Third Quarter 2014
Report to Shareholders

Farm Credit Services of Colusa-Glenn, ACA

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited)

The following discussion summarizes the financial condition and results of operations of Farm Credit Services of Colusa-Glenn, ACA (the "Association") and subsidiaries for the nine months ended September 30, 2014, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2013 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The shareholders' investment in Farm Credit Services of Colusa-Glenn, ACA is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2013 CoBank Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge by accessing CoBank's website, www.cobank.com, or may be obtained at no charge by contacting us at Farm Credit Services of Colusa-Glenn, ACA, 310 Sixth Street, P.O. Box 449, Colusa, California 95932, or calling (530) 458-2163.

GENERAL

The Association has continued to maintain a portfolio with strong credit quality through the nine months ended September 30, 2014. Having said this, there are a few factors that have impacted and will continue to impact the results of operations in the short-term and should be considered by the reader of these financial statements. The Association has noted a decrease in operating loan volume over the past nine months that is indicative of two major factors impacting our members: enhanced financial stability of our member base and potential members and the severity of the drought. The improvement in the overall financial stability of growers in our area is a positive sign for the health of the agriculture industry, and, despite the short-term adverse impact on our loan portfolio, the Association feels that the long-term benefits of a strengthening agricultural community outweigh the minor losses of interest income sustained in 2014. The drought, however, is a major concern for not only the Association but the entire state.

Drought conditions within Colusa and Glenn Counties, as well as the majority of the State of California, are currently at extreme levels and there does not appear to be any relief on the horizon. Initial reports of a wet winter have slowly deteriorated and forecasts are not promising. Growers are looking at 2014 not only as a tough farming year but as a prelude to an even tougher 2015. The rationing of water supply in 2014 to carry us through another drought year may end up being insufficient to cover 2015 crop needs. The availability of inexpensive and dependable sources of water for irrigation has always been a significant factor affecting land values and crop production on nearly all irrigated cropland and permanent plantings in the Sacramento Valley. Over the past several years, the reductions in water deliveries from most Federal and State managed water districts did not appear to affect either crop production and/or land values. With the transition of substantial acreage being converted from irrigated cropland to permanent plantings, growers are relying more and more on pumped groundwater to supplement less reliable district water. Several areas that have seen significant development to permanent plantings have historically limited sources of available groundwater. These areas are now experiencing groundwater depletion leading to the failure of some wells. Adequate average precipitation over the past three years has allowed many districts in the Sacramento Valley to provide full water deliveries and alleviate most concerns of shortages. However, conditions have changed drastically over the past several months with reduced irrigation water deliveries. Another concern, with sustained drought conditions, is the potential damage already incurred or damage that will be incurred on permanent plantings. For example, almond trees that are stressed for water during harvest may significantly impact next year's harvest since the crop has already begun to develop in the tree. The Association has and will continue to monitor the drought and its impact on the health of our portfolio, taking actions when necessary to avoid losses.

LOAN PORTFOLIO

Loans outstanding at September 30, 2014, totaled $304.2 million, a decrease of $3.4 million, or 1.1%, from loans of $307.6 million at December 31, 2013. The decrease was primarily due to a decrease in operating loan volume resulting from less loan demand from growers. This lack of demand is the result of increased grower financial strength as well as decreased financeable acreage caused by growers forgoing planting because of water concerns. Other contributing factors to the decrease in loan volume would be the impact of seasonal loan repayments.

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. The Association did not own any other property as of September 30, 2014, and December 31, 2013.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2014, was $3.4 million, a decrease of $545 thousand, or 13.8%, from $3.9 million for the nine months ended September 30, 2013. This decrease is primarily attributable to increased salaries and benefits expense resulting from retirement packages provided in 2014.

Net interest income for the nine months ended September 30, 2014, was $5.9 million, a decrease of $89 thousand, or 1.5%, from $6.0 million for the nine months ended September 30, 2013. The slight decrease is primarily attributable to increased interest paid on voluntary advanced conditional payments.

The provision for loan loss for the nine months ended September 30, 2014, was $78 thousand, an increase of $43 thousand, or 122.9%, from $35 thousand for the nine months ended September 30, 2013. The provision for loan loss increased due to the Association specifically reserving for one impaired asset as of September 30, 2014. We received mineral income of $4 thousand for the nine months ended September 30, 2014, which is distributed to us quarterly by CoBank.

Non-interest income for the nine months ended September 30, 2014, was $622 thousand, a decrease of $73 thousand, or 10.5%, from $695 thousand for the nine months ended September 30, 2013. Non-interest income decreased due to a drop in patronage refunds from CoBank related to lower operating loan volume.

