Central Kentucky Agricultural Credit Association

THIRD QUARTER 2013

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2013 quarterly report of Central Kentucky Agricultural Credit Association, 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.

James W. Caldwell
Chief Executive Officer

Marcus G. Barnett
Chief Financial Officer

James A. Lyons
Chairman of the Board

November 7, 2013

Central Kentucky Agricultural Credit Association

Report on Internal Control Over Financial Reporting

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

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

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of September 30, 2013. In making the assessment, management used the framework in *Internal Control — Integrated Framework*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of September 30, 2013, the internal control over financial reporting was effective based upon the COSO (1992) criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of September 30, 2013.

James W. Caldwell
Chief Executive Officer

Marcus G. Barnett
Chief Financial Officer

November 7, 2013

Central Kentucky Agricultural Credit Association

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 Central Kentucky Agricultural Credit Association (the Association) for the period ended September 30, 2013. These comments should be read in conjunction with the accompanying consolidated financial statements, notes to the consolidated financial statements and the 2012 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. The predominate enterprises are beef cattle and thoroughbred horses. Overall, the outlook for the beef cattle industry is positive due in large part to favorable cattle numbers and strong prices. Industry concerns are centered on the impact of a downturn in the general economy. The thoroughbred horse industry has shown signs of improvement at recent sales, but the outlook continues to be guarded, mirroring the general economic outlook. 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 employment in the area, significantly reduces the level of dependency on a given commodity.

The gross loan volume of the Association as of September 30, 2013 was $355,035, an increase of $21,830 as compared to $333,205 at December 31, 2012. Net loans outstanding at September 30, 2013 were $351,085 as compared to $329,445 at December 31, 2012. Net loans accounted for 93.37 percent of total assets at September 30, 2013, as compared to 90.90 percent of total assets at December 31, 2012.

The increase in gross and net loan volume during the reporting period is primarily due to growth in real estate and production loans.

There is an inherent risk in the extension of any type of credit. However, portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased from $6,361 at December 31, 2012, to $6,140 at September 30, 2013. This decrease is primarily due to the liquidation of one larger loan that was in nonaccrual 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 $3,950 allowance for loan losses at September 30, 2013 reflected a $190 increase from December 31, 2012, and was considered by management to be adequate to cover possible losses.

RESULTS OF OPERATIONS

For the three months ended September 30, 2013

Net income for the three months ended September 30, 2013 totaled $1,617, as compared to $1,310 for the same period in 2012. Net interest income increased $155 for the three months ended September 30, 2013 as compared to the same period in 2012. The Association recorded a provision for loan losses of $150 for the three months ended September 30, 2013, as compared to a provision for loan losses of $350 for the same period in 2012.

At September 30, 2013, interest income on accruing loans increased $159 compared to September 30, 2012. The Association recorded nonaccrual income of $69 for the three months ended September 30, 2013, as compared to $11 for the same period in 2012. Interest income from tobacco successor-in-interest contract (SIIC) investments was $78 for the three months ended September 30, 2013, as compared to $153 for the same period in 2012. Interest expense decreased $13 for the three months ended September 30, 2013 as compared to the comparable period of 2012. Movement in interest income and expense is primarily attributed to an increase in loan volume, and an early-year reduction in the Association's direct note from receipt of patronage from the AgFirst Farm Credit Bank (Bank) and receipt of a yearly paydown on the tobacco SIIC investments. Noninterest income for the three months ended September 30, 2013 totaled $734 as compared to $726 for the same period of 2012, an increase of $8. The primary factors in the increase in Noninterest income were increases in loan fees associated with mortgage loans sold into the secondary mortgage market and increased income from equity in earnings of the Bank, offset somewhat by losses on the sale of other property owned.

Noninterest expense for the three months ended September 30, 2013 increased $63 compared to the same period of 2012. The increase is due primarily to an increase in employee salary and benefits, and an increase in Farm Credit Insurance Fund premiums. The Association recorded a provision for income taxes of $48 for the three months ended September 30, 2013, as compared to a provision for income taxes of $55 for the same period in 2012.

