Carolina Farm Credit, ACA

FIRST QUARTER 2015

TABLE OF CONTENTS

CERTIFICATION

The undersigned certify that we have reviewed the March 31, 2015 quarterly report of Carolina 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.

Vance C Dalton Jr

Vance C. Dalton, Jr.
Chief Executive Officer

Christopher H. Scott

Christopher H. Scott
Chief Financial Officer

Mark A. Bray

Mark A. Bray
Chairman of the Board

May 8, 2015

Carolina Farm Credit, ACA

Report on Internal Control Over Financial Reporting

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

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

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

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

Vance C. Dalton, Jr.
Chief Executive Officer

Christopher H. Scott
Chief Financial Officer

May 8, 2015

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

LOAN PORTFOLIO

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

The gross loan volume of the Association as of March 31, 2015, was $1,336,432, a decrease of $34,759 as compared to $1,371,191 at December 31, 2014. Net loans outstanding at March 31, 2015, were $1,329,481 as compared to $1,364,577 at December 31, 2014. Net loans accounted for 94.35% of total assets at March 31, 2015, as compared to 93.27% of total assets at December 31, 2014. The increase in loan volume during the reporting period is a result of new loan volume outpacing principal payments and payoffs.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level, however, and credit administration remains satisfactory.

Nonaccrual loans increased from $17,478 at December 31, 2014, to $17,933 at March 31, 2015. This increase is primarily the result of transfers of loan volume to nonaccrual being more than regular payments made on nonaccrual loans, along with nonaccrual loans liquidated or reinstated back to accrual status.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible losses in the loan portfolio based on current and expected future conditions. The allowance for loan losses at March 31, 2015, was $6,951 compared to $6,614 at December 31, 2014, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended March 31, 2015

Net income for the three months ended March 31, 2015, totaled $6,445, as compared to $6,547 for the same period in 2014, which is a decrease of $102. Net interest income decreased $379 for the three months ended March 31, 2015, as compared to the same period in 2014.

At March 31, 2015, total interest income decreased $62 compared to March 31, 2014. Interest income recognized on nonaccrual loans was $229 for the three months ended March 31, 2015, as compared to $337 for the same period in 2014, a decrease of $108. Interest expense increased $316 for the three months ended March 31, 2015, as compared to the comparable period of 2014.

The Association recorded a provision/(reversal) for loan losses of $214 for the three months ended March 31, 2015 as compared to a provision/(reversal) of $331 for the same period of 2014.

Noninterest income for the three months ended March 31, 2015, totaled $3,637 as compared to $3,278 for the same period of 2014, an increase of $359. The increase in noninterest income is attributed to increases of $144 in loan fees, $10 in fees for financially-related services, $374 in gains/(losses) on the sale of rural home loans, and $32 in gains/(losses) on sales of premises and equipment, when compared to the same period in 2014. These increases were offset by decreases of $80 in patronage refunds from other Farm Credit institutions, $113 in gains/(losses) on other transactions, and $8 in other noninterest income, when compared for the same period of 2014.

Noninterest expense for the three months ended March 31, 2015, increased $199 compared to the same period of 2014. This increase in noninterest expense is attributed to increases of $311 in salaries and employee benefits, $88 in occupancy and equipment, and $15 in Insurance Fund premiums, when compared to the same period in 2014. These increases were offset by decreases of $44 in gains/(losses) on other property owned, and $171 in other operating expenses, when compared for the same period of 2014.

The Association recorded a provision for income taxes of $0 for the three months ended March 31, 2015 as compared a provision of $0 for the same period of 2014.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The funds are advanced by the Bank to the Association in the form of notes payable. The notes payable is segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at March 31, 2015, was $1,069,904 as compared to $1,128,326 at December 31, 2014. The decrease during the period is primarily attributable to the declines in loan volume and the payment of AgFirst patronage to the Association in January.

