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FR Y-6
OMB Number 7100-0297
Approval expires September 30, 2018

Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, J. Scott Spiker
Name of the Holding Company Director and Official

Chairman and CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

J Scott Spiker
Signature of Holding Company Director and Official

12/13/2017
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID 3823321
C.I.

Date of Report (top-tier holding company's fiscal year-end):
September 30, 2017
Month / Day / Year

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

First Command Financial Planning, Inc. Employee Stock Ownership Plan Trust
Legal Title of Holding Company

1 FirstComm Plaza
(Mailing Address of the Holding Company) Street / P.O. Box

Fort Worth	TX	76109
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Douglas C. Worrell	Treasurer
Name	Title

817-569-2497
Area Code / Phone Number / Extension

817-569-2468
Area Code / FAX Number

dcworrell@firstcommand.com
E-mail Address

www,firstcommand.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. **a letter justifying this request is being provided along with the report** .... [ ]
2. **a letter justifying this request has been provided separately** .... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

First Command Financial Services, Inc.
Legal Title of Subsidiary Holding Company

1 FirstComm Plaza
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Fort Worth	TX	76109
City	State	Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Subsidiaries of Registrant

Name & Address	Date and % of Voting Shares, Partnership Interest, Voting Trust Certificates Capital Contributions	Legal Entity Identifier (LEI)
First Command Financial Planning, Inc. - Employee Stock Ownership Plan Trust (FCFP ESOP Trust), Fort Worth, Tx 76109	100% Owner of FCFS as of 2002 State of Incorporation - Texas	LEI - none
First Command Financial Services, Inc. (FCFS, Inc.), Fort Worth, Tx 76109	Parent Company State of Incorporation - Texas	LEI – 549300KKA8UHKS7KOK34
First Command Financial Planning, Inc. Fort Worth, TX 76109	100% Owned by FCFS as of 1981 State of Incorporation - Texas	LEI - none
First Command Financial Services, Inc. (Montana) Fort Worth, Tx 76109	100% Owned by FCFS as of 1983 State of Incorporation - Montana	LEI - none
First Command Europe Ltd. Mildenhall, Suffolk, IP28 7DF, United Kingdom	100% Owned by FCFS as of 2008 Incorporated in the U.K.	LEI - none
First Command Bank Fort Worth, TX 76109	100% Owned by FCFS as of 1997 State of Incorporation - Texas	LEI - none
First Command Insurance Services, Inc. Fort Worth, TX 76109	100% Owned by FCFS as of 1999 State of Incorporation - Texas	LEI - none
First Command Life Insurance Company Fort Worth, TX 76109	100% Owned by FCFS as of 2001 State of Incorporation - Texas	LEI - none
First Command Advisory Services, Inc. Fort Worth, TX 76109	100% Owned by FCFS as of 2014 State of Incorporation - Texas	LEI - none

Results: A list of branches for your depository institution: FIRST COMMAND BANK (ID_RSSD: 2568063).
This depository institution is held by FIRST COMMAND FINANCIAL PLANNING, INC. EMPLOYEE STOCK OWNERSHIP PLAN TRUST (3823321) of FORT WORTH, TX.
The data are as of 09/30/2017. Data reflects information that was received and processed through 10/04/2017.

Reconciliation and Verification Steps

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions

OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
ok	12/31/2017	Full Service (Head Office)	2568063	FIRST COMMAND BANK	1 FIRSTCOMM PLAZA	FORT WORTH	TX	76109	TARRANT	UNITED STATES	Not Required	Not Required	FIRST COMMAND BANK	2568063	

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First Command Financial Planning, Inc Employee Stock Ownership Plan Trust
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-20XX			Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-20XX		
(1)(a) **Name & Address (City, State, Country)**	**(1)(b)** **Country of Citizenship or Incorporation**	**(1)(c)** **Number and Percentage of Each Class of Voting Securities**	**(2)(a)** **Name & Address (City, State, Country)**	**(2)(b)** **Country of Citizenship or Incorporation**	**(2)(c)** **Number and Percentage of Each Class of Voting Securities**
Colin Henderson (Trustee), Dallas, Tx, USA	United States	6,158,088 shares, 100%	N/A		

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First Command Financial Planning, Inc Employee Stock Ownership Plan Trust
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with holding company	(3)(a) Title & Position with holding company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in holding company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Colin Henderson, Dallas, Texas, United States	ESOP Trustee	Trustee	None	President & Chief Investment Officer - Strategic Investment Counsel Corporation	100	0	Strategic Investment Counsel Corporation, a Texas Corporation - 100%

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 3: Securities Holders

Current Securities Holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-20XX			**Securities Holders not listed in 3(1)(a) through (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-20XX**		
(1)(a) **Name & Address (City, State, Country)**	**(1)(b)** **Country of Citizenship or Incorporation**	**(1)(c)** **Number and Percentage of Each Class of Voting Securities**	**(2)(a)** **Name & Address (City, State, Country)**	**(2)(b)** **Country of Citizenship or Incorporation**	**(2)(c)** **Number and Percentage of Each Class of Voting Securities**
First Command Financial Planning Employee Ownership Plan Trust Colin Henderson, Trustee	United States	6,158,088 shares 100%			

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with holding company**	**Title & Position with holding company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in holding company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
First Command Financial Planning Employee Ownership Plan Trust	None	None	None	None	100%	None	None
John Scott Spiker (Fort Worth, Texas, United States)	None	Director	CEO & Chairman of the Board - First Command Financial Services, Inc., CEO - First Command Life Insurance, Director & CEO , First Command Financial Planning, Driector & CEO First Command Advisory Services, Director , First Command Financial Services, - Montana, Director First Command Insurance Services	None	0	0	None

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with holding company	(3)(a) Title & Position with holding company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in holding company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Mark C. Brickell (New York, New York, United States)	Banker	Director	None	President, Brickell Family Foundation, CEO, Chairman and Director Clear Market Holdings, Inc. President and Director, Gassaway Place, Inc.	0	0	Series A Preferred Stock of Clear Market Holdings, Inc. - 5% Common Stock of Clear Market Holdings, Inc - 49%
Logan Dickinson (Fort Worth, Texas, United States)	Managing Partner, Forte' Benefits – Benefits Broker/Consultant	Director, Chairman of the Audit Committee	None	Managing Partner — Forte' Benefits, Employee Benefits/Insurance Broker-Consulting	0	0	Compensation Strategies Group of Texas, Inc. -56%

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with holding company	(3)(a) Title & Position with holding company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Securities in holding company	(4)(b) Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Henry Hagan (Boynton Beach, Florida, United States)	Strategy Consultant	Director	None	Chairman - Foundation Partners Group, LLC Director - Plastic Revolutions, Inc. Director, U.T.I. International, Singapore; Founder & CEO Vector Advisory LLC; Manager Hagan Group Holdings, LLC	0	0	Hagan Group Holdings, LLC -46%

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with holding company**	**Title & Position with holding company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in holding company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
Jody Breckenridge (Pleasant Hill, CA, United States)	Retired	Director, FCFS	None	Board Chairman, San Francisco Bay Area Water Emergency Transportation Water Authority (Appointed by Government - No salary, regional agency). Director, Chair of Membership and Development Committee, Marines Memorial Association (501(c)(19)) No Salary. Board Member, Association for Rescue at Sea (nonprofit, no salary); Vice Chair, CA Military Council (state govt, no salary), Board Mbr, Oakland Military Institute, Board of Visitors for National Defense University (DoD appointment, no salary)	0	0	None

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with holding company**	**Title & Position with holding company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in holding company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
Paula R. Meyer (Saint Ansgar, IA, United States)	Board Member	Director	None	Director - Mutual of Omaha; Director United of Omaha; Director Companion of Omaha; Director Federal Home Loan Bank - Des Moines	0	0	None
Carroll H. Payne, II (Fort Worth, Texas, United States)	Architect	Director	None	Managing Member - C Payne Investments, LTD Managing Member- C Payne Ranch Properties Trustee - Carroll H Payne II Trust	0	0	C Payne Investments, LTD - 95% C Payne Ranch Properties - 50% Carroll H Payne II Trust - 100%

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with holding company**	**Title & Position with holding company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in holding company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
Barry M. Costello Des Moines, WA	Consultant	Director	None	President - The Costello Group -(Sole Proprietor)			100% of The Costello Group
John H. Wilson (Olathe, Kansas, United States)	Self Employed	Director	None	President - Ottawa Land and Cattle Co, Inc. BOD of Country Club Bank	0	0	Ottawa Land and Cattle Co, Inc. - 100%

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

(1)	(2)	(3)(a)	(3)(b)	(3)(c)	(4)(a)	(4)(b)	(4)(c)
Names & Address (City, State, Country)	**Principal Occupation if other than with holding company**	**Title & Position with holding company**	**Title & Position with Subsidiaries (include names of subsidiaries)**	**Title & Position with Other Businesses (include names of other businesses)**	**Percentage of Voting Securities in holding company**	**Percentage of Voting Securities in Subsidiaries (include names of subsidiaries)**	**List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)**
Dan McNeill (Fayetteville, North Carolina, United States)	US Army- Retired,	Director	None	None	0	0	None
Michael F. Morrison (Arlington, Texas, United States)	None		EVP & CFO - First Command Financial Services, Inc. EVP & CFO - First Command Financial Planning VP - First Command Financial Services - Montana Chairman & CFO - First Command Bank VP - First Command Insurance Services, Inc. SVP - First Command Life Insurance VP - First Command Advisory Services, Inc.	Director - First Command Educational Foundation	0	0	None

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
(1)(a)(b)(c) and (2)(a)(b)(c)

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Hugh A. Simpson (Fort Worth, Texas, United States)	None		EVP, Secretary and General Counsel - First Command Financial Services, Inc. EVP, Secretary and General Counsel - First Command Financial Planning President - First Command Europe Limited VP - First Command Financial Services - Montana VP - First Command Life Insurance VP - First Command Insurance Services, Inc. VP - First Command Advisory Services, Inc.	None	0	0	None
Wm. David White (Fort Worth, Texas, United States)	None		EVP - First Command Financial Services, Inc. President & CEO - First Command Bank	None	0	0	None

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First Command Financial Services, Inc.
Fort Worth, Texas
Fiscal Year Ending September 30, 2017

Report Item 4: Insiders
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Jill V. Lyttle (Fort Worth, Texas, United States)	None		EVP, Human Resources& Leadership Development - First Command Financial Services, Inc.	None	0	0	None
Kirk Olliff (Fort Worth, Texas)	None		EVP & National Director, Advisor Operations - First Command Financial Services, Inc.; Director First Command Financial Services, Inc.	None	0	0	None
Jerry A. Wackerhagen (Fort Worth, Texas, United States)	None		EVP & CIO - First Command Financial Services, Inc.	None	0	0	None
Mark Steffe (Fort Worth, Texas, United States)	None	Director	First Command Financial Services, Inc.; President, First Command Financial Services; Director & President - First Command Financial Planning; Director of First Command Insurance Services; Director & President of First Command Advisory Services	None	0	0	None

First Command Financial Services, Inc. and Subsidiaries

Consolidated Audit Report

September 30, 2017

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES

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weaver
Assurance · Tax · Advisory

Independent Auditor's Report

Board of Directors
First Command Financial Services, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of First Command Financial Services, Inc. (the Company) and its subsidiaries, which comprise the consolidated balance sheets as of September 30, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
First Command Financial Services, Inc. and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Command Financial Services, Inc. and its subsidiaries as of September 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
December 8, 2017

CONSOLIDATED FINANCIAL STATEMENTS

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 10,143,702	$ 12,223,361
Marketable securities		
Trading, at fair value	32,284,640	26,664,969
Available-for-sale, at fair value (amortized cost of $152,119,266 and $141,697,723 in 2017 and 2016, respectively)	156,185,911	144,921,212
Commissions and fees receivable	35,785,880	33,488,239
Accounts receivable	3,690,713	3,163,839
Property, equipment, and software, net of accumulated depreciation of $77,334,380 and $70,222,019 in 2017 and 2016, respectively	39,833,234	39,067,074
Deferred acquisition costs	4,462,014	4,573,152
Prepaid expenses	4,453,351	4,193,935
Advisor advanced commissions	6,571,373	6,546,367
First Command Bank assets		
Cash and due from banks	58,525,080	32,190,981
Investments		
Held-to-maturity, at cost (fair value of $320,594,076 and $293,514,101 in 2017 and 2016, respectively)	323,058,884	292,707,108
Available-for-sale, at fair value (amortized cost of $84,478,645 and $86,836,875 in 2017 and 2016, respectively)	84,306,634	87,070,078
Federal Home Loan Bank stock, at cost	3,124,100	3,094,100
Loans, net of allowance for loan losses of $1,971,403 and $2,068,141 in 2017 and 2016, respectively	274,948,482	283,223,072
Property, equipment, and software, net of accumulated depreciation of $7,540,173 and $6,763,380 in 2017 and 2016, respectively	13,738,428	14,507,164
Accrued interest receivable and other assets	6,398,611	5,894,614
TOTAL ASSETS	$1,057,511,037	$ 993,529,265

