overall, real estate values remained high due to strong demand during the third quarter.

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 has increased rates multiple times in 2022, with the first interest rate increase of 25 basis points in March 2022, 50 basis points in May 2022, 75 basis points in June 2022, 75 basis points in July 2022 and 75 basis points in September 2022. Anticipation of tighter monetary policy is contributing to a stronger dollar and changes in the shape of the yield curve.

On October 28, 2021, the boards of directors of Farm Credit of Enid, ACA and Farm Credit of Western Oklahoma, ACA approved a letter of intent to pursue a merger. CoBank granted approval of the merger and a conditional approval from the Farm Credit Administration was also granted. In addition, the stockholders of both Associations voted in support of the merger. The merger became effective on November 1, 2022.

LOAN PORTFOLIO

Loans outstanding at September 30, 2022, totaled $268.6 million, an increase of $22.0 million, or 8.9%, from loans of $246.6 million at December 31, 2021. The increase was primarily due to new lending in the real estate and agribusiness sector during the period, partially offset by pay downs and payoffs in the portfolio**.**

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2022, was $3.9 million, an increase of $1.5 million, or 63.6%, from the same period ended one year ago. This increase was primarily due to an increase in net interest income and noninterest income, partially offset by an increase in noninterest expense. Additionally, during the first nine months of 2022, a provision for credit losses was recorded, compared with a credit loss reversal in the first nine months of 2021.

For the nine months ended September 30, 2022, net interest income was $5.4 million, an increase of $558 thousand, or 11.4%, compared with the nine months ended September 30, 2021. Net interest income increased as a result of increased loan interest income partially offset by an increase in note payable interest expense. This is attributed to the increase in loan volume and interest rates for the periods compared.

The provision for credit losses for the nine months ended September 30, 2022 was $42 thousand as a result of changes in the Association's risk portfolio. This is compared to a credit loss reversal of $645 for the same period ended one year ago. The credit loss reversal during the period ended September 30, 2021 was a result of changes in the Association's risk portfolio and an update to the default horizon factor based on recurring annual analysis. The default horizon is the period of time that it takes, on average, for a borrower to default on the credit obligation following a loss-causing event.

Noninterest income increased $2.4 million during the first nine months of 2022 compared with the first nine months of 2021 primarily due to equity positioning income from CoBank received in 2022. This income was a result of implementing a pro-rata investment strategy for our excess loanable funds. Patronage distribution from Farm Credit institutions increased in the first nine months ended September 30, 2022, compared with the first nine months in 2021 primarily due to an increase in CoBank patronage related to our direct note payable to CoBank. Financially related services income decreased in the first nine months ended September 30, 2022 compared with the first nine months ended in 2021, primarily due to reduced appraisal fee income.

We received mineral income of $157 thousand during the first nine months of 2022, which is distributed to us quarterly by CoBank. The increase for the nine months ended September 30, 2022, compared with first nine months of 2021 is reflective of the higher oil and gas commodity prices paid on production during the period.

During the first nine months of 2022, noninterest expense increased $726 thousand to $4.8 million, primarily due to increases in merger related expenses, salaries and employee benefits, purchased services from our service provider AgVantis, Farm Credit Insurance Fund premiums, and other noninterest expense.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2022, was $70.6 million, an increase from $66.7 million at December 31, 2021. This increase primarily is due to net income offset by the amortization of pension gains included in the net periodic benefit cost, and net stock reductions.

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.

While our Association currently holds legacy LIBOR indexed loans in our portfolio, we have adopted a transition plan to reduce LIBOR exposures and stop the inflow of new LIBOR volume. We have analyzed potential risks associated with the LIBOR transition, including financial, operational, legal, tax, reputational and compliance risks. Since we engage in transactions involving financial instruments that reference LIBOR, these developments did not have a material impact on the Association and our borrowers. 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.

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.