For the nine months ended September 30, 2013

Net income for the nine months ended September 30, 2013 totaled $4,777, as compared to $5,160 for the same period in 2012. Net interest income increased $359 for the nine months ended September 30, 2013 as compared to the same period in 2012. The Association recorded a provision for loan losses of $350 for the nine months ended September 30, 2013, as compared to a provision for loan losses of $350 for the same period in 2012.

At September 30, 2013, interest income on accruing loans increased $214 compared to September 30, 2012. The Association recorded nonaccrual income of $131 for the nine months ended September 30, 2013, as compared to $103 for the same period in 2012. Interest income from tobacco successor-in-interest contract (SIIC) investments was $259 for the nine months ended September 30, 2013, as compared to $475 for the same period in 2012. Interest expense decreased $333 for the nine months ended September 30, 2013 as compared to the comparable period of 2012. Movement in interest income and expense is primarily attributed to increases in loan volume, an early-year reduction in the Association's direct note from receipt of Bank patronage and receipt of a yearly paydown on the tobacco SIIC investments. Noninterest income for the nine months ended September 30, 2013 totaled $2,487 as compared to $2,958 for the same period of 2012, a decrease of $471. During the second quarter of 2012, the Association recorded $676 of insurance premium refunds from the FCSIC. The amount is nonrecurring and is reflected in Noninterest income for 2012. This is the primary factor in the decrease in Noninterest income, offset somewhat by an increase in fee income associated with mortgage loans sold into the secondary mortgage market, and increased income from equity in earnings of the Bank.

Noninterest expense for the nine months ended September 30, 2013 increased $340 compared to the same period of 2012. The increase is due primarily to an increase in employee salary and benefits, and an increase in Farm Credit Insurance Fund premiums. The Association recorded a provision for income taxes of $88 for the nine months ended September 30, 2013, as compared to a provision for income taxes of $157 for the same period in 2012.

The financial results of this interim report are not necessarily indicative of the results expected for the year.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with the Bank through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The funds are advanced by the Bank to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2013 was $321,154 as compared to $309,630 at December 31, 2012. The decrease during the period is primarily attributed to an increase in loan volume, offset by the receipt of patronage from the Bank and a scheduled yearly payment received on SIIC investments.

CAPITAL RESOURCES

Total members' equity at September 30, 2013 increased to $51,949 from the December 31, 2012 total of $47,011. The increase is primarily attributed to the Association's increase in retained earnings as a result of income recorded for the nine months ended September 30, 2013. Total capital stock and participation certificates were $6,821 on September 30, 2013, compared to $6,590 on December 31, 2012. This increase is attributed to member purchases of equities in relation to increases in loan volume.

Farm Credit Administration (FCA) regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of September 30, 2013, the Association's permanent capital ratio was 15.05 percent and the total surplus ratio and core surplus ratio were 13.66 percent and 13.66 percent, respectively. 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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1, *"Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements",* in the Notes to the Financial Statements, and the 2012 Annual Report to Shareholders for recently issued accounting pronouncements.

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 by 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 1-859-253-3249, or writing Marcus Barnett, Chief Financial Officer, Central Kentucky Agricultural Credit Association, P.O. Box 1290, Lexington, KY 40588-1290, or accessing the website *www.agcreditonline.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.

Central Kentucky Agricultural Credit Association

Consolidated Balance Sheets

(dollars in thousands)	September 30, 2013 *(unaudited)*	December 31, 2012 *(audited)*
Assets		
Cash	$ 568	$ 1,013
Loans	355,035	333,205
Less: allowance for loan losses	3,950	3,760
Net loans	351,085	329,445
Loans held for sale	116	369
Other investments	6,651	13,185
Accrued interest receivable	4,477	3,949
Investments in other Farm Credit institutions	6,913	6,913
Premises and equipment, net	3,106	3,190
Other property owned	586	88
Due from AgFirst Farm Credit Bank	1,913	3,148
Other assets	601	1,137
Total assets	$ 376,016	$ 362,437
Liabilities		
Notes payable to AgFirst Farm Credit Bank	$ 321,154	$ 309,630
Accrued interest payable	634	653
Patronage refunds payable	95	1,994
Other liabilities	2,184	3,149
Total liabilities	324,067	315,426
Commitments and contingencies		
Members' Equity		
Capital stock and participation certificates	6,821	6,590
Retained earnings		
Allocated	24,576	24,424
Unallocated	20,552	15,997
Total members' equity	51,949	47,011
Total liabilities and members' equity	$ 376,016	$ 362,437