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

	2017	2016
LIABILITIES		
Accrued bonuses payable	$ 10,933,829	$ 10,003,897
Accrued commissions payable	17,162,655	15,251,109
Accounts payable and other liabilities	11,672,321	11,867,689
Advance commissions payable	10,158,476	10,282,980
Accrued Mission Accomplishment Plan payable	195,600,708	181,956,596
Deferred Career Commission Plan payable	15,009,649	14,594,885
Notes payable	-	3,010,182
Accrued employee retirement contributions	6,159,803	5,777,854
Future policy benefits	17,300,824	15,979,501
First Command Bank liabilities		
Deposits	674,605,184	650,352,228
Federal Home Loan Bank advances	20,000,000	-
Accrued interest payable and other liabilities	5,717,588	5,976,699
Total liabilities	984,321,037	925,053,620
STOCKHOLDER'S EQUITY		
Capital stock	63,366	63,366
Additional paid-in capital	6,487,946	6,487,946
Retained earnings	64,887,451	60,987,143
Accumulated other comprehensive income	2,856,638	2,042,591
Treasury stock	(1,105,401)	(1,105,401)
Total stockholder's equity	73,190,000	68,475,645
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 1,057,511,037	$ 993,529,265

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
COMMISSIONS AND FEE REVENUE		
Insurance sales	$ 81,476,635	$ 81,112,489
Investment sales	30,648,199	27,754,016
Asset management	113,015,336	102,037,390
Financial planning	2,083,301	2,052,194
Other service fee income	15,511,693	18,226,350
Total commissions and fee revenue	242,735,164	231,182,439
Investment income	5,757,183	5,660,367
Trading gains, net	2,557,428	561,862
Gains (losses) on sale of marketable securities, net	1,926,893	(1,699,921)
Other income, net	2,449,852	2,436,744
Total revenue	255,426,520	238,141,491
OPERATING EXPENSES		
Commissions and advisor expenses	(129,139,105)	(117,326,245)
Mission accomplishment plan	(33,354,917)	(31,980,265)
General and administrative expenses	(100,612,986)	(98,380,621)
Interest expense	(2,827)	(26,702)
Total operating expenses	(263,109,835)	(247,713,833)
FIRST COMMAND BANK OPERATIONS		
Interest income on loans	13,692,887	13,638,013
Interest income on investments	7,705,458	6,780,620
Interest expense on deposits	(988,681)	(985,282)
Provision for loan losses	(366,945)	(607,082)
Service fee and other income	15,616,653	14,136,438
General and administrative expenses	(21,635,250)	(21,100,005)
Total First Command Bank operations	14,024,122	11,862,702
INCOME BEFORE INCOME TAXES	6,340,807	2,290,360
PROVISION FOR INCOME TAXES	(426,458)	(482,078)
NET INCOME	$ 5,914,349	$ 1,808,282

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CONSOLIDATED NET INCOME	$ 5,914,349	$ 1,808,282
Net change in unrealized gains during the period	2,079,421	4,538,122
Reclassification adjustment for net (gains) losses included in net income	(1,641,997)	1,969,705
Deferred tax benefit (expense) related to change in unrealized gains and losses on FCLIC securities available-for-sale	376,623	(824,022)
Net change in other comprehensive income	814,047	5,683,805
CONSOLIDATED COMPREHENSIVE INCOME	$ 6,728,396	$ 7,492,087

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholder's Equity
BALANCE, September 30, 2015	$ 63,366	$ 6,487,946	$ 61,631,031	$ (3,641,214)	$ (1,105,401)	$ 63,435,728
Net income	-	-	1,808,282	-	-	1,808,282
Other comprehensive income, net change in unrealized holding gains and losses on securities available for sale, net of tax expense of $824,022	-	-	-	5,683,805	-	5,683,805
Dividend paid	-	-	(2,452,170)	-	-	(2,452,170)
BALANCE, September 30, 2016	63,366	6,487,946	60,987,143	2,042,591	(1,105,401)	68,475,645
Net income	-	-	5,914,349	-	-	5,914,349
Other comprehensive income, net change in unrealized holding gains and losses on securities available for sale, net of tax benefit of $376,623	-	-	-	814,047	-	814,047
Dividend paid	-	-	(2,014,041)	-	-	(2,014,041)
BALANCE, September 30, 2017	$ 63,366	$ 6,487,946	$ 64,887,451	$ 2,856,638	$ (1,105,401)	$ 73,190,000

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Net income	$ 5,914,349	$ 1,808,282
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization expense	8,639,152	6,716,439
Gain on sale of property and equipment	(6,500)	-
Provision for loan losses	366,945	607,082
Net amortization of Bank investments and marketable securities	2,350,377	2,504,344
Dividends reinvested in marketable securities - available-for-sale	(1,490,053)	(1,766,346)
Dividends reinvested in marketable securities - trading	(1,078,701)	(1,174,458)
(Gains) losses on sale of marketable securities - net	(1,926,893)	1,699,921
Trading (gains) and losses - net	(2,557,428)	(561,862)
Purchase of marketable securities - trading	(5,481,525)	(3,887,814)
Proceeds from sales/maturity of marketable securities - trading	3,778,746	3,760,274
Changes in operating assets and liabilities		
Commissions and fees receivable	(2,297,641)	(2,076,247)
Accounts receivable	(526,874)	(129,946)
Prepaid expenses and other assets	(677,281)	126,321
Accounts payable and accrued expenses	4,466,376	1,128,081
Advance commissions payable	(124,504)	973,050
Accrued Mission Accomplishment Plan payable	13,644,112	11,764,784
Deferred Career Commission Plan payable	414,764	144,141
Net cash provided by operating activities	23,407,421	21,636,046
INVESTING ACTIVITIES		
Purchase of securities		
Bank investments, held-to-maturity	(230,611,431)	(224,153,408)
Bank investments, available-for-sale	(16,309,977)	(46,210,119)
Marketable securities, available-for-sale	(62,025,574)	(31,605,662)
Sales, maturities, calls, paydowns, of securities		
Bank investments, held-to-maturity	198,679,485	222,566,241
Bank investments, available-for-sale	17,898,000	21,179,570
Marketable securities, available-for-sale	54,045,718	16,667,469
Purchase of Federal Home Loan Bank stock	(30,000)	(2,763,000)
Proceeds from redemptions of Federal Home Loan Bank stock	-	1,537,300
Net decrease (increase) in bank loans	7,907,645	(7,027,669)
Purchase of property, equipment and software	(7,942,080)	(5,194,168)
Proceeds from sale of property and equipment	6,500	-
Net cash used in investing activities	(38,381,714)	(55,003,446)

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
FINANCING ACTIVITIES		
Net change in Federal Home Loan Bank advances	$ 20,000,000	$ (30,900,000)
Net change in bank deposits	24,252,956	30,804,221
Dividends paid	(2,014,041)	(2,452,170)
Payments of notes payable	(3,010,182)	(702,353)
Net cash provided by (used in) financing activities	39,228,733	(3,250,302)
Net change in cash and cash equivalents	24,254,440	(36,617,702)
CASH AND CASH EQUIVALENTS, beginning of year	44,414,342	81,032,044
CASH AND CASH EQUIVALENTS, end of year	$ 68,668,782	$ 44,414,342
Cash and cash equivalents	10,143,702	12,223,361
Bank cash and due from banks	58,525,080	32,190,981
CASH AND CASH EQUIVALENTS, end of year	$ 68,668,782	$ 44,414,342
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid, net of capitalized interest	$ 987,537	$ 1,016,509
Income taxes paid	363,996	364,359

See notes to consolidated financial statements.

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

First Command Financial Services, Inc. and subsidiaries (FCFS or the Company) was chartered in Texas in December 1980. The Company began operations in March 1981 as the continuation of a business formerly operated as Independent Research Agency for Life Insurance, Inc. (IRA), a Texas partnership. On December 22, 2000, IRA was renamed First Command Financial Services, Inc.

FCFS is a financial services holding company and owns 100% of First Command Insurance Services, Inc. (FCIS), a general insurance agency; First Command Financial Planning, Inc. (FCFP) (formerly United Services Planning Association, Inc.), a licensed, fully disclosed broker-dealer registered with the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA); First Command Advisory Services, Inc. (FCAS), a registered investment advisor with the SEC; First Command Bank (FCB or the Bank), a Federal Savings Bank; First Command Life Insurance Company (FCLIC), a stock reserve life insurance company; First Command Europe, Ltd. (FCEL), an insurance and investments company operating in the United Kingdom and Germany; and First Command Financial Services, Inc. – Montana (FCFS-Montana), a general insurance agency licensed in the state of Montana.

Effective October 1, 2015, FCFP was restructured into two separate corporate operations. FCFP continues as a mutual fund broker/dealer and will expand its brokerage operations over time. The investment advisory services were transferred to First Command Advisory Services, a new subsidiary of FCFS.

FCIS and FCFS-Montana are engaged in the sale of life, annuities, long-term care, disability, and property/casualty insurance. FCFP is engaged in the sale of mutual funds and other variable investment products. FCAS is engaged in asset management and financial planning services. The Company shares common employees, sales advisors and representatives, and office facilities with its subsidiaries. The Bank offers a variety of personal and commercial banking products and services that integrate our comprehensive financial solutions for individuals and businesses. The Company's target market is middle income American families with a concentration to United States professional military personnel. Corporate and banking offices are located in Fort Worth, Texas. The Company's advisors and representatives maintain offices in approximately 169 cities located in 43 states, one U.S. territory, and two foreign countries.

As discussed in Note 13, 100% of the Company's outstanding common stock is owned by the First Command Financial Planning, Inc. Employee Stock Ownership Plan Trust.

We have evaluated subsequent events after the balance sheet date of September 30, 2017 through December 8, 2017, which is the date the consolidated financial statements were available to be issued.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Principles of Consolidation

The consolidated financial statements include the accounts of FCFS and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the fair value of marketable securities and investments, allowance for loan losses, deferred acquisition costs, and reserves for future policy benefits. Actual results could differ from those estimates.

Recognition of Commissions and Fee Revenue and Commission and Advisor Expenses

Commissions revenue on sales of insurance policies and mutual fund investments by the Company's sales advisors is recognized when earned from the insurance and mutual fund companies. Commissions are generally paid to the Company as they are earned on investments made or the premium-payment period by the individual investors and policyholders to the mutual fund and insurance companies.

Asset management revenue is recognized by the Company when earned and is based upon the market value of individual investor assets under management calculated on a quarterly basis.

Financial planning revenue is recognized when services are provided to individual client families for family financial plans and ongoing service.

Other service fee income is recognized as earned and includes revenue sharing, investors' individual retirement account custodial fees, sub-transfer agency fees, tax return preparation fees, and FCLIC premium income.

Commissions and advisor expenses are recognized as the Company earns the respective commission and fee revenue.

Based on historical collections, no allowance is deemed necessary on commissions and fee receivables.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable include bond interest income, fees from investors' individual retirement custodial accounts, advisor receivables and other. Advisor receivables include chargebacks for certain commissions and incentives. Based on historical collections, an allowance is only deemed necessary on advisor receivables. This allowance is based on the age of the receivable, advisor termination date, and collectability of the receivable.

Advisor Advanced Commissions

In 2013, FCIS began advancing approximately nine months of commissions to advisors for certain life insurance sales. The amount advanced is treated as a prepaid expense (an asset) and amortized to commission expense as the policy matures over its first year. If the insurance policy cancels during the first nine months, the unamortized amount advanced is recorded as a receivable from the advisor. FCIS records an allowance on these receivables based on persistency of insurance policies, advisor force retention, and collectability of these advisor receivables.

From October 2015 through April 2017, FCFP began advancing approximately 66 months of commissions to advisors for certain mutual fund sales. The amount advanced is treated as a prepaid expense (an asset) and amortized to commission expense as commission revenue is earned on future client investment payments over the 66 months. If the account cancels or periodic investments cease during the 66 months, the unamortized amount advanced is recorded as a receivable from the advisor. FCFP records an allowance on these receivables based on persistency of mutual fund accounts, advisor force retention and collectability of these advisor receivables.

Marketable Securities and Bank Investments

The Company classifies investments into one of three categories: held-to-maturity, trading or available-for-sale. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and recorded at cost, adjusted for the amortization of premiums and the accretion of discounts.

The Company classifies securities owned by FCFP as trading in accordance with industry standards for broker-dealers. Additionally, the Company has classified certain investments as trading that have been designated to support deferred compensation liabilities discussed in the Deferred Career Compensation Plan and Mission Accomplishment Plan captions below. Investments classified as trading are carried at fair value with changes in unrealized gains and losses recorded in trading gains and losses within current year operations.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Marketable Securities and Bank Investments - Continued

Investment securities that are not classified as held-to-maturity or trading are classified as available for sale. Investments classified as available for sale are carried at fair value with unrealized gains and losses, net of deferred taxes, recorded in accumulated other comprehensive income. Premiums are amortized into interest income using the interest method to the earlier of maturity or call date. Discounts are accreted into interest income using the interest method over the period to maturity.