Non-interest expense for the nine months ended September 30, 2014, was $2.7 million, an increase of $218 thousand, or 8.7%, from $2.5 million for the nine months ended September 30, 2013. Non-interest expense increased due to increased salaries and benefits expense resulting from retirement packages provided in 2014.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2014, was $85.1 million, an increase of $3.3 million, or 4.0%, from shareholders' equity of $81.8 million at December 31, 2013. This increase is due to net income partially offset by stock retirements during 2014.

REGULATORY MATTERS

On June 12, 2014, the Farm Credit Administration approved a proposed rule to revise the requirements governing the eligibility of investments for System Banks and Associations. The stated objectives of the proposed rule are as follows:

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

The public comment period ended on October 23, 2014.
On May 8, 2014, the Farm Credit Administration approved a proposed rule to modify the regulatory capital requirements for System Banks and Associations. The stated objectives of the proposed rule are as follows:

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

The public comment period ends on January 2, 2015.

FORWARD LOOKING INFORMATION

This discussion contains forward looking statements. These statements are not guarantees of future performance; future operations involve certain risks, uncertainties, and assumptions that are difficult to predict. Words such as "anticipates," "believes," "could," "estimates," "may," "should," or "will" are intended to identify forward-looking statements. These statements are based on management's assumptions and analyses made in light of experience and other historical trends, current conditions, and expected future developments. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Readers are cautioned not to place undue reliance on these forward-looking statements. We will not update any forward-looking statements to reflect events or circumstances arising after they are made.

CERTIFICATION

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.

Michael Doherty
Chairman of the Board
November 7, 2014

Robert Faris
President & Chief Executive Officer
November 7, 2014

Mark Heidrick
Chief Financial Officer
November 7, 2014

CONSOLIDATED STATEMENT OF CONDITION
(In Thousands)

	September 30, 2014 *Unaudited*	December 31, 2013 *Audited*
ASSETS		
Loans	**$ 304,151**	$ 307,578
Less allowance for loan losses	**1,525**	1,446
Net loans	**302,626**	306,132
Cash	**955**	-
Accrued interest receivable	**5,797**	2,344
Investment in CoBank	**10,291**	10,287
Premises and equipment, net	**548**	555
Other assets	**765**	1,076
Total assets	**$ 320,982**	$ 320,394
LIABILITIES		
Note payable to CoBank	**$ 194,126**	$ 215,458
Advance conditional payments	**39,260**	20,114
Accrued interest payable	**808**	294
Accrued benefits liability	**120**	81
Deferred tax liability	**606**	658
Unfunded disbursements	**212**	1,633
Other liabilities	**782**	359
Total liabilities	**235,914**	238,597
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock and participation certificates	**613**	744
Unallocated retained earnings	**84,455**	81,053
Total shareholders' equity	**85,068**	81,797
Total liabilities and shareholders' equity	**$ 320,982**	$ 320,394

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

CONSOLIDATED STATEMENT OF NET INCOME
(Unaudited and In Thousands)

	For the three months ended September 30,		For the nine months ended September 30,	
	2014	2013	**2014**	2013
INTEREST INCOME				
Loans	**$ 2,863**	$ 3,021	**$ 8,287**	$ 8,688
Total interest income	**2,863**	3,021	**8,287**	8,688
INTEREST EXPENSE				
Note payable to CoBank	**768**	870	**2,262**	2,625
Other	**50**	33	**159**	108
Total interest expense	**818**	903	**2,421**	2,733
Net interest income	**2,045**	2,118	**5,866**	5,955
Provision for loan loss	**257**	36	**78**	35
Net interest income after provision for loan loss	**1,788**	2,082	**5,788**	5,920
NONINTEREST INCOME				
Financially related services income	**6**	1	**17**	11
Patronage refund from Farm Credit Institutions	**208**	237	**567**	657
Other noninterest income	**-**	3	**38**	27
Total noninterest income	**214**	241	**622**	695
NONINTEREST EXPENSE				
Salaries and employee benefits	**516**	538	**1,718**	1,480
Occupancy and equipment	**37**	26	**100**	78
Farm Credit Insurance Fund premium	**47**	47	**131**	128
Supervisory and examination costs	**29**	30	**88**	89
Other noninterest expense	**139**	297	**678**	722
Total noninterest expense	**768**	938	**2,715**	2,497
Income before income taxes	**1,234**	1,385	**3,695**	4,118
Provision for income taxes	**118**	16	**293**	171
Net income	**$ 1,116**	$ 1,369	**$ 3,402**	$ 3,947

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited and In Thousands)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2012	$ 746	$ 75,334	$ 76,080
Net income	-	3,947	3,947
Capital stock and participation certificates issued	44	-	44
Capital stock and participation certificates retired	(47)	-	(47)
Balance at September 30, 2013	$ 743	$ 79,281	$ 80,024
Balance at December 31, 2013	$ 744	$ 81,053	$ 81,797
Net income	-	3,402	3,402
Capital stock and participation certificates issued	54	-	54
Capital stock and participation certificates retired	(185)	-	(185)
Balance at September 30, 2014	**$ 613**	**$ 84,455**	**$ 85,068**

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited and In Thousands, Except Where Noted)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit Services of Colusa-Glenn, 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, 2013, are contained in the 2013 Annual Report to Shareholders. These unaudited third quarter 2014 financial statements should be read in conjunction with the 2013 Annual Report to Shareholders.

