
AgGeorgia Farm Credit, ACA
SECOND QUARTER 2015

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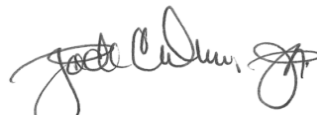
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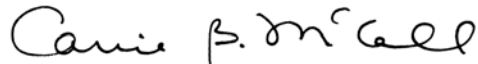
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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 2015 quarterly report of AgGeorgia 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



J. Dan Raines, Jr.
Chairman of the Board

August 7, 2015

AgGeorgia Farm Credit, ACA

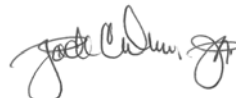
Report on Internal Control Over Financial Reporting

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.

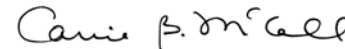
Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions 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 June 30, 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 June 30, 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 June 30, 2015.



Jack C. Drew, Jr.
Chief Executive Officer



Carrie B. McCall
Chief Financial Officer

August 7, 2015

AgGeorgia 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 AgGeorgia Farm Credit, ACA (Association or AgGeorgia) for the period ended June 30, 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.

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 June 30, 2015 was \$855,660, an increase of \$25,015 as compared to \$830,645 at December 31, 2014. Net loans outstanding at June 30, 2015 were \$853,042, as compared to \$824,646 at December 31, 2014. This increase in loan volume is related to increased demand in the poultry sector due to expansion and in the row crop sector due to lower commodity prices than in recent years. Net loans accounted for 95.6 percent of total assets at June 30, 2015, as compared to 93.3 percent of total assets at December 31, 2014.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality has increased, and credit administration remains satisfactory. Nonaccrual loans increased slightly from \$29,003 at December 31, 2014 to \$29,159 at June 30, 2015.

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 June 30, 2015, was \$6,618 compared to \$5,999 at December 31, 2014, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended June 30, 2015

Net income for the three months ended June 30, 2015 totaled \$3,927, as compared to \$3,228 for the same period in 2014. This increase is primarily due to a smaller loan loss provision of \$609 in second quarter 2015 compared to a provision of \$1,102 for the same period in 2014. Also, gain/loss on other property owned was (\$967) in second quarter 2015 compared to (\$68) the same period in 2014 due to the sale of a large property in inventory at a substantial gain.

Non-interest income for the three months ended June 30, 2015, totaled \$1,493, as compared to \$1,914 for the same period of 2014. This decrease is due to lower patronage refunds from other Farm Credit institutions in second quarter 2015 compared to the same period in 2014. Non-interest expense for the three months ended June 30, 2015 totaled \$4,254, a decrease of \$863 compared to the same period of 2014.

For the six months ended June 30, 2015

Net income for the six months ended June 30, 2015, totaled \$6,925 as compared to \$7,620 for the same period in 2014. Net interest income decreased \$760 for the six months ended June 30, 2015, as compared to the same period in 2014. This decrease is primarily related to a tightening of interest rate spreads in 2015. The Association recorded a loan loss provision of \$849 for the six months ended June 30, 2015, as compared to \$625 for the same period in 2014.

Non-interest income for the six months ended June 30, 2015, totaled \$3,224, as compared to \$3,925 for the same period of 2014, a decrease of \$701. A decrease in patronage refunds and other income led to the decrease in non-interest income. Non-interest expense for the six months ended June 30, 2015, decreased \$755 compared to the same period of 2014. This decrease is the result of a decline in losses on other property owned in 2015 compared to 2014.

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 June 30, 2015, was \$644,666 as compared to \$636,993 at December 31, 2014.

CAPITAL RESOURCES

Total members' equity at June 30, 2015 decreased \$3,255 to \$222,061 from the December 31, 2014 total of \$225,317. The decrease is related to net income for the six months in 2015 less the revolvment of approximately \$10 million in allocated surplus during second quarter 2015.

