*Ag***Choice** *Farm Credit, ACA*

FIRST QUARTER 2015

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CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2015 quarterly report of *Ag***Choice** Farm Credit, 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.

Darrell L. Curtis
Chief Executive Officer

Mark F. Kerstetter
Chief Financial Officer

Dennis B. Spangler
Chairman of the Board

May 8, 2015

*Ag***Choice** *Farm Credit, 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.

Darrell L. Curtis
Chief Executive Officer

Mark F. Kerstetter
Chief Financial Officer

May 8, 2015

*Ag***Choice** ***Farm Credit, 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 *Ag***Choice** Farm Credit 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. Information in any part of this Quarterly Report may be incorporated by reference in answer or partial answer to any other item of the Quarterly Report.

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, including dairy, livestock, poultry, forest products, and various crops, and also includes part-time farm and rural home loans. 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, impacts the level of dependency on a given commodity.

Loans as of March 31, 2015, was $1,585,893, an increase of $9,622 as compared to $1,576,271 at December 31, 2014. Net loans outstanding at March 31, 2015, were $1,574,921 as compared to $1,565,661 at December 31, 2014. Net loans accounted for 97.2 percent of total assets at March 31, 2015, as compared to 95.8 percent of total assets at December 31, 2014. The increase in both loans and net loans primarily resulted from increased participation loans purchased.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level, and credit administration remains satisfactory. Nonaccrual volume decreased from $27,655 at December 31, 2014, to $25,477 at March 31, 2015, mainly due to one large transfer to accruing status and several small payoffs. The Association continues efforts to work out of nonaccrual accounts or to assist such operations to return to accrual status.

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 was $10,972 and $10,610 at March 31, 2015 and December 31, 2014, respectively. These reserves were considered by management to be adequate to cover possible losses. As a further means to reduce credit risk, as of March 31, 2015, the Association had loans amounting to $11,676 under a long-term standby commitment from Farmer Mac to purchase these loans in the event of loan defaults.

RESULTS OF OPERATIONS

For the three months ended March 31, 2015

Net income for the three months ended March 31, 2015, totaled $7,182, a decrease of $2,149 compared to $9,331 for the same period in 2014. This decrease resulted primarily from lower net interest income, a provision for loan losses in 2015 as compared to a reversal of provision for allowance for loan losses in 2014 and lower noninterest income.

Net interest income decreased by $274 for the three months ended March 31, 2015 compared to the same period in 2014. This decrease resulted from a decrease of $254 in interest income on nonaccruing loans and a decrease of $20 in interest income on accruing loans and investment securities.

The provision for loan losses was $385 in the first quarter of 2015 as compared to a reversal of allowance for loan losses of $1,018 in the same period for 2014, largely due to increases in general reserves in 2015 as compared to decreases in specific reserves in 2014.

Noninterest income for the three months ended March 31, 2015 decreased by $411 to $3,509, compared to $3,920 for the same period of 2014. This decrease resulted primarily from a reduction in the reserve for unfunded commitments in 2014 that did not repeat in 2015, lower participations purchased fees and lower gains on the sale of assets.

Noninterest expense for the three months ended March 31, 2015, increased $48, compared to the same period of 2014.

This increase is due to higher personnel costs, insurance fund premiums and occupancy and equipment costs offset by lower other expenses.

The provision for income taxes was $73 and $60 for the first quarters of 2015 and 2014, respectively.

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 Bank advances funds 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 $1,266,623 as compared to $1,283,873 at December 31, 2014. This decrease resulted from the receipt of the 2014 Equity in earnings of other Farm Credit institutions and cash generated from Association year-to-date 2015 earnings.

CAPITAL RESOURCES

Total members' equity at March 31, 2015 increased by $7,156 to $321,697 from the December 31, 2014 total of $314,541. The increase is primarily attributed to year-to-date 2015 net income.

Total capital stock and participation certificates were $10,928 on March 31, 2015, compared to $10,948 on December 31, 2014.

