*Ag***Georgia** *Farm Credit, ACA*

THIRD QUARTER 2013

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2013 quarterly report of *Ag***Georgia** *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.

Jack C. Drew, Jr.
Chief Executive Officer

Carrie B. McCall
Chief Financial Officer

Anne G. Sisk
Chairman of the Board

November 7, 2013

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 September 30, 2013. In making the assessment, management used the framework in *Internal Control — Integrated Framework*, 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 concluded that as of September 30, 2013, the internal control over financial reporting was effective based upon the COSO (1992) criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of September 30, 2013.

Jack C. Drew, Jr.
Chief Executive Officer

Carrie B. McCall
Chief Financial Officer

November 7, 2013

*Ag***Georgia** *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***Georgia** *Farm Credit, ACA* (Association or *Ag***Georgia**) for the period ended September 30, 2013. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2012 Annual Report of the Association.

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 poultry, cotton, timber, peanuts and livestock. 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, somewhat reduces the level of dependency on any single commodity.

The gross loan volume of the Association as of September 30, 2013 was $903,989, a decrease of $20,315 as compared to $924,304 at December 31, 2012. Net loans outstanding at September 30, 2013 were $894,503 as compared to $913,328 at December 31, 2012. This decrease in loan volume is related to tightening of credit standards and decreased demand for loans in a tight economy. Net loans accounted for 93.53 percent of total assets at September 30, 2013, as compared to 93.21 percent of total assets at December 31, 2012.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality has declined but continues to be at an acceptable level, and credit administration remains satisfactory. Nonaccrual loans decreased from $52,681 at December 31, 2012 to $44,402 at September 30, 2013.

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 September 30, 2013, was $9,486 compared to $10,976 at December 31, 2012, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended September 30, 2013

Net income for the three months ended September 30, 2013 totaled $6,286 as compared to $3,715 for the same period in 2012. This increase is primarily due to a gain on other property owned of $1,163 as compared to loss on other property owned of ($1,306) during the same period in 2012. The gain on other property owned is the result of the transfer of a large loan to other property owned that when booked at appraised value less costs to sell was significantly higher than the loan investment.

Non-interest income for the three months ended September 30, 2013, totaled $3,023, as compared to $699 for the same period of 2012. This difference is also due to the gain on other property owned compared to the loss on other property owned for the same period last year. Non-interest expense for the three months ended September 30, 2013 totaled $5,012, an increase of $242 compared to the same period of 2012.

For the nine months ended September 30, 2013

Net income for the nine months ended September 30, 2013, totaled $14,004 as compared to $6,066 for the same period in 2012. This increase is primarily related to a decrease in provisions for loan loss and losses on other property owned. Net interest income decreased $1,945 for the nine months ended September 30, 2013, as compared to the same period in 2012. This decrease is consistent with the decline in loan volume during the same period. The Association recorded a loan loss provision of $835 for the nine months ended September 30, 2013, as compared to $7,209 for the same period in 2012. The large provision in 2012 was related to a decline in collateral values and credit quality related to the economic environment.

Non-interest income for the nine months ended September 30, 2013, totaled $6,192, as compared to $2,010 for the same period of 2012, an increase of $4,182. A decrease in losses on other property owned of $6,095 contributed to the increase in non-interest income. Non-interest expense for the nine months ended September 30, 2013, increased $671 compared to the same period of 2012.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (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 September 30, 2013, was $728,842 as compared to $759,981 at December 31, 2012.

CAPITAL RESOURCES

Total members' equity at September 30, 2013 increased $12,260 to $213,635 from the December 31, 2012 total of $201,375. The increase is related to an increase in earnings retained in 2012.

Total capital stock and participation certificates were $3,744 on September 30, 2013, compared to $3,889 on December 31, 2012. This decrease is attributed to the retirement of stock on loans liquidated in the normal course of business being greater than the issuance of stock on new loans.

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 September 30, 2013, the Association's total surplus ratio and core surplus ratio were 21.43 percent and 18.30 percent, respectively, and the permanent capital ratio was 21.84 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.

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 2012 Annual Report to Shareholders for recently issued accounting pronouncements.

REGULATORY MATTERS

For the nine months ended September 30, 2013, the FCA took no enforcement action against the Association.

