LOUISIANA LAND BANK, ACA

2016
Quarterly Report
First Quarter

For the Quarter Ended March 31, 2016

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared 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.

F. Stephen Austin

F. Stephen Austin, Chief Executive Officer
May 3, 2016

JM Morgan

James Mark Morgan, Chairman, Board of Directors
May 3, 2016

Chris Bentley

Christopher E. Bentley, Chief Financial Officer
May 3, 2016

The following commentary reviews the financial performance of the Louisiana Land Bank, ACA (Agricultural Credit Association), referred to as the Association, for the quarter ended March 31, 2016. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2015 Annual Report to Stockholders.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Significant Events:

The Association's board of directors (Board) declared a patronage of $5.8 million to eligible stockholders from 2015's earnings. The patronage is in the form of a qualified patronage distribution. The increase in the qualified patronage distribution, compared to 2015 is just under 29 percent. This marks the fourth consecutive year that the Association has increased and paid the cash patronage to eligible borrowers.

The Association continues to collect on adverse assets that were booked in 2007, 2008 and 2009. As the volume and count of those adverse assets declines, so will the collection of recoveries and forgone interest. During the first quarter of 2016, the Association collected just over $280,000 in foregone interest and recovered over $106,000 in charged off loan balances. Collection of interest on non-accrual loans is treated as a one-time, nonrecurring event.

The Board and management are committed to maintaining the financial integrity of the Association while offering competitive loan products and services that meet the needs of Louisiana's agricultural producers. Louisiana Land Bank is a proud member of the Farm Credit System, which is celebrating its centennial anniversary this year. Serving the needs of Louisiana's rural and agricultural communities is the priority for Louisiana Land Bank for the next 100 years.

Loan Portfolio:

The Association principally makes and services loans to farmers, ranchers, rural homeowners and certain farm-related businesses. The Association's loan volume consists of long-term farm mortgage loans, production and intermediate-term loans, and farm-related business loans. These loans are available to eligible borrowers with competitive prime- and LIBOR(London InterBank Offered Rate)-based, fixed and adjustable interest rates and loan maturities ranging up to 40 years. Loans serviced by the Association offer several installment payment cycles, the timing of which usually coincides with seasonal cash-flow capabilities of the borrower.

Total loans outstanding at March 31, 2016, including nonaccrual loans and sales contracts, were $686,846,781 compared to $659,483,139 at December 31, 2015, reflecting an increase of 4.2 percent. Nonaccrual loans as a percentage of total loans outstanding were 0.6 percent at March 31, 2016, compared to 0.6 percent at December 31, 2015.

	March 31, 2016	December 31, 2015
Total loans		
Acceptable	**98.2**	98.2
Other Assets Especially Mentioned	**0.8**	0.5
Substandard/doubtful	**1.0**	1.3
	100.0 %	100.0 %

The Association recorded $106,483 in recoveries and $75,651 in charge-offs for the quarter ended March 31, 2016, and $15,853 in recoveries and $1,414 in charge-offs for the same period in 2015. The Association's allowance for loan losses was 0.8 percent and 0.8 percent of total loans outstanding as of March 31, 2016, and December 31, 2015, respectively.

Risk Exposure:

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	March 31, 2016		December 31, 2015	
	Amount	**%**	Amount	%
Nonaccrual	**$ 4,304,634**	**79.6%**	$ 4,136,284	75.7%
Formally restructured	**1,106,178**	**20.4%**	1,324,751	24.3%
Total	**$ 5,410,812**	**100.0%**	$ 5,461,035	100.0%

Results of Operations:

The Association had net income of $2,672,488 for the three months ended March 31, 2016, as compared to net income of $2,074,907 for the same period in 2015, reflecting an increase of 28.8 percent, respectively. Net interest income was $4,867,783 for the three months ended March 31, 2016, compared to $4,395,697 for the same period in 2015. The primary factors for the increase in net interest income are the collection of interest on non-accrual loans and an increase in accrual loan volume.

	March 31, 2016		March 31, 2015	
	Average Balance	**Interest**	Average Balance	Interest
Loans	**$ 672,042,739**	**$ 7,438,687**	$624,387,459	$ 6,603,016
Total interest-earning assets	**672,042,739**	**7,438,687**	624,387,459	6,603,016
Interest-bearing liabilities	**539,243,630**	**2,570,904**	497,206,904	2,207,318
Impact of capital	**$ 132,799,109**		$127,180,555	
Net interest income		**$ 4,867,783**		$ 4,395,698

	2016 Average Yield	2015 Average Yield
Yield on loans	**4.45%**	4.29%
Total yield on interest-earning assets	**4.45%**	4.29%
Cost of interest-bearing liabilities	**1.92%**	1.80%
Interest rate spread	**2.53%**	2.49%
Net interest income as a percentage of average earning assets	**2.91%**	2.86%

