AgFirst Farm Credit Bank
& District Associations

Quarterly Report

Third Quarter 2008

THIRD QUARTER 2008

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2008 quarterly report of AgFirst Farm Credit Bank and District Associations, 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.

Thomas W. Kelly
Chairman of the Board

F. A. Lowrey
Chief Executive Officer

Charl L. Butler
Chief Financial Officer

October 31, 2008

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion reviews the combined financial condition and results of operations of AgFirst Farm Credit Bank (AgFirst or Bank) and the District Agricultural Credit Associations (Associations or District Associations), collectively referred to as the District, for the three and nine month periods ended September 30, 2008. These comments should be read in conjunction with the accompanying financial statements, the Notes to the Financial Statements, and the 2007 Annual Report of AgFirst Farm Credit Bank and District Associations. The accompanying combined financial statements were prepared under the oversight of the Audit Committee of the AgFirst Board of Directors.

As of September 30, 2008, the District consisted of AgFirst and twenty-three District Associations. Key ratios and data reported below, and in the accompanying financial statements, address the financial performance of the District. However, neither the three months' nor the nine months' results of operations may be indicative of an entire year due to the seasonal nature of a portion of the District's business.

FINANCIAL CONDITION

Loan Portfolio

Total loans outstanding were $23.105 billion at September 30, 2008, increases of $2.377 billion, or 11.5 percent, compared to total loans outstanding at December 31, 2007, and $2.811 billion, or 13.8 percent, compared to September 30, 2007.

The strong increase in loan volume over both the nine month and the annual periods ended September 30, 2008, can be attributed to a number of factors. In response to growing worldwide demand for agricultural commodities, especially grains, farmers have increased their production capacities. Borrowing needs have also grown because of rising costs for inputs such as fertilizer and fuel. Related capital expansion by agribusinesses has also driven up loan demand. As a result, farmers' needs for new production loans have increased dramatically, and they have also drawn more heavily on existing lines of credit.

As agricultural loan demand has increased, turmoil in the overall financial markets, and the banking sector in particular, has caused commercial banks to reduce the amount of available credit to farmers and related businesses. This also has contributed to increased loan demand in the District and throughout the Farm Credit System. A seasoned, knowledgeable lending staff and the inherent value of patronage paid under the cooperative structure have positioned the District to compete effectively for this expanded business while retaining current members and their business relationships.

Future loan demand is difficult to predict, although some moderation in the growth rate of the loan portfolio is anticipated. Commodity prices have declined significantly just over the last several weeks, which has caused some softening in loan demand, at least in the near term. The anticipated downturn in the general economy should also serve to weaken overall loan demand. However, the future availability of credit from the commercial banking sector for farmers and related operations is very uncertain, and the ultimate effect on loan demand in the District cannot be determined.

As of September 30, 2008, the credit quality of the loan portfolio continued to be satisfactory with adverse movements in some quality measures compared to earlier reporting periods. The increased volatility in the financial markets and the generally weaker economy have affected the overall farm sector and some of the District's customers. The pace of loans migrating to more adverse classifications increased in the third quarter compared to previous reporting periods.

To a large degree, the recent credit quality deterioration has been driven by generally higher input costs. Also, the recent volatility in the financial markets has caused the customers' borrowing costs to increase. Until the government's rescue measures produce the desired stability and trust in the financial markets, the cost of credit will remain relatively high. Higher fuel costs have adversely impacted all producers. Higher feed costs have been problematic for the livestock and poultry industries. Recently, however, certain commodity prices, including oil and grain, appear to have peaked. This would prove beneficial to meat complex producers going forward. Industries tied to housing such as forestry, sawmills, sod, and landscape nurseries continue to be impacted by the declining housing market. The global economic slowdown will create less demand for agricultural exports. Both the higher cost of credit and declining exports will have a negative impact on the profitability of production agriculture. Given the fact that some sectors of the general economy are already in a recession, combined with a higher level of unemployment, credit quality of farmers could also be compromised. Based on the above factors, the overall risk of future credit quality deterioration is increasing.

Nonaccrual loan assets for the combined District at September 30, 2008, were 1.2 percent of total loans outstanding compared to 0.5 percent at December 31, 2007, and 0.4 percent at September 30, 2007. Nonaccrual loans increased $182.3 million from December 31, 2007 to September 30, 2008 primarily due to three borrower relationships totaling $115.2 million transferred to nonaccrual in 2008. Credit quality classifications have shown an overall decline during the past twelve months, as illustrated in the following chart:

	Credit Quality as of:		
Classification	**September 30, 2008**	**December 31, 2007**	**September 30, 2007**
Acceptable	93.84%	95.89%	96.32%
OAEM *	3.39%	2.63%	2.45%
Substandard	2.71%	1.42%	1.21%
Doubtful/loss	0.06%	0.06%	0.02%

* *Other Assets Especially Mentioned*

Diversification of the portfolio remains similar to December 2007 with regard to commodities and geography. The District employs a number of risk management techniques to limit credit exposures, such as the adoption of underwriting standards, individual borrower exposure limits based on risk ratings, commodity exposure limits, and limits on the amounts of loans purchased from a single originator. Concentration risk throughout the portfolio is mitigated through established maximum hold positions to a single borrower and to a single commodity. Overall, credit quality for the District has declined as reflected by past-due loans, asset quality, and non-earning assets and the possibility for future deterioration is increasing as mentioned above. The allowance for loan losses of $114.3 million, or 0.5 percent of gross loan volume, at September 30, 2008 reflects management's estimate of losses inherent in the portfolio. By comparison, the allowance for losses at December 31, 2007 was $78.9 million, or 0.4 percent of gross loan volume. The increase in the allowance for the nine month period of $35.4 million was primarily due to specific reserves on the three borrower relationships transferred to nonaccrual mentioned above. See Note 2, *Allowance for Loan Losses*, in the Notes to the Combined Financial Statements.