On February 1, 2012 the FCA issued a letter of special supervision requiring the Association to address several concerns relative to credit quality and risk identification and mitigation. The Board of Directors has developed and approved a plan to address all of the concerns noted by FCA. The plan includes, but is not limited to, changes in underwriting standards and advance rates to mitigate credit risk and credit quality concerns, and establishing commodity concentration standards and implementing the Farmer Mac standby letter of credit program to mitigate commodity concentration risk, particularly in the poultry portfolio. Additionally, the plan implemented a requirement to secure government guarantees on all new loans for specialized operations.

OTHER MATTERS

Effective October 1, 2013, Ms. Glee Smith has joined the board of AgGeorgia as an outside appointed director. Ms. Smith was appointed to fill the position of Mr. Gerald Andrews, who has announced his retirement effective February 2014. Ms. Smith has recently opened a law practice in her hometown of Warrenton, GA after practicing in Washington, D. C. for 17 years.

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 478-987-8300 Ext. 120, writing Carrie McCall, Chief Financial Officer, *Ag***Georgia** Farm Credit, ACA, P.O. Box 1820, Perry, GA 31069, or accessing the website, *www.aggeorgia.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*Georgia Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)		September 30, 2013		December 31, 2012
		(unaudited)		*(audited)*
Assets				
Cash	$	475	$	1,371
Loans		903,989		924,304
Less: allowance for loan losses		9,486		10,976
Net loans		894,503		913,328
Accrued interest receivable		12,313		11,472
Investments in other Farm Credit institutions		15,860		16,628
Premises and equipment, net		7,657		7,955
Other property owned		14,211		10,672
Due from AgFirst Farm Credit Bank		4,725		8,866
Other assets		6,626		9,566
Total assets	$	956,370	$	979,858
Liabilities				
Notes payable to AgFirst Farm Credit Bank	$	728,842	$	759,981
Accrued interest payable		1,452		1,685
Patronage refunds payable		242		1,236
Other liabilities		12,199		15,581
Total liabilities		742,735		778,483
Commitments and contingencies				
Members' Equity				
Protected borrower stock		8		33
Capital stock and participation certificates		3,744		3,889
Retained earnings				
Allocated		88,745		89,580
Unallocated		121,242		107,979
Accumulated other comprehensive income (loss)		(104)		(106)
Total members' equity		213,635		201,375
Total liabilities and members' equity	$	956,370	$	979,858

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

*Ag*Georgia Farm Credit, ACA

Consolidated Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended September 30, 2013	For the three months ended September 30, 2012	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Interest Income				
Loans	$ 12,868	$ 14,548	$ 37,457	$ 44,243
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	4,466	5,780	13,486	18,327
Net interest income	8,402	8,768	23,971	25,916
Provision for loan losses	125	979	835	7,209
Net interest income after provision for loan losses	8,277	7,789	23,136	18,707
Noninterest Income				
Loan fees	156	190	720	906
Fees for financially related services	10	8	16	28
Patronage refunds from other Farm Credit institutions	1,641	1,771	5,267	6,002
Gains (losses) on other property owned, net	1,163	(1,306)	(480)	(6,575)
Gains (losses) on sales of premises and equipment, net	44	15	95	63
Insurance Fund refunds	—	—	—	1,428
Other noninterest income	9	21	574	158
Total noninterest income	3,023	699	6,192	2,010
Noninterest Expense				
Salaries and employee benefits	3,634	3,457	11,155	10,674
Occupancy and equipment	338	344	931	936
Insurance Fund premiums	189	120	559	361
Other operating expenses	851	849	2,673	2,676
Total noninterest expense	5,012	4,770	15,318	14,647
Income before income taxes	6,288	3,718	14,010	6,070
Provision for income taxes	2	3	6	4
Net income	$ 6,286	$ 3,715	$ 14,004	$ 6,066

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

*Ag*Georgia Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended September 30, 2013	For the three months ended September 30, 2012	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Net income	$ 6,286	$ 3,715	$ 14,004	$ 6,066
Other comprehensive income net of tax				
Employee benefit plans adjustments (Note 7)	1	–	2	(9)
Comprehensive income	$ 6,287	$ 3,715	$ 14,006	$ 6,057

