Farm Credit of Central Florida, ACA

FIRST QUARTER 2015

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2015 quarterly report of Farm Credit of Central Florida, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Reginald T. Holt
Chief Executive Officer

D. Scott Fontenot
Chief Financial Officer

John S. Langford
Chairman of the Audit committee

May 8, 2015

Farm Credit of Central Florida, ACA

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of March 31, 2015. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of March 31, 2015, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material weaknesses in the internal control over financial reporting as of March 31, 2015.

Reginald T. Holt
Chief Executive Officer

D. Scott Fontenot
Chief Financial Officer

May 8, 2015

Farm Credit of Central Florida, ACA

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of Farm Credit of Central Florida, ACA, (Association) for the period ended March 31, 2015. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2014 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities in our region, including horticulture, fruits/vegetables, citrus, and cattle. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, reduces the level of dependency on a given commodity.

March 31, 2015 compared to December 31, 2014

Loan volume of the Association as of March 31, 2015, was $385,058, a decrease of $14,359 as compared to $399,417 at December 31, 2014. Net loans outstanding at March 31, 2015, were $376,061 as compared to $390,180 at December 31, 2014. The Association has investment securities that are classified as held to maturity in the amount of $29,944 at March 31, 2015, as compared to $31,765 at December 31, 2014. Net loans and investment securities accounted for 96.49 percent of total assets at March 31, 2015, as compared to 94.66 percent of total assets at December 31, 2014.

The Association's total servicing portfolio has decreased to $903,030 as compared to $913,521 at December 31, 2014, due in large part to run-off and liquidations exceeding new money closings. The decrease in net loan volume is primarily due to seasonal lending. The short-term portfolio, which is heavily influenced by operating loans, normally reaches a peak balance between October and December and declines between January and June as strawberry and other winter vegetable growers pay down their loans using proceeds from the sale of their crops. The result of this normal seasonal lending activity causes net loan volume to decrease on revolving credit lines.

March 31, 2015 compared to March 31, 2014

Loan volume of the Association as of March 31, 2015, was $385,058, an increase of $14,905 as compared to $370,153 at March 31, 2014. Net loans outstanding at March 31, 2015, were $376,061 as compared to $362,446 at March 31, 2014. The Association has investment securities that are classified as held to maturity in the amount of $29,944 at March 31, 2015, as compared to $37,618 at March 31, 2014. Net loans and investment securities accounted for 96.49 percent of total assets at March 31, 2015, as compared to 95.88 percent of total assets at March 31, 2014.

The Association's total servicing portfolio has increased to $903,030 as compared to $891,262 at March 31, 2014, due to new money closings exceeding run-off and or liquidations. Even with a decrease in nonaccrual assets and investments, servicing volume has maintained positive growth throughout the year.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. Portfolio credit quality has declined slightly as compared to year end as a result of recent of a small increase in Substandard-Viable assets. Acceptable and OAEM credit quality as a percentage of total loan portfolio was 92.03% as of March 31, 2015, compared to 92.50% at December 31, 2014 and 89.14% at March 31, 2014. Substandard credit quality was 7.97% as of March 31, 2015, compared to 7.50% at December 31, 2014. The actual substandard asset volume has increased by $746 from year-end December 31, 2014. Nonaccrual loan volume was $8,060 at March 31, 2015, compared to $7,886 at December 31, 2014 and $8,393 at March 31, 2014, an increase of $174 and a decrease of $333, respectively. The majority of the loan assets in nonaccrual are in the nursery, citrus and cattle industries.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible losses in the loan portfolio based on current and expected future conditions. The allowance for loan losses at March 31, 2015, was $8,997 compared to $9,237 at December 31, 2014, and $7,707 at March 31, 2014, and is considered by management to be adequate to cover possible losses. The allowance for loan loss is broken down between specific reserves assigned to an individual loan and general reserves which are available for the possible losses within the entire portfolio. The current allowance for loan loss at March 31, 2015, contains $4,045 in specific reserves and $4,952 in general reserves. The following outlines the allowance for loan loss activity as of March 31, 2015.

Allowance for Loan Losses Activity:	YTD 2015
Balance at beginning of period	$ 9,237
Charge-offs	–
Recoveries	105
Provisions/(Reversals)-General	104
Provisions/(Reversals)–Specifics	(449)
Balance at end of period	$ 8,997

The decrease in allowance for loan losses compared to December 2014 was a direct result of allowance reversals during 2015 within the citrus, cattle and real estate portfolios. The reversals are due to improved asset quality since December 2014. Chargeoffs are funded through the allowance from previous and/or current increases in the provision for loan losses.

RESULTS OF OPERATIONS

For the three months ended March 31, 2015

Net income for the three months ended March 31, 2015, totaled $1,947, as compared to $1,856 for the same period in 2014. The increase of $91 for the period is associated directly with the reversal of allowance for loan loss.