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

Central Kentucky Agricultural Credit Association

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended September 30, 2013	For the three months ended September 30, 2012	For the nine months ended September 30, 2013	For the nine months ended September 30, 2012
Interest Income				
Loans	$ 4,298	$ 4,081	$ 12,340	$ 12,098
Other investments	78	153	259	475
Total interest income	4,376	4,234	12,599	12,573
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	1,943	1,956	5,593	5,926
Net interest income	2,433	2,278	7,006	6,647
Provision for loan losses	150	350	350	350
Net interest income after provision for loan losses	2,283	1,928	6,656	6,297
Noninterest Income				
Loan fees	97	82	352	215
Patronage refunds from other Farm Credit institutions	659	640	2,124	2,055
Gains (losses) on other property owned, net	(29)	–	(34)	(18)
Gains (losses) on sales of rural home loans, net	1	(1)	5	(1)
Insurance Fund refunds	–	–	–	676
Other noninterest income	6	5	40	31
Total noninterest income	734	726	2,487	2,958
Noninterest Expense				
Salaries and employee benefits	961	891	3,011	2,739
Occupancy and equipment	84	96	247	272
Insurance Fund premiums	69	33	200	95
Other operating expenses	238	269	820	832
Total noninterest expense	1,352	1,289	4,278	3,938
Income before income taxes	1,665	1,365	4,865	5,317
Provision for income taxes	48	55	88	157
Net income	1,617	1,310	4,777	5,160
Other comprehensive income	–	–	–	–
Comprehensive income	$ 1,617	$ 1,310	$ 4,777	$ 5,160

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

Central Kentucky Agricultural Credit Association

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)	Capital Stock and Participation Certificates	Retained Earnings Allocated	Retained Earnings Unallocated	Total Members' Equity
Balance at December 31, 2011	$ 6,219	$ 19,961	$ 15,708	$ 41,888
Comprehensive income			5,160	5,160
Capital stock/participation certificates issued/(retired), net	276			276
Retained earnings retired		(44)		(44)
Patronage distribution adjustment		108	(147)	(39)
Balance at September 30, 2012	$ 6,495	$ 20,025	$ 20,721	$ 47,241
Balance at December 31, 2012	$ 6,590	$ 24,424	$ 15,997	$ 47,011
Comprehensive income			4,777	4,777
Capital stock/participation certificates issued/(retired), net	231			231
Patronage distribution adjustment		152	(222)	(70)
Balance at September 30, 2013	$ 6,821	$ 24,576	$ 20,552	$ 51,949

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

Central Kentucky Agricultural Credit Association

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 Central Kentucky Agricultural Credit Association, ACA (the Association). A description of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2012, are contained in the 2012 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with generally accepted accounting principles (GAAP) and prevailing practices within the banking industry.

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

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

Significant Accounting Policies

The Association maintains an allowance for loan losses at a level considered adequate by management to provide for probable and estimable losses inherent in the loan portfolio as of the report date. The allowance for loan losses is increased through provisions for loan losses and loan recoveries and is decreased through loan charge-offs and allowance reversals. A review of individual loans in each respective portfolio is performed periodically to determine the appropriateness of risk ratings and to ensure loss exposure to the Association has been identified.

Recently Issued Accounting Pronouncements

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

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

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

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

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

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES

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

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

A summary of loans outstanding at period end follows:

	September 30, 2013	December 31, 2012
Real estate mortgage	$ 221,209	$ 209,926
Production and intermediate-term	122,817	115,268
Loans to cooperatives	40	–
Processing and marketing	846	(5)
Farm-related business	552	618
Rural residential real estate	9,571	7,360
Lease receivables	–	38
Total Loans	$ 355,035	$ 333,205

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 Administrations (FCA) regulations. The following tables present participation loan balances at periods ended:

	September 30, 2013							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ –	$ 29,347	$ –	$ –	$ –	$ 1,232	$ –	$ 30,579
Production and intermediate-term	–	9,772	287	–	–	672	287	10,444
Processing and marketing	918	–	–	–	–	–	918	–
Farm-related business	–	2,059	–	–	–	–	–	2,059
Total	$ 918	$ 41,178	$ 287	$ –	$ –	$ 1,904	$ 1,205	$ 43,082