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

*Ag*Georgia Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Protected Borrower Stock	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2011	$ 83	$ 4,265	$ 86,243	$ 100,462	$ (53)	$ 191,000
Comprehensive income				6,066	(9)	6,057
Protected borrower stock retired	(42)					(42)
Capital stock/participation certificates issued/(retired), net		(312)				(312)
Patronage distribution adjustment			206	(283)		(77)
Balance at September 30, 2012	$ 41	$ 3,953	$ 86,449	$ 106,245	$ (62)	$ 196,626
Balance at December 31, 2012	$ 33	$ 3,889	$ 89,580	$ 107,979	$ (106)	$ 201,375
Comprehensive income				14,004	2	14,006
Protected borrower stock retired	(25)					(25)
Capital stock/participation certificates issued/(retired), net		(145)				(145)
Retained earnings retired			(1,542)			(1,542)
Patronage distribution adjustment			707	(741)		(34)
Balance at September 30, 2013	$ 8	$ 3,744	$ 88,745	$ 121,242	$ (104)	$ 213,635

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

AgGeorgia 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***Georgia** *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, 2012, are contained in the 2012 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 presentation of the interim financial condition and results of operations and conform with generally accepted accounting principles (GAAP) and prevailing practices within the banking industry.

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 the results to be expected for a full year.

Significant Accounting Policies

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.

Recently Issued Accounting Pronouncements

In February 2013 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-04, "Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date," which addresses the recognition, measurement and disclosure of certain obligations including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The amendments are to be applied retrospectively to all prior periods presented for those obligations resulting from joint and several liability arrangements within the ASU's scope that exist at the beginning of an entity's fiscal year of adoption. An entity may elect to use hindsight for the comparative periods (if it changed its accounting as a result of adopting the amendments in the ASU) and should disclose that fact. The amendments are effective for public entities for fiscal years, and interim periods within those years, beginning after December 15, 2013. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2014, and interim periods and annual periods thereafter. Early application is permitted. It is not anticipated the adoption of this guidance will have a material impact on the Association's financial condition or results of operations but could result in additional disclosures.

In February 2013 the FASB issued ASU 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income." The ASU is intended to improve the transparency of reporting reclassifications out of accumulated other comprehensive income (AOCI). The amendments do not change the requirements for reporting net income or other comprehensive income in financial statements. However, the amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013. Early application is permitted.

In January 2013, the FASB issued ASU 2013-01 "Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities." The ASU clarifies that ordinary trade receivables and payables are not in the scope of ASU 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." Specifically, ASU 2011-11 applies only to derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria or subject to a master netting arrangement or similar agreement. The effective date is the same as that for ASU 2011-11 below.

In December 2011, the FASB issued ASU 2011-11, "Balance Sheet (Topic 210) - Disclosures about Offsetting Assets and Liabilities." The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities. The requirements apply to recognized financial instruments and derivative instruments that are offset in accordance with accounting guidance and for those recognized financial instruments and derivative instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset or not. This guidance is to be applied retrospectively for all comparative periods and is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this guidance, in conjunction with ASU 2013-01 above, did not impact the Association's financial condition or its results of operations, but did result in additional disclosures.

Other recently issued accounting pronouncements are discussed in the 2012 Annual Report to Shareholders.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES

For a complete description of the Association's accounting for loans (including impaired loans and the allowance for loan losses) and definitions of loan types, see the 2012 Annual Report to Shareholders.

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:

	September 30, 2013	December 31, 2012
Real estate mortgage	$ 424,528	$ 448,696
Production and intermediate-term	451,189	444,088
Loans to cooperatives	–	1,554
Processing and marketing	12,339	11,511
Farm-related business	4,997	9,444
Communication	2,813	–
Rural residential real estate	8,123	9,011
Total Loans	$ 903,989	$ 924,304

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:

	September 30, 2013							
	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	$ 2,060	$ 23,071	$ 1,213	$ –	$ –	$ –	$ 3,273	$ 23,071
Production and intermediate-term	6,187	11,856	–	–	455	–	6,642	11,856
Processing and marketing	4,956	–	–	–	–	–	4,956	–
Farm-related business	–	1,643	–	–	–	–	–	1,643
Communication	2,813	–	–	–	–	–	2,813	–
Total	$ 16,016	$ 36,570	$ 1,213	$ –	$ 455	$ –	$ 17,684	$ 36,570

	December 31, 2012							
	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	$ 4,710	$ 28,154	$ 2,032	$ –	$ –	$ –	$ 6,742	$ 28,154
Production and intermediate-term	10,872	48,094	–	–	35,010	–	45,882	48,094
Loans to cooperatives	1,548	–	–	–	–	–	1,548	–
Processing and marketing	3,753	–	–	–	–	–	3,753	–
Farm-related business	–	2,245	–	–	–	–	–	2,245
Rural residential real estate	–	123	–	–	–	–	–	123
Total	$ 20,883	78,616	2,032	–	35,010	–	57,925	78,616

