COLUSA-GLENN FARM CREDIT

Third Quarter 2016
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 position and results of operations of Farm Credit Services of Colusa-Glenn, ACA (the "Association") and subsidiaries for the nine months ended September 30, 2016, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2015 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 2015 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 6th Street, P.O. Box 449, Colusa, California 95932, or calling (530) 458-2163.

GENERAL

We have continued to maintain a strong portfolio through the nine months ended September 30, 2016. Our outstanding credit quality is a direct result of the overall financial stability of our members and the health of our local agricultural markets. Our lending approach ensures that we attract loan opportunities with high credit quality while operating in a safe and sound manner. For the nine months ended September 30, 2016, we recorded increased net income primarily due to increased average loan volume and related net interest income and an increase in noninterest income related to the gain recorded on sale of our Colusa branch office. These increases in income are offset by an increase in the provision for credit losses associated with higher loan volume exposure. Overall, the Association has continued to return strong profits for the first nine months of 2016. We will continue to closely monitor the impact that recent commodity price pressure and the drought might have on our borrowers and the overall credit quality of our portfolio.

We have seen reductions in market pricing for rice, almonds, and walnuts, among other commodities, over the past year. A contributing factor to this price pressure includes, but is not limited to, the strength of the U.S. Dollar and its impact on exports. With increased supplies of rice due to more acres planted and increases in projected almond and walnut crops, prices may decrease further. Given the recent volatility, commodity prices will continue to be a factor in our credit analysis and portfolio risk management. In regards to the drought, we received a good amount of rainfall in Northern California earlier this year, helping to replenish our depleted reservoirs. This has provided farmers and ranchers in our region enough water for their operations. Looking forward, a long-term solution to California's water issues is essential to ensuring agriculture's success in our region. We have and will continue to monitor the drought and its impact on the health of our portfolio, taking actions when necessary to avoid losses.

The financial stability of our member base and significant level of voluntary advanced conditional payments will continue to create less demand for financing as growers will utilize their own cash rather than borrowing from us. The overall financial stability of growers in our area is a positive sign for the health of the agriculture industry, and, despite the impact on our loan portfolio, we feel that a strengthening agricultural community benefits our members in the long-run.

LOAN PORTFOLIO

Loans outstanding at September 30, 2016, totaled $354.3 million, an increase of $10.9 million, or 3.2%, from loans of $343.4 million at December 31, 2015. The increase was attributable to the origination of larger mortgage loans, increased participation activity, and natural growth offset by a decrease in commercial loan volume related to 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, 2016, and December 31, 2015.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2016, was $4.5 million, an increase of $377 thousand, or 9.2%, from $4.1 million for the nine months ended September 30, 2015. This increase is primarily attributable to increases in noninterest income and net interest income offset by an increase in the provision for credit losses.

Net interest income for the nine months ended September 30, 2016, was $6.9 million, an increase of $491 thousand, or 7.7%, from $6.4 million for the nine months ended September 30, 2015. The increase is primarily attributable to increased average loan volume and increased interest credit related to the Association's fixed term investments.

The provision for credit loss for the nine months ended September 30, 2016, was $816 thousand, an increase of $614 thousand, or 304.0%, from $202 thousand for the nine months ended September 30, 2015. The provision for credit losses increased with increased loan volume. Additionally, management increased reserves to ensure the Association is adequately protected against credit losses caused by commodity price volatility and the long-term impact of the drought.

Noninterest income for the nine months ended September 30, 2016, was $1,088 thousand, an increase of $380 thousand, or 53.7%, from $708 thousand for the nine months ended September 30, 2015. Noninterest income increased primarily due to the gain on sale of our Colusa branch office. On June 30, 2016, we sold our Colusa branch office and related land parcels for a gain of $303 thousand. The amount paid to us by the purchaser includes a cash payment as well as land which we plan to use for construction of our new Colusa branch office. In conjunction with the sale, we entered into a contract to continue to use the property sold for an occupancy fee of $2 thousand per month.

Noninterest expense for the nine months ended September 30, 2016, was $2.6 million, an increase of $58 thousand, or 2.3%, from $2.5 million for the nine months ended September 30, 2015. Noninterest expense increased primarily due to an increase in data processing services, Farm Credit Insurance Fund premiums, and purchased services. This increase is offset by reduced costs for salaries and benefits related to staffing changes and other noninterest expense resulting from increased deferred loan origination costs.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2016, was $95.2 million, an increase of $3.3 million, or 3.5%, from shareholders' equity of $91.9 million at December 31, 2015. This increase is due to net income partially offset by accrued patronage distributions and net stock retirements during 2016.