Liquidity and Funding Sources

AgFirst and the District Associations maintain adequate liquidity to satisfy the District's daily cash needs. Providing liquidity for the District's operations is primarily the responsibility of the Bank. The primary source of funds for the District is the issuance of Systemwide Debt Securities through the Federal Farm Credit Banks Funding Corporation. At September 30, 2008, the District had $27.977 billion in total debt outstanding compared to $24.847 billion at December 31, 2007. In addition, other interest-bearing liabilities for the District included $225.0 million in Bank Mandatorily Redeemable Preferred Stock in both periods. Total interest-bearing liabilities increased primarily to fund the increases in loan and investment volumes as discussed in this report. Despite the recent adversity in the financial debt markets, the Bank continues to have adequate access to funding through the issuance of Farm Credit System debt.

Cash, cash equivalents and investment securities totaled $8.359 billion, or 25.9 percent of total assets at September 30, 2008, compared to $7.674 billion, or 26.2 percent, as of December 31, 2007. Investment securities increased $1.032 billion compared to September 30, 2007. Cash and cash equivalents includes $11.0 million of restricted cash at September 30, 2008, which represents funds held in escrow for the purchase by AgFirst of 11 million shares of Federal Agricultural Mortgage Corporation (Farmer Mac) senior cumulative perpetual preferred stock, series B-1, with a par value of $1 dollar per share. This total investment of $11.0 million is included in Investments in other Farm Credit institutions at September 30, 2008 on the Balance Sheet.

As of September 30, 2008, AgFirst exceeded all applicable regulatory liquidity requirements. Farm Credit Administration (FCA) regulations require a liquidity policy for the Bank that establishes a minimum “coverage” level of 90 days. “Coverage” is defined as the number of days that maturing debt could be funded through the sale of liquid investments and Agency-guaranteed rural home loans. At September 30, 2008, AgFirst’s coverage was 140 days.

Investment securities classified as being held-to-maturity totaled $1.876 billion at September 30, 2008. These held-to-maturity investments were primarily Rural Housing Mortgage-Backed Securities purchased under a Mission-Related Investment pilot program approved by the FCA in 2005.

Investment securities classified as being available-for-sale totaled $6.223 billion at September 30, 2008. Total unrealized losses of $200.1 million relating to these securities are reflected in Accumulated Other Comprehensive Income (AOCI) in the Financial Statements. The unrealized losses are primarily attributed to the market dislocation and illiquidity stemming from adversity in the subprime mortgage market. Available-for-sale investments at September 30, 2008 included $4.125 billion in Agency Collateralized Mortgage Obligations (CMO’s), $1.464 billion in Agency Adjustable Rate Mortgages, $523.7 million in whole loan CMO’s, and $110.5 million in asset-backed securities.

The District has low exposure to investments backed by subprime mortgages. Asset-backed securities with subprime exposure totaled $93.2 million, which represented 1.5 percent of the available-for-sale liquidity investment portfolio and 1.15 percent of the total investment security portfolio at September 30, 2008. The amortized cost of these investment securities totaled $149.2 million and the market value adjustment decrease of $56.0 million for asset-backed securities with subprime exposure was included in the total $200.1 million of unrealized losses reflected in AOCI at September 30, 2008 as discussed above. The District’s asset-backed securities rated above the minimum for investment grade (BBB-/ Baa3) by the Nationally Recognized Statistical Rating Organizations (NRSROs) at September 30, 2008, totaled $101.8 million (amortized cost value of $145.5 million). This included all but two of the seventeen available-for-sale asset-backed securities held by the District at September 30, 2008. The two asset-backed securities rated at the minimum for investment grade by one of the NRSROs, totaling $8.7 million (amortized cost value of $21.0 million), continue to perform. The District’s asset-backed securities have credit enhancement features. However, the uncertainty in the mortgage securities markets has adversely impacted the market value of all asset-backed securities.

Whole loan CMO’s have also recently experienced significant market pricing volatility. Whole loan CMO’s totaled $523.7 million, which represented 8.4 percent of the available-for-sale liquidity investment portfolio and 6.5 percent of the total investment security portfolio at September 30, 2008. The amortized cost of these investment securities totaled $580.7 million and the market value adjustment decrease for whole loan CMO's of $57.0 million was included in the total $200.1 million of unrealized losses reflected in AOCI at September 30, 2008 as discussed above. All of the District's CMO securities were rated in the top category (AAA/ Aaa) by the NRSROs at September 30, 2008.

The Bank, which had 97.9 percent of the District's combined total investment securities at September 30, 2008, performs periodic credit reviews, including other-than-temporary impairment analysis, on its entire investment securities portfolio, including asset-backed securities and whole loan CMO's, placing special emphasis on those investments not rated in the top category by the NRSROs. Each security identified for additional analysis is analyzed using a cash flow model with key assumptions, which include credit default rate, constant prepayment rate, and loss severity. The objective is to quantify any future possible loss of principal or interest due on each identified security. For each of the cash flow analyses, the credit enhancements specific to the individual security are considered as appropriate, and may include monoline credit insurance, subordination, over-collateralization and excess interest spread. In the case of the asset-backed securities covered by insurers, the models are run with insurance and without to quantify the extent of reliance on their guarantee. Based on the results of all analyses, the Bank has not recognized any other-than-temporary impairment in connection with asset-backed securities, whole loan CMO's, or any other investments, as the Bank has determined that the decline in market value was caused primarily by reduced liquidity in the securities markets stemming from the general adversity in the financial and mortgage markets. The Bank has the ability and intent to hold these investments until a recovery of unrealized losses occurs, which may be at maturity, and at this time expects to collect the full principal amount and interest due on these securities, especially after considering insurance guarantees. All securities continue to perform. For purposes of determining the fair values of the modeled securities and the resulting unrealized gain/ loss impact through AOCI, the Bank uses a price or "mark" provided by a third party pricing service. However, following additional guidance and clarification issued by the Financial Accounting Standards Board (FASB) in October 2008 regarding the determination of fair value of a financial asset when the market for that asset is not active, the Bank is considering utilizing an internal pricing model to determine the fair value of the asset-backed securities impacted by inactive trading or distressed sales. The pricing model for this portfolio would include the Bank's own assumptions when relevant observable inputs are not available or not reflective of the price expected to be received in an orderly transaction that is not a forced liquidation or distressed sale at the measurement date.