Farm Credit Administration (FCA) 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 permanent capital and total surplus ratios were 18.10 percent and 17.44 percent, respectively, and the core surplus ratio was 17.11 percent. All three ratios were well above the minimum regulatory requirements of 7.00 percent for the 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 1-800-349-3568 or writing *Ag***Choice** Farm Credit, ACA, 900 Bent Creek Blvd., Mechanicsburg, PA, 17050, or accessing the website *www.agchoice.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.

Ag **Choice** Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	**March 31, 2015**	**December 31, 2014**
	(unaudited)	*(audited)*
Assets		
Cash	**$ 84**	$ 82
Investment securities:		
Held to maturity (fair value of $2,508 and $2,446, respectively)	**2,311**	2,311
Loans	**1,585,893**	1,576,271
Allowance for loan losses	**(10,972)**	(10,610)
Net loans	**1,574,921**	1,565,661
Loans held for sale	**—**	306
Accrued interest receivable	**6,465**	5,296
Investments in other Farm Credit institutions	**21,620**	21,752
Premises and equipment, net	**6,972**	6,812
Other property owned	**169**	169
Accounts receivable	**3,276**	27,633
Other assets	**4,005**	4,293
Total assets	**$ 1,619,823**	$ 1,634,315
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,266,623**	$ 1,283,416
Accrued interest payable	**2,359**	2,354
Patronage refunds payable	**823**	17,469
Accounts payable	**1,806**	4,290
Other liabilities	**26,515**	12,245
Total liabilities	**1,298,126**	1,319,774
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**10,928**	10,948
Surplus		
Allocated	**166,905**	164,844
Unallocated	**143,925**	138,810
Accumulated other comprehensive income (loss)	**(61)**	(61)
Total members' equity	**321,697**	314,541
Total liabilities and members' equity	**$ 1,619,823**	$ 1,634,315

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

Ag **Choice** Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Interest Income		
Loans	**$ 17,969**	$ 17,533
Investments	**36**	36
Total interest income	**18,005**	17,569
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	**7,008**	6,298
Net interest income	**10,997**	11,271
Provision for (reversal of allowance for) loan losses	**385**	(1,018)
Net interest income after provision for (reversal of allowance for) loan losses	**10,612**	12,289
Noninterest Income		
Loan fees	**176**	312
Fees for financially related services	**261**	298
Patronage refunds from other Farm Credit institutions	**2,893**	2,898
Gains (losses) on sales of rural home loans, net	**14**	7
Gains (losses) on sales of premises and equipment, net	**16**	72
Gains (losses) on other transactions	**14**	217
Other noninterest income	**135**	116
Total noninterest income	**3,509**	3,920
Noninterest Expense		
Salaries and employee benefits	**4,701**	4,522
Occupancy and equipment	**289**	260
Insurance Fund premiums	**388**	343
(Gains) losses on other property owned, net	**11**	17
Other operating expenses	**1,477**	1,676
Total noninterest expense	**6,866**	6,818
Income before income taxes	**7,255**	9,391
Provision for income taxes	**73**	60
Net income	**7,182**	9,331
Other comprehensive income	**—**	—
Comprehensive income	**$ 7,182**	$ 9,331

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

Ag **Choice** Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Surplus Allocated	Surplus Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2013	$ 10,878	$ 152,204	$ 127,685	$ (25)	$ 290,742
Comprehensive income			9,331		9,331
Capital stock/participation certificates issued/(retired), net	(62)				(62)
Dividends declared/paid	4		(4)		—
Surplus retired		(3)			(3)
Patronage distribution adjustment		250	(250)		—
Balance at March 31, 2014	$ 10,820	$ 152,451	$ 136,762	$ (25)	$ 300,008
Balance at December 31, 2014	**$ 10,948**	**$ 164,844**	**$ 138,810**	**$ (61)**	**$ 314,541**
Comprehensive income			**7,182**		**7,182**
Capital stock/participation certificates issued/(retired), net	**(24)**				**(24)**
Dividends declared/paid	**4**		**(4)**		**—**
Surplus retired		**(2)**			**(2)**
Patronage distribution adjustment		**2,063**	**(2,063)**		**—**
Balance at March 31, 2015	**$ 10,928**	**$ 166,905**	**$ 143,925**	**$ (61)**	**$ 321,697**