	December 31, 2012							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ –	$ 30,273	$ –	$ –	$ –	$ 897	$ –	$ 31,170
Production and intermediate-term	2,162	10,305	667	–	–	700	2,829	11,005
Processing and marketing	–	–	–	–	–	–	–	–
Farm-related business	–	2,111	–	–	–	–	–	2,111
Total	$ 2,162	$ 42,689	$ 667	$ –	$ –	$ 1,597	$ 2,829	$ 44,286

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

	September 30, 2013			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 20,646	$ 55,388	$ 145,175	$ 221,209
Production and intermediate-term	34,810	54,868	33,139	122,817
Loans to cooperatives	40	–	–	40
Processing and marketing	89	757	–	846
Farm-related business	–	327	225	552
Rural residential real estate	1,420	460	7,691	9,571
Total Loans	$ 57,005	$ 111,800	$ 186,230	$ 355,035
Percentage	16.06%	31.49%	52.45%	100.00%

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

	September 30, 2013	December 31, 2012
Real estate mortgage:		
Acceptable	93.59%	94.19%
OAEM	3.01	1.68
Substandard/doubtful/loss	3.40	4.13
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	96.32%	94.56%
OAEM	1.71	2.11
Substandard/doubtful/loss	1.97	3.33
	100.00%	100.00%
Loans to cooperatives		
Acceptable	100.00%	–%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	–%
Processing and marketing:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%

	September 30, 2013	December 31, 2012
Farm-related business:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	96.34%	95.05%
OAEM	0.53	0.72
Substandard/doubtful/loss	3.13	4.23
	100.00%	100.00%
Lease receivables:		
Acceptable	–%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	–%	100.00%
Total Loans:		
Acceptable	94.64%	94.35%
OAEM	2.48	1.81
Substandard/doubtful/loss	2.88	3.84
	100.00%	100.00%

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

	September 30, 2013					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 5,718	$ 3,565	$ 9,283	$ 214,344	$ 223,627	$ 1
Production and intermediate-term	790	1,371	2,161	122,679	124,840	41
Loans to cooperatives	–	–	–	40	40	–
Processing and marketing	–	–	–	849	849	–
Farm-related business	–	–	–	559	559	–
Rural residential real estate	255	–	255	9,342	9,597	–
Total	$ 6,763	$ 4,936	$ 11,699	$ 347,813	$ 359,512	$ 42

	December 31, 2012					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 2,015	$ 3,851	$ 5,866	$ 206,103	$ 211,969	$ 249
Production and intermediate-term	316	2,252	2,568	114,586	117,154	24
Processing and marketing	–	–	–	(5)	(5)	–
Farm-related business	–	–	–	620	620	–
Rural residential real estate	–	107	107	7,270	7,377	–
Lease receivables	–	–	–	39	39	–
Total	$ 2,331	$ 6,210	$ 8,541	$ 328,613	$ 337,154	$ 273

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

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

	September 30, 2013	December 31, 2012
Nonaccrual loans:		
Real estate mortgage	$ 3,731	$ 3,822
Production and intermediate-term	2,309	2,432
Rural residential real estate	100	107
Total nonaccrual loans	$ 6,140	$ 6,361
Accruing restructured loans:		
Total accruing restructured loans	$ –	$ –
Accruing loans 90 days or more past due:		
Real estate mortgage	$ 1	$ 249
Production and intermediate-term	41	24
Rural residential real estate	–	–
Total accruing loans 90 days or more past due	$ 42	$ 273
Total nonperforming loans	$ 6,182	$ 6,634
Other property owned	586	88
Total nonperforming assets	$ 6,768	$ 6,722
Nonaccrual loans as a percentage of total loans	1.73%	1.91%
Nonperforming assets as a percentage of total loans and other property owned	1.90%	2.02%
Nonperforming assets as a percentage of capital	13.03%	14.30%

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

	September 30, 2013	December 31, 2012
Impaired nonaccrual loans:		
Current as to principal and interest	$ 1,147	$ 415
Past due	4,993	5,946
Total impaired nonaccrual loans	6,140	6,361
Impaired accrual loans:		
Restructured	–	–
90 days or more past due	42	273
Total impaired accrual loans	42	273
Total impaired loans	$ 6,182	$ 6,634