The Company's portfolio of held-to-maturity and available-for-sale securities fluctuates in value based on interest rates in financial markets and other economic factors. These fluctuations caused by market changes have little bearing on whether or not the investment will ultimately be recoverable. Therefore, the Company considers these declines in value as temporary even in periods exceeding one year. In certain circumstances, however, it may become apparent that the principal of an investment may not be recoverable, generally due to factors specific to an individual issuer and not market interest rates. In this event, the Company classifies such investments as other-than temporarily impaired and writes the investment down to fair value, realizing an investment loss. The determination that a security is other-than-temporarily impaired is highly subjective and involves the careful consideration of many factors. These factors include: default on a payment, issuer has declared bankruptcy, severe deterioration in market value, deterioration in credit quality as indicated by credit ratings, issuer having serious financial difficulties as reported in the media, news releases by issuer, and information disseminated through the investment community. While all available information is taken into account, it is difficult to predict the amount of a distressed or impaired security that will ultimately be recoverable.

Realized gains and losses are included in operations, and are determined by using an average cost basis for investments in mutual funds and on a specific identification basis for all other investments. Dividends and capital gains from mutual fund investments are included in investment income and recorded as declared. Interest income is also included in investment income and recorded as earned.

Concentration of Credit Risk

Financial instruments that potentially subject FCFS to concentrations of credit risk consist principally of temporary cash investments, commissions receivable, other receivables, marketable securities, and loans to military-related personnel. FCB commercial loans are concentrated in the dental and veterinarian industries. FCFS places its temporary cash investments and marketable securities with financial institutions and investment

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Credit Risk (continued)

companies. Therefore, the majority of these funds are not insured by the Federal Deposit Insurance Corporation. Concentrations of credit risk with respect to commissions and other receivables are limited due to the number of investment and insurance companies comprising FCFS' supplier base. Loans to military-related personnel are primarily consumer loans with an average balance of approximately $22,230 per loan at September 30, 2017 and $21,654 at September 30, 2106. There is no concentration of credit risk to a specific commercial loan borrower since the greatest exposure to a single borrower is $2.4 million.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash, money market accounts and the Bank's cash and due from banks.

Property, Equipment, and Software

Property, equipment, and software are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Office buildings and improvements	7-40 years
Office equipment, furniture, automobiles and software	3-10 years

Expenditures for maintenance, repairs, and minor renewals are charged to operations as incurred.

Bank Loans and the Allowance for Loan Losses

Loans are stated at their unpaid principal balances, less the allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the interest method on principal amounts outstanding. The Company capitalizes loan origination costs and amortizes these costs as an adjustment to yield over the estimated life of the loan.

The allowance for loan losses is a valuation allowance for losses on loans and binding commitments. The allowance is established through a provision for loan losses charged against income. Loans which management believes are uncollectible are charged against the allowance, with subsequent recoveries, if any, credited to the allowance. The allowance for loan losses and related provision are determined based on the historical credit loss experience, changes in the loan portfolio, including size, mix and risk of the individual loans, and current economic conditions. The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio as of the balance sheet date.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Bank Loans and the Allowance for Loan Losses – Continued

The consumer loan portfolio consists of loan and credit card balances of advisor referred clients. The majority of these loans are to individuals and small businesses and are segregated into homogenous pools. Homogeneous loans are those that are considered to have common characteristics that provide for evaluation on an aggregate pool basis. Management determines the allowance for consumer and small business loans based on models which evaluate the average loan balances in each aging category and recent performance trends. The model forecasts the monthly progression of loans and charge-offs in each aging category using a rolling historical migration of loans, past due history and expected charge-offs. Management also evaluates the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, economic conditions, and other risks inherent in the portfolio at the balance sheet date.

Commercial loans and real estate loans are evaluated annually for impairment on an individual basis. A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to principal and interest owed. Impairment is measured on a loan by loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral. For commercial loans and real estate loans that are not considered impaired, a general reserve is established based on general economic conditions, recent trends in losses, concentrations of credit, trends in delinquencies, the level of troubled debt restructurings and the effect of external factors such as competition and regulatory requirements.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due based on the contractual terms of the loan. Commercial loans are placed on non-accrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on non-accrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed through income. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Consumer loans are not placed on non-accrual but are charged-off once the loan reaches 120 days past due, with the exception of credit card loans which are charged-off once the loan reaches 180 days past due.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mission Accomplishment Plan

During 1998, the Company's Board of Directors (FCFS Board) authorized a compensation program called the Mission Accomplishment Plan (MAP). The plan is designed to allow certain advisors and key employees to participate in the earnings of the Company. MAP participation is awarded pursuant to a policy based on merit and services provided that is adapted from time to time by the FCFS Board.

The Company establishes an aggregate MAP award pool on an annual basis, which is divided into a Current Award Pool (CAP), Deferred Award Pool (DAP), and Note Award Pool (NAP). The CAP, DAP, and NAP award pools are allocated to participants based on outstanding MAP points, and are charged to Mission Accomplishment Plan expense in the year of the grant. MAP participants are awarded MAP points based on individual performance. The amount of MAP points and the MAP award pools will vary as determined by the Company in its sole discretion.

The CAP allocation is generally paid in cash, while the DAP allocation is credited to a deferred compensation book account for each participant. Amounts credited to the DAP are generally payable to the participant following their termination from the Company or upon the maturity of the DAP ten years after its grant, whichever is earlier. The Note Award Plan (NAP) was a new addition in 2016 to the Mission Accomplishment Plan. The notes issued on September 30, 2017 and 2016 have a definite 10-year term with no acceleration of payment allowed. Due to the defined term, the notes qualify as an issuance of subordinated debt and will be counted as part of regulatory total capital. The notes are zero coupon notes that will be discounted each year at a market rate of interest for similar 10 year debt issuances. The NAP award is also credited to a deferred compensation book account for each participant and will be payable 10 years from the date of issuance.

As of January 1, 2005, the MAP was amended to allow participants to defer CAP and DAP payment amounts when due into the MAP Elective Deferral Account (EDA). Participants electing to defer amounts in the EDA select mutual funds in which to invest their deferrals and receive the value of the mutual funds selected at the end of the term. The Company purchases shares in mutual fund companies to economically hedge against the EDA. The EDA grants are compensatory, and the participants accept all the market value risk. Each deferral into the EDA has a 5-year term, and participants may not exercise until maturity.

The Company records compensation expense in commission and advisor expenses for any increase or decrease in EDA due to market fluctuations. The Company classifies investments designated to these plans as trading and records an increase or decrease to trading gains and losses according to changes in fair value. Thus, there is no net income effect due to the offsetting nature of these transactions.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Mission Accomplishment Plan – Continued

MAP participants have no voting rights with regard to the Company, and the MAP does not confer any rights as a shareholder to such holder. Deferred compensation in the MAP may not be transferred, pledged, assigned, or otherwise encumbered by a participant and is subject to immediate forfeiture if, among other things, the participant is found to have engaged in conduct inimical to the best interests of the Company.

Investments designated to support EDA remain available for use by the Company in its general operations, if needed, and remain at risk to the participants during any downturn in the operating results of the Company.

Deferred Career Commission Plan Payable

During the year ended September 30, 1993, the Company established a Deferred Career Commission Plan (DCCP) for the benefit of its sales advisors. This is a nonqualified plan under which commissions are contributed by the Company for its sales advisors until their business relationship with the Company terminates. The sales advisors receive no paid commissions under this plan prior to their termination date.

The contributions to the plan are allocated to the individual advisors in the DCCP based on a pooled point system. Management invests the contributions based on its sole discretion, at the risk of the plan participants, and each year fluctuations in the market will affect the value of the selected investments. An account is maintained for each participant for the purpose of recording the current value of his or her commissions, including earnings credited thereto. The participant's account is adjusted annually to reflect earnings and losses.

Points are awarded to advisors only in years when the company contributes to the DCCP, based on a defined formula using advisor production and longevity. The amount and frequency of contributions to the DCCP are at the sole discretion of the Company.

The Company records compensation expense in commission and advisor expenses for any increase or decrease in DCCP due to market fluctuations. The Company classifies investments designated to DCCP as trading and records an increase or decrease to trading gains and losses for changes in fair value. Thus, there is no net income effect due to the offsetting nature of these transactions.

Investments designated to support DCCP remain available for use by the Company in its general operations, if needed, and remain at risk to the participants during any downturn in the operating results of the company.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advance Commissions Payable

Advance commissions payable represent payments for first year commissions received from insurance companies that FCIS represents as general agent. The commission revenue is earned over the premium-payment period of the policies sold by FCIS. Advance commissions are adjusted monthly and are calculated to be equal to the difference between the total amount of first year commissions on certain insurance policies sold by FCIS and the amount of the first year commissions earned by FCIS on the policies.

Income Taxes

Since December 1, 1998, the Company has been a Subchapter S corporation for federal income tax purposes. A Subchapter S corporation generally pays no federal income taxes, and its taxable income, if any, is taxed at the stockholder level. FCLIC is not eligible to be a Subchapter S corporation. As a result, FCLIC pays corporate federal income taxes which are accrued to the provision for income taxes. FCEL pays corporate taxes in the United Kingdom, which are accrued to the provision for income taxes.

The Company's provision for income taxes is based on income before income taxes adjusted for permanent differences between financial reporting and taxable income. Deferred tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. FCFS files a consolidated tax return that includes all subsidiaries except FCLIC and FCEL. FCFS' sub-chapter S election combined with the ESOP ownership allows taxable income to be deferred until the ESOP participants take distributions from their retirement account.

Tax positions related to the Company's tax status and federal and state requirements have been reviewed, and management is of the opinion that material positions taken by the Company would more likely than not be sustained by examination. Accordingly, the Company has not recorded an income tax liability for uncertain tax benefits.

Life Insurance Operations

FCLIC's principal business activity is the assumption of premiums and benefits associated with certain life insurance policies. FCIS sells life insurance policies through an agency agreement, and the Company in turn assumes a portion of those policies.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Life Insurance Operations - Continued

Premiums for life insurance contracts are recognized as revenue over the premium-payment period of the policies. The costs of acquiring new business are generally deferred and recorded as deferred acquisition costs, and are amortized in a systematic manner, which matches these costs with the associated revenues. The liability for future policy benefits for life insurance products is provided on the net level premium method based on estimated investment yields, mortality, morbidity, persistency, and other assumptions which were appropriate at the time the policies were issued. Assumptions used are based on the underwriter's experience with similar products. These estimates are periodically reviewed and compared with actual experience.

The Company accounts for premium income and operating expenses from FCLIC operations within other service fee income and general and administrative expenses, respectively. FCLIC premium income and operating expenses for the year ended September 30, 2017 were $2,357,271 and $2,742,613 respectively, and for the year September 30, 2016, were $2,412,265 and $2,634,263, respectively.

Reclassifications

Certain reclassifications have been made to the fiscal 2016 financial statements and notes to conform to the fiscal 2017 presentation.

Recent Accounting Pronouncements

Revenue Recognition - The FASB has issued new guidance regarding the recognition of revenue. The core principle of the guidance is that an entity should 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 in exchange for the those goods or services. Management is evaluating the new rule and the impact has not been determined. The guidance also includes new extensive disclosure requirements for revenue recognition. The new rule will be effective in fiscal year 2019.

Financial Assets and Financial Liabilities - The FASB has issued new guidance regarding the recognition and measurement of financial assets and financial liabilities. The guidance requires equity investments to be measured at fair value and the changes in fair value to be recognized in the income statement. Unrealized gains and losses on the equity investments of FCFS and FCB will be recorded in the income statement instead of the current recognition in other comprehensive income. The Company's total capital will not be impacted by this change. The guidance also eliminates the disclosure requirement for fair value of held-to-maturity securities for non-public entities. The new rule will be effective in fiscal year 2020.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements - Continued

Leases - The FASB has issued new guidance regarding lessee accounting for recording lease assets and liabilities on the balance sheet. Lessor accounting is largely unchanged. The guidance also requires key lease disclosures. Management is evaluating the new rule and the impact has not been determined. The new rule will be effective in fiscal year 2020.

Current Expected Credit Losses - The FASB has issued new guidance regarding accounting for loan loss reserves and credit losses of available for sale debt securities. This new pronouncement requires financial institutions to use historical credit loss experience on financial assets with similar risk characteristics and estimate credit losses over the contractual term of the asset. The new guidance will impact the Bank's accounting for loan loss reserve and all entities' debt securities carried as available for sale. The new rule will be effective in fiscal year 2022 and management is evaluating the impact the new standard will have on the Company.

NOTE 2. MARKETABLE SECURITIES AND INVESTMENT INCOME

Marketable securities classified as trading consist of investments in actively traded mutual funds and investments in United States government sponsored agency securities. The aggregate cost and fair value of trading securities as of September 30, 2017 and 2016, are as follows:

	2017	2016
Trading securities, at cost	$ 27,859,880	$ 24,797,637
Unrealized gains, net	4,424,760	1,867,332
Trading securities, at fair value	$ 32,284,640	$ 26,664,969

During the years ended September 30, 2017 and 2016, net unrealized gains on marketable securities classified as trading of $2,557,428 and $561,862, respectively, are included in trading gains in the consolidated statements of operations. Of the net unrealized gains that arose during 2017 and 2016, $2,557,428 and $558,273 related to securities held at September 30, 2017 and 2016, respectively. There were no transfers between securities classified as trading, available-for-sale, or held to maturity during fiscal 2017 and 2016.

