

ALLOWANCE FOR LOAN LOSS CALCULATION FOR PERIOD ENDING August 31, 2016

CATEGORY	LOAN BALANCE	LOSS FACTOR*	ADJUSTED FACTOR**	REQUIRED ALL BALANCE
SIGNATURE/UNSECURED	\$126,485	-0.468%	1.100%	\$1,392
AUTO (NEW & USED)	\$559,142	0.000%	0.750%	\$4,194
OTHER COLLATERAL	\$110,715	-0.288%	0.750%	\$830
SHARE SECURED	\$67,824	0.000%	0.750%	\$509
REAL ESTATE	\$0	0	0	\$0
WORKOUT LOANS	\$0	0	0	\$0
TOTAL:	\$ 864,167			\$6,924

CURRENT ALL BALANCE	\$	6,655
REQUIRED BALANCE	\$	6,924
ADJUSTMENT REQUIRED (INCREASE/(DECREASE))	\$	269

LOSS FACTOR DETERMINATION:

	LOAN BALANCE AT BEGINNING OF PERIOD	LOAN BALANCE AT END OF PERIOD	AVERAGE NET CHARGE OFFS FOR PREVIOUS 36-MOS	AVERAGE LOAN BALANCE FOR 36-MONTH PERIOD	CALCULATED LOSS FACTOR
SIGNATURE/UNSECURED	\$ 116,788	\$ 126,485	\$ (569)	\$ 121,637	-0.0046805
AUTO (NEW & USED)	\$ 535,290	\$ 559,142	\$ -	\$ 547,216	0
OTHER COLLATERAL	\$ 97,839	\$ 110,715	\$ (300)	\$ 104,277	-0.00287694
SHARE SECURED	\$ 24,223	\$ 67,824	\$ -	\$ 46,024	0
REAL ESTATE	\$ -	\$ 0	\$ -	\$ -	0
WORKOUT LOANS	\$ -	\$ 0	\$ -	\$ -	0

Reviewed and Approved September 23, 2016

West Williams, President

Charles Webster, Secretary

Robert Sherris, Manager

* Loss factor was determined by dividing average net charge offs for each segment by the respective average loan balance. Average loan balance was calculated by adding the beginning and ending loan balances for each segment and dividing by two.

** The adjusted factor equals the calculated loss factor unless there is apparent observable data causing management to apply a higher or lower rate. This adjustment factor must be supported by management's analyses and reasoning.