The Association has no lines of credit outstanding with third parties as of March 31, 2015.

CAPITAL RESOURCES

Total members' equity at March 31, 2015, increased to $306,144 from the December 31, 2014, total of $299,229. The change in capital is primarily attributable to net earnings in the current year.

Farm Credit administration (FCA) regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of March 31, 2015, the Association's total surplus ratio and core surplus ratio were 21.18% and 18.50%, respectively, and the permanent capital ratio was 21.80%. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

REGULATORY MATTERS

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

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

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

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

FINANCIAL REGULATORY REFORM

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2832, or writing Susanne Caughman, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-521-9952, or writing Christopher H. Scott, CFO, Carolina Farm Credit, ACA, P.O. Box 1827, Statesville NC 28687-1827, or accessing the website, www.carolinafarmcredit.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.

Carolina Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	March 31, 2015	December 31, 2014
	(unaudited)	*(audited)*
Assets		
Cash	**$ 3,466**	$ 2,913
Investment securities:		
Held to maturity (fair value of $1,878 and $1,983, respectively)	**1,941**	2,099
Loans	**1,336,432**	1,371,191
Allowance for loan losses	**(6,951)**	(6,614)
Net loans	**1,329,481**	1,364,577
Loans held for sale	**4,474**	3,473
Accrued interest receivable	**14,757**	14,123
Investments in other Farm Credit institutions	**15,605**	15,605
Premises and equipment, net	**17,438**	17,107
Other property owned	**1,897**	2,892
Accounts receivable	**2,331**	23,419
Other assets	**17,657**	16,846
Total assets	**$ 1,409,047**	$ 1,463,054
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,069,904**	$ 1,128,326
Accrued interest payable	**2,171**	2,284
Patronage refunds payable	**710**	6,140
Accounts payable	**1,461**	2,166
Other liabilities	**28,657**	24,909
Total liabilities	**1,102,903**	1,163,825
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**8,336**	8,062
Retained earnings		
Allocated	**184,570**	183,568
Unallocated	**114,547**	108,928
Accumulated other comprehensive income (loss)	**(1,309)**	(1,329)
Total members' equity	**306,144**	299,229
Total liabilities and members' equity	**$ 1,409,047**	$ 1,463,054

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

Carolina Farm Credit, ACA

Consolidated Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Interest Income		
Loans	**$ 18,315**	$ 18,335
Investments	**25**	68
Total interest income	**18,340**	18,403
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	**6,552**	6,246
Other	**12**	2
Total interest expense	**6,564**	6,248
Net interest income	**11,776**	12,155
Provision for loan losses	**214**	331
Net interest income after provision for loan losses	**11,562**	11,824
Noninterest Income		
Loan fees	**499**	355
Fees for financially related services	**58**	48
Patronage refunds from other Farm Credit institutions	**2,154**	2,234
Gains (losses) on sales of rural home loans, net	**576**	202
Gains (losses) on sales of premises and equipment, net	**103**	71
Gains (losses) on other transactions	**67**	180
Other noninterest income	**180**	188
Total noninterest income	**3,637**	3,278
Noninterest Expense		
Salaries and employee benefits	**6,164**	5,853
Occupancy and equipment	**607**	519
Insurance Fund premiums	**327**	312
(Gains) losses on other property owned, net	**9**	53
Other operating expenses	**1,647**	1,818
Total noninterest expense	**8,754**	8,555
Income before income taxes	**6,445**	6,547
Provision for income taxes	**—**	—
Net income	**$ 6,445**	$ 6,547

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

Carolina Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Net income	**$ 6,445**	$ 6,547
Other comprehensive income net of tax		
Employee benefit plans adjustments	**20**	46
Comprehensive income	**$ 6,465**	$ 6,593

