

**2011**

**FIRST QUARTER REPORT**

**FARM CREDIT OF ENID, ACA**

The shareholders' investment in Farm Credit of Enid, ACA is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2010 U.S. AgBank Annual Report to Shareholders, the 2010 U.S. AgBank District Annual Report to Shareholders, the U.S. AgBank quarterly shareholders' reports and the U.S. AgBank District quarterly shareholders' reports are available free of charge by accessing AgBank's web site, [www.usagbank.com](http://www.usagbank.com), or may be obtained at no charge by visiting or calling Farm Credit of Enid, ACA, 1605 W. Owen K. Garriott Road, Enid, OK 73703, (580)233-3489 or toll-free 1-800-814-6407, or may be obtained at no charge by contacting U.S. AgBank at 245 N. Waco, P.O. Box 2940, Wichita, KS 67201-2940 or calling (800)322-9880.

## 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 of Enid, ACA for the three months ended March 31, 2011, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2010 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The first quarter of 2011 saw below normal moisture pattern for the entire Association territory. Winter wheat conditions range from average to below average. Livestock and grain commodity prices remain at high levels with good livestock gains and profit being reported. Inputs that are fossil fuel based are rising in price during the first quarter. Interest rates remained stable at historical lower levels.

### LOAN PORTFOLIO

Loans outstanding at March 31, 2011 totaled \$158,800, a decrease of \$1,240, or 0.77%, from loans of \$160,400 at December 31, 2010. The decrease was primarily due to normal loan payments and payoffs.

### RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2011 was \$1,340, an increase of \$446, or 49.89%, from the same period ended one year ago, primarily due to patronage from U.S. AgBank, FCB (AgBank).

Net interest income for the three months ended March 31, 2011 was \$1,187, an increase of \$110, or 10.21%, from the same period ended one year ago. Interest income increased as a result of greater spreads on loans.

Noninterest income increased \$443 primarily due to patronage received from AgBank of \$773, compared with \$165 in the first quarter of 2010. Additionally, during the first quarter of 2010, we received our allocated portion of a distribution of \$154 from Farm Credit System Insurance Company (FCSIC), which offset the increase in noninterest income.

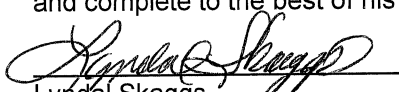
The loan loss reversal for the three months ended March 31, 2011 was \$32, a decrease of \$38, or 54.29%, from the same period ended one year ago. The loan loss reversal in the first quarter of 2011 was recorded as a result of more stability in credit quality conditions.

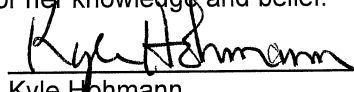
### CAPITAL RESOURCES


Our shareholders' equity at March 31, 2011 was \$42,873, an increase from \$41,547 at December 31, 2010. This increase is due to net income offset by net stock reductions.

In November of 2010, the AgBank Board of Directors voted to pursue a merger with CoBank, ACB another Farm Credit System Bank. The proposed merger is targeted to be effective on October 1, 2011. We do not expect there to be any material negative impact to its operations as a result of the merger.

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.

  
Lyndal Skaggs  
Chairman of the Board  
Date 5-4-2011

  
Kyle Hohmann  
Chief Executive Officer  
Date 5-4-2011

  
Karen Pittman  
Chief Financial Officer  
Date 5/4/2011

## Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2011	December 31 2010
	UNAUDITED	AUDITED
<b>ASSETS</b>		
Loans	\$ 158,800	\$ 160,040
Less allowance for loan losses	1,872	1,904
Net loans	156,928	158,136
Cash	265	914
Accrued interest receivable	2,960	2,077
Investment in U.S. AgBank, FCB	4,070	4,070
Premises and equipment, net	3,819	3,849
Prepaid benefit expense	156	196
Other assets	184	169
<b>Total assets</b>	<b>\$ 168,382</b>	<b>\$ 169,411</b>
<b>LIABILITIES</b>		
Note payable to U.S. AgBank, FCB	\$ 123,662	\$ 125,264
Advance conditional payments	152	62
Accrued interest payable	1,286	1,426
Patronage distributions payable	-	450
Accrued benefits liability	84	85
Other liabilities	325	577
<b>Total liabilities</b>	<b>125,509</b>	<b>127,864</b>
<b>Commitments and Contingencies</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Protected borrower stock	16	16
Capital stock	602	615
Unallocated retained earnings	42,241	40,901
Accumulated other comprehensive income	14	15
<b>Total shareholders' equity</b>	<b>42,873</b>	<b>41,547</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 168,382</b>	<b>\$ 169,411</b>