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

	September 30, 2013			Quarter Ended September 30, 2013		Nine Months Ended September 30, 2013	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans	Average Impaired Loans	Interest Income Recognized on Impaired Loans
Impaired loans with a related allowance for credit losses:							
Real estate mortgage	$ 2,478	$ 2,478	$ 713	$ 2,685	$ 33	$ 2,746	$ 64
Production and intermediate-term	1,980	1,970	267	2,146	26	2,195	51
Rural residential real estate	–	–	–	–	–	–	–
Total	$ 4,458	$ 4,448	$ 980	$ 4,831	$ 59	$ 4,941	$ 115
Impaired loans with no related allowance for credit losses:							
Real estate mortgage	$ 1,254	$ 1,199	$ –	$ 1,359	$ 16	$ 1,391	$ 32
Production and intermediate-term	370	336	–	401	5	410	9
Rural residential real estate	100	107	–	109	1	111	3
Total	$ 1,724	$ 1,642	$ –	$ 1,869	$ 22	$ 1,912	$ 44
Total impaired loans:							
Real estate mortgage	$ 3,732	$ 3,677	$ 713	$ 4,044	$ 49	$ 4,137	$ 96
Production and intermediate-term	2,350	2,306	267	2,547	31	2,605	60
Rural residential real estate	100	107	–	109	1	111	3
Total	$ 6,182	$ 6,090	$ 980	$ 6,700	$ 81	$ 6,853	$ 159

	December 31, 2012			Year Ended December 31, 2012	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans
Impaired loans with a related allowance for credit losses:					
Real estate mortgage	$ 2,047	$ 2,044	$ 8	$ 1,403	$ 46
Production and intermediate-term	2,048	2,341	705	1,403	46
Total	$ 4,095	$ 4,385	$ 713	$ 2,806	$ 92
Impaired loans with no related allowance for credit losses:					
Real estate mortgage	$ 2,024	$ 2,014	$ –	$ 1,386	$ 46
Production and intermediate-term	408	486	–	281	9
Rural residential real estate	107	108	–	74	3
Total	$ 2,539	$ 2,608	$ –	$ 1,741	$ 58
Total impaired loans:					
Real estate mortgage	$ 4,071	$ 4,058	$ 8	$ 2,789	$ 92
Production and intermediate-term	2,456	2,827	705	1,684	55
Rural residential real estate	107	108	–	74	3
Total	$ 6,634	$ 6,993	$ 713	$ 4,547	$ 150

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

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

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

	Real Estate Mortgage	Production and Intermediate-term	Agribusiness*	Rural Residential Real Estate	Lease Receivables	Total
Allowance for credit losses:						
Balance at June 30, 2013	$ 2,430	$ 1,320	$ 3	$ 69	$ –	$ 3,822
Charge-offs	–	(22)	–	–	–	(22)
Recoveries	–	–	–	–	–	–
Provision for loan losses	161	(22)	8	3	–	150
Balance at September 30, 2013	$ 2,591	$ 1,276	$ 11	$ 72	$ –	$ 3,950
Balance at December 31, 2012	$ 1,900	$ 1,797	$ 5	$ 58	$ –	$ 3,760
Charge-offs	–	(192)	–	–	–	(192)
Recoveries	1	31	–	–	–	32
Provision for loan losses	690	(360)	6	14	–	350
Balance at September 30, 2013	$ 2,591	$ 1,276	$ 11	$ 72	$ –	$ 3,950
Balance at June 30, 2012	$ 1,858	$ 1,399	$ 285	$ 49	$ –	$ 3,591
Charge-offs	–	(262)	–	–	–	(262)
Recoveries	–	–	–	–	–	–
Provision for loan losses	47	259	13	31	–	350
Balance at September 30, 2012	$ 1,905	$ 1,396	$ 298	$ 80	$ –	$ 3,679
Balance at December 31, 2011	$ 1,955	$ 1,293	$ 289	$ 47	$ –	$ 3,584
Charge-offs	–	(262)	–	–	–	(262)
Recoveries	–	7	–	–	–	7
Provision for loan losses	(50)	358	9	33	–	350
Balance at September 30, 2012	$ 1,905	$ 1,396	$ 298	$ 80	$ –	$ 3,679
Loans individually evaluated for impairment	$ 713	$ 267	$ –	$ –	$ –	$ 980
Loans collectively evaluated for impairment	1,878	1,009	11	72	–	2,970
Balance at September 30, 2013	$ 2,591	$ 1,276	$ 11	$ 72	$ –	$ 3,950
Loans individually evaluated for impairment	$ 8	$ 705	$ –	$ –	$ –	$ 713
Loans collectively evaluated for impairment	1,892	$ 1,092	$ 5	$ 58	$ –	$ 3,047
Balance at December 31, 2012	$ 1,900	$ 1,797	$ 5	$ 58	$ –	$ 3,760
Recorded investment in loans outstanding:						
Loans individually evaluated for impairment	$ 3,885	$ 1,288	$ –	$ 100	$ –	$ 5,273
Loans collectively evaluated for impairment	219,742	123,552	1,448	9,497	–	354,239
Ending balance at September 30, 2013	$ 223,627	$ 124,840	$ 1,448	$ 9,597	$ –	$ 359,512
Loans individually evaluated for impairment	$ 5,351	$ 2,789	$ –	$ 107	$ –	$ 8,247
Loans collectively evaluated for impairment	206,618	114,365	615	7,270	39	328,907
Ending balance at December 31, 2012	$ 211,969	$ 117,154	$ 615	$ 7,377	$ 39	$ 337,154

