First South Farm Credit, ACA

SECOND QUARTER 2015

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CERTIFICATION

The undersigned certify that we have reviewed the June 30, 2015 quarterly report of First South 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.

Dan West
Chairman of the Board

Roger F. Chappell
Chief Executive Officer

Bryan Applewhite
Chief Financial Officer

August 7, 2015

First South Farm Credit, ACA

Report on Internal Control Over Financial Reporting

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

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements. The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of June 30, 2015. In making the assessment, management used the framework in *Internal Control — Integrated Framework (2013)*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association's management concluded that as of June 30, 2015, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association's management determined that there were no material weaknesses in the internal control over financial reporting as of June 30, 2015.

Roger F. Chappell

Roger F. Chappell
Chief Executive Officer

Bryan Applewhite

Bryan Applewhite
Chief Financial Officer

August 7, 2015

First South 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 *First South Farm Credit, ACA* (Association) for the period ended June 30, 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 including poultry, cotton, livestock and forestry. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, somewhat reduces the level of dependency on any single commodity.

Comparison of June 30, 2015 to December 31, 2014

The gross loan volume of the Association as of June 30, 2015, was $1,569,556 as compared to $1,440,403 at December 31, 2014. Net loans outstanding at June 30, 2015, were $1,559,031 as compared to $1,430,276 at December 31, 2014. Net loans accounted for 93.06 percent of total assets at June 30, 2015, as compared to 90.31 percent of total assets at December 31, 2014.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased to $4,670 at June 30, 2015 from $5,289 at December 31, 2014, a decrease of $619.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible losses in the loan portfolio based on current and expected future conditions. The allowance for loan losses at June 30, 2015, was $10,525 compared to $10,127 at December 31, 2014, and was considered by management to be adequate to cover possible losses.

RESULTS OF OPERATIONS

For the three months ended June 30, 2015

Net income for the three months ended June 30, 2015, totaled $4,869, as compared to $6,282 for the same period in 2014. The decrease in net income primarily relates to an increase in salaries and employee benefits. Other changes are further discussed below.

Noninterest income for the three months ended June 30, 2015 totaled $4,232, as compared to $4,714 for the same period of 2014, a decrease of $482. The decrease is primarily the result of decreased patronage refunds from other Farm Credit institutions of $428 and a decrease in loan fees of $113. The decreases above were offset by an increase of $30 in both fees for financially related services and gains on sales of premises and equipment.

Noninterest expense for the three months ended June 30, 2015 increased $1,343 compared to the same period of 2014. The increase is attributable to increased salaries and employee benefits of $919, an increase in other operating expenses of $53, an increase in Insurance Fund premiums of $50, and an increase in net losses on other property owned of $357. The increases above were offset by a reduction in occupancy and equipment of $36.

The Association recorded a provision for loan losses of $583 for the three months ended June 30, 2015, compared to a provision for loan losses of $705 for the same period in 2014. The Association recorded a provision of $68 for income taxes for the three months ended June 30, 2015, compared to a provision for income taxes of $93 for the same period of 2014.

For the six months ended June 30, 2015

Net income for the six months ended June 30, 2015, totaled $9,577, as compared to $11,333 for the same period in 2014. This decrease in net income of $1,756 relates primarily to various increases in noninterest expense which will be further explained below. Net interest income after the provision for loan losses for the six months ended June 30, 2015 increased $990 as compared to the same period in 2014. The increase in net interest income after the provision for loan losses was primarily the result of increased interest income of $2,385, and a provision for loan losses decrease of $266 versus the same period of 2014. The above additions to net income were offset by an increase in interest expense on notes payable to AgFirst Farm Credit Bank of $1,661.

Noninterest income for the six months ended June 30, 2015, totaled $8,509, as compared to $9,317 for the same period of 2014, a decrease of $808. The decrease is primarily attributable to reduced patronage refunds from other Farm Credit institutions of $700, a decrease in loan fees of $125, and a decrease in fees for financially related services of $30. These decreases were offset by increased gains on sales of premises and equipment of $30 and an increase in other non interest income of $17 versus the same period in 2014.

Noninterest expense for the six months ended June 30, 2015, increased $1,956 compared to the same period of 2014. The increases in noninterest expense were due to an increase in salaries and employee benefits of $2,014, an increase of $130 in other operating expenses, an increase in Insurance Fund premiums of $101 and an increase of $65 in losses on other property owned. The above were offset by a decrease of $84 in occupancy and equipment.

