MidAtlantic Farm Credit, ACA

FIRST QUARTER 2015

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CERTIFICATION

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

J. Robert Frazee
Chief Executive Officer

John E. Wheeler, Jr.
Chief Financial Officer

M. Wayne Lambertson
Chairman of the Board

May 8, 2015

MidAtlantic Farm Credit, ACA

Report on Internal Control Over Financial Reporting

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

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

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

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

J. Robert Frazee
Chief Executive Officer

John E. Wheeler, Jr.
Chief Financial Officer

May 8, 2015

MidAtlantic 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 MidAtlantic Farm Credit, ACA (Association) for the period ended March 31, 2015. The comments contained in this report 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 the financing of short- and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio encompasses a well-diversified range of agricultural commodities, with cash grains, poultry and dairy representing the largest segments. In addition, the Association provides a significant amount of loans to lessors of agricultural real estate. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the opportunities for non-farm income, impacts the level of dependency on any particular commodity.

Gross loans at March 31, 2015 totaled $2,282,800 compared to $2,276,982 at December 31, 2014, increasing $5,818 (0.26 percent) during the first three months. The Association's allowance for loan losses of $25,189 increased $235 (0.94 percent) during the first three months of 2015 resulting in net loans (gross loans less allowance for loan losses) of $2,257,611 and $2,252,028 at March 31, 2015 and December 31, 2014, respectively. Nonaccrual loans increased $714 (2.86 percent) from $25,008 at December 31, 2014 to $25,722 at March 31, 2015 resulting in an increase in the ratio of nonaccrual loans to total loans from 1.09 percent to 1.13 percent. In addition, Other property owned increased from $844 at December 31, 2014 (4 properties) to $1,799 at March 31, 2015 (6 properties).

There is an inherent risk in the extension of any type of credit and, accordingly, the Association maintains an allowance for loan losses consistent with the risk measured in the portfolio.

Credit administration remains satisfactory and the overall credit quality of the Association's loan portfolio has remained acceptable. During the first quarter 2015, the net impact of recoveries in excess of charge-offs and the transfer of $567 from the allowance to the reserve for unfunded commitments resulted in a $267 increase in the allowance at March 31, 2015. The allowance for loan losses represented 1.10 percent and 1.10 percent of total loans, and 97.93 percent and 99.78 percent of Nonaccrual loans, at March 31, 2015 and December 31, 2014, respectively. See also Note 2 of "Notes to the Consolidated Financial Statements".

RESULTS OF OPERATIONS

For the three months ended March 31, 2015

Net income for the three months ended March 31, 2015 totaled $10,794, an increase of $217 (2.05 percent) compared to the three months ended March 31, 2014. Major changes in the components of net income are identified as follows:

- Net interest income decreased $238 (1.41 percent) for the quarter ended March 31, 2015 compared to the same period in 2014. The decrease in net interest income is primarily attributable to (a) a $169 increase in the Association's earnings credit due to an increase in the Association's equity and a 1.69 percent increase in the interest credit rate, (b) a $387 increase due to a $74 million increase in the average daily balance of accruing portfolio volume, and (c) a $165 increase in net interest recognized attributable to nonaccruing loans. These increases were offset by a $959 decrease in the Association's portfolio margin primarily resulting from increased competition.

- The risks identified in the Association's loan portfolio required a recovery for loan losses of $567 and a provision for loan losses of $125 to be recorded in the first quarter of 2015 and 2014, respectively. The Association's Nonaccrual loans increased from 1.09 percent at December 31, 2014 to 1.12 percent of the portfolio at March 31, 2015 and decreased from 1.14 percent at March 31, 2014. See also Note 2 of "Notes to the Consolidated Financial Statements".

- At March 31, 2015 and 2014, the Association accrued an estimated patronage receipt (reported as "Patronage refunds from other Farm Credit institutions" on the Consolidated Statements of Income) of $3,302 and $3,274, respectively, which is based on first quarter operations only; management anticipates additional income for the remaining quarters in 2015. Since this income from AgFirst Farm Credit Bank (the Bank) is reasonably estimable and because there is a history of these earnings, management is of the opinion that including this income in quarterly operations provides shareholders with a more accurate forecast of annualized net income. The increase in the accrual in 2015 is due to the impact of an increase in loan volume.

