Farm Credit Midsouth, ACA

Quarterly Report
September 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial condition and consolidated results of operations of Farm Credit Midsouth, ACA (the parent) and Farm Credit Midsouth, FLCA and Farm Credit Midsouth, PCA (the subsidiaries). This discussion should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Quarterly Report as well as Management's Discussion and Analysis included in our Annual Report for the year ended December 31, 2015 (2015 Annual Report).

AgriBank, FCB's (AgriBank) financial condition and results of operations materially impact members' investment in Farm Credit Midsouth, ACA. To request free copies of the AgriBank and combined AgriBank and affiliated Associations' financial reports or additional copies of our report, contact us at:

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FORWARD-LOOKING INFORMATION

Any forward-looking statements in this Quarterly Report are based on current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from expectations due to a number of risks and uncertainties. More information about these risks and uncertainties is contained in our 2015 Annual Report. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

AGRICULTURAL AND ECONOMIC CONDITIONS

Local conditions are stable with harvesting under way. There were areas of our territory that received substantial rainfall during the month of August, which created some crop loss. On September 7th, Governor Hutchinson requested disaster relief assistance for Craighead and Clay counties in our territory. Crop prices continue to be lower than historical rates, and according to the September 12th United States Department of Agriculture (USDA) World Agricultural Supply and Demand Estimates (WASDE) report, this trend will likely continue into 2017. As of the September 18th USDA Crop Progress report, crops in general were progressing ahead of the 5-year average. The local unemployment rates continue to decline compared to the prior year, and all of our counties had experienced a decline in unemployment in July.

LOAN PORTFOLIO

Loan Portfolio

Total loans were $946.2 million at September 30, 2016, an increase of $130.4 million from December 31, 2015. The increase was primarily due to the seasonality of our portfolio. Our peak outstanding balance typically occurs during the month of September. Our commercial portfolio has increased $103.8 million due to normal operating disbursements offset by regular repayments, and our mortgage portfolio has increased $26.6 million due to new land purchases offset by regular repayments.

Portfolio Credit Quality

The credit quality of our portfolio declined slightly from December 31, 2015. Adversely classified loans increased to 1.9% of the portfolio at September 30, 2016, from 1.1% of the portfolio at December 31, 2015. The decline is primarily due to loss of working capital due to crop price declines over the past two years. Adversely classified loans are loans we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In certain circumstances, government guarantee programs are used to reduce the risk of loss. At September 30, 2016, $11.7 million of our loans were, to some level, guaranteed under these government programs.

Risk Assets

Risk assets are comprised of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due, and other property owned.

Components of Risk Assets

(dollars in thousands) As of:	**September 30 2016**	December 31 2015
Loans:		
Nonaccrual	**$ 7,180**	$ 4,583
Accruing restructured	**2,790**	50
Accruing loans 90 days or more past due	**--**	--
Total risk loans	**9,970**	4,633
Other property owned	**--**	--
Total risk assets	**$ 9,970**	$ 4,633
Total risk loans as a percentage of total loans	**1.0%**	0.6%
Nonaccrual loans as a percentage of total loans	**0.7%**	0.6%
Current nonaccrual loans as a percentage of total nonaccrual loans	**28.6%**	40.3%
Total delinquencies as a percentage of total loans	**0.6%**	0.5%

Note: Accruing loans include accrued interest receivable.

Our risk assets have increased from December 31, 2015, but remain at acceptable levels. Despite the increase in risk assets, total risk loans as a percentage of total loans were well within our established risk management guidelines.

The increases in nonaccrual and accruing restructured loans were due to the decreases in working capital over the past two years. Nonaccrual loans remained at an acceptable level at September 30, 2016.

The increase in total delinquencies as a percentage of total loans was primarily due to the increased nonaccrual loan volume.

Allowance for Loan Losses

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, estimated probability of default, estimated loss severity, portfolio quality, and current economic and environmental conditions.

Allowance Coverage Ratios

As of:	**September 30 2016**	December 31 2015
Allowance as a percentage of:		
Loans	**0.2%**	0.2%
Nonaccrual loans	**28.2%**	40.0%
Total risk loans	**20.3%**	39.5%

The relationship between our allowance for loan losses to risk loans has decreased, which is supported by the collateral evaluations made. In general, the loans that we have classified as impaired are well collateralized or guaranteed. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at September 30, 2016.