As mentioned above, the Association recorded provision for loan losses of $726 for the six months ended June 30, 2015, compared to a provision for loan losses of $992 for the same period in 2014. The Association also recorded a provision for income taxes of $79 and $97 for the six month periods ended June 30, 2015 and 2014, respectively.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with the AgFirst Farm Credit Bank (Bank) through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The Bank advances funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at June 30, 2015 was $1,294,058 as compared to $1,194,897 at December 31, 2014, an increase of $99,161. The decrease in notes payable from December 31, 2014 to June 30, 2015 is primarily related to seasonal lending in the portfolio.

CAPITAL RESOURCES

Total members' equity at June 30, 2015 and December 31, 2014 was $328,987 and $322,990, respectively. Capital stock declined primarily due to the decrease in the stock requirement noted below. Allocated and unallocated retained earnings changes reflect the impact of normal earnings and patronage payments.

In January 2013, the stock requirement on loans was changed from the lessor of 2% of the loan or $5,000 to the lessor of 2% of the loan or $1,000.

Farm Credit Administration (FCA) regulations require all Farm Credit institutions to maintain minimum permanent capital, total surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of June 30, 2015, the Association's permanent capital ratio, total surplus ratio and core surplus ratio were 18.21, 17.57 and 17.08 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

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 initial public comment period ended on February 16, 2015. On June 15, 2015, the Farm Credit Administration board voted to reopen the comment period from June 26 to July 10, 2015. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise.
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System.
- To make System regulatory capital requirements more transparent.

- To meet the requirements of section 939A of the Dodd-Frank 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.

STOCKHOLDER INVESTMENT

Stockholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst Farm Credit Bank's Quarterly and Annual Reports are on the AgFirst website, *www.agfirst.com*, or may be obtained at no charge by calling 1-800-845-1745, extension 2832, or writing Susanne Caughman, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Copies of the Association's Annual and Quarterly reports are also on the Association's website, *www.firstsouthland.com*, or may be obtained upon request free of charge by calling 1-800-955-1722 or writing Bryan Applewhite, First South Farm Credit, ACA, 574 Highland Colony Parkway, Suite 100, Ridgeland, MS 39157. 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.

First South Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	June 30, 2015	December 31, 2014
	(unaudited)	*(audited)*
Assets		
Cash	**$ 3,709**	$ 15,609
Loans	**1,569,556**	1,440,403
Allowance for loan losses	**(10,525)**	(10,127)
Net loans	**1,559,031**	1,430,276
Accrued interest receivable	**14,799**	13,231
Investments in other Farm Credit institutions	**78,141**	79,291
Premises and equipment, net	**9,507**	9,672
Other property owned	**1,177**	2,247
Accounts receivable	**7,296**	31,981
Other assets	**1,660**	1,465
Total assets	**$ 1,675,320**	$ 1,583,772
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,294,058**	$ 1,194,897
Accrued interest payable	**2,504**	2,397
Patronage refunds payable	**5**	11,546
Accounts payable	**2,568**	4,906
Other liabilities	**47,198**	47,036
Total liabilities	**1,346,333**	1,260,782
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**59,907**	60,348
Retained earnings		
Allocated	**183,853**	186,287
Unallocated	**114,236**	106,543
Accumulated other comprehensive income (loss)	**(29,009)**	(30,188)
Total members' equity	**328,987**	322,990
Total liabilities and members' equity	**$ 1,675,320**	$ 1,583,772

