Quarterly Report
March 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial position and consolidated results of operations of Farm Credit Mid-America, ACA (the parent) and Farm Credit Mid-America, FLCA and Farm Credit Mid-America, 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 2012 Annual Report for the year ended December 31, 2012.

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

Farm Credit Mid-America, ACA
P.O. Box 34390
Louisville, KY 40232
(800) 444-FARM
www.e-farmcredit.com

AgriBank, FCB
30 East 7th Street, Suite 1600
St. Paul, MN 55101
(651) 282-8800
www.agribank.com

On February 1, 2013, our name was officially changed from Farm Credit Services of Mid-America, ACA to Farm Credit Mid-America, ACA. Our subsidiary entities were changed in a similar manner.

Loan Portfolio

Loans totaled $16.4 billion at March 31, 2013, a $161.2 million decrease from December 31, 2012. This decrease was primarily due to producers' elevated cash levels from crop insurance proceeds and strong net farm income from 2012. However, in comparison to March 31, 2012 the loan portfolio has grown $1.3 billion.

Agricultural and Economic Conditions

Economic conditions in the association's territory continue to be stable with some areas showing signs of slow improvement.

Portfolio Credit Quality

The credit quality of our portfolio has remained stable from December 31, 2012. Adversely classified loans increased slightly to 3.5% of the portfolio at March 31, 2013, from 3.4% of the portfolio at December 31, 2012. 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.

Risk Assets

The following table summarizes risk assets including accrued interest receivable and delinquency information (dollars in thousands):

As of:	**March 31 2013**	December 31 2012
Loans:		
Non-accrual	**$237,196**	$235,659
Accruing restructured	**11,624**	10,358
Accruing loans 90 days or more past due	**7,560**	7,994
Total risk loans	**256,380**	254,011
Other property owned	**12,813**	14,350
Total risk assets	**$269,193**	$268,361
Non-accrual loans as percentage of total loans	**1.4%**	1.4%
Risk loans as a percentage of total loans	**1.6%**	1.5%
Total delinquencies as a percentage of total loans	**1.1%**	1.1%

Our risk assets have not changed significantly from December 31, 2012 and remain at acceptable levels. Total risk loans as a percentage of total loans remains well within our established risk management guidelines.

Non-accrual loans remained at an acceptable level at March 31, 2013 and represented 1.4% of our total portfolio. At March 31, 2013, 51.1% of our non-accrual loans were current.

The increase in accruing restructured loans was primarily due to increased restructuring activity during the three months ended March 31, 2013 partially offset by payments made subsequent to the restructuring.

Based on our analysis, all loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

The volume of other property owned declined more than 10.0% compared to December 31, 2012 primarily due to net disposals during the three months ended March 31, 2013**.**

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, probability of default, estimated severity of loss given default, portfolio quality, and current economic and environmental conditions.

The following table presents comparative allowance coverage of various loan categories:

Allowance as a percentage of:	**March 31 2013**	December 31 2012
Loans	**0.4%**	0.4%
Non-accrual loans	**25.2%**	25.7%
Total risk loans	**23.3%**	23.9%

The allowance for loan losses remained steady from December 31, 2012 as there have not been significant changes in the credit quality of our loan portfolio. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2013.

Results of Operations

Net income for the three months ended March 31, 2013 totaled $67.8 million compared to $72.9 million for the same period in 2012. Although net income is lower by $5.1 million over the same period last year, results are within range of the current business plan. The following table illustrates profitability information:

As of March 31	**2013**	2012
Return on average assets	**1.4%**	1.7%
Return on average members' equity	**8.9%**	10.6%

Return on assets without the effect of provision for (reversal of) loan losses was 1.5% and 1.6% for the three months ended March 31, 2013 and 2012, respectively. See footnote (b) in this section for additional discussion.