RESULTS OF OPERATIONS

Profitability Information

(dollars in thousands) For the nine months ended September 30	**2016**	2015
Net income	**$ 10,735**	$ 9,882
Return on average assets	**1.6%**	1.6%
Return on average members' equity	**7.5%**	7.3%

Changes in the chart above are directly related to the changes in income discussed in this section, changes in assets discussed in the Loan Portfolio section, and changes in capital discussed in the Funding, Liquidity, and Capital section.

Changes in Significant Components of Net Income

(in thousands) For the nine months ended September 30	2016	2015	Increase (decrease) in net income
Net interest income	$ 18,883	$ 18,032	$ 851
Provision for loan losses	601	544	(57)
Patronage income	1,823	1,800	23
Other income (loss), net	459	(550)	1,009
Operating expenses	9,647	9,455	(192)
Provision for (benefit from) income taxes	182	(599)	(781)
Net income	$ 10,735	$ 9,882	$ 853

Changes in Net Interest Income

(in thousands) For the nine months ended September 30	2016 vs 2015
Changes in volume	$ 1,117
Changes in interest rates	(363)
Changes in nonaccrual income and other	97
Net change	$ 851

The change in other income (loss), net and provision for (benefit from) income taxes was primarily due to a loss contingency that was recorded in September of 2015.

The change in operating expenses was primarily related to Farm Credit System Insurance Corporation (FCSIC) expense. This increased in 2016 primarily due to an increase in the premium rate charged on accrual loans by FCSIC from 13 basis points in 2015 to 16 basis points for the first half and 18 basis points for the second half of 2016. The FCSIC Board meets periodically throughout the year to review premium rates and has the ability to change these rates at any time.

FUNDING, LIQUIDITY, AND CAPITAL

Our note payable matured on April 30, 2016 and was renewed for $900.0 million with a maturity date of April 30, 2017. The note payable will be renegotiated at that time. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk. Due to the cooperative structure of the Farm Credit System and as we are a stockholder of AgriBank, we expect this borrowing relationship to continue into the foreseeable future.

The components of cost of funds associated with our note payable include:

- A marginal cost of debt component
- A spread component, which includes cost of servicing, cost of liquidity, and bank profit
- A risk premium component, if applicable

We were not subject to a risk premium at September 30, 2016 or December 31, 2015.

Total members' equity increased $7.6 million from December 31, 2015 primarily due to net income for the period, which was partially offset by patronage distribution accruals.

Farm Credit Administration regulations require us to maintain a certain level for our permanent capital ratio, total surplus ratio, and core surplus ratio. Refer to Note 6 in our 2015 Annual Report for a more complete description of these ratios.

Select Capital Ratios

As of	Regulatory Minimums	September 30 2016	December 31 2015
Permanent capital ratio	7.0%	18.0%	18.2%
Total surplus ratio	7.0%	17.8%	18.0%
Core surplus ratio	3.5%	17.8%	18.0%

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained in this section and the changes in assets as discussed in the Loan Portfolio section. As discussed in Note 3 of the accompanying Consolidated Financial Statements we will be subject to new regulations and capital requirements effective January 1, 2017.

REGULATORY MATTERS

Regulatory Capital Requirements

On March 10, 2016, the FCA Board approved a final rule to modify the regulatory capital requirements for System Banks and Associations. The stated objectives of the rule are to:

- Modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as a government-sponsored enterprise
- 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
- Make System regulatory capital requirements more transparent
- Meet the requirements of section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act

The final rule replaces existing core surplus and total surplus ratios with common equity tier 1, tier 1, and total capital risk-based capital ratios. The final rule also adds a tier 1 leverage ratio. The permanent capital ratio continues to remain in effect with the final rule. Refer to Note 3 of the accompanying Consolidated Financial Statements for additional information regarding these ratios.

The effective date of the new capital requirements is January 1, 2017. We are currently evaluating the impact of the recently announced changes.