Capital Resources

Total District shareholders' equity increased $57.0 million from December 31, 2007, to September 30, 2008. This 1.6 percent net increase is primarily attributed to increases in unallocated retained earnings from net income of $314.3 million and $4.5 million in capital stock and participation certificates issued. These increases were offset by increases of $162.3 million in unrealized losses on investments available-for-sale, a component of AOCI, patronage distributions of $13.6 million, perpetual preferred stock dividends paid of $13.7 million, and retained earnings retired of $70.3 million. As of September 30, 2008, AgFirst and each of the District Associations exceeded the applicable minimum permanent capital, core surplus, total surplus, and net collateral ratio requirements established by FCA Regulations.

RESULTS OF OPERATIONS

Net income for the three months ended September 30, 2008 was $120.7 million, compared to $114.1 million at September 30, 2007, an increase of $6.7 million, or 5.8 percent. For the nine months ended September 30, 2008, net income was $314.3 million, compared to $319.1 million at September 30, 2007, a decrease of $4.8 million, or 1.5 percent. The overall increase and decrease are discussed below.

Net Interest Income

Net interest income for the three months ended September 30, 2008 was $210.5 million compared to $185.6 million for the same period of 2007, an increase of $24.9 million or 13.4 percent. For the nine months ended September 30, 2008, net interest income was $601.8 million compared to $534.6 million for the same period of 2007, an increase of $67.2 million or 12.6 percent. Net interest margin was 2.67 percent and 2.68 percent in the current year three and nine month periods respectively, an improvement of 3 basis points and 3 basis points over the same periods of 2007. Net interest income increased as the outstanding balances of both loans and investments increased. The increase was also due to the proceeds of the preferred stock issue by the Bank in June 2007 which reduced debt and shifted interest expense to dividend payments. Spreads improved as called debt was replaced by new debt issued at a lower rate of interest thereby increasing net interest income. However, the benefit of lower debt costs was substantially offset by lower earning asset yields.

The following table illustrates the changes in net interest income:

	For the three months ended Sept. 30, 2008 vs. Sept. 30, 2007			For the nine months ended Sept. 30, 2008 vs. Sept. 30, 2007		
	Increase (decrease) due to changes in:			Increase (decrease) due to changes in:		
(dollars in thousands)	**Volume**	**Rate**	**Total**	**Volume**	**Rate**	**Total**
Interest Income:						
Loans	$ 56,544	$ (84,013)	$ (27,469)	$ 152,492	$ (186,005)	$ (33,513)
Investments & Cash Equivalents	7,174	(31,873)	(24,699)	17,277	(76,462)	(59,185)
Total Interest Income	$ 63,718	$ (115,886)	$ (52,168)	$ 169,769	$ (262,467)	$ (92,698)
Interest Expense:						
Interest-Bearing Liabilities	$ 49,105	$ (126,141)	$ (77,036)	$ 123,676	$ (283,537)	$ (159,861)
Changes in Net Interest Income	$ 14,613	$ 10,255	$ 24,868	$ 46,093	$ 21,070	$ 67,163

Provision for Loan Losses

The District provision for loan losses was $55.0 million for the nine months ended September 30, 2008, compared to a provision of $4.6 million for the same period in 2007, an increase of $50.4 million. During the first nine months of 2008, District Associations and the Bank recorded provisions of $45.5 million and $9.5 million, respectively, primarily for specific reserves related borrower relationships placed in nonaccrual status. AgFirst and the Associations assess risks inherent in their individual loan portfolios on an ongoing basis and establish appropriate reserves for loan losses. See Note 2, Allowance for Loan Losses, in the Notes to the Financial Statements for further information.

Noninterest Income

The following table illustrates the changes in noninterest income:

Change in Noninterest Income	**For the three months Ended September 30,**			**For the nine months ended September 30,**		
(dollars in thousands)	**2008**	**2007**	**Increase/ (Decrease)**	**2008**	**2007**	**Increase/ (Decrease)**
Loan fees	$ 7,945	$ 9,089	$ (1,144)	$ 32,224	$ 20,873	$ 11,351
Fees for financially related services	4,146	3,042	1,104	7,102	6,091	1,011
Realized gains (losses) on investments, net	-	1	(1)	(71)	12	(83)
Recognized gains (losses) on termination of derivatives (net)	(54)	-	(54)	(54)	-	(54)
Gains (losses) on sale of rural home loans, net	349	501	(152)	1,502	(605)	2,107
Gains from sale of premises and equipment, net	1,111	227	884	1,869	1,336	533
Patronage refunds from other Farm Credit institutions	499	76	423	1,412	809	603
Other noninterest income	1,286	1,532	(246)	3,302	5,993	(2,691)
Total noninterest income	**$** 15,282	$ 14,468	$ 814	$ 47,286	$ 34,509	$ 12,777

Noninterest income for the three months ended September 30, 2008 was $15.3 million, which reflected an increase of $814 thousand compared to the same period in 2007. For the nine months ended September 30, 2008, noninterest income was $47.3 million, which reflected an increase of $12.8 million compared to the same period in 2007. The increase in noninterest income for the three month ended period resulted primarily from increases in fees for financially related services, offset by decreases in loan fees. The increase for the nine month period primarily resulted from increases in loan fees and gains on sales of rural home loans. The $11.4 million increase in loan fees for the nine months ended September 30, 2008 was primarily due to increased loan volume, as well as a one time adjustment of $4.5 million for the elimination of correspondent lending loan fees between AgFirst and the District Associations in the first quarter of 2007.The increase in gains on sale of rural home loans for the nine months ended September 30, 2008, compared to September 30, 2007, primarily resulted from a one time adjustment of $2.6 million that was recorded in the first quarter of 2007 for an elimination of these gains between AgFirst and the District Associations. The decrease in other noninterest income was primarily due to losses incurred on investments which fund the non-qualified pension plans and expenses/losses on other property owned recorded during the nine month 2008 period.