The following table summarizes the changes in components of net income (in thousands):

For the three months ended March 31	**2013**	2012	**Increase (decrease) in net income**
Net interest income[(a)]	**$95,119**	$84,469	**$10,650**
Provision for (reversal of) loan losses[(b)]	**3,989**	(9,204)	**(13,193)**
Patronage income[(c)]	**13,593**	12,788	**805**
Other income[(d)]	**5,030**	5,747	**(717)**
Operating expenses[(e)]	**39,125**	31,152	**(7,973)**
Provision for income taxes[(f)]	**2,797**	8,117	**5,320**
Net income	**$67,831**	$72,939	**$(5,108)**

[a]Net interest income was $95.1 million for the three months ended March 31, 2013. The following table quantifies changes in net interest income for the three months ended March 31, 2013 compared to the same period in 2012 (in thousands):

	2013 vs 2012
Changes in volume	$8,453
Changes in rates	3,280
Changes in non-accrual income and other	(1,083)
Net change	$10,650

[b] When compared to the three months ended March 31, 2012, the provision expense was higher due to further enhancement to the allowance methodology that was implemented during the first quarter of 2012. The methodology change was related to the consideration of loan collateralization and resulted in a reversal of provision expense for the three months ended March 31, 2012.

[c]The change in patronage income was primarily related to increased patronage received from AgriBank due to a higher average balance on our note payable as well as a higher patronage rate compared to the prior year.

[d]The change in other income was primarily related to lower prepayment fees partially offset by fewer write-downs related to our other property owned and an increase in financially related services income.

[e]The change in operating expenses was primarily related to increased staffing throughout 2012 ($3.5 million) and higher Farm Credit System Insurance Corporation premiums ($2.0 million) during the three months ended March 31, 2013 compared to the same period last year.

[f]Taxable income, when compared to the prior year, was lower due to the reversal of provision expense recorded during the first quarter of 2012.

Changes in our return on average assets and return on average members' equity 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.

Funding, Liquidity, and Capital

We borrow from AgriBank, under a note payable, in the form of a line of credit. Our promissory note matured on April 30, 2013 and was renewed for $18.6 billion with a maturity date of April 30, 2014. The note 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.

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, and a risk premium component, if applicable. We were not subject to the risk premium component at March 31, 2013 or December 31, 2012.

Total members' equity increased $67.9 million from December 31, 2012 primarily due to net income for the period and an increase in capital stock and participation certificates.

Farm Credit Administration regulations require us to maintain a permanent capital ratio of at least 7.0%, a total surplus ratio of at least 7.0%, and a core surplus ratio of at least 3.5%. Refer to Note 8 in our 2012 Annual Report for a more complete description of these ratios. As of March 31, 2013, the ratios were as follows:

- The permanent capital ratio was 15.7%.
- The total surplus ratio was 15.2%.
- The core surplus ratio was 15.2%.

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.

Certification

The undersigned certify they have reviewed Farm Credit Mid-America, ACA's March 31, 2013 Quarterly Report. It 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.

D. Kevin Cox
Chair of the Board
Farm Credit Mid-America, ACA

William L. Johnson
Chief Executive Officer
Farm Credit Mid-America, ACA

Paul Bruce
Chief Financial Officer
Farm Credit Mid-America, ACA

May 10, 2013

CONSOLIDATED STATEMENTS OF CONDITION

Farm Credit Mid-America, ACA
(in thousands)
(Unaudited)

	March 31 2013	December 31 2012
ASSETS		
Loans	**$16,365,668**	$16,526,875
Allowance for loan losses	**59,860**	60,650
Net loans	**16,305,808**	16,466,225
Investment in AgriBank, FCB	**437,009**	440,925
Investment securities	**1,398,652**	1,450,877
Accrued interest receivable	**117,392**	129,699
Premises and equipment, net	**43,718**	42,380
Other earning assets	**71,096**	144,199
Other property owned	**12,813**	14,350
Assets held for lease, net	**309,268**	323,065
Other assets	**25,500**	45,320
Total assets	**$18,721,256**	$19,057,040
LIABILITIES		
Note payable to AgriBank, FCB	**$15,436,306**	$15,818,603
Accrued interest payable	**76,953**	81,645
Deferred tax liabilities, net	**98,638**	101,758
Other liabilities	**37,540**	51,148
Total liabilities	**15,649,437**	16,053,154
Contingencies and commitments	**--**	--
MEMBERS' EQUITY		
Capital stock and participation certificates	**84,643**	84,541
Unallocated surplus	**2,987,176**	2,919,345
Total members' equity	**3,071,819**	3,003,886
Total liabilities and members' equity	**$18,721,256**	$19,057,040