	March 31, 2016 vs. March 31, 2015		
	Increase (decrease) due to		
	Volume	**Rate**	**Total**
Interest income - loans	**$ 508,168**	**$ 327,503**	**$ 835,671**
Total interest income	**508,168**	**327,503**	**835,671**
Interest expense	**188,173**	**175,413**	**363,586**
Net interest income	**$ 319,994**	**$ 152,091**	**$ 472,085**

Interest income for the three months ended March 31, 2016, increased by $835,671, or 12.7 percent, respectively, from the same period of 2015, primarily due to an increase in average loan volume and collection of interest on non-accrual loans. Interest expense for the three months ended March 31, 2016, increased by $363,586, or 16.5 percent from the same period of 2015 due to an increase in average debt volume and increase in rate. Average loan volume for the first quarter of 2016 was $672,042,739, compared to $624,387,459 in the first quarter of 2015. The average net interest rate spread on the loan portfolio for the first quarter of 2016 was 2.53 percent, compared to 2.49 percent in the first quarter of 2015.

The Association's return on average assets for the three months ended March 31, 2016, was 1.56 percent compared to 1.32 percent for the same period in 2015. The Association's return on average equity for the three months ended March 31, 2016, was 7.82 percent, compared to 6.30 percent for the same period in 2015.

The “Other” category listed under Investment in and receivable from the Farm Credit Bank of Texas (the Bank) on the balance sheet is a receivable due from payment processing. The payment processing activity increased at first quarter end of 2016 due to the increase of PCA related loans within the Association. Loan drafts outstanding decreased by just over $478,000 due to fewer loan drafts outstanding at period end close.

Provision expense decreased compared to the same period in 2015 due to improved credit administration, credit metrics and continuing loan servicing. Patronage income increased during the same time period due to a larger direct note balance with the Bank. Loan fees have increased compared to the same time period in 2015 due to an increase in accrual loan volume. The Association recorded just under $90,000 in gains on the sale of fleet vehicles in the first quarter of 2015. The Association did not sell any vehicles or property during the first quarter of 2016. Total noninterest expense decreased during the first quarter compared to the same time period in 2015. This was primarily driven by the reduction of salary and benefit expense during the quarter.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Bank, which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The following schedule summarizes the Association’s borrowings.

		March 31, 2016		December 31, 2015
Note payable to the bank	**$**	**553,988,799**	$	526,697,949
Accrued interest on note payable		**900,667**		838,596
Total	**$**	**554,889,466**	$	527,536,545

The Association operates under a general financing agreement (GFA) with the Bank. The current GFA is effective through September 30, 2018. The primary source of liquidity and funding for the Association is a direct loan from the Bank. The outstanding balance of $553,988,799 as of March 31, 2016, is recorded as a liability on the Association’s balance sheet. The note carried a weighted average interest rate of 2.09 percent at March 31, 2016.

The indebtedness is collateralized by a pledge of substantially all of the Association’s assets to the Bank and is governed by the GFA. The increase in note payable to the Bank and related accrued interest payable since December 31, 2015, is due to the Association’s increase in accrual loan volume. The Association’s own funds, which represent the amount of the Association’s loan portfolio funded by the Association’s equity, were $132,289,401 at March 31, 2016. The maximum amount the Association may borrow from the Bank as of March 31, 2016, was $687,027,583 as defined by the GFA. The indebtedness continues in effect until the expiration date of the GFA, which is September 30, 2018, unless sooner terminated by the Bank upon the occurrence of an event of default, or by the Association, in the event of a breach of this agreement by the Bank, upon giving the Bank 30 calendar days’ prior written notice, or in all other circumstances, upon giving the Bank 120 days’ prior written notice.

Capital Resources:

The Association’s capital position increased by $2,638,295 at March 31, 2016, compared to December 31, 2015. The Association’s debt as a percentage of members’ equity was 4.07:1 as of March 31, 2016, compared to 3.96:1 as of December 31, 2015.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of 7.0 percent of risk-adjusted assets as defined by the FCA. The Association’s permanent capital ratio at March 31, 2016, was 18.7 percent, which is in compliance with the FCA’s minimum permanent capital standard. The Association’s core surplus ratio and total surplus ratio at March 31, 2016, were 18.3 and 18.3 percent, respectively, which is in compliance with the FCA’s minimum surplus standard.

Significant Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled “Leases.” The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled “Recognition and Measurement of Financial Assets and Liabilities.” This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association’s financial condition or its results of operations.

In August 2014, the FASB issued guidance entitled "Presentation of Financial Statements — Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

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 our contracts would be excluded from the scope of this new guidance. In August, 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. The Association is in the process of reviewing contracts to determine the effect, if any, on its financial condition or results of operations.

Regulatory Matters:

On June 12, 2014, the FCA 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. According to its Spring 2016 Regulatory Projects Plan, FCA anticipates adopting a final rule in July 2016.

On March 10, 2016, the FCA approved a final 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 Act.

The final rule is effective on January 1, 2017.

Relationship With the Farm Credit Bank of Texas:

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the 2015 Annual Report of Louisiana Land Bank, ACA more fully describe the Association's relationship with the Bank.

