

Leader

INSURANCE RATES

2019 CALENDAR PHOTO
CONTEST WINNERS

AVOIDING NUISANCE
COMPLAINTS



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Leader

is published quarterly for stockholders, directors and friends of AgCredit, Agricultural Credit Association.

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PHOTO BY JASON LAUBACHER, OTTAWA COUNTY



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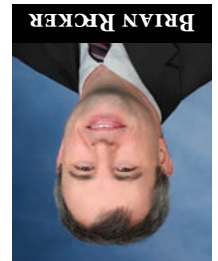
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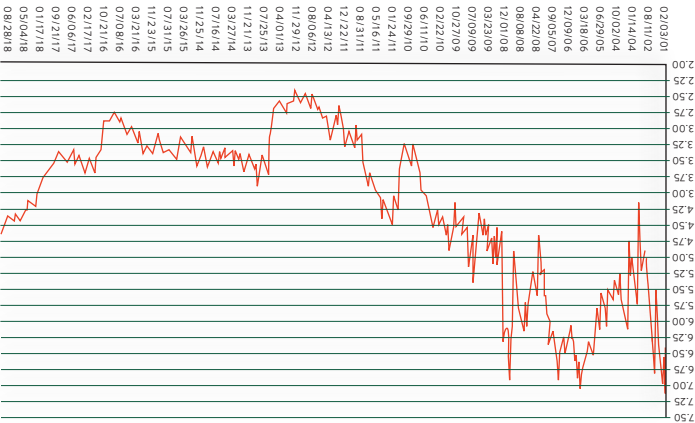


BRIAN RICKER

INTEREST RATES

until October 2018. From an eighteen-year history, rates are still low, and though increasing, remain well below the levels from the early 2000's. We urge you to review how higher interest rates might impact your farm operation.

Fixed Direct Note Rate Trends 2001-2018



Historic rate trends – rising but historically low

- Historic rate trends
- The yield curve
- Higher interest rates impact
- Future regulatory changes

Many of us would love to have a crystal ball telling us the future direction of interest rates. We know there are many factors affecting interest rates including economic growth, monetary policy, fiscal policy and the supply and demand for credit. With the cost of borrowing increasing over the past few years, I thought it would be a timely opportunity to discuss several current topics related to interest rates including:

From December 2008 to December 2015, the Federal Funds Rate remained unchanged at .25%. The Federal Funds Rate is the interest rate at which depository institutions lend their reserve balances to other depository institutions overnight. It is one of the most important interest rates in the U.S. economy, as it drives the Prime Lending Rate, an index used for many consumer loans. The Federal Open Market Committee (FOMC), who meets eight times per year, determines the Federal Funds Rate.

The LIBOR index, a reference rate for many floating rate loans, was also at record lows during the same period and it remained relatively unchanged during the same 7-year period. LIBOR (London Interbank Offered Rate) is a benchmark rate changing daily, that leading global banks charge one another for short-term loans.

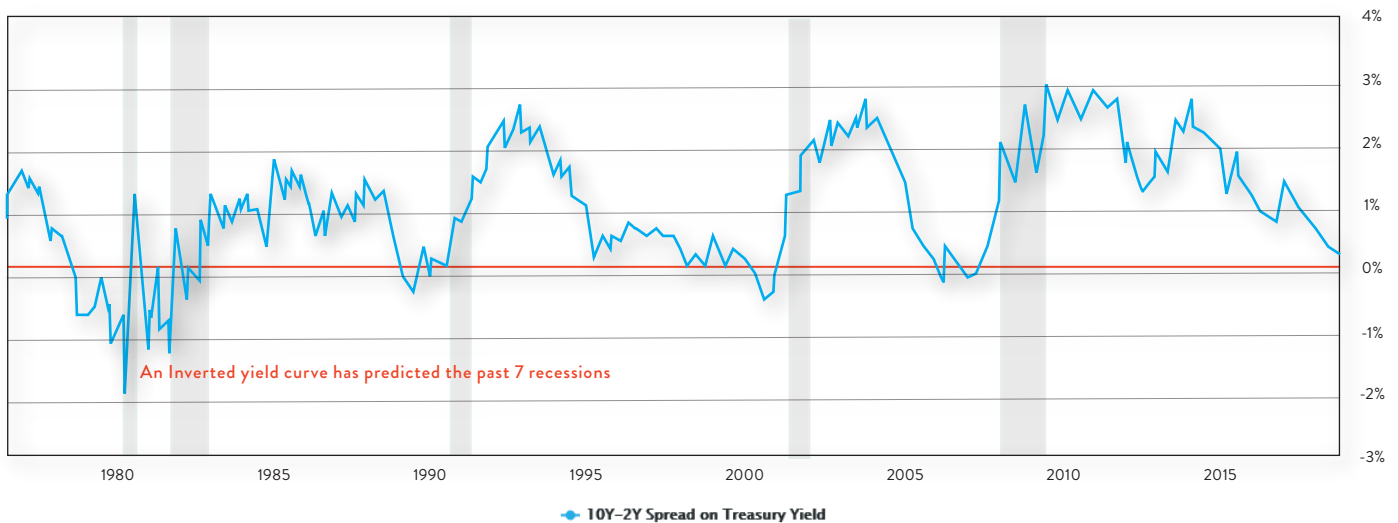
While variable rates were flat, fixed rates per the following chart, were migrating downward by nearly 300 bps from 2008 to 2015 (300 bps is the equivalent of 3%). There seemed to be no end for low rates and low volatility and it was evident these were unprecedented times. The low rate environment was due to a stagnant US general economy, low inflation and the need for a more expansionist monetary policy. Today, we are experiencing a growing U.S. general economy, increasing interest rates and a more contractionary monetary policy. Since December 2015, the Federal Funds Rate has increased to 2.25% (as of this writing) with additional increases expected. The one-month LIBOR increased 2.0% with the 1-month index at 2.25% as of mid-October. The following chart is a representation of AgCredit fixed rates and it shows them increasing approximately 235 bps from 2012

Yield curves – normal, flat or inverted

Yield curves are a graph in which interest rates (yields) of fixed interest securities are plotted against the length of time they have to maturity. The curve shows the relation between the interest rate and the time to maturity. A normal yield curve is one where shorter-term instruments have a lower yield than long-term instruments of the same credit quality giving the yield curve an upward slope.