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

First South Farm Credit, ACA

Consolidated Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Interest Income				
Loans	**$ 18,129**	$ 17,042	**$ 35,029**	$ 32,644
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	**7,327**	6,505	**14,004**	12,343
Net interest income	**10,802**	10,537	**21,025**	20,301
Provision for loan losses	**583**	705	**726**	992
Net interest income after provision for loan losses	**10,219**	9,832	**20,299**	19,309
Noninterest Income				
Loan fees	**666**	779	**1,466**	1,591
Fees for financially related services	**67**	37	**11**	41
Patronage refunds from other Farm Credit institutions	**3,470**	3,898	**6,832**	7,532
Gains (losses) on sales of premises and equipment, net	**30**	—	**30**	—
Other noninterest income (loss)	**(1)**	—	**170**	153
Total noninterest income	**4,232**	4,714	**8,509**	9,317
Noninterest Expense				
Salaries and employee benefits	**6,764**	5,845	**13,690**	11,946
Occupancy and equipment	**368**	404	**748**	832
Insurance Fund premiums	**361**	311	**689**	588
(Gains) losses on other property owned, net	**57**	(300)	**66**	1
Other operating expenses	**1,964**	1,911	**3,959**	3,829
Total noninterest expense	**9,514**	8,171	**19,152**	17,196
Income before income taxes	**4,937**	6,375	**9,656**	11,430
Provision for income taxes	**68**	93	**79**	97
Net income	**$ 4,869**	$ 6,282	**$ 9,577**	$ 11,333

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

First South Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended June 30, 2015	For the three months ended June 30, 2014	For the six months ended June 30, 2015	For the six months ended June 30, 2014
Net income	**$ 4,869**	$ 6,282	**$ 9,577**	$ 11,333
Other comprehensive income net of tax				
Employee benefit plans adjustments	**589**	249	**1,179**	498
Comprehensive income	**$ 5,458**	$ 6,531	**$ 10,756**	$ 11,831

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

First South 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	$ 61,513	$ 161,836	$ 102,939	$ (17,412)	$ 308,876
Comprehensive income			11,333	498	11,831
Capital stock/participation certificates issued/(retired), net	(493)				(493)
Retained earnings retired		(2,342)			(2,342)
Patronage distribution adjustment		1,576	(1,170)		406
Balance at June 30, 2014	$ 61,020	$ 161,070	$ 113,102	$ (16,914)	$ 318,278
Balance at December 31, 2014	**$ 60,348**	**$ 186,287**	**$ 106,543**	**$ (30,188)**	**$ 322,990**
Comprehensive income			**9,577**	**1,179**	**10,756**
Capital stock/participation certificates issued/(retired), net	**(441)**				**(441)**
Retained earnings retired		**(4,486)**			**(4,486)**
Patronage distribution adjustment		**2,052**	**(1,884)**		**168**
Balance at June 30, 2015	**$ 59,907**	**$ 183,853**	**$ 114,236**	**$ (29,009)**	**$ 328,987**

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

First South 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 First South Farm Credit, ACA (the Association). A description of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations for the Association as of and for the year ended December 31, 2014, are contained in the 2014 Annual Report to Shareholders. These unaudited interim consolidated financial statements should be read in conjunction with the latest Annual Report to Shareholders.

Basis of Presentation
In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair statement of results for the periods presented. These adjustments are of a normal recurring nature, unless otherwise disclosed.

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

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

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

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

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

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

- 2015-10 Technical Corrections and Improvements – In June, 2015, the FASB issued ASU 2015-10, Technical Corrections and Improvements (numerous Topics). The amendments in the Update represent changes to make minor corrections or minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments were effective upon the issuance of the Update.

- 2015-07 Fair Value Measurement – In May, 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent). Topic 820 permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. Currently, investments valued using the practical expedient are categorized within the fair value hierarchy on the basis of whether the investment is redeemable with the investee at net asset value on the measurement date, never redeemable with the investee at net asset value, or redeemable with the investee at net asset value at a future date. To address diversity in practice related to how certain investments measured at net asset value with future redemption dates are categorized, the amendments in this Update remove the requirement to categorize investments for which fair values are measured using the net asset value per share practical expedient. It also limits disclosures to investments for which the entity has elected to measure the fair value using the practical expedient. For public business entities, the guidance is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.

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

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

Potential effects of ASUs issued in previous periods:

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

Accounting Standards Effective During the Period
There were no changes in the accounting principles applied from the latest Annual Report, other than any discussed below.