The Texas Farm Credit District's (district) annual and quarterly stockholder reports, as well as those of the Bank, are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, The Ag Agency, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9204. Copies of the district's quarterly and annual stockholder reports also can be requested by e-mail at *fcb@farmcreditbank.com*. The annual and quarterly stockholder reports for the Bank and the district are also available on its website at *www.farmcreditbank.com.*

The Association's quarterly stockholder reports are also available free of charge, upon request. Quarterly stockholder reports are available within 40 days of a quarter close. These reports can be obtained by writing to Louisiana Land Bank, ACA, 2413 Tower Drive, Monroe, La. 71201or by calling 318-387-7535. The annual and quarterly stockholder reports for the Association are also available on its website at *www.louisianalandbank.com.* Copies of the Association's quarterly stockholder reports can also be requested by e-mailing *debbie.bond@louisianalandbank.com.*

LOUISIANA LAND BANK, ACA

CONSOLIDATED BALANCE SHEET

		March 31, 2016 (unaudited)		December 31, 2015
ASSETS				
Cash	$	187,365	$	81,673
Loans		686,846,781		659,483,139
Less: allowance for loan losses		5,370,594		5,376,702
Net loans		681,476,187		654,106,437
Accrued interest receivable		5,952,939		5,597,145
Investment in and receivable from the Farm Credit Bank of Texas:				
Capital stock		10,228,330		10,228,330
Other		1,260,763		799,732
Premises and equipment, net		3,684,999		3,648,174
Other assets		799,558		472,913
Total assets	$	703,590,141	$	674,934,404
LIABILITIES				
Note payable to the Farm Credit Bank of Texas	$	553,988,799	$	526,697,949
Accrued interest payable		900,667		838,596
Drafts outstanding		160,502		638,919
Patronage distributions payable		5,809,629		5,757,683
Deferred taxes, net		7,439		-
Other liabilities		4,027,102		4,943,549
Total liabilities		564,894,138		538,876,696
MEMBERS' EQUITY				
Capital stock and participation certificates		2,582,840		2,548,415
Unallocated retained earnings		136,623,653		134,015,973
Accumulated other comprehensive loss		(510,490)		(506,680)
Total members' equity		138,696,003		136,057,708
Total liabilities and members' equity	$	703,590,141	$	674,934,404

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

LOUISIANA LAND BANK, ACA

STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Quarter Ended March 31, 2016	Quarter Ended March 31, 2015
INTEREST INCOME		
Loans	**$ 7,438,687**	$ 6,603,016
Total interest income	**7,438,687**	6,603,016
INTEREST EXPENSE		
Note payable to the Farm Credit Bank of Texas	**2,570,904**	2,207,319
Total interest expense	**2,570,904**	2,207,319
Net interest income	**4,867,783**	4,395,697
PROVISION FOR LOAN LOSSES	**(61,605)**	4,844
Net interest income after provision for loan losses	**4,929,388**	4,390,853
NONINTEREST INCOME		
Income from the Farm Credit Bank of Texas:		
Patronage income	**542,400**	517,366
Loan fees	**69,329**	24,832
Financially related services income	**702**	672
Loss on other property owned, net	**-**	(259)
Gain on sale of premises and equipment, net	**-**	89,694
Other noninterest income	**4,800**	1,000
Total noninterest income	**617,231**	633,305
NONINTEREST EXPENSES		
Salaries and employee benefits	**1,812,859**	1,970,290
Directors' expense	**106,086**	101,511
Purchased services	**133,343**	94,593
Travel	**98,677**	92,747
Occupancy and equipment	**117,104**	124,594
Communications	**36,146**	31,908
Advertising	**119,461**	106,882
Public and member relations	**100,100**	83,826
Supervisory and exam expense	**88,631**	117,908
Insurance Fund premiums	**189,128**	160,477
Other noninterest expense	**71,793**	63,996
Total noninterest expenses	**2,873,328**	2,948,732
Income before income taxes	**2,673,291**	2,075,426
Provision for income taxes	**803**	519
NET INCOME	**2,672,488**	2,074,907
Other comprehensive income:		
Change in postretirement benefit plans	**(3,810)**	3,846
Other comprehensive income, net of tax	**(3,810)**	3,846
COMPREHENSIVE INCOME	**$ 2,668,678**	$ 2,078,753

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

LOUISIANA LAND BANK, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(unaudited)