The following is a summary of marketable securities classified as available-for-sale at September 30, 2017 and 2016:

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. MARKETABLE SECURITIES AND INVESTMENT INCOME - CONTINUED

2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
Debt securities issued by the U.S. government or sponsored agencies				
Agency notes	$ 296,380	$ -	$ (274)	$ 296,106
Collaterized mortgage obligations	5,960,879	206,731	(23,367)	6,144,243
States, municipalities, and political subdivisions	5,942,992	339,875	(5,555)	6,277,312
Trust Preferred	1,288,434	156,261	-	1,444,695
Corporate debt securities	99,374,214	2,617,060	(314,381)	101,676,893
Asset-backed securities	155,717	32,647	-	188,364
Total bonds	113,018,616	3,352,574	(343,577)	116,027,613
Equities				
Mutual funds	39,100,650	1,213,481	(155,833)	40,158,298
Total equities	39,100,650	1,213,481	(155,833)	40,158,298
Total available-for-sale	$ 152,119,266	$ 4,566,055	$ (499,410)	$ 156,185,911

2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
Debt securities issued by the U.S. government or sponsored agencies				
Agency notes	$ 297,639	$ 3,055	$ -	$ 300,694
Collaterized mortgage obligations	5,955,815	554,864	-	6,510,679
States, municipalities, and political subdivisions	5,514,184	549,122	-	6,063,306
Trust Preferred	1,658,034	246,119	(13,157)	1,890,996
Corporate debt securities	92,035,673	3,134,774	(182,327)	94,988,120
Asset-backed securities	156,071	23,135	-	179,206
Total bonds	105,617,416	4,511,069	(195,484)	109,933,001
Equities				
Mutual funds	36,080,307	449,460	(1,541,556)	34,988,211
Total equities	36,080,307	449,460	(1,541,556)	34,988,211
Total available-for-sale	$ 141,697,723	$ 4,960,529	$ (1,737,040)	$ 144,921,212

NOTE 2. MARKETABLE SECURITIES AND INVESTMENT INCOME - CONTINUED

The net unrealized gains (losses) of marketable securities and Bank investments classified as available-for-sale, net of tax, are included as a separate component of stockholder's equity as of September 30, 2017 and 2016, as follows:

	2017	2016
Net unrealized gains on marketable securities classified as available-for-sale	$ 4,066,645	$ 3,223,489
Net unrealized (losses) gains on bank investments classified as available-for-sale (Note 3)	(172,011)	233,203
Tax effect of net unrealized gains on FCLIC investments reflected in deferred taxes	(1,037,996)	(1,414,101)
Net unrealized gains included in accumulated other comprehensive income	$ 2,856,638	$ 2,042,591

The amortized cost and estimated fair value of bonds and preferred stock classified as available-for-sale at September 30, 2017, by contractual maturity, are as follows:

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 15,001,846	$ 15,023,104
Due from one to five years	62,181,038	62,153,753
Due from five to ten years	4,454,740	4,736,765
Due after ten years	31,225,275	33,925,627
Asset-backed securities	155,717	188,364
Total	$ 113,018,616	$ 116,027,613

Expected maturities may differ from contractual maturities because issuers have the right to call or prepay obligations.

The Company's marketable securities classified as available-for-sale that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months as of September 30, 2017 and September 30, 2016, are as follows:

FIRST COMMAND FINANCIAL SERVICES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. MARKETABLE SECURITIES AND INVESTMENT INCOME - CONTINUED

	Less than 12 Months		12 Months or Longer		Total	
2017	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds						
Agency notes	$ 296,106	$ (274)	$ -	$ -	$ 296,106	$ (274)
Collaterized mortgage obligations	1,047,841	(23,367)	-	-	1,047,841	(23,367)
States, municipal, and political subdivisions	451,942	(5,555)	-	-	451,942	(5,555)
Corporate debt securities	31,364,048	(134,767)	10,838,714	(179,614)	42,202,762	(314,381)
Total bonds	33,159,937	(163,963)	10,838,714	(179,614)	43,998,651	(343,577)
Equities						
Mutual funds	5,329,086	(18,722)	6,936,863	(137,111)	12,265,949	(155,833)
Total equities	5,329,086	(18,722)	6,936,863	(137,111)	12,265,949	(155,833)
Total	$ 38,489,023	$ (182,685)	$ 17,775,577	$ (316,725)	$ 56,264,600	$ (499,410)

	Less than 12 Months		12 Months or Longer		Total	
2016	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Bonds						
Agency notes	$ -	$ -	$ -	$ -	$ -	$ -
Collaterized mortgage obligations	-	-	-	-	-	-
States, municipal, and political subdivisions	-	-	-	-	-	-
Corporate debt securities	9,241,827	(36,062)	13,609,903	(159,422)	22,851,730	(195,484)
Total bonds	9,241,827	(36,062)	13,609,903	(159,422)	22,851,730	(195,484)
Equities						
Mutual funds	4,394,580	(62,856)	16,941,255	(1,478,700)	21,335,835	(1,541,556)
Total equities	4,394,580	(62,856)	16,941,255	(1,478,700)	21,335,835	(1,541,556)
Total	$ 13,636,407	$ (98,918)	$ 30,551,158	$ (1,638,122)	$ 44,187,565	$ (1,737,040)

NOTE 2. MARKETABLE SECURITIES AND INVESTMENT INCOME - CONTINUED

At September 30, 2017, there were forty-seven securities in an unrealized loss position for less than twelve months. Additionally, twenty-two securities had been in an unrealized loss position twelve months or longer at September 30, 2017. The Company's entire marketable securities portfolio classified as available-for-sale consisted of 301 issues at September 30, 2017.

At September 30, 2016, there were fourteen securities in an unrealized loss position for less than twelve months. Additionally, forty seven securities had been in an unrealized loss position twelve months or longer at September 30, 2016. The Company's entire marketable securities portfolio classified as available-for-sale consisted of 286 issues at September 30, 2016.

The change in the loss positions in fixed maturity instruments are primarily due to changes in interest rates since the date of purchase of the security. The Company does not intend to sell the securities and it is not likely that it will be required to do so before recovery of the amortized cost basis. The Company does not consider these investments to be other-than-temporarily impaired at September 30, 2017 and 2016. During 2017 and 2016, there were no securities that met the other-than-temporarily impaired criteria and no write-downs were recorded.

Proceeds from maturities, calls and sales of marketable securities available-for-sale were $54,045,718 in fiscal 2017. Gross gains and gross losses realized on those sales were $1,642,053 and $(57), respectively. Proceeds from sales of marketable securities classified as trading were $3,778,746 in fiscal 2017. Gross gains and gross losses realized on those sales were $287,159 and $(2,262), respectively.

Proceeds from maturities, calls and sales of marketable securities available-for-sale were $16,667,469 in fiscal 2016. Gross gains and gross losses realized on those sales were $126,172 and $(2,095,877), respectively. Proceeds from sales of marketable securities classified as trading were $3,760,274 in fiscal 2016. Gross gains and gross losses realized on those sales were $284,937 and $(15,153), respectively.

Investment income for the years ended September 30, 2017 and 2016, is summarized as follows:

	2017	2016
Bonds	$ 2,979,144	$ 2,654,791
Equities	2,573,223	2,941,609
Cash and cash equivalents	204,816	63,967
Total investment income	$ 5,757,183	$ 5,660,367

NOTE 3. BANK INVESTMENTS

The following is a summary of Bank investments at September 30, 2017 and 2016:

2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held-to-maturity-debt securities issued by the U.S. government or sponsored agencies				
Agency notes	$ 115,372,515	$ 22,825	$ (792,388)	$ 114,602,952
Collateralized mortgage obligations	170,611,342	253,495	(2,196,314)	168,668,523
Mortgage-backed securities	11,730,006	326,607	(45,690)	12,010,923
Total	297,713,863	602,927	(3,034,392)	295,282,398
Other asset-backed securities				
Collateralized loan obligations	25,345,021	53,120	(86,463)	25,311,678
Total held-to-maturity	323,058,884	656,047	(3,120,855)	320,594,076
Available-for-sale				
Corporate debt securities	78,478,645	62,349	(150,717)	78,390,277
Mutual funds	6,000,000	-	(83,643)	5,916,357
Total available-for-sale	84,478,645	62,349	(234,360)	84,306,634
Total	$ 407,537,529	$ 718,396	$ (3,355,215)	$ 404,900,710

NOTE 3. BANK INVESTMENTS - CONTINUED

2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held-to-maturity-debt securities issued by the U.S. government or sponsored agencies				
Agency notes	$ 96,208,824	$ 305,920	$ (70,001)	$ 96,444,743
Collateralized mortgage obligations	150,797,392	933,176	(696,694)	151,033,874
Mortgage-backed securities	15,714,013	495,944	(47,056)	16,162,901
Total	262,720,229	1,735,040	(813,751)	263,641,518
Other asset-backed securities				
Collateralized loan obligations	29,986,879	16,203	(130,499)	29,872,583
Total held-to-maturity	292,707,108	1,751,243	(944,250)	293,514,101
Available-for-sale				
Corporate debt securities	80,836,875	215,260	(48,972)	81,003,163
Mutual funds	6,000,000	66,915	-	6,066,915
Total available-for-sale	86,836,875	282,175	(48,972)	87,070,078
Total	$ 379,543,983	$ 2,033,418	$ (993,222)	$ 380,584,179

Debt securities issued by the U.S. government include agency notes, collateralized mortgage obligations, and hybrid adjustable-rate mortgage securities. Management believes these securities bear little or no credit risk. The Bank has no private label mortgage-backed securities. The Bank invests in AA and A rated collateralized loan obligations ("CLOs"). The CLOs consist of a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate, mortgages, sub-prime debt, or consumer based debt.

NOTE 3. BANK INVESTMENTS – CONTINUED

The amortized cost and estimated fair value of Bank investments in debt securities at September 30, 2017, by contractual maturity, are as follows:

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 7,007,735	$ 7,011,491	$31,540,818	$31,554,773
Due from one to five years	18,847,813	18,842,955	46,937,827	46,835,504
Due from five to ten years	51,103,348	50,759,454	-	-
Due after ten years	38,413,619	37,989,052	-	-
Collateralized loan obligations	25,345,021	25,311,678	-	-
Collateralized mortgage obligations	170,611,342	168,668,523	-	-
Mortgage-backed securities	11,730,006	12,010,923	-	-
Total	$323,058,884	$320,594,076	$78,478,645	$78,390,277

Expected maturities may differ from contractual maturities because issuers have the right to call or prepay obligations. Collateralized loan obligations, collateralized mortgage obligations and mortgage-backed securities (adjustable-rate) are shown separately since they are not due at a single maturity date.

There were no sales of Bank investments during fiscal 2017. There were three corporate debt securities sold during fiscal 2016 with a carrying amount totaling $6,607,400 for a gain of $830. These bonds were sold because two firms merged, creating a concentration conflict versus policy limits. The sale corrected this situation.

The Bank's investments that have been in a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for 12 or more months as of September 30, 2017 and 2016, are as follows:

NOTE 3. BANK INVESTMENTS – CONTINUED

	Less than 12 Months		12 Months or Longer		Total	
2017	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Held-to-maturity-debt securities issued by the U.S. government or sponsored agencies						
Agency notes	$ 73,092,289	$ (437,270)	$ 19,480,423	$ (355,118)	$ 92,572,712	$ (792,388)
Collateralized mortgage obligations	89,647,350	(801,415)	60,297,186	(1,394,899)	149,944,536	(2,196,314)
Mortgage-backed securities	440,411	(3,632)	1,550,296	(42,058)	1,990,707	(45,690)
Total	163,180,050	(1,242,317)	81,327,905	(1,792,075)	244,507,955	(3,034,392)
Other asset-backed securities						
Collateralized loan obligations	14,537,320	(86,463)	-	-	14,537,320	(86,463)
Total held-to-maturity	177,717,370	(1,328,780)	81,327,905	(1,792,075)	259,045,275	(3,120,855)
Available-for-sale						
Corporate debt securities	23,232,031	(71,586)	16,682,671	(79,131)	39,914,702	(150,717)
Mutual funds	5,916,357	(83,643)	-	-	5,916,357	(83,643)
Total available-for-sale	29,148,388	(155,229)	16,682,671	(79,131)	45,831,059	(234,360)
Total	$ 206,865,758	$ (1,484,009)	$ 98,010,576	$ (1,871,206)	$ 304,876,334	$ (3,355,215)

	Less than 12 Months		12 Months or Longer		Total	
2016	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Held-to-maturity-debt securities issued by the U.S. government or sponsored agencies						
Agency notes	$ 22,875,223	$ (67,874)	$ 3,043,491	$ (2,127)	$ 25,918,714	$ (70,001)
Collateralized mortgage obligations	42,839,620	(305,878)	36,905,819	(390,816)	79,745,439	(696,694)
Mortgage-backed securities	307,304	(517)	2,194,106	(46,539)	2,501,410	(47,056)
Total	66,022,147	(374,269)	42,143,416	(439,482)	108,165,563	(813,751)
Other asset-backed securities						
Collateralized loan obligations	5,847,956	(4,216)	17,333,355	(126,283)	23,181,311	(130,499)
Total held-to-maturity	71,870,103	(378,485)	59,476,771	(565,765)	131,346,874	(944,250)
Available-for-sale						
Corporate debt securities						
Mutual funds	11,670,815	(35,000)	12,229,359	(13,972)	23,900,174	(48,972)
Total available-for-sale	11,670,815	(35,000)	12,229,359	(13,972)	23,900,174	(48,972)
Total	$ 83,540,918	$ (413,485)	$ 71,706,130	$ (579,737)	$ 155,247,048	$ (993,222)

NOTE 3. BANK INVESTMENTS – CONTINUED

At September 30, 2017, the number of securities classified as held-to-maturity in an unrealized loss position for less than twelve months and for twelve months or longer were sixty-seven and thirty-nine, respectively. At September 30, 2017 the number of securities classified as available-for-sale in an unrealized loss position for less than twelve months and for twelve months or longer were fifteen and eleven, respectively. The Bank's entire investment portfolio consisted of 207 issues at September 30, 2017.