- Noninterest income decrease in the first quarter of $96 (2.38 percent) included (a) an increase of $48 from fees for financially related services and (b) an increase of $215 in Net gains on sales of rural home loans, (c) a $204 increase in Other Noninterest income, and (d) a $28 increase in Patronage refunds offset by, (e) a $38 decrease in loan fees, and (f) a $553 increase in Other losses.

- Noninterest expense for the first quarter of 2015 was $10,079 as compared to $9,819 for the first quarter of 2014 or an increase of $260 (2.65 percent). The increase of $314 (4.58 percent) for Salaries and benefits is primarily comprised of routine annual salary and benefit increases. See also Note 3 of "Notes to the Consolidated Financial Statements".

  Insurance fund premium expense increased $53 (10.73 percent) due to the increase in the Farm Credit System Insurance Corporation (FCSIC) premium from 0.12 percent of loans outstanding in 2014 to 0.13 percent in 2015.

  Occupancy and equipment and Other operating expenses decreased $160 (6.34 percent) from $2,522 to $2,362. The decreases were primarily related to purchased services, training, data processing, furniture and equipment, and other expenses offset by an increase in director's expenses, travel, communications, and advertising.

- The Association recorded a Provision for income taxes of $266 and $385, respectively, for the first quarters of 2015 and 2014.

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 Bank advances the funds to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sectors. The Association utilizes the variable rate note to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total Notes payable to the Bank at March 31, 2015 was $1,753,454 compared to $1,760,410 at December 31, 2014. This decrease during the period of $6,956 (0.40 percent) corresponds to the receipt of prior year Bank patronage, current year net cash generated from operating activities reduced by the increase in the Association's loan volume and by patronage payments to stockholders.

CAPITAL RESOURCES

Members' equity at March 31, 2015 totaled $525,607, an increase of $7,580 (1.46 percent) compared to total members' equity of $518,027 at December 31, 2014. Total Comprehensive income of $10,826 for the three months ended March 31, 2015 and net member capital stock/participation certificates issued of $11, an estimated cash patronage distribution accrual for the first three months of 2015 totaling $3,000, and net patronage distribution adjustment and retained earnings retired of $257 account for the change.

FCA regulations require that all Farm Credit institutions maintain a minimum permanent capital ratio of 7.0 percent and total surplus and core surplus ratios equal to 3.5 percent. 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. At March 31, 2015, the Association exceeded the minimum regulatory standard for all of the ratios as permanent capital, total surplus and core surplus ratios equaled 21.10 percent, 20.73 percent and 20.73 percent, respectively.

REGULATORY MATTERS

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

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

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

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

FINANCIAL REGULATORY REFORM

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

NOTE: Shareholder investment in the Association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 2832, or writing Susanne Caughman, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association' annual and quarterly reports are also available upon request free of charge by calling 1-800-333-7950, or writing John E. Wheeler, Jr., Chief Financial Officer, MidAtlantic Farm Credit, ACA, 45 Aileron Court, Westminster, MD 21157-3022, or accessing the website, www.mafc.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.