Total capital stock and participation certificates were \$3,829 on June 30, 2015, compared to \$3,802 on December 31, 2014. This increase is attributed to the issuance of stock on new loans being greater than the retirement of stock on loans liquidated in the normal course of business.

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 June 30, 2015, the Association's total surplus ratio and core surplus ratio were 26.57 percent and 23.03 percent, respectively, and the permanent capital ratio was 27.04 percent. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

REGULATORY MATTERS

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

- To strengthen the safety and soundness of System banks and associations.
- To ensure that System banks hold sufficient liquidity to continue operations and pay maturing obligations in the event of market disruption.
- To enhance the ability of the System banks to supply credit to agricultural and aquatic producers.
- To comply with the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (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 initial public comment period ended on February 16, 2015. On June 15, 2015, the Farm Credit Administration reopened the comment period from June 26 to July 10, 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 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 478-987-8300 Ext. 120, writing Carrie McCall, Chief Financial Officer, AgGeorgia 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.

AgGeorgia Farm Credit, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	June 30, 2015 <i>(unaudited)</i>	December 31, 2014 <i>(audited)</i>
Assets		
Cash	\$ 10	\$ 80
Loans	859,660	830,645
Allowance for loan losses	(6,618)	(5,999)
Net loans	853,042	824,646
Accrued interest receivable	9,408	11,054
Investments in other Farm Credit institutions	10,069	10,070
Premises and equipment, net	7,295	7,381
Other property owned	3,330	8,269
Accounts receivable	2,562	14,115
Other assets	6,479	8,440
Total assets	\$ 892,195	\$ 884,055
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 644,666	\$ 636,993
Accrued interest payable	1,224	1,267
Patronage refunds payable	1,139	4,474
Accounts payable	745	1,274
Other liabilities	22,360	14,731
Total liabilities	670,134	658,739
Commitments and contingencies (Note 8)		
Members' Equity		
Protected borrower stock	1	5
Capital stock and participation certificates	3,828	3,796
Retained earnings		
Allocated	85,346	95,454
Unallocated	133,042	126,220
Accumulated other comprehensive income (loss)	(156)	(159)
Total members' equity	222,061	225,316
Total liabilities and members' equity	\$ 892,195	\$ 884,055

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

AgGeorgia Farm Credit, ACA

Consolidated Statements of Income

(unaudited)

<i>(dollars in thousands)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Interest Income				
Loans	\$ 10,908	\$ 11,257	\$ 21,567	\$ 22,233
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	3,609	3,715	7,080	7,210
Net interest income	7,299	7,542	14,487	15,023
Provision for loan losses	608	1,102	849	625
Net interest income after provision for loan losses	6,691	6,440	13,638	14,398
Noninterest Income				
Loan fees	234	226	627	524
Fees for financially related services	1	6	14	12
Patronage refunds from other Farm Credit institutions	1,206	1,670	2,360	3,211
Gains (losses) on sales of premises and equipment, net	50	7	57	23
Gains (losses) on other transactions	2	4	6	10
Other noninterest income	—	1	160	145
Total noninterest income	1,493	1,914	3,224	3,925
Noninterest Expense				
Salaries and employee benefits	3,790	3,826	7,734	7,643
Occupancy and equipment	231	217	453	473
Insurance Fund premiums	197	195	387	379
(Gains) losses on other property owned, net	(967)	(68)	(932)	(43)
Other operating expenses	1,003	947	2,289	2,234
Total noninterest expense	4,254	5,117	9,931	10,686
Income before income taxes	3,930	3,237	6,931	7,637
Provision for income taxes	3	9	6	17
Net income	\$ 3,927	\$ 3,228	\$ 6,925	\$ 7,620

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

AgGeorgia Farm Credit, ACA
**Consolidated Statements of
Comprehensive Income**

(unaudited)