At September 30, 2016, the number of securities classified as held-to-maturity in an unrealized loss position for less than twelve months and for twelve months or longer were twenty four and twenty eight, respectively. At September 30, 2016 the number of securities classified as available-for-sale in an unrealized loss position for less than twelve months and for twelve months or longer were eight and seven, respectively. The Bank's entire investment portfolio consisted of 189 issues at September 30, 2016.

The unrealized losses at September 30, 2017 and 2016 are primarily a result of changes in interest rates during the respective periods. The contractual terms of the investments do not permit the issuer to settle the securities at a price less than the principal amount of the investment. The Bank does not intend to sell the securities and it is not likely that it will be required to do so before recovery of the amortized cost basis. The Bank does not consider any investments to be other-than-temporarily impaired at September 30, 2017 and 2016.

The Bank's Trust department is the custodian of certain clients' assets. As of September 30, 2017 and 2016, Bank investments with an amortized cost of $16,035,743 and $16,136,142, respectively, were pledged as collateral on Trust held assets.

The Bank has a secured contingency borrowing line with the Federal Home Loan Bank of Dallas (FHLB) and pledges eligible investment securities as defined in its blanket lien agreement with the FHLB. As of September 30, 2017 and 2016, Bank investments with an amortized cost of $304,973,660 and $253,525,180, respectively, were pledged as collateral on this borrowing line.

The Bank has a secured contingency borrowing line with the Federal Reserve Bank of Dallas. As of September 30, 2017 and 2016, bank investments with an amortized cost of $10,058,144 and $9,655,245, respectively, were pledged as collateral on this borrowing line.

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT

Loans as of September 30, 2017 and 2016 consisted of the following:

	2017	2016
Commercial and industrial		
Commercial	$ 58,509,364	$ 62,717,354
Small business	13,839,665	15,552,310
Total commercial and industrial	72,349,029	78,269,664
Real estate		
Commercial mortgages	29,952,199	26,808,307
Land	149,902	202,482
1-4 Family residential mortgages	-	132,922
Total real estate	30,102,101	27,143,711
Open ended consumer loans		
Consumer credit cards	29,577,134	31,270,752
Total open ended consumer loans	29,577,134	31,270,752
Consumer and other term loans		
General consumer	142,706,089	146,573,820
Auto loans	2,185,532	2,033,266
Total consumer and other term loans	144,891,621	148,607,086
Total loans	$ 276,919,885	$ 285,291,213

Loan Origination and Risk Management - The Bank has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

The Bank utilizes FCFS advisors for customer referrals for commercial and consumer loan transactions. The advisors are not involved in any credit decisions or underwriting of the credit. They either refer the prospect or client to the lending staff or request the lending staff to contact the prospect or client directly. The advisor may assist in gathering the necessary documentation needed for underwriting. If the loan transaction is funded, the advisor may qualify for a bank support fee paid as a result of the closing. The typical borrower referred to the Bank by the advisor also has purchased other insurance or financial planning products from the advisor and this relationship with the advisor has provided for low historical charge-offs. Consumer and small business loans generated through this channel average $21,298 and are considered one homogeneous pool for establishing the level of loss allowances due to similar distribution channels, consistent performance and small average balances.

Commercial and industrial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. The Bank's management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial and industrial loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial and industrial loans are secured by the assets being financed, other business assets such as mutual fund holdings or a blanket lien on receivables, inventory and equipment. Since the majority of commercial and industrial loans represent professional practice loans to doctors, dentists, veterinarians and accountants, they also generally incorporate a personal guarantee. However, some short-term loans may be made on an unsecured basis. Management monitors the concentration of credit risk by purpose of loans and gives consideration to certain regulations that affect these borrowers in the risk assessment. In monitoring concentrations in the commercial loan portfolio, the Bank management and their Board have established a limit for practice acquisition loans of 175% of the Bank's capital and at September 30, 2017 and September 30, 2016 were well within this guideline. The increased risk in commercial loans is due to the type of collateral securing these loans. The increased risk also derives from the expectation that commercial loans generally will be serviced principally from the operations of the business, and the success of those operations may vary from expectations. As a result of these additional complexities, variables and risks, commercial loans require more thorough underwriting and servicing than other types of loans.

Commercial real estate loans are subject to underwriting standards and processes similar to commercial and industrial loans, in addition to those of real estate loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate and are typically amortized over a 15 to 20 year period. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the business conducted on the property securing the loan or on the successful operation of the property securing the loan. Commercial real estate loans may be more

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Bank's commercial real estate portfolio are diverse in terms of geographic location with 16% in Florida, 18% in Texas, and no other state having more than 10%. This diversity helps reduce the Bank's exposure to adverse economic events that may affect any single market or industry. In monitoring concentrations in loans secured by real estate, the Bank management and their Board have established a limit of 150% of the Bank's capital and at September 30, 2017 and 2016 were well within this guideline. As a general rule, the Bank avoids financing undesirable special-purpose projects unless underwriting factors are present to help mitigate risk. The underwriting analysis includes careful consideration of the property's operating history, future operating projections, current and projected occupancy, location and physical condition, credit verification, analysis of global cash flows, appraisals and a review of the financial condition of the borrower. At September 30, 2017, approximately 98% of the outstanding principal balance of the Bank's commercial real estate loans was secured by owner-occupied properties.

The Bank management and board monitor levels of loan concentrations through parameters established within the loan policy primarily in two areas with respect to commercial loans, practice acquisition loans and loans secured by real estate with maximum limits established in relation to total FCB capital. As of September 30, 2017 and 2016, the volume of loans in both areas was well under the established limits.

The Bank originates consumer loans utilizing a computer-based credit scoring analysis to supplement the underwriting process. Consumer loans made by the Bank include debt consolidation loans, automobile loans, recreational vehicle loans, boat loans, home improvement loans, personal loans (collateralized and uncollateralized), and deposit account collateralized loans largely made to clients of the Company. The terms of these loans typically range from 12 to 72 months and vary based upon the nature of collateral and size of loan. The Bank also has a portfolio of open-ended revolving credit card loans most of which are referred through the advisor network to Company clients. FCB offers credit card products to FCFS clients, of which 91% of the portfolio is made up of a variable, low rate credit card which is approved through the same underwriting process as our unsecured loan clients so they look and perform similarly. The other 9% are a fixed mid-rate credit card typically offered to new credit users or students. Both accounts offer a rewards program where the cardholder can redeem points for travel or merchandise. Also, both accounts have fees below industry norm.

In general, consumer loans entail greater risk than real estate secured loans, particularly in the case of consumer loans that are unsecured or collateralized by rapidly depreciating assets such as automobiles. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan balance. The remaining deficiency often does not warrant further substantial collection efforts against the borrower beyond obtaining a deficiency judgment. In addition, consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy. Furthermore, the

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

application of various federal and state laws may limit the amount which can be recovered on such loans. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as needed, by management. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk. Additionally, trend and outlook reports are reviewed by management on a regular basis.

The Bank had a loan closing agreement with a third-party mortgage company where the mortgage company agreed to provide permanent residential loans to clients of FCB. Under the agreement, FCB had a home loan program and identified the borrowers. The mortgage company was responsible for counseling, processing, underwriting and closing the loan. FCB provides the borrower funds at closing and the mortgage company subsequently acquired the loan from FCB. During 2017 and 2016, $4,469,094 and $17,714,825, respectively, of mortgage loans were funded by the Bank and sold to a third-party mortgage company pursuant to the agreement. However, the contract with the third party mortgage company was terminated effective October 31, 2016. FCB funded mortgage loans that were already in process as of the termination of the contract. After a due diligence process, management made the decision to exit the mortgage business.

Since this line of business ended during 2017, there was no receivable balance at September 30, 2017. There was $317,370 of loans remaining to be sold at September 30, 2016. These were recorded in accounts receivable on the consolidated balance sheets.

Related Party Loans

In the ordinary course of business the Bank has granted loans to certain directors, executive officers and their affiliates (collectively referred to as "related parties"). These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unaffiliated persons and do not involve more than normal risk of collectability. Activity in related party loans for the periods ended September 30, 2017 and 2016 is presented in the following table:

	2017	2016
Beginning balance	$ 380,673	$ 419,934
Increase in credit extended	149,500	5,000
Decrease in credit extended	(99,173)	(44,261)
Ending balance	$ 431,000	$ 380,673

As of September 30, 2017, FCFS had guaranteed three advisors' bank loans with a total balance of $130,961. These loans are secured by a FCFS $135,000 certificate of deposit at FCB. As of September 30, 2016, FCFS had guaranteed three advisors' bank loans with a total balance of $139,311.

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Past Due and Non-Accrual Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payment is due. The Bank generally places a loan on non-accrual status and ceases accruing interest when the payment of principal and interest is delinquent for 90 days or earlier in some cases, unless the loan is in the process of collection and the underlying collateral fully supports the carrying value of the loan. As of September 30, 2017 and 2016 the Bank had $330,505 and $1,166,643, respectively, of loans on non-accrual.

An age analysis of past due loans, segregated by class of loans, as of September 30, 2017 and 2016 is as follows:

2017	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 Days or More Past Due
Commercial	$ 2,205	$ -	$ -	$ 2,205	$ 58,507,159	$ 58,509,364	$ -
Small business	-	-	-	-	13,839,665	13,839,665	-
Real estate	-	-	-	-	30,102,101	30,102,101	-
Consumer credit cards	80,774	30,707	59,516	170,997	29,406,137	29,577,134	59,516
Consumer and other	30,888	46,010	119,887	196,785	144,694,836	144,891,621	119,887
Total loans	$ 113,867	$ 76,717	$ 179,403	$ 369,987	$ 276,549,898	$ 276,919,885	$ 179,403

2016	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 Days or More Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 Days or More Past Due
Commercial	$ -	$ -	$ -	$ -	$ 62,717,354	$ 62,717,354	$ -
Small business	-	-	-	-	15,552,310	15,552,310	-
Real estate	-	-	-	-	27,143,711	27,143,711	-
Consumer credit cards	35,142	16,528	61,582	113,252	31,157,500	31,270,752	61,582
Consumer and other	108,123	12,512	54,288	174,923	148,432,163	148,607,086	54,288
Total loans	$ 143,265	$ 29,040	$ 115,870	$ 288,175	$ 285,003,038	$ 285,291,213	$ 115,870

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Impaired Loans

Commercial and real estate loans are considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. If a loan is impaired, a specific valuation allowance is allocated, if necessary, using one of three methods: (I) the present value of expected future cash flows discounted at the loan's effective interest rate, (II) the fair value of the collateral less the estimated sales costs if the loan is a collateral dependent loan or (III) an observable market value of the loan. Impaired loans, or portions thereof, are charged off when deemed uncollectible. Interest income on impaired loans is recognized in the period collected unless the ultimate collection of principal is considered doubtful.

Impaired loans as of September 30, 2017 and 2016 are set forth in the following table:

2017	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
Commercial	$ 330,505	$ -	$ 330,505	$ 330,505	$ 56,120	$ 356,221	$ -
Real estate	-	-	-	-	-	-	-
Total loans	$ 330,505	$ -	$ 330,505	$ 330,505	$ 56,120	$ 356,221	$ -

2016	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
Commercial	$ 893,607	$ -	$ 893,607	$ 893,607	$ 48,268	$ 931,601	$ 5,957
Real estate	273,036	273,036	-	273,036	-	274,830	3,074
Total loans	$ 1,166,643	$ 273,036	$ 893,607	$ 1,166,643	$ 48,268	$ 1,206,431	$ 9,031

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Troubled Debt Restructurings

The restructuring of a loan is considered a "troubled debt restructuring" if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession. Concessions may include interest rate reductions or below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses.