Net interest income decreased $57 for the three months ended March 31, 2015, as compared to the same period in 2014. The primary reason for the decrease in net interest income is the decrease in interest rate spreads as compared to the same time last year. Net interest income for the three months ending March 31, 2015, is shown in the following table:

	For the three months ended March 31,			
Net Interest Income	**2015**	**2014**	**$ change**	**% change**
Investment Interest Income	$ 141	$ 202	$ (61)	(30.20) %
Loan Interest Income	4,268	4,169	99	2.37
Total Interest Income	4,409	4,371	38	0.87
Total Interest Expense	1,672	1,577	95	6.02
Net Interest Income	$ 2,737	$ 2,794	$ (57)	(2.04) %

Allowance for loan loss activity for the quarter consisted of a $345 reversal as compared to no provision or reversal for the same period last year. Provisions for loan losses for the three months ending March 31, 2015 are shown in the following table:

	For the three months ended March 31,			
Provisions/(Reversals) for Loan Losses	**2015**	**2014**	**$ change**	**% change**
General Reserves	$ 104	$ (53)	$ 157	(296.23)%
Specific Reserves	(449)	53	(502)	(947.17)
Total Provisions/(Reversals)	$ (345)	$ –	$ (345)	(100.00)%

Noninterest income for the three months ended March 31, 2015, totaled $1,375, as compared to $1,477 for the same period of 2014, a decrease of $102. The decrease is primarily the result of decreased patronage refunds from other Farm Credit institutions. Patronage refunds from other Farm Credit institutions decreased from the prior year due to lower patronage earnings from the Participation and Capitalized Participation Pools as a result of decrease loan volume within the pools. Noninterest income for the three months ending March 31, 2015, is shown in the following table:

	For the three months ended March 31,			
Noninterest Income	**2015**	**2014**	**$ change**	**% change**
Loan fees	$ 69	$ 65	$ 4	6.15%
Fees for financially related services	4	–	4	100.00
Patronage refunds from other Farm Credit Institutions	1,247	1,366	(119)	(8.71)
Gains (losses) on sales of rural home loans, net	10	–	10	100.00
Gains (losses) on other transactions	4	4	–	0.00
Other noninterest income	41	42	(1)	(2.38)
Total noninterest income	$ 1,375	$ 1,477	$ (102)	(6.91)%

Noninterest expense for the three months ended March 31, 2015, increased $95 compared to the same period of 2014, primarily due to increased salaries and employee benefits. Salary and employee benefits increased 5.22% due to increased health insurance and retirement costs. Insurance Fund Premium expenses also increased due to higher loan volumes coupled with an increase in the premium rate which result in higher premium expenses. The Farm Credit System Insurance Corporation (FCSIC) has set the premium to 13 basis points (compared to 12 basis points during 2014) on adjusted insured debt outstanding with an additional 10 basis point premium on the average principal outstanding of nonaccrual loans. Noninterest expense for the three months ending March 31, 2015 is shown in the following table:

	For the three months ended March 31,			
Noninterest Expense	**2015**	**2014**	**$ change**	**% change**
Salary and employee benefits	$ 1,692	$ 1,608	$ 84	5.22 %
Occupancy and equipment	162	162	–	–
Insurance Fund Premium	97	86	11	12.79
(Gains) losses on other property owned, net	–	51	(51)	(100.00)
Other operating expenses	559	508	51	10.04
Total noninterest expense	$ 2,510	$ 2,415	$ 95	3.93 %

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with the Bank through a General Financing Agreement. The General Financing

Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The funds are advanced by the Bank to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2015, was $321,900 as compared to $344,844 at December 31, 2014. The decrease is attributable to pay downs on loans received during the normal course of business being greater than borrowings to fund new loan advances.

CAPITAL RESOURCES

Total members' equity at March 31, 2015, increased to $90,452 from the December 31, 2014, total of $88,504. The increase is primarily attributed to the increase in unallocated surplus resulting from net income.

Total capital stock and participation certificates were $850 on March 31, 2015, compared to $860 on December 31, 2014. This decrease is attributed to the retirement of stock and participation certificates on loans liquidated in the normal course of business.

Farm Credit Administration regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of March 31, 2015, the Association's total surplus ratio and core surplus ratio were 20.71 percent and 18.08 percent, respectively, and the permanent capital ratio was 20.93 percent. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

REGULATORY MATTERS

On July 25, 2014, the FCA published a proposed rule in the Federal Register to revise the requirements governing the eligibility of investments for System banks and associations. The public comment period ended on October 23, 2014. The stated objectives of the proposed rule are as follows:

- To strengthen the safety and soundness of System banks and associations.
- To ensure that System banks hold sufficient liquidity to continue operations and pay maturing obligations in the event of market disruption.
- To enhance the ability of the System banks to supply credit to agricultural and aquatic producers.
- To comply with the requirements of section 939A of the Dodd-Frank Act.
- To modernize the investment eligibility criteria for System banks.
- To revise the investment regulation for System associations to improve their investment management practices so they are more resilient to risk.

On September 4, 2014, the FCA published a proposed rule in the Federal Register to modify the regulatory capital requirements for System banks and associations. The public comment period ended on February 16, 2015. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise.
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System.
- To make System regulatory capital requirements more transparent.
- To meet the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

FINANCIAL REGULATORY REFORM

See discussion of the Dodd-Frank Act in the Financial Regulatory Reform section of the Association's 2014 Annual Report.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1, *"Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements",* in the Notes to the Financial Statements, and the 2014 Annual Report to Shareholders for recently issued accounting pronouncements.