	Capital Stock/ Participation Certificates	Retained Earnings Unallocated	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
Balance at December 31, 2014	$ 2,481,320	$ 129,597,692	$ (802,940)	$ 131,276,072
Net income	-	2,074,907	-	2,074,907
Other comprehensive income	-	-	3,846	3,846
Comprehensive income	-	2,074,907	3,846	2,078,753
Capital stock/participation certificates and allocated retained earnings issued	78,785	-	-	78,785
Capital stock/participation certificates and allocated retained earnings retired	(66,720)	-	-	(66,720)
Patronage refunds:				
Cash	-	448	-	448
Balance at March 31, 2015	$ 2,493,385	$ 131,673,047	$ (799,094)	$ 133,367,338
Balance at December 31, 2015	$ 2,548,415	$ 134,015,973	$ (506,680)	$ 136,057,708
Net income	-	2,672,488	-	2,672,488
Other comprehensive income	-	-	(3,810)	(3,810)
Capital stock/participation certificates and allocated retained earnings issued	97,065	-	-	97,065
Capital stock/participation certificates and allocated retained earnings retired	(62,640)	-	-	(62,640)
Patronage refunds:				
Cash	-	(64,808)	-	(64,808)
Balance at March 31, 2016	**$ 2,582,840**	**$ 136,623,653**	**$ (510,490)**	**$ 138,696,003**

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

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Louisiana Land Bank, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the parishes of Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana and Winn in the state of Louisiana.. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

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, 2015, as contained in the 2015 Annual Report to Stockholders.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with GAAP, except for the inclusion of a statement of cash flows. GAAP require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements. These interim financial statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2015, as contained in the 2015 Annual Report to Stockholders. 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, 2015. Descriptions of the significant accounting policies are included in the 2015 Annual Report to Stockholders. 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 February 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled "Leases." The guidance requires the recognition by lessees of lease assets and lease liabilities on the balance sheet for the rights and obligations created by those leases. Leases with lease terms of more than 12 months are impacted by this guidance. This guidance becomes effective for interim and annual periods beginning after December 15, 2018, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In January 2016, the FASB issued guidance entitled "Recognition and Measurement of Financial Assets and Liabilities." This guidance becomes effective for interim and annual periods beginning after December 15, 2017. The adoption of this guidance is not expected to impact the Association's financial condition or its results of operations.

In August 2014, the FASB issued guidance entitled "Presentation of Financial Statements- Going Concern." The guidance governs management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This guidance requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year after the date the financial statements are issued or within one year after the financial statements are available to be issued, when applicable. Substantial doubt exists if it is probable that the entity will be unable to meet its obligations for the assessed period. This guidance becomes effective for interim and annual periods ending after December 15, 2016, and early application is permitted. Management will be required to make its initial assessment as of December 31, 2016.

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 our contracts would be excluded from the scope of this new guidance. In August 2015, the FASB issued an update that defers this guidance by one year, which results in the new revenue standard becoming effective for interim and annual reporting periods beginning after December 15, 2017. The Association is in the process of reviewing contracts to determine the effect, if any, on its financial condition or results of operations.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires the use of management’s estimates. The results for the quarter ended March 31, 2016, are not necessarily indicative of the results to be expected for the year ended December 31, 2016. Certain amounts in the prior period’s financial statements have been reclassified to conform to current financial statement presentation.

NOTE 2 — LOANS AND ALLOWANCE FOR LOAN LOSSES:

A summary of loans follows:

Loan Type	**March 31, 2016 Amount**	December 31, 2015 Amount
Production agriculture:		
Real estate mortgage	**$ 571,506,088**	$ 558,290,493
Production and intermediate term	**43,302,593**	42,096,061
Agribusiness:		
Loans to cooperatives	**5,657,864**	5,262,571
Processing and marketing	**23,924,146**	11,893,789
Farm-related business	**14,850,958**	15,276,840
Communication	**7,861,455**	8,232,747
Energy	**2,496,849**	2,367,715
Water and waste water	**859,544**	635,159
Rural residential real estate	**16,306,159**	15,346,639
Lease receivables	**81,125**	81,125
Total	**$ 686,846,781**	$ 659,483,139

The Association purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with FCA regulations. The following table presents information regarding the balances of participations purchased and sold at March 31, 2016:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold	Participations Purchased	Participations Sold
Real estate mortgage	$ 14,909,203	$ 38,161,884	$ -	$ -	$ 14,909,203	$ 38,161,884
Production and intermediate term	7,002,872	3,213,972	-	-	7,002,872	3,213,972
Agribusiness	26,506,500	2,040,000	796,341	3,331,996	27,302,841	5,371,996
Communication	7,861,455	-	-	-	7,861,455	-
Energy	2,496,849	-	-	-	2,496,849	-
Water and waste water	667,724	-	-	-	667,724	-
Total	$ 59,444,603	$ 43,415,856	$ 796,341	$ 3,331,996	$ 60,240,944	$ 46,747,852

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	March 31, 2016	December 31, 2015
Nonaccrual loans:		
Real estate mortgage	**$ 3,191,416**	$ 2,931,807
Production and intermediate term	**9,250**	9,250
Agribusiness	**796,341**	881,931
Rural residential real estate	**307,627**	313,296
Total nonaccrual loans	**4,304,634**	4,136,284
Accruing restructured loans:		
Real estate mortgage	**866,956**	1,139,497
Production and intermediate term	**55,863**	-
Rural residential real estate	**183,359**	185,254
Total accruing restructured loans	**1,106,178**	1,324,751
Total nonperforming loans	**5,410,812**	5,461,035
Total nonperforming assets	**$ 5,410,812**	$ 5,461,035

One credit quality indicator utilized by the Association is the FCA Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality;
- Other assets especially mentioned (OAEM) – assets are currently collectible but exhibit some potential weakness;
- Substandard – assets exhibit some serious weakness in repayment capacity, equity and/or collateral pledged on the loan;
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable; and
- Loss – assets are considered uncollectible.