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

CONSOLIDATED STATEMENTS OF INCOME

Farm Credit Mid-America, ACA
(in thousands)
(Unaudited)

For the three months ended March 31	**2013**	2012
Interest income	**$172,080**	$172,742
Interest expense	**76,961**	88,273
Net interest income	**95,119**	84,469
Provision for (reversal of) loan losses	**3,989**	(9,204)
Net interest income after provision for (reversal of) loan losses	**91,130**	93,673
Other income		
Patronage income	**13,593**	12,788
Financially related services income	**466**	82
Fee income	**1,725**	3,957
Operating lease income	**2,536**	2,776
Other property owned income (loss), net	**537**	(1,606)
Miscellaneous income, net	**(234)**	538
Total other income	**18,623**	18,535
Operating expenses		
Salaries and employee benefits	**23,805**	20,354
Other operating expenses	**15,320**	10,798
Total operating expenses	**39,125**	31,152
Income before income taxes	**70,628**	81,056
Provision for income taxes	**2,797**	8,117
Net income	**$67,831**	$72,939

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

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Farm Credit Mid-America, ACA
(in thousands)
(Unaudited)

	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2011	$82,000	$2,630,765	$2,712,765
Net income	--	72,939	72,939
Unallocated surplus designated for patronage distributions	--	--	--
Capital stock/participation certificates issued	1,828	--	1,828
Capital stock/participation certificates retired	(1,341)	--	(1,341)
Balance at March 31, 2012	$82,487	$2,703,704	$2,786,191
Balance at December 31, 2012	**$84,541**	**$2,919,345**	**$3,003,886**
Net income	**--**	**67,831**	**67,831**
Unallocated surplus designated for patronage distributions	**--**	**--**	**--**
Capital stock/participation certificates issued	**1,496**	**--**	**1,496**
Capital stock/participation certificates retired	**(1,394)**	**--**	**(1,394)**
Balance at March 31, 2013	**$84,643**	**$2,987,176**	**$3,071,819**

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 accompanying 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 three months ended March 31, 2013 are not necessarily indicative of the results to be expected for the year ended December 31, 2013. 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 2012 Annual Report for the year ended December 31, 2012.

On February 1, 2013, our name was officially changed from Farm Credit Services of Mid-America, ACA to Farm Credit Mid-America, ACA. Our subsidiary entities were changed in a similar manner.

The consolidated financial statements present the consolidated financial results of Farm Credit Mid-America, ACA (the parent) and Farm Credit Mid-America, FLCA and Farm Credit Mid-America, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recently Issued or Adopted Accounting Pronouncements

We have assessed the potential impact of accounting standards that have been issued but are not yet effective and have determined that no such standards are expected to have a material impact to our consolidated financial statements.

NOTE 2: Loans and Allowance for Loan Losses

Loans consisted of the following (dollars in thousands):

As of:	**March 31, 2013**		December 31, 2012	
	Amount	**%**	Amount	%
Real estate mortgage	**$11,432,272**	**69.9%**	$11,298,575	68.4%
Production and intermediate term	**2,451,904**	**15.0%**	2,825,749	17.1%
Agribusiness	**1,008,524**	**6.2%**	919,755	5.6%
Rural residential real estate	**1,038,254**	**6.3%**	1,045,861	6.3%
Other	**434,714**	**2.6%**	436,935	2.6%
Total	**$16,365,668**	**100.0%**	$16,526,875	100.0%

The other category is comprised of communication, energy, water and waste disposal related loans as well as loans originated under our Mission Related Investment authority and finance leases.