CERTIFICATION

The undersigned have reviewed the September 30, 2016 Quarterly Report of Farm Credit Midsouth, ACA, which has been prepared under the oversight of the Audit Committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Jane Pirani

Jane Pirani
Chairperson of the Board
Farm Credit Midsouth, ACA

James McJunkins

James McJunkins
President and Chief Executive Officer
Farm Credit Midsouth, ACA

Shari J. Wilson

Shari J. Wilson
Senior Vice President of Finance, Chief Financial Officer
Farm Credit Midsouth, ACA

November 8, 2016

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Midsouth, ACA
(in thousands)
(Unaudited)

As of:	September 30 2016	December 31 2015
ASSETS		
Loans	**$ 946,215**	$ 815,770
Allowance for loan losses	**2,026**	1,832
Net loans	**944,189**	813,938
Investment in AgriBank, FCB	**19,030**	17,747
Accrued interest receivable	**20,731**	16,407
Deferred tax assets, net	**694**	866
Other assets	**5,947**	6,863
Total assets	**$ 990,591**	$ 855,821
LIABILITIES		
Note payable to AgriBank, FCB	**$ 784,331**	$ 656,818
Accrued interest payable	**3,386**	2,747
Patronage distribution payable	**3,150**	4,200
Other liabilities	**5,015**	4,901
Total liabilities	**795,882**	668,666
Contingencies and commitments (Note 4)		
MEMBERS' EQUITY		
Protected members' equity	**2**	3
Capital stock and participation certificates	**2,003**	2,033
Unallocated surplus	**192,704**	185,119
Total members' equity	**194,709**	187,155
Total liabilities and members' equity	**$ 990,591**	$ 855,821

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Farm Credit Midsouth, ACA
(in thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
For the period ended September 30	**2016**	2015	**2016**	2015
Interest income	**$ 10,357**	$ 9,425	**$ 28,193**	$ 25,417
Interest expense	**3,386**	2,685	**9,310**	7,385
Net interest income	**6,971**	6,740	**18,883**	18,032
Provision for loan losses	**206**	361	**601**	544
Net interest income after provision for loan losses	**6,765**	6,379	**18,282**	17,488
Other income				
Patronage income	**660**	635	**1,823**	1,800
Financially related services income	**214**	221	**285**	314
Fee income	**241**	205	**531**	602
Miscellaneous income (loss), net	**21**	(1,591)	**(357)**	(1,466)
Total other income	**1,136**	(530)	**2,282**	1,250
Operating expenses				
Salaries and employee benefits	**2,087**	2,110	**6,224**	6,411
Other operating expenses	**1,211**	972	**3,423**	3,044
Total operating expenses	**3,298**	3,082	**9,647**	9,455
Income before income taxes	**4,603**	2,767	**10,917**	9,283
(Benefit from) provision for income taxes	**(69)**	(670)	**182**	(599)
Net income	**$ 4,672**	$ 3,437	**$ 10,735**	$ 9,882

The accompanying notes are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Midsouth, ACA
(in thousands)
(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2014	$ 4	$ 2,070	$ 175,393	$ 177,467
Net income	--	--	9,882	9,882
Unallocated surplus designated for patronage distributions	--	--	(3,150)	(3,150)
Capital stock and participation certificates issued	--	109	--	109
Capital stock and participation certificates retired	(1)	(138)	--	(139)
Balance at September 30, 2015	$ 3	$ 2,041	$ 182,125	$ 184,169
Balance at December 31, 2015	$ 3	$ 2,033	$ 185,119	$ 187,155
Net income	**--**	**--**	**10,735**	**10,735**
Unallocated surplus designated for patronage distributions	**--**	**--**	**(3,150)**	**(3,150)**
Capital stock and participation certificates issued	**--**	**81**	**--**	**81**
Capital stock and participation certificates retired	**(1)**	**(111)**	**--**	**(112)**
Balance at September 30, 2016	**$ 2**	**$ 2,003**	**$ 192,704**	**$ 194,709**

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements contain all adjustments necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. While our accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and the prevailing practices within the financial services industry, this interim Quarterly Report is prepared based upon statutory and regulatory requirements and, accordingly, does not include all disclosures required by U.S. GAAP. The results of the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016. The interim financial statements and the related notes in this Quarterly Report should be read in conjunction with the Consolidated Financial Statements and related notes included in our Annual Report for the year ended December 31, 2015 (2015 Annual Report).

The Consolidated Financial Statements present the consolidated financial results of Farm Credit Midsouth, ACA (the parent) and Farm Credit Midsouth, FLCA and Farm Credit Midsouth, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

The following accounting standards have been issued since the issuance of our 2015 Annual Report, but are not yet effective.