MidAtlantic Farm Credit, ACA

Consolidated Balance Sheets

(dollars in thousands)	March 31, 2015	December 31, 2014
	(unaudited)	*(audited)*
Assets		
Cash	**$ 4,177**	$ 2,615
Loans	**2,282,800**	2,276,982
Allowance for loan losses	**(25,189)**	(24,954)
Net loans	**2,257,611**	2,252,028
Loans held for sale	**779**	373
Accrued interest receivable	**14,279**	11,917
Investments in other Farm Credit institutions	**25,129**	25,079
Premises and equipment, net	**11,951**	12,220
Other property owned	**1,799**	844
Accounts receivable	**3,799**	35,123
Other assets	**6,604**	7,609
Total assets	**$ 2,326,128**	$ 2,347,808
Liabilities		
Notes payable to AgFirst Farm Credit Bank	**$ 1,753,454**	$ 1,760,410
Accrued interest payable	**3,466**	3,442
Patronage refunds payable	**3,352**	24,967
Accounts payable	**1,220**	3,386
Other liabilities	**39,029**	37,576
Total liabilities	**1,800,521**	1,829,781
Commitments and contingencies (Note 8)		
Members' Equity		
Capital stock and participation certificates	**9,754**	9,743
Retained earnings		
Allocated	**292,915**	292,021
Unallocated	**223,440**	216,797
Accumulated other comprehensive income (loss)	**(502)**	(534)
Total members' equity	**525,607**	518,027
Total liabilities and members' equity	**$ 2,326,128**	$ 2,347,808

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

MidAtlantic Farm Credit, ACA

Consolidated Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Interest Income		
Loans	**$ 26,963**	$ 26,472
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	**10,331**	9,602
Net interest income	**16,632**	16,870
Provision for (reversal of allowance for) loan losses	**(567)**	125
Net interest income after provision for (reversal of allowance for) loan losses	**17,199**	16,745
Noninterest Income		
Loan fees	**249**	287
Fees for financially related services	**314**	266
Patronage refunds from other Farm Credit institutions	**3,302**	3,274
Gains (losses) on sales of rural home loans, net	**349**	134
Gains (losses) on sales of premises and equipment, net	**20**	—
Gains (losses) on other transactions	**(535)**	38
Other noninterest income	**241**	37
Total noninterest income	**3,940**	4,036
Noninterest Expense		
Salaries and employee benefits	**7,164**	6,850
Occupancy and equipment	**575**	595
Insurance Fund premiums	**547**	494
(Gains) losses on other property owned, net	**6**	(47)
Other operating expenses	**1,787**	1,927
Total noninterest expense	**10,079**	9,819
Income before income taxes	**11,060**	10,962
Provision for income taxes	**266**	385
Net income	**$ 10,794**	$ 10,577

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

MidAtlantic Farm Credit, ACA

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended March 31, 2015	2014
Net income	**$ 10,794**	$ 10,577
Other comprehensive income net of tax		
Employee benefit plans adjustments	**32**	16
Comprehensive income	**$ 10,826**	$ 10,593

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

MidAtlantic 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	$ 9,656	$ 271,212	$ 208,798	$ (377)	$ 489,289
Comprehensive income			10,577	16	10,593
Capital stock/participation certificates issued/(retired), net	(34)				(34)
Patronage distribution					
Cash			(4,750)		(4,750)
Retained earnings retired		(124)	11		(113)
Patronage distribution adjustment		(2,091)	1,677		(414)
Balance at March 31, 2014	$ 9,622	$ 268,997	$ 216,313	$ (361)	$ 494,571
Balance at December 31, 2014	**$ 9,743**	**$ 292,021**	**$ 216,797**	**$ (534)**	**$ 518,027**
Comprehensive income			**10,794**	**32**	**10,826**
Capital stock/participation certificates issued/(retired), net	**11**				**11**
Patronage distribution					
Cash			**(3,000)**		**(3,000)**
Retained earnings retired		**(76)**	**24**		**(52)**
Patronage distribution adjustment		**970**	**(1,175)**		**(205)**
Balance at March 31, 2015	**$ 9,754**	**$ 292,915**	**$ 223,440**	**$ (502)**	**$ 525,607**

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

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

Basis of Presentation

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

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

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

Significant Accounting Policies

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

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

Accounting Standards Effective During the Period

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

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

- ASU 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.
- ASU 2014-11 Repurchase-to-Maturity Transactions – The Association did not have a significant amount of transactions that met the criteria of the guidance.
- ASU 2014-08 Discontinued Operations – The Association has not had and does not anticipate any significant disposals.
- ASU 2014-04 Reclassification of Consumer Mortgage Loans – The criteria of the standard were not significantly different from the Association's policy in place at adoption. See Note 2, *Loans and Allowance for Loan Losses*, for the additional disclosures required by this guidance.