REGULATORY MATTERS

On March 10, 2016, the FCA approved new rules ("New Capital Regulations") relating to regulatory capital requirements for System Banks, including CoBank, and Associations. The New Capital Regulations are scheduled to become effective January 1, 2017. The date the New Capital Regulations become effective is referred to herein as the "Effective Date." The stated objectives of the New Capital Regulations are as follows:

- To modernize capital requirements while ensuring that System institutions continue to hold sufficient regulatory capital to fulfill the System's 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 certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act").

The New Capital Regulations, among other things, replace existing core surplus and total surplus requirements with common equity tier 1 ("CET1"), tier 1 and total capital (tier 1 plus tier 2) risk-based capital ratio requirements. The New Capital Regulations also add a tier 1 leverage ratio for all System institutions, which replaces the existing net collateral ratio for System Banks. In addition, the New Capital Regulations establish a capital conservation buffer and a leverage buffer; enhance the sensitivity of risk weightings; and, for System Banks only, require additional public disclosures. The revisions to the risk weightings include alternatives to the use of credit ratings, as required by the Dodd-Frank Act.

The New Capital Regulations set the following minimum risk-based requirements:

- A CET1 capital ratio of 4.5 percent;
- A tier 1 capital ratio (CET1 capital plus additional tier 1 capital) of 6 percent; and
- A total capital ratio (tier 1 plus tier 2) of 8 percent.

The New Capital Regulations also set a minimum tier 1 leverage ratio (tier 1 divided by total assets) of 4 percent, of which at least 1.5 percent must consist of unallocated retained earnings ("URE") and URE equivalents, which are nonqualified allocated equities with certain characteristics of URE.

The New Capital Regulations establish a capital cushion (capital conservation buffer) of 2.5 percent above the risk-based CET1, tier 1 and total capital requirements. In addition, the New Capital Regulations establish a leverage capital cushion (leverage buffer) of 1 percent above the tier 1 leverage ratio requirements. If capital ratios fall below these buffer amounts, capital distributions (equity redemptions, cash dividend payments, and cash patronage payments) and discretionary senior executive bonuses are restricted or prohibited without prior FCA approval. The New Capital Regulations establish a three-year phase-in of the capital conservation buffer, expected to begin on January 1, 2017. There will be no phase-in of the leverage buffer.

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 9, 2016

Robert Faris
President, Chief Executive Officer &
Chief Credit Officer
November 9, 2016

Tim Elrod
Chief Financial Officer &
Chief Operating Officer
November 9, 2016

CONSOLIDATED STATEMENT OF CONDITION

(In Thousands)

	September 30, 2016 *Unaudited*	December 31, 2015 *Audited*
ASSETS		
Loans	**$ 354,265**	$ 343,398
Less allowance for loan losses	**2,237**	1,839
Net loans	**352,028**	341,559
Cash	**705**	1,815
Accrued interest receivable	**6,097**	3,220
Investment in CoBank	**10,301**	10,292
Premises and equipment, net	**528**	499
Other assets	**1,203**	1,247
Total assets	**$ 370,862**	$ 358,632
LIABILITIES		
Note payable to CoBank	**$ 236,843**	$ 231,550
Advance conditional payments	**34,625**	26,987
Accrued interest payable	**197**	235
Patronage distributions payable	**1,236**	-
Accrued benefits liability	**96**	93
Deferred tax liability	**387**	390
Unfunded disbursements	**303**	815
Reserve for unfunded commitments	**98**	57
Other liabilities	**1,879**	6,567
Total liabilities	**275,664**	266,694
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Capital stock and participation certificates	**570**	571
Unallocated retained earnings	**94,628**	91,367
Total shareholders' equity	**95,198**	91,938
Total liabilities and shareholders' equity	**$ 370,862**	$ 358,632

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited and in Thousands)