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2832, or writing Susanne Caughman, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, *www.agfirst.com*. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-533-2773, or writing D. Scott Fontenot, CFO, Farm Credit of Central Florida, ACA, P.O. Box 8009, Lakeland, FL 33802, or accessing the website, *www.farmcreditcfl.com.* The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit Of Central Florida, ACA

Consolidated Balance Sheets

(dollars in thousands)	March 31, 2015	December 31, 2014
	(unaudited)	*(audited)*
Assets		
Cash	**$ 204**	$ 271
Investment securities:		
Held to maturity (fair value of $30,572 and $32,439, respectively)	**29,944**	31,756
Loans	**385,058**	399,417
Allowance for loan losses	**(8,997)**	(9,237)
Net loans	**376,061**	390,180
Loans held for sale	**—**	38
Accrued interest receivable	**1,900**	1,869
Investments in other Farm Credit institutions	**6,564**	6,608
Premises and equipment, net	**756**	790
Accounts receivable	**1,949**	10,632
Other assets	**3,388**	3,613
Total assets	**$ 420,766**	$ 445,757
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 321,900**	$ 344,844
Accrued interest payable	**562**	581
Patronage refunds payable	**516**	3,297
Accounts payable	**221**	1,409
Other liabilities	**7,115**	7,122
Total liabilities	**330,314**	357,253
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**850**	860
Retained earnings		
Allocated	**30,740**	30,740
Unallocated	**59,316**	57,369
Accumulated other comprehensive income (loss)	**(454)**	(465)
Total members' equity	**90,452**	88,504
Total liabilities and members' equity	**$ 420,766**	$ 445,757

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Interest Income		
Loans	**$ 4,268**	$ 4,169
Investments	**141**	202
Total interest income	**4,409**	4,371
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	**1,672**	1,577
Net interest income	**2,737**	2,794
Provision for (reversal of allowance for) loan losses	**(345)**	—
Net interest income after provision for (reversal of allowance for) loan losses	**3,082**	2,794
Noninterest Income		
Loan fees	**69**	65
Fees for financially related services	**4**	—
Patronage refunds from other Farm Credit institutions	**1,247**	1,366
Gains (losses) on sales of rural home loans, net	**10**	—
Gains (losses) on other transactions	**4**	4
Other noninterest income	**41**	42
Total noninterest income	**1,375**	1,477
Noninterest Expense		
Salaries and employee benefits	**1,692**	1,608
Occupancy and equipment	**162**	162
Insurance Fund premiums	**97**	86
(Gains) losses on other property owned, net	**—**	51
Other operating expenses	**559**	508
Total noninterest expense	**2,510**	2,415
Net income	**$ 1,947**	$ 1,856

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Net income	**$ 1,947**	$ 1,856
Other comprehensive income net of tax		
Employee benefit plans adjustments	**11**	10
Comprehensive income	**$ 1,958**	$ 1,866

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Changes in Members’ Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2013	$ 902	$ 34,167	$ 49,767	$ (419)	$ 84,417
Comprehensive income			1,856	10	1,866
Capital stock/participation certificates issued/(retired), net	(17)				(17)
Balance at March 31, 2014	$ 885	$ 34,167	$ 51,623	$ (409)	$ 86,266
Balance at December 31, 2014	**$ 860**	**$ 30,740**	**$ 57,369**	**$ (465)**	**$ 88,504**
Comprehensive income			**1,947**	**11**	**1,958**
Capital stock/participation certificates issued/(retired), net	**(10)**				**(10)**
Balance at March 31, 2015	**$ 850**	**$ 30,740**	**$ 59,316**	**$ (454)**	**$ 90,452**

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

Farm Credit of Central Florida, ACA

Notes to the Consolidated Financial Statements

(dollars in thousands, except as noted)
(unaudited)

Note 1 — Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements

Organization

The accompanying financial statements include the accounts of Farm Credit of Central Florida, ACA (the Association). A description of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2014, are contained in the 2014 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

Certain amounts in the prior period's consolidated financial statements may have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The results of any interim period are not necessarily indicative of those to be expected for a full year.

Significant Accounting Policies

The Association's accounting and reporting policies conform with U.S. generally accepted accounting principles (GAAP) and practices in the financial services industry. To prepare the financial statements in conformity with GAAP, management must make estimates based on assumptions about future economic and market conditions (for example, unemployment, market liquidity, real estate prices, etc.) that affect the reported amounts of assets and liabilities at the date of the financial statements, income and expenses during the reporting period, and the related disclosures. Although these estimates contemplate current conditions and expectations of change in the future, it is reasonably possible that actual conditions may be different than anticipated, which could materially affect results of operations and financial condition.

Management has made significant estimates in several areas, including loans and allowance for loan losses (Note 2, *Loans and Allowance for Loan Losses*), investment securities and other-than-temporary impairment (Note 3, *Investments*), and financial instruments (Note 6, *Fair Value Measurement*). Actual results could differ from those estimates.

Accounting Standards Effective During the Period

There were no changes in the accounting principles applied from the latest Annual Report, other than any discussed below. For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

No recently adopted accounting guidance issued by the Financial Accounting Standards Board (FASB) had a significant effect on the current period reporting. See the most recent Annual Report for a detailed description of each of the standards below:

- 2014-14 Classification of Certain Government-Guaranteed Mortgage Loans – The Association did not have a significant amount of loans that met the criteria of the guidance.
- 2014-11 Repurchase-to-Maturity Transactions – The Association did not have a significant amount of transactions that met the criteria of the guidance.
- 2014-08 Discontinued Operations – The Association has not had and does not anticipate any significant disposals.
- 2014-04 Reclassification of Consumer Mortgage Loans – The criteria of the standard were not significantly different from the Association's policy in place at adoption. See Note 2, *Loans and Allowance for Loan Losses*, for the additional disclosures required by this guidance.