John Grunewald President/CEO	Jamey B. Mitchell CFO	Kenton Javorsky Chairman of the Board
Date 11-4-2022	Date 11/4/2022	Date 11-4-2022

Consolidated Statement of Condition

(Dollars in Thousands)

		September 30 2022		December 31 2021
		UNAUDITED		AUDITED
ASSETS				
Loans	**$**	**268,586**	$	246,584
Less allowance for loan losses		**498**		418
Net loans		**268,088**		246,166
Cash		**2,186**		1,740
Accrued interest receivable		**4,227**		3,041
Investment in CoBank, ACB		**7,044**		7,264
Premises and equipment, net		**2,780**		2,814
Prepaid benefit expense		**1,856**		1,498
Other assets		**1,766**		1,997
Total assets	**$**	**287,947**	$	264,520
LIABILITIES				
Note payable to CoBank, ACB	**$**	**212,977**	$	193,845
Advance conditional payments		**2,166**		823
Accrued interest payable		**431**		248
Patronage distributions payable		**-**		750
Accrued benefits liability		**309**		247
Reserve for unfunded commitments		**60**		91
Other liabilities		**1,347**		1,825
Total liabilities		**217,290**		197,829
Commitments and Contingencies				
SHAREHOLDERS' EQUITY				
Capital stock		**459**		465
Unallocated retained earnings		**70,381**		66,446
Accumulated other comprehensive income/(loss)		**(183)**		(220)
Total shareholders' equity		**70,657**		66,691
Total liabilities and shareholders' equity	**$**	**287,947**	$	264,520

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended September 30 2022	For the three months ended September 30 2021	For the nine months ended September 30 2022	For the nine months ended September 30 2021
INTEREST INCOME				
Loans	**$ 3,257**	$ 2,319	**$ 8,298**	$ 6,980
Total interest income	**3,257**	2,319	**8,298**	6,980
INTEREST EXPENSE				
Note payable to CoBank, ACB	**1,217**	688	**2,835**	2,082
Other	**5**	4	**14**	7
Total interest expense	**1,222**	692	**2,849**	2,089
Net interest income	**2,035**	1,627	**5,449**	4,891
Provision for credit losses/(Credit loss reversal)	**30**	(61)	**42**	(645)
Net interest income after provision for credit losses/credit loss reversal	**2,005**	1,688	**5,407**	5,536
NONINTEREST INCOME				
Financially related services income	**13**	63	**73**	147
Loan fees	**32**	16	**58**	47
Patronage distribution from Farm Credit institutions	**231**	212	**704**	652
Mineral income	**65**	44	**157**	98
Equity positioning income from CoBank	**-**	-	**2,333**	-
Other noninterest income	**-**	10	**15**	11
Total noninterest income	**341**	345	**3,340**	955
NONINTEREST EXPENSE				
Salaries and employee benefits	**731**	624	**2,014**	1,903
Occupancy and equipment	**61**	66	**175**	182
Purchased services from AgVantis, Inc.	**297**	271	**891**	811
Farm Credit Insurance Fund premium	**93**	69	**278**	213
Merger related costs	**208**	-	**292**	-
Supervisory and examination costs	**26**	19	**78**	69
Other noninterest expense	**435**	268	**1,084**	908
Total noninterest expense	**1,851**	1,317	**4,812**	4,086
Net income	**495**	716	**3,935**	2,405
COMPREHENSIVE INCOME				
Amortization of retirement costs	**12**	6	**37**	18
Total comprehensive income	**$ 507**	$ 722	**$ 3,972**	$ 2,423

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	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2020	$ 493	$ 64,006	$ (102)	$ 64,397
Comprehensive income		2,405	18	2,423
Stock issued	24			24
Stock retired	(48)			(48)
Balance at September 30, 2021	$ 469	$ 66,411	$ (84)	$ 66,796
Balance at December 31, 2021	$ 465	$ 66,446	$ (220)	$ 66,691
Comprehensive income		3,935	37	3,972
Stock issued	27			27
Stock retired	(33)			(33)
Balance at September 30, 2022	**$ 459**	**$ 70,381**	**$ (183)**	**$ 70,657**

