FINANCIAL REPORT 2014
Third Quarter

Dedicated to being your first choice for farm credit

Farm Credit of East Central Oklahoma

NOTICE

The shareholders' investment in Farm Credit Services of East Central Oklahoma, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2013 CoBank Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at:

FCS of East Central Oklahoma, ACA
601 East Kenosha
Broken Arrow, Oklahoma 74012
918-251-8596

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Thousands, Except as Noted)
(Unaudited)

The following discussion summarizes the financial position and results of operations of Farm Credit Services of East Central Oklahoma, ACA for the nine months ended September 30, 2014, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2013 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The end of summer and beginning of autumn brought mild temperatures and increased levels of precipitation to Oklahoma. Forage conditions are greatly improved from years past with readily available supplies of hay crops. Livestock water sources have also rebounded in a large portion of our trade territory, save the western counties. After a poor wheat crop, area producers are expected to harvest above average fall crops. With much of the country expecting a bumper fall harvest, small grains and oilseed prices are near five-year lows. Livestock producers continue to be the beneficiaries of ample feed grains and strong live prices which ensure profitability at nearly all levels of ownership. A few poultry integrators are expanding production in our area which should bode well for growth opportunities in that segment of our portfolio.

The energy sector remains one of the primary drivers of economic activity in our trade territory which has resulted in the area's below average unemployment rate of 4.7% (versus the nation's rate of 6.1%). With declining crude oil and natural gas prices, there is fear that engine of growth could be threatened. There has been a continued upward bias on real estate values with higher quality properties remaining desirable.

LOAN PORTFOLIO

Loans outstanding at September 30, 2014 totaled $710,730, an increase of $36,760, or 5.45%, from loans of $673,970 at December 31, 2013. The increase was primarily due to robust refinancing activities and growth in participations purchased.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. We had no other property owned at September 30, 2014 compared with $77 at December 31, 2013.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2014 was $8,831, an increase of $512, or 6.15%, from the same period ended one year ago. The increase can be attributable to an increase in net interest income, patronage from Farm Credit institutions, and a larger loan loss reversal.

Net interest income for the nine months ended September 30, 2014 was $13,506, an increase of $584, or 4.52%, compared with September 30, 2013. Net interest income increased as a result of growth in loan volume partially offset by declining interest rate spreads.

The loan loss reversal for the nine months ended September 30, 2014 was $649, an increase of $384, or 144.91%, from the loan loss reversal for the same period ended one year ago. The loan loss reversal increased as a result of the elimination of an ethanol industry allowance.

Noninterest income increased $189 during the first nine months of 2014 compared with the first nine months in 2013 primarily due to increases in patronage from Farm Credit institutions and mineral income, partially offset by lower loan fees.

Mineral income of $745 was recognized during the first nine months of 2014. Of this amount, quarterly payments totaling $728 were received from CoBank.

During the first nine months of 2014, noninterest expense increased $645 to $8,450, primarily due to increases in salaries and employee benefits, occupancy and equipment, Farm Credit Insurance Fund premium, and other noninterest expense.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2014 was $163,833, an increase from $154,779 at December 31, 2013. This increase is due to net income, the amortization of pension costs included in the net periodic benefit cost, and net patronage offset by stock reductions.

REGULATORY MATTERS

On June 12, 2014, the Farm Credit Administration approved a proposed rule to revise the requirements governing the eligibility of investments for System Banks and Associations. 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, and
- To revise the investment regulation for System Associations to improve their investment management practices so they are more resilient to risk.

The public comment period ended on October 23, 2014.

On May 8, 2014, the Farm Credit Administration approved a proposed rule to modify the regulatory capital requirements for System Banks and Associations. 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, and
- To meet the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The public comment period ends on January 2, 2015.

The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.

Ross O Love

Ross Love
Audit Committee Chairman
November 3, 2014

Patrick Zeka

Patrick Zeka
Acting President/CEO
November 3, 2014

Patrick Zeka

Patrick Zeka
CFO
November 3, 2014

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2014	December 31 2013
	UNAUDITED	AUDITED
ASSETS		
Loans	$ 710,730	$ 673,970
Less allowance for loan losses	2,115	2,766
Net loans	708,615	671,204
Cash	936	1,496
Accrued interest receivable	6,799	5,192
Investment in CoBank	20,921	20,915
Premises and equipment, net	5,116	5,157
Other property owned	-	77
Prepaid benefit expense	346	791
Other assets	4,425	4,391
Total assets	$ 747,158	$ 709,223
LIABILITIES		
Note payable to CoBank	$ 576,180	$ 544,491
Advance conditional payments	1,176	360
Accrued interest payable	2,470	2,478
Patronage distributions payable	-	3,000
Accrued benefits liability	651	632
Other liabilities	2,848	3,483
Total liabilities	583,325	554,444
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	11	17
Capital stock	2,434	2,429
Unallocated retained earnings	161,497	152,459
Accumulated other comprehensive (loss)/income	(109)	(126)
Total shareholders' equity	163,833	154,779
Total liabilities and shareholders' equity	$ 747,158	$ 709,223