<i>(dollars in thousands)</i>	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Net income	\$ 3,927	\$ 3,228	\$ 6,925	\$ 7,620
Other comprehensive income net of tax				
Employee benefit plans adjustments	<u>2</u>	<u>1</u>	<u>3</u>	<u>1</u>
Comprehensive income	<u>\$ 3,929</u>	<u>\$ 3,229</u>	<u>\$ 6,928</u>	<u>\$ 7,621</u>

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

AgGeorgia Farm Credit, ACA
Consolidated Statements of Changes in
Members' Equity

(unaudited)

<i>(dollars in thousands)</i>	Protected Borrower Stock	Capital Stock and Participation Certificates	<u>Retained Earnings</u>		Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
			Allocated	Unallocated		
Balance at December 31, 2013	\$ 8	\$ 3,744	\$ 94,741	\$ 117,487	\$ (74)	\$ 215,906
Comprehensive income				7,620	1	7,621
Protected borrower stock issued/(retired), net	(3)					(3)
Capital stock/participation certificates issued/(retired), net		11				11
Retained earnings retired			(8,191)			(8,191)
Patronage distribution adjustment			86	(130)		(44)
Balance at June 30, 2014	\$ 5	\$ 3,755	\$ 86,636	\$ 124,977	\$ (73)	\$ 215,300
Balance at December 31, 2014	\$ 5	\$ 3,796	\$ 95,454	\$ 126,220	\$ (159)	\$ 225,316
Comprehensive income				6,925	3	6,928
Protected borrower stock issued/(retired), net	(4)					(4)
Capital stock/participation certificates issued/(retired), net		32				32
Retained earnings retired			(10,176)			(10,176)
Patronage distribution adjustment			68	(103)		(35)
Balance at June 30, 2015	\$ 1	\$ 3,828	\$ 85,346	\$ 133,042	\$ (156)	\$ 222,061

The accompanying notes are an integral part of these consolidated 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 AgGeorgia 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 may have been reclassified to conform to the current period presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

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

Significant Accounting Policies

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

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

For further details of significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, from the latest Annual Report.

Accounting Standards Updates (ASUs) Issued During the Period

The following ASUs were issued by the Financial Accounting Standards Board (FASB) since the most recent Annual Report:

- 2015-10 Technical Corrections and Improvements – In June, 2015, the FASB issued ASU 2015-10, Technical Corrections and Improvements (numerous Topics). The amendments in the Update represent changes to make minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments were effective upon the issuance of the Update.
- 2015-07 Fair Value Measurement – In May, 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Topic 820 permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. To address diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this Update remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.

For all other entities, the guidance is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Earlier application is permitted. The guidance is to be applied retrospectively to all periods presented. Application of this guidance is not expected to have an impact on the Association's financial condition or results of operations, but will require modifications to footnote disclosures.

ASUs Pending Effective Date

For a detailed description of the ASUs below, see the latest Annual Report.

Potential effects of ASUs issued in previous periods:

- 2014-09 Revenue from Contracts with Customers – On July 9, 2015, the FASB voted to delay the effective date by one year. A final ASU reflecting the revised effective date will be issued in third quarter of 2015.

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.

No recently adopted accounting guidance issued by the 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. The amendment was adopted prospectively. 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:

	June 30, 2015	December 31, 2014
Real estate mortgage	\$ 419,801	\$ 413,221
Production and intermediate-term	406,829	385,232
Loans to cooperatives	17	–
Processing and marketing	19,038	14,102
Farm-related business	5,954	7,031
Communication	693	3,244
Rural residential real estate	7,328	7,815
Total Loans	\$ 859,660	\$ 830,645

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:

June 30, 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	\$ 2,119	\$ 4,749	\$ -	\$ -	\$ -	\$ -	\$ 2,119	\$ 4,749
Production and intermediate-term	4,131	52,816	-	-	391	-	4,522	52,816
Processing and marketing	13,061	-	-	-	-	-	13,061	-
Farm-related business	2,217	870	-	-	-	-	2,217	870
Communication	693	-	-	-	-	-	693	-
Total	\$ 22,221	\$ 58,435	\$ -	\$ -	\$ 391	\$ -	\$ 22,612	\$ 58,435