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

*Ag***Choice** *Farm Credit, 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 *Ag***Choice** Farm Credit, 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 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	$ 705,339	$ 700,689
Production and intermediate-term	567,646	580,145
Loans to cooperatives	37,722	29,228
Processing and marketing	109,612	106,155
Farm-related business	36,242	33,831
Communication	75,368	68,944
Energy and water/waste disposal	17,159	19,350
Rural residential real estate	21,113	22,100
International	11,984	11,993
Lease receivables	914	992
Other (including Mission Related)	2,794	2,844
Total loans	$ 1,585,893	$ 1,576,271

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 and syndication 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	$ 1,082	$ 49,732	$ 10,087	$ –	$ –	$ –	$ 11,169	$ 49,732
Production and intermediate-term	27,970	27,740	65,668	1,514	8,298	–	101,936	29,254
Loans to cooperatives	412	–	37,291	–	–	–	37,703	–
Processing and marketing	30,077	213	44,712	–	32,931	–	107,720	213
Farm-related business	8,869	125	–	–	2,206	–	11,075	125
Communication	1,639	–	73,892	–	–	–	75,531	–
Energy and water/waste disposal	3,844	–	13,348	–	–	–	17,192	–
Rural residential real estate	–	584	–	–	–	–	–	584
Lease receivables	–	–	914	–	–	–	914	–
International	–	–	11,984	–	–	–	11,984	–
Total	$ 73,893	$ 78,394	$ 257,896	$ 1,514	$ 43,435	$ –	$ 375,224	$ 79,908

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	$ 608	$ 49,956	$ 10,222	$ –	$ –	$ –	$ 10,830	$ 49,956
Production and intermediate-term	30,826	40,106	64,577	1,514	8,258	–	103,661	41,620
Loans to cooperatives	–	–	29,164	–	–	–	29,164	–
Processing and marketing	31,474	419	41,399	–	31,413	–	104,286	419
Farm-related business	8,870	250	–	–	–	–	8,870	250
Communication	–	–	69,080	–	–	–	69,080	–
Energy and water/waste disposal	3,865	–	15,521	–	–	–	19,386	–
Rural residential real estate	–	589	–	–	–	–	–	589
International	–	–	11,983	–	–	–	11,983	–
Lease receivables	–	–	992	–	–	–	992	–
Total	$ 75,643	$ 91,320	$ 242,938	$ 1,514	$ 39,671	$ –	$ 358,252	$ 92,834

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	$ 14,599	$ 153,665	$ 537,075	$ 705,339
Production and intermediate-term	107,153	298,355	162,138	567,646
Loans to cooperatives	–	34,320	3,402	37,722
Processing and marketing	899	67,502	41,211	109,612
Farm-related business	6,030	23,738	6,474	36,242
Communication	–	67,219	8,149	75,368
Energy and water/waste disposal	1,481	6,123	9,555	17,159
Rural residential real estate	335	3,139	17,639	21,113
International	–	9,986	1,998	11,984
Lease receivables	18	896	–	914
Other (including Mission Related)	380	1,197	1,217	2,794
Total Loans	$ 130,895	$ 666,140	$ 788,858	$ 1,585,893
Percentage	8.25%	42.01%	49.74%	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	96.43%	96.29%
OAEM	1.33	1.40
Substandard/doubtful/loss	2.24	2.31
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	95.42%	95.43%
OAEM	2.03	2.03
Substandard/doubtful/loss	2.55	2.54
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Processing and marketing:		
Acceptable	95.49%	95.23%
OAEM	0.25	0.40
Substandard/doubtful/loss	4.26	4.37
	100.00%	100.00%
Farm-related business:		
Acceptable	98.69%	98.36%
OAEM	0.72	0.86
Substandard/doubtful/loss	0.59	0.78
	100.00%	100.00%
Communication:		
Acceptable	96.42%	96.47%
OAEM	3.58	3.53
Substandard/doubtful/loss	–	–
	100.00%	100.00%