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

Carolina Farm Credit, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2013	$ 7,927	$ 167,311	$ 105,259	$ (432)	$ 280,065
Comprehensive income			6,547	46	6,593
Capital stock/participation certificates issued/(retired), net	241				241
Patronage distribution adjustment		223	(126)		97
Balance at March 31, 2014	$ 8,168	$ 167,534	$ 111,680	$ (386)	$ 286,996
Balance at December 31, 2014	**$ 8,062**	**$ 183,568**	**$ 108,928**	**$ (1,329)**	**$ 299,229**
Comprehensive income			**6,445**	**20**	**6,465**
Capital stock/participation certificates issued/(retired), net	**274**				**274**
Patronage distribution adjustment		**1,002**	**(826)**		**176**
Balance at March 31, 2015	**$ 8,336**	**$ 184,570**	**$ 114,547**	**$ (1,309)**	**$ 306,144**

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

Carolina 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 Carolina 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.

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

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

- 2014-14 Classification of Certain Government-Guaranteed Mortgage Loans – The Association did not have a significant amount of loans that met the criteria of the guidance.

- 2014-11 Repurchase-to-Maturity Transactions – The Association did not have a significant amount of transactions that met the criteria of the guidance.

- 2014-08 Discontinued Operations – The Association has not had and does not anticipate any significant disposals.

- 2014-04 Reclassification of Consumer Mortgage Loans – The criteria of the standard were not significantly different from the Association's policy in place at adoption. See Note 2, *Loans and Allowance for Loan Losses*, for the additional disclosures required by this guidance.

Note 2 — Loans and Allowance for Loan Losses

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

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

A summary of loans outstanding at period end follows:

	March 31, 2015	December 31, 2014
Real estate mortgage	$ 686,913	$ 687,531
Production and intermediate-term	560,712	590,611
Loans to cooperatives	655	24
Processing and marketing	18,430	22,319
Farm-related business	5,856	5,135
Communication	8,583	8,786
Energy and water/waste disposal	2,052	2,107
Rural residential real estate	53,231	54,678
Total Loans	$ 1,336,432	$ 1,371,191

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

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

March 31, 2015	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 5,366	$ 3,334	$ –	$ 684	$ –	$ –	$ 5,366	$ 4,018
Production and intermediate-term	16,137	86,453	6,780	–	–	–	22,917	86,453
Loans to cooperatives	585	–	10	–	–	–	595	–
Processing and marketing	17,891	–	–	–	–	–	17,891	–
Farm-related business	2,576	–	–	–	–	–	2,576	–
Communication	8,617	–	–	–	–	–	8,617	–
Energy and water/waste disposal	2,086	–	–	–	–	–	2,086	–
Total	$ 53,258	$ 89,787	$ 6,790	$ 684	$ –	$ –	$ 60,048	$ 90,471

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	$ 5,888	$ 3,334	$ –	$ 736	$ –	$ –	$ 5,888	$ 4,070
Production and intermediate-term	18,373	113,998	6,055	–	–	–	24,428	113,998
Loans to cooperatives	–	–	12	–	–	–	12	–
Processing and marketing	21,738	–	–	–	–	–	21,738	–
Farm-related business	1,852	–	–	–	–	–	1,852	–
Communication	8,812	$ –	–	–	–	–	8,812	–
Energy and water/waste disposal	2,143	–	–	–	–	–	2,143	–
Total	$ 58,806	$ 117,332	$ 6,067	$ 736	$ –	$ –	$ 64,873	$ 118,068

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

	March 31, 2015			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 39,643	$ 126,634	$ 520,636	$ 686,913
Production and intermediate-term	130,963	236,768	192,981	560,712
Loans to cooperatives	–	604	51	655
Processing and marketing	–	12,952	5,478	18,430
Farm-related business	823	2,890	2,143	5,856
Communication	–	8,583	–	8,583
Energy and water/waste disposal	–	470	1,582	2,052
Rural residential real estate	5,302	11,468	36,461	53,231
Total Loans	$ 176,731	$ 400,369	$ 759,332	$ 1,336,432
Percentage	13.22%	29.96%	56.82%	100.00%