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

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

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

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

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

Note 2 — Loans and Allowance for Loan Losses

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

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

A summary of loans outstanding at period end follows:

	June 30, 2015	December 31, 2014
Real estate mortgage	$ 805,536	$ 589,259
Production and intermediate-term	707,621	798,383
Loans to cooperatives	1,283	4,955
Processing and marketing	29,003	24,396
Farm-related business	7,145	6,976
Communication	15,298	13,082
Rural residential real estate	3,670	3,352
Total Loans	$ 1,569,556	$ 1,440,403

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

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

	June 30, 2015							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 1,630	$ 77,793	$ –	$ –	$ 48,704	$ –	$ 50,334	$ 77,793
Production and intermediate-term	1,810	96,468	6,396	–	15,054	–	23,260	96,468
Loans to cooperatives	–	–	–	–	932	–	932	–
Processing and marketing	17,260	146	–	4,164	–	–	17,260	4,310
Farm-related business	802	71	–	–	137	–	939	71
Communication	15,310	–	–	–	–	–	15,310	–
Rural residential real estate	–	–	–	–	249	–	249	–
Total	$ 36,812	$ 174,478	$ 6,396	$ 4,164	$ 65,076	$ –	$ 108,284	$ 178,642

	December 31, 2014							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 1,835	$ 64,757	$ –	$ –	$ 44,566	$ –	$ 46,401	$ 64,757
Production and intermediate-term	653	127,052	6,000	–	22,326	–	28,979	127,052
Loans to cooperatives	–	–	1,848	–	1,918	–	3,766	–
Processing and marketing	12,237	146	–	3,634	–	–	12,237	3,780
Farm-related business	458	71	–	–	140	–	598	71
Communication	13,088	–	–	–	–	–	13,088	–
Rural residential real estate	–	–	–	–	46	–	46	–
Total	$ 28,271	$ 192,026	$ 7,848	$ 3,634	$ 68,996	$ –	$ 105,115	$ 195,660

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

	June 30, 2015			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 27,550	$ 227,541	$ 550,445	$ 805,536
Production and intermediate-term	204,566	279,083	223,972	707,621
Loans to cooperatives	283	729	271	1,283
Processing and marketing	3,310	19,701	5,992	29,003
Farm-related business	2,709	4,223	213	7,145
Communication	–	15,298	–	15,298
Rural residential real estate	672	1,248	1,750	3,670
Total Loans	$ 239,090	$ 547,823	$ 782,643	$ 1,569,556
Percentage	15.23%	34.90%	49.87%	100.00%

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

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

	June 30, 2015	December 31, 2014
Real estate mortgage:		
Acceptable	95.10%	94.85%
OAEM	2.78	2.15
Substandard/doubtful/loss	2.12	3.00
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	94.34%	94.02%
OAEM	2.42	3.12
Substandard/doubtful/loss	3.24	2.86
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	100.00%	93.01%
OAEM	–	6.99
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Processing and marketing:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%

	June 30, 2015	December 31, 2014
Farm-related business:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Communication:		
Acceptable	100.00%	100.00%
OAEM	–	–
Substandard/doubtful/loss	–	–
	100.00%	100.00%
Rural residential real estate:		
Acceptable	90.78%	90.71%
OAEM	5.49	6.12
Substandard/doubtful/loss	3.73	3.17
	100.00%	100.00%
Total Loans:		
Acceptable	94.91%	94.53%
OAEM	2.53	2.62
Substandard/doubtful/loss	2.56	2.85
	100.00%	100.00%

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

	June 30, 2015					
	30 Through 89 Days Past Due	**90 Days or More Past Due**	**Total Past Due**	**Not Past Due or Less Than 30 Days Past Due**	**Total Loans**	**Recorded Investment 90 Days or More Past Due and Accruing Interest**
Real estate mortgage	$ 2,662	$ 128	$ 2,790	$ 809,730	$ 812,520	$ –
Production and intermediate-term	362	1,412	1,774	713,458	715,232	–
Loans to cooperatives	–	–	–	1,300	1,300	–
Processing and marketing	–	–	–	29,066	29,066	–
Farm-related business	–	–	–	7,196	7,196	–
Communication	–	–	–	15,322	15,322	–
Rural residential real estate	139	–	139	3,580	3,719	–
Total	$ 3,163	$ 1,540	$ 4,703	$ 1,579,652	$ 1,584,355	$ –

	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	$ 1,066	$ 325	$ 1,391	$ 592,786	$ 594,177	$ –
Production and intermediate-term	1,741	1,361	3,102	803,335	806,437	–
Loans to cooperatives	–	–	–	4,992	4,992	–
Processing and marketing	–	–	–	24,469	24,469	–
Farm-related business	–	–	–	7,082	7,082	–
Communication	–	–	–	13,108	13,108	–
Rural residential real estate	37	–	37	3,332	3,369	–
Total	$ 2,844	$ 1,686	$ 4,530	$ 1,449,104	$ 1,453,634	$ –