Note 2 — Loans and Allowance for Loan Losses

The Association maintains an allowance for loan losses at a level considered adequate by management to provide for probable and estimable losses inherent in the loan portfolio as of the report date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan charge-offs and allowance reversals. A review of individual loans in each respective portfolio is performed periodically to determine the appropriateness of risk ratings and to ensure loss exposure to the Association has been identified. See Note 3, *Loans and Allowance for Loan Losses*, from the latest Annual Report for further discussion.

Credit risk arises from the potential inability of an obligor to meet its repayment obligation. The Association manages credit risk associated with lending activities through an assessment of the credit risk profile of an individual obligor. The Association sets its own underwriting standards and lending policies that provide direction to loan officers and are approved by the board of directors.

A summary of loans outstanding at period end follows:

	March 31, 2015	December 31, 2014
Real estate mortgage	$ 163,542	$ 166,190
Production and intermediate-term	149,012	163,254
Loans to cooperatives	6,557	6,843
Processing and marketing	34,073	33,077
Farm-related business	12,221	11,897
Communication	5,367	3,603
Energy and water/waste disposal	1,909	1,909
Rural residential real estate	12,377	12,644
Total Loans	$ 385,058	$ 399,417

A substantial portion of the Association's lending activities is collateralized, and exposure to credit loss associated with lending activities is reduced accordingly.

The Association may purchase or sell participation interests with other parties in order to diversify risk, manage loan volume, and comply with Farm Credit Administration (FCA) regulations. The following tables present participation loan balances at periods ended:

	March 31, 2015							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 302	$ 33,839	$ –	$ 9,745	$ –	$ –	$ 302	$ 43,584
Production and intermediate-term	14,578	138,333	–	–	–	–	14,578	138,333
Loans to cooperatives	–	940	–	–	–	–	–	940
Processing and marketing	30,044	12,841	–	–	–	–	30,044	12,841
Farm-related business	–	3,647	–	–	–	–	–	3,647
Communication	5,383	–	–	–	–	–	5,383	–
Energy and water/waste disposal	1,909	–	–	–	–	–	1,909	–
Total	$ 52,216	$ 189,600	$ –	$ 9,745	$ –	$ –	$ 52,216	$ 199,345

	December 31, 2014							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 170	$ 35,563	$ –	$ 7,432	$ –	$ –	$ 170	$ 42,995
Production and intermediate-term	14,264	178,881	–	–	–	–	14,264	178,881
Loans to cooperatives	–	1,243	–	–	–	–	–	1,243
Processing and marketing	29,415	7,972	–	–	–	–	29,415	7,972
Farm-related business	–	3,657	–	–	–	–	–	3,657
Communication	3,609	–	–	–	–	–	3,609	–
Energy and water/waste disposal	1,909	–	–	–	–	–	1,909	–
Total	$ 49,367	$ 227,316	$ –	$ 7,432	$ –	$ –	$ 49,367	$ 234,748

A significant source of liquidity for the Association is the repayments of loans. The following table presents the contractual maturity distribution of loans by loan type at the latest period end:

	March 31, 2015			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 15,269	$ 56,306	$ 91,967	$ 163,542
Production and intermediate-term	26,974	79,274	42,764	149,012
Loans to cooperatives	856	3,625	2,076	6,557
Processing and marketing	820	19,954	13,299	34,073
Farm-related business	1,030	5,940	5,251	12,221
Communication	–	3,538	1,829	5,367
Energy and water/waste disposal	–	–	1,909	1,909
Rural residential real estate	780	4,406	7,191	12,377
Total Loans	$ 45,729	$ 173,043	$ 166,286	$ 385,058
Percentage	11.88%	44.94%	43.18%	100.00%

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

The following table shows the recorded investment of loans, classified under the FCA Uniform Loan Classification System, as a percentage of the recorded investment of total loans by loan type as of:

	March 31, 2015	December 31, 2014
Real estate mortgage:		
Acceptable	90.46%	89.33%
OAEM	2.21	2.40
Substandard/doubtful/loss	7.33	8.27
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	80.11%	80.57%
OAEM	10.11	12.09
Substandard/doubtful/loss	9.78	7.34
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	96.41%	96.42%
OAEM	3.59	3.58
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Processing and marketing:		
Acceptable	93.11%	92.72%
OAEM	–	–
Substandard/doubtful/loss	6.89	7.28
	100.00%	100.00%

	March 31, 2015	December 31, 2014
Farm-related business:		
Acceptable	87.38%	91.23%
OAEM	12.62	8.77
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Communication:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Energy and water/waste disposal:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	81.25%	81.32%
OAEM	4.40	4.40
Substandard/doubtful/loss	14.35	14.28
	100.00%	100.00%
Total Loans:		
Acceptable	86.58%	86.10%
OAEM	5.45	6.40
Substandard/doubtful/loss	7.97	7.50
	100.00%	100.00%

The following tables provide an age analysis of the recorded investment of past due loans as of:

	March 31, 2015					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 628	$ 559	$ 1,187	163,162	$ 164,349	$ –
Production and intermediate-term	25	724	749	148,943	149,692	–
Loans to cooperatives	–	–	–	6,604	6,604	–
Processing and marketing	–	–	–	34,155	34,155	–
Farm-related business	–	–	–	12,264	12,264	–
Communication	–	–	–	5,368	5,368	–
Energy and water/waste disposal	–	–	–	1,909	1,909	–
Rural residential real estate	193	114	307	12,129	12,436	–
Total	$ 846	$ 1,397	$ 2,243	$ 384,534	$ 386,777	$ –

	December 31, 2014					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 208	$ 1,170	$ 1,378	$ 165,581	$ 166,959	$ –
Production and intermediate-term	–	2,261	2,261	161,716	163,977	–
Loans to cooperatives	–	–	–	6,886	6,886	–
Processing and marketing	–	–	–	33,128	33,128	–
Farm-related business	–	–	–	11,955	11,955	–
Communication	–	–	–	3,603	3,603	–
Energy and water/waste disposal	–	–	–	1,909	1,909	–
Rural residential real estate	65	150	215	12,464	12,679	–
Total	$ 273	$ 3,581	$ 3,854	$ 397,242	$ 401,096	$ –

Nonperforming assets (including the recorded investment for loans) and related credit quality statistics at period end were as follows:

	March 31, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 1,684	$ 2,089
Production and intermediate-term	5,385	4,988
Rural residential real estate	991	809
Total	$ 8,060	$ 7,886
Accruing restructured loans:		
Real estate mortgage	$ 6,351	$ 6,939
Production and intermediate-term	5,845	5,753
Rural residential real estate	490	689
Total	$ 12,686	$ 13,381
Accruing loans 90 days or more past due:		
Total	$ –	$ –
Total nonperforming loans	$ 20,746	$ 21,267
Other property owned	–	–
Total nonperforming assets	$ 20,746	$ 21,267
Nonaccrual loans as a percentage of total loans	2.09%	1.97%
Nonperforming assets as a percentage of total loans and other property owned	5.39%	5.32%
Nonperforming assets as a percentage of capital	22.94%	24.03%

The following table presents information related to the recorded investment of impaired loans at period end. Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms of the loan.

	March 31, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	$ 6,381	$ 4,303
Past due	1,679	3,583
Total	8,060	7,886
Impaired accrual loans:		
Restructured	12,686	13,381
90 days or more past due	–	–
Total	12,686	13,381
Total impaired loans	$ 20,746	$ 21,267

The following tables present additional impaired loan information at period end. Unpaid principal balance represents the contractual principal balance of the loan.

	March 31, 2015			Quarter Ended March 31, 2015	
Impaired loans:	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Impaired Loans**	**Interest Income Recognized on Impaired Loans**
With a related allowance for credit losses:					
Real estate mortgage	$ 6,174	$ 6,326	$ 1,457	$ 6,194	$ 91
Production and intermediate-term	5,339	5,484	2,177	5,356	79
Rural residential real estate	1,480	1,532	411	1,484	22
Total	$ 12,993	$ 13,342	$ 4,045	$ 13,034	$ 192
With no related allowance for credit losses:					
Real estate mortgage	$ 1,861	$ 1,988	$ –	$ 1,866	$ 27
Production and intermediate-term	5,891	7,545	–	5,909	87
Rural residential real estate	1	71	–	2	–
Total	$ 7,753	$ 9,604	$ –	$ 7,777	$ 114
Total:					
Real estate mortgage	$ 8,035	$ 8,314	$ 1,457	$ 8,060	$ 118
Production and intermediate-term	11,230	13,029	2,177	11,265	166
Rural residential real estate	1,481	1,603	411	1,486	22
Total	$ 20,746	$ 22,946	$ 4,045	$ 20,811	$ 306

Impaired loans:	December 31, 2014 Recorded Investment	Unpaid Principal Balance	Related Allowance	Year Ended December 31, 2014 Average Impaired Loans	Interest Income Recognized on Impaired Loans
With a related allowance for credit losses:					
Real estate mortgage	$ 6,809	$ 7,101	$ 1,564	$ 7,221	$ 443
Production and intermediate-term	6,072	6,273	2,345	6,440	394
Rural residential real estate	1,497	1,539	481	1,588	97
Total	$ 14,378	$ 14,913	$ 4,390	$ 15,249	$ 934
With no related allowance for credit losses:					
Real estate mortgage	$ 2,219	$ 2,333	$ –	$ 2,354	$ 143
Production and intermediate-term	4,669	6,152	–	4,952	304
Rural residential real estate	1	72	–	1	–
Total	$ 6,889	$ 8,557	$ –	$ 7,307	$ 447
Total:					
Real estate mortgage	$ 9,028	$ 9,434	$ 1,564	$ 9,575	$ 586
Production and intermediate-term	10,741	12,425	2,345	11,392	698
Rural residential real estate	1,498	1,611	481	1,589	97
Total	$ 21,267	$ 23,470	$ 4,390	$ 22,556	$ 1,381

There were no material commitments to lend additional funds to debtors whose loans were classified as impaired at each reporting period.