The following table shows loans and related accrued interest as a percentage of total loans and related accrued interest receivable by loan type as of:

	March 31, 2016	December 31, 2015
Real estate mortgage		
Acceptable	**98.3** %	98.0 %
OAEM	**0.7**	1.0
Substandard/doubtful	**1.0**	1.0
	100.0	100.0
Production and intermediate term		
Acceptable	**98.1**	100.0
OAEM	**1.9**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Agribusiness		
Acceptable	**98.2**	81.0
OAEM	**-**	-
Substandard/doubtful	**1.8**	19.0
	100.0	100.0
Energy and water/waste water		
Acceptable	**94.3**	100.0
OAEM	**5.7**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Communication		
Acceptable	**100.0**	96.8
OAEM	**-**	-
Substandard/doubtful	**-**	3.2
	100.0	100.0
Rural residential real estate		
Acceptable	**96.5**	96.9
OAEM	**1.0**	0.9
Substandard/doubtful	**2.5**	2.2
	100.0	100.0
Lease receivables		
Acceptable	**100.0**	100.0
OAEM	**-**	-
Substandard/doubtful	**-**	-
	100.0	100.0
Total loans		
Acceptable	**98.2**	98.2
OAEM	**0.8**	0.5
Substandard/doubtful	**1.0**	1.3
	100.0 %	100.0 %

The following tables provide an age analysis of past due loans (including accrued interest) as of:

March 31, 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 Loans**	**Recorded Investment >90 Days and Accruing**
Real estate mortgage	**$ 890,991**	**$ 229,271**	**$ 1,120,262**	**$ 575,827,605**	**$ 576,947,867**	**$ -**
Production and intermediate term	**-**	**9,250**	**9,250**	**43,601,865**	**43,611,115**	**-**
Loans to cooperatives	**-**	**-**	**-**	**5,700,366**	**5,700,366**	**-**
Processing and marketing	**-**	**-**	**-**	**23,954,895**	**23,954,895**	**-**
Farm-related business	**-**	**-**	**-**	**14,897,338**	**14,897,338**	**-**
Communication	**-**	**-**	**-**	**7,862,304**	**7,862,304**	**-**
Energy	**-**	**-**	**-**	**2,497,230**	**2,497,230**	**-**
Water and waste water	**-**	**-**	**-**	**859,893**	**859,893**	**-**
Rural residential real estate	**746,602**	**-**	**746,602**	**15,639,753**	**16,386,355**	**-**
Lease receivables	**-**	**-**	**-**	**82,357**	**82,357**	**-**
Total	**$ 1,637,593**	**$ 238,521**	**$ 1,876,114**	**$ 690,923,606**	**$ 692,799,720**	**$ -**

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 Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	$ 2,020,399	$ 236,959	$ 2,257,358	$ 561,062,598	$ 563,319,956	$ -
Production and intermediate term	88,386	9,250	97,636	42,363,403	42,461,039	-
Loans to cooperatives	-	-	-	5,303,333	5,303,333	-
Processing and marketing	-	-	-	11,914,366	11,914,366	-
Farm-related business	-	-	-	15,333,046	15,333,046	-
Communication	-	-	-	8,233,647	8,233,647	-
Energy	-	-	-	2,369,066	2,369,066	-
Water and waste water	-	-	-	635,341	635,341	-
Rural residential real estate	-	13,507	13,507	15,415,859	15,429,366	-
Lease receivables	-	-	-	81,125	81,125	-
Total	$ 2,108,785	$ 259,716	$ 2,368,501	$ 662,711,784	$ 665,080,285	$ -

Note: 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.

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. TDRs are undertaken in order to improve the likelihood of recovery on the loan and may include, but are not limited to, forgiveness of principal or interest, interest rate reductions that are lower than the current market rate for new debt with similar risk, or significant term or payment extensions.

As of March 31, 2016, the total recorded investment of TDR loans was $4,079,570, including $2,973,391 classified as nonaccrual and $1,106,178 classified as accrual, with specific allowance for loan losses of $101,985. As of March 31, 2016, commitments to lend funds to borrowers whose loan terms have been modified in a TDR were $0 at period end and $0 at December 31, 2015.

The following tables present additional information regarding TDRs, which includes both accrual and nonaccrual loans with TDR designation, that occurred during the three months ended March 31, 2016. The premodification outstanding recorded investment represents the recorded investment of the loans as of the quarter end prior to the restructuring. The postmodification outstanding recorded investment represents the recorded investment of the loans as of the quarter end the restructuring occurred. Loans formally restructured prior to January 1, 2016, were $756,970.