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

	June 30, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 835	$ 677
Production and intermediate-term	3,732	4,505
Rural residential real estate	103	107
Total	$ 4,670	$ 5,289
Accruing restructured loans:		
Real estate mortgage	$ 4,349	$ 6,392
Production and intermediate-term	1,125	6,343
Total	$ 5,474	$ 12,735
Accruing loans 90 days or more past due:		
Total	$ –	$ –
Total nonperforming loans	$ 10,144	$ 18,024
Other property owned	1,177	2,247
Total nonperforming assets	$ 11,321	$ 20,271
Nonaccrual loans as a percentage of total loans	0.30%	0.37%
Nonperforming assets as a percentage of total loans and other property owned	0.72%	1.41%
Nonperforming assets as a percentage of capital	3.44%	6.28%

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

	June 30, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	$ 2,729	$ 3,031
Past due	1,941	2,258
Total	4,670	5,289
Impaired accrual loans:		
Restructured	5,474	12,735
90 days or more past due	–	–
Total	5,474	12,735
Total impaired loans	$ 10,144	$ 18,024

The following tables present additional impaired loan information at period end. Unpaid principal balance rep7esents the contractual principal balance of the loan.

	June 30, 2015			Quarter Ended June 30, 2015		Six Months Ended June 30, 2015	
Impaired loans	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Impaired Loans	Interest Income Recognized on Impaired Loans	Average Impaired Loans	Interest Income Recognized on Impaired Loans
With a related allowance for credit losses:							
Real estate mortgage	$ 69	$ 82	$ 14	$ 101	$ 1	$ 111	$ 2
Production and intermediate-term	249	247	103	363	4	400	9
Farm-related business	–	–	–	–	–	–	–
Rural residential real estate	–	–	–	–	–	–	–
Total	$ 318	$ 329	$ 117	$ 464	$ 5	$ 511	$ 11
With no related allowance for credit losses:							
Real estate mortgage	$ 5,115	$ 5,381	$ –	$ 7,457	$ 79	$ 8,219	$ 175
Production and intermediate-term	4,608	7,784	–	6,717	71	7,404	156
Farm-related business	–	2	–	–	–	–	–
Rural residential real estate	103	163	–	150	2	165	3
Total	$ 9,826	$ 13,330	$ –	$ 14,324	$ 152	$ 15,788	$ 334
Total:							
Real estate mortgage	$ 5,184	$ 5,463	$ 14	$ 7,558	$ 80	$ 8,330	$ 177
Production and intermediate-term	4,857	8,031	103	7,080	75	7,804	165
Farm-related business	–	2	–	–	–	–	–
Rural residential real estate	103	163	–	150	2	165	3
Total	$ 10,144	$ 13,659	$ 117	$ 14,788	$ 157	$ 16,299	$ 345

Impaired loans	December 31, 2014 Recorded Investment	Unpaid Principal Balance	Related Allowance	Year Ended December 31, 2014 Average Impaired Loans	Interest Income Recognized on Impaired Loans
With a related allowance for credit losses:					
Real estate mortgage	$ –	$ –	$ –	$ –	$ –
Production and intermediate-term	1,723	2,083	309	1,706	62
Total	$ 1,723	$ 2,083	$ 309	$ 1,706	$ 62
With no related allowance for credit losses:					
Real estate mortgage	$ 7,069	$ 7,465	$ –	$ 7,000	$ 252
Production and intermediate-term	9,125	12,024	–	9,035	325
Farm-related business	–	4	–	–	–
Rural residential real estate	107	164	–	106	4
Total	$ 16,301	$ 19,657	$ –	$ 16,141	$ 581
Total:					
Real estate mortgage	$ 7,069	$ 7,465	$ –	$ 7,000	$ 252
Production and intermediate-term	10,848	14,107	309	10,741	387
Farm-related business	–	4	–	–	–
Rural residential real estate	107	164	–	106	4
Total	$ 18,024	$ 21,740	$ 309	$ 17,847	$ 643