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

	For the three months ended September 30		For the nine months ended September 30	
UNAUDITED	**2014**	2013	**2014**	2013
INTEREST INCOME				
Loans	**$ 7,259**	$ 6,942	**$ 21,526**	$ 20,834
Total interest income	**7,259**	6,942	**21,526**	20,834
INTEREST EXPENSE				
Note payable to CoBank	**2,675**	2,603	**8,019**	7,910
Other	**-**	1	**1**	2
Total interest expense	**2,675**	2,604	**8,020**	7,912
Net interest income	**4,584**	4,338	**13,506**	12,922
Loan loss reversal	**(519)**	(211)	**(649)**	(265)
Net interest income after loan loss reversal	**5,103**	4,549	**14,155**	13,187
NONINTEREST INCOME				
Financially related services income	**4**	4	**13**	12
Loan fees	**129**	134	**362**	394
Patronage refund from Farm Credit Institutions	**648**	589	**1,940**	1,747
Mineral income	**239**	313	**745**	706
Other noninterest income	**4**	14	**70**	82
Total noninterest income	**1,024**	1,054	**3,130**	2,941
NONINTEREST EXPENSE				
Salaries and employee benefits	**1,981**	1,560	**5,026**	4,677
Occupancy and equipment	**145**	99	**369**	323
Purchased services from AgVantis, Inc.	**250**	234	**730**	703
Losses on other property owned, net	**-**	4	**-**	-
Farm Credit Insurance Fund premium	**157**	126	**467**	365
Supervisory and examination costs	**61**	54	**223**	212
Other noninterest expense	**515**	450	**1,635**	1,525
Total noninterest expense	**3,109**	2,527	**8,450**	7,805
Income before income taxes	**3,018**	3,076	**8,835**	8,323
Provision for income taxes	**2**	1	**4**	4
Net income	**3,016**	3,075	**8,831**	8,319
OTHER COMPREHENSIVE INCOME				
Amortization of retirement costs	**6**	6	**17**	16
Comprehensive income	**$ 3,022**	$ 3,081	**$ 8,848**	$ 8,335

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Protected Borrower Stock	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2012	$ 28	$ 2,414	$ 144,995	$ (117)	$ 147,320
Comprehensive income			8,319	16	8,335
Stock issued	-	212			212
Stock retired	(4)	(202)			(206)
Patronage distributions: Other			6		6
Balance at September 30, 2013	$ 24	$ 2,424	$ 153,320	$ (101)	$ 155,667
Balance at December 31, 2013	$ 17	$ 2,429	$ 152,459	$ (126)	$ 154,779
Comprehensive income			8,831	17	8,848
Stock issued	-	189			189
Stock retired	(6)	(184)			(190)
Patronage distributions:					
Cash			(12)		(12)
Other			219		219
Balance at September 30, 2014	**$ 11**	**$ 2,434**	**$ 161,497**	**$ (109)**	**$ 163,833**

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

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit Services of East Central Oklahoma, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2013, are contained in the 2013 Annual Report to Shareholders. These unaudited third quarter 2014 financial statements should be read in conjunction with the 2013 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2013 as contained in the 2013 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2014. Descriptions of the significant accounting policies are included in the 2013 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In February 2013, the Financial Accounting Standards Board (FASB) issued guidance, "Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income." The guidance requires entities to present either parenthetically on the face of the financial statements or in the notes to the financial statements, significant amounts reclassified from each component of accumulated other comprehensive income and the income statement line items affected by the reclassification. The guidance is effective for public entities for annual periods beginning after December 15, 2012 and for non-public entities for annual periods beginning after December 15, 2013. The adoption of this guidance did not impact the financial condition or results of operations, but resulted in additional disclosures.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of the Association's contracts would be excluded from the scope of this new guidance. The guidance becomes effective for the first interim reporting period within the annual reporting periods after December 15, 2016. The Association is in the process of reviewing contracts to determine the effect, if any, on the Association's finanicial condition or its results of operations.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	September 30, 2014	December 31, 2013
Real estate mortgage	**$ 533,484**	$ 516,333
Production and intermediate-term	**55,407**	55,310
Agribusiness:		
Loans to cooperatives	**11,384**	7,383
Processing and marketing	**68,821**	50,742
Farm-related business	**6,523**	3,564
Communication	**9,871**	9,019
Energy	**19,138**	25,310
Water and waste water	**392**	479
Rural residential real estate	**774**	894
International	**4,936**	4,936
Total loans	**$ 710,730**	$ 673,970