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

	September 30, 2013			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 34,292	$ 97,504	$ 292,732	$ 424,528
Production and intermediate term	155,313	147,102	148,774	451,189
Processing and marketing	5,773	2,740	3,826	12,339
Farm-related business	2,706	1,226	1,065	4,997
Communication	–	2,813	–	2,813
Rural residential real estate	220	2,399	5,504	8,123
Total Loans	$ 198,304	$ 253,784	$ 451,901	$ 903,989
Percentage	21.94%	28.07%	49.99%	100.00%

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

	September 30, 2013	December 31, 2012
Real estate mortgage:		
Acceptable	86.67%	84.99%
OAEM	5.16	6.34
Substandard/doubtful/loss	8.17	8.67
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	81.01%	79.20%
OAEM	9.46	10.28
Substandard/doubtful/loss	9.53	10.52
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	–%	0.36%
OAEM	–	–
Substandard/doubtful/loss	–	99.64
	–%	100.00%
Processing and marketing:		
Acceptable	91.18%	92.81%
OAEM	4.42	–
Substandard/doubtful/loss	4.40	7.19
	100.00%	100.00%

	September 30, 2013	December 31, 2012
Farm-related business:		
Acceptable	94.46%	97.46%
OAEM	5.52	2.53
Substandard/doubtful/loss	0.02	0.01
	100.00%	100.00%
Communication		
Acceptable	100.00%	–%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	–%
Rural residential real estate:		
Acceptable	85.19%	85.49%
OAEM	11.65	10.55
Substandard/doubtful/loss	3.16	3.96
	100.00%	100.00%
Total Loans:		
Acceptable	83.98%	82.30%
OAEM	7.34	8.14
Substandard/doubtful/loss	8.68	9.56
	100.00%	100.00%

The following tables provide an age analysis of past due loans and related accrued interest as of:

	September 30, 2013					
	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	$ 3,292	$ 8,613	$ 11,905	$ 418,517	$ 430,422	$ –
Production and intermediate-term	4,185	14,431	18,616	438,740	457,356	–
Processing and marketing	–	548	548	11,893	12,441	–
Farm-related business	–	1	1	5,083	5,084	–
Communication	–	–	–	2,816	2,816	–
Rural residential real estate	348	75	423	7,760	8,183	–
Total	$ 7,825	$ 23,668	$ 31,493	$ 884,809	$ 916,302	$ –

	December 31, 2012					
	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	$ 3,732	$ 13,143	$ 16,875	$ 437,640	$ 454,515	$ –
Production and intermediate-term	6,240	13,472	19,712	429,678	449,390	–
Loans to cooperatives	–	1,548	1,548	6	1,554	–
Processing and marketing	–	–	–	11,697	11,697	–
Farm-related business	–	1	1	9,547	9,548	–
Rural residential real estate	272	–	272	8,800	9,072	–
Total	$ 10,244	$ 28,164	$ 38,408	$ 897,368	$ 935,776	$ –

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.

Nonperforming assets (including related accrued interest) and related credit quality statistics at period end were as follows:

	September 30, 2013	December 31, 2012
Nonaccrual loans:		
Real estate mortgage	$ 18,904	$ 23,228
Production and intermediate-term	24,828	26,812
Loans to cooperatives	–	1,548
Processing and marketing	548	841
Farm-related business	1	1
Rural residential real estate	121	251
Total nonaccrual loans	$ 44,402	$ 52,681
Accruing restructured loans:		
Real estate mortgage	$ 7,479	$ 6,088
Production and intermediate-term	6,181	7,931
Total accruing restructured loans	$ 13,660	$ 14,019
Accruing loans 90 days or more past due:		
Total accruing loans 90 days or more past due	$ –	$ –
Total nonperforming loans	$ 58,062	$ 66,700
Other property owned	14,211	10,672
Total nonperforming assets	$ 72,273	$ 77,372
Nonaccrual loans as a percentage of total loans	4.91%	5.70%
Nonperforming assets as a percentage of total loans and other property owned	7.87%	8.28%
Nonperforming assets as a percentage of capital	33.83%	38.42%

The following table presents information related to impaired loans (including accrued interest) 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.