A summary of changes in the allowance for loan losses and recorded investment in loans for each reporting period follows:

	Real Estate Mortgage	Production and Intermediate-term	Agribusiness*	Communication	Energy and Water/Waste Disposal	Rural Residential Real Estate	Total
Activity related to the allowance for credit losses:							
Balance at December 31, 2014	$ 3,743	$ 4,290	$ 632	$ 20	$ –	$ 552	$ 9,237
Charge-offs	–	–	–	–	–	–	–
Recoveries	103	–	–	–	–	2	105
Provision for loan losses	(150)	(156)	9	2	–	(50)	(345)
Balance at March 31, 2015	$ 3,696	$ 4,134	$ 641	$ 22	$ –	$ 504	$ 8,997
Balance at December 31, 2013	$ 3,924	$ 3,398	$ 154	$ 2	$ –	$ 617	$ 8,095
Charge-offs	(341)	–	–	–	–	(47)	(388)
Recoveries	–	–	–	–	–	–	–
Provision for loan losses	(251)	92	40	–	–	119	–
Balance at March 31, 2014	$ 3,332	$ 3,490	$ 194	$ 2	$ –	$ 689	$ 7,707
Allowance on loans evaluated for impairment:							
Individually	$ 1,457	$ 2,177	$ –	$ –	$ –	$ 411	$ 4,045
Collectively	2,239	1,957	641	22	–	93	4,952
Balance at March 31, 2015	$ 3,696	$ 4,134	$ 641	$ 22	$ –	$ 504	$ 8,997
Individually	$ 1,564	$ 2,345	$ –	$ –	$ –	$ 481	$ 4,390
Collectively	2,179	1,945	632	20	–	71	4,847
Balance at December 31, 2014	$ 3,743	$ 4,290	$ 632	$ 20	$ –	$ 552	$ 9,237
Recorded investment in loans evaluated for impairment:							
Individually	$ 8,147	$ 11,279	$ –	$ –	$ –	$ 1,485	$ 20,911
Collectively	156,202	138,413	53,023	5,368	1,909	10,951	365,866
Balance at March 31, 2015	$ 164,349	$ 149,692	$ 53,023	$ 5,368	$ 1,909	$ 12,436	$ 386,777
Individually	$ 9,033	$ 10,784	$ –	$ –	$ –	$ 1,501	$ 21,318
Collectively	157,926	153,193	51,969	3,603	1,909	11,178	379,778
Balance at December 31, 2014	$ 166,959	$ 163,977	$ 51,969	$ 3,603	$ 1,909	$ 12,679	$ 401,096

**Includes the loan types; Loans to cooperatives, Processing and marketing, and Farm-related business.*

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. There were no TDRs that occurred during the three month period ended March 31, 2014.

	Three months ended March 31, 2015				
Outstanding Recorded Investment	Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Production and intermediate-term	$ –	$ 2,216	$ –	$ 2,216	
Total	$ –	$ 2,216	$ –	$ 2,216	
Post-modification:					
Production and intermediate-term	$ –	$ 2,216	$ –	$ 2,216	$ –
Total	$ –	$ 2,216	$ –	$ 2,216	$ –

Interest concessions may include interest forgiveness and interest deferment. Principal concessions may include principal forgiveness, principal deferment, and maturity extension. Other concessions may include additional compensation received which might be in the form of cash or other assets.

The following table presents outstanding recorded investment for TDRs that occurred during the previous twelve months and for which there was a subsequent payment default during the period. Payment default is defined as a payment that was thirty days or more past due.

	Three Months Ended March 31, 2015	2014
Defaulted troubled debt restructurings:		
Real estate mortgage	$ –	$ 40
Production and intermediate-term	–	776
Total	$ –	$ 816

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

	Total TDRs		Nonaccrual TDRs	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Real estate mortgage	$ 7,475	$ 7,991	$ 1,124	$ 1,052
Production and intermediate-term	9,840	7,676	3,995	1,923
Rural residential real estate	1,334	1,348	844	659
Total Loans	$ 18,649	$ 17,015	$ 5,963	$ 3,634
Additional commitments to lend	$ –	$ –		

The following table presents information as of period end:

	March 31, 2015
Carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession	$ –
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	$ 401

Note 3 — Investments

Investment Securities

The Association's investments consist primarily of asset-backed securities (ABSs). These ABSs are issued through the Small Business Administration and are guaranteed by the full faith and credit of the United States government. They are held for managing short-term surplus funds and reducing interest rate risk. These securities meet the applicable FCA regulatory guidelines related to government agency guaranteed investments.

A summary of the amortized cost and fair value of investment securities held-to-maturity follows:

	March 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
ABSs	$ 29,944	$ 678	$ (50)	$ 30,572	2.00%

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
ABSs	$ 31,756	$ 731	$ (48)	$ 32,439	2.07%

A summary of the contractual maturity, amortized cost and estimated fair value of investment securities held-to-maturity follows:

	March 31, 2015		
	Amortized Cost	Fair Value	Weighted Average Yield
In one year or less	$ 142	$ 140	1.90%
After one year through five years	23,348	23,803	2.02
After five years through ten years	5,829	5,973	1.98
After ten years	625	656	1.52
Total	$ 29,944	$ 30,572	2.00%

A portion of these investments has contractual maturities in excess of ten years. However, expected maturities for these types of securities can differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

An investment is considered impaired if its fair value is less than its cost. The following tables show the fair value and gross unrealized losses for investments that were in a continuous unrealized loss position aggregated by investment category at each reporting period. A continuous unrealized loss position for an investment is measured from the date the impairment was first identified.