There were three loans, two commercial and industrial loans and one commercial real estate, identified as troubled debt restructurings as of September 30, 2017, and one of which was reported as impaired and on nonaccrual for $330,505 as of that date. There were three loans, two commercial and industrial loans and one commercial real estate, identified as troubled debt restructurings as of September 30, 2016, and reported as impaired and on nonaccrual for $1,166,643 as of that date. The modifications on all loans entailed reductions in the interest rate below the current market rate. As of September 30, 2017 and 2016, all loans defined as troubled debt restructuring were performing under their restructured terms. All of these loans are reviewed on an individual basis and a specific reserve amount is carried as part of the loan loss reserve balance for each loan.

The modifications during the reported periods for consumer loans related to extending the amortization periods. As of September 30, 2017, there were 42 restructured consumer loans totaling $318,592. As of September 30, 2016, there were 53 restructured consumer loans totaling $425,972. As of September 30, 2017 and 2016, all consumer loans defined as troubled debt restructuring were performing under their restructured terms.

There are no further commitments on commercial and consumer loans identified as troubled debt restructuring.

Credit Quality Indicators

As part of the on-going monitoring of the credit quality of the Bank's loan portfolio, management tracks certain credit quality indicators including trends related to (I) the level of criticized commercial loans, (II) net charge-offs and (III) non-performing loans. The Bank utilizes a risk grading matrix to assign a risk grade to each of its commercial and real estate loans as a result of the monitoring process employed by the Bank. Commercial and real estate loans are monitored on an individual basis to evaluate changes in risk rating, loan covenant compliance and payment history. An annual written review is performed for each loan of $750,000 or more, with the depth of the review varying based on the size, risk profile and complexity of the loan. Loans are graded on a scale of 4 to 9. A description of the general characteristics of the risk grades are as follows:

- Grade 4 - Pass
  Pass assets are well protected by the current net worth and paying capacity of the obligor (or guarantors, if any) or by the fair value, less cost to acquire and sell, any of the underlying collateral in a timely manner.

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Credit Quality Indicators – Continued

- Grade 5 - Pass/Watch
  Pass/Watch is not a regulatory category. These are considered the weakest of the Pass rated credits with some apparent deterioration that does not yet meet OAEM (Other Assets Especially Mentioned). Some of the characteristics that might cause consideration for this classification would include: the borrower's financial condition may have shown some deterioration, financial projections are not being met, the guarantor's credit report or financial condition has deteriorated somewhat, chronic but somewhat immaterial past dues are occurring raising concerns.

- Grade 6 - Other Assets Especially Mentioned (OEAM)
  A special mention asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. Special mention assets are not adversely classified and do not expose an institution to sufficient risk to warrant adverse classification.

- Grade 7 - Substandard
  A "substandard" asset is inadequately protected by the current sound worth and paying capacity of the obligor or by the collateral pledged, if any. Assets so classified must have a well-defined weakness, or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

- Grade 8 - Doubtful
  An asset classified as "doubtful" has all the weaknesses inherent in one classified substandard with the added characteristic that the weakness makes collection or liquidation in full highly questionable and improbable on the basis of currently known facts, conditions, and values.

- Grade 9 - Loss
  An asset or portion thereof, classified as "loss" is considered uncollectible and of such little value that its continuance on the institution's books as an asset, without establishment of a specific valuation or charge-off, is not warranted. This classification does not necessarily mean that an asset has no recovery or salvage value; but rather, there is much doubt about whether, how much, or when the recovery will occur. As such, it is not practical or desirable to defer the write-off.

In monitoring credit quality trends in the context of assessing the appropriate level of the allowance for loan losses, we monitor portfolio credit quality by the weighted average risk grade of each class of commercial loan. Individual relationship managers review updated financial information for all pass grade loans to recalculate the risk grade on at least an annual basis. When a loan has a calculated risk grade of 5, it is still considered a pass grade

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Credit Quality Indicators – Continued

loan; however, it is considered to be on management's "watch list", where a significant risk modifying action is anticipated in the near term. When a loan has a calculated risk grade of 6 or higher, a special assets officer monitors the loan on an ongoing basis. The following table presents weighted average risk grades for all commercial loans by class, excluding small business loans, which are not individually graded.

	2017		2016	
	Weighted Average Risk Grade	Loans	Weighted Average Risk Grade	Loans
Commercial and Industrial				
Risk Grade 4	4.00	$ 56,531,753	4.00	$ 60,550,027
Risk Grade 5	5.00	990,888	5.00	994,752
Risk Grade 6	6.00	656,218	6.00	278,968
Risk Grade 7	7.00	-	7.00	893,607
Risk Grade 8	8.00	330,505	8.00	-
Total	4.06	$ 58,509,364	4.07	$ 62,717,354
Real Estate				
Risk Grade 4	4.00	$ 29,832,146	4.00	$ 26,492,176
Risk Grade 5	5.00	-	5.00	378,499
Risk Grade 6	6.00	269,955	6.00	-
Risk Grade 7	7.00	-	7.00	273,036
Total	4.02	$ 30,102,101	4.04	$ 27,143,711

The following table presents the weighted average risk grades based on the classifications above and classified loans (Grade 7 or 8) by class of loans evaluated on an individual basis as of September 30, 2017 and 2016.

	2017			2016		
	Weighted Average Risk Grade	Classified Loans	As a % of Loans Within Class	Weighted Average Risk Grade	Classified Loans	As a % of Loans Within Class
Commercial	8.00	$ 330,505	0.57%	7.00	$ 893,607	1.45%
Real estate	0.00	-	0.00%	7.00	273,036	1.03%
Total	8.00	$ 330,505	0.38%	7.00	$ 1,166,643	1.32%

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Credit Quality Indicators – Continued

Loan loss reserves for consumer loans are determined through the use of a migration analysis which measures the level of past dues and previous charge-off history. The migration analysis monitors the history of past dues and charge-offs over a running period of 60 months in establishing a basis for the likelihood of future charge-off levels. Consumer and small business loan credit quality is monitored each month based on the payment status of the aggregate loans in the portfolio segment. Consumer loans are charged-off once they reach 120 days past due, with the exception of credit card loans which are charged-off once the loan reaches 180 days past due.

Net (charge-offs)/recoveries, segregated by class of loans, were as follows:

	2017	2016
Commercial	$ 90,397	$ 51,709
Consumer credit cards	(232,587)	(371,453)
Consumer and other	(321,493)	(415,794)
Net charge-offs	$ (463,683)	$ (735,538)

Allowance for Loan Losses

The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risk inherent in the portfolio. Accordingly, the methodology is based on historical loss experience by type of credit and internal risk grade, specific homogeneous risk pools and specific loss allocations, with adjustments for current events and conditions.

The Bank's process for determining the appropriate level of the allowance for loan losses is designed to account for credit deterioration as it occurs. The provision for loan losses reflects loan quality trends, including the levels of and trends related to non-accrual loans, the level of impaired loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors. The provision for loan losses also reflects the totality of actions taken on all loans for a particular period. In other words, the amount of the provision reflects not only the necessary increases in the allowance for loan losses related to newly identified criticized loans, but it also reflects actions taken related to other loans including, among other things, necessary increases or decreases in the required allowance for specific loans or loan pools.

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Allowance for Loan Losses – Continued

Commercial and Real Estate Loans —The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Bank's control, including, among other things, the performance of the Bank's loan portfolio, the economy and changes in interest rates.

The Bank's allowance for loan losses consists of three elements: (I) specific valuation allowances determined in accordance with ASC Topic 310 based on probable losses on specific loans; (II) historical valuation allowances determined in accordance with ASC Topic 450 based on historical loan loss experience for similar loans with similar characteristics and trends, adjusted, if necessary, to reflect the impact of current conditions; and (III) general valuation allowance determined in accordance with ASC Topic 450 based on general economic conditions and other qualitative risk factors both internal and external to the Bank.

The allowance established for probable losses on specific loans are based on a regular analysis and evaluation of problem loans. Loans are risk rated based on an internal credit risk grading process that evaluates, among other things: (I) the obligor's ability to repay; (II) the underlying collateral, if any; and (III) the economic environment and industry in which the borrower operates. This analysis is performed at the relationship manager level with management oversight for all commercial loans.

The Bank utilizes a present value model that takes into consideration the borrower's ability to repay amounts owed, the value of the collateral, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things.

General valuation allowances are based on general economic conditions and other qualitative risk factors both internal and external to the Bank. In general, such valuation allowances are determined by evaluating, among other things: (I) changes in lending policy and procedures, including underwriting standards and collection, charge-off and recovery practices; (II) changes in economic and business conditions; (III) changes in the nature and volume of the portfolio and in the terms of loans; (IV) changes in the experience, ability and depth of lending management; (V) changes in the volume of past

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Allowance for Loan Losses – Continued

due and nonaccrual loans; (VI) changes in loan review system; (VII) changes in the value of collateral for collateral dependent loans; (VIII) concentrations of credit; (IX) changes in external factors such as competition or regulatory requirements; and (X) weighted average historical loss factor. Management evaluates the degree of risk that comes with these components on a quarterly basis. Each component is determined to have either no risk, low risk, normal risk, high risk or extremely high risk. The results are then calculated to determine an appropriate general valuation allowance.

Consumer Loans - An allowance for loan loss for consumer loans is established for each pool of similar loans based on historical loss ratios and the total dollar amount of the loans in the pool. The allowance for advisor referred consumer loans is determined through the use of a migration analysis which measures the level of past dues and previous charge-off history. The migration analysis monitors the history of past dues and charge-offs over a running period of 60 months in establishing a basis for the likelihood of future charge-off levels.

The following details activity in the allowance for loan losses by portfolio segment for the years ended September 30, 2017 and 2016:

2017	Commercial and Real Estate	Consumer	Total
Beginning balance	$ 859,439	$ 1,208,702	$ 2,068,141
Provisions for loan losses	(101,092)	468,037	366,945
Charge-offs	-	(766,812)	(766,812)
Recoveries	90,397	212,732	303,129
Net charge-offs	90,397	(554,080)	(463,683)
Ending balance	$ 848,744	$ 1,122,659	$ 1,971,403
Period end amount allocated to			
Loans individually evaluated for impairment	$ 69,834	$ -	$ 69,834
Loans collectively evaluated for impairment	778,910	1,122,659	1,901,569
Ending balance	$ 848,744	$ 1,122,659	$ 1,971,403

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Allowance for Loan Losses – Continued

2016	Commercial and Real Estate	Consumer	Total
Beginning balance	$ 699,765	$ 1,496,832	$ 2,196,597
Provisions for loan losses	107,965	499,117	607,082
Charge-offs	(22,434)	(970,854)	(993,288)
Recoveries	74,143	183,607	257,750
Net charge-offs	51,709	(787,247)	(735,538)
Ending balance	$ 859,439	$ 1,208,702	$ 2,068,141
Period end amount allocated to			
Loans individually evaluated for impairment	$ 53,010	$ -	$ 53,010
Loans collectively evaluated for impairment	806,429	1,208,702	2,015,131
Ending balance	$ 859,439	$ 1,208,702	$ 2,068,141

The Bank's recorded investment in loans as of September 30, 2017 and 2016 related to each balance in the allowance for loan losses by portfolio segment and disaggregated in the basis of the Bank's impairment methodology was as follows:

2017	Commercial and Real Estate	Consumer	Total
Loans individually evaluated for impairment	$ 1,310,080	$ -	$ 1,310,080
Loans collectively evaluated for impairment	101,141,050	174,468,755	275,609,805
Ending balance	$ 102,451,130	$ 174,468,755	$ 276,919,885

2016	Commercial and Real Estate	Consumer	Total
Loans individually evaluated for impairment	$ 1,445,611	$ -	$ 1,445,611
Loans collectively evaluated for impairment	103,967,764	179,877,838	283,845,602
Ending balance	$ 105,413,375	$ 179,877,838	$ 285,291,213

NOTE 4. BANK LOANS AND COMMITMENTS TO EXTEND CREDIT – CONTINUED

Commitments to Lend

In the normal course of business, the Bank has outstanding commitments and contingent liabilities, such as commitments to extend credit, which are not included in the accompanying consolidated financial statements. The Bank's potential exposure to credit loss in the event of non-performance by the other party to the financial instruments for commitments to extend credit is represented by the contractual notional amount of those commitments.

The Bank uses the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheets. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates of one year or less or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. As of September 30, 2017 and 2016, the Bank has committed credit lines, including credit cards, of $140,131,251 and $147,817,419 of which $52,048,891 and $58,286,745 respectively, had been advanced.

NOTE 5. FEDERAL HOME LOAN BANK STOCK AND ADVANCES

The Bank is a member of the Federal Home Loan Bank (FHLB) System. As a member of this system, it is required to maintain an investment in capital stock of the FHLB in an amount equal to the sum of 0.04% of total assets as of the most recent quarter end and 4.10% of outstanding advances. At September 30, 2017 and 2016, FHLB stock totaled $3,124,100 and $3,094,100, respectively. No ready market exists for such stock and it has no quoted market value. The carrying value of the stock is its cost and it is evaluated annually for impairment.

FHLB term advances at September 30, 2017 were $20,000,000 at a rate of 1.18% and mature October 6, 2017. At September 30, 2017 there was no overnight borrowings. There were no FHLB overnight advances or term borrowings at September 30, 2016. The Bank pledges eligible investment securities for its FHLB advances as defined in its blanket lien agreement with the FHLB demand deposit account and FHLB stock.