	September 30, 2013	December 31, 2012
Impaired nonaccrual loans:		
Current as to principal and interest	$ 17,118	$ 19,868
Past due	27,284	32,813
Total impaired nonaccrual loans	44,402	52,681
Impaired accrual loans:		
Restructured	13,660	14,019
Total impaired accrual loans	13,660	14,019
Total impaired loans	$ 58,062	$ 66,700

The following tables present additional impaired loan information at period end.

	September 30, 2013			Quarter Ended September 30, 2013		Nine Months Ended September 30, 2013	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans	Average Impaired Loans	Interest Income Recognized on Impaired Loans
Impaired loans with a related allowance for credit losses:							
Real estate mortgage	$ 9,135	$ 10,494	$ 1,940	$ 10,164	$ 137	$ 10,495	$ 252
Production and intermediate-term	10,122	11,993	1,944	11,263	152	11,630	280
Processing and marketing	–	–	–	–	–	–	–
Farm-related business	–	–	–	–	–	–	–
Rural residential real estate	–	–	–	–	–	–	–
Total	$ 19,257	$ 22,487	$ 3,884	$ 21,427	$ 289	$ 22,125	$ 532
Impaired loans with no related allowance for credit losses:							
Real estate mortgage	$ 17,248	$ 20,181	$ –	$ 19,191	$ 259	$ 19,816	$ 477
Production and intermediate-term	20,887	26,688	–	23,240	313	23,997	577
Processing and marketing	548	840	–	609	8	629	15
Farm-related business	1	704	–	1	–	1	–
Rural residential real estate	121	138	–	135	2	139	3
Total	$ 38,805	$ 48,551	$ –	$ 43,176	$ 582	$ 44,582	$ 1,072
Total impaired loans:							
Real estate mortgage	$ 26,383	$ 30,675	$ 1,940	$ 29,355	$ 396	$ 30,311	$ 729
Production and intermediate-term	31,009	38,681	1,944	34,503	465	35,627	857
Processing and marketing	548	840	–	609	8	629	15
Farm-related business	1	704	–	1	–	1	–
Rural residential real estate	121	138	–	135	2	139	3
Total	$ 58,062	$ 71,038	$ 3,884	$ 64,603	$ 871	$ 66,707	$ 1,604

	December 31, 2012			Year Ended December 31, 2012	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 10,255	$ 11,146	$ 2,570	$ 9,695	$ 216
Production and intermediate-term	13,429	16,194	3,254	12,697	283
Loans to cooperatives	–	–	–	–	–
Processing and marketing	825	840	265	780	17
Farm-related business	–	–	–	–	–
Total	$ 24,509	$ 28,180	$ 6,089	$ 23,172	$ 516
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 19,061	$ 21,347	$ –	$ 18,022	$ 401
Production and intermediate-term	21,314	26,125	–	20,149	448
Loans to cooperatives	1,548	1,531		1,464	33
Processing and marketing	16	–	–	15	1
Farm-related business	1	754	–	1	–
Rural residential real estate	251	319	–	238	5
Total	$ 42,191	$ 50,076	$ –	$ 39,889	$ 888
Total impaired loans:					
Real estate mortgage	$ 29,316	$ 32,493	$ 2,570	$ 27,717	$ 617
Production and intermediate-term	34,743	42,319	3,254	32,846	731
Loans to cooperatives	1,548	1,531	–	1,464	33
Processing and marketing	841	840	265	795	18
Farm-related business	1	754	–	1	–
Rural residential real estate	251	319	–	238	5
Total	$ 66,700	$ 78,256	$ 6,089	$ 63,061	$ 1,404

Unpaid principal balance represents the contractual principal balance of the loan.