Noninterest Expense

The following table illustrates the changes in noninterest expense:

Change in Noninterest Expense	**For the three months ended September 30,**			**For the nine months ended September 30,**		
(dollars in thousands)	**2008**	**2007**	**Increase/ (Decrease)**	**2008**	**2007**	**Increase/ (Decrease)**
Salaries and employee benefits	$ 47,343	$ 47,287	$ 56	$ 144,146	$ 142,686	$ 1,460
Occupancy and equipment	8,449	7,725	724	25,997	24,120	1,877
Insurance Fund premium	9,079	7,252	1,827	24,488	20,808	3,680
Other operating expenses	20,287	19,326	961	59,964	54,990	4,974
Called debt expense	612	191	421	22,485	945	21,540
Correspondent lending servicing expense	1,221	521	700	2,615	1,477	1,138
Other noninterest expense	69	329	(260)	208	671	(463)
Total noninterest expense	**$** 87,060	$ 82,631	$ 4,429	$ 279,903	$ 245,697	$ 34,206

Noninterest expense for the three months ended September 30, 2008 was $87.1 million, which reflected an increase of $4.4 million compared to the corresponding period in 2007. For the nine months ended September 30, 2008, noninterest expense was $279.9 million, which reflected an increase of $34.2 million compared to the corresponding period in 2007. The increase in noninterest expense for the three month ended period was primarily related to increases of $1.8 million in the Insurance Fund premium and increases of $724 thousand, $961 thousand, and $700 thousand for occupancy and equipment expense, other operating expenses, and correspondent lending expenses, respectively. The increase in noninterest expense for the nine month ended period primarily resulted from increases of $21.5 million in called debt expense, $3.7 million in Insurance Fund premium, and $5.0 million in other operating expenses. Call options were exercised on bonds totaling $14.7 billion during the first nine months of 2008, which resulted in the increase in called debt expense. The called debt expense is more than offset by interest expense savings realized over time as called debt is replaced by new debt issued at a lower rate of interest. Called debt activity significantly declined in the third quarter, with called debt expense totaling $612 thousand for the three month period.

Occupancy and equipment expenses increased $724 thousand (9.4 percent) and $1.9 million (7.8 percent) for the three and nine month periods, respectively, primarily as the result of technology upgrading and renovation aimed at improving the Bank's infrastructure and upgrades to various systems and related higher depreciation expense.

The Insurance Fund premium increased $1.8 million (25.2 percent) and $3.7 million (17.7 percent) for the three and nine month periods, respectively, due to the increase in loan volume and a change in assessment of Insurance Fund premiums. Effective July 1, 2008, the base on which Insurance Fund premiums are assessed was changed from total loans to total system debt. For the current quarter (and year to date), the increase in insurance premiums relating to the change in assessment methodology totaled $630 thousand. Also, the annual premium rate, which has been 15 basis points for the first nine months of 2008, can be increased to as much as 20 basis points. The Insurance Fund Board has announced its intention to increase the premium to 18 basis points for the fourth quarter of 2008. This combination of factors, in addition to continued balance sheet growth, will result in higher than normal increases in Insurance Fund premiums expense in future reporting periods.

Other operating expenses increased $5.0 million (9.1 percent) for the nine month periods, primarily from increases of $1.2 million in purchased services, $984 thousand in travel expenses, $647 thousand in public and member relations, and $514 thousand in training expenses.

The increase in correspondent lending servicing expenses of $700 thousand (134.4 percent) and $1.1 million (77.1 percent) for the three and nine month periods, respectively, was primarily due to higher guarantee fees from increased volume in the correspondent lending portfolio.

Other noninterest expense consists of amortization of mandatorily redeemable preferred stock issuance costs, which decreased $260 thousand (79.0 percent) and $463 thousand (69.0 percent) for the three and nine month periods, respectively, due to certain previously deferred issuance costs being completely amortized into expense during the latter part of 2007.

Key results of operations comparisons:

	Annualized for the nine months ended September 30, 2008	**For the year ended December 31, 2007**	**Annualized for the nine months ended September 30, 2007**
Return on average assets	1.36 %	1.48 %	1.55 %
Return on average shareholders' equity	11.66 %	11.42 %	12.04 %
Net interest income as a percentage of average earning assets	2.68 %	2.64 %	2.65 %
Net chargeoffs (recoveries) to average loans	0.089 %	0.007 %	0.012 %

DISTRICT MERGER ACTIVITY

In September 2008, the Boards of Directors of Valley Farm Credit, ACA and MidAtlantic Farm Credit, ACA, approved a proposed Plan of Merger (Merger). The Merger has received approval by AgFirst, and is subject to approval by the stockholders of both Associations and the Farm Credit Administration. The Merger has a proposed effective date of December 31, 2008. It is anticipated that the Merger will be accounted for on a historical cost basis similar to that of a pooling of interests.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Please refer to Note 1, "Organization, Significant Accounting Policies, and Recently Issued Accounting Pronouncements", in the Notes to the Combined Financial Statements, and the 2007 Annual Report of AgFirst Farm Credit Bank and District Associations for recently issued accounting pronouncements.