As the yield flattens, an inverted yield curve can result and long-term instruments have a lower yield than short-term instruments of the same credit quality. Though an inverted yield curve is rare, it is considered a predictor of an economic recession. As an example, when the two-year treasury rate is higher than the ten-year there is an inverted yield curve. As the following graph demonstrates, the last seven recessions had an inverted yield curve prior to the recession. Recently, the treasury yield curve has been receiving greater attention due to the curve flattening and moving to a higher potential for inversion.

Historical 10Y-2Y Spread on Treasury Yield



Interest rate changes – impacts many financial decisions

The cost of capital affects many business decisions. With interest rates at unprecedented low levels for many years, it was easy to get used to this low cost of capital. The cost of capital refers to the opportunity cost of making a specific investment. It is the rate of return that could be earned by putting the same money into a different investment with similar risk. For example, when interest rates were at historic lows, the cost to carry assets was also low and it would help mask inefficiencies within the asset base of an operation. It may be wise to think about the cost of capital in regards to the timing issues with the sale of crops/inventory, the purchase of inputs, carry in the grain market and capital purchases.

How much of an impact will higher interest rates have on land values? Though interest rates are still low from a historic perspective, if they continue to increase, a higher cost of capital in most cases would have a negative effect on land values.

Currently seventy-nine percent of all loans within our portfolio have fixed rates and they provide a welcomed hedge against higher interest rates. Unfortunately, fixed rates were not readily available to farm operations during the 1980's farm crisis. Future fixed rate loans though, will carry a higher interest cost compared to a loan from a few short years ago.

Potential regulatory change - LIBOR index

The LIBOR (London Interbank Offered Rate) index has been the dominant reference rate for financial instruments, particularly floating rate loans. In July 2017 the regulatory agency supervising LIBOR announced it will phase out its support of LIBOR by the end of 2021. Banking regulators have been expressing concern about LIBOR over the past several years. The concern is related to a declining volume of borrowing to calculate the LIBOR rate. A possible alternative being researched is the Secured Overnight Financing Rate (SOFR). The Federal Reserve began publishing a SOFR index in April 2018. The SOFR is preferable to LIBOR because it is based on actual transactions and it will be a more actively traded market. The Farm Credit System is actively monitoring and participating in discussions about the possible phase-out of LIBOR as a benchmark for floating rate loans. It is expected LIBOR will continue to be in use through at least 2021. In the future you will hear more about LIBOR and SOFR as more information is learned. We would anticipate any future changes to borrowers to be seamless.

We anticipate 2018 to be another prosperous year at AgCredit. One of the unique benefits of being a member of AgCredit is to share in the association profits through the return of patronage. We have been fortunate to return on average 27.9% of accrued interest in cash over the past 4 years. We are looking forward to sharing details on our association patronage and financial results in early 2019. Until then we want to wish you and yours a Merry Christmas and prosperous New Year! ■

JOE LEISER MEMORIAL AGCREDIT SCHOLARSHIPS

AgCredit issues three \$2,000 scholarship checks each August. The winners were chosen based on their applications and letters of recommendation. Here are the winners of the 2018 scholarships.

This year, all three of our scholar winners are studying at The Ohio State University.

Taylor Lutz

from Crawford County, is a junior majoring in Agriscience Education with a minor in Production Agriculture.

Megan Ritter

from Hancock County, is a senior majoring in Agribusiness and Applied Economics with a minor in Agronomy.

Josh Strine

from Marion County, is a freshman majoring in Animal Science with a minor in Agribusiness.

Since 1989, AgCredit has given over \$100,000 in scholarships.

“AgCredit is happy to encourage and reward these hardworking students. Congratulations! We wish the Joe Leiser scholarship winners success throughout their college years—continuing on to their future careers,” said Brian Ricker, President and CEO.

Congratulations to the winners and thanks to all who applied. ■



Taylor Lutz



Megan Ritter



Josh Strine

2019 CALENDAR PHOTO CONTEST WINNERS



"Little Miss Curiosity" Submitted by Emily Brinkman



Taylor Guards the Apple Harvest Submitted by Barb Snyder



Friends Forever - Submitted by Shelly Bumb



Beauty Amongst the Storm - Submitted by Emily Brinkman



Welcome to our Parlor - Submitted by Dawn Mizen



Transplanting Cabbage at Sunset - Submitted by Steve Polter



"Smells So Good!" - Submitted by Sharon Calvelage



Prepping for the Field - Submitted by Jenna Fortman



After the Rain - Submitted by Christina Meyer



Dusty Harvest - Submitted by Crystal McCown



Idgie the Chicken - Submitted by Valerie Wallis



A Little Dust - Submitted by Zoe Kent



RYAN CONKLIN

FARM TRANSITIONS THROUGH BUSINESS BUYOUTS

By RYAN CONKLIN, ATTORNEY

Back in August, Robert and I presented at Ohio Farm Bureau's Financial Essentials Workshops throughout the state. Each workshop focused on risk management, farm transition planning, or retirement. For this article we are going to concentrate on a common tool for these areas: farm buyouts.

We often use buyouts to transition a farm to the next generation. Sometimes a buyout occurs when a family member exits the farming operation while he/she is still living. The farming heir buys into the operation right away and the exiting family member receives income for retirement. In some instances, though, buyouts occur at death as part of a person's estate plan, so an estate or off-farm heir has some cash.

However, if not setup properly, a buyout can do more harm than good. Here are some key considerations to ensure your buyout proceeds as smoothly as possible.