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	\$ 1,837	\$ 5,175	\$ -	\$ -	\$ -	\$ -	\$ 1,837	\$ 5,175
Production and intermediate-term	4,332	26,053	-	-	421	-	4,753	26,053
Processing and marketing	9,367	-	-	-	-	-	9,367	-
Farm-related business	2,217	1,767	-	-	-	-	2,217	1,767
Communication	3,243	-	-	-	-	-	3,243	-
Total	\$ 20,996	\$ 32,995	\$ -	\$ -	\$ 421	\$ -	\$ 21,417	\$ 32,995

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:

June 30, 2015

	Due less than 1 year		Due 1 Through 5 years		Due after 5 years		Total
Real estate mortgage	\$ 35,058	\$ 87,156	\$ 297,587	\$ 419,801			
Production and intermediate term	147,191	130,478	129,160	406,829			
Loans to cooperatives	-	17	-	17			
Processing and marketing	4,545	10,117	4,376	19,038			
Farm-related business	943	4,289	722	5,954			
Communication	-	693	-	693			
Rural residential real estate	416	1,488	5,424	7,328			
Total Loans	\$ 188,153	\$ 234,238	\$ 437,269	\$ 859,660			
Percentage	21.89%	27.25%	50.86%	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:

	June 30, 2015	December 31, 2014		June 30, 2015	December 31, 2014
Real estate mortgage:			Farm-related business:		
Acceptable	91.80%	90.68%	Acceptable	100.00%	100.00%
OAEM	4.34	4.98	OAEM	-	-
Substandard/doubtful/loss	3.86	4.34	Substandard/doubtful/loss	-	-
	100.00%	100.00%		100.00%	100.00%
Production and intermediate-term:			Communication		
Acceptable	87.40%	86.23%	Acceptable	100.00%	100.00%
OAEM	5.79	7.22	OAEM	-	-
Substandard/doubtful/loss	6.81	6.55	Substandard/doubtful/loss	-	-
	100.00%	100.00%		100.00%	100.00%
Loans to cooperatives:			Rural residential real estate:		
Acceptable	100.00%	-%	Acceptable	93.29%	91.02%
OAEM	-	-	OAEM	3.26	5.52
Substandard/doubtful/loss	-	-	Substandard/doubtful/loss	3.45	3.46
	100.00%	-%		100.00%	100.00%
Processing and marketing:			Total Loans:		
Acceptable	100.00%	100.00%	Acceptable	89.98%	88.89%
OAEM	-	-	OAEM	4.88	5.88
Substandard/doubtful/loss	-	-	Substandard/doubtful/loss	5.14	5.23
	100.00%	100.00%		100.00%	100.00%

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

	June 30, 2015					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	\$ 2,594	\$ 3,287	\$ 5,881	\$ 418,703	\$ 424,584	\$ -
Production and intermediate-term	1,385	8,039	9,424	401,877	411,301	-
Loans to cooperatives	-	-	-	17	17	-
Processing and marketing	-	-	-	19,125	19,125	-
Farm-related business	-	-	-	5,988	5,988	-
Communication	-	-	-	694	694	-
Rural residential real estate	108	49	157	7,202	7,359	-
Total	\$ 4,087	\$ 11,375	\$ 15,462	\$ 853,606	\$ 869,068	\$ -

	December 31, 2014					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	\$ 2,232	\$ 3,178	\$ 5,410	\$ 413,490	\$ 418,900	\$ -
Production and intermediate-term	1,873	7,746	9,619	380,803	390,422	-
Processing and marketing	-	-	-	14,219	14,219	-
Farm-related business	-	-	-	7,065	7,065	-
Communication	-	-	-	3,247	3,247	-
Rural residential real estate	76	49	125	7,721	7,846	-
Total	\$ 4,181	\$ 10,973	\$ 15,154	\$ 826,545	\$ 841,699	\$ -