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2013, as contained in the 2013 Annual Report to Shareholders.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2014. Descriptions of the significant accounting policies are included in the 2013 Annual Report to Shareholders. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In May 2014, the FASB issued guidance entitled, "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. In this regard, a majority of the Association's contracts would be excluded from the scope of this new guidance. The guidance becomes effective for the first interim reporting period within the annual reporting periods after December 15, 2016. The Association is in the process of reviewing contracts to determine the effect, if any, on the Association's financial condition or its results of operations.

Certain amounts in the prior period financial statements have been reclassified to conform to current financial statement presentation.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

Loan Portfolio

A summary of the Association's loan portfolio as of September 30, 2014, and December 31, 2013, is as follows:

	September 30, 2014			December 31, 2013		
	Principal	Interest	Total	Principal	Interest	Total
Real estate mortgage	$ 188,067	$ 4,457	$ 192,524	$ 181,691	$ 1,664	$ 183,355
Production and intermediate-term	81,594	714	82,308	103,470	613	104,083
Agribusiness	34,490	626	35,116	22,417	67	22,484
Total loans	$ 304,151	$ 5,797	$ 309,948	$ 307,578	$ 2,344	$ 309,922

Participations Purchased and Sold

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following tables present information regarding the principal balances of participations purchased and sold as of September 30, 2014, and December 31, 2013:

	September 30, 2014	
	Purchased	Sold
Other Farm Credit Institutions:		
Real estate mortgage	$ 8,839	$ 13,909
Production and intermediate-term	4,622	141
Agribusiness	8,124	-
Subtotal	21,585	14,050
Non-Farm Credit Institutions:		
Real estate mortgage	-	202
Subtotal	-	202
All Institutions:		
Real estate mortgage	8,839	14,111
Production and intermediate-term	4,622	141
Agribusiness	8,124	-
Total	$ 21,585	$ 14,252

	December 31, 2013	
	Purchased	Sold
Other Farm Credit Institutions:		
Real estate mortgage	$ 7,353	$ 10,315
Production and intermediate-term	3,180	1,417
Agribusiness	1,445	53
Subtotal	11,978	11,785
Non-Farm Credit Institutions:		
Real estate mortgage	-	214
Subtotal	-	214
All Institutions:		
Real estate mortgage	7,353	10,529
Production and intermediate-term	3,180	1,417
Agribusiness	1,445	53
Total	$ 11,978	$ 11,999

Loans by Credit Class

The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of as of September 30, 2014, and December 31, 2013:

	September 30, 2014	December 31, 2013
Real estate mortgage:		
Acceptable	98.07%	97.80%
OAEM	0.55%	1.67%
Substandard	1.38%	0.53%
Subtotal	100.00%	100.00%
Production and intermediate-term:		
Acceptable	98.63%	97.72%
OAEM	0.52%	2.03%
Substandard	0.42%	0.25%
Doubtful	0.43%	0.00%
Subtotal	100.00%	100.00%
Agribusiness:		
Acceptable	100.00%	100.00%
Subtotal	100.00%	100.00%
Total Loans:		
Acceptable	98.44%	97.93%
OAEM	0.48%	1.67%
Substandard	0.97%	0.40%
Doubtful	0.11%	0.00%
Total	100.00%	100.00%

High Risk Assets

High risk assets consist of impaired loans and other property owned. The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment. These nonperforming assets (including related accrued interest) and related credit quality as of September 30, 2014, and December 31, 2013, are as follows:

	September 30, 2014	December 31, 2013
Nonaccrual loans		
Real estate mortgage	$ 24	$ 969
Production and intermediate-term	515	400
Total nonaccrual loans	539	1,369
Total high risk assets	$ 539	$ 1,369

The Association had no accruing restructured loans, accruing loans 90 days past due, or other property owned for the periods presented.