Ensure proper structure is in place

Which of the following is easier to purchase and own: 25% of a farming LLC or 25% of a combine? If you chose the LLC, you would be correct (in my opinion). Buying shares of equipment or other assets is messy from a financial, tax, and paperwork standpoint. Purchasing shares of an LLC, however, can be completed with some simple paperwork.

Planned buyouts can be simple. Unplanned buyouts can be very tricky. Unplanned buyouts can arise when family members pass away, file for divorce, have creditor problems, or want to withdraw from the business. Some business documents require the company to immediately pay 100% cash for these shares. For a farm family, this can be extremely difficult to do. Properly-structured operating agreements and buy/sell agreements can mitigate the negative effects of these events.

Remove certain assets from business

Ideally, a farming heir should buy the assets necessary to continue the farming operation, such as equipment, inputs, supplies, tools,

and some cash. Pretend two brothers farmed together for years as a partnership and accumulated \$2 million in cash in their farm bank account. If a farming heir attempts to buy into this partnership as a 1/3 owner, then he/she will need purchase 1/3 of that cash.

For the brothers, it might be best to remove some of those funds from the partnership. Reason being, this will lower the purchase price for the farming heir, making it easier to buy into the business. Also, this should be after-tax money the brothers have worked for their entire lives. It makes sense for them to put this cash in their personal names for use in retirement or in their estate plans.

Develop purchase terms that cash flow

If a business buyout is not set up to cash flow, then there is a good chance it will fail. While some family members can complete a buyout in cash all at once, this will not work for others. Parents exiting the business can help with the buyout by financing the sale. For example, a farming heir can receive his/her parents' shares in full and, in return, he/she executes a promissory note indicating the shares will be paid in installments. In seller-financed transactions like this, the parents can actually take the shares as collateral. This separate agreement states that if the farming heir ever stops paying on the promissory note, the shares return to the parent. This gives the farming heir incentive to pay.

If the farming heir is purchasing a business entity, make sure your business attorney prepares new ownership certificates, share ledgers, and other updated documents to reflect the buyout.

Keep taxes in mind

Bringing your accountant into the process is another important step. As you might expect, taxes are going to factor into any buyout of a business. Most likely, the seller of shares is looking at some form of capital gains tax. While the legal components, such as operating agreements and purchase documents are important, receiving the "all

clear" from your accountant is essential. Remember, however, if you inherit a business, or buy out the farm after a parent passes away, the tax consequences may be minimized because assets received a step up in tax basis when the parent passed away.

Factor into your estate plan

Sometimes a business buyout can occur at death. For example, if parents want to make sure their off-farm heir receives a sufficient amount from their estate, they can include language in their estate plan to allow a farming heir to buyout the off-farm heir after the parents pass away. Oftentimes we will include favorable purchase terms to help the farming heir cash flow the transaction.

Alternatively, if a farmer funded a buyout with a promissory note, the farmer's estate plan could also forgive the debt after his/her death. Or, the plan could allow the payments to continue, except the payments now would go to the off-farm heir. Every now and then a farming heir may purchase life insurance on a parent to fund a buyout when the parent passes away. Life insurance can give the next generation some quick cash to pay a sibling for his/her share of the farming business.

Most importantly, if you are going to complete a buyout while a parent is still living, it is essential your estate plan be revised to reflect the buyout. The last thing you want is for a farming heir to pay for assets twice due to an out-of-date estate plan

If your estate plan or business documents feature a buyout of land or a farming operation, take some time to review those plans to make sure they still satisfy your goals. If necessary, review the buyout plan with your attorney and accountant. ■

A Rural Perspective: How Old I Am

BY JAMES MCCONNELL

JAMES MCCONNELL IS A MEMBER OF AGCREDIT WHO FARMS 2,500 ACRES IN SOUTHERN LORAIN COUNTY WITH HIS TWO BROTHERS.



JAMES MCCONNELL

I've noticed over the past few years that many things change as I get older. I'm not just referring to the obvious stuff like gray hair, memory recall issues, more physical aches and pains or the need to shop for hearing

aids. What has caught my attention is how differently I am viewed by the people around me.

It's all very subtle and hardly noticeable unless you happen to be on the receiving end. Such instances as a heavy parcel dropped at the end of the sidewalk by UPS and a younger person telling me not to worry about that, they would get it for me. The same goes for climbing a ladder to clean roof gutters or helping with a truckload of hay. Strangers at the hardware store or Tractor Supply (the vast majority of them are younger than I am, as would be expected) seem quicker to open the doors for me if my arms are full.

This polite courtesy is exactly what I was taught to do as a youngster for women and older folks, and I still do.

Repetitions of the above experiences and many other little things recently, including the approach of the holiday season, have put me in a reflective mood. I still spend a lot of time looking forward since I am, after all, a full time farmer. My brothers and I, along with spouses and family and willing employees, still plant crops every spring and harvest them every fall. We make business decisions that progressively have more zeros attached to them. My wife and I still have vacations we would like to take and places we want

to visit. Most importantly when thinking of the future, I have three adult daughters with husbands and six grandchildren whose futures are boundless and will be fun to watch develop.

I keep thinking of the quotation from Satchel Page that I have referred to before. When asked why he claimed he didn't know how old he actually was and that it didn't really matter to him, he is quoted as saying, "How old would you be if you didn't know how old you was?" I know how old my driver's license tells me I am. By that record I've already outlived my father by nearly seven years. He fought cancer twice and was old beyond his years. I can clearly remember watching my grandfather when he was my age still caring for his chickens and driving his tractor from his home to our farm. He looked old then and his failing eyes prevented him from being as active as he could have been. He lived into his 90's and always had a sharp mind but he certainly looked old to me. I know my grandkids think I'm old all the time and some days I'm certain my daughters do also.