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled “Measurement of Credit Losses on Financial Instruments.” The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. The guidance is effective for nonpublic entities for annual reporting periods beginning after December 15, 2020 and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted as of annual reporting periods beginning after December 15, 2018, including interim periods within those annual periods. We are currently evaluating the impact of the guidance on our financial condition, results of operations, cash flows, and financial statement disclosures.

Refer to Note 2 in our 2015 Annual Report for additional information on other accounting standards that have been issued, but are not yet effective. We are currently evaluating the impact of the guidance on our Consolidated Financial Statements. No accounting pronouncements were adopted during the nine months ended September 30, 2016.

NOTE 2: LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans by Type

(dollars in thousands)

As of:	**September 30, 2016** Amount	%	December 31, 2015 Amount	%
Real estate mortgage	**$ 467,565**	**49.4%**	$ 441,326	54.1%
Production and intermediate term	**451,972**	**47.8%**	353,771	43.4%
Agribusiness	**26,007**	**2.7%**	20,277	2.5%
Other	**671**	**0.1%**	396	0.0%
Total	**$ 946,215**	**100.0%**	$ 815,770	100.0%

The other category is primarily comprised of rural residential real estate loans as well as certain assets originated under the Mission Related Investment authority.

Delinquency

Aging Analysis of Loans

(in thousands) **As of September 30, 2016**	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
Real estate mortgage	**$ --**	**$ 364**	**$ 364**	**$ 477,906**	**$ 478,270**
Production and intermediate term	**498**	**3,675**	**4,173**	**457,394**	**461,567**
Agribusiness	**--**	**879**	**879**	**25,546**	**26,425**
Other	**--**	**--**	**--**	**684**	**684**
Total	**$ 498**	**$ 4,918**	**$ 5,416**	**$ 961,530**	**$ 966,946**

As of December 31, 2015	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
Real estate mortgage	$ 75	$ 116	$ 191	$ 449,711	$ 449,902
Production and intermediate term	3,042	783	3,825	357,528	361,353
Agribusiness	--	--	--	20,524	20,524
Other	--	--	--	398	398
Total	$ 3,117	$ 899	$ 4,016	$ 828,161	$ 832,177

Note: Accruing loans include accrued interest receivable.

There were no loans 90 days or more past due and still accruing interest at September 30, 2016 or December 31, 2015.

Risk Loans

Risk loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Risk Loan Information

(in thousands) As of:	**September 30 2016**	December 31 2015
Volume with specific reserves	**$ 5,210**	$ 1,636
Volume without specific reserves	**4,760**	2,997
Total risk loans	**$ 9,970**	$ 4,633
Total specific reserves	**$ 250**	$ 540
For the nine months ended September 30	**2016**	2015
Income on accrual risk loans	**$ 74**	$ 4
Income on nonaccrual loans	**196**	98
Total income on risk loans	**$ 270**	$ 102
Average risk loans	**$ 7,530**	$ 2,065

Note: Accruing loans include accrued interest receivable.

The increase in total risk loans was primarily due to nonaccrual and accruing restructured loans, which have increased due to decreases in working capital over the past two years.

We did not have any material commitments to lend additional money to borrowers whose loans were at risk at September 30, 2016.

Troubled Debt Restructurings (TDRs)

In situations where, for economic or legal reasons related to the borrower's financial difficulties, we grant a concession for other than an insignificant period of time to the borrower that we would not otherwise consider, the related loan is classified as a troubled debt restructuring, also known as a restructured loan. A concession is generally granted in order to minimize economic loss and avoid foreclosure. Concessions vary by program and borrower and may include interest rate reductions, term extensions, payment deferrals, or an acceptance of additional collateral in lieu of payments. In limited circumstances, principal may be forgiven. Loans classified as TDRs are considered risk loans. All risk loans are analyzed within our allowance for loan losses. We record a specific allowance to reduce the carrying amount of the restructured loan to the lower of book value or net realizable value of collateral.

We completed TDRs of certain production and intermediate term loans during the nine months ended September 30, 2016. Our recorded investment in these loans just prior to and immediately following restructuring was $3.0 million. The recorded investment of the loan is the face amount of the receivable increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, and acquisition costs and may also reflect a previous direct charge-off. The primary types of modification included extension of maturity and interest rate reduction below market. There were no TDRs completed during the nine months ended September 30, 2015.