	March 31, 2015	December 31, 2014
Energy and water/waste disposal:		
Acceptable	91.97%	92.77%
OAEM	–	–
Substandard/doubtful/loss	8.03	7.23
	100.00%	100.00%
Rural residential real estate:		
Acceptable	91.93%	91.72%
OAEM	3.00	2.73
Substandard/doubtful/loss	5.07	5.55
	100.00%	100.00%
International:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Lease receivables:		
Acceptable	83.31%	83.73%
OAEM	13.75	13.21
Substandard/doubtful/loss	2.94	3.06
	100.00%	100.00%
Other (including Mission Related)		
Acceptable	7.07%	7.51%
OAEM	–	–
Substandard/doubtful/loss	92.93	92.49
	100.00%	100.00%
Total loans:		
Acceptable	95.89%	95.77%
OAEM	1.57	1.62
Substandard/doubtful/loss	2.54	2.61
	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 and Accrued Interest	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 1,326	$ 401	$ 1,727	$ 707,202	$ 708,929	$ –
Production and intermediate-term	2,222	7,088	9,310	560,547	569,857	179
Loans to cooperatives	–	–	–	37,745	37,745	–
Processing and marketing	–	–	–	109,856	109,856	–
Farm-related business	–	–	–	36,328	36,328	–
Communication	–	–	–	75,430	75,430	–
Energy and water/waste disposal	–	1,383	1,383	15,836	17,219	–
Rural residential real estate	59	70	129	21,081	21,210	–
International	–	–	–	12,024	12,024	–
Lease receivables	–	13	13	905	918	–
Other (including Mission Related)	–	914	914	1,880	2,794	–
Total	$ 3,607	$ 9,869	$ 13,476	$ 1,578,834	$ 1,592,310	$ 179

	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 and Accrued Interest	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 3,499	$ 453	$ 3,952	$ 699,375	$ 703,327	$ –
Production and intermediate-term	3,208	7,476	10,684	571,525	582,209	–
Loans to cooperatives	–	–	–	29,260	29,260	–
Processing and marketing	–	–	–	106,393	106,393	–
Farm-related business	–	–	–	33,897	33,897	–
Communication	–	–	–	69,000	69,000	–
Energy and water/waste disposal	–	–	–	19,381	19,381	–
Rural residential real estate	329	73	402	21,771	22,173	–
International	–	–	–	12,072	12,072	–
Lease receivables	–	15	15	983	998	–
Other (including Mission Related)	–	2,631	2,631	214	2,845	–
Total	$ 7,036	$ 10,648	$ 17,684	$ 1,563,871	$ 1,581,555	$ –

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	$ 7,980	$ 9,116
Production and intermediate-term	13,409	14,395
Processing and marketing	30	30
Energy and water/waste disposal	1,383	1,400
Rural residential real estate	84	85
Lease receivables	13	15
Other (including Mission Related)	2,578	2,614
Total	$ 25,477	$ 27,655
Accruing restructured loans:		
Real estate mortgage	$ 2,356	$ 2,481
Production and intermediate-term	6,538	5,518
Total	$ 8,894	$ 7,999
Accruing loans 90 days or more past due:		
Production and intermediate-term	$ 179	$ –
Total	$ 179	$ –
Total nonperforming loans	$ 34,550	$ 35,654
Other property owned	169	169
Total nonperforming assets	$ 34,719	$ 35,823
Nonaccrual loans as a percentage of total loans	1.61%	1.75%
Nonperforming assets as a percentage of total loans and other property owned	2.19%	2.27%
Nonperforming assets as a percentage of capital	10.79%	11.39%

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	$ 13,961	$ 14,303
Past due	11,516	13,352
Total	25,477	27,655
Impaired accrual loans:		
Restructured	8,894	7,999
90 days or more past due	179	–
Total	9,073	7,999
Total impaired loans	$ 34,550	$ 35,654