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Enid, 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 12-month 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 its financial condition and results of operation.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

(dollars in thousands)	**September 30, 2022**	December 31, 2021
Real estate mortgage	**$ 161,442**	$ 146,490
Production and intermediate-term	**50,451**	58,306
Agribusiness	**32,517**	19,932
Rural infrastructure	**20,175**	17,852
Agricultural export finance	**4,001**	4,004
Total loans	**$ 268,586**	$ 246,584

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		Non-Farm Credit Institutions		Total	
(dollars in thousands)	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 844	$ 1,305	$ 38,272	$ -	$ 39,116	$ 1,305
Production and intermediate-term	9,388	2,808	-	-	9,388	2,808
Agribusiness	32,517	-	-	-	32,517	-
Rural infrastructure	20,175	-	-	-	20,175	-
Agricultural export finance	4,001	-	-	-	4,001	-
Total	$ 66,925	$ 4,113	$ 38,272	$ -	$ 105,197	$ 4,113

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	**97.81%**	95.31%
OAEM	**1.68%**	3.47%
Substandard	**0.51%**	1.22%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**97.30%**	95.46%
OAEM	**1.21%**	1.24%
Substandard	**1.49%**	3.30%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Rural infrastructure		
Acceptable	**98.13%**	97.88%
OAEM	–	2.12%
Substandard	**1.87%**	–
Total	**100.00%**	100.00%
Agricultural export finance		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**98.03%**	95.98%
OAEM	**1.24%**	2.51%
Substandard	**0.73%**	1.51%
Total	**100.00%**	100.00%

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

(dollars in thousands)	**September 30, 2022**	December 31, 2021
Nonaccrual loans		
Real estate mortgage	**$ 242**	$ 1,047
Production and intermediate-term	**707**	673
Total nonaccrual loans	**$ 949**	$ 1,720
Total high risk assets	**$ 949**	$ 1,720

The Association had no accruing restructured loans, no accruing loans 90 days past due and no other property owned for the periods presented.

Additional impaired loan information is as follows:

	September 30, 2022			December 31, 2021		
(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for loan losses:						
Real estate mortgage	**$ 223**	**$ 179**	**$ 27**	$ 536	$ 492	$ 27
Production and intermediate-term	**619**	**615**	**127**	353	346	24
Total	**$ 842**	**$ 794**	**$ 154**	$ 889	$ 838	$ 51
Impaired loans with no related allowance for loan losses:						
Real estate mortgage	**$ 19**	**$ 40**		$ 511	$ 541	
Production and intermediate-term	**88**	**115**		320	343	
Total	**$ 107**	**$ 155**		$ 831	$ 884	
Total impaired loans:						
Real estate mortgage	**$ 242**	**$ 219**	**$ 27**	$ 1,047	$ 1,033	$ 27
Production and intermediate-term	**707**	**730**	**127**	673	689	24
Total	**$ 949**	**$ 949**	**$ 154**	$ 1,720	$ 1,722	$ 51

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	
(dollars in thousands)	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ 224**	**$ -**	$ 537	$ -
Production and intermediate-term	**656**	**-**	487	-
Total	**$ 880**	**$ -**	$ 1,024	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 84**	**$ 44**	$ 937	$ -
Production and intermediate-term	**132**	**23**	68	-
Total	**$ 216**	**$ 67**	$ 1,005	$ -
Total impaired loans:				
Real estate mortgage	**$ 308**	**$ 44**	$ 1,474	$ -
Production and intermediate-term	**788**	**23**	555	-
Total	**$ 1,096**	**$ 67**	$ 2,029	$ -