	March 31, 2015			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABSs	$ 1,807	$ (18)	$ 1,404	$ (32)

	December 31, 2014			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
ABSs	$ 1,621	$ (11)	$ 1,523	$ (37)

The recording of an impairment is predicated on: (1) whether or not management intends to sell the security, (2) whether it is more likely than not that management would be required to sell the security before recovering its costs, and (3) whether management expects to recover the security's entire amortized cost basis (even if there is no intention to sell). If the Association intends to sell the security or it is more likely than not that it would be required to sell the security, the impairment loss equals the full difference between amortized cost and fair value of the security. When the Association does not intend to sell securities in an unrealized loss position and it is not more likely than not that it would be required to sell the securities, other-than-temporary impairment loss is separated into credit loss and non-credit loss. Credit loss is defined as the shortfall of the present value of the cash flows expected to be collected in relation to the amortized cost basis.

The Association performs periodic credit reviews, including other-than-temporary impairment analyses, on its investment securities portfolio. The objective is to quantify future possible loss of principal or interest due on securities in the portfolio. Factors considered in determining whether an impairment is other-than-temporary include among others: (1) the length of time and the extent to which the fair value is less than cost, (2) adverse conditions specifically related to the industry, (3) geographic area and the condition of the underlying collateral, (4) payment structure of the security, (5) ratings by rating agencies, (6) the credit worthiness of bond insurers, and (7) volatility of the fair value changes.

The Association uses the present value of cash flows expected to be collected from each debt security to determine the amount of credit loss. This technique requires assumptions related to the underlying collateral, including default rates, amount and timing of prepayments, and loss severity. Assumptions can vary widely from security to security and are influenced by such factors as loan interest rate, geographical location of the borrower, borrower characteristics, and collateral type.

Significant inputs used to estimate the amount of credit loss include, but are not limited to, performance indicators of the underlying assets in the security (including default rates, delinquency rates, and percentage of nonperforming assets), loan-to-collateral value ratios, third-party guarantees, current levels of subordination, vintage, geographic concentration, and credit ratings. The Association may obtain assumptions for the default rate, prepayment rate, and loss severity rate from an independent third party, or generate the assumptions internally.

The Association has not recognized any credit losses as any impairments were deemed temporary and resulted from non-credit related factors. The Association has the ability and intent to hold these temporarily impaired investments until a recovery of unrealized losses occurs, which may be at maturity, and at this time expects to collect the full principal amount and interest due on these securities, especially after considering credit enhancements.

Substantially all of these investments were in U. S. government agency securities and the Association expects these securities would not be settled at a price less than their amortized cost. All securities continue to perform at period end.

Investments in other Farm Credit Institutions
The Association is required to maintain ownership in AgFirst Farm Credit Bank (AgFirst or the Bank) of Class B and Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owns 2.51 percent of the issued stock of the Bank as of March 31, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.9

billion and shareholders' equity totaled $2.3 billion. The Bank's earnings were $83 million for the first three months of 2015. In addition, the Association has an investment of $290 related to other Farm Credit institutions.

Note 4 — Debt

Notes Payable to AgFirst Farm Credit Bank

The Association's indebtedness to the Bank represents borrowings by the Association to fund its earning assets. This indebtedness is collateralized by a pledge of substantially all of the Association's assets. The contractual terms of the revolving line of credit are contained in the General Financing Agreement (GFA). The GFA also defines Association performance criteria for borrowing from the Bank, which includes borrowing base margin, earnings and capital covenants, among others.

Note 5 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

Changes in Accumulated Other Comprehensive income by Component *(a)*

	For the Three Months Ended March 31, 2015	2014
Employee Benefit Plans:		
Balance at beginning of period	$ (465)	$ (419)
Other comprehensive income before reclassifications	–	–
Amounts reclassified from AOCI	11	10
Net current period other comprehensive income	11	10
Balance at end of period	$ (454)	$ (409)

Reclassifications Out of Accumulated Other Comprehensive Income *(b)*

	For the Three Months Ended March 31, 2015	2014	Income Statement Line Item
Defined Benefit Pension Plans:			
Periodic pension costs	$ (11)	$ (10)	See Note 7.
Net amounts reclassified	$ (11)	$ (10)	

(a) Amounts in parentheses indicate debits to AOCI.
(b) Amounts in parentheses indicate debits to profit/loss.

Note 6 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

Accounting guidance establishes a hierarchy for disclosure of fair value measurements to maximize the use of observable inputs, that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. The hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the hierarchy tiers is based upon the lowest level of input that is significant to the fair value measurement.

Estimating the fair value of the Association's investment in the Bank and Other Farm Credit Institutions is not practicable because the stock is not traded. The net investment is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying Consolidated Balance Sheets.

The classifications within the fair value hierarchy are as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities also could include instruments whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

For a complete discussion of the inputs and other assumptions considered in assigning various assets and liabilities to the fair value hierarchy levels, see the latest Annual Report to Shareholders.

There were no Level 3 assets or liabilities measured at fair value on a recurring basis for the periods presented. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the periods presented.