Note 2 — Loans and Allowance for Loan Losses

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

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

A summary of loans outstanding at period end follows:

	March 31, 2015	December 31, 2014
Real estate mortgage	$ 1,361,105	$ 1,345,426
Production and intermediate-term	728,934	749,249
Loans to cooperatives	8,596	1,457
Processing and marketing	50,448	47,803
Farm-related business	64,254	64,004
Communication	38,533	35,747
Energy and water/waste disposal	3,207	4,677
Rural residential real estate	27,723	28,619
Total Loans	$ 2,282,800	$ 2,276,982

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

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

	March 31, 2015							
	Within AgFirst District		Within Farm Credit System		Outside Farm Credit System		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 11,044	$ 150	$ –	$ –	$ –	$ –	$ 11,044	$ 150
Production and intermediate-term	41,211	38,278	10,367	16,193	31,954	–	83,532	54,471
Loans to cooperatives	687	–	7,954	–	–	–	8,641	–
Processing and marketing	30,258	–	9,413	–	7,899	–	47,570	–
Farm-related business	1,235	–	23,541	–	2,796	–	27,572	–
Communication	3,277	–	35,365	–	–	–	38,642	–
Energy and water/waste disposal	–	–	3,213	–	–	–	3,213	–
Total	$ 87,712	$ 38,428	$ 89,853	$ 16,193	$ 42,649	$ –	$ 220,214	$ 54,621

	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	$ 10,587	$ 300	$ –	$ –	$ –	$ –	$ 10,587	$ 300
Production and intermediate-term	32,406	39,802	13,529	17,579	32,176	–	78,111	57,381
Loans to cooperatives	–	–	1,470	–	–	–	1,470	–
Processing and marketing	30,258	–	6,551	–	8,203	–	45,012	–
Farm-related business	–	–	23,497	–	2,844	–	26,341	–
Communication	–	–	35,814	–	–	–	35,814	–
Energy and water/waste disposal	–	–	4,684	–	–	–	4,684	–
Total	$ 73,251	$ 40,102	$ 85,545	$ 17,579	$ 43,223	$ –	$ 202,019	$ 57,681

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

	March 31, 2015			
	Due less than 1 year	Due 1 Through 5 years	Due after 5 years	Total
Real estate mortgage	$ 47,356	$ 466,458	$ 847,291	$ 1,361,105
Production and intermediate-term	144,424	403,960	180,550	728,934
Loans to cooperatives	10	8,586	–	8,596
Processing and marketing	402	26,936	23,110	50,448
Farm-related business	9,018	40,161	15,075	64,254
Communication	–	35,282	3,251	38,533
Energy and water/waste disposal	–	–	3,207	3,207
Rural residential real estate	2,816	10,039	14,868	27,723
Total Loans	$ 204,026	$ 991,422	$ 1,087,352	$ 2,282,800
Percentage	8.94%	43.43%	47.63%	100.00%

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

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

	March 31, 2015	December 31, 2014
Real estate mortgage:		
Acceptable	94.22%	93.40%
OAEM	3.17	3.73
Substandard/doubtful/loss	2.61	2.87
	100.00%	100.00%
Production and intermediate-term:		
Acceptable	92.18%	91.82%
OAEM	4.15	4.43
Substandard/doubtful/loss	3.67	3.75
	100.00%	100.00%
Loans to cooperatives:		
Acceptable	75.73%	99.21%
OAEM	0.11	0.79
Substandard/doubtful/loss	24.16	0.00
	100.00%	100.00%
Processing and marketing:		
Acceptable	99.92%	99.91%
OAEM	0.08	0.09
Substandard/doubtful/loss	0.00	0.00
	100.00%	100.00%
Farm-related business:		
Acceptable	99.97%	97.94%
OAEM	0.03	0.05
Substandard/doubtful/loss	0.00	2.01
	100.00%	100.00%

