

2010

THIRD 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 2009 U.S. AgBank Annual Report to Shareholders, the 2009 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, 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 nine months ended September 30, 2010, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2009 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

During the third quarter 2010, our territory experienced lower than normal rainfall, with several weeks of high temperatures. These conditions impacted growing crops, grass pastures, and ponds in various ways. Grain commodity prices strengthened throughout this period with interest rates remaining at lower levels.

LOAN PORTFOLIO

Loans outstanding at September 30, 2010 totaled \$154,843, a decrease of \$1,771, or 1.13%, from loans of \$156,614 at December 31, 2009. The decrease was primarily due to normal loan payments and loan payoffs.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2010 was \$2,151, an increase of \$1,074, or 99.72%, from the same period ended one year ago. This is primarily due to the recording of a loan loss reversal, an increase in noninterest income, and a decrease in Farm Credit System Insurance Company (FCSIC) premiums.

Net interest income for the nine months ended September 30, 2010 was \$3,293, an increase of \$72, or 2.24%, from the same period ended one year ago.

The loan loss reversal for the nine months ended September 30, 2010 was \$178, an increase of \$736 from provision for loan losses for the same period ended one year ago. The loan loss reversal was as a result of improved credit quality and loan performance in the portfolio.

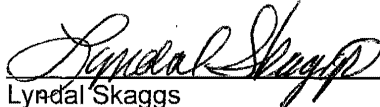
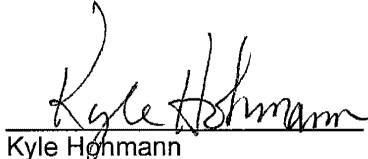
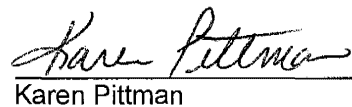
Noninterest income increased \$290 from \$406 recorded for the first nine months of 2010, compared with \$116 for the same period in 2009. Beginning in 2009, patronage from AgBank was paid annually after the end of the year. During the first quarter of 2010, AgBank paid us \$165 in patronage based on AgBank's 2009 earnings. As a result, our year-to-date patronage earnings from AgBank increased compared to year-to-date 2009. Additionally, during the first quarter of 2010, we received our allocated portion of a rebate of \$153 distributed by FCSIC. As a result, our year-to-date noninterest income increased compared to year-to-date 2009.

During 2010, FCSIC reduced their premium rate from 10 basis points to 5 basis points.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2010 was \$41,664, an increase from \$39,529 at December 31, 2009. This increase is due to net income offset by the amortization of pension gains included in the net periodic benefit cost and stock reductions.

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	Kyle Honmann	Karen Pittman
Chairman of the Board	Chief Executive Officer	Chief Financial Officer
Date <u>11-5-2010</u>	Date <u>11-5-2010</u>	Date <u>11-5-2010</u>

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2010	December 31 2009
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 154,843	\$ 156,614
Less allowance for loan losses	1,903	2,089
Net loans	152,940	154,525
Cash	370	1,283
Accrued interest receivable	3,195	2,492
Investment in U.S. AgBank, FCB	4,070	3,814
Premises and equipment, net	3,878	3,917
Prepaid benefit expense	172	231
Other assets	160	159
Total assets	\$ 164,785	\$ 166,421
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 121,109	\$ 124,114
Advance conditional payments	141	141
Accrued interest payable	1,439	1,562
Patronage distributions payable	-	250
Accrued benefits liability	86	90
Other liabilities	346	735
Total liabilities	123,121	126,892
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	19
Capital stock	625	634
Unallocated retained earnings	41,007	38,856
Accumulated other comprehensive income	16	20
Total shareholders' equity	41,664	39,529
Total liabilities and shareholders' equity	\$ 164,785	\$ 166,421

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

Consolidated Statement of Income

(Dollars in Thousands)