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

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

	Real Estate Mortgage	Production and Intermediate-term	Agribusiness*	Communication	Rural Residential Real Estate	Total
Activity related to the allowance for credit losses:						
Balance at March 31, 2015	$ 4,088	$ 5,648	$ 137	$ 58	$ 31	$ 9,962
Charge-offs	66	(20)	–	–	–	46
Recoveries	(66)	–	–	–	–	(66)
Provision for loan losses	1,082	(508)	8	1	–	583
Balance at June 30, 2015	$ 5,170	$ 5,120	$ 145	$ 59	$ 31	$ 10,525
Balance at December 31, 2014	$ 3,949	$ 5,949	$ 151	$ 49	$ 29	$ 10,127
Charge-offs	52	(402)	–	–	–	(350)
Recoveries	(66)	88	–	–	–	22
Provision for loan losses	1,235	(515)	(6)	10	2	726
Balance at June 30, 2015	$ 5,170	$ 5,120	$ 145	$ 59	$ 31	$ 10,525
Balance at March 31, 2014	$ 3,485	$ 5,585	$ 312	$ 44	$ 28	$ 9,454
Charge-offs	–	1	–	–	–	1
Recoveries	13	88	–	–	–	101
Provision for loan losses	213	646	(154)	3	(3)	705
Balance at June 30, 2014	$ 3,711	$ 6,320	$ 158	$ 47	$ 25	$ 10,261
Balance at December 31, 2013	$ 3,338	$ 5,471	$ 294	$ 39	$ 38	$ 9,180
Charge-offs	–	(16)	–	–	–	(16)
Recoveries	13	92	–	–	–	105
Provision for loan losses	360	773	(136)	8	(13)	992
Balance at June 30, 2014	$ 3,711	$ 6,320	$ 158	$ 47	$ 25	$ 10,261
Allowance on loans evaluated for impairment:						
Individually	$ 14	$ 103	$ –	$ –	$ –	$ 117
Collectively	5,156	5,017	145	59	31	10,408
Balance at June 30, 2015	$ 5,170	$ 5,120	$ 145	$ 59	$ 31	$ 10,525
Individually	$ –	$ 309	$ –	$ –	$ –	$ 309
Collectively	3,949	5,640	151	49	29	9,818
Balance at December 31, 2014	$ 3,949	$ 5,949	$ 151	$ 49	$ 29	$ 10,127
Recorded investment in loans evaluated for impairment:						
Individually	$ 5,184	$ 4,857	$ 103	$ –	$ –	$ 10,144
Collectively	807,336	710,375	37,459	15,322	3,719	1,574,211
Balance at June 30, 2015	$ 812,520	$ 715,232	$ 37,562	$ 15,322	$ 3,719	$ 1,584,355
Individually	$ 7,069	$ 10,848	$ –	$ –	$ 107	$ 18,024
Collectively	587,108	795,589	36,543	13,108	3,262	1,435,610
Balance at December 31, 2014	$ 594,177	$ 806,437	$ 36,543	$ 13,108	$ 3,369	$ 1,453,634

**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 table presents additional information about pre-modification and post-modification outstanding recorded investment and the effects of the modifications that occurred during the periods presented. There were no TDRs that occurred during the three or six month periods ended June 30, 2015.

Outstanding Recorded Investment	Three Months Ended June 30, 2014 Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	$ –	$ 223	$ –	$ 223	
Total	$ –	$ 223	$ –	$ 223	
Post-modification:					
Real estate mortgage	$ –	$ 223	$ –	$ 223	$ –
Total	$ –	$ 223	$ –	$ 223	$ –

Outstanding Recorded Investment	Six Months Ended June 30, 2014 Interest Concessions	Principal Concessions	Other Concessions	Total	Charge-offs
Pre-modification:					
Real estate mortgage	$ –	$ 223	$ –	$ 223	
Production and intermediate-term	–	482	–	482	
Total	$ –	$ 705	$ –	$ 705	
Post-modification:					
Real estate mortgage	$ –	$ 223	$ –	$ 223	$ –
Production and intermediate-term	–	482	–	482	–
Total	$ –	$ 705	$ –	$ 705	$ –

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	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Real estate mortgage	$ 4,441	$ 6,489	$ 92	$ 97
Production and intermediate-term	1,125	6,343	–	–
Total Loans	$ 5,566	$ 12,832	$ 92	$ 97
Additional commitments to lend	$ –	$ –		