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	$ 1	$ –	$ –	$ 1	$ –
Production and intermediate-term	5,002	6,555	1,898	5,096	–
Processing and marketing	–	–	–	–	–
Energy and water/waste disposal	1,383	1,426	805	1,410	–
Rural residential real estate	–	–	–	–	–
Lease receivables	–	–	–	–	–
Other (including Mission Related)	–	–	–	–	–
Total	$ 6,386	$ 7,981	$ 2,703	$ 6,507	$ –
With no related allowance for credit losses:					
Real estate mortgage	$ 10,335	$ 11,357	$ –	$ 10,531	$ 191
Production and intermediate-term	15,124	17,640	–	15,412	102
Processing and marketing	30	27	–	30	–
Energy and water/waste disposal	–	–	–	–	–
Rural residential real estate	84	186	–	85	–
Lease receivables	13	67	–	13	–
Other (including Mission Related)	2,578	3,288	–	2,627	–
Total	$ 28,164	$ 32,565	$ –	$ 28,698	$ 293
Total:					
Real estate mortgage	$ 10,336	$ 11,357	$ –	$ 10,532	$ 191
Production and intermediate-term	20,126	24,195	1,898	20,508	102
Processing and marketing	30	27	–	30	–
Energy and water/waste disposal	1,383	1,426	805	1,410	–
Rural residential real estate	84	186	–	85	–
Lease receivables	13	67	–	13	–
Other (including Mission Related)	2,578	3,288	–	2,627	–
Total	$ 34,550	$ 40,546	$ 2,703	$ 35,205	$ 293

	December 31, 2014			Year Ended December 31, 2014	
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	$ 1	$ –	$ –	$ –	$ –
Production and intermediate-term	5,668	7,279	1,924	7,571	–
Energy and water/waste disposal	1,400	1,426	805	535	–
Total	$ 7,069	$ 8,705	$ 2,729	$ 8,106	$ –
With no related allowance for credit losses:					
Real estate mortgage	$ 11,596	$ 12,685	$ –	$ 10,351	$ 811
Production and intermediate-term	14,245	16,628	–	11,540	328
Processing and marketing	30	27	–	34	1
Energy and water/waste disposal	–	–	–	–	–
Rural residential real estate	85	184	–	177	–
Lease receivables	15	69	–	66	–
Other (including Mission Related)	2,614	3,313	–	3,328	–
Total	$ 28,585	$ 32,906	$ –	$ 25,496	$ 1,140
Total:					
Real estate mortgage	$ 11,597	$ 12,685	$ –	$ 10,351	$ 811
Production and intermediate-term	19,913	23,907	1,924	19,111	328
Processing and marketing	30	27	–	34	1
Energy and water/waste disposal	1,400	1,426	805	535	–
Rural residential real estate	85	184	–	177	–
Lease receivables	15	69	–	66	–
Other (including Mission Related)	2,614	3,313	–	3,328	–
Total	$ 35,654	$ 41,611	$ 2,729	$ 33,602	$ 1,140