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

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

	March 31, 2015	December 31, 2014
Real estate mortgage:		
Acceptable	88.65%	89.81%
OAEM	7.26	5.67
Substandard/doubtful/loss	4.09	4.52
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	88.09%	89.69%
OAEM	6.31	4.61
Substandard/doubtful/loss	5.60	5.70
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Processing and marketing:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Farm-related business:		
Acceptable	99.75%	99.68%
OAEM	–	–
Substandard/doubtful/loss	0.25	0.32
	100.00%	100.00%

	March 31, 2015	December 31, 2014
Communication:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Energy and water/waste disposal:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	94.23%	94.80%
OAEM	3.56	2.64
Substandard/doubtful/loss	2.21	2.56
	100.00%	100.00%
Total Loans:		
Acceptable	88.94%	90.24%
OAEM	6.52	4.93
Substandard/doubtful/loss	4.54	4.83
	100.00%	100.00%

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

	March 31, 2015					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 3,412	$ 961	$ 4,373	$ 691,075	$ 695,448	$ –
Production and intermediate-term	2,672	3,176	5,848	560,741	566,589	–
Loans to cooperatives	–	–	–	655	655	–
Processing and marketing	–	–	–	18,477	18,477	–
Farm-related business	–	–	–	5,872	5,872	–
Communication	–	–	–	8,585	8,585	–
Energy and water/waste disposal	–	–	–	2,063	2,063	–
Rural residential real estate	788	61	849	52,644	53,493	–
Total	$ 6,872	$ 4,198	$ 11,070	$ 1,340,112	$ 1,351,182	$ –

	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	$ 4,586	$ 1,554	$ 6,140	$ 689,230	$ 695,370	$ –
Production and intermediate-term	2,101	3,006	5,107	591,521	596,628	–
Loans to cooperatives	12	–	12	12	24	–
Processing and marketing	–	–	–	22,333	22,333	–
Farm-related business	–	–	–	5,162	5,162	–
Communication	–	–	–	8,789	8,789	–
Energy and water/waste disposal	–	–	–	2,119	2,119	–
Rural residential real estate	891	205	1,096	53,786	54,882	–
Total	$ 7,590	$ 4,765	$ 12,355	$ 1,372,952	$ 1,385,307	$ –

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

	March 31, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 11,569	$ 11,354
Production and intermediate-term	6,082	5,736
Farm-related business	–	–
Rural residential real estate	282	388
Total	$ 17,933	$ 17,478
Accruing restructured loans:		
Real estate mortgage	$ 1,738	$ 1,742
Production and intermediate-term	1,174	1,175
Farm-related business	556	572
Rural residential real estate	117	118
Total	$ 3,585	$ 3,607
Accruing loans 90 days or more past due:		
Total	$ –	$ –
Total nonperforming loans	$ 21,518	$ 21,085
Other property owned	1,897	2,892
Total nonperforming assets	$ 23,415	$ 23,977
Nonaccrual loans as a percentage of total loans	1.34%	1.27%
Nonperforming assets as a percentage of total loans and other property owned	1.75%	1.74%
Nonperforming assets as a percentage of capital	7.65%	8.01%

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

	March 31, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	$ 12,114	$ 10,833
Past due	5,819	6,645
Total	17,933	17,478
Impaired accrual loans:		
Restructured	3,585	3,607
90 days or more past due	–	–
Total	3,585	3,607
Total impaired loans	$ 21,518	$ 21,085