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

	June 30, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	\$ 13,160	\$ 13,396
Production and intermediate-term	15,915	15,516
Rural residential real estate	84	91
Total	<u>\$ 29,159</u>	<u>\$ 29,003</u>
Accruing restructured loans:		
Real estate mortgage	\$ 6,174	\$ 5,871
Production and intermediate-term	6,129	6,030
Rural residential real estate	123	128
Total	<u>\$ 12,426</u>	<u>\$ 12,029</u>
Accruing loans 90 days or more past due:		
Total	\$ —	\$ —
Total nonperforming loans	\$ 41,585	\$ 41,032
Other property owned	3,330	8,269
Total nonperforming assets	<u>\$ 44,915</u>	<u>\$ 49,301</u>
Nonaccrual loans as a percentage of total loans	3.39%	3.49%
Nonperforming assets as a percentage of total loans and other property owned	5.20%	5.88%
Nonperforming assets as a percentage of capital	<u>20.23%</u>	<u>21.88%</u>

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.

	June 30, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	\$ 14,977	\$ 15,705
Past due	14,182	13,298
Total	<u>29,159</u>	<u>29,003</u>
Impaired accrual loans:		
Restructured	12,426	12,029
Total	<u>12,426</u>	<u>12,029</u>
Total impaired loans	<u>\$ 41,585</u>	<u>\$ 41,032</u>

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

Impaired loans	June 30, 2015			Quarter Ended June 30, 2015		Six Months Ended June 30, 2015	
	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
With a related allowance for credit losses:							
Real estate mortgage	\$ 5,178	\$ 6,108	\$ 755	\$ 5,202	\$ 41	\$ 5,131	\$ 89
Production and intermediate-term	7,402	9,420	1,357	7,436	58	7,334	128
Rural residential real estate	49	60	3	49	—	48	1
Total	<u>\$ 12,629</u>	<u>\$ 15,588</u>	<u>\$ 2,115</u>	<u>\$ 12,687</u>	<u>\$ 99</u>	<u>\$ 12,513</u>	<u>\$ 218</u>
With no related allowance for credit losses:							
Real estate mortgage	\$ 14,156	\$ 18,077	\$ —	\$ 14,219	\$ 111	\$ 14,024	\$ 245
Production and intermediate-term	14,642	19,250	—	14,709	114	14,507	253
Farm-related business	—	394	—	—	—	—	—
Rural residential real estate	158	179	—	159	2	157	3
Total	<u>\$ 28,956</u>	<u>\$ 37,900</u>	<u>\$ —</u>	<u>\$ 29,087</u>	<u>\$ 227</u>	<u>\$ 28,688</u>	<u>\$ 501</u>
Total:							
Real estate mortgage	\$ 19,334	\$ 24,185	\$ 755	\$ 19,421	\$ 152	\$ 19,155	\$ 334
Production and intermediate-term	22,044	28,670	1,357	22,145	172	21,841	381
Farm-related business	—	394	—	—	—	—	—
Rural residential real estate	207	239	3	208	2	205	4
Total	<u>\$ 41,585</u>	<u>\$ 53,488</u>	<u>\$ 2,115</u>	<u>\$ 41,774</u>	<u>\$ 326</u>	<u>\$ 41,201</u>	<u>\$ 719</u>