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding the balances of participations purchased and sold during the quarter ended September 30, 2014:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 21,107	$ 20,480	$ 2,069	$ -	$ 23,176	$ 20,480
Production and intermediate-term	9,735	667	415	-	10,150	667
Agribusiness	85,355	-	-	-	85,355	-
Communication	9,890	-	-	-	9,890	-
Energy	21,532	2,291	-	-	21,532	2,291
Water and waste water	393	-	-	-	393	-
International	4,937	-	-	-	4,937	-
Total	$ 152,949	$ 23,438	$ 2,484	$ -	$155,433	$ 23,438

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

	September 30, 2014	December 31, 2013
Real estate mortgage		
Acceptable	**96.79%**	97.06%
OAEM	**1.40%**	0.73%
Substandard	**1.81%**	2.21%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**89.00%**	86.12%
OAEM	**0.23%**	0.61%
Substandard	**10.77%**	13.27%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**99.35%**	95.80%
OAEM	**-**	2.23%
Substandard	**0.65%**	1.97%
Total	**100.00%**	100.00%
Communication		
Acceptable	**89.95%**	88.93%
Substandard	**10.05%**	11.07%
Total	**100.00%**	100.00%
Energy		
Acceptable	**100.00%**	84.65%
OAEM	**-**	4.93%
Substandard	**-**	10.42%
Total	**100.00%**	100.00%
Water and waste water		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**98.07%**	98.00%
OAEM	**1.93%**	2.00%
Total	**100.00%**	100.00%
International		
Acceptable	**100.00%**	100.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**96.50%**	95.50%
OAEM	**1.07%**	1.00%
Substandard	**2.43%**	3.50%
Total	**100.00%**	100.00%

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

(dollars in thousands)	**September 30, 2014**	December 31, 2013
Nonaccrual loans		
Real estate mortgage	**$ 6,706**	$ 7,944
Production and intermediate-term	**97**	5,870
Communication	**992**	999
Total nonaccrual loans	**7,795**	14,813
Accruing restructured loans		
Real estate mortgage	**60**	88
Total accruing restructured loans	**60**	88
Total impaired loans	**7,855**	14,901
Other property owned	**-**	77
Total high risk assets	**$ 7,855**	$ 14,978

The Association had no accruing loans 90 days past due for the periods presented.

Additional impaired loan information is as follows:

	September 30, 2014			December 31, 2013		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:						
Real estate mortgage	**$ 4,092**	**$ 4,648**	**$ 450**	$ 4,668	$ 5,007	$ 447
Communication	**-**	**-**	**-**	999	1,000	171
Total	**$ 4,092**	**$ 4,648**	**$ 450**	$ 5,667	$ 6,007	$ 618
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 2,674**	**$ 3,051**		$ 3,364	$ 4,185	
Production and intermediate-term	**97**	**102**		5,870	5,888	
Agribusiness:						
Processing and marketing	**-**	**-**		464	464	
Communication	**992**	**1,076**		-	-	
Total	**$ 3,763**	**$ 4,229**		$ 9,698	$ 10,537	
Total impaired loans:						
Real estate mortgage	**$ 6,766**	**$ 7,699**	**$ 450**	$ 8,032	$ 9,192	$ 447
Production and intermediate-term	**97**	**102**	**-**	5,870	5,888	-
Agribusiness:						
Processing and marketing	**-**	**-**	**-**	464	464	-
Communication	**992**	**1,076**	**-**	999	1,000	171
Total	**$ 7,855**	**$ 8,877**	**$ 450**	$ 15,365	$ 16,544	$ 618

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

	For the Three Months Ended September 30, 2014		For the Three Months Ended September 30, 2013	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	$ 4,460	$ -	$ 4,743	$ -
Communication	-	-	999	-
Energy	-	-	901	-
Total	$ 4,460	$ -	$ 6,643	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	$ 2,696	$ 5	$ 3,785	$ 11
Production and intermediate-term	4,317	-	6,752	5
Communication	997	-	-	-
Total	$ 8,010	$ 5	$ 10,537	$ 16
Total impaired loans:				
Real estate mortgage	$ 7,156	$ 5	$ 8,528	$ 11
Production and intermediate-term	4,317	-	6,752	5
Communication	997	-	999	-
Energy	-	-	901	-
Total	$ 12,470	$ 5	$ 17,180	$ 16