The following table provides an aging analysis of past due loans and related accrued interest receivable by loan type (in thousands):

	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	90 Days or More Past Due and Accruing
As of March 31, 2013						
Real estate mortgage	**$55,317**	**$60,850**	**$116,167**	**$11,391,378**	**$11,507,545**	**$7,558**
Production and intermediate term	**14,383**	**17,250**	**31,633**	**2,447,100**	**2,478,733**	**2**
Agribusiness	**--**	**37**	**37**	**1,012,435**	**1,012,472**	**--**
Rural residential real estate	**14,607**	**9,209**	**23,816**	**1,017,101**	**1,040,917**	**--**
Other	**3,217**	**357**	**3,574**	**431,583**	**435,157**	**--**
Total	**$87,524**	**$87,703**	**$175,227**	**$16,299,597**	**$16,474,824**	**$7,560**
As of December 31, 2012						
Real estate mortgage	$56,804	$59,662	$116,466	$11,262,327	$11,378,793	$7,830
Production and intermediate term	12,393	15,921	28,314	2,830,913	2,859,227	116
Agribusiness	1,561	36	1,597	922,877	924,474	--
Rural residential real estate	18,203	10,645	28,848	1,019,481	1,048,329	48
Other	172	318	490	436,841	437,331	--
Total	$89,133	$86,582	$175,715	$16,472,439	$16,648,154	$7,994

Risk Loans

The following table presents risk loan information (in thousands):

As of:	**March 31 2013**	December 31 2012
Volume with specific reserves	**$42,885**	$34,232
Volume without specific reserves	**213,495**	219,779
Total risk loans	**$256,380**	$254,011
Total specific reserves	**$8,491**	$8,863

For the three months ended March 31	**2013**	2012
Income on accrual risk loans	**$217**	$158
Income on non-accrual loans	**2,396**	3,479
Total income on risk loans	**$2,613**	$3,637
Average risk loans	**$253,169**	$300,855

Although restructuring activity increased during the three months ended March 31, 2013, this was substantially offset by charge-off activity related to collateral analysis as well as payments on loans previously restructured, resulting in a slight increase in risk loans.

Troubled Debt Restructurings

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 formally restructured. 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 troubled debt restructurings 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 formally restructured loan to the lower of book value or net realizable value of collateral.

The following table presents information regarding troubled debt restructurings that occurred during the three months ended March 31 (in thousands):

	2013		2012	
	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Real estate mortgage	**$2,953**	**$2,957**	$1,815	$1,830
Production and intermediate term	**20,192**	**20,193**	225	212
Agribusiness	**277**	**278**	--	--
Rural residential real estate	**115**	**88**	570	570
Total	**$23,537**	**$23,516**	$2,610	$2,612

Pre-modification outstanding represents the recorded investment of the loan just prior to restructuring and post-modification outstanding represents the recorded investment of the loan immediately following the restructuring. 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 of the investment.

The following table presents troubled debt restructurings that defaulted during the periods ended March 31 in which the modification date was within twelve months of the beginning of the respective reporting period (in thousands):

	2013	2012
Real estate mortgage	**$1,718**	$355
Production and intermediate term	**56**	6
Rural residential real estate	**272**	269
Total	**$2,046**	$630

Troubled debt restructurings outstanding at March 31, 2013 totaled $36.3 million, of which $24.7 million were in non-accrual status compared to $27.5 million at December 31, 2012 of which $17.1 million were in non-accrual status. Troubled debt restructurings increased due to restructuring activity during the quarter, but were substantially offset by charge-offs related to collateral analysis as well as payments on restructured loans. Additional commitments to lend to borrowers whose loans have been modified in a troubled debt restructuring were $141 thousand at March 31, 2013.

Allowance for Loan Losses

A summary of changes in the allowance for loan losses follows (in thousands):

Three months ended March 31	**2013**	2012
Balance at beginning of year	**$60,650**	$80,734
Provision for (reversal of) loan losses	**3,989**	(9,204)
Loan recoveries	**1,356**	1,924
Loan charge-offs	**(6,135)**	(6,222)
Balance at end of period	**$59,860**	$67,232

The allowance for loan losses as of March 31, 2013 remained stable compared to the allowance for loan losses as of December 31, 2013. Improved credit quality as of March 31, 2013 compared to March 31, 2012 resulted in an overall reduction in allowance for loan losses. When compared to the three months ended March 31, 2012, the provision expense is higher due to further enhancement to the allowance methodology implemented during the first quarter of 2012.

NOTE 3: Investment Securities and Other Earning Assets

We held investment securities of $1.4 billion at March 31, 2013 and $1.5 billion at December 31, 2012. Our investment securities consisted of:

- securities containing loans guaranteed by the Small Business Administration (SBA),
- investment securities made up of Farm Services Administration securities (FSA), and
- securities issued by the U.S. Department of Agriculture (USDA).