Impaired loans	December 31, 2014			Year Ended December 31, 2014	
	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	\$ 4,084	\$ 4,941	\$ 634	\$ 4,745	\$ 151
Production and intermediate-term	6,704	9,031	1,029	7,788	247
Farm-related business	–	–	–	–	–
Rural residential real estate	49	60	2	56	2
Total	\$ 10,837	\$ 14,032	\$ 1,665	\$ 12,589	\$ 400
With no related allowance for credit losses:					
Real estate mortgage	\$ 15,183	\$ 18,813	\$ –	\$ 17,637	\$ 560
Production and intermediate-term	14,842	19,164	–	17,242	547
Farm-related business	–	394	–	–	–
Rural residential real estate	170	189	–	198	6
Total	\$ 30,195	\$ 38,560	\$ –	\$ 35,077	\$ 1,113
Total:					
Real estate mortgage	\$ 19,267	\$ 23,754	\$ 634	\$ 22,382	\$ 711
Production and intermediate-term	21,546	28,195	1,029	25,030	794
Farm-related business	–	394	–	–	–
Rural residential real estate	219	249	2	254	8
Total	\$ 41,032	\$ 52,592	\$ 1,665	\$ 47,666	\$ 1,513

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
Activity related to the allowance for credit losses:						
Balance at March 31, 2015	\$ 1,803	\$ 4,212	\$ 37	\$ 4	\$ 32	\$ 6,088
Charge-offs	(12)	(245)	–	–	–	(257)
Recoveries	16	163	–	–	–	179
Provision for loan losses	83	517	12	(4)	–	608
Balance at June 30, 2015	\$ 1,890	\$ 4,647	\$ 49	\$ –	\$ 32	\$ 6,618
Balance at December 31, 2014	\$ 1,866	\$ 4,052	\$ 44	\$ 4	\$ 33	\$ 5,999
Charge-offs	(52)	(439)	–	–	–	(491)
Recoveries	30	231	–	–	–	261
Provision for loan losses	46	803	5	(4)	(1)	849
Balance at June 30, 2015	\$ 1,890	\$ 4,647	\$ 49	\$ –	\$ 32	\$ 6,618
Balance at March 31, 2014	\$ 3,346	\$ 5,944	\$ 92	\$ 4	\$ 33	\$ 9,419
Charge-offs	(372)	(1,719)	–	–	–	(2,091)
Recoveries	60	131	–	–	–	191
Provision for loan losses	534	548	22	–	(2)	1,102
Balance at June 30, 2014	\$ 3,568	\$ 4,904	\$ 114	\$ 4	\$ 31	\$ 8,621
Balance at December 31, 2013	\$ 3,860	\$ 6,579	\$ 101	\$ 4	\$ 31	\$ 10,575
Charge-offs	(977)	(2,399)	–	–	(6)	(3,382)
Recoveries	287	516	–	–	–	803
Provision for loan losses	398	208	13	–	6	625
Balance at June 30, 2014	\$ 3,568	\$ 4,904	\$ 114	\$ 4	\$ 31	\$ 8,621
Allowance on loans evaluated for impairment:						
Individually	\$ 755	\$ 1,357	\$ –	\$ –	\$ 3	\$ 2,115
Collectively	1,135	3,290	49	–	29	4,503
Balance at June 30, 2015	\$ 1,890	\$ 4,647	\$ 49	\$ –	\$ 32	\$ 6,618
Individually	\$ 634	\$ 1,029	\$ –	\$ –	\$ 2	\$ 1,665
Collectively	1,232	3,023	44	4	31	4,334
Balance at December 31, 2014	\$ 1,866	\$ 4,052	\$ 44	\$ 4	\$ 33	\$ 5,999
Recorded investment in loans evaluated for impairment:						
Individually	\$ 19,367	\$ 23,162	\$ –	\$ –	\$ 207	\$ 42,736
Collectively	405,217	388,139	25,130	694	7,152	826,332
Balance at June 30, 2015	\$ 424,584	\$ 411,301	\$ 25,130	\$ 694	\$ 7,359	\$ 869,068
Individually	\$ 19,267	\$ 21,547	\$ –	\$ –	\$ 218	\$ 41,032
Collectively	399,633	368,875	21,284	3,247	7,628	800,667
Balance at December 31, 2014	\$ 418,900	\$ 390,422	\$ 21,284	\$ 3,247	\$ 7,846	\$ 841,699