(dollars in thousands)	**For the Nine Months Ended September 30, 2022** Average Impaired Loans	Interest Income Recognized	For the Nine Months Ended September 30, 2021 Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ 390**	**$ -**	$ 543	$ -
Production and intermediate-term	**602**	**-**	492	-
Total	**$ 992**	**$ -**	$ 1,035	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$ 357**	**$ 68**	$ 1,144	$ 16
Production and intermediate-term	**257**	**23**	66	3
Total	**$ 614**	**$ 91**	$ 1,210	$ 19
Total impaired loans:				
Real estate mortgage	**$ 747**	**$ 68**	$ 1,687	$ 16
Production and intermediate-term	**859**	**23**	558	3
Total	**$ 1,606**	**$ 91**	$ 2,245	$ 19

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

	September 30, 2022					
(dollars in thousands)	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 Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 63	$ 223	$ 286	$ 164,289	$ 164,575	$ -
Production and intermediate-term	-	619	619	50,782	51,401	-
Agribusiness	-	-	-	32,602	32,602	-
Rural infrastructure	-	-	-	20,214	20,214	-
Agricultural export finance	-	-	-	4,021	4,021	-
Total	$ 63	$ 842	$ 905	$ 271,908	$ 272,813	$ -

	December 31, 2021					
(dollars in thousands)	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 Outstanding	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 129	$ 994	$ 1,123	$ 147,444	$ 148,567	$ -
Production and intermediate-term	18	633	651	58,559	59,210	-
Agribusiness	-	-	-	19,959	19,959	-
Rural infrastructure	-	-	-	17,877	17,877	-
Agricultural export finance	-	-	-	4,012	4,012	-
Total	$ 147	$ 1,627	$ 1,774	$ 247,851	$ 249,625	$ -

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

(dollars in thousands)	Balance at June 30, 2022	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2022
Real estate mortgage	$ 152	$ -	$ -	$ 5	$ 157
Production and intermediate-term	232	-	4	7	243
Agribusiness	23	-	-	(1)	22
Rural infrastructure	45	-	-	30	75
Agricultural export finance	2	-	-	(1)	1
Total	$ 454	$ -	$ 4	$ 40	$ 498

(dollars in thousands)	Balance at December 31, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2022
Real estate mortgage	$ 126	$ -	$ -	$ 31	$ 157
Production and intermediate-term	226	-	6	11	243
Agribusiness	15	-	-	7	22
Rural infrastructure	50	-	-	25	75
Agricultural export finance	1	-	-	-	1
Total	$ 418	$ -	$ 6	$ 74	$ 498

(dollars in thousands)	Balance at June 30, 2021	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2021
Real estate mortgage	$ 120	$ -	$ -	$ (9)	$ 111
Production and intermediate-term	255	-	176	(83)	348
Agribusiness	19	-	-	(4)	15
Rural infrastructure	39	-	-	11	50
Agricultural export finance	2	-	-	-	2
Total	$ 435	$ -	$ 176	$ (85)	$ 526

(dollars in thousands)	Balance at December 31, 2020	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2021
Real estate mortgage	$ 224	$ -	$ -	$ (113)	$ 111
Production and intermediate-term	577	-	204	(433)	348
Agribusiness	36	-	-	(21)	15
Rural infrastructure	51	-	-	(1)	50
Agricultural export finance	-	-	-	2	2
Total	$ 888	$ -	$ 204	$ (566)	$ 526

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:

(dollars in thousands)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	**2022**	2021
Balance at beginning of period	**$ 69**	$ 62	**$ 91**	$ 165
(Reversal of)/Provision for reserves for unfunded commitments	**(9)**	24	**(31)**	(79)
Total	**$ 60**	$ 86	**$ 60**	$ 86

Additional information on the allowance for loan losses follows:

(dollars in thousands)	Allowance for Loan 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	$ 27	$ 129	$ 242	$ 164,333
Production and intermediate-term	127	116	707	50,694
Agribusiness	-	23	-	32,602
Rural infrastructure	-	75	-	20,214
Agricultural export finance	-	1	-	4,021
Total	$ 154	$ 344	$ 949	$ 271,864

(dollars in thousands)	Allowance for Loan 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	$ 27	$ 99	$ 1,047	$ 147,520
Production and intermediate-term	24	202	673	58,537
Agribusiness	-	15	-	19,959
Rural infrastructure	-	50	-	17,877
Agricultural export finance	-	1	-	4,012
Total	$ 51	$ 367	$ 1,720	$ 247,905

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.