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	International	Lease receivables	Other (Including Mission Related)	Total
Activity related to the allowance for credit losses:										
Balance at December 31, 2014	$ 1,481	$ 5,807	$ 1,227	$ 560	$ 1,022	$ 431	$ 21	$ 59	$ 2	$ 10,610
Charge-offs	(26)	–	–	–	–	–	–	–	–	(26)
Recoveries	3	–	–	–	–	–	–	–	–	3
Provision for loan losses	(209)	(395)	1,104	34	(21)	(112)	(3)	(13)	–	385
Balance at March 31, 2015	$ 1,249	$ 5,412	$ 2,331	$ 594	$ 1,001	$ 319	$ 18	$ 46	$ 2	$ 10,972
Balance at December 31, 2013	$ 1,546	$ 7,304	$ 1,206	$ 282	$ 563	$ 414	$ 19	$ 74	$ 300	$ 11,708
Charge-offs	–	–	–	–	–	–	–	–	–	–
Recoveries	–	–	–	–	–	1	–	–	–	1
Provision for loan losses	(154)	(789)	84	(15)	197	(30)	(1)	(10)	(300)	(1,018)
Balance at March 31, 2014	$ 1,392	$ 6,515	$ 1,290	$ 267	$ 760	$ 385	$ 18	$ 64	$ –	$ 10,691
Allowance on loans evaluated for impairment:										
Individually	$ –	$ 1,898	$ –	$ –	$ 805	$ –	$ –	$ –	$ –	$ 2,703
Collectively	1,249	3,514	2,331	594	196	319	18	46	2	8,269
Balance at March 31, 2015	$ 1,249	$ 5,412	$ 2,331	$ 594	$ 1,001	$ 319	$ 18	$ 46	$ 2	$ 10,972
Individually	$ –	$ 1,924	$ –	$ –	$ 805	$ –	$ –	$ –	$ –	$ 2,729
Collectively	1,480	3,884	1,227	560	217	431	21	59	2	7,881
Balance at December 31, 2014	$ 1,480	$ 5,808	$ 1,227	$ 560	$ 1,022	$ 431	$ 21	$ 59	$ 2	$ 10,610
Recorded investment in loans evaluated for impairment:										
Individually	$ 5,987	$ 12,079	$ –	$ –	$ 1,383	$ –	$ –	$ –	$ 1,597	$ 21,046
Collectively	702,942	557,778	183,929	75,430	15,836	21,210	12,024	918	1,197	1,571,264
Balance at March 31, 2015	$ 708,929	$ 569,857	$ 183,929	$ 75,430	$ 17,219	$ 21,210	$ 12,024	$ 918	$ 2,794	$ 1,592,310
Individually	$ 7,246	$ 12,977	$ –	$ –	$ 1,400	$ –	$ –	$ –	$ 2,631	$ 24,254
Collectively	696,081	569,232	169,550	69,000	17,981	22,173	12,072	998	214	1,557,301
Balance at December 31, 2014	$ 703,327	$ 582,209	$ 169,550	$ 69,000	$ 19,381	$ 22,173	$ 12,072	$ 998	$ 2,845	$ 1,581,555

**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. The following tables present additional information about pre-modification and post-modification outstanding recorded investment and the effects of the modifications that occurred during the periods presented.

	Three months ended March 31, 2015				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Production and intermediate-term	$ 1,400	$ 185	$ –	$ 1,585	
Other (including Mission Related	–	–	1,000	1,000	
Total	$ 1,400	$ 185	$ 1,000	$ 2,585	
Post-modification:					
Production and intermediate-term	$ 1,400	$ 185	$ –	$ 1,585	$ –
Other (including Mission Related	–	–	1,000	1,000	–
Total	$ 1,400	$ 185	$ 1,000	$ 2,585	$ –

	Three months ended March 31, 2014				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Real estate mortgage	$ –	$ 173	$ –	$ 173	
Production and intermediate-term	–	178	–	178	
Total	$ –	$ 351	$ –	$ 351	
Post-modification:					
Real estate mortgage	$ –	$ 159	$ –	$ 159	$ –
Production and intermediate-term	–	164	–	164	–
Total	$ –	$ 323	$ –	$ 323	$ –

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	$ –	$ 110
Production and intermediate-term	176	–
Total	$ 176	$ 110

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	$ 2,821	$ 2,965	$ 465	$ 484
Production and intermediate-term	13,941	11,803	7,403	6,285
Rural residential real estate	66	66	66	66
Other (including Mission Related	1,000	–	1,000	–
Total Loans	$ 17,828	$ 14,834	$ 8,934	$ 6,835
Additional commitments to lend	$ 571	$ 1,561		

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	$	70
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	$	66

Note 3 — Investments

Investment Securities

The Association's investments consist primarily of Rural America Bonds (RABs), which are private placement securities purchased under the Mission Related Investment program approved by FCA. In its Conditions of Approval for the program, the FCA considers a RAB ineligible if its investment rating, based on the internal 14-point risk rating scale used to also grade loans, falls below 9 and requires System institutions to provide notification to FCA when a security becomes ineligible. At March 31, 2015, the Association held no RABs whose credit quality has deteriorated beyond the program limits.

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
RABs	$ 2,311	$ 197	$ –	$ 2,508	6.23%

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	$ 2,311	$ 135	$ –	$ 2,446	6.23%

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	$ –	$ –	–%
After one year through five years	–	–	–
After five years through ten years	–	–	–
After ten years	2,311	2,508	6.23
Total	$ 2,311	$ 2,508	6.23%

All of these investments have 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. A continuous unrealized loss position for an investment is based on the date the impairment was first identified. The Association had no investments that have been in a continuous unrealized loss position at March 31, 2015 or December 31, 2014.