*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 June 30, 2015					
Outstanding Recorded Investment	Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	\$ -	\$ 194	\$ -	\$ 194	
Production and intermediate-term	-	2,476	-	2,476	
Total	\$ -	\$ 2,670	\$ -	\$ 2,670	
Post-modification:					
Real estate mortgage	\$ -	\$ 194	\$ -	\$ 194	\$ -
Production and intermediate-term	-	2,476	-	2,476	-
Total	\$ -	\$ 2,670	\$ -	\$ 2,670	\$ -

Six Months Ended June 30, 2015					
Outstanding Recorded Investment	Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	\$ -	\$ 424	\$ -	\$ 424	
Production and intermediate-term	-	3,990	-	3,990	
Total	\$ -	\$ 4,414	\$ -	\$ 4,414	
Post-modification:					
Real estate mortgage	\$ -	\$ 424	\$ -	\$ 424	\$ -
Production and intermediate-term	-	4,112	-	4,112	(2)
Total	\$ -	\$ 4,536	\$ -	\$ 4,536	\$ (2)

Three Months Ended June 30, 2014					
Outstanding Recorded Investment	Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	\$ -	\$ 2,928	\$ -	\$ 2,928	
Production and intermediate-term	-	1,646	-	1,646	
Total	\$ -	\$ 4,574	\$ -	\$ 4,574	
Post-modification:					
Real estate mortgage	\$ -	\$ 3,164	\$ -	\$ 3,164	\$ -
Production and intermediate-term	-	1,647	-	1,647	(1)
Total	\$ -	\$ 4,811	\$ -	\$ 4,811	\$ (1)

Six Months Ended June 30, 2014					
Outstanding Recorded Investment	Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	\$ -	\$ 4,652	\$ -	\$ 4,652	
Production and intermediate-term	-	6,480	-	6,480	
Total	\$ -	\$ 11,132	\$ -	\$ 11,132	
Post-modification:					
Real estate mortgage	\$ -	\$ 4,450	\$ -	\$ 4,450	\$ -
Production and intermediate-term	-	5,498	-	5,498	(1)
Total	\$ -	\$ 9,948	\$ -	\$ 9,948	\$ (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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Production and intermediate-term	\$ 53	\$ 145	\$ 53	\$ 757
Total	\$ 53	\$ 145	\$ 53	\$ 757

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	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Real estate mortgage	\$ 15,400	\$ 16,163	\$ 9,226	\$ 10,292
Production and intermediate-term	14,469	13,462	8,340	7,432
Rural residential real estate	145	154	22	27
Total Loans	\$ 30,014	\$ 29,779	\$ 17,588	\$ 17,751
Additional commitments to lend	\$ —	\$ —		

The following table presents information as of period end:

	June 30, 2015
Carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession	\$ 95
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	\$ —

Note 3 — Investments

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 3.72 percent of the issued stock of the Bank as of June 30, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled \$28.8 billion and shareholders' equity totaled \$2.4 billion. The Bank's earnings were \$168 million for the first six months of 2015. In addition, the Association has an investment of \$770 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)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Employee Benefit Plans:				
Balance at beginning of period	\$ (158)	\$ (74)	\$ (159)	\$ (74)
Other comprehensive income before reclassifications	—	—	—	—
Amounts reclassified from AOCI	2	1	3	1
Net current period other comprehensive income	2	1	3	1
Balance at end of period	\$ (156)	\$ (73)	\$ (156)	\$ (73)

	Reclassifications Out of Accumulated Other Comprehensive Income (b)				Income Statement Line Item
	Three Months Ended June 30,		Six Months Ended June 30,		
	2015	2014	2015	2014	
Defined Benefit Pension Plans:					
Periodic pension costs	\$ (2)	\$ (1)	\$ (3)	\$ (1)	See Note 7.
Net amounts reclassified	\$ (2)	\$ (1)	\$ (3)	\$ (1)	

(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.