Our investment securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. To date, we have not recognized any impairment on our investment portfolio.

The following table presents further information on investment securities (dollars in thousands):

	Weighted Average Yield	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
As of March 31, 2013					
SBA	**2.0%**	**$534,211**	**$8,371**	**$5,206**	**$537,376**
FSA	**4.5%**	**80,419**	**2,119**	**129**	**82,409**
USDA	**2.9%**	**784,022**	**1,057**	**20,815**	**764,264**
Total	**2.6%**	**$1,398,652**	**$11,547**	**$26,150**	**$1,384,049**
As of December 31, 2012					
SBA	2.0%	$560,676	$8,411	$5,760	$563,327
FSA	4.6%	86,056	2,307	207	$88,156
USDA	2.9%	804,145	1,101	22,448	782,798
Total	2.6%	$1,450,877	$11,819	$28,415	$1,434,281

Investment income is recorded in "Interest income" on the Consolidated Statements of Income and totaled $8.8 million and $9.5 million for the three months ended March 31, 2013 and 2012, respectively.

The following table presents contractual maturities of our investment securities (in thousands):

As of March 31, 2013	Amortized Cost
Less than one year	**$112**
One to five years	**50,663**
Five to ten years	**234,970**
More than ten years	**1,112,907**
Total	**$1,398,652**

Expected maturities differ from contractual maturities because borrowers may have the right to prepay obligations.

A summary of investments in an unrealized loss position presented by the length of time that the investments have been in continuous unrealized loss position follows (in thousands):

	Less than 12 months		Greater than 12 months	
As of March 31, 2013	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SBA	**$67,911**	**$1,606**	**$171,036**	**$3,600**
FSA	**--**	**--**	**8,122**	**129**
USDA	**48,735**	**3,451**	**605,718**	**17,364**
Total	**$116,646**	**$5,057**	**$784,876**	**$21,093**

Unrealized losses associated with investment securities are not considered to be other-than-temporary due to the 100% guarantee of the principal by the U.S government. However, the premiums paid to purchase the investment are not guaranteed and are amortized over the weighted average maturity of each loan as a reduction to interest income. Repayment of principal is assessed at least quarterly, and any remaining unamortized premium is taken as a reduction to interest income if principal repayment is unlikely, or when a demand for payment is made for the guarantee. At March 31, 2013, most of the $26.2 million unrealized loss represents unamortized premium.

Other earning assets result from successor-in-interest contracts from our involvement with the federal government's tobacco buy-out program. The volume was $71.1 million at March 31, 2013 and $144.2 million at December 31, 2012. These amounts include both principal and interest income receivable. We evaluate these assets for impairment. These assets are 100% guaranteed by the U.S. government and even in light of the downgrade in 2011, no evidence exists that would indicate an impairment of this portfolio is warranted. We discontinued the purchase of additional contracts during 2011.

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 accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, 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, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

NOTE 5: Fair Value Measurements

The FASB guidance on "Fair Value Measurement" defines fair value 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. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. Refer to Notes 2 and 13 in our 2012 Annual Report for a more complete description of the three input levels.

We do not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2013 or December 31, 2012. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis follows (in thousands):

	Fair Value Measurement Using			Total Fair	Total Gains
	Level 1	Level 2	Level 3	Value	(Losses)
As of March 31, 2013					
Loans	**$ --**	**$36,113**	**$ --**	**$36,113**	**$(5,763)**
Other property owned	**--**	**--**	**13,326**	**13,326**	**(359)**
As of December 31, 2012					
Loans	$ --	$26,638	$ --	$26,638	$(22,626)
Other property owned	--	--	14,924	14,924	(9,945)

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.

Other property owned: Represents the fair value and related losses of foreclosed assets that were measured at fair value based on the collateral value, which is generally determined using appraisals or other indications based on sales of similar properties. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

The fair value measurement would fall under Level 2 of the hierarchy if the process uses independent appraisals and other market-based information. The fair value measurement would fall under Level 3 of the hierarchy 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.

NOTE 6: Subsequent Events

We have evaluated subsequent events through May 10, 2013, 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.