	March 31, 2015	December 31, 2014
Communication:		
Acceptable	100.00%	100.00%
OAEM	0.00	0.00
Substandard/doubtful/loss	0.00	0.00
	100.00%	100.00%
Energy and water/waste disposal:		
Acceptable	100.00%	100.00%
OAEM	0.00	0.00
Substandard/doubtful/loss	0.00	0.00
	100.00%	100.00%
Rural residential real estate:		
Acceptable	88.51%	88.26%
OAEM	5.45	6.36
Substandard/doubtful/loss	6.04	5.38
	100.00%	100.00%
Total Loans:		
Acceptable	93.82%	93.20%
OAEM	3.29	3.74
Substandard/doubtful/loss	2.89	3.06
	100.00%	100.00%

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

	March 31, 2015					
	30 Through 89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment 90 Days or More Past Due and Accruing Interest
Real estate mortgage	$ 2,653	$ 10,471	$ 13,124	$ 1,357,189	$ 1,370,313	$ –
Production and intermediate-term	3,550	7,229	10,779	722,664	733,443	–
Loans to cooperatives	–	–	–	8,606	8,606	–
Processing and marketing	–	–	–	50,492	50,492	–
Farm-related business	1	–	1	64,603	64,604	–
Communication	–	–	–	38,539	38,539	–
Energy and water/waste disposal	–	–	–	3,243	3,243	–
Rural residential real estate	633	176	809	27,030	27,839	–
Total	$ 6,837	$ 17,876	$ 24,713	$ 2,272,366	$ 2,297,079	$ –

	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	$ 5,685	$ 9,103	$ 14,788	$ 1,338,003	$ 1,352,791	$ –
Production and intermediate-term	3,381	7,234	10,615	742,862	753,477	257
Loans to cooperatives	–	–	–	1,460	1,460	–
Processing and marketing	–	349	349	47,512	47,861	–
Farm-related business	78	–	78	64,055	64,133	–
Communication	–	–	–	35,751	35,751	–
Energy and water/waste disposal	–	–	–	4,717	4,717	–
Rural residential real estate	565	110	675	28,034	28,709	–
Total	$ 9,709	$ 16,796	$ 26,505	$ 2,262,394	$ 2,288,899	$ 257

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

	March 31, 2015	December 31, 2014
Nonaccrual loans:		
Real estate mortgage	$ 12,592	$ 11,905
Production and intermediate-term	12,433	12,446
Farm-related business	–	(1)
Rural residential real estate	697	658
Total	$ 25,722	$ 25,008
Accruing restructured loans:		
Real estate mortgage	$ 6,705	$ 6,743
Production and intermediate-term	11,805	11,961
Rural residential real estate	599	894
Total	$ 19,109	$ 19,598
Accruing loans 90 days or more past due:		
Production and intermediate-term	$ –	$ 257
Total	$ –	$ 257
Total nonperforming loans	$ 44,831	$ 44,863
Other property owned	1,799	844
Total nonperforming assets	$ 46,630	$ 45,707
Nonaccrual loans as a percentage of total loans	1.13%	1.10%
Nonperforming assets as a percentage of total loans and other property owned	2.04%	2.01%
Nonperforming assets as a percentage of capital	8.87%	8.82%

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

	March 31, 2015	December 31, 2014
Impaired nonaccrual loans:		
Current as to principal and interest	$ 6,308	$ 6,956
Past due	19,414	18,052
Total	25,722	25,008
Impaired accrual loans:		
Restructured	19,109	19,598
90 days or more past due	–	257
Total	19,109	19,855
Total impaired loans	$ 44,831	$ 44,863