UNAUDITED	For the three months ended September 30		For the nine months ended September 30	
	2010	2009	2010	2009
INTEREST INCOME				
Loans	\$ 2,117	\$ 2,124	\$ 6,356	\$ 6,274
Total interest income	2,117	2,124	6,356	6,274
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	997	1,022	3,061	3,051
Other	1	-	2	2
Total interest expense	998	1,022	3,063	3,053
Net interest income	1,119	1,102	3,293	3,221
(Loan loss reversal)/Provision for loan losses	(62)	182	(178)	558
Net interest income after (loan loss reversal)/provision for loan losses	1,181	920	3,471	2,663
NONINTEREST INCOME				
Financially related services income	6	2	14	17
Loan fees	(2)	7	14	37
Patronage distribution from U.S. AgBank, FCB	-	-	165	51
Farm Credit Insurance Fund distribution	-	-	153	-
Other noninterest income	54	-	60	11
Total noninterest income	58	9	406	116
NONINTEREST EXPENSE				
Salaries and employee benefits	283	252	878	735
Occupancy and equipment	53	47	150	158
Purchased services from AgVantis, Inc.	63	57	187	170
Farm Credit Insurance Fund premium	18	68	54	201
Supervisory and examination costs	16	15	48	44
Other noninterest expense	126	150	409	394
Total noninterest expense	559	589	1,726	1,702
Net income	\$ 680	\$ 340	\$ 2,151	\$ 1,077

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
Balance at December 31, 2008	\$ 26	\$ 648	\$ 37,529	\$ (1)	\$ 38,202
Comprehensive income					
Net income			1,077		
Change in retirement obligation				-	
Total comprehensive income					1,077
Stock issued	-	54			54
Stock retired	-	(67)			(67)
Balance at September 30, 2009	\$ 26	\$ 635	\$ 38,606	\$ (1)	\$ 39,266
Balance at December 31, 2009	\$ 19	\$ 634	\$ 38,856	\$ 20	\$ 39,529
Comprehensive income					
Net income			2,151		
Change in retirement obligation				(4)	
Total comprehensive income					2,147
Stock issued	-	46			46
Stock retired	(3)	(55)			(58)
Balance at September 30, 2010	\$ 16	\$ 625	\$ 41,007	\$ 16	\$ 41,664

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, 2009, are contained in the 2009 Annual Report to Shareholders. These unaudited third quarter 2010 financial statements should be read in conjunction with the 2009 Annual Report to Shareholders.

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 public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of this Standard should have no 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 guidance will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on the Association's financial condition and results of operations but resulted in additional disclosures.

In June 2009, the FASB issued guidance on "Accounting for Transfers of Financial Assets," which amends previous guidance by improving the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets.

This guidance was effective January 1, 2010. This Statement must be applied to transfers occurring on or after the effective date. Additionally, the concept of a qualifying special purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting standards) should be evaluated for consolidation by reporting entities in accordance with the applicable consolidation guidance. If the evaluation results in consolidation, the reporting entity should apply the transition guidance provided in the pronouncement that requires consolidation. The Association reviewed its loan participation agreements to ensure that participations would meet the requirements for sales treatment and not be required to be consolidated. The impact of adoption on January 1, 2010 was immaterial to the Association's financial condition and results of operations.

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 nine months ended September 30, 2010, are not necessarily indicative of the results to be expected for the year ended December 31, 2010.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	September 30, 2010	September 30, 2009
Balance at beginning of year	\$ 2,089	\$ 1,570
(Loan loss reversal)/Provision for loan losses	(178)	558
Charge-offs	8	—
Balance at end of period	\$ 1,903	\$ 2,128

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 \$1,290 as of September 30, 2010 and \$8,082 as of September 30, 2009. 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 nine months ended September 30, 2010 was \$2,872, and \$4,596 for the same period in 2009. The Association recognized interest income on impaired loans of \$102 for the nine months ended September 30, 2010 and \$69 for the same period in 2009.

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 2009 Annual Report to Shareholders for a more complete description.

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

	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in nonqualified benefits trusts				
September 30, 2010	\$ 67	\$ —	\$ —	\$ 67
December 31, 2009	\$ 69	\$ —	\$ —	\$ 69

During the first nine months of 2010, the Association recorded no transfers in Levels 1, 2, or 3.

The Association had no liabilities measured at fair value on a recurring basis at September 30, 2010 or December 31, 2009.

Assets and liabilities measured at fair value on a non-recurring basis at September 30, 2010 for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			Total Fair	Total
	Level 1	Level 2	Level 3	Value	Gains/(Losses)
Assets:					
Loans					
September 30, 2010	\$ —	\$ —	\$ 8	\$ 8	\$ (5)
December 31, 2009	\$ —	\$ —	\$ —	\$ —	\$ —

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 2010 or December 31, 2009.

Valuation Techniques

As more fully discussed in Note 2 to the 2009 Annual Report to Shareholders, authoritative 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 for the Association's assets and liabilities.

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.

Loans

For certain loans evaluated for impairment under FASB impairment 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.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 5, 2010, which is the date the financial statements were available to be issued, and no material subsequent events were identified.