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

## Consolidated Statement of Income

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31	
	2011	2010
<b>INTEREST INCOME</b>		
Loans	\$ 2,132	\$ 2,108
<b>Total interest income</b>	<b>2,132</b>	<b>2,108</b>
<b>INTEREST EXPENSE</b>		
Note payable to U.S. AgBank, FCB	944	1,030
Other	1	1
<b>Total interest expense</b>	<b>945</b>	<b>1,031</b>
Net interest income	1,187	1,077
Loan loss reversal	(32)	(70)
Net interest income after loan loss reversal	1,219	1,147
<b>NONINTEREST INCOME</b>		
Financially related services income	5	4
Loan fees	-	13
Patronage refund from Farm Credit Institutions	773	165
Farm Credit Insurance Fund distribution	-	154
Other noninterest income	7	6
<b>Total noninterest income</b>	<b>785</b>	<b>342</b>
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	357	285
Occupancy and equipment	49	43
Purchased services from AgVantis, Inc.	75	61
Farm Credit Insurance Fund premium	22	37
Supervisory and examination costs	18	16
Other noninterest expense	143	153
<b>Total noninterest expense</b>	<b>664</b>	<b>595</b>
<b>Net income</b>	<b>\$ 1,340</b>	<b>\$ 894</b>

The accompanying notes are an integral part of these 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
<b>Balance at December 31, 2009</b>	\$ 19	\$ 634	\$ 38,856	\$ 20	\$ 39,529
Comprehensive income					
Net income			894		
Change in retirement obligation				(1)	
Total comprehensive income					893
Stock issued	-	13			13
Stock retired	-	(18)			(18)
<b>Balance at March 31, 2010</b>	<b>\$ 19</b>	<b>\$ 629</b>	<b>\$ 39,750</b>	<b>\$ 19</b>	<b>\$ 40,417</b>
<b>Balance at December 31, 2010</b>	<b>\$ 16</b>	<b>\$ 615</b>	<b>\$ 40,901</b>	<b>\$ 15</b>	<b>\$ 41,547</b>
Comprehensive income					
Net income			1,340		
Change in retirement obligation				(1)	
Total comprehensive income					1,339
Stock issued	-	11			11
Stock retired	-	(24)			(24)
<b>Balance at March 31, 2011</b>	<b>\$ 16</b>	<b>\$ 602</b>	<b>\$ 42,241</b>	<b>\$ 14</b>	<b>\$ 42,873</b>

The accompanying notes are an integral part of these 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 of Enid, 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, 2010, are contained in the 2010 Annual Report to Shareholders. These unaudited first quarter 2011 financial statements should be read in conjunction with the 2010 Annual Report to Shareholders.

In November of 2010, the U.S. AgBank Board of Directors voted to pursue a merger with CoBank, ACB, (CoBank) another Farm Credit System Bank. The proposed merger is targeted to be effective on October 1, 2011. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

In July 2010, the Financial Accounting Standards Board (FASB) issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Loan Losses," which is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of the allowance for credit losses. Existing disclosures are amended to include additional disclosures of financing receivables on a disaggregated basis (by portfolio segment and class of financing receivable) including among others, a rollforward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the method of impairment (individually or collectively evaluated). The guidance also calls for new disclosures including but not limited to credit quality indicators at the end of the reporting period by class of financing receivables, the aging of past due financing receivables by class, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For non-public entities, all disclosures are effective for interim and annual reporting periods ending on or after December 15, 2011. The adoption of this Standard will not have an impact on the Association's financial condition or results of operations, but will result in additional disclosures.

Effective January 1, 2010, the Association adopted Financial Accounting Standards Board (FASB) guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The changes will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. The new disclosures and clarification of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures were effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this standard did not impact the Association's financial condition and results of operations but resulted in additional disclosures.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform with generally accepted accounting principles and prevailing practices within the banking industry. The results for the three months ended March 31, 2011, are not necessarily indicative of the results to be expected for the year ended December 31, 2011.

## NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	March 31, 2011	March 31, 2010
Balance at beginning of year	\$ 1,904	\$ 2,089
Loan loss reversal	(32)	(70)
Balance at end of period	\$ 1,872	\$ 2,019

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. Impaired loans including accrued interest totaled \$1,262 as of March 31, 2011 and \$5,795 as of March 31, 2010. No impaired loans carried a specific allowance for loan losses at each period end.

The average recorded investment in impaired loans including accrued interest during the three months ended March 31, 2011 was \$1,241, and \$2,207 for the same period in 2010. The Association recognized interest income on impaired loans of \$2 for the three months ended March 31, 2011 and \$49 for the same period in 2010.

## NOTE 3 - FAIR VALUE MEASUREMENTS

FASB guidance defines fair value 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. See Note 2 to the 2010 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:				
Assets held in nonqualified benefits trusts				
<b>March 31, 2011</b>	\$ 84	\$ —	\$ —	\$ 84
December 31, 2010	\$ 76	\$ —	\$ —	\$ 76

During the first three months of 2011, 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 March 31, 2011 or December 31, 2010. The Association had no assets or liabilities measured at fair value on a non-recurring basis at March 31, 2011 or December 31, 2010.

### Valuation Techniques

As more fully discussed in Note 2 to the 2010 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.

#### *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.

## NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 4, 2011, which is the date the financial statements were available to be issued, and no material subsequent events were identified.