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

	March 31, 2015			Quarter Ended March 31, 2015	
Impaired loans:	**Recorded Investment**	**Unpaid Principal Balance**	**Related Allowance**	**Average Impaired Loans**	**Interest Income Recognized on Impaired Loans**
With a related allowance for credit losses:					
Real estate mortgage	$ 6,486	$ 7,262	$ 1,253	$ 6,434	$ 83
Production and intermediate-term	7,766	10,351	3,218	7,703	100
Processing and marketing	–	–	–	–	–
Farm-related business	–	–	–	–	–
Rural residential real estate	697	898	178	691	9
Total	$ 14,949	$ 18,511	$ 4,649	$ 14,828	$ 192
With no related allowance for credit losses:					
Real estate mortgage	$ 12,811	$ 14,118	$ –	$ 12,706	$ 165
Production and intermediate-term	16,472	18,734	–	16,339	210
Processing and marketing	–	2,134	–	–	–
Farm-related business	–	4	–	–	–
Rural residential real estate	599	710	–	594	8
Total	$ 29,882	$ 35,700	$ –	$ 29,639	$ 383
Total:					
Real estate mortgage	$ 19,297	$ 21,380	$ 1,253	$ 19,140	$ 248
Production and intermediate-term	24,238	29,085	3,218	24,042	310
Processing and marketing	–	2,134	–	–	–
Farm-related business	–	4	–	–	–
Rural residential real estate	1,296	1,608	178	1,285	17
Total	$ 44,831	$ 54,211	$ 4,649	$ 44,467	$ 575

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	$ 7,019	$ 8,203	$ 1,560	$ 7,072	$ 302
Production and intermediate-term	5,954	7,191	2,776	5,999	256
Processing and marketing	–	–	–	–	–
Farm-related business	–	–	–	–	–
Rural residential real estate	658	847	174	663	28
Total	$ 13,631	$ 16,241	$ 4,510	$ 13,734	$ 586
With no related allowance for credit losses:					
Real estate mortgage	$ 11,629	$ 12,885	$ –	$ 11,716	$ 499
Production and intermediate-term	18,710	22,467	–	18,851	804
Processing and marketing	–	3,045	–	–	–
Farm-related business	(1)	4	–	(1)	–
Rural residential real estate	894	1,007	–	901	39
Total	$ 31,232	$ 39,408	$ –	$ 31,467	$ 1,342
Total:					
Real estate mortgage	$ 18,648	$ 21,088	$ 1,560	$ 18,788	$ 801
Production and intermediate-term	24,664	29,658	2,776	24,850	1,060
Processing and marketing	–	3,045	–	–	–
Farm-related business	(1)	4	–	(1)	–
Rural residential real estate	1,552	1,854	174	1,564	67
Total	$ 44,863	$ 55,649	$ 4,510	$ 45,201	$ 1,928

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	Energy and Water/Waste Disposal	Rural Residential Real Estate	Total
Activity related to the allowance for credit losses:							
Balance at December 31, 2014	$ 6,306	$ 16,778	$ 1,321	$ 100	$ 9	$ 440	$ 24,954
Charge-offs	(96)	(88)	–	–	–	–	(184)
Recoveries	–	6	977	–	–	3	986
Provision for loan losses	635	(509)	(828)	51	1	83	(567)
Balance at March 31, 2015	$ 6,845	$ 16,187	$ 1,470	$ 151	$ 10	$ 526	$ 25,189
Balance at December 31, 2013	$ 5,894	$ 15,797	$ 1,219	$ 119	$ 11	$ 690	$ 23,730
Charge-offs	(68)	(6)	–	–	–	–	(74)
Recoveries	17	32	1,465	–	–	3	1,517
Provision for loan losses	491	604	(1,113)	17	2	124	125
Balance at March 31, 2014	$ 6,334	$ 16,427	$ 1,571	$ 136	$ 13	$ 817	$ 25,298
Allowance on loans evaluated for impairment:							
Individually	$ 1,253	$ 3,218	$ –	$ –	$ –	$ 178	$ 4,649
Collectively	5,592	12,969	1,470	151	10	348	20,540
Balance at March 31, 2015	$ 6,845	$ 16,187	$ 1,470	$ 151	$ 10	$ 526	$ 25,189
Individually	$ 1,560	$ 2,776	$ –	$ –	$ –	$ 174	$ 4,510
Collectively	4,746	14,002	1,321	100	9	266	20,444
Balance at December 31, 2014	$ 6,306	$ 16,778	$ 1,321	$ 100	$ 9	$ 440	$ 24,954
Recorded investment in loans evaluated for impairment:							
Individually	$ 12,592	$ 12,433	$ –	$ –	$ –	$ 697	$ 25,722
Collectively	1,357,721	721,010	123,702	38,539	3,243	27,142	2,271,357
Balance at March 31, 2015	$ 1,370,313	$ 733,443	$ 123,702	$ 38,539	$ 3,243	$ 27,839	$ 2,297,079
Individually	$ 11,905	$ 12,446	$ (1)	$ –	$ –	$ 658	$ 25,008
Collectively	1,340,886	741,031	113,455	35,751	4,717	28,051	2,263,891
Balance at December 31, 2014	$ 1,352,791	$ 753,477	$ 113,454	$ 35,751	$ 4,717	$ 28,709	$ 2,288,899