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.

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 8.59 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 $132 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	$ (61)	$ (25)
Other comprehensive income before reclassifications	–	–
Amounts reclassified from AOCI	–	–
Net current period other comprehensive income	–	–
Balance at end of period	$ (61)	$ (25)

	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	$ –	$ –	See Note 7.
Net amounts reclassified	$ –	$ –	

(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. The Association has no Level 2 assets and liabilities measured at fair value.

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.

Investment Securities

The fair values of predominantly all Level 3 investment securities have consistent inputs, valuation techniques and correlation to changes in underlying inputs. The models used to determine fair value for these instruments use certain significant unobservable inputs within a discounted cash flow or market comparable pricing valuation technique. Such inputs generally include discount rate components including risk premiums, prepayment estimates, default estimates and loss severities.

These Level 3 assets would decrease (increase) in value based upon an increase (decrease) in discount rates, defaults, or loss severities. Conversely, the fair value of these assets would generally increase (decrease) in value if the prepayment input were to increase (decrease).

Generally, a change in the assumption used for defaults is accompanied by a directionally similar change in the risk premium component of the discount rate (specifically, the portion related to credit risk) and a directionally opposite change in the assumption used for prepayments. Unobservable inputs for loss severities do not normally increase or decrease based on movements in the other significant unobservable inputs for these level 3 assets.

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	$ 32,039	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	$ 544	$ 544	$ –	$ –	$ 544	
Recurring Assets	$ 544	$ 544	$ –	$ –	$ 544	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 31,847	$ –	$ –	$ 31,847	$ 31,847	$ 3
Other property owned	169	–	–	192	192	–
Nonrecurring Assets	$ 32,016	$ –	$ –	$ 32,039	$ 32,039	$ 3
Other Financial Instruments						
Assets:						
Cash	$ 84	$ 84	$ –	$ –	$ 84	
Investment securities, held-to-maturity	2,311	–	–	2,508	2,508	
Loans	1,543,074	–	–	1,548,943	1,548,943	
Other Financial Assets	$ 1,545,469	$ 84	$ –	$ 1,551,451	$ 1,551,535	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,266,623	$ –	$ –	$ 1,264,617	$ 1,264,617	
Other Financial Liabilities	$ 1,266,623	$ –	$ –	$ 1,264,617	$ 1,264,617	

	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	$ 503	$ 503	$ –	$ –	$ 503	$ –
Recurring Assets	$ 503	$ 503	$ –	$ –	$ 503	$ –
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	$ –
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 32,925	$ –	$ –	$ 32,925	$ 32,925	$ 125
Other property owned	169	–	–	192	192	21
Nonrecurring Assets	$ 33,094	$ –	$ –	$ 33,117	$ 33,117	$ 146
Other Financial Instruments						
Assets:						
Cash	$ 82	$ 82	$ –	$ –	$ 82	$ –
Investment securities, held-to-maturity	2,311	–	–	2,446	2,446	–
Loans	1,533,042	–	–	1,534,784	1,534,784	–
Other Financial Assets	$ 1,535,435	$ 82	$ –	$ 1,537,230	$ 1,537,312	$ –
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,283,416	$ –	$ –	$ 1,276,148	$ 1,276,148	$ –
Other Financial Liabilities	$ 1,283,413	$ –	$ –	$ 1,276,148	$ 1,276,148	$ –

Note 7 — Employee Benefit Plans

The following table summarizes retirement and other postretirement benefit expenses for the Association:

	For the three months ended March 31,	
	2015	2014
Pension	$ 781	$ 816
401(k)	179	132
Other postretirement benefits	218	133
Total	$ 1,178	$ 1,081

The following table summarizes 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	$ 3,200	$ 3,205
Other postretirement benefits	104	314	418
Total	$ 109	$ 3,514	$ 3,623

Contributions in the table above 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.