	For the three months ended September 30		*For the nine months ended September 30*	
	2016	2015	**2016**	2015
INTEREST INCOME				
Loans	**$ 3,354**	$ 2,960	**$ 9,272**	$ 8,542
Total interest income	**3,354**	2,960	**9,272**	8,542
INTEREST EXPENSE				
Note payable to CoBank	**822**	608	**2,250**	1,996
Other	**43**	50	**153**	168
Total interest expense	**865**	658	**2,403**	2,164
Net interest income	**2,489**	2,302	**6,869**	6,378
Provision for credit loss/(reversal of credit loss)	**409**	(34)	**816**	202
Net interest income after provision for credit loss/reversal of credit loss	**2,080**	2,336	**6,053**	6,176
NONINTEREST INCOME				
Financially related services income	**4**	-	**11**	8
Patronage refund from Farm Credit Institutions	**281**	242	**742**	639
Mineral income	**1**	2	**1**	3
Gain on sale of Colusa property	**-**	-	**303**	-
Other noninterest income	**8**	7	**31**	58
Total noninterest income	**294**	251	**1,088**	708
NONINTEREST EXPENSE				
Salaries and employee benefits	**539**	495	**1,573**	1,667
Occupancy and equipment	**32**	35	**98**	102
Purchased services	**120**	87	**277**	203
Farm Credit Insurance Fund premium	**98**	61	**239**	156
Supervisory and examination costs	**33**	24	**100**	86
Data processing services	**167**	123	**500**	379
Other noninterest expense	**(66)**	(7)	**(218)**	(82)
Total noninterest expense	**923**	818	**2,569**	2,511
Income before income taxes	**1,451**	1,769	**4,572**	4,373
Provision for income taxes	**69**	121	**75**	253
Net income/Comprehensive income	**$ 1,382**	$ 1,648	**$ 4,497**	$ 4,120

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, 2014	$ 607	$ 85,996	$ 86,603
Net income/Comprehensive income	-	4,120	4,120
Capital stock and participation certificates issued	75	-	75
Capital stock and participation certificates retired	(97)	-	(97)
Balance at September 30, 2015	$ 585	$ 90,116	$ 90,701
Balance at December 31, 2015	$ 571	$ 91,367	$ 91,938
Net income/Comprehensive income	-	4,497	4,497
Capital stock and participation certificates issued	74	-	74
Capital stock and participation certificates retired	(75)	-	(75)
Patronage distributions: Cash	-	(1,236)	(1,236)
Balance at September 30, 2016	**$ 570**	**$ 94,628**	**$ 95,198**

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

NOTES TO CONSOLIDATED 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, 2015, are contained in the 2015 Annual Report to Shareholders. These unaudited third quarter 2016 financial statements should be read in conjunction with the 2015 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, 2015, as contained in the 2015 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, 2016. Descriptions of the significant accounting policies are included in the 2015 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 August 2016, the Financial Accounting Standards Board (FASB) issued guidance entitled "Classification of Certain Cash Receipts and Cash Payments." The guidance addresses specific cash flow issues with the objective of reducing the diversity in the classification of these cash flows. Included in the cash flow issues are debt prepayment or debt extinguishment costs and settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing. 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 but could change the classification of certain items in the statement of cash flows.

In June 2016, the 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. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance becomes effective for interim and annual periods beginning after December 15, 2020, with early application permitted. The Association is currently evaluating the impact of adoption on its financial condition and results of operations.

In February 2016, the 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." The guidance affects, among other things, the presentation and disclosure requirements for financial instruments. For public entities, the guidance eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value of financial instruments carried at amortized cost. 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.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

Loan Portfolio

A summary of the Association's loan portfolio as of September 30, 2016, and December 31, 2015, is as follows:

	September 30, 2016			December 31, 2015		
	Principal	Interest	Total	Principal	Interest	Total
Real estate mortgage	$ 213,391	$ 4,902	$ 218,293	$ 197,045	$ 2,503	$ 199,548
Production and intermediate-term	91,641	701	92,342	109,293	586	109,879
Agribusiness	45,645	494	46,139	37,060	131	37,191
Rural infrastructure	3,588	-	3,588	-	-	-
Total loans	$ 354,265	$ 6,097	$ 360,362	$ 343,398	$ 3,220	$ 346,618

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, 2016, and December 31, 2015:

	September 30, 2016	
	Purchased	Sold
Other Farm Credit Institutions:		
Real estate mortgage	$ 14,040	$ 13,111
Production and intermediate-term	616	4,603
Agribusiness	16,937	1,912
Rural infrastructure	3,588	-
Subtotal	35,181	19,626
Non-Farm Credit Institutions:		
Real estate mortgage	-	110
Subtotal	-	110
All Institutions:		
Real estate mortgage	14,040	13,221
Production and intermediate-term	616	4,603
Agribusiness	16,937	1,912
Rural infrastructure	3,588	-
Total	$ 35,181	$ 19,736