	For the Nine Months Ended September 30, 2014		For the Nine Months Ended September 30, 2013	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	$ 4,771	$ -	$ 5,676	$ -
Production and intermediate-term	-	-	11	-
Communication	465	-	689	-
Energy	-	-	1,237	-
Total	$ 5,236	$ -	$ 7,613	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	$ 2,879	$ 14	$ 3,782	$ 142
Production and intermediate-term	4,956	5	2,875	33
Communication	532	32	-	-
Total	$ 8,367	$ 51	$ 6,657	$ 175
Total impaired loans:				
Real estate mortgage	$ 7,650	$ 14	$ 9,458	$ 142
Production and intermediate-term	4,956	5	2,886	33
Communication	997	32	689	-
Energy	-	-	1,237	-
Total	$ 13,603	$ 51	$ 14,270	$ 175

The following tables provide an age analysis of past due loans (including accrued interest).

September 30, 2014	30-89 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 Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 3,110	$ 290	$ 3,400	$ 535,665	$ 539,065	$ -
Production and intermediate-term	1,750	93	1,843	54,416	56,259	-
Agribusiness	-	-	-	87,045	87,045	-
Communication	-	-	-	9,872	9,872	-
Energy	-	-	-	19,165	19,165	-
Water and waste water	-	-	-	392	392	-
Rural residential real estate	-	-	-	776	776	-
International	-	-	-	4,955	4,955	-
Total	$ 4,860	$ 383	$ 5,243	$ 712,286	$ 717,529	$ -

December 31, 2013	30-89 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 Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 1,441	$ 304	$ 1,745	$ 518,777	$ 520,522	$ -
Production and intermediate-term	1,833	5,778	7,611	48,330	55,941	-
Agribusiness	-	464	464	61,500	61,964	-
Communication	-	-	-	9,020	9,020	-
Energy	-	-	-	25,366	25,366	-
Water and waste water	-	-	-	480	480	-
Rural residential real estate	-	-	-	896	896	-
International	-	-	-	4,973	4,973	-
Total	$ 3,274	$ 6,546	$ 9,820	$ 669,342	$ 679,162	$ -

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Balance at June 30, 2014	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2014
Real estate mortgage	$ 671	$ 2	$ -	$ (5)	$ 664
Production and intermediate-term	407	-	-	(49)	358
Agribusiness	162	-	-	(8)	154
Communication	122	-	-	(2)	120
Energy	1,270	-	-	(455)	815
Water and waste water	1	-	-	1	2
International	3	-	-	(1)	2
Total	$ 2,636	$ 2	$ -	$ (519)	$ 2,115

	Balance at December 31, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2014
Real estate mortgage	$ 658	$ 3	$ -	$ 9	$ 664
Production and intermediate-term	382	-	1	(25)	358
Agribusiness	160	-	-	(6)	154
Communication	180	-	-	(60)	120
Energy	1,382	-	-	(567)	815
Water and waste water	2	-	-	-	2
International	2	-	-	-	2
Total	$ 2,766	$ 3	$ 1	$ (649)	$ 2,115

	Balance at June 30, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2013
Real estate mortgage	$ 810	$ 12	$ 33	$ (158)	$ 673
Production and intermediate-term	305	-	-	(15)	290
Agribusiness	185	-	-	(37)	148
Communication	256	-	-	(74)	182
Energy	1,494	-	-	72	1,566
Water and waste water	2	-	-	-	2
International	1	-	-	1	2
Total	$ 3,053	$ 12	$ 33	$ (211)	$ 2,863

	Balance at December 31, 2012	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2013
Real estate mortgage	$ 1,246	$ 60	$ 33	$ (546)	$ 673
Production and intermediate-term	313	-	-	(23)	290
Agribusiness	251	-	-	(103)	148
Communication	13	-	-	169	182
Energy	1,857	537	-	246	1,566
Water and waste water	3	-	-	(1)	2
Rural residential real estate	5	-	-	(5)	-
International	4	-	-	(2)	2
Total	$ 3,692	$ 597	$ 33	$ (265)	$ 2,863