The following table presents information as of period end:

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

Note 3 — Investments

Investments in other Farm Credit Institutions

The Association is required to maintain ownership in AgFirst Farm Credit Bank (AgFirst or the Bank) of Class B and Class C stock as determined by the Bank. The Bank may require additional capital contributions to maintain its capital requirements. The Association owns 11.14 percent of the issued stock of the Bank as of June 30, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.8 billion and shareholders' equity totaled $2.4 billion. The Bank's earnings were $168 million for the first six months of 2015. In addition, the Association has an investment of $79 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

Changes in Accumulated Other Comprehensive Income by Component *(a)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Employee Benefit Plans:				
Balance at beginning of period	$ (29,598)	$ (17,163)	$ (30,188)	$ (17,412)
Other comprehensive income before reclassifications	–	–	–	–
Amounts reclassified from AOCI	589	249	1,179	498
Net current period other comprehensive income	589	249	1,179	498
Balance at end of period	$ (29,009)	$ (16,914)	$ (29,009)	$ (16,914)

Reclassifications Out of Accumulated Other Comprehensive Income *(b)*

	Three Months Ended June 30,		Six Months Ended June 30,		
	2015	**2014**	**2015**	**2014**	**Income Statement Line Item**
Defined Benefit Pension Plans:					
Periodic pension costs	$ (589)	$ (249)	$ (1,179)	$ (498)	See Note 7.
Net amounts reclassified	$ (589)	$ (249)	$ (1,179)	$ (498)	

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

Note 6 — Fair Value Measurement

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

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

The classifications within the fair value hierarchy are as follows:

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

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

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

	At or for the Six Months Ended June 30, 2015					
	Total Carrying Amount	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Fair Value Effects On Earnings**
Recurring Measurements						
Assets:						
Recurring Assets	$ –	$ –	$ –	$ –	$ –	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 10,027	$ –	$ –	$ 10,027	$ 10,027	$ (136)
Other property owned	1,177	–	–	1,353	1,353	(29)
Nonrecurring Assets	$ 11,204	$ –	$ –	$ 11,380	$ 11,380	$ (165)
Other Financial Instruments						
Assets:						
Cash	$ 3,709	$ 3,709	$ –	$ –	$ 3,709	
Loans	1,549,004	–	–	1,529,279	1,529,279	
Other Financial Assets	$ 1,552,713	$ 3,709	$ –	$ 1,529,279	$ 1,532,988	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,294,058	$ –	$ –	$ 1,282,227	$ 1,282,227	
Other Financial Liabilities	$ 1,294,058	$ –	$ –	$ 1,282,227	$ 1,282,227	

	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:						
Recurring Assets	$ –	$ –	$ –	$ –	$ –	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 17,715	$ –	$ –	$ 17,715	$ 17,715	$ (174)
Other property owned	2,247	–	–	2,584	2,584	(9)
Nonrecurring Assets	$ 19,962	$ –	$ –	$ 20,299	$ 20,299	$ (183)
Other Financial Instruments						
Assets:						
Cash	$ 15,609	$ 15,609	$ –	$ –	$ 15,609	
Loans	1,412,561	–	–	1,394,646	1,394,646	
Other Financial Assets	$ 1,428,170	$ 15,609	$ –	$ 1,394,646	$ 1,410,255	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,194,897	$ –	$ –	$ 1,183,141	$ 1,183,141	
Other Financial Liabilities	$ 1,194,897	$ –	$ –	$ 1,183,141	$ 1,183,141	

SENSITIVITY TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS

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

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

Inputs to Valuation Techniques

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

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

Quantitative Information about Recurring and Nonrecurring Level 3 Fair Value Measurements

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 11,380	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
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity

Note 7 — Employee Benefit Plans

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

	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Pension	$ 917	$ 560	$ 1,835	$ 1,120
401(k)	164	120	341	240
Other postretirement benefits	416	273	831	546
Total	$ 1,497	$ 953	$ 3,007	$ 1,906

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

	Actual YTD Through 6/30/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	$ –	$ 2,964	$ 2,964
Other postretirement benefits	281	281	562
Total	$ 281	$ 3,245	$ 3,526

Other postretirement benefit contributions in the above table include allocated estimates of funding for a multi-employer plan 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 August 7, 2015, which was the date the financial statements were issued.