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

A restructuring of a debt constitutes a troubled debt restructuring (TDR) if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The following tables present additional information about activity that occurred during the periods presented related to TDRs. There were no TDRs for the three or nine month periods ended September 30, 2013.

	Three months ended September 30, 2012			
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 5,472	$ –	$ 5,472
Production and intermediate-term	–	1,023	–	1,023
Total	$ –	$ 6,495	$ –	$ 6,495

	Three months ended September 30, 2012					
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 5,472	$ –	$ 5,472	$ –	$ –
Production and intermediate-term	–	1,023	–	1,023	–	–
Total	$ –	$ 6,495	$ –	$ 6,495	$ –	$ –

	Nine months ended September 30, 2012			
	Pre-modification Outstanding Recorded Investment			
	Interest Concessions	Principal Concessions	Other Concessions	Total
Troubled debt restructurings:				
Real estate mortgage	$ –	$ 5,472	$ –	$ 5,472
Production and intermediate-term	–	1,023	–	1,023
Total	$ –	$ 6,495	$ –	$ 6,495

	Nine months ended September 30, 2012					
	Post-modification Outstanding Recorded Investment				Effects of Modification	
	Interest Concessions	Principal Concessions	Other Concessions	Total	Provisions	Charge-offs
Troubled debt restructurings:						
Real estate mortgage	$ –	$ 5,472	$ –	$ 5,472	$ –	$ –
Production and intermediate-term	–	1,023	–	1,023	–	–
Total	$ –	$ 6,495	$ –	$ 6,495	$ –	$ –

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	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Real estate mortgage	$ 2,020	$ 2,030	$ 2,020	$ 2,030
Production and intermediate-term	170	378	170	378
Total Loans	$ 2,190	$ 2,408	$ 2,190	$ 2,408
Additional commitments to lend	$ –	$ –		

NOTE 3 – EMPLOYEE BENEFIT PLANS

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	2012	2013	2012
Pension	$ 181	$ 166	$ 544	$ 499
401(k)	35	32	104	97
Other postretirement benefits	28	24	83	71
Total	$ 244	$ 222	$ 731	$ 667

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

	Actual YTD Through 9/30/13	Projected Contributions For Remainder of 2013	Projected Total Contributions 2013
Pension	$ –	$ 835	$ 835
Other postretirement benefits	43	18	61
Total	$ 43	$ 853	$ 896

Contributions in the above table include allocated estimates of funding for multi-employer plans in which the Association participates. These amounts may change when a total funding amount and allocation is determined by the respective Plan's Sponsor Committee. Also, market conditions could impact discount rates and return on plan assets which could change contributions necessary before the next plan measurement date of December 31, 2013.