When I reflect on my years to date, whether they are the actual ones shown on my driver's license or just how old I think I am, I'm reminded of an after dinner speaker I once heard. He was telling his audience how we should value every hour of our lifetimes and not waste it by assuming there would always be a tomorrow to make up for today's mistakes and wasted time. He held up an hourglass with the sand flowing and the top half darkened to where it was impossible to see how much sand was left. He likened the hourglass to each of our lives.

None of us know, regardless of how young or old we are, how much time, how much sand, we have left in our respective hourglass.

I may have wasted some of my time through bad decisions or no decisions, but overall I'm satisfied I've done fairly well so far, and here's the most important reason why I feel this way. My parents showed me there is value in serving our community and contributing some time and energy where needed. Without really trying, community involvement leads to a person's name becoming known and hopefully their efforts being appreciated. When my daughters were younger, they were often greeted by strangers "Oh, you must be Jim McConnell's daughter." I think they were proud to be known as my daughters. Now, with their own families and careers, accomplishments and contributions to their communities, I'm am now recognized as Heather's, or Elaine's or Emily's father and I couldn't be prouder. Additionally, I'm looking forward to a time not too far into the future where I will most commonly also be known as Elizabeth's, or Nate's, or Ben's, or Luke's, or David's or Braedon's grandfather.

Regardless of how old I actually am or think I am, how gray my hair gets or bad my hearing, I have a lot more on my to do list to keep me looking forward.

Happy Holidays. ■

Note: Connie Ruth will soon be retiring from her position at AgCredit and her role as editor of the Leader magazine. I owe Connie a very public and very big "Thank You". The articles I've written over the years always appear better after her editorial review than what I sent her. I wish you a long and wonderful retirement, Connie.



Avoiding Nuisance Complaints

There are several pro-active measures farmers should consider developing and implementing to help avoid nuisance complaints against their operation. Ohio Revised Code (ORC) 929.04 provides farmers who enroll their land in an agricultural district with a complete defense for nuisances involving agriculture if:

- A. The agricultural activities were conducted within an agricultural district;
- B. Agricultural activities were established within the agricultural district prior to the plaintiff's activities or interest on which the action is based;
- C. The plaintiff was not involved in agricultural production; and
- D. The agricultural activities were not in conflict with federal, state, and local laws and rules relating to the alleged nuisance or were conducted in accordance with generally accepted agriculture practices.

Recently, Smithfield Foods and its subsidiary Murphy Brown have been confronted with a number of nuisance lawsuits in North Carolina. As of press time, three lawsuits have been won by the plaintiffs.

In these cases, the neighboring landowners claimed that odors, tractor and truck traffic, and pests caused by the hog farms were affecting their quality of life, property values, and use of their property. As a result lawsuits were filed on behalf of some of the neighboring property owners against Murphy Brown, LLC, as being a nuisance. Essentially, a nuisance occurs when a defendant unlawfully or substantially interferes with the use and enjoyment of the plaintiff's property. Every state has a right-to-farm law, which provides an affirmative defense to agricultural operations facing nuisance suits if certain requirements are met. Prior to the first trial, the judge ruled the North Carolina Right-to-Farm Act

was inapplicable. Although these lawsuits are presently targeting hog operations in North Carolina, they could have far-reaching implications for all types of agricultural operations, regardless whether or not they raise livestock.

Farmers who plan to construct a new livestock facility or expand at the current site should first consider asking a neutral third party to conduct a site assessment. If the site does not meet the recommended minimum score, they should consider looking for an alternative location. The Ohio Pork Council has a site assessment scorecard specifically designed for this purpose.

Several years ago, the Ohio Livestock Coalition created a Good Neighbor Policy. The coalition believes, developing and maintaining good neighbor relations is important for all farmers. Neighbors may complain about the noise or odors from a farm, or about agricultural practices such as the application of pesticides or fertilizer simply because they do not understand why these activities are necessary. Additionally, many residents are concerned about environmental quality and the possible ways agriculture can affect the water they drink or water used for fishing or other recreational activities.

Farm and non-farm neighbors have a lot in common. Both care about their community and want to provide their families with the benefits of rural living. Farmers greatly benefit from being good neighbors. These benefits include pleasant relationships, maintaining a way of life, and ensuring the future success of the agricultural business.

Being a good neighbor means being considerate and responsible, and communicating with your neighbors. Farmers can reduce issues by giving some thought to their farming practices. It is easier and cheaper to prevent problems from escalating into conflict by communicating and building a trusting relationship with your neighbors. It will also be much easier to discuss problems when they arise.

THE COALITION RECOMMENDS FARMERS FOLLOW THREE STEPS:

Step 1

The first step to achieving and maintaining a positive relationship with the public is to behave in a responsible manner. Comply with all regulations and, where possible, exceed minimum environmental standards. Respect and appreciate neighbors' concerns about your operation's impact on their quality of life and property values.

Step 2

Appearance and neighbor relations should be a consideration when locating and managing a livestock or poultry facility. Well-maintained buildings and landscaping indicate that the producer and employees are concerned about the environment. Trees and shrubs help screen facilities and can reduce odor and noise. Manure storage and other necessary parts of the operation commonly associated with odor should be located as far from public view as possible. The direction of prevailing winds should be considered in locating livestock and poultry production facilities.

Step 3

The third step is to emphasize your positive behaviors and actions and improve the public's understanding of agriculture. Consider the following:

Get to know your neighbors. Getting to know your neighbors is the most important and simplest action you can take to help minimize conflicts. Knowing your neighbors, communicating, and having an "open door" policy makes it more likely that when they have a concern about your farm operation — such as noise or odor — they will call you directly to work it out instead of using other avenues, such as county or state governmental agencies or "word of mouth" gossip throughout the community. Also, when you have a complaint about a neighbor — such as trespassing or littering — they may be more open to discussing it with you.