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	Rural Residential Real Estate	Total
Allowance for credit losses:						
Balance at June 30, 2013	$ 4,744	$ 6,063	$ 200	$ 4	$ 27	$ 11,038
Charge-offs	(855)	(902)	(138)	–	(1)	(1,896)
Recoveries	56	89	74	–	–	219
Provision for loan losses	26	157	(58)	–	–	125
Balance at September 30, 2013	$ 3,971	$ 5,407	$ 78	$ 4	$ 26	$ 9,486
Balance at December 31, 2012	$ 4,589	$ 5,996	$ 369	$ –	$ 22	$ 10,976
Charge-offs	(1,029)	(1,869)	(293)	–	(5)	(3,196)
Recoveries	496	301	74	–	–	871
Provision for loan losses	(85)	979	(72)	4	9	835
Balance at September 30, 2013	$ 3,971	$ 5,407	$ 78	$ 4	$ 26	$ 9,486
Balance at June 30, 2012	$ 3,856	$ 6,982	$ 968	$ –	$ 22	$ 11,828
Charge-offs	(328)	(369)	(715)	–	–	(1,412)
Recoveries	2	2	–	–	–	4
Provision for loan losses	652	205	122	–	–	979
Balance at September 30, 2012	$ 4,182	$ 6,820	$ 375	$ –	$ 22	$ 11,399
Balance at December 31, 2011	$ 4,629	$ 8,208	$ 324	$ –	$ 21	$ 13,182
Charge-offs	(5,562)	(2,913)	(715)	–	–	(9,190)
Recoveries	80	118	–	–	–	198
Provision for loan losses	5,035	1,407	766	–	1	7,209
Balance at September 30, 2012	$ 4,182	$ 6,820	$ 375	$ –	$ 22	$ 11,399
Loans individually evaluated for impairment	$ 1,940	$ 1,944	$ –	$ –	$ –	$ 3,884
Loans collectively evaluated for impairment	2,031	3,463	78	4	26	5,602
Balance at September 30, 2013	$ 3,971	$ 5,407	$ 78	$ 4	$ 26	$ 9,486
Loans individually evaluated for impairment	$ 2,570	$ 3,254	$ 265	$ –	$ –	$ 6,089
Loans collectively evaluated for impairment	2,019	2,742	104	–	22	4,887
Balance at December 31, 2012	$ 4,589	$ 5,996	$ 369	$ –	$ 22	$ 10,976
Recorded investment in loans outstanding:						
Loans individually evaluated for impairment	$ 26,383	$ 31,019	$ 548	$ –	$ 121	$ 58,071
Loans collectively evaluated for impairment	404,039	426,337	16,977	2,816	8,062	858,231
Ending balance at September 30,	$ 430,422	$ 457,356	$ 17,525	$ 2,816	$ 8,183	$ 916,302
Loans individually evaluated for impairment	$ 29,316	$ 34,743	$ 2,390	$ –	$ 251	$ 66,700
Loans collectively evaluated for impairment	425,199	$ 414,647	$ 20,409	–	8,821	$ 869,076
Ending balance at December 31, 2012	$ 454,515	$ 449,390	$ 22,799	$ –	$ 9,072	$ 935,776

**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 activity that occurred during the periods presented related to TDRs.

	Three months ended September 30, 2013			
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 507	$ –	$ 507
Production and intermediate-term	–	2,891	–	2,891
Total	$ –	$ 3,398	$ –	$ 3,398

Three months ended September 30, 2013						
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 534	$ –	$ 534	$ –	$ –
Production and intermediate-term	–	2,936	–	2,936	28	–
Total	$ –	$ 3,470	$ –	$ 3,470	$ 28	$ –

Nine months ended September 30, 2013				
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 9,033	$ –	$ 9,033
Production and intermediate-term	–	7,079	–	7,079
Total	$ –	$ 16,112	$ –	$ 16,112

Nine months ended September 30, 2013						
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 9,169	$ –	$ 9,169	$ –	$ –
Production and intermediate-term	–	7,208	–	7,208	147	(4)
Total	$ –	$ 16,377	$ –	$ 16,377	$ 147	$ (4)

Three months ended September 30, 2012				
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 2,302	$ –	$ 2,302
Production and intermediate-term	–	2,110	–	2,110
Total	$ –	$ 4,412	$ –	$ 4,412

Three months ended September 30, 2012						
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 2,282	$ –	$ 2,282	$ 60	$ –
Production and intermediate-term	–	2,101	–	2,101	(89)	–
Total	$ –	$ 4,383	$ –	$ 4,383	$ (29)	$ –

Nine months ended September 30, 2012				
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 6,970	$ –	$ 6,970
Production and intermediate-term	–	9,934	–	9,934
Rural residential real estate	–	34	–	34
Total	$ –	$ 16,938	$ –	$ 16,938

Nine months ended September 30, 2012						
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 6,977	$ –	$ 6,977	$ 330	$ –
Production and intermediate-term	–	9,944	–	9,944	542	(1)
Rural residential real estate	–	38	–	38	–	–
Total	$ –	$ 16,959	$ –	$ 16,959	$ 872	$ (1)

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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Defaulted troubled debt restructurings:				
Real estate mortgage	$ –	$ –	$ 699	$ 290
Production and intermediate-term	2,347	–	4,865	380
Rural residential real estate	–	–	–	25
Total	$ 2,347	$ –	$ 5,564	$ 695