Impaired Loan Information

Additional impaired loan information as of September 30, 2014, and December 31, 2013, is as follows:

			September 30, 2014
	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:			
Production and intermediate-term	$ 355	$ 355	$ 241
Total impaired loans	355	355	241
Impaired loans with no related allowance for credit losses:			
Real estate mortgage	24	33	-
Production and intermediate-term	160	1,574	-
Agribusiness:			
Farm-related business	-	19	-
Total impaired loans	184	1,626	-
Total impaired loans			
Real estate mortgage	24	33	-
Production and intermediate-term	515	1,929	241
Agribusiness:			
Farm-related business	-	19	-
Total impaired loans	$ 539	$ 1,981	$ 241

			December 31, 2013
	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:			
Real estate mortgage	$ 969	$ 1,337	$ -
Production and intermediate-term	400	1,971	-
Agribusiness:			
Farm-related business	-	23	-
Total impaired loans	$ 1,369	$ 3,331	$ -

The following table provides average impaired loans for the three and nine months ended September 30, 2014:

	For the three months ended September 30, 2014	For the nine months ended September 30, 2014
Impaired loans with a related allowance for credit losses:		
Production and intermediate-term	$ 118	$ 34
Total impaired loans	118	34
Impaired loans with no related allowance for credit losses:		
Real estate mortgage	25	595
Production and intermediate-term	182	89
Total impaired loans	207	684
Total impaired loans		
Real estate mortgage	25	595
Production and intermediate-term	300	123
Total impaired loans	$ 325	$ 718

There was no interest income on average impaired loans for the three and nine months ended September 30, 2014.

Past Due Loans

The following tables provide an age analysis of past due loans as of September 30, 2014, and December 31, 2013 (including accrued interest):

As of September 30, 2014	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ 325	$ -	$ 325	$ 192,199	$ 192,524	$ -
Production and intermediate-term	126	-	126	82,182	82,308	-
Agribusiness	-	-	-	35,116	35,116	-
Total	$ 451	$ -	$ 451	$ 309,497	$ 309,948	$ -

As of December 31, 2013	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less than 30 Days Past Due	Total Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ -	$ 29	$ 29	$ 183,326	$ 183,355	$ -
Production and intermediate-term	454	104	558	103,525	104,083	-
Agribusiness	-	-	-	22,484	22,484	-
Total	$ 454	$ 133	$ 587	$ 309,335	$ 309,922	$ -

Allowance for Loan Losses

A summary of changes in the allowance for loan losses and period-end recorded investment in loans is as follows:

	Balance at June 30, 2014	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2014
Real estate mortgage	$ 480	$ -	$ -	$ 3	$ 483
Production and intermediate-term	728	-	-	255	983
Agribusiness	60	-	-	(1)	59
Total	$ 1,268	$ -	$ -	$ 257	$ 1,525

	Balance at December 31, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2014
Real estate mortgage	$ 355	$ -	$ -	$ 128	$ 483
Production and intermediate-term	1,041	-	1	(59)	983
Agribusiness	50	-	-	9	59
Total	$ 1,446	$ -	$ 1	$ 78	$ 1,525

	Balance at June 30, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2013
Real estate mortgage	$ 355	$ -	$ -	$ (5)	$ 350
Production and intermediate-term	974	-	-	42	1,016
Agribusiness	35	-	-	(1)	34
Total	$ 1,364	$ -	$ -	$ 36	$ 1,400

	Balance at December 31, 2012	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2013
Real estate mortgage	$ 321	$ -	$ -	$ 29	$ 350
Production and intermediate-term	1,021	-	2	(7)	1,016
Agribusiness	21	-	-	13	34
Total	$ 1,363	$ -	$ 2	$ 35	$ 1,400

Individual and Collective Impairment Evaluation

A summary of the Association's individual and collective impairment evaluation as of September 30, 2014, and December 31, 2013 is as follows (including accrued interest):

	Allowance for Credit Losses		Recorded Investments in Loans Outstanding		
As of September 30, 2014	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Real estate mortgage	$ -	$ 483	$ 24	$ 192,500	$ 192,524
Production and intermediate-term	241	742	515	81,793	82,308
Agribusiness	-	59	-	35,116	35,116
Total	$ 241	$ 1,284	$ 539	$ 309,409	$ 309,948

	Allowance for Credit Losses		Recorded Investments in Loans Outstanding		
As of December 31, 2013	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Real estate mortgage	$ -	$ 355	$ 969	$ 182,386	$ 183,355
Production and intermediate-term	-	1,041	400	103,683	104,083
Agribusiness	-	50	-	22,484	22,484
Total	$ -	$ 1,446	$ 1,369	$ 308,553	$ 309,922

Troubled Debt Restructuring

A restructuring of a debt constitutes a troubled debt restructuring ("TDR") if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. The Association recorded no TDRs during the nine months ended September 30, 2014. The Association had no TDRs within the previous 12 months for which there were subsequent payment defaults during the period.

NOTE 3 - CAPITAL

The Association issues the following classes of common stock: class C common stock and class F non-voting stock. At September 30, 2014, the required common investment was the lesser of $1,000.00 or 2% of loan volume per voting stockholder.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 7, 2014, which is the date the financial statements were issued, and no material subsequent events were identified.

Colusa-Glenn
Farm Credit