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

	March 31, 2015			Quarter Ended March 31, 2015	
Impaired loans:	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans
With a related allowance for credit losses:					
Real estate mortgage	$ 9,015	$ 9,203	$ 1,331	$ 8,826	$ 113
Production and intermediate-term	1,048	1,100	275	1,026	13
Farm-related business	–	–	–	–	–
Rural residential real estate	21	21	3	20	–
Total	$ 10,084	$ 10,324	$ 1,609	$ 9,872	$ 126
With no related allowance for credit losses:					
Real estate mortgage	$ 4,292	$ 4,836	$ –	$ 4,202	$ 53
Production and intermediate-term	6,208	9,396	–	6,078	77
Farm-related business	556	554	–	545	7
Rural residential real estate	378	456	–	370	5
Total	$ 11,434	$ 15,242	$ –	$ 11,195	$ 142
Total:					
Real estate mortgage	$ 13,307	$ 14,039	$ 1,331	$ 13,028	$ 166
Production and intermediate-term	7,256	10,496	275	7,104	90
Farm-related business	556	554	–	545	7
Rural residential real estate	399	477	3	390	5
Total	$ 21,518	$ 25,566	$ 1,609	$ 21,067	$ 268

	December 31, 2014			Year Ended December 31, 2014	
Impaired loans:	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans
With a related allowance for credit losses:					
Real estate mortgage	$ 7,530	$ 7,697	$ 1,335	$ 8,711	$ 536
Production and intermediate-term	533	596	107	617	38
Farm-related business	–	–	–	–	–
Rural residential real estate	113	110	61	130	8
Total	$ 8,176	$ 8,403	$ 1,503	$ 9,458	$ 582
With no related allowance for credit losses:					
Real estate mortgage	$ 5,566	$ 6,197	$ –	$ 6,438	$ 396
Production and intermediate-term	6,378	11,275	–	7,378	454
Farm-related business	572	570	–	661	41
Rural residential real estate	393	465	–	456	28
Total	$ 12,909	$ 18,507	$ –	$ 14,933	$ 919
Total:					
Real estate mortgage	$ 13,096	$ 13,894	$ 1,335	$ 15,149	$ 932
Production and intermediate-term	6,911	11,871	107	7,995	492
Farm-related business	572	570	–	661	41
Rural residential real estate	506	575	61	586	36
Total	$ 21,085	$ 26,910	$ 1,503	$ 24,391	$ 1,501

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 at period end follows:

	Real Estate Mortgage	Production and Intermediate-term	Agribusiness*	Communication	Energy and Water/Waste Disposal	Rural Residential Real Estate	Total
Activity related to the allowance for credit losses:							
Balance at December 31, 2014	$ 3,749	$ 2,544	$ 84	$ 59	$ 9	$ 169	$ 6,614
Charge-offs	(4)	(73)	–	–	–	(53)	(130)
Recoveries	241	12	–	–	–	–	253
Provision for loan losses	(138)	392	(17)	(7)	(1)	(15)	214
Balance at March 31, 2015	$ 3,848	$ 2,875	$ 67	$ 52	$ 8	$ 101	$ 6,951
Balance at December 31, 2013	$ 1,396	$ 3,988	$ 55	$ 22	$ 9	$ 90	$ 5,560
Charge-offs	(46)	(99)	–	–	–	(15)	(160)
Recoveries	42	369	–	–	–	7	418
Provision for loan losses	908	(599)	25	3	1	(7)	331
Balance at March 31, 2014	$ 2,300	$ 3,659	$ 80	$ 25	$ 10	$ 75	$ 6,149
Allowance on loans evaluated for impairment:							
Individually	$ 1,331	$ 275	$ –	$ –	$ –	$ 3	$ 1,609
Collectively	2,517	2,600	67	52	8	98	5,342
Balance at March 31, 2015	$ 3,848	$ 2,875	$ 67	$ 52	$ 8	$ 101	$ 6,951
Individually	$ 1,335	$ 107	$ –	$ –	$ –	$ 61	$ 1,503
Collectively	2,414	2,437	84	59	9	108	5,111
Balance at December 31, 2014	$ 3,749	$ 2,544	$ 84	$ 59	$ 9	$ 169	$ 6,614
Recorded investment in loans evaluated for impairment:							
Individually	$ 13,307	$ 7,257	$ 556	$ –	$ –	$ 301	$ 21,421
Collectively	682,141	559,332	24,448	8,585	2,063	53,192	1,329,761
Balance at March 31, 2015	$ 695,448	$ 566,589	$ 25,004	$ 8,585	$ 2,063	$ 53,493	$ 1,351,182
Individually	$ 13,096	$ 6,911	$ 572	$ –	$ –	$ 506	$ 21,085
Collectively	682,274	589,717	26,947	8,789	2,119	54,376	1,364,222
Balance at December 31, 2014	$ 695,370	$ 596,628	$ 27,519	$ 8,789	$ 2,119	$ 54,882	$ 1,385,307