SENSITIVITY TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS

Discounted cash flow or similar modeling techniques are generally used to determine the recurring fair value measurements for Level 3 assets and liabilities. Use of these techniques requires determination of relevant inputs and assumptions, some of which represent significant unobservable inputs as indicated in the tables that follow. Accordingly, changes in these unobservable inputs may have a significant impact on fair value.

Certain of these unobservable inputs will (in isolation) have a directionally consistent impact on the fair value of the instrument for a given change in that input. Alternatively, the fair value of the instrument may move in an opposite direction for a given change in another input. Where multiple inputs are used within the valuation technique of an asset or liability, a change in one input in a certain direction may be offset by an opposite change in another input having a potentially muted impact to the overall fair value of that particular instrument. Additionally, a change in one unobservable input may result in a change to another unobservable input (that is, changes in certain inputs are interrelated with one another), which may counteract or magnify the fair value impact.

Inputs to Valuation Techniques

Management determines the Association's valuation policies and procedures. The Bank performs the majority of the Association's valuations, and its valuation processes are calibrated annually by an independent consultant. The fair value measurements are analyzed on a quarterly basis. For other valuations, documentation is obtained for third party information, such as pricing, and periodically evaluated alongside internal information and pricing that is available.

Quoted market prices are generally not available for the instruments presented below. Accordingly fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 16,701	Appraisal	Income and expense	*
			Comparable sales	*
			Replacement cost	*
			Comparability adjustments	*

** Ranges for this type of input are not useful because each collateral property is unique.*

Information about Other Financial Instrument Fair Value Measurements

	Valuation Technique(s)	Input
Cash	Carrying Value	Par/Principal and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity
Investment securities, held-to-maturity	Discounted cash flow	Prepayment rates
		Risk adjusted discount rate
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity

Fair values are estimated at each period end date for assets and liabilities measured at fair value on a recurring basis. Fair values are estimated at least annually, or when information suggests a significant change in value, for assets measured at fair value on a nonrecurring basis. Other Financial Instruments are not measured at fair value in the statement of financial position, but their fair values are estimated as of each period end date. The following tables summarize the carrying amounts of these assets and liabilities at period end, and their related fair values.

	At or for the Three Months Ended March 31, 2015					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 254	$ 254	$ –	$ –	$ 254	
Recurring Assets	$ 254	$ 254	$ –	$ –	$ 254	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 16,701	$ –	$ –	$ 16,701	$ 16,701	$ 449
Other property owned	–	–	–	–	–	–
Nonrecurring Assets	$ 16,701	$ –	$ –	$ 16,701	$ 16,701	$ 449
Other Financial Instruments						
Assets:						
Cash	$ 204	$ 204	$ –	$ –	$ 204	
Investment securities, held-to-maturity	29,944	–	30,572	–	30,572	
Loans	359,360	–	–	358,373	358,373	
Other Financial Assets	$ 389,508	$ 204	$ 30,572	$ 358,373	$ 389,149	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 321,900	$ –	$ –	$ 321,177	$ 321,177	
Other Financial Liabilities	$ 321,900	$ –	$ –	$ 321,177	$ 321,177	

	At or for the Year Ended December 31, 2014					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 254	$ 254	$ –	$ –	$ 254	
Recurring Assets	$ 254	$ 254	$ –	$ –	$ 254	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 16,877	$ –	$ –	$ 16,877	$ 16,877	$ (233)
Other property owned	–	–	$ –	–	–	315
Nonrecurring Assets	$ 16,877	$ –	$ –	$ 16,877	$ 16,877	$ 82
Other Financial Instruments						
Assets:						
Cash	$ 271	$ 271	$ –	$ –	$ 271	
Investment securities, held-to-maturity	31,756	–	32,439	–	32,439	
Loans	373,341	–	–	371,545	371,545	
Other Financial Assets	$ 405,368	$ 271	$ 32,439	$ 371,545	$ 404,255	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 344,844	$ –	$ –	$ 342,577	$ 342,577	
Other Financial Liabilities	$ 344,844	$ –	$ –	$ 342,577	$ 342,577	

Note 7 — Employee Benefit Plans

The following is a table of retirement and other postretirement benefit expenses for the Association:

	For the three months ended March 31, 2015	For the three months ended March 31, 2014
Pension	$ 288	$ 303
401(k)	112	70
Other postretirement benefits	81	50
Total	$ 481	$ 423

The following is a table of retirement and other postretirement benefit contributions for the Association:

	Actual YTD Through 3/31/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	$ 5	$ 1,102	$ 1,107
Other postretirement benefits	46	137	183
Total	$ 51	$ 1,239	$ 1,290

Contributions in the above table include allocated estimates of funding for multi-employer plans in which the Association participates. These amounts may change when a total funding amount and allocation is determined by the respective Plan's Sponsor Committee. Also, market conditions could impact discount rates and return on plan assets which could change contributions necessary before the next plan measurement date of December 31, 2015.

Further details regarding employee benefit plans are contained in the 2014 Annual Report to Shareholders, including a discussion of benefit plan changes related to the termination of the AgFirst Farm Credit Cash Balance Retirement Plan.

Note 8 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association. Because it is not probable that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 9 — Subsequent Events

The Association evaluated subsequent events and determined there were none requiring disclosure through May 8, 2015, which was the date the financial statements were issued.