Talk to your neighbors. According to many farmers, talking with your neighbors and letting them know what you are doing is very important. Farmers who take the time to explain their practices often head off conflicts. Keep your neighbors informed of pending changes and actions, such as communicating manure or pesticide management plans, including times and potential locations for application. Working with your neighbors, determine dates or locations that should be avoided. Notify your neighbors of any changes you propose and explain changes in detail. When new neighbors move into the community, visit with them and invite them to visit the farm. If you have many neighbors, consider developing a newsletter to keep them informed about what's going on at the farm.



Be a good neighbor yourself. If you expect your neighbors to be good neighbors, you must also be a good neighbor. Being neighborly means being friendly, helping them when needed, and being willing to accommodate them. Good neighbor strategies should include the following considerations:

Just use common sense. Simply using common sense can make a big difference in minimizing conflicts. The timeliness of farming means you sometimes do not have much choice about when you plant, spray or harvest. Often, however, you do have some control over when you do farm tasks. Applying manure on holiday weekends or a day when a neighbor is planning a picnic or cookout or spraying chemicals on a windy day, for example, will do little to build community harmony. Cleaning equipment and making sure it is operating properly can minimize the chance of manure, mud, or something else being dropped onto a public roadway. If something is deposited onto a public road by your equipment and machinery, clean it up immediately.

Timing is everything. Develop a farm management plan to take into account neighbors as well as the environment, while maximizing the value of farm inputs. Take time to explain what you do and why.

David White serves as AgCredit's account manager for government relations and financial services.



Stay Connected with us!    

Calendar

- December 24 & 25** Closed for Christmas
- January 1** Closed for New Year's Day
- January 21** Closed for Martin Luther King Jr. Day
- February 18** Closed for President's Day

Farm Science Review

We had a great time at Farm Science Review again this year! Thanks to all who stopped by to see us in the Ohio Cattlemen's Association tent. Congratulations to our prize winners for the week!

Instant Pot Daily Prize Winners:

Grand Prize Winner of ORCA Cooler: Eric Bauman of Henry County (Not Pictured)



Tuesday: Howard Buck of Morrow County



Wednesday: Kelly Shaw of Logan County



Thursday: Nicki Biery of Hancock County (pictured is her mom, Kathy)



Pee Wee Shows

We had a wonderful time sponsoring Pee Wee Swine Shows throughout our territory this summer! This year's shows took place at the Ottawa, Wood, Wyandot, Hancock and Seneca county fairs as well as the Attica Independent fair. These shows give kids that aren't quite old enough to be in 4-H yet a chance to show a pig and participate in their local county fair. We had over 200 kids participate in our Pee Wee shows this year! We look forward to sponsoring the shows again in 2018.



Mark Pepple Classic

The 2nd Annual Mark Pepple Classic took place on August 31. The show was sponsored by AgCREDIT in memory of longtime team member, Mark Pepple.

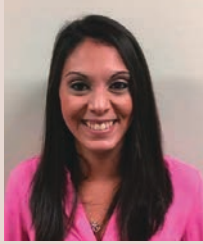
Mark started the calf club project in Hancock County many years ago so it seemed fitting to continue the show in his honor. Cash prizes were awarded to winners and many of Mark's family members and AgCREDIT teammates were there to support the show. Mark left a huge impact on agriculture in Hancock County and we hope to continue this show for many years to come.



New Employees – Welcome!



Neeta Shuff
began her career with AgCredit as an Account Officer in the Mt. Gilead branch in August.



Cynthia Fischer
joined the Norwalk team in August as part-time Loan Assistant.



Matthew Adams
began his career at AgCredit in September as an Account Officer in the Van Wert branch.



Phillip Young
joined the Van Wert team as an Account Officer in September.



Raven Carroll
joined the Mt. Gilead team as a part-time Scan Reviewer in October.

Promotions – Congratulations!



Kayla Laubacher
was promoted to Marketing Coordinator in August.



Heather Brickner
was promoted to Branch Manager of the Ottawa office in August.



Lisa Shumaker
was promoted to Chief Appraiser in September.



Betty Leap
retired on December 1 after working in the Ottawa office for the past 14 years.



Connie Ruth
will be retiring on January 1 from the Marketing Specialist position after 22 years of service.

Transfers



Melva Roof
accepted the Branch Operations Assistant position in July.



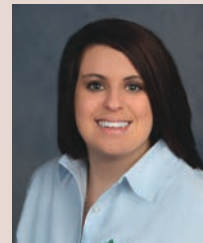
Nicole Lucas
transferred to the Loan Accountant Position in Kenton in August.



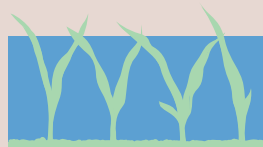
Zac Maag
will be transferring from the Findlay Office to the Ottawa Office.



Tom Hageman
will be transferring from the Findlay Office to the Ottawa Office.



Calla Miller
will be transferring to the Loan Accountant Position in Ottawa in October.



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AgCredit Mission Fund Recipients

We are excited to announce the recipients from the first year of the AgCredit Mission Fund. A team of AgCredit employees, directors and members reviewed the applications and awarded the funds. Competition was strong as all organizations that applied were working towards bettering our community. The 2019 AgCredit Mission Fund application will be available on our website in March 2019.

Center for Innovative Food Technology, Lucas County, \$10,000

Their goal is to train Ohio teachers to help students secure the credential before graduation and choose a career in agribusiness, food science/processing or farming. The funds will be used to develop a professional teacher training pilot focused on modern farming and food science. This training will target 30 middle and high school educators to help them deliver custom curriculum focused on food science and ultimately educate and equip students for a career in agribusiness.



Steve Weihl and Rebecca Singer

Paulding County Area Foundation, Paulding County, \$5,000

Paulding County Area Foundation is a non for profit organization with funds representing a partnership with an individual, family, business or non-profit. Funds will help the Grover Hill community purchase a building for a community library in the village.