NOTE 6. PROPERTY, EQUIPMENT AND SOFTWARE

Property, equipment, and software at September 30, 2017 and 2016, are as follows:

	2017	2016
Land	$ 2,525,627	$ 3,506,333
Office buildings and improvements	34,194,062	32,342,797
Office equipment, furniture, automobiles, and software	74,485,821	68,629,020
Work in progress	5,962,104	4,810,943
Total property, equipment, and software	117,167,614	109,289,093
Accumulated depreciation	(77,334,380)	(70,222,019)
Net property, equipment, and software	$ 39,833,234	$ 39,067,074

The Bank's property, equipment, and software at September 30, 2017 and 2016, are as follows:

	2017	2016
Land	$ 980,706	$ -
Leasehold improvements	1,022,657	1,022,657
Office buildings and improvements	13,519,290	14,499,996
Office equipment, furniture, automobiles, and software	5,755,948	5,747,891
Total Bank property, equipment, and software	21,278,601	21,270,544
Accumulated depreciation	(7,540,173)	(6,763,380)
Net Bank property, equipment, and software	$ 13,738,428	$ 14,507,164

Depreciation expense for fiscal 2017 amounted to $7,167,861 and $776,793 for property, equipment, and software and the Bank's property, equipment, and software, respectively.

Depreciation expense for fiscal 2016 amounted to $5,648,206 and $980,995 for property, equipment, and software and the Bank's property, equipment, and software, respectively.

During fiscal 2017, there was one disposal of property, equipment and software for a gain of $6,500. There were no disposals of the Bank's property, equipment and software.

During fiscal 2016, there were no disposals of property, equipment, and software nor the Bank's property, equipment, and software.

NOTE 7. BANK DEPOSITS

Deposit account balances at September 30, 2017 and 2016, are as follows:

	2017	2016
Non-interest-bearing	$ 10,592,987	$ 11,548,738
Interest-bearing demand		
Money market checking	202,328,179	185,590,675
Money market savings	431,250,230	421,144,153
Certificates of deposit		
Less than $100,000	17,806,130	18,592,903
Greater than or equal to $100,000	12,627,658	13,475,759
Total deposits	$ 674,605,184	$ 650,352,228

A summary of certificates of deposit by maturity as of September 30, 2017 and 2016, is as follows:

	2017	2016
Maturing within		
One year	$ 23,173,091	$ 23,905,018
Two years	4,298,263	5,621,228
Three years	1,047,106	1,262,831
Four years	1,147,508	236,780
Five years	767,820	1,042,805
Total deposits	$ 30,433,788	$ 32,068,662

FCFS and its subsidiaries' directors, officers and their affiliates, including corporations and firms of which they are officers or in which they and/or their families have an ownership interest, are customers of the Bank. These persons, corporations, and firms held deposits of $1,333,663 and $1,143,932 at September 30, 2017 and 2016, respectively.

NOTE 8. MISSION ACCOMPLISHMENT PLAN

The accrued Mission Accomplishment Plan (MAP) payable balance at September 30, 2017 and 2016, consists of the following:

	2017	2016
Current Award Pool (CAP)	$ 8,415,618	$ 8,728,890
Deferred Award Pool (DAP)	161,838,380	157,934,220
Note Award Plan (NAP)	15,015,540	7,006,488
Discount on NAP	(5,866,846)	(2,849,845)
Elective Deferral Account (EDA)	16,198,016	11,136,843
Accrued MAP payable	$195,600,708	$ 181,956,596

During fiscal 2017 and 2016, discretionary compensation awards were made for MAP of $36,372,518 and $34,830,120, respectively. The CAP portion of the award is based on available cash and projected cash requirements of the Company.

During fiscal 2017 and 2016, $8,009,652 and $7,006,488 of NAP was issued, respectively. Since the notes do not incur interest, the value must be discounted at issuance and the liability reported at the net amount. The discount rate used in 2017 was 5.32% compared to the 2016 discount rate of 5.36%. The rates were derived from data received from Bloomberg for firms similar to FCFS that had issued 10-year debt in the past year. The amount of the discount will be accreted as interest expense into earnings over the following 10-year period. Each issuance of NAP will be paid 10 years from award date.

EDA is a deferred compensation plan as described in Note 1. Of the amounts deferred under these plans, $16,198,016 and $11,136,843 have been invested in equity securities classified as trading at September 30, 2017 and 2016, respectively. The expense and activity in the related payable balances for the fiscal years 2017 and 2016, is as follows:

	2017	2016
Total EDA expense (credit) included in commissions and advisor expenses	$ 2,048,431	$ 821,047
Accrued EDA liability activity		
Investment income on designated investments	$ 575,985	$ 617,181
Net trading gains (losses) on designated investments	1,472,446	203,866
Net change due to market fluctuations	2,048,431	821,047
Deferrals from CAP and DAP	3,960,575	2,809,284
Exercises and payouts	(947,833)	(1,127,566)
Net change in accrued EDA	5,061,173	2,502,765
Accrued EDA - beginning of year	11,136,843	8,634,078
Accrued EDA - end of year	$ 16,198,016	$ 11,136,843

NOTE 8. MISSION ACCOMPLISHMENT PLAN - CONTINUED

During fiscal 2017, CAP and DAP payments of $8,706,930 and $16,065,048 were paid, respectively, to MAP participants. During fiscal 2016, CAP and DAP payments of $8,519,634 and $14,211,914 were paid, respectively, to MAP participants. Anticipated payments of $19,332,855 during the next fiscal year include CAP and the portion of the DAP payable to eligible terminated participants.

NOTE 9. DEFERRED CAREER COMMISSION PLAN

As of September 30, 2017 and 2016, the total DCCP liability balance was $15,009,649 and $14,594,885, respectively. These balances have been invested in equity securities.

The DCCP expense and activity in the related payable balances for the fiscal years 2017 and 2016 is as follows:

	2017	2016
DCCP expense		
Commissions and advisor expenses (credit)	$ 1,883,677	$ 1,185,511
Net change in accrued DCCP liability		
Investment income on DCCP designated investments	$ 792,077	$ 830,922
Net trading gains (losses) on DCCP designated investments	1,091,600	354,589
Net change due to market fluctuations	1,883,677	1,185,511
Commissions paid to advisors	(1,468,913)	(1,041,370)
Net increase in DCCP payable	414,764	144,141
Accrued DCCP liability - beginning of year	14,594,885	14,450,744
Accrued DCCP liability - end of year	$ 15,009,649	$14,594,885

The Company anticipates payments of $864,646 during the next fiscal year to eligible participants who terminated during fiscal 2016.

NOTE 10. NOTES PAYABLE

Notes payable at September 30, 2017 and 2016, are as follows:

	2017	2016
Note accrues interest at 3.50% per annum, payable in 53 equal monthly payments beginning on March 1, 2013 with an estimated balloon payment at maturity of $2,412,244. The note is fully secured by real estate held by FCFS and matured August 2017.	$ -	$ 3,010,182

NOTE 11. COMMON STOCK

The common stock of FCFS at September 30, 2017 and 2016, is as follows (see Note 13):

	2017	2016
Par value per share	$ 0.01	$ 0.01
Number of shares authorized	7,332,000	7,332,000
Number of shares issued	6,336,672	6,336,672
Number of shares repurchased and held as treasury stock	178,584	178,584
Number of shares outstanding	6,158,088	6,158,088

During the years ended September 30, 2017 and 2016, no treasury shares were issued.

NOTE 12. CASH DIVIDENDS AND DISTRIBUTIONS TO STOCKHOLDERS

As a 100% owned ESOP, the dividend is paid to the Trust for liquidation of terminated participants. During the years ended September 30, 2017 and 2016, there were dividends paid to the ESOP of $2,014,041 and $2,452,170, respectively.

NOTE 13. EMPLOYEE STOCK OWNERSHIP PLAN

On November 11, 2002, FCFS repurchased all of its outstanding stock (the Redemption Transaction), pursuant to the terms of the 1998 Shareholders' Agreement, to establish the First Command Financial Planning, Inc. Employee Stock Ownership Plan (ESOP). The price paid in the Redemption Transaction was $28.24 per share.

Immediately following the redemption, FCFS' voting common stock and nonvoting common stock was split 27.24 to 1 in the form of a dividend, and such nonvoting common stock was converted to voting common stock, resulting in a fair value of $1.00 per share. FCFS then sold 7,332,000 voting common shares to the ESOP Trust.

Participants in the FCFP Profit Sharing Plan and Trust (PSP) were given the right to transfer all or a portion of their respective PSP account balances (consisting solely of employer contributions) on a voluntary basis to the ESOP, after receiving certain information relating to the proposed transaction between FCFS and the ESOP.

FCFP designated an independent ESOP trustee to act exclusively in the interest of the ESOP participants under the terms of the ESOP, its related trust, and applicable regulatory requirements, in connection with any transactions involving the purchase of FCFS stock by the ESOP.

FCFS entered into the FCFS Stock Purchase Agreement with the ESOP, containing the following provisions:

- The ESOP acquired 100% of the post-split voting common stock of FCFS for a price that did not exceed fair market value (as determined by an independent appraiser engaged by the Trustee of the ESOP) of such shares.
- The value of the FCFS common stock will be based on the fair market value as determined by an independent appraiser, taking into consideration all qualified and nonqualified deferred compensation plans and the FCFS Eligible Agents' Compensatory and Retention Program.
- The Board may declare an annual dividend in its complete and sole discretion.

The ESOP is a qualified non-contributory employee stock ownership plan and covers substantially all employees, as described in the ESOP Plan document. The number of shares available to be allocated to eligible employees will be determined by the number of shares repurchased each year from terminated participants. The ESOP Trust has the right and FCFS has the obligation to repurchase shares at the current market value at the discretion of the ESOP trustee. The ESOP contribution expense for the years ended September 30, 2017 and 2016, totaled $6,159,803 and $5,777,854, respectively, and is included on the accompanying consolidated statement of operations in general and administrative expenses.

NOTE 14. PROFIT SHARING PLAN

FCFS has a qualified, non-contributory employee Profit Sharing Plan, which covers substantially all of the Company's employees. There was no contribution to the Profit Sharing Plan in 2017 or 2016.

NOTE 15. INCOME TAXES

For the years ended September 30, 2017 and 2016, the Company is a Subchapter S corporation, and its income is generally not subject to federal income taxes, with the exception of FCLIC, which is a C corporation subsidiary.

FCLIC's deferred tax balances as of September 30, 2017 and 2016, consist of the following:

	2017	2016
Deferred acquisition costs	$ 1,360,305	$ 1,392,215
Unrealized investment gains (losses)	1,037,997	1,414,621
Policy reserves and premium advances	2,348,834	2,163,550
Other	(2,342)	(7,461)
Deferred tax liability	$ 4,744,794	$ 4,962,925

FCLIC's deferred tax liability at September 30, 2017 and 2016, is included in accounts payable and other liabilities in the consolidated balance sheets.

The components of the provision for income taxes as of September 30, 2017 and 2016, are as follows:

	2017	2016
Current tax expense	$ 267,965	$ 369,881
Deferred tax expense	158,493	112,197
Provision for income taxes	$ 426,458	$ 482,078

NOTE 16. OTHER COMPREHENSIVE INCOME (LOSS)

The tax effects allocated to each component of other comprehensive income (loss) on available for sale marketable securities is shown in the table below. All taxes are related to gains on sale or change in market value on securities owned by FCLIC. The reclassification adjustment is included in gains on sale of marketable securities, net in the accompanying consolidated statements of operations.

2017	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net change in unrealized gains during the period	$ 2,079,421	$ 414,603	$ 2,494,024
Reclassification adjustment for net (gains) included in net income	(1,641,997)	(37,980)	(1,679,977)
Net change in other comprehensive income	$ 437,424	$ 376,623	$ 814,047
2016			
Net change in unrealized gains during the period	$ 4,538,122	$ (788,402)	$ 3,749,720
Reclassification adjustment for net losses (gains) included in net income	1,969,705	(35,620)	1,934,085
Net change in other comprehensive income	$ 6,507,827	$ (824,022)	$ 5,683,805

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB requires disclosure of fair value information about financial instruments, whether or not recognized on the balance sheet, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. FASB excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. This disclosure does not and is not intended to represent the fair value of the Company.

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS - CONTINUED

A summary of the carrying amounts and estimated fair values of financial instruments at September 30, is as follows:

2017	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	$ 68,668,782	$ 68,668,782
Marketable securities, trading	32,284,640	32,284,640
Marketable securities, available-for-sale	156,185,911	156,185,911
Bank investments, held-to-maturity	323,058,884	320,594,076
Bank investments, available-for-sale	84,306,634	84,306,634
Federal Home Loan Bank stock	3,124,100	3,124,100
Loans	276,919,885	274,476,186
Deposits	674,605,184	674,615,636
Federal Home Loan Bank Advances	20,000,000	20,000,000

2016	Carrying Amount	Estimated Fair Value
Cash and cash equivalents	$ 44,414,342	$ 44,414,342
Marketable securities, trading	26,664,969	26,664,969
Marketable securities, available-for-sale	144,921,212	144,921,212
Bank investments, held-to-maturity	292,707,108	293,514,101
Bank investments, available-for-sale	87,070,078	87,070,078
Federal Home Loan Bank stock	3,094,100	3,094,100
Loans	285,291,213	285,654,118
Notes payable	3,010,182	3,056,132
Deposits	650,352,228	650,366,088

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents - The carrying amounts reported in the consolidated balance sheets for cash and Bank's cash and due from banks approximate their fair value.

