

2011

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 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, 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, 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.

As of the end of September, our territory continued to be below the average annual precipitation level. Both grass pasture and summer crops have been negatively impacted by the dry conditions. Commodity prices have fluctuated, but remain at higher levels. Oil and gas leasing and development is active in our entire territory, which resulted in above normal off-farm income and positive employment opportunities.

LOAN PORTFOLIO

Loans outstanding at September 30, 2011 totaled \$156,707, a decrease of \$3,333, or 2.08%, from loans of \$160,040 at December 31, 2010. The decrease was primarily due to normal payments and loan payoffs.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2011 was \$2,777, an increase of \$626, or 29.10%, from the same period ended one year ago, primarily due to patronage from U.S. AgBank, FCB (AgBank).

Net interest income for the nine months ended September 30, 2011 was \$3,774, an increase of \$481, or 14.61%, from the same period ended one year ago. Interest income increased as a result of greater spreads on loans.

The loan loss reversal for the nine months ended September 30, 2011 was \$127, a decrease of \$51, or 28.65%, from the loan loss reversal for the same period ended one year ago. The loan loss reversal decreased as a result of improvement in credit quality of the loan portfolio.

Noninterest income increased \$424 during the first nine months of 2011 compared with the same period in 2010. This was primarily due to patronage received from AgBank of \$773 in 2011 compared with \$165 during the same period in 2010. Offsetting this increase was the receipt of a \$153 distribution from Farm Credit System Insurance Company (FCSIC) during the first quarter of 2010 and no distribution received from FCSIC during 2011.

During the first nine months of 2011, noninterest expense increased \$228 to \$1,954, primarily due to an increase in salaries and benefits and purchased services from AgVantis, offset by a reduction in other noninterest expense.

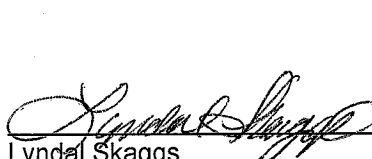
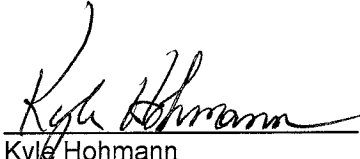
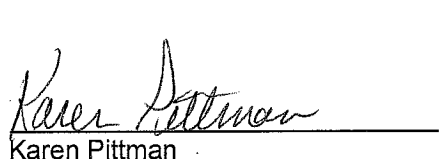
CAPITAL RESOURCES

Our shareholders' equity at September 30, 2011 was \$44,269, an increase from \$41,547 at December 31, 2010. This increase is due to net income offset by the amortization of pension gains included in the net periodic benefit cost, stock reductions and patronage distributions.

OTHER MATTERS

In November of 2010, the AgBank Board of Directors voted to pursue a merger with CoBank, ACB another Farm Credit System Bank. On September 8, 2011, AgBank and CoBank announced that their voting stockholders have approved the proposed plan of merger between the two banks. The Farm Credit Administration (FCA) had already granted preliminary approval to the transaction. Final approval from the FCA is expected following a statutorily required 35 day reconsideration period. The proposed merger is targeted to be effective on January 1, 2012. We do not expect there to be any material negative impact to our 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	Kyle Hohmann	Karen Pittman
Chairman of the Board	Chief Executive Officer	Chief Financial Officer
Date <u>11/4/11</u>	Date <u>11/4/11</u>	Date <u>11/4/11</u>

Consolidated Statement of Condition

(Dollars in Thousands)

	September 30 2011	December 31 2010
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 156,707	\$ 160,040
Less allowance for loan losses	1,777	1,904
Net loans	154,930	158,136
Cash	501	914
Accrued interest receivable	3,288	2,077
Investment in U.S. AgBank, FCB	4,070	4,070
Premises and equipment, net	3,785	3,849
Prepaid benefit expense	129	196
Other assets	182	169
Total assets	\$ 166,885	\$ 169,411
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 120,280	\$ 125,264
Advance conditional payments	453	62
Accrued interest payable	1,348	1,426
Patronage distributions payable	-	450
Accrued benefits liability	83	85
Other liabilities	452	577
Total liabilities	122,616	127,864
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	16
Capital stock	583	615
Unallocated retained earnings	43,658	40,901
Accumulated other comprehensive income	12	15
Total shareholders' equity	44,269	41,547
Total liabilities and shareholders' equity	\$ 166,885	\$ 169,411