The classifications within the fair value hierarchy are as follows:

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

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

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

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

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

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 Six Months Ended June 30, 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	\$ 242	\$ 242	\$ —	\$ —	\$ 242			
Recurring Assets	\$ 242	\$ 242	\$ —	\$ —	\$ 242			
Liabilities:								
Recurring Liabilities	\$ —	\$ —	\$ —	\$ —	\$ —			
Nonrecurring Measurements								
Assets:								
Impaired loans	\$ 39,470	\$ —	\$ —	\$ 39,470	\$ 39,470	\$		(680)
Other property owned	3,330	—	—	3,797	3,797	\$		996
Nonrecurring Assets	\$ 42,800	\$ —	\$ —	\$ 43,267	\$ 43,267	\$		316
Other Financial Instruments								
Assets:								
Cash	\$ 10	\$ 10	\$ —	\$ —	\$ 10			
Loans	813,572	—	—	813,920	813,920			
Other Financial Assets	\$ 813,582	\$ 10	\$ —	\$ 813,920	\$ 813,930			
Liabilities:								
Notes payable to AgFirst Farm Credit Bank	\$ 644,666	\$ —	\$ —	\$ 640,776	\$ 640,776			
Other Financial Liabilities	\$ 644,666	\$ —	\$ —	\$ 640,776	\$ 640,776			

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	\$ 231	\$ 231	\$ -	\$ -	\$ 231	
Recurring Assets	\$ 231	\$ 231	\$ -	\$ -	\$ 231	
Liabilities:						
Recurring Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	
Nonrecurring Measurements						
Assets:						
Impaired loans	\$ 39,367	\$ -	\$ -	\$ 39,367	\$ 39,367	\$ (870)
Other property owned	8,269	-	-	9,205	9,205	(599)
Nonrecurring Assets	\$ 47,636	\$ -	\$ -	\$ 48,572	\$ 48,572	\$ (1,469)
Other Financial Instruments						
Assets:						
Cash	\$ 80	\$ 80	\$ -	\$ -	\$ 80	
Loans	785,279	-	-	786,950	786,950	
Other Financial Assets	\$ 785,359	\$ 80	\$ -	\$ 786,950	\$ 787,030	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	\$ 636,993	\$ -	\$ -	\$ 632,735	\$ 632,735	
Other Financial Liabilities	\$ 636,993	\$ -	\$ -	\$ 632,735	\$ 632,735	

SENSITIVITY TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS

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

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

change to another unobservable input (that is, changes in certain inputs are interrelated with one another), which may counteract or magnify the fair value impact.

Inputs to Valuation Techniques

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

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

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	\$ 43,267	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

Note 7 — Employee Benefit Plans

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Pension	\$ 1,033	\$ 1,090	\$ 2,066	\$ 2,180
401(k)	105	78	232	164
Other postretirement benefits	285	166	570	333
Total	\$ 1,423	\$ 1,334	\$ 2,868	\$ 2,677

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

	Actual YTD Through 6/30/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	\$ 24	\$ 4,230	\$ 4,254
Other postretirement benefits	324	338	662
Total	\$ 348	\$ 4,568	\$ 4,916

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

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

Note 8 — Commitments and Contingent Liabilities

From time to time, legal actions are pending against the Association in which claims for money damages are asserted. On at least a quarterly basis, the Association assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. While the outcome of legal proceedings is inherently uncertain, on the basis of information presently available, management, after consultation with legal counsel, is of the opinion that the ultimate liability, if any, from these actions, would not be material in relation to the financial position of the Association.

Because it is not probable that the Association will incur a loss or the loss is not estimable, no liability has been recorded for any claims that may be pending.

Note 9 — Subsequent Events

The Association evaluated subsequent events and determined that, except as described below, there were none requiring disclosure through August 7, 2015, which was the date the financial statements were issued.

Subsequent to June 30, 2015, the Association settled a legal action with a former borrower in the amount of approximately \$300. The settlement will be reflected as noninterest expense in the third quarter of 2015.