There were no TDRs that defaulted during the nine months ended September 30, 2016 or 2015 in which the modification was within twelve months of the respective reporting period.

TDRs Outstanding

(in thousands) As of:	September 30 2016	December 31 2015
Accrual status:		
Real estate mortgage	**$ --**	$ 30
Production and intermediate term	**2,790**	20
Total TDRs in accrual status	**$ 2,790**	$ 50
Nonaccrual status:		
Production and intermediate term	**$ 37**	$ 14
Total TDRs in nonaccrual status	**$ 37**	$ 14
Total TDRs status:		
Real estate mortgage	**$ --**	$ 30
Production and intermediate term	**2,827**	34
Total TDRs	**$ 2,827**	$ 64

The increase in total TDRs was primarily due to restructuring of five borrowers with production and intermediate term loan types.

There were no material commitments to lend to borrowers whose loans have been modified in a TDR at September 30, 2016.

Allowance for Loan Losses

Changes for Allowance for Loan Losses

(in thousands) Nine months ended September 30	2016	2015
Balance at beginning of period	**$ 1,832**	$ 1,452
Provision for loan losses	**601**	544
Loan recoveries	**12**	11
Loan charge-offs	**(419)**	(150)
Balance at end of period	**$ 2,026**	$ 1,857

NOTE 3: MEMBERS' EQUITY

Regulatory Capitalization Requirements

On March 10, 2016, the FCA Board approved a final rule to modify the regulatory capital requirements for System Banks and Associations. The final rule replaces existing core surplus and total surplus ratios with common equity tier 1, tier 1, and total capital risk-based capital ratios. The final rule also adds a tier 1 leverage ratio. The permanent capital ratio continues to remain in effect with the final rule. The effective date of the new capital requirements is January 1, 2017.

FCA Revised Capital Requirements

	Regulatory Minimums	Capital Conservation Buffer	Total
Risk adjusted:			
Common equity Tier 1 ratio	4.5%	2.5%	7.0%
Tier 1 capital ratio	6.0%	2.5%	8.5%
Total capital ratio	8.0%	2.5%	10.5%
Non-risk adjusted:			
Tier 1 leverage ratio	4.0%	1.0%	5.0%

If the capital ratios fall below the total requirements, including the buffer amounts, capital distributions (equity redemptions, dividends, and patronage) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval.

NOTE 4: CONTINGENCIES AND COMMITMENTS

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which may not be reflected in the Consolidated Financial Statements. We do not anticipate any material losses because of these contingencies or commitments.

We may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these Consolidated Financial Statements, our management team was not aware of any material actions. However, management cannot ensure that such actions or other contingencies will not arise in the future. In 2009, we were named as a counter-defendant in an on-going lawsuit. We recorded $1.6 million of loss contingency related to this litigation matter in 2015, and an additional $506 thousand in the first quarter of 2016, neither of which individually or in total is considered material. As additional information becomes available, the potential liability related to this pending litigation will be assessed and estimates will be revised as necessary.

NOTE 5: FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Accounting guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. Refer to Note 2 in our 2015 Annual Report for a more complete description of the three input levels.

We did not have any assets or liabilities measured at fair value on a recurring basis at September 30, 2016 or December 31, 2015.

Non-Recurring

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis.

Assets Measured at Fair Value on a Non-recurring Basis

(in thousands)	**As of September 30, 2016**				**Nine months ended September 30, 2016**
	Fair Value Measurement Using			Total Fair	
	Level 1	Level 2	Level 3	Value	Total (Losses)
Impaired loans	**$ --**	**$ 5,207**	**$ --**	**$ 5,207**	**$ (129)**
	As of December 31, 2015				Nine months ended September 30, 2015
	Fair Value Measurement Using			Total Fair	
	Level 1	Level 2	Level 3	Value	Total (Losses)
Impaired loans	$ --	$ 1,150	$ --	$ 1,150	$ (474)

Valuation Techniques

Impaired loans: Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. 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. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. If the process uses independent appraisals and other market-based information, they are classified as Level 2. If the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters, they are classified as Level 3.

NOTE 6: SUBSEQUENT EVENTS

We have evaluated subsequent events through November 8, 2016, which is the date the Consolidated Financial Statements were available to be issued. There have been no material subsequent events that would require recognition in our Quarterly Report or disclosure in the Notes to Consolidated Financial Statements.