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	
	2011	2010	2011	2010
INTEREST INCOME				
Loans	\$ 2,167	\$ 2,117	\$ 6,528	\$ 6,356
Total interest income	2,167	2,117	6,528	6,356
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	894	997	2,750	3,061
Other	2	1	4	2
Total interest expense	896	998	2,754	3,063
Net interest income	1,271	1,119	3,774	3,293
Loan loss reversal	(61)	(62)	(127)	(178)
Net interest income after loan loss reversal	1,332	1,181	3,901	3,471
NONINTEREST INCOME				
Financially related services income	5	6	19	14
Loan fees	2	(2)	20	14
Patronage refund from Farm Credit Institutions	-	-	773	165
Farm Credit Insurance Fund distribution	-	-	-	153
Other noninterest income	11	54	18	60
Total noninterest income	18	58	830	406
NONINTEREST EXPENSE				
Salaries and employee benefits	328	283	1,063	878
Occupancy and equipment	51	53	161	150
Purchased services from AgVantis, Inc.	66	63	215	187
Farm Credit Insurance Fund premium	19	18	61	54
Supervisory and examination costs	18	16	53	48
Other noninterest expense	134	126	401	409
Total noninterest expense	616	559	1,954	1,726
Net income	\$ 734	\$ 680	\$ 2,777	\$ 2,151

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, 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
Balance at December 31, 2010	\$ 16	\$ 615	\$ 40,901	\$ 15	\$ 41,547
Comprehensive income					
Net income			2,777		
Change in retirement obligation				(3)	
Total comprehensive income					2,774
Stock issued	-	38			38
Stock retired	-	(70)			(70)
Patronage distributions: Cash			(20)		(20)
Balance at September 30, 2011	\$ 16	\$ 583	\$ 43,658	\$ 12	\$ 44,269

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 third quarter 2011 financial statements should be read in conjunction with the 2010 Annual Report to Shareholders.

In December 2010, U.S. AgBank, FCB (AgBank), the Association's funding bank and CoBank executed a Letter of Intent to merge. The merged bank will continue to do business under the CoBank name and be headquartered in Colorado but will maintain AgBank's existing presence and operations in Wichita, Kansas, and Sacramento, California. In June 2011, the Farm Credit Administration (FCA) voted to grant preliminary approval of the proposed plan of merger between the two banks. The FCA serves as the independent regulator for both banks and the rest of the Farm Credit System. AgBank distributed disclosure and voting materials to its stockholder associations in July. On September 8, 2011, AgBank and CoBank announced that their voting stockholders have approved the proposed plan of merger between the two banks. Final approval from the FCA is expected following a statutorily required 35 day reconsideration period. The boards of the two banks have approved a merger effective date of January 1, 2012. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

In September 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Compensation – Retirement Benefits – Multiemployer Plans." The guidance is intended to provide more information about an employer's financial obligations to a multiemployer pension plan and postretirement benefits other than pensions, which should help financial statement users better understand the financial health of significant plans in which the employer participates. The additional disclosures include: a) a description of the nature of plan benefits, b) a qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer, and c) other quantitative information to help users understand the financial information about the plan. The amendments are effective for annual periods for fiscal years ending after December 15, 2012 for non-public entities. The amendments should be applied retrospectively for all prior periods presented.

In June 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Comprehensive Income – Presentation of Comprehensive Income." This guidance is intended to increase the prominence of other comprehensive income in financial statements. The current option that permits the presentation of other comprehensive income in the statement of changes in equity has been eliminated. The main provisions of the guidance provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one or two consecutive financial statements:

- A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income.
- In a two-statement approach, an entity must present the components of net income and total net income in the first statement. That statement must be immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income.