For the Three Months Ended March 31, 2016	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment
Troubled debt restructurings:		
Real estate mortgage	$ 570,418	$ 581,008
Production and intermediate term	55,472	55,863
Rural residential real estate	212,461	204,101
Total	$ 838,351	$ 840,972

For the Three Months Ended March 31, 2015	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment
Troubled debt restructurings:		
Real estate mortgage	$ 2,047,386	$ 2,056,372
Total	$ 2,047,386	$ 2,056,372

In restructurings where principal is forgiven, the amount of the forgiveness is immediately charged off. In restructurings where accrued interest is forgiven, the interest is reversed (if current year interest) or charged off (if prior year interest). Charge-offs recorded at the modification date was $0 for the quarter ending March 31, 2016.

The predominant form of concession granted for TDRs includes rate reduction and term extension. Other types of modifications include principal or accrued interest reductions and delayed payments, among others. At times, these terms might be offset with incremental payments, collateral or new borrower guarantees, in which case we assess all of the modified terms to determine if the overall modification qualifies as a TDR.

The Association did not have any loans that met the accounting criteria as a TDR and that occurred within the previous 12 months and for which there was a subsequent payment default during the period. A payment default is defined as a payment that is 30 days past due after the date the loan was restructured.

The following table provides information on outstanding loans restructured in TDRs at period end. These loans are included as impaired loans in the impaired loan table at:

	Loans Modified as TDRs		TDRs in Nonaccrual Status*	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
Real estate mortgage	$ 2,842,198	$ 3,057,646	$ 1,975,242	$ 1,918,149
Production and intermediate term	55,863	-	-	-
Farm-related business	796,341	881,931	796,341	881,931
Rural residential real estate	385,168	390,980	201,808	205,726
Total	$ 4,079,570	$ 4,330,557	$ 2,973,391	$ 3,005,806

*represents the portion of loans modified as TDRs that are in nonaccrual status

Additional impaired loan information is as follows:

	March 31, 2016			December 31, 2015		
	Recorded Investment	**Unpaid Principal Balance[a]**	**Related Allowance**	Recorded Investment	Unpaid Principal Balance[a]	Related Allowance
Impaired loans with a related allowance for credit losses:						
Real estate mortgage	**$ 145,118**	**$ 148,595**	**$ 5,518**	$ 145,814	$ 148,595	$ 5,518
Farm-related business	**796,341**	**4,720,564**	**101,985**	881,931	4,806,154	101,985
Total	**$ 941,459**	**$ 4,869,159**	**$ 107,503**	$ 1,027,745	$4,954,749	$ 107,503
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$3,879,385**	**$ 3,916,260**	**$ -**	$ 3,925,491	$3,920,419	$ -
Production and intermediate term	**64,541**	**64,563**	-	9,250	9,273	-
Farm-related business	-	-	-	-	106,483	-
Rural residential real estate	**490,301**	**491,675**	-	498,549	499,393	-
Total	**$4,434,227**	**$ 4,472,498**	**$ -**	$ 4,433,290	$4,535,568	$ -
Total impaired loans:						
Real estate mortgage	$ 4,024,503	$ 4,064,855	$ 5,518	$ 4,071,305	$4,069,014	$ 5,518
Production and intermediate term	64,541	64,563	-	9,250	9,273	-
Farm-related business	796,341	4,720,564	101,985	881,931	4,912,637	101,985
Rural residential real estate	490,301	491,675	-	498,549	499,393	-
Total	**$5,375,686**	**$ 9,341,657**	**$ 107,503**	$ 5,461,035	$9,490,317	$ 107,503

[a] Unpaid principal balance represents the recorded principal balance of the loan.

	For the Quarter & Year Ended March 31, 2016		For the Quarter & Year Ended March 31, 2015	
	Average Impaired Loans	**Interest Income Recognized**	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	**$ 145,118**	**$ -**	$ -	$ -
Farm-related business	**832,488**	**-**	902,527	-
Total	**$ 977,606**	**$ -**	$ 902,527	$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	**$3,736,175**	**$ 13,826**	$ 4,478,606	$ 33,378
Production and intermediate term	**64,541**	**549**	-	-
Rural residential real estate	**493,511**	**2,061**	545,006	2,171
Total	**$4,294,227**	**$ 16,436**	$ 5,023,617	$ 35,549
Total impaired loans:				
Real estate mortgage	**$3,881,293**	**$ 13,826**	$ 4,478,606	$ 33,378
Production and intermediate term	**64,541**	**549**	-	-
Farm-related business	**832,488**	**-**	902,532	-
Rural residential real estate	**493,511**	**2,061**	545,006	2,171
Total	**$5,271,833**	**$ 16,436**	$ 5,926,144	$ 35,549