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

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The following tables present additional information about pre-modification and post-modification outstanding recorded investment and the effects of the modifications that occurred during the periods presented.

	Three months ended March 31, 2015				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Rural residential real estate	$ –	$ 117	$ –	$ 117	
Total	$ –	$ 117	$ –	$ 117	
Post-modification:					
Rural residential real estate	$ –	$ 100	$ –	$ 100	$ –
Total	$ –	$ 100	$ –	$ 100	$ –

	Three months ended March 31, 2014				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Real estate mortgage	$ 729	$ 697	$ –	$ 1,426	
Production and intermediate-term	–	2,100	–	2,100	
Rural residential real estate	–	117	–	117	
Total	$ 729	$ 2,914	$ –	$ 3,643	
Post-modification:					
Real estate mortgage	$ 715	$ 700	$ –	$ 1,415	$ –
Production and intermediate-term	–	2,099	–	2,099	–
Rural residential real estate	–	100	–	100	–
Total	$ 715	$ 2,899	$ –	$ 3,614	$ –

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.

There were no TDRs that occurred during the previous twelve months and for which there was a subsequent payment default during the periods presented. Payment default is defined as a payment that was thirty days or more past due.

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

	Total TDRs		Nonaccrual TDRs	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Real estate mortgage	$ 9,555	$ 9,888	$ 7,817	$ 8,146
Production and intermediate-term	2,374	2,661	1,200	1,486
Farm-related business	556	572	–	–
Rural residential real estate	117	210	–	92
Total Loans	$ 12,602	$ 13,331	$ 9,017	$ 9,724
Additional commitments to lend	$ 20	$ 19		

The following table presents information as of period end:

	March 31, 2015
Carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession	$ 112
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	$ 23

Note 3 — Investments

Investment Securities

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

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

	March 31, 2015				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	$ 1,941	$ –	$ (63)	$ 1,878	5.06%

	December 31, 2014				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
RABs	$ 2,099	$ 6	$ (122)	$ 1,983	4.99%

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

	March 31, 2015		
	Amortized Cost	Fair Value	Weighted Average Yield
In one year or less	$ 43	$ 42	4.25 %
After one year through five years	–	–	–
After five years through ten years	–	–	–
After ten years	1,898	1,836	5.08
Total	$ 1,941	$ 1,878	5.06 %

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

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

	March 31, 2015			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
RABs	$ 42	$ (1)	$ 1,836	$ (62)

	December 31, 2014			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
RABs	$ 44	$ (1)	$ 1,795	$ (121)

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

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

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

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

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

Investments in other Farm Credit Institutions

The Association is required to maintain ownership in AgFirst Farm Credit Bank (AgFirst or the Bank) of Class B and Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owns 6.05 percent of the issued stock of the Bank as of March 31, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.9 billion and shareholders' equity totaled $2.3 billion. The Bank's earnings were $83 million for the first three months of 2015. In addition, the Association has an investment of $486 related to other Farm Credit institutions.