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

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

	Three months ended March 31, 2015				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Real estate mortgage	$ 164	$ 333	$ –	$ 497	
Production and intermediate-term	–	1,921	–	1,921	
Total	$ 164	$ 2,254	$ –	$ 2,418	
Post-modification:					
Real estate mortgage	$ 150	$ 333	$ –	$ 483	$ –
Production and intermediate-term	–	1,948	–	1,948	–
Total	$ 150	$ 2,281	$ –	$ 2,431	$ –

	Three months ended March 31, 2014				
Outstanding Recorded Investment	**Interest Concessions**	**Principal Concessions**	**Other Concessions**	**Total**	**Charge-offs**
Pre-modification:					
Real estate mortgage	$ 196	$ –	$ –	$ 196	
Production and intermediate-term	–	1,227	–	1,227	
Rural residential real estate	255	–	–	255	
Total	$ 451	$ 1,227	$ –	$ 1,678	
Post-modification:					
Real estate mortgage	$ 920	$ –	$ –	$ 920	$ –
Production and intermediate-term	–	1,228	–	1,228	–
Rural residential real estate	254	–	–	254	–
Total	$ 1,174	$ 1,228	$ –	$ 2,402	$ –

Interest concessions may include interest forgiveness and interest deferment. Principal concessions may include principal forgiveness, principal deferment, and maturity extension. Other concessions may include additional compensation received which might be in the form of cash or other assets.

The following table presents outstanding recorded investment for TDRs that occurred during the previous twelve months and for which there was a subsequent payment default during the period. Payment default is defined as a payment that was thirty days or more past due.

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Defaulted troubled debt restructurings:		
Production and intermediate-term	$ 25	$ –
Rural residential real estate	44	–
Total	$ 69	$ –

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.

	Total TDRs		Nonaccrual TDRs	
	March 31, 2015	**December 31, 2014**	**March 31, 2015**	**December 31, 2014**
Real estate mortgage	$ 8,146	$ 8,806	$ 1,441	$ 2,063
Production and intermediate-term	17,238	17,730	5,433	5,769
Rural residential real estate	645	905	46	11
Total Loans	$ 26,029	$ 27,441	$ 6,920	$ 7,843
Additional commitments to lend	$ 4	$ 4		

The following table presents information as of period end:

	March 31, 2015
Carrying amount of foreclosed residential real estate properties held as a result of obtaining physical possession	$ 86
Recorded investment of consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings are in process	$ 72

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 9.62 percent of the issued stock of the Bank as of March 31, 2015 net of any reciprocal investment. As of that date, the Bank's assets totaled $28.9 billion and shareholders' equity totaled $2.3 billion. The Bank's earnings were $83 million for the first three months of 2015. In addition, the Association has an investment of $1,073 related to other Farm Credit institutions.