NOTE: Shareholder investment in a District 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. 378, or writing Stephen Gilbert, Director of Financial Reporting, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Combined information concerning AgFirst Farm Credit Bank and District Associations can also be obtained at the Bank's website, *www.agfirst.com*. AgFirst prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no quarterly report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution

Combined Balance Sheets

(dollars in thousands)	September 30, 2008 *(unaudited)*	December 31, 2007 *(audited)*
Assets		
Cash and cash equivalents (includes restricted cash of $11,000 and $0 respectively)	$ 260,184	$ 612,841
Investment securities:		
Available for sale (amortized cost of $6,423,241 and $5,679,228 respectively)	6,223,160	5,641,430
Held to maturity (fair value of $1,846,712 and $1,397,015 respectively)	1,875,650	1,419,371
Total investment securities	8,098,810	7,060,801
Loans	23,105,139	20,728,296
Less: allowance for loan losses	114,308	78,874
Net loans	22,990,831	20,649,422
Loans held for sale	2,051	1,904
Other investments	399,177	430,812
Accrued interest receivable	281,142	252,838
Investments in other Farm Credit System institutions	19,183	8,374
Premises and equipment, net	126,161	123,012
Other property owned	11,782	8,504
Deferred tax assets, net	62	5
Other assets	123,944	112,638
Total assets	$ 32,313,327	$ 29,261,151
Liabilities		
Bonds and notes	$ 27,977,054	$ 24,847,248
Mandatorily redeemable preferred stock	225,000	225,000
Accrued interest and dividend payable	190,501	179,578
Dividends and patronage refunds payable	16,150	132,146
Pension and other postretirement benefits liability	136,081	128,415
Advanced conditional payments	25,263	31,574
Deferred tax liabilities, net	—	—
Other liabilities	120,247	151,116
Total liabilities	28,690,296	25,695,077
Commitments and contingencies	—	—
Shareholders' Equity		
Perpetual preferred stock	400,000	400,000
Protected borrower equity	4,716	5,369
Capital stock and participation certificates	132,164	127,147
Retained earnings		
Allocated	998,663	1,068,756
Unallocated	2,396,639	2,118,390
Accumulated other comprehensive income	(309,151)	(153,588)
Total shareholders' equity	3,623,031	3,566,074
Total liabilities and equity	$ 32,313,327	$ 29,261,151

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

Combined Statements of Income

(unaudited)

(dollars in thousands)	For the three months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
Interest Income				
Investment securities	$ 78,501	$ 102,684	$ 235,675	$ 294,135
Loans	365,460	392,929	1,094,002	1,127,515
Other	5,426	5,942	16,263	16,988
Total interest income	449,387	501,555	1,345,940	1,438,638
Interest Expense	238,886	315,922	744,131	903,992
Net interest income	210,501	185,633	601,809	534,646
Provision for (reversal of) loan losses	18,736	3,001	55,040	4,641
Net interest income after provision for (reversal of) loan losses	191,765	182,632	546,769	530,005
Noninterest Income				
Loan fees	7,945	9,089	32,224	20,873
Fees for financially related services	4,146	3,042	7,102	6,091
Realized gains (losses) on investments, net	—	1	(71)	12
Recognized gains (losses) on termination of derivatives, net	(54)	—	(54)	—
Gain (loss) on sale of rural home loans,net	349	501	1,502	(605)
Gains from sale of premises and equipment, net	1,111	227	1,869	1,336
Patronage refunds from other Farm Credit institutions	499	76	1,412	809
Other noninterest income	1,286	1,532	3,302	5,993
Total noninterest income	15,282	14,468	47,286	34,509
Noninterest Expenses				
Salaries and employee benefits	47,343	47,287	144,146	142,686
Occupancy and equipment	8,449	7,725	25,997	24,120
Insurance Fund premium	9,079	7,252	24,488	20,808
Other operating expenses	20,287	19,326	59,964	54,990
Called debt expense	612	191	22,485	945
Correspondent lending servicing expense	1,221	521	2,615	1,477
Other noninterest expense	69	329	208	671
Total noninterest expenses	87,060	82,631	279,903	245,697
Income before income taxes	119,987	114,469	314,152	318,817
Provision (benefit) for income taxes	(752)	390	(144)	(243)
Net income	$ 120,739	$ 114,079	$ 314,296	$ 319,060

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

Combined Statements of Changes in Shareholders' Equity

(unaudited)

(dollars in thousands)	Perpetual Preferred Stock	Protected Borrower Equity	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Shareholders' Equity
				Allocated	Unallocated		
Balance at December 31, 2006	$ 150,000	$ 6,208	$ 118,817	$ 992,227	$ 2,039,308	$ 1,623	$ 3,308,183
Comprehensive income							
Net income					319,060		319,060
Unrealized gains (losses) on investments available for sale, net of reclassification adjustments of $12						(19,712)	(19,712)
Total comprehensive income							299,348
Preferred stock issued	250,000						250,000
Issuance cost on preferred stock					(2,743)		(2,743)
Protected borrower equity retired		(796)					(796)
Capital stock/participation certificates issued/retired, net			8,528				8,528
Dividends declared/paid			520		(520)		—
Perpetual preferred stock dividends paid					(5,475)		(5,475)
Patronage distribution							
Cash					(13,160)		(13,160)
Allocated retained earnings				(12,238)	12,238		—
Nonqualified allocated retained earnings				1,135	(1,135)		—
Retained earnings retired				(78,248)			(78,248)
Patronage distribution adjustment				2,183	1,979		4,162
Balance at September 30, 2007	$ 400,000	$ 5,412	$ 127,865	$ 905,059	$ 2,349,552	$ (18,089)	$ 3,769,799
Balance at December 31, 2007	$ 400,000	$ 5,369	$ 127,147	$ 1,068,756	$ 2,118,390	$ (153,588)	$ 3,566,074
Comprehensive income							
Net income					314,296		314,296
Unrealized gains (losses) on investments available for sale, net of reclassification adjustments of ($71)						(162,283)	(162,283)
Total comprehensive income							152,013
Protected borrower equity retired		(653)					(653)
Capital stock/participation certificates issued/retired, net			4,509				4,509
Dividends declared/paid			508		(508)		—
Perpetual preferred stock dividends paid					(13,706)		(13,706)
Patronage distribution							
Cash					(13,627)		(13,627)
Allocated retained earnings				63	(63)		—
Retained earnings retired				(70,307)			(70,307)
Patronage distribution adjustment				151	(3,130)		(2,979)
Employee benefit plans adjustments (Note 5)					(5,013)	6,720	1,707
Balance at September 30, 2008	$ 400,000	$ 4,716	$ 132,164	$ 998,663	$ 2,396,639	$ (309,151)	$ 3,623,031