This guidance is to be applied retrospectively and is effective for fiscal years ending after December 15, 2012 and interim and annual periods thereafter. The adoption of this guidance will not impact financial condition or results of operations, but will result in changes to the presentation of comprehensive income.

In May 2011, the FASB issued guidance entitled, "Fair Value Measurement – Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments include the following:

1. Application of the highest and best use and valuation premise is only relevant when measuring the fair value of nonfinancial assets (does not apply to financial assets and liabilities.)
2. Aligning the fair value measurement of instruments classified within an entity's shareholders' equity with the guidance for liabilities. As a result, an entity should measure the fair value of its own equity instruments from the perspective of a market participant that holds the instruments as assets.
3. Clarifying that a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy.
4. An exception to the requirement for measuring fair value when a reporting entity manages its financial instruments on the basis of its net exposure, rather than its gross exposure, to those risks.
5. Clarifying that the application of premiums and discounts in a fair value measurement is related to the unit of account for the asset or liability being measured at fair value. Premiums or discounts related to size as a characteristic of the entity's holding (that is, a blockage factor) instead of as a characteristic of the asset or liability (for example, a control premium), are not permitted. A fair value measurement that is not a Level 1 measurement may include premiums or discounts other than blockage factors when market participants would incorporate the premium or discount into the measurement at the level of the unit of account specified in other guidance.
6. Expansion of the disclosures about fair value measurements. The most significant change will require entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the use of a nonfinancial asset measured or disclosed at fair value if its use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed.

The amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted.

In January 2011, the FASB issued guidance entitled, "Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings." This guidance temporarily delayed the effective date of the disclosures about troubled debt restructurings required by the guidance previously issued on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." The effective date of the new disclosures about troubled debt restructurings (TDR) coincides with the guidance for determining what constitutes a TDR as described below.

In April 2011, the FASB issued its guidance entitled, "A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring," which provides for clarification on whether a restructuring constitutes a TDR. In evaluating whether a restructuring is a TDR, a creditor must separately conclude that both of the following exists: (1) the restructuring constitutes a concession, and (2) the debtor is experiencing financial difficulties. For nonpublic entities, the guidance is effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. The

Association is currently evaluating the impact of adoption of this Standard on the financial condition or results of operations. The adoption will result in additional disclosures.

In July 2010, the FASB issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Loan Losses." This guidance 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 nonpublic 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 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 did result 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 nine months ended September 30, 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.

	September 30, 2011	September 30, 2010
Balance at beginning of year	\$ 1,904	\$ 2,089
(Loan loss reversal)	(127)	(178)
Charge-offs	—	8
Balance at end of period	\$ 1,777	\$ 1,903

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following presents information relating to impaired loans including accrued interest.

	September 30, 2011	September 30, 2010
Impaired loans with related allowance	\$ 19	\$ —
Impaired loans with no related allowance	1,224	1,290
Total impaired loans	\$ 1,243	\$ 1,290
Allowance on impaired loans	\$ 14	\$ —

The following table summarizes impaired loan information.

	For the nine months ended September 30, 2011	September 30, 2010
Average impaired loans	\$ 1,227	\$ 2,872
Interest income recognized on impaired loans	\$ 130	\$ 102

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
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in nonqualified benefits trusts				
September 30, 2011	\$ 87	\$ —	\$ —	\$ 87
December 31, 2010	\$ 76	\$ —	\$ —	\$ 76

During the first nine 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 September 30, 2011 or December 31, 2010.

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	Total
	Level 1	Level 2	Level 3	Value	Gains/(Losses)
Assets:					
September 30, 2011					
Loans	\$ —	\$ —	\$ 5	\$ 5	\$ (14)
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —
December 31, 2010					
Loans	\$ —	\$ —	\$ —	\$ —	\$ —
Other property owned	\$ —	\$ —	\$ —	\$ —	\$ —

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 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.

Loans

For certain loans evaluated for impairment under FASB guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans. 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 collateral, 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 4, 2011, which is the date the financial statements were available to be issued, and no material subsequent events were identified.