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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Real estate mortgage	$ 15,366	$ 12,729	$ 7,887	$ 6,641
Production and intermediate-term	14,568	14,601	8,387	6,670
Processing and marketing	548	840	548	840
Rural residential real estate	42	47	42	47
Total Loans	$ 30,524	$ 28,217	$ 16,864	$ 14,198
Additional commitments to lend	$ 1,000	$ 704		

NOTE 3 – EMPLOYEE BENEFIT PLANS

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	2012	2013	2012
Pension	$ 1,078	$ 1,093	$ 3,233	$ 3,279
401(k)	69	66	213	205
Other postretirement benefits	161	134	482	401
Total	$ 1,308	$ 1,293	$ 3,928	$ 3,885

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

	Actual YTD Through 9/30/13	Projected Contributions For Remainder of 2013	Projected Total Contributions 2013
Pension	$ 36	$ 4,346	$ 4,382
Other postretirement benefits	373	155	528
Total	$ 409	$ 4,501	$ 4,910

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, 2013.

Further details regarding employee benefit plans are contained in the 2012 Annual Report to Shareholders.

NOTE 4 – 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 5 — NOTES PAYABLE TO AGFIRST FARM CREDIT BANK

The Association's indebtedness to AgFirst Farm Credit Bank (AgFirst or the Bank) represents borrowings by the Association primarily to fund its loan portfolio. 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 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 Association owns 5.42 percent of the issued stock of the Bank as of September 30, 2013 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.5 billion and shareholders' equity totaled $2.4 billion. The Bank's earnings were $350 million for the first nine months of 2013. In addition, the Association has an investment of $909 related to other Farm Credit institutions.

The classifications of the Association's financial instruments within the fair value hierarchy are as follows:

Level 1

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

Assets held in trust funds, related to deferred compensation and supplemental retirement plans, are classified as Level 1. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace. For cash, the carrying value is primarily utilized as a reasonable estimate of fair value.

Level 2

Level 2 inputs to the valuation methodology 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 had no Level 2 assets or liabilities measured at fair value.

Level 3

Level 3 inputs to the valuation methodology 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.

Because no active market exists for the Association's accruing loans, fair value is estimated by discounting the expected future cash flows using the Association's current interest rates at which similar loans currently would be made to borrowers with similar credit risk. The loan portfolio is segregated into pools of loans with homogeneous characteristics based upon repricing and credit risk. Expected future cash flows and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

Fair values of loans in a nonaccrual status are estimated to be the carrying amount of the loan less specific reserves. Certain loans evaluated for impairment under FASB guidance have fair values based upon the underlying collateral, as the loans were collateral-dependent. Specific reserves were established for these loans when the value of the collateral, less estimated cost to sell, was less than the principal balance of the loan. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters.

The notes payable are segregated into pricing pools according to the types and terms of the loans (or other assets) which they fund. Fair value of the notes payable is estimated by discounting the anticipated cash flows of each pricing pool using the current rate that would be charged for additional borrowings. For purposes of this estimate it is assumed the cash flow on the notes is equal to the principal payments on the Association's loan receivables. This assumption implies that earnings on the Association's interest margin are used to fund operating expenses and capital expenditures.

Other property owned is classified as a Level 3 asset. The fair value is generally determined using formal appraisals of each individual property These assets are held for sale. Costs to sell represent transaction costs and are not included as a component of the fair value of other property owned. Other property owned consists of real and personal property acquired through foreclosure or deed in lieu of foreclosure and is carried as an asset held for sale, which is generally not its highest and best use. These properties are part of the Association's credit risk mitigation efforts, not its ongoing business. In addition, FCA regulations require that these types of property be disposed of within a reasonable period of time.

For commitments to extend credit, the estimated market value of off-balance-sheet commitments is minimal since the committed rate approximates current rates offered for commitments with similar rate and maturity characteristics; therefore, the related credit risk is not significant.

The following tables present the changes in Level 3 assets and 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.

	Standby Letters Of Credit
Balance at January 1, 2013	$ 4
Issuances	34
Settlements	–
Transfers in and/or out of level 3	–
Balance at September 30, 2013	$ 38

	Standby Letters Of Credit
Balance at January 1, 2012	$ 10
Issuances	–
Settlements	(5)
Transfers in and/or out of level 3	–
Balance at September 30, 2012	$ 5

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.