Note 4 — Debt

Notes Payable to AgFirst Farm Credit Bank

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

Note 5 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive income by Component *(a)*	
	For the Three Months Ended March 31,	
	2015	2014
Employee Benefit Plans:		
Balance at beginning of period	$ (1,329)	$ (432)
Other comprehensive income before reclassifications	–	–
Amounts reclassified from AOCI	20	46
Net current period other comprehensive income	20	46
Balance at end of period	$ (1,309)	$ (386)

Reclassifications Out of Accumulated Other Comprehensive Income *(b)*			
	For the Three Months Ended March 31,		
	2015	2014	Income Statement Line Item
Defined Benefit Pension Plans:			
Periodic pension costs	$ (20)	$ (46)	See Note 7.
Net amounts reclassified	$ (20)	$ (46)	

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

Note 6 — Fair Value Measurement

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

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

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

The classifications within the fair value hierarchy are as follows:

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

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability. The Association has no Level 2 assets and liabilities measured at fair value on a recurring basis.

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

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

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

SENSITIVITY TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS

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

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

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

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

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

Inputs to Valuation Techniques

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

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

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 21,996	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/Principle and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecast Probability of default Loss severity
Investment securities, held-to-maturity	Discounted cash flow	Prepayment rates Risk adjusted discount rate
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts Probability of default Loss severity

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

At or for the Three Months Ended March 31, 2015

	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 3,117	$ 3,117	$ –	$ –	$ 3,117	
Recurring Assets	$ 3,117	$ 3,117	$ –	$ –	$ 3,117	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 19,909	$ –	$ –	$ 19,909	$ 19,909	$ 17
Other property owned	1,897	–	–	2,087	2,087	2
Nonrecurring Assets	$ 21,806	$ –	$ –	$ 21,996	$ 21,996	$ 19
Other Financial Instruments						
Assets:						
Cash	$ 3,466	$ 3,466	$ –	$ –	$ 3,466	
Investment securities, held-to-maturity	1,941	–	–	1,878	1,878	
Loans	1,314,046	–	–	1,329,032	1,329,032	
Other Financial Assets	$ 1,319,453	$ 3,466	$ –	$ 1,330,910	$ 1,334,376	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,069,904	$ –	$ –	$ 1,066,778	$ 1,066,778	
Other Financial Liabilities	$ 1,069,904	$ –	$ –	$ 1,066,778	$ 1,066,778	

	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	$ 3,094	$ 3,094	$ –	$ –	$ 3,094	
Recurring Assets	$ 3,094	$ 3,094	$ –	$ –	$ 3,094	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 19,582	$ –	$ –	$ 19,582	$ 19,582	$ (1,056)
Other property owned	2,892	–	–	3,070	3,070	(1,475)
Nonrecurring Assets	$ 22,474	$ –	$ –	$ 22,652	$ 22,652	$ (2,531)
Other Financial Instruments						
Assets:						
Cash	$ 2,913	$ 2,913	$ –	$ –	$ 2,913	
Investment securities, held-to-maturity	2,099	–	–	1,983	1,983	
Loans	1,348,468	–	–	1,360,464	1,360,464	
Other Financial Assets	$ 1,353,480	$ 2,913	$ –	$ 1,362,447	$ 1,365,360	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,128,326	$ –	$ –	$ 1,119,937	$ 1,119,937	
Other Financial Liabilities	$ 1,128,326	$ –	$ –	$ 1,119,937	$ 1,119,937	

Note 7 — Employee Benefit Plans

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

	For the three months ended March 31,	
	2015	2014
Pension	$ 1,499	$ 1,518
401(k)	92	127
Other postretirement benefits	467	280
Total	$ 2,058	$ 1,925

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

	Actual YTD Through 3/31/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	$ 33	$ 5,988	$ 6,021
Other postretirement benefits	196	588	784
Total	$ 229	$ 6,576	$ 6,805

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

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

Note 8 — Commitments and Contingent Liabilities

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

Note 9 — Subsequent Events

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