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

Combined Statements of Cash Flows

(unaudited)

(dollars in thousands)	For the nine months ended September 30, 2008	2007
Cash flows from operating activities:		
Net income	$ 314,296	$ 319,060
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation on premises and equipment	14,545	13,472
Amortization of net deferred loan origination (fees) costs	(7,801)	(6,432)
Premium amortization/discount accretion on investment securities	(10,072)	16,144
Premium amortization/discount accretion on bonds and note	7,700	8,093
Provision for (reversal of) loan losses	55,040	4,641
(Gains) losses on other property owned, net	488	109
(Gains) losses from sale of premises and equipment, net	(1,869)	(1,336)
Realized (gains) losses on investments, net	71	(12)
Recognized (gains) losses on termination of derivatives, net	54	—
Gains (losses) on sales of rural home loans, net	(1,502)	605
Net change in loans held for sale	22,499	40,516
(Increase) decrease in accrued interest receivable	(28,304)	(64,377)
(Increase) decrease in deferred tax assets, net	(57)	6
(Increase) decrease in other assets	(6,051)	11,750
Increase (decrease) in accrued interest payable	10,923	27,712
Increase (decrease) in postretirement benefits other than pensions	7,666	2,857
Increase (decrease) in other liabilities	(29,517)	(28,098)
Total adjustments	33,813	25,650
Net cash provided by (used in) operating activities	348,109	344,710
Cash flows from investing activities:		
Investment securities purchased	(2,622,169)	(1,838,065)
Investment securities sold or matured	1,415,615	1,244,528
Net (increase) decrease in loans	(2,416,370)	(1,669,606)
(Increase) decrease in investments in other Farm Credit System institutions	(10,809)	774
(Increase) decrease in restricted cash	(11,000)	—
Purchases of other investments	(24,203)	(72,668)
Proceeds from payments received on other investment	72,101	64,379
Purchase of premises and equipment, net	(17,818)	(14,963)
Proceeds from sale of premises and equipment, net	1,993	1,930
Proceeds from sale of other property owned	2,812	4,796
Net cash provided by (used in) investing activities	(3,609,848)	(2,278,895)
Cash flows from financing activities:		
Bonds and notes issued	85,884,062	37,632,066
Bonds and notes retired	(82,766,910)	(35,882,756)
Net increase (decrease) in advanced conditional payments	(6,311)	10,450
Preferred stock issued net of issuance cost	—	247,257
Protected borrower equity retired	(653)	(796)
Capital stock and participation certificates issued/retired, net	4,509	8,528
Patronage refunds and dividends paid	(132,602)	(115,986)
Dividends paid on perpetual preferred stock	(13,706)	(5,475)
Retained earnings retired	(70,307)	(78,248)
Net cash provided by (used in) financing activities	2,898,082	1,815,040
Net increase (decrease) in cash and cash equivalents	(363,657)	(119,145)
Cash and cash equivalents, net of restricted cash, beginning of period	612,841	651,268
Cash and cash equivalents, net of restricted cash, end of period	$ 249,184	$ 532,123
Supplemental schedule of non-cash investing and financing activities:		
Financed sales of other property owned	$ 4,300	$ 10
Loans transferred to other property owned	10,878	7,852
Change in unrealized gains (losses) on investments, net	(162,283)	(19,712)
Employee benefit plans adjustment	1,707	—
Non-cash changes related to hedging activities:		
Increase (decrease) in bonds and notes	$ 4,954	$ 21,755
Decrease (increase) in other assets	(5,255)	(7,300)
Increase (decrease) in other liabilities	244	(14,455)
Supplemental information:		
Interest paid	$ 725,508	$ 872,530
Taxes paid, net	363	(2,821)

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

Notes to the Combined Financial Statements

(dollars in thousands, except as noted)
(unaudited)

NOTE 1 — ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The accompanying combined financial statements include the accounts of AgFirst Farm Credit Bank (AgFirst or Bank) and the District Agricultural Credit Associations (Associations or District Associations), collectively referred to as the District. All significant transactions and balances between AgFirst and the District Associations have been eliminated in combination. A description of the organization and operations, the significant accounting policies followed, and the financial condition and results of operations of the District as of and for the year ended December 31, 2007 are contained in the 2007 Annual Report to Shareholders. These unaudited third quarter 2008 financial statements should be read in conjunction with the 2007 Annual Report to Shareholders.

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 (GAAP) and prevailing practices within the banking industry. The results for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the year ending December 31, 2008.

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

The District maintains an allowance for loan losses in accordance with GAAP. The District's allowance methodology dictates that all loan portfolios are reviewed quarterly and all impaired loans are identified and analyzed to determine if a specific allowance is necessary. As of September 30, 2008, the risk analysis of the District's loan portfolios identified the need for a total allowance for loan losses of $114.3 million. As of September 30, 2008, the allowance for loan losses was adequate in management's opinion to provide for inherent losses on existing loans.

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In measuring fair value for a financial statement item, SFAS No. 157 sets forth a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. SFAS No. 157 became effective for the District on January 1, 2008 and the adoption did not have an impact on the District's financial position, results of operations, or cash flows. However, the fair value disclosures have been expanded with SFAS No. 157 (see Note 3 – Fair Value Measurement).