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

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Lease Receivables	Total
Allowance for Credit Losses:								
Balance at December 31, 2015	$ 3,409,545	$ (122,336)	$ 1,679,709	$ 303,786	$ 49,830	$ 35,056	$ 21,112	$ 5,376,702
Charge-offs	(2,410)	-	(73,241)	-	-	-	-	(75,651)
Recoveries	-	-	106,483	-	-	-	-	106,483
Provision for loan losses	(61,604)	-	-	-	-	-	-	(61,604)
Other	24,664	-	-	-	-	-	-	24,664
Balance at March 31, 2016	$ 3,370,195	$ (122,336)	$ 1,712,951	$ 303,786	$ 49,830	$ 35,056	$ 21,112	$ 5,370,594
Ending Balance:								
Individually evaluated for impairment	$ 203,072	$ -	$ -	$ -	$ -	$ -	$ -	$ 203,072
Collectively evaluated for impairment	3,167,123	(122,336)	1,712,951	303,786	49,830	35,056	21,112	5,167,522
Balance at March 31, 2016	$ 3,370,195	$ (122,336)	$ 1,712,951	$ 303,786	$ 49,830	$ 35,056	$ 21,112	$ 5,370,594
Balance at December 31, 2014	$ 3,308,312	$ (122,313)	$ 1,616,295	$ 291,702	$ 49,830	$ 38,398	$ 21,112	$ 5,203,336
Charge-offs	(214)	-	-	-	-	(1,200)	-	(1,414)
Recoveries	-	-	15,853	-	-	-	-	15,853
Provision for loan losses	4,844	-	-	-	-	-	-	4,844
Other	62,548	-	-	-	-	-	-	62,548
Balance at March 31, 2015	$ 3,375,490	$ (122,313)	$ 1,632,148	$ 291,702	$ 49,830	$ 37,198	$ 21,112	$ 5,285,167
Ending Balance:								
Individually evaluated for impairment	$ 10,938	$ -	$ 905,169	$ -	$ -	$ -	$ -	$ 916,107
Collectively evaluated for impairment	3,364,552	(122,313)	726,979	291,702	49,830	37,198	21,112	4,369,060
Balance at March 31, 2015	$ 3,375,490	$ (122,313)	$ 1,632,148	$ 291,702	$ 49,830	$ 37,198	$ 21,112	$ 5,285,167

	Real Estate Mortgage	Production and Intermediate Term	Agribusiness	Communications	Energy and Water/Waste Water	Rural Residential Real Estate	Lease Receivables	Total
Recorded Investments in Loans Outstanding:								
Ending Balance at March 31, 2016	$576,947,866	$ 43,611,115	$ 44,552,599	$ 7,862,304	$ 3,357,123	$16,386,356	$ 82,357	$692,799,720
Individually evaluated for impairment	$ 4,510,323	$ 64,541	$ 796,341	$ -	$ -	$ 490,301	$ -	$ 5,861,506
Collectively evaluated for impairment	$572,437,543	$ 43,546,574	$ 43,756,258	$ 7,862,304	$ 3,357,123	$15,896,055	$ 82,357	$686,938,214
Ending Balance at March 31, 2015	$544,931,878	$ 35,763,719	$ 30,026,266	$ 8,555,976	$ 2,717,937	$14,377,511	$ 87,461	$636,460,748
Individually evaluated for impairment	$ 5,749,250	$ -	$ 2,921,604	$ -	$ -	$ 539,866	$ -	$ 9,210,720
Collectively evaluated for impairment	$539,182,628	$ 35,763,719	$ 27,104,662	$ 8,555,976	$ 2,717,937	$13,837,645	$ 87,461	$627,250,028

NOTE 3 — CAPITAL:

The Association's (Board) has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the Board also monitors the following factors: capability of management; quality of operating policies, procedures and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the Board.

An additional component of equity is accumulated other comprehensive income, which is reported net of taxes, as follows:

Accumulated Other Comprehensive Income

March 31, 2016	**Before Tax**	**Deferred Tax**	**Net of Tax**
Nonpension postretirement benefits	**$ 2,938,345**	**$ -**	**$ 2,938,345**
Total	**$ 2,938,345**	**$ -**	**$ 2,938,345**

March 31, 2015	Before Tax	Deferred Tax	Net of Tax
Nonpension postretirement benefits	$ 3,094,886	$ -	$ 3,094,886
Total	$ 3,094,886	$ -	$ 3,094,886

The Association's accumulated other comprehensive income (loss) relates entirely to its nonpension other postretirement benefits. Amortization of prior service (credits) cost and of actuarial (gain) loss are reflected in "Salaries and employee benefits" in the Consolidated Statement of Comprehensive Income. The following table summarizes the changes in accumulated other comprehensive income (loss) for the three months ended March 31:

	2016	2015
Accumulated other comprehensive income (loss) at January 1	**$(506,680)**	$(802,940)
Amortization of prior service (credit) costs included in salaries and employee benefits	**(12,752)**	(12,774)
Amortization of actuarial (gain) loss included in salaries and employee benefits	**8,942**	16,620
Other comprehensive income (loss), net of tax	**(3,810)**	3,846
Accumulated other comprehensive income at March 31	**$ (510,490)**	$ (799,094)