Other Property Owned/Impaired Loans

Other property owned and impaired loans are valued using appraisals, market comparable sales, replacement costs and income and expense (cash flow) techniques. Certain unobservable inputs are used within these techniques to determine the level 3 fair value of these properties. The significant unobservable inputs are primarily sensitive only to industry, geographic and overall economic conditions, and/or specific attributes of each property.

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	$ 69,922	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
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity

The following tables present the carrying amounts and fair values of assets and liabilities that are measured at fair value on a recurring and nonrecurring basis, as well as those financial instruments not measured at fair value, for each of the hierarchy levels at the period ended:

	At or for the Nine Months Ended September 30, 2013					
	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
<u>Recurring Measurements</u>						
Assets:						
Assets held in Trust funds	$ 259	$ 259	$ –	$ –	$ 259	
Recurring Assets	$ 259	$ 259	$ –	$ –	$ 259	
Liabilities:						
Standby letters of credit	$ 38	$ –	$ –	$ 38	$ 38	
Recurring Liabilities	$ 38	$ –	$ –	$ 38	$ 38	
<u>Nonrecurring Measurements</u>						
Assets:						
Impaired loans	$ 54,178	$ –	$ –	$ 54,178	$ 54,178	$ (120)
Other property owned	14,211	–	–	15,744	15,744	(219)
Nonrecurring Assets	$ 68,389	$ –	$ –	$ 69,922	$ 69,922	$ (339)
<u>Other Financial Instruments</u>						
Assets:						
Cash	$ 475	$ 475	$ –	$ –	$ 475	
Loans	840,325	–	–	843,958	843,958	
Other Assets	$ 840,800	$ 475	$ –	$ 843,958	$ 844,433	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 728,842	$ –	$ –	$ 726,072	$ 726,072	
Other Liabilities	$ 728,842	$ –	$ –	$ 726,072	$ 726,072	

	At or for the Year Ended December 31, 2012					
	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	$ 246	$ 246	$ –	$ –	$ 246	
Recurring Assets	$ 246	$ 246	$ –	$ –	$ 246	
Liabilities:						
Standby letters of credit	$ 4	$ –	$ –	$ 4	$ 4	
Recurring Liabilities	$ 4	$ –	$ –	$ 4	$ 4	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 61,611	$ –	$ –	$ 61,611	$ 61,611	$ (8,238)
Other property owned	10,672	–	–	11,656	11,656	(6,197)
Nonrecurring Assets	$ 72,283	$ –	$ –	$ 73,267	$ 73,267	$ (14,435)
Other Financial Instruments						
Assets:						
Cash	$ 1,371	$ 1,371	$ –	$ –	$ 1,371	
Loans	851,717	–	–	858,323	858,323	
Other Assets	$ 853,088	$ 1,371	$ –	$ 858,323	$ 859,694	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 759,981	$ –	$ –	$ 764,309	$ 764,309	
Other Liabilities	$ 759,981	$ –	$ –	$ 764,309	$ 764,309	

NOTE 7 - ACCUMULATED OTHER COMPREHENSIVE INCOME

The following tables present activity related to AOCI for the three month and nine month periods ended September 30:

	Changes in Accumulated Other Comprehensive income by Component *(a)*			
	Three Months		Year to Date	
	2013	2012	2013	2012
Employee Benefit Plans:				
Balance at beginning of period	$ (105)	$ (62)	$ (106)	$ (53)
Other comprehensive income before reclassifications	–	–	–	(9)
Amounts reclassified from AOCI	1	–	2	–
Net current period other comprehensive income	1	–	2	(9)
Balance at end of period	$ (104)	$ (62)	$ (104)	$ (62)

	Reclassifications Out of Accumulated Other Comprehensive Income *(b)*				
	Three Months		Year to Date		
	2013	2012	2013	2012	Income Statement Line Item
Defined Benefit Pension Plans:					
Periodic pension costs	$ (1)	$ –	$ (2)	$ –	See footnote 4.
Net amounts reclassified	$ (1)	$ –	$ (2)	$ –	

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

NOTE 8 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events and has determined that, except as described below, there are none requiring disclosure through November 7, 2013, which is the date the financial statements were issued.

On October 21, 2013, AgFirst's Board of Directors declared a special patronage distribution to be paid on January 1, 2014. The Association will receive approximately $10,352 which will be recorded in October 2013 as patronage refunds from other Farm Credit institutions.