In December 2007, the FASB issued Statements of Financial Accounting Standards No. 141R, "Business Combinations" (SFAS No. 141R). SFAS No. 141R requires business combinations to be accounted for under the acquisition method of accounting (previously called the purchase method). The acquisition method requires (a) identifying the acquirer, (b) determining the acquisition date, (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, at their acquisition date fair values, and (d) recognizing and measuring goodwill or a gain from a bargain purchase. SFAS No. 141R should be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early application is prohibited. The District is still evaluating the provisions of SFAS No. 141R, but believes that its adoption will significantly impact its accounting for combinations/acquisitions that may occur in 2009 and beyond.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133" (SFAS No. 161), which amends and expands the disclosure requirements for derivative instruments and for hedging activities previously required by SFAS No. 133. It states that an entity with derivative instruments shall disclose information to enable users of the financial statements to understand (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 161, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. SFAS No. 161 encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The District is currently evaluating the impact of adoption of SFAS No. 161 on its financial statement disclosures.

NOTE 2 — ALLOWANCE FOR LOAN LOSSES

An analysis of the allowance for loan losses follows:

	For the nine months ended September 30,	
	2008	**2007**
Balance at beginning of period	$ 78,874	$ 71,915
Provision for (reversal of) loan losses	55,040	4,641
Loans (charged off), net of recoveries	(19,606)	(2,294)
Balance at end of period	$ 114,308	$ 74,262

NOTE 3 — FAIR VALUE MEASUREMENT

As described in Note 1, the District adopted SFAS No. 157 effective January 1, 2008 which expanded the District's fair value disclosure. The District's fair value disclosure on a quarterly basis will include assets and liabilities measured at fair value on a recurring basis. These assets and liabilities primarily consist of investments available-for-sale, highly-liquid funds, derivative assets and liabilities, assets held in trust funds, and standby letters of credit.

SFAS No. 157 establishes a fair value 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 valuation 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 valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs and the classification of the District's financial instruments within the fair value hierarchy are as follows:

Level 1

Level 1inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. Level 1 assets and liabilities could include investment securities and derivative contracts that are traded in an active exchange market, in addition to certain U.S. Treasury securities that are highly-liquid and are actively traded in over-the-counter markets. The District's Level 1 assets at September 30, 2008 consist of assets held in trust funds related to deferred compensation and supplemental retirement plans. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Level 2

Level 2 inputs to the valuation methodology 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. Level 2 assets and liabilities could include investment securities that are traded in active, non-exchange markets and derivative contracts that are traded in active, over-the-counter markets.

The fair value of substantially all of the District's investment securities is determined from third-party valuation services that estimate current market prices. Inputs and assumptions related to third-party market valuation services are typically observable in the marketplace. Such services incorporate prepayment assumptions and underlying mortgage- or asset-backed collateral information to generate cash flows that are discounted using appropriate benchmark interest rate curves and volatilities. Third-party valuations also incorporate information regarding broker/dealer quotes, available trade information, historical cash flows, credit ratings, and other market information. Such valuations represent an estimated exit price, or price to be received by a seller in active markets to sell the investment securities to a willing participant.

The fair value of the District's derivative financial instruments is the estimated amount to be received to sell a derivative asset or paid to transfer a derivative liability in active markets among willing participants at the reporting date. Estimated fair values are determined through internal market valuation models. These models incorporate benchmark interest rate curves, volatilities, and other inputs which are observable directly or indirectly in the marketplace. The District compares internally calculated derivative valuations to broker/dealer quotes to substantiate the results.

The District's Level 2 assets and liabilities at September 30, 2008 include derivative contracts and investment securities in U.S. government and agency mortgage-backed securities, non-agency mortgage-backed securities, and U.S. agency debt securities, all of which have unadjusted values from third-party or internal pricing models. Level 2 assets also include federal funds sold, securities purchased under resale agreements and other highly-liquid funds, all of which are non-exchange-traded instruments. The market value of these federal funds sold and other instruments is generally their face value, plus accrued interest, as these instruments are highly-liquid, readily convertible to cash, and short-term in nature.

Level 3

Level 3 inputs to the valuation methodology are unobservable and supported by little or no market activity. Level 3 assets and liabilities could include investments and derivative contracts whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, and other instruments for which the determination of fair value requires significant management judgment or estimation. Level 3 assets and liabilities also could include investments and derivative contracts whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

Level 3 assets at September 30, 2008 include the District's mortgage-related asset-backed investment portfolio, which has unadjusted values from third-party pricing models. Based on the currently illiquid marketplace for mortgage-related asset-backed investments and the lack of marketplace information available as inputs and assumptions to the valuation process, the District classified the mortgage-related asset-backed investment portfolio as Level 3 assets. Level 3 liabilities at September 30, 2008 also include standby letters of credit whose market value is internally calculated based on information that is not observable either directly or indirectly in the marketplace.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the assets and liabilities that are measured at fair value on a recurring basis at September 30, 2008 for each of the fair value hierarchy levels:

	September 30, 2008			
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**
Assets:				
Investments available-for-sale	$ -	$ 6,129,991	$ 93,169	$ 6,223,160
Federal funds sold, securities purchased under resale agreements, and other	-	132,978	-	132,978
Interest rate swaps and other financial instruments	-	38,442	-	38,442
Assets held in trust funds	10,177	-	-	10,177
Total Assets	$ 10,177	$ 6,301,411	$ 93,169	$ 6,404,757
Liabilities:				
Interest rate swaps and other financial instruments	$ -	$ 2,804	$ -	$ 2,804
Standby letters of credit	-	-	5,124	5,124
Total Liabilities	$ -	$ 2,804	$ 5,124	$ 7,928

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

	Asset-Backed Investment Securities	**Standby Letters Of Credit**
Balance at January 1, 2008	$ 166,551	$ 5,205
Total gains or (losses) realized/unrealized:		
Included in earnings	-	-
Included in other comprehensive loss	(37,905)	-
Purchases, sales, issuances and settlements, net	(35,477)	(81)
Transfers in and/or out of level 3	-	-
Balance at September 30, 2008	$ 93,169	$ 5,124

NOTE 4 — COMMITMENTS AND CONTINGENT LIABILITIES

Under the Farm Credit Act of 1971, each Farm Credit System bank is primarily liable for its portion of Systemwide bond and discount note obligations. Additionally, the banks are jointly and severally liable for the bonds and notes of the other Farm Credit System banks. The total bonds and notes of the System were $173.636 billion at September 30, 2008.