NOTE 4 — INCOME TAXES:

Louisiana Land Bank, ACA conducts its business activities through two wholly-owned subsidiaries. Long-term mortgage lending activities are conducted through a wholly-owned FLCA subsidiary which is exempt from federal and state income tax. Short- and intermediate-term lending activities are conducted through a wholly-owned PCA subsidiary. The PCA subsidiary and the ACA holding company are subject to income tax. Louisiana Land Bank, ACA operates as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue Code. Accordingly, under specified conditions, Louisiana Land Bank, ACA can exclude from taxable income amounts distributed as qualified patronage dividends in the form of cash, stock or allocated retained earnings. Provisions for income taxes are made only on those taxable earnings that will not be distributed as qualified patronage dividends. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the institution and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (more than 50 percent probability), based on management's estimate, that they will not be realized

NOTE 5 — FAIR VALUE MEASUREMENTS:

FASB guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 13 to the 2015 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a nonrecurring basis for each of the fair value hierarchy values are summarized below:

March 31, 2016	**Fair Value Measurement Using**			**Total Fair**	**Total Gains**
	Level 1	**Level 2**	**Level 3**	**Value**	**(Losses)**
Assets:					
Loans*	**$ -**	**$ -**	**$4,197,131**	**$4,197,131**	**$ -**

December 31, 2015	Fair Value Measurement Using			Total Fair	Total Gains
	Level 1	Level 2	Level 3	Value	(Losses)
Assets:					
Loans*	$ -	$ -	$ 4,028,781	$ 4,028,781	$ -

*Represents the fair value of certain loans that were evaluated for impairment under authoritative guidance "Accounting by Creditors for Impairment of a Loan." The fair value was based upon the underlying collateral since these were collateral-dependent loans for which real estate is the collateral.

Sensitivity to Changes in Significant Unobservable Inputs

For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, the significant unobservable inputs used in the fair value measurement of the mortgage-backed securities are prepayment rates, probability of default and loss severity in the event of default. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for prepayment rates.

Quoted market prices are generally not available for the instruments presented below. Accordingly, fair values are based on internal models that consider judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Valuation Techniques

As more fully discussed in Note 13 to the 2015 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Association's assets and liabilities. For a more complete description, see Notes to the 2015 Annual Report to Stockholders.

Loans Evaluated for Impairment

For certain loans evaluated for impairment under FASB impairment guidance, the fair value is based upon the underlying real estate collateral since the loans were collateral-dependent. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, a majority of these loans have fair value measurements that fall within Level 3 of the fair value hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established. The fair value of these loans would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information.

Other Property Owned

Other property owned is generally classified as Level 3 of the fair value hierarchy. The process for measuring the fair value of the other property owned involves the use of independent appraisals and other market-based information. Costs to sell represent transaction costs and are not included as a component of the asset's fair value. As a result, these fair value measurements fall within Level 3 of the hierarchy.

Loans

Fair value is estimated by discounting the expected future cash flows using the Associations' current interest rates at which similar loans would be made to borrowers with similar credit risk. The discount rates are based on the Associations' current loan origination rates as well as management's estimates of credit risk. Management has no basis to determine whether the fair values presented would be indicative of the value negotiated in an actual sale and could be less.

For purposes of estimating fair value of accruing loans, the loan portfolio is segregated into pools of loans with homogeneous characteristics. Expected future cash flows, primarily based on contractual terms, and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

The fair value of loans in nonaccrual status that are current as to principal and interest is estimated as described above, with appropriately higher interest rates which reflect the uncertainty of continued cash flows. For collateral-dependent impaired loans, it is assumed that collection will result only from the disposition of the underlying collateral.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

Nonpension Other Postretirement Employee Benefits

The following table summarizes the components of net periodic benefit costs of nonpension other postretirement employee benefits for the three months ended March 31:

Three months ended March 31 :	Other Benefits	
	2016	2015
Service cost	**$ 16,969**	$ 18,634
Interest cost	**33,796**	34,534
Amortization of prior service (credits) costs	**(12,752)**	(12,774)
Amortization of net actuarial (gain) loss	**8,942**	16,619
Net periodic benefit cost	**$ 46,955**	$ 57,013

The Association's liability for the unfunded accumulated obligation for these benefits at March 31, 2016, was $2,938,345 and is included in "Other Liabilities" in the balance sheet.

Contributions to District Defined Benefit Pension Plan

The structure of the district's defined benefit pension plan is characterized as multiemployer since the assets, liabilities and cost of the plan are not segregated or separately accounted for by participating employers (bank and associations). The Association recognizes its amortized annual contributions to the plan as an expense. As of March 31, 2016, $86,496 of contributions have been made.

NOTE 7 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Association is involved in various legal proceedings in the normal course of business. In the opinion of legal counsel and management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 8 — SUBSEQUENT EVENTS:

The Association has evaluated subsequent events through May 3, 2016, which is the date the financial statements were issued. There are no events requiring disclosure as of May 3, 2016.