	Allowance for Credit Losses Ending Balance at September 30, 2014		Recorded Investments in Loans Outstanding Ending Balance at September 30, 2014	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ 450	$ 214	$ 6,766	$ 532,299
Production and intermediate-term	-	358	97	56,162
Agribusiness	-	154	-	87,045
Communication	-	120	992	8,880
Energy	-	815	-	19,165
Water and waste water	-	2	-	392
Rural residential real estate	-	-	-	776
International	-	2	-	4,955
Total	$ 450	$ 1,665	$ 7,855	$ 709,674

	Allowance for Credit Losses Ending Balance at December 31, 2013		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2013	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ 447	$ 211	$ 8,032	$ 512,490
Production and intermediate-term	-	382	5,870	50,071
Agribusiness	-	160	464	61,500
Communication	171	9	999	8,021
Energy	-	1,382	-	25,366
Water and waste water	-	2	-	480
Rural residential real estate	-	-	-	896
International	-	2	-	4,973
Total	$ 618	$ 2,148	$ 15,365	$ 663,797

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 Association recorded no TDRs during the nine months ended September 30, 2014.

The following tables present additional information regarding troubled debt restructurings that occurred during the periods.

For the Three Months Ended September 30, 2013	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:		
Real estate mortgage	$ 1,011	$ 1,011
Total	$ 1,011	$ 1,011

For the Nine Months Ended September 30, 2013	Pre-modification Outstanding Recorded Investment*	Post-modification Outstanding Recorded Investment*
Troubled debt restructurings:		
Real estate mortgage	$ 531	$ 200
Communication	1,011	1,011
Total	$ 1,542	$ 1,211

* Pre-modification represents the recorded investment prior to restructuring and post-modification represents the recorded investment immediately following the restructuring. The recorded investment is the face amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment.

The Association had no TDRs within the previous 12 months for which there were subsequent payment defaults during the period.

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

	Loans modified as TDRs		TDRs in Nonaccrual Status*	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
Real estate mortgage	$ 247	$ 287	$ 187	$ 199
Communication	992	999	992	999
Total	$ 1,239	$ 1,286	$ 1,179	$ 1,198

* Represents the portion of loans modified as TDRs (first column) that are in nonaccrual status.

NOTE 3 - CAPITAL

The following tables present the activity in the accumulated other comprehensive loss, net of tax by component:

	Quarter Ended September 30	
	2014	2013
Pension and other benefit plans:		
Beginning balance	**$ (115)**	$ (107)
Other comprehensive income before reclassifications	**-**	-
Amounts reclassified from accumulated other comprehensive loss	**6**	6
Net current period other comprehensive income	**6**	6
Ending balance at September 30	**$ (109)**	$ (101)

The following table represents reclassifications out of accumulated other comprehensive income (loss).

	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Location of Gain/Loss Recognized in Statement of Income
	September 30		
	2014	2013	
Pension and other benefit plans:			
Net actuarial loss	$ 6	$ 6	Salaries and employee benefits
Total reclassifications	$ 6	$ 6	

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2013 Annual Report to Shareholders for a more complete description.

Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using			**Total Fair Value**
	Level 1	**Level 2**	**Level 3**	
Assets held in nonqualified benefits trusts				
September 30, 2014	**$ 818**	**$ -**	**$ -**	**$ 818**
December 31, 2013	$ 705	$ -	$ -	$ 705

During the first nine months of 2014, the Association recorded no transfers in or out of Levels 1, 2, or 3.

The Association had no liabilities measured at fair value on a recurring basis at September 30, 2014 or December 31, 2013.

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			**Total Fair Value**	**Total Gains/(Losses)**
	Level 1	**Level 2**	**Level 3**		
September 30, 2014					
Loans	**$ —**	**$ —**	**$ 5,836**	**$ 5,836**	**$ 168**
Other property owned	**$ —**	**$ —**	**$ -**	**$ -**	**$ -**
December 31, 2013					
Loans	$ —	$ —	$ 6,977	$ 6,977	$ 282
Other property owned	$ —	$ —	$ 83	$ 83	$ (12)

With regard to impaired loans and other property owned, it is not practicable to provide specific information on inputs as each collateral property is unique. System institutions utilize appraisals to value these loans and other property owned and takes into account unobservable inputs such as income and expense, comparable sales, replacement cost and comparability adjustments.

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 2014 or December 31, 2013.

Valuation Techniques

As more fully discussed in Note 2 to the 2013 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

Loans

For certain loans evaluated for impairment under accounting guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. 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. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Other Property Owned

Other property owned is generally classified as Level 3. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. As a result, these fair value measurements fall within Level 3 of the hierarchy. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 3, 2014, which is the date the financial statements were issued, and no material subsequent events were identified.