	December 31, 2015	
	Purchased	Sold
Other Farm Credit Institutions:		
Real estate mortgage	$ 10,207	$ 13,361
Production and intermediate-term	6,005	4,386
Agribusiness	10,075	1,912
Subtotal	26,287	19,659
Non-Farm Credit Institutions:		
Real estate mortgage	-	122
Subtotal	-	122
All Institutions:		
Real estate mortgage	10,207	13,483
Production and intermediate-term	6,005	4,386
Agribusiness	10,075	1,912
Total	$ 26,287	$ 19,781

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, 2016, and December 31, 2015:

	September 30, 2016	December 31, 2015
Real estate mortgage:		
Acceptable	99.40%	99.38%
OAEM	0.34%	0.34%
Substandard	0.26%	0.28%
Subtotal	100.00%	100.00%
Production and intermediate-term:		
Acceptable	99.02%	98.44%
OAEM	0.63%	0.82%
Substandard	0.24%	0.23%
Doubtful	-	0.51%
Loss	0.11%	-
Subtotal	100.00%	100.00%
Agribusiness:		
Acceptable	95.51%	93.62%
OAEM	4.49%	6.38%
Subtotal	100.00%	100.00%
Rural infrastructure		
Acceptable	100.00%	-
Subtotal	100.00%	-
Total Loans:		
Acceptable	98.81%	98.47%
OAEM	0.94%	1.14%
Substandard	0.22%	0.23%
Doubtful	-	0.16%
Loss	0.03%	-
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, 2016, and December 31, 2015, are as follows:

	September 30, 2016	December 31, 2015
Nonaccrual loans:		
Production and intermediate-term	$ 165	$ 659
Total nonaccrual loans	165	659
Total high risk assets	$ 165	$ 659

The Association had no accruing restructured loans or other property owned for the periods presented. Two loans that were 90 days past due were in nonaccrual status at September 30, 2016.

Impaired Loan Information

Additional impaired loan information as of September 30, 2016, and December 31, 2015, is as follows:

	September 30, 2016		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:			
Production and intermediate-term	$ 58	$ 58	$ 6
Total impaired loans with a related allowance for credit losses	58	58	6
Impaired loans with no related allowance for credit losses			
Production and intermediate-term	107	1,789	-
Total impaired loans with no related allowance for credit losses	107	1,789	-
Total impaired loans			
Production and intermediate-term	165	1,847	6
Total impaired loans	$ 165	$ 1,847	$ 6

	December 31, 2015		
	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with a related allowance for credit losses:			
Production and intermediate-term	$ 563	$ 563	$ 324
Total impaired loans with a related allowance for credit losses	563	563	324
Impaired loans with no related allowance for credit losses			
Production and intermediate-term	96	1,445	-
Total impaired loans with no related allowance for credit losses	96	1,445	-
Total impaired loans			
Production and intermediate-term	659	2,008	324
Total impaired loans	$ 659	$ 2,008	$ 324

The following table provides average impaired loans:

	For the Three Months Ended September 30, 2016		For the Nine Months Ended September 30, 2016	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with a related allowance for credit losses:				
Production and intermediate-term	$ 205	$ -	$ 357	$ -
Total impaired loans with a related allowance for credit losses	205	-	357	-
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	-	-	45	1
Production and intermediate-term	98	-	131	-
Total impaired loans with no related allowance for credit losses	98	-	176	1
Total impaired loans				
Real estate mortgage	-	-	45	1
Production and intermediate-term	303	-	488	-
Total impaired loans	$ 303	$ -	$ 533	$ 1

	For the Three Months Ended September 30, 2015		For the Nine Months Ended September 30, 2015	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	$ -	$ -	$ 14	$ -
Production and intermediate-term	97	-	193	-
Agribusiness:				
Farm Related Business	-	-	-	7
Total impaired loans	$ 97	$ -	$ 207	$ 7

Past Due Loans

The following tables provide an age analysis of past due loans as of September 30, 2016, and December 31, 2015 (including accrued interest):

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 Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ -	$ -	$ -	$ 218,293	$ 218,293	$ -
Production and intermediate-term	1,281	85	1,366	90,976	92,342	-
Agribusiness	-	-	-	46,139	46,139	-
Rural infrastructure	-	-	-	3,588	3,588	-
Total	$ 1,281	$ 85	$ 1,366	$ 358,996	$ 360,362	$ -