L to R: Deanna Schroeder, Phil Young, Lisa McClure, Rod Mobley, and Matt Adams

Acres of Adventure, Inc., Crawford County, \$10,000

Acres of Adventures focuses on helping the non-farm public connect with food and farming. Funds will be used to build the Learning Center. The Learning Center will feature different areas specific to agricultural subjects including hands on exhibits to promote ag to the public. The building will also have meeting space available for different groups and events to use.



Rose Hartschuh and Darrell Swinehart

Sandusky County STEM, Sandusky County, \$10,000

This group provides outreach to high school students in Sandusky County that are interested in a career in science, technology, engineering, and math. The funds will be used to organize a science fair and scholarship competition for local high school students. The science fair will focus on the agricultural issue of nutrient runoff related to tillage methods, cover crop usage, and underground tiling.



L to R: Ruthann Buhrow, Elizabeth Royster, Doug Steinberger and Erica Bloomer

Seneca County Fair Jr Swine Committee, Seneca County, \$15,000

The Swine Committee strives to provide a safe and fun environment for the Jr. Fair youth and their families to exhibit swine at the Seneca County fair. Funds will be used to install new fans, replace 5 rows of pens, upgrade the holding/wash area, and fixing gutters and downspouts on the outside of the building.



L to R: Josh Fortney, Brian Staib, Ashley Burger, Betsy Dewald, Mandy Stacy and John Orians

Ask your account officer for more information



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You should choose
who inherits it.

Land As
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WHAT'S YOUR FAVORITE COLOR?



Whatever color equipment you choose, Farm Credit EXPRESS can finance it quickly and easily.

Farm Credit **EXPRESS**, an equipment financing program offered by Farm Credit, is available at many local dealerships. Financing is available for farm equipment, irrigation systems, equine and ag commodity trailers. The program offers great features including:

- Competitive rates and flexible terms on new and used equipment
- Easy application process with approval decision within minutes
- Fixed rates available with no prepayment penalties
- Financing for up to 100% of equipment sale price
- Farm Credit Express loan is booked to your local branch
- The opportunity to share in AgCredit's profit-sharing patronage program

For more information, contact **David White**, AgCredit's Farm Credit Express relationship manager, at 419-435-7758 extension 1602 or visit www.farmcreditexpress.com.

Participating Dealers in Our Area:

A.G. Irrigation <i>Edgerton</i>	Haar Brothers <i>Gibsonburg</i>	Randall Brothers <i>Holgate</i>
A.N. Farm Equipment <i>Shiloh</i>	Holgate Implement Sales <i>Holgate</i>	Redline Equipment <i>Archbold, Bellevue, Bowling Green, Ottawa and Sherwood</i>
Anderson Tractor Supply <i>Bluffton</i>	Homier & Sons <i>Continental, Payne</i>	Reitzel Bros. <i>Edon</i>
Bay Tractor & Turf <i>Gibsonburg</i>	Krystowski Tractor Sales <i>Wellington</i>	Rodoc Sales, Service & Leasing <i>Delphos</i>
Born Implement <i>Amherst</i>	KW Farms <i>Upper Sandusky</i>	Schmidt Machine Company <i>Upper Sandusky</i>
Buckeye Application <i>Continental</i>	MH Eby <i>West Jefferson</i>	Sensenig Ag Equipment <i>Greenwich</i>
Burkhart Farm Center <i>Bucyrus</i>	Nathan Frey Farm Equipment <i>Upper Sandusky</i>	Steiners Equipment Sales and Rental <i>Shiloh</i>
Dan's Truck Sales <i>Perrysburg</i>	North Central Ag <i>New London</i>	Tawa Equipment <i>Ottawa</i>
E & R Trailer Sales & Service <i>Middle Point</i>	Northwest Tractor Co. <i>Ottawa</i>	Tiffin Ag & Turf <i>Tiffin</i>
Evolution Ag <i>Upper Sandusky</i>	Norvin Hill Machinery <i>Greenwich</i>	Wood County Implement <i>Bowling Green</i>
Findlay Implement Co. <i>Findlay</i>	Paul Martin & Sons <i>Napoleon</i>	Wyandot Tractor <i>Upper Sandusky</i>
George F. Ackerman Company <i>Curtice</i>	Peters Used Equipment <i>Pemberville</i>	Wellington Implement <i>Ashland, Wellington</i>
Green Field Ag <i>Gibsonburg</i>	Polen Implement <i>Elyria</i>	



YEAR-END LOAN PAYMENT AND TAX POINTERS

BY GREG SIEBENALLER, JANICE KOHLS AND LOGAN KREAS

As the holiday season approaches, we are reminded year-end is just around the corner. With each year-end comes the task of deciding in which year to make loan payments for tax planning. The following are a few items to keep in mind and to assist you in planning for the end of the year when making principal or interest payments and preparing for the upcoming income tax season.

Loan Payments

- **The branches close 2018 business at 2:30 p.m. on Monday, December 31, 2018.**
 - Payments received after this time will be credited effective Wednesday, January 2, 2019 due to the New Year holiday on Tuesday, January 1.
 - If possible, make your loan payments on or before December 28, 2018, to help ensure the proper application of the payment to your account for 2018.
 - Please take into account mail time if you mail the payment to your local branch or the payment lockbox processor.
 - We give credit based on the date we receive the payment, not the date of the check or the payment postmark date.
- **Loan payments initiated through AccountAccess prior to the daily cut off time post to your account the next business day. Payments initiated before the daily cut off time on December 31, 2018 post to the loan on Tuesday, January 2, 2019.**
- The daily cut off time is generally 2:30 p.m., but may be earlier on December 31, 2018. AccountAccess provides the actual cut off time.
- **Can I pay my loan interest through year-end and get credit for it in 2018?**
 - Yes. You can pay all or a portion of your accrued interest before the end of the year. Your local branch team can assist you with determining the amount of interest you can pay.
 - If you go to your local AgCredit office to make the payment, make sure you tell the branch team you want your payment applied to interest for 2018.
 - The total interest paid during 2018 on your loans secured by real estate appear on the IRS Form 1098 Mortgage Interest Statement or as part of the annual statement you receive from AgCredit in January 2019.
 - Consult with your tax preparer concerning if or how to correctly report an interest deduction.