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

NOTE 4 – COMMITMENTS AND CONTINGENT LIABILITIES

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

NOTE 5 – NOTES PAYABLE TO AGFIRST FARM CREDIT BANK

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

NOTE 6 – FAIR VALUE MEASUREMENT

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

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

Estimating the fair value of the Association's investment in the Bank and Other Farm Credit Institutions is not practicable because the stock is not traded. The net investment is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying Consolidated Balance Sheets. The Association owns 1.49 percent of the issued stock of the Bank as of September 30, 2013 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.5 billion and shareholders' equity totaled $2.4 billion. The Bank's earnings were $350 million for the first nine months of 2013. In addition, the Association has an investment of $5 related to other Farm Credit institutions.

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

Level 1

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

For cash, the carrying value is primarily utilized as a reasonable estimate of fair value.

Level 2

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

Level 3

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

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

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

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

For other investments, which consist of Tobacco Buyout Successor-in-Interest Contracts (SIIC), fair value is determined by discounting estimated future cash flows using prevailing rates for similar instruments.

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

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

The following tables present the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the periods presented. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the periods presented.

	Standby Letters Of Credit
Balance at January 1, 2013	$ 5
Issuances	–
Settlements	–
Transfers in and/or out of level 3	–
Balance at September 30, 2013	$ 5

	Standby Letters Of Credit
Balance at January 1, 2012	$ 19
Issuances	–
Settlements	(7)
Transfers in and/or out of level 3	–
Balance at September 30, 2012	$ 12

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.

Property Owned/Impaired Loans

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

Inputs to Valuation Techniques

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

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

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 5,874	Appraisal	Income and expense	*
			Comparable sales	*
			Replacement costs	*
			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
Other investments	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

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

	At or for the Nine Months Ended September 30, 2013					
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Fair Value Effects On Earnings**
Recurring Measurements						
Assets:						
Recurring Assets	$ –	$ –	$ –	$ –	$ –	
Liabilities:						
Standby letters of credit	$ 5	$ –	$ –	$ 5	$ 5	
Recurring Liabilities	$ 5	$ –	$ –	$ 5	$ 5	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 5,202	$ –	$ –	$ 5,202	$ 5,202	$ (427)
Other property owned	586	–	–	672	672	(33)
Nonrecurring Assets	$ 5,788	$ –	$ –	$ 5,874	$ 5,874	$ (460)
Other Financial Instruments						
Assets:						
Cash	$ 568	$ 568	$ –	$ –	$ 568	
Loans	345,999	–	–	342,460	342,460	
Other investments	6,651	–	–	6,767	6,767	
Other Assets	$ 353,218	$ 568	$ –	$ 349,227	$ 349,795	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 321,154	$ –	$ –	$ 317,307	$ 317,307	
Other Liabilities	$ 321,154	$ –	$ –	$ 317,307	$ 317,307	

	At or for the Year Ended December 31, 2012					
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Fair Value Effects On Earnings**
Recurring Measurements						
Assets:						
Recurring Assets	$ –	$ –	$ –	$ –	$ –	
Liabilities:						
Standby letters of credit	$ 5	$ –	$ –	$ 5	$ 5	
Recurring Liabilities	$ 5	$ –	$ –	$ 5	$ 5	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 5,921	$ –	$ –	$ 5,921	$ 5,921	$ (409)
Other property owned	88	–	–	89	89	(18)
Nonrecurring Assets	$ 6,009	$ –	$ –	$ 6,010	$ 6,010	$ (427)
Other Financial Instruments						
Assets:						
Cash	$ 1,013	$ 1,013	$ –	$ –	$ 1,013	
Loans	323,893	–	–	323,833	323,833	
Other investments	13,185	–	–	13,479	13,479	
Other Assets	$ 338,091	$ 1,013	$ –	$ 337,312	$ 338,325	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 309,630	$ –	$ –	$ 310,449	$ 310,449	
Other Liabilities	$ 309,630	$ –	$ –	$ 310,449	$ 310,449	

NOTE 7 – SUBSEQUENT EVENTS

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

On October 21, 2013, AgFirst's Board of Directors declared a special patronage distribution to be paid on January 1, 2014. The Association will receive approximately $4,207 which will be recorded in October 2013 as patronage refunds from other Farm Credit institutions.