Actions are pending against AgFirst and/or certain District Associations in which claims for money damages are asserted. On the basis of information presently available, management and legal counsel are of the opinion that the ultimate liability, if any, resulting therefrom, would not be material in relation to the combined financial position of AgFirst and District Associations.

NOTE 5 — EMPLOYEE BENEFIT PLANS

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

	For the nine months Ended September 30,	
	2008	**2007**
Pension	$ 9,319	$ 13,160
401k	4,109	3,698
Other postretirement benefits	5,849	6,528
Total	$ 19,277	$ 23,386

The following table includes only non-qualified and single employer qualified retirement and other postretirement benefit contributions for the District. Projections are based upon actuarially determined amounts as of the most recent measurement date of September 30, 2007.

	Actual YTD Through 9/30/08	**Projected Contributions for Remainder of 2008**	**Projected Total Contributions 2008**
Pensions	$ 1,178	$ 103	$ 1,281
Other postretirement benefits	4,143	1,497	5,640
Total	$ 5,321	$ 1,600	$ 6,921

As of September 30, 2008, no contributions have been made to the multi-employer qualified pension plans for 2008. Actuarial calculations as of the last plan measurement date (September 30, 2007) projected no contributions for 2008. However, a new funding policy adopted during 2008 for the primary multi-employer qualified pension plan and a declining investment market, which has impacted the discount rate and the return on plan assets, increase the probability of contributions to the qualified pension plans prior to the next plan measurement date at December 31, 2008. The contribution amounts would be determined by the plans' Sponsor Committees.

As mentioned above, the funding policy for the primary multi-employer qualified pension plan was changed for 2008 such that the aggregate contribution of all participating District institutions is 7 percent of considered payroll. This aggregate contribution will be allocated to the participating District institutions based upon each institutions pro rata share of service cost.

In September 2006, FASB issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS No. 158), which requires the recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the balance sheet. The balance sheet recognition provisions of SFAS No. 158 were adopted at December 31, 2007 by the District.

SFAS No. 158 also requires that employers measure the benefit obligation and plan assets as of the fiscal year end for fiscal years ending after December 15, 2008. In fiscal 2007 and earlier, a September 30 measurement date was used for pension and other postretirement benefit plans. The Standard provides two approaches for an employer to transition to a fiscal year end measurement date. The approach applied by the District allows for the use of the measurements determined for the prior year end. Under this alternative, pension and other postretirement benefit expense measured for the three-month period October 1, 2007 to December 31, 2007 (determined using the September 30, 2007 measurement date) is reflected as an adjustment to beginning 2008 unallocated retained earnings. As a result, the District decreased unallocated retained earnings and increased the pension liability by $5.0 million.

Upon adoption, SFAS No. 158 further required the determination of the fair value of plan assets and recognition of actuarial gains and losses, prior service costs or credits, and transition assets or obligations as a component of accumulated other comprehensive income (AOCI). These amounts are subsequently recognized as components of net periodic benefit costs over time. For the first nine months of 2008, $6.7 million has been recognized as a credit to AOCI and a debit to pension expense to reflect the amortization of the components previously recognized in AOCI.

Further details regarding employee benefit plans and adoption of SFAS No. 158 are contained in the 2007 Annual Report to Shareholders.

NOTE 6 — DISTRICT MERGER ACTIVITY

In September 2008, the Boards of Directors of Valley Farm Credit, ACA and MidAtlantic Farm Credit, ACA, approved a proposed Plan of Merger (Merger). The Merger has received approval by AgFirst, and is subject to approval by the stockholders of both Associations and the Farm Credit Administration. The Merger has a proposed effective date of December 31, 2008. It is anticipated that the Merger will be accounted for on a historical cost basis similar to that of a pooling of interests.

NOTE 7 — BANK ONLY FINANCIAL DATA

Condensed financial information of AgFirst Farm Credit Bank follows:

Balance Sheet Data

	9/30/08 *(unaudited)*	12/31/07 *(audited)*
Cash and investment securities	$ 8,172,836	$ 7,467,567
Loans	21,258,763	19,114,517
Less: allowance for loan losses	10,964	2,816
Net loans	21,247,799	19,111,701
Other assets	355,217	347,353
Total assets	$ 29,775,852	$ 26,926,621
Bonds and notes	$ 27,777,054	$ 24,847,248
Mandatorily redeemable preferred stock	225,000	225,000
Other liabilities	260,352	396,892
Total liabilities	28,262,406	25,469,140
Perpetual preferred stock	400,000	400,000
Capital stock and participation certificates	411,819	364,759
Retained earnings	901,627	731,429
Accumulated other comprehensive income (loss)	(200,000)	(38,707)
Total shareholders' equity	1,513,446	1,457,481
Total liabilities and equity	$ 29,775,852	$ 26,926,621

Statement of Income Data

(unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Interest income	$ 335,161	$ 383,181	$ 1,003,509	$ 1,089,924
Interest expense	237,206	315,501	740,568	902,945
Net interest income	97,955	67,680	262,941	186,979
Provision for (reversal of) loan losses	2,799	557	9,524	705
Net interest income after provision for loan losses	95,156	67,123	253,417	186,274
Noninterest expense, net	(17,002)	(14,942)	(69,224)	(41,269)
Net income	$ 78,154	$ 52,181	$ 184,193	$ 145,005