- **May I pay my January 1, 2019 real estate mortgage loan payment in 2018 and get credit for the interest in 2018?**
 - Yes. You can pay the entire payment before 2:30 p.m. on Monday, December 31, 2018 to ensure you receive credit for the payment in 2018. Again, we encourage you to pay it on or before Friday, December 28 to ensure the proper application to your account prior to the last business day on December 31.
 - You cannot use escrow (funds held) interest credit to pay a portion of the payment and get credit in 2018.
 - It is very important for you to provide clear instructions to the branch team as to whether you want to receive credit for your payment in 2018 or 2019.

Review 2018 Payments through AccountAccess

You can help ensure the accuracy of your loan transactions for 2018, especially your interest payments.

- Use AccountAccess to review your loans to make sure payments were applied in 2018 as you intended.
- Doing this well before December 31 gives you time to notify the office of any changes you think are needed and allow time for your branch team to make the changes in 2018.
- This helps make sure your tax and other annual statements are correct.

IRS Informational Returns

- **We report informational returns under the taxpayer identification number (social security number or employer identification number) for the person or entity listed as the primary borrower for the borrowing entity.**
- **Statements are available on AccountAccess in mid-January 2019. Paper forms, along with your Member Summary Statement, will be mailed out in late January.**

1098 – Mortgage Interest Statements – This form shows interest paid to AgCredit in 2018 for any loan secured by real property and made to a person (an entity using a social security number for their tax identification number). Any interest refinanced or paid with funds from another loan is not reported. Only interest paid by you is reported on this statement.

1099-INT – Interest Income – This form shows interest of \$10 or more earned on funds in escrow (funds held) and/or Voluntary Advanced Conditional Payment Account (also referred to as VACP or Reserve Account) during 2018.

1099-DIV – Dividends and Distributions – This form shows dividends of \$10 or more earned during 2018 on Class A Preferred stock you have with AgCredit.

1099 PATR – Taxable Distributions Received from Cooperatives – This form shows the amount of taxable patronage you received, by either check or notice, during the 2018 tax year. Any patronage refund and disbursement of allocated equities is at the discretion of the board of directors. The taxable patronage for 2018 includes the following:

- 2017 cash patronage distributed in late March or early April 2018.
- 2012 Nonqualified Allocated Surplus distributed in September 2018.

Nonqualified allocated equity is taxable in the year distributed to you in cash.

Once you receive your tax statements through AccountAccess or by mail, please review them carefully for accuracy. If you find an error, please notify your local branch team right away. If you notify us in time, we can make corrections and have new notices issued to you through our normal, automated process.

Member Summary Statements

We produce and mail summary statements to each borrowing entity at the end of January 2019. The statement is available online via AccountAccess in mid-January 2019. This is an informational statement. It is not sent to the IRS.

Your member summary statement shows beginning and ending loan balances, interest paid, fees or late charges paid, stock and allocated equity balances.

AccountAccess

Conveniently manage your account information anytime from anywhere with AccountAccess.

- Free, 24/7 access to your account.
- Quicker availability of your 2018 IRS informational tax forms and member summary statement.
- Request draws on your line of credit and make loan payments, day or night, from your home or business at your convenience.
- See loan balances, loan activity, YTD interest paid, billing statements, upcoming payments and more.
- Avoid late fees. Your payment is posted as soon as the next business day.
- Link up to three separate checking or savings accounts to make your payment.
- Download our free mobile banking app to your smart phone from the Apple App store and from the Google Play store for Android devices. Search for AgCredit Mobile.

If you want to sign up for AccountAccess or have forgotten your password, contact the customer support center at 1-844-275-9534 and a customer representative will help you or email AASupport@farmcredit.net.

As you look back on and close out 2018, remember to jot down your inventories and other information necessary to complete a balance sheet and income statement in preparation for the completion of the financial analysis of your business. If you need assistance with this process, contact your AgCredit account officer.

Finally, all of AgCredit's team members say, "Thank you," for choosing to do business with AgCredit. We wish you a blessed holiday season.

FFA 110 PERCENT AWARDS

We are proud to recognize the hard work and dedication these students give to their FFA chapters by awarding the 110% Award. This award is given to students who go above and beyond to give 110% effort to their chapters. Congratulations to this year's winners. ■



Madison Tieben
Colonel Crawford | Crawford County
Bucyrus Branch



Emily Rudd & Connor Miller
Wynford | Crawford County
Bucyrus Branch



Dalton Holley
Liberty Benton | Hancock County
Findlay Branch



Trenton Overmyer
Oak Harbor | Ottawa County
Fremont Branch



Mariah Kiser
Lakota | Sandusky County
Fremont Branch



Dylan Radtke
Clyde | Sandusky County
Fremont Branch



Emma Jameson
Ada | Hardin County
Kenton Branch



Dillon Beiler & Lyndon Roof
Ridgemoor | Hardin County
Kenton Branch



Cassidy Deckling
Hardin Northern | Hardin County
Kenton Branch



Wesley Troutman
River Valley | Marion County
Marion Branch



Cassie Cimino
Tri-Rivers | Marion County
Marion Branch



Autumn Landon
Elgin | Marion County
Marion Branch



Cole Brown
Ridgedales | Marion County
Marion Branch



Mayson Martin
Cardington | Morrow County
Mt. Gilead Branch



Brittany Kuykendall
Mt. Gilead | Morrow County
Mt. Gilead Branch



Noah Trainer
Northmor | Morrow County
Mt. Gilead Branch



Kaycee Burton
South Central | Huron County
Norwalk Branch



Regan Hartz
Willard | Huron County
Norwalk Branch



Mckenna Woodruff
Western Reserve | Huron County
Norwalk Branch



Madeline Baker
Plymouth | Huron/Richland County
Norwalk Branch



Haley Felty
Plymouth | Huron/Richland County
Norwalk Branch



Kyle Riggs
Lorain County JVS | Norwalk County
Norwalk Branch



Emily Niese, Tanner Inkrott & Regina Schnipke
Miller City | Putnam County
Ottawa Branch