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS – CONTINUED

Marketable Securities and Bank Investments - The fair value of marketable securities and Bank investments is based on prices obtained from independent pricing services, which are based on quoted market prices for the same or similar securities.

Federal Home Loan Bank Stock - The fair value of FHLB stock approximates carrying value as no ready market exists for such stock and it has no quoted market value.

Loans - For variable-rate loans that reprice frequently with no significant change in credit risk, fair values are generally based on carrying values. The fair value for other loans is estimated using discounted cash flow analyses, with interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest approximates its fair value.

Notes Payable - The fair value of notes payable is estimated using discounted cash flow analyses using the Company's borrowing rate with similar terms and maturities.

Deposits - FASB defines the fair value of demand deposits as the amount payable on demand. The carrying amounts for variable-rate money market accounts approximate their fair value. Fixed-term certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities. The carrying amount of accrued interest approximates its fair value.

Federal Home Loan Bank Advances - The fair value of FHLB overnight advances approximates carrying value as these federal funds are purchased and sold for one-day periods.

Fair Value Measurements - The investments carried at fair value have been classified, for disclosure purposes, based on a hierarchy established by GAAP, which consists of three levels to indicate the quality of the fair value measurements as described below:

Level 1 - fair values are based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 - fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that can otherwise be corroborated by observable market data.

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS – CONTINUED

Level 3 - fair values are based on inputs that are considered unobservable where there is little, if any, market activity for the asset or liability as of the measurement date. In this circumstance, the Company has to rely on values derived by independent brokers or internally-developed assumptions. Unobservable inputs are developed based on the best information available to the Company which may include the Company's own data or bid and ask prices in the dealer market.

Some of the Company's mutual fund holdings within the EDA and DCCP portfolios are actively traded and fair values are based on quoted prices in active markets which the Company is able to access as of the measurement date, therefore the Company has classified these securities as Level 1. The remaining mutual fund holdings consist of accounts within the Company's discretionary managed mutual fund account program known as Asset Managed Solutions (AMS). The AMS accounts were created with different investment objectives and each portfolio is comprised of mutual fund and money market instruments that are priced daily and are classified as Level 1.

The Company's marketable securities and bank investments classified as available-for-sale are publicly traded debt and equity instruments, but the majority were not traded with enough frequency for the market to be considered active and direct quotes are not generally available. Management therefore determines the fair values of these securities after consideration of data provided by third-party pricing services and an independent broker/dealer. Prices provided by the independent broker/dealer are not binding offers but are estimated exit values. They are based on observable market data inputs which can vary by security type. Such inputs include benchmark yields, available trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and other market data. Where possible, these prices were corroborated against other independent sources. The Company has classified these securities as Level 2.

The Company has also classified holdings in United States government sponsored debt securities held in the trading portfolio as Level 2 securities as they are priced using an OAS model whose pricing incorporates LIBOR/Swap forward curves and credit spreads. For any securities where an independent quote cannot be obtained and management judgment is required to assign fair value, such assets are considered to be Level 3.

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS – CONTINUED

The following table summarizes the investments measured at fair value on a recurring basis as of September 30, 2017 and 2016:

	Fair Value Measurements at September 30, 2017, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Marketable securities, trading				
Debt securities issued by the U.S. government or sponsored agencies	$ -	$ 2,003,388	$ -	$ 2,003,388
Mutual funds	30,281,252			30,281,252
Total marketable securities - trading	$ 30,281,252	$ 2,003,388	$ -	$ 32,284,640
Available-for-sale				
Bonds				
Debt securities issues by the U.S government or sponsored agencies				
Agency notes	$ -	$ 296,106	$ -	$ 296,106
Collateralized mortgage obligations	-	6,144,243	-	6,144,243
States, municipalities and political subdivisions	-	6,277,312	-	6,277,312
Trust Preferred		1,444,695		1,444,695
Corporate debt securities	-	101,676,893	-	101,676,893
Asset-backed securities	-	188,364	-	188,364
Total bonds	-	116,027,613	-	116,027,613
Equities				
Mutual funds	40,158,298	-	-	40,158,298
Total equities	40,158,298	-	-	40,158,298
Total available-for-sale	$ 40,158,298	$ 116,027,613	$ -	$ 156,185,911
Bank investments, available-for-sale				
Corporate debt securities	$ -	$ 78,390,277	$ -	$ 78,390,277
Mutual funds	5,916,357	-	-	5,916,357
Total Bank available-for-sale	$ 5,916,357	$ 78,390,277	$ -	$ 84,306,634

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS – CONTINUED

	Fair Value Measurements at September 30, 2016, Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Marketable securities, trading				
Debt securities issued by the U.S. government or sponsored agencies	$ -	$ 2,005,189	$ -	$ 2,005,189
Mutual funds	24,659,780	-		24,659,780
Total marketable securities - trading	$ 24,659,780	$ 2,005,189	$ -	$ 26,664,969
Available-for-sale				
Bonds				
Debt securities issues by the U.S government or sponsored agencies				
Agency notes	$ -	$ 300,694	$ -	$ 300,694
Collateralized mortgage obligations	-	6,510,679	-	6,510,679
States, municipalities and political subdivisions	-	6,063,306	-	6,063,306
Trust Preferred	-	1,823,411	-	1,823,411
Corporate debt securities	-	95,055,705	-	95,055,705
Asset-backed securities	-	179,206	-	179,206
Total bonds	-	109,933,001	-	109,933,001
Equities				
Mutual funds	34,988,211	-	-	34,988,211
Total equities	34,988,211	-	-	34,988,211
Total available-for-sale	$ 34,988,211	$ 109,933,001	$ -	$ 144,921,212
Bank investments, available-for-sale				
Corporate debt securities	$ -	$ 81,003,163	$ -	$ 81,003,163
Mutual funds	6,066,915	-	-	6,066,915
Total Bank available-for-sale	$ 6,066,915	$ 81,003,163	$ -	$ 87,070,078

NOTE 17. FAIR VALUES OF FINANCIAL INSTRUMENTS – CONTINUED

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis, in certain circumstances such as evidence of impairment, and are subject to fair value adjustments. Financial assets measured at fair value on a non-recurring basis during the reported periods include certain impaired loans reported at fair value based on an estimate of discounted cash flows.

The following table presents impaired loans that were remeasured and reported at fair value through a specific valuation allowance allocation of the allowance for loan losses and classified as Level 2 as of September 30, 2017 and 2016:

	2017	2016
Carrying value of impaired loans before allocations	$ 330,505	$ 1,166,643
Specific valuation allowance allocations	(56,120)	(48,268)
Fair value	$ 274,385	$ 1,118,375

NOTE 18. NET CAPITAL REQUIREMENTS OF SUBSIDIARIES

First Command Financial Planning, Inc. - FCFP is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At September 30, 2017, FCFP had net regulatory capital of $5,231,684 which was $4,928,093 in excess of its required net capital of $303,591. FCFP's aggregate indebtedness to net capital ratio was .87 to 1. At September 30, 2016, FCFP had net regulatory capital of $2,660,817 which was $2,343,524 in excess of its required net capital of $317,293. FCFP's aggregate indebtedness to net capital ratio was 1.79 to 1.

During the years ended September 30, 2017 and 2016, FCFP declared and paid dividends of $2,000,000 and $24,000,000, respectively, to its parent company, FCFS.

First Command Life Insurance Co. - FCLIC is subject to various statutory capital requirements administered by the Texas Department of Insurance. FCLIC's minimum capital and minimum surplus requirements are each $700,000 for a total $1,400,000. As of September 30, 2017, FCLIC's statutory capital was $11,088,230. FCLIC is also subject to risk-based capital requirements. Management believes FCLIC exceeded the risk-based capital levels as of September 30, 2017. At September 30, 2017, $30,822,379 of FCLIC assets were pledged to the ceding insurance company as a term of the reinsurance agreement.

NOTE 18. NET CAPITAL REQUIREMENTS OF SUBSIDIARIES – CONTINUED

FCLIC declared and paid dividends of $350,000 and $350,000, respectively, to its parent company, FCFS, during the years ended September 30, 2017 and 2016.

First Command Bank and First Command Financial Services, Inc. - The Bank and FCFS are subject to various regulatory capital requirements administered by its primary federal regulators, the Office of Comptroller of the Currency (OCC) and the Federal Reserve Bank. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct effect on the Bank, FCFS, and the consolidated financial statements. Under the regulatory capital adequacy guidelines, the Bank and FCFS must meet specific capital guidelines involving quantitative measures of the entities' assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices.

As of September 30, 2017 and 2016, the most recent notification from the OCC categorized the Bank as well-capitalized. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category.

	Actual		Minimum plus Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2017						
Total Capital (to risk-weighted assets)						
FCFS	$81,453,459	9.95%	$75,723,065	9.25%	$81,862,773	10.00%
FCB	64,263,129	14.39%	41,308,822	9.25%	44,658,186	10.00%
Tier I Capital (to risk-weighted assets)						
FCFS	70,333,362	8.59%	58,338,208	7.13%	65,502,549	8.00%
FCB	62,291,726	13.95%	31,815,667	7.13%	35,722,854	8.00%
Common Equity Tier I (to risk weighted assets)						
FCFS	70,333,362	8.59%	47,079,957	5.75%	53,220,821	6.50%
FCB	62,291,726	13.95%	25,675,801	5.75%	29,024,819	6.50%
Leverage Ratio (to quarterly average assets)						
FCFS	70,333,362	6.60%	42,626,280	4.00%	53,282,850	5.00%
FCB	62,291,726	8.30%	30,020,109	4.00%	37,525,136	5.00%

NOTE 18. NET CAPITAL REQUIREMENTS OF SUBSIDIARIES – CONTINUED

	Actual		Minimum plus Capital Conservation Buffer		To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 2016						
Total Capital (to risk-weighted assets)						
FCFS	$71,724,553	8.85%	$69,901,047	8.63%	$81,044,693	10.00%
FCB	61,984,880	13.83%	38,656,514	8.63%	44,819,147	10.00%
Tier I Capital (to risk-weighted assets)						
FCFS	65,407,819	8.07%	53,696,010	6.63%	64,840,465	8.00%
FCB	59,886,627	13.37%	29,674,563	6.63%	35,833,434	8.00%
Common Equity Tier I (to risk weighted assets)						
FCFS	65,407,819	8.07%	41,538,423	5.13%	52,682,878	6.50%
FCB	59,886,627	13.37%	22,955,794	5.13%	29,114,665	6.50%
Leverage Ratio (to quarterly average assets)						
FCFS	65,407,819	6.39%	40,943,862	4.00%	51,179,827	5.00%
FCB	59,886,627	8.15%	29,392,210	4.00%	36,740,262	5.00%

The Bank and the Company must maintain certain minimum capital ratios as set forth in the table above for capital adequacy purposes. Effective January 1, 2016, the Company and Bank were required to maintain a capital conservation buffer above certain minimum capital ratios for capital adequacy purposes in order to avoid certain restrictions on capital distributions and other payments including dividends, share repurchases, and certain compensation. The conservation buffer was 0.625% at September 30, 2016 and 1.25% at September 30, 2017. At September 30, 2017 and 2016, the Bank and the Company exceeded the capital conservation buffer requirement. Once fully phased-in, which will be on January 1, 2019 for the Company and Bank, the organization must maintain a balance of capital that exceeds by more than 2.5% each of the minimum risk-based capital ratios in order to satisfy the requirement. Management believes, as of September 30, 2017, that the Bank and Company meet all capital adequacy requirements to which they are subject and there were no conditions or events subsequent to September 30, 2017 that would change the Bank's or Company's category.

NOTE 18. NET CAPITAL REQUIREMENTS OF SUBSIDIARIES – CONTINUED

The Company's total risk based capital includes $9,148,694 and $4,156,643 of subordinated debt at September 30, 2017 and September 30, 2016, respectively. As previously discussed in Note 1, the net amount of the NAP qualifies as part of regulatory total capital.

The payment of dividends from the Bank to FCFS may be subject to certain capital or regulatory restrictions. During the years ended September 30, 2017 and 2016, the Bank paid dividends of $11,200,000 and $10,100,000, respectively, to its parent company, FCFS.

The Company maintains deposits with the Federal Reserve Bank in accordance with the reserve requirements of Regulation D, issued by the Federal Reserve Board. At September 30, 2017 and 2016, the Company's required balance was approximately $13,804,000 and $11,727,000, respectively.

NOTE 19. COMMITMENTS AND CONTINGENCIES

The Company is not currently involved in or aware of any litigation that it believes could have a material adverse effect on its financial condition or results of operations.