Note 4 — Debt

Notes Payable to AgFirst Farm Credit Bank

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

Note 5 — Members' Equity

Accumulated Other Comprehensive Income (AOCI)

	Changes in Accumulated Other Comprehensive income by Component *(a)*			
	For the Three Months Ended March 31,			
	2015		2014	
Employee Benefit Plans:				
Balance at beginning of period	$	(534)	$	(377)
Other comprehensive income before reclassifications		–		–
Amounts reclassified from AOCI		32		16
Net current period other comprehensive income		32		16
Balance at end of period	$	(502)	$	(361)

	Reclassifications Out of Accumulated Other Comprehensive Income *(b)*				
	For the Three Months Ended March 31,				
	2015		2014		Income Statement Line Item
Defined Benefit Pension Plans:					
Periodic pension costs	$	(32)	$	(16)	See Note 7.
Net amounts reclassified	$	(32)	$	(16)	

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

Note 6 — Fair Value Measurement

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

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

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

The classifications within the fair value hierarchy are as follows:

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

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

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 at March 31, 2015

	Fair Value	Valuation Technique(s)	Unobservable Input	Range
Impaired loans and other property owned	$ 42,182	Appraisal	Income and expense	*
			Comparable sales	*
			Replacement cost	*
			Comparability adjustments	*

** Ranges for this type of input are not useful because each collateral property is unique.*

Information about Other Financial Instrument Fair Value Measurements

	Valuation Technique(s)	Input
Cash	Carrying Value	Par/Principal and appropriate interest yield
Loans	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity
Notes payable to AgFirst Farm Credit Bank	Discounted cash flow	Prepayment forecasts
		Probability of default
		Loss severity

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

At or for the Three Months Ended March 31, 2015

	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 1,664	$ 1,664	$ –	$ –	$ 1,664	
Recurring Assets	$ 1,664	$ 1,664	$ –	$ –	$ 1,664	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 40,182	$ –	$ –	$ 40,182	$ 40,182	$ 663
Other property owned	1,799	–	–	2,000	2,000	40
Nonrecurring Assets	$ 41,981	$ –	$ –	$ 42,182	$ 42,182	$ 703
Other Financial Instruments						
Assets:						
Cash	$ 4,177	$ 4,177	$ –	$ –	$ 4,177	
Loans	2,218,208	–	–	2,215,354	2,215,354	
Other Financial Assets	$ 2,222,385	$ 4,177	$ –	$ 2,215,354	$ 2,219,531	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,753,454	$ –	$ –	$ 1,749,754	$ 1,749,754	
Other Financial Liabilities	$ 1,753,454	$ –	$ –	$ 1,749,754	$ 1,749,754	

At or for the Year Ended December 31, 2014

	Total Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value	Fair Value Effects On Earnings
Recurring Measurements						
Assets:						
Assets held in Trust funds	$ 1,626	$ 1,626	$ –	$ –	$ 1,626	
Recurring Assets	$ 1,626	$ 1,626	$ –	$ –	$ 1,626	
Liabilities:						
Recurring Liabilities	$ –	$ –	$ –	$ –	$ –	
Nonrecurring Measurements						
Assets:						
Impaired loans	$ 40,353	$ –	$ –	$ 40,353	$ 40,353	$ (1,144)
Other property owned	844	–	–	940	940	776
Nonrecurring Assets	$ 41,197	$ –	$ –	$ 41,293	$ 41,293	$ (368)
Other Financial Instruments						
Assets:						
Cash	$ 2,615	$ 2,615	$ –	$ –	$ 2,615	
Loans	2,212,048	–	–	2,202,991	2,202,991	
Other Financial Assets	$ 2,214,663	$ 2,615	$ –	$ 2,202,991	$ 2,205,606	
Liabilities:						
Notes payable to AgFirst Farm Credit Bank	$ 1,760,410	$ –	$ –	$ 1,747,340	$ 1,747,340	
Other Financial Liabilities	$ 1,760,410	$ –	$ –	$ 1,747,340	$ 1,747,340	

Note 7 — Employee Benefit Plans

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

	For the three months ended March 31, 2015	2014
Pension	$ 1,510	$ 1,502
401(k)	217	144
Other postretirement benefits	401	237
Total	$ 2,128	$ 1,883

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

	Actual YTD Through 3/31/15	Projected Contributions For Remainder of 2015	Projected Total Contributions 2015
Pension	$ 3	$ 5,939	$ 5,942
Other postretirement benefits	135	405	540
Total	$ 138	$ 6,344	$ 6,482

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

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

Note 8 — Commitments and Contingent Liabilities

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

Note 9 — Subsequent Events

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