Alex Snipes
Kalida | Putnam County
Ottawa Branch



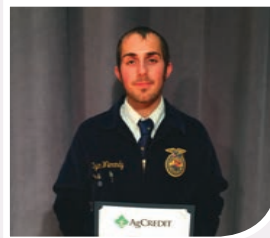
Denver Staib
Hopewell-Louden | Seneca County
Tiffin Branch



Courtney Heiser
Seneca East | Seneca County
Tiffin Branch



Heather Riedlinger
Tiffin Sentinel | Seneca County
Tiffin Branch



Dylan Weinandy
New Riegel | Seneca County
Tiffin Branch



Paige Blair
Carey | Wyandot County
Upper Sandusky Branch



Hannah Ziegler
Upper Sandusky | Wyandot County
Upper Sandusky Branch



Breannah Shane
Riverdale | Wyandot County
Upper Sandusky Branch



Evan Kuenzli
Mohawk | Wyandot County
Upper Sandusky Branch



Tori Boyd
Lincolnview | Van Wert County
Van Wert Branch




Not Pictured

NAME	SCHOOL	COUNTY	BRANCH
Anna Veryser	Elmwood	Wood	Bowling Green
Seth Pullins	Otsego	Wood	Bowling Green
Lauren Swartz	Anthony Wayne	Wood	Bowling Green
Cody Collins	Eastwood	Wood	Bowling Green
Micaela McLaughlin	Bowling Green	Wood	Bowling Green
Kendra Stahl	Buckeye Central	Crawford	Bucyrus
Nolan Fraley	Buckeye Central	Crawford	Bucyrus
Mason Jacobs	Arlington	Hancock	Findlay
Matthew Hill	Arcadia	Hancock	Findlay
Alexandra Liskai	Woodmore	Ottawa	Fremont
Nathan Tornow	Gibsonburg	Sandusky	Fremont
Mason Hogan	Genoa	Ottawa	Fremont
Hanna Snell	Fremont	Sandusky	Fremont
Delaney Althausser	Kenton	Hardin	Kenton
John Klein	Patrick Henry	Henry	Napoleon
Samantha Ives	Firelands	Lorain	Norwalk
Kotiana Barber	New London	Huron	Norwalk
Callee Aviles	Black River	Ashland	Norwalk
Sara Park	Wellington	Lorain	Norwalk
Emma Horstman	Paulding	Paulding	Van Wert

CROP INSURANCE TIPS

By THOMAS MILLIGAN



“CULTIVATORS OF THE EARTH ARE THE MOST VALUABLE CITIZENS. THEY ARE THE MOST VIGOROUS, THE MOST INDEPENDENT, THE MOST VIRTUOUS, AND THEY ARE TIED TO THEIR COUNTRY AND WEDDED TO ITS LIBERTY AND INTERESTS BY THE MOST LASTING BONDS.”

-THOMAS JEFFERSON

Another season has come and gone, and many plans are already made for the 2019 crop year. For many producers, those plans will include crop insurance. The Risk Management Agency (RMA) division of the USDA continues to change and adapt the program each year in an effort to make it more viable for more farmers. The individual companies that administer the programs are also developing their own coverage and policies.

One such policy makes available ‘Alternative Price Discovery Periods’ available. The RMA uses two discovery periods: February average and October average of November futures for soybeans and the December futures for corn. In Ohio, the prices are set at the Chicago Board of

Trade. Revenue guarantees are based on whichever monthly average is higher.

This private product allows a farmer to pick alternate discovery periods in addition to the RMA periods. The most popular periods selected by farmers are the May and/or June averages of the aforementioned futures market. It is even possible to select a two-week period for the average instead of an entire month. For example, a farmer may select the last two weeks of May and the first two weeks of June. The farmer’s guarantee would be based on whichever multiple periods resulted in the highest average of the futures. Adding discovery periods may increase the guaranteed revenue to the producer. This allows more flexibility by making available other time periods a farmer

thinks may result in higher averages than the RMA-selected months.

This is a very partial description of the available options. Please check with your crop insurance agent for the details. We would be happy to discuss this option with you. ■



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is an equal opportunity provider.*



DR. DAVID KOHL

INTELLECTUAL CAPITAL

BY DR. DAVID KOHL

David Kohl received his M.S. and Ph.D. degrees in agricultural economics from Cornell University. For 25 years, Kohl was professor of agricultural finance and small business management and entrepreneurship in the Department of Agricultural and Applied Economics at Virginia Tech, Blacksburg, Va. He was on special leave with the Royal Bank of Canada working on advanced initiatives for two years, and also assisted in the launch of the successful entrepreneurship program at Cornell University. Kohl is professor emeritus in the AAEC Department at Virginia Tech.

There is an old saying that “to get started in farming and ranching, you either have to inherit land from family, marry into it or be lucky enough to have a generous, rich neighbor gift it to you.” It is tempting to look at successful producers who have a considerable amount of land and think that anyone could be successful with such a head start. Some producers who lack access to capital without land equity can become discouraged or frustrated. This is particularly true among young and beginning farmers.

What strategies can you employ when hard collateral, such as land, is not available? How can an individual build a case for financing when their collateral consists of soft assets, such as equipment, machinery, inventory or management potential?

The answer may start with intellectual capital, which includes less tangible aspects of the business, such as the ability to plan, strategize, execute and monitor results. Whether it is a young producer, entrepreneurial startup, an individual leasing most of the asset base or a business in transition, intellectual capital is crucial in building soft collateral.

Intellectual capital is increasingly becoming a significant factor as more land and equipment assets are leased. Current trends demonstrate a focus on controlling assets rather than owning assets.