The Association had one TDR with no recorded investment at September 30, 2022 and at September 30, 2021 and for which there was a payment default during 2022 and during 2021. The Association had no additional commitments to lend to borrowers whose loans have been modified in TDRs for the periods presented.

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	**23.69%**	23.70%	4.5%	2.5%	7.0%
Tier 1 capital ratio	**23.69%**	23.70%	6.0%	2.5%	8.5%
Total capital ratio	**23.89%**	23.95%	8.0%	2.5%	10.5%
Permanent capital ratio	**23.73%**	23.75%	7.0%	–	7.0%
Non-Risk Adjusted:					
Tier 1 leverage ratio	**23.01%**	23.27%	4.0%	1.0%	5.0%
Unallocated retained earnings and equivalents leverage ratio	**22.84%**	25.10%	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 income/loss, net of tax by component:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
(dollars in thousands)	**2022**	2021	**2022**	2021
Pension and other benefit plans:				
Beginning balance	**$ (195)**	**$ (90)**	**$ (220)**	$ (102)
Other comprehensive income before reclassifications				
Amounts reclassified from accumulated other comprehensive income/loss	**12**	**6**	**37**	18
Net current period other comprehensive income/(loss)	**12**	**6**	**37**	18
Ending balance	**$ (183)**	**$ (84)**	**$ (183)**	$ (84)

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

	Amount Reclassified from Accumulated Other Comprehensive Income/Loss For the Three Months Ended September 30		Location of Gain/Loss Recognized in Statement of Income
(dollars in thousands)	**2022**	2021	
Pension and other benefit plans:			
Net actuarial loss	**$ 12**	$ 6	Salaries and employee benefits
Total reclassifications	**$ 12**	$ 6	

	Amount Reclassified from Accumulated Other Comprehensive Income/Loss For the Nine Months Ended September 30		Location of Gain/Loss Recognized in Statement of Income
(dollars in thousands)	**2022**	2021	
Pension and other benefit plans:			
Net actuarial loss	**$ 37**	$ 18	Salaries and employee benefits
Total reclassifications	**$ 37**	$ 18	

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
(dollars in thousands)	Level 1	Level 2	Level 3	
Assets held in nonqualified benefits trusts				
September 30, 2022	**$ 618**	**$ –**	**$ –**	**$ 618**
December 31, 2021	$ 519	$ –	$ –	$ 519

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
(dollars in thousands)	Level 1	Level 2	Level 3	
Loans				
September 30, 2022	**$ –**	**$ –**	**$ 686**	**$ 686**
December 31, 2021	$ –	$ –	$ 835	$ 835

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. System institutions utilize appraisals 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. 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 fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 4, 2022, which is the date the financial statements were issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to the Consolidated Financial Statements, except as noted below.

On November 1, 2022, Farm Credit of Enid, ACA merged its operations with and into Farm Credit of Western Oklahoma, ACA. The merger was accounted for under the acquisition method of accounting in accordance with the FASB Accounting Standards Codification 805 Business Combinations. As the accounting acquirer, Farm Credit of Western Oklahoma, ACA recognized the identifiable assets acquired and liabilities of Farm Credit of Enid, ACA assumed in the merger as of November 1, 2022, at their respective fair values. The fair values are based on various assumptions that management believes are reasonable utilizing information currently available.