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 Loans	Recorded Investment Accruing Loans 90 Days or More Past Due
Real estate mortgage	$ -	$ -	$ -	$ 199,548	$ 199,548	$ -
Production and intermediate-term	-	-	-	109,879	109,879	-
Agribusiness	-	-	-	37,191	37,191	-
Total	$ -	$ -	$ -	$ 346,618	$ 346,618	$ -

Allowance for Loan Losses

A summary of changes in the allowance for loan losses is as follows:

	Balance at June 30, 2016	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2016
Real estate mortgage	$ 452	$ -	$ -	$ 4	$ 456
Production and intermediate-term	1,616	(377)	-	389	1,628
Agribusiness	125	-	-	(16)	109
Rural infrastructure	-	-	-	44	44
Total	$ 2,193	$ (377)	$ -	$ 421	$ 2,237

	Balance at December 31, 2015	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2016
Real estate mortgage	$ 460	$ -	$ -	$ (4)	$ 456
Production and intermediate-term	1,233	(377)	-	772	1,628
Agribusiness	146	-	-	(37)	109
Rural infrastructure	-	-	-	44	44
Total	$ 1,839	$ (377)	$ -	$ 775	$ 2,237

	Balance at June 30, 2015	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2015
Real estate mortgage	$ 466	$ -	$ -	$ 17	$ 483
Production and intermediate-term	307	-	-	35	342
Agribusiness	111	-	-	(7)	104
Total	$ 884	$ -	$ -	$ 45	$ 929

	Balance at December 31, 2014	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at September 30, 2015
Real estate mortgage	$ 416	$ -	$ -	$ 67	$ 483
Production and intermediate-term	764	-	11	(433)	342
Agribusiness	99	-	-	5	104
Total	$ 1,279	$ -	$ 11	$ (361)	$ 929

Individual and Collective Impairment Evaluation

A summary of the Association's individual and collective impairment evaluation as of September 30, 2016, and December 31, 2015, is as follows (including accrued interest):

	Allowance for Credit Losses		Recorded Investments in Loans Outstanding		
As of September 30, 2016	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Real estate mortgage	$ -	$ 456	$ -	$ 218,293	$ 218,293
Production and intermediate-term	6	1,622	165	92,177	92,342
Agribusiness	-	109	-	46,139	46,139
Rural infrastructure	-	44	-	3,588	3,588
Total	$ 6	$ 2,231	$ 165	$ 360,197	$ 360,362

	Allowance for Credit Losses		Recorded Investments in Loans Outstanding		
As of December 31, 2015	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Real estate mortgage	$ -	$ 460	$ -	$ 199,548	$ 199,548
Production and intermediate-term	323	910	659	109,220	109,879
Agribusiness	-	146	-	37,191	37,191
Total	$ 323	$ 1,516	$ 659	$ 345,959	$ 346,618

Reserve for Unfunded Commitments

The Association maintains a separate reserve for unfunded commitments, which is included in Liabilities on the Association's Consolidated Statement of Condition. The related provision for the reserve for unfunded commitments is included as part of the provision for credit losses on the Consolidated Statement of Comprehensive Income, along with the provision for loan losses.

A summary of changes in the reserve for unfunded commitments follows:

	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016
Balance at beginning of period	$ 110	$ 57
(Reversal of provision)/provision for unfunded commitments	(12)	41
Total	$ 98	$ 98

	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2015
Balance at beginning of period	$ 642	$ -
(Reversal of provision)/provision for unfunded commitments	(79)	563
Total	$ 563	$ 563

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, 2016. 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, 2016, the required common investment was the lesser of $1 thousand or 2% of loan volume per voting stockholder.

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting 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 2 to the 2015 Annual Report to Shareholders for a more complete description.

The Association has no assets or liabilities measured at fair value on a recurring basis for the periods presented. The Association recorded no transfers in or out of Levels 1, 2 or 3.

The Association has loans measured at fair value on a non-recurring basis of $159 at September 30, 2016, and $239 at December 31, 2015. There were losses of $59 recorded at September 30, 2016, and $323 at December 31, 2015.

NOTE 5 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 9, 2016, which is the date the financial statements were issued, and no material subsequent events were identified.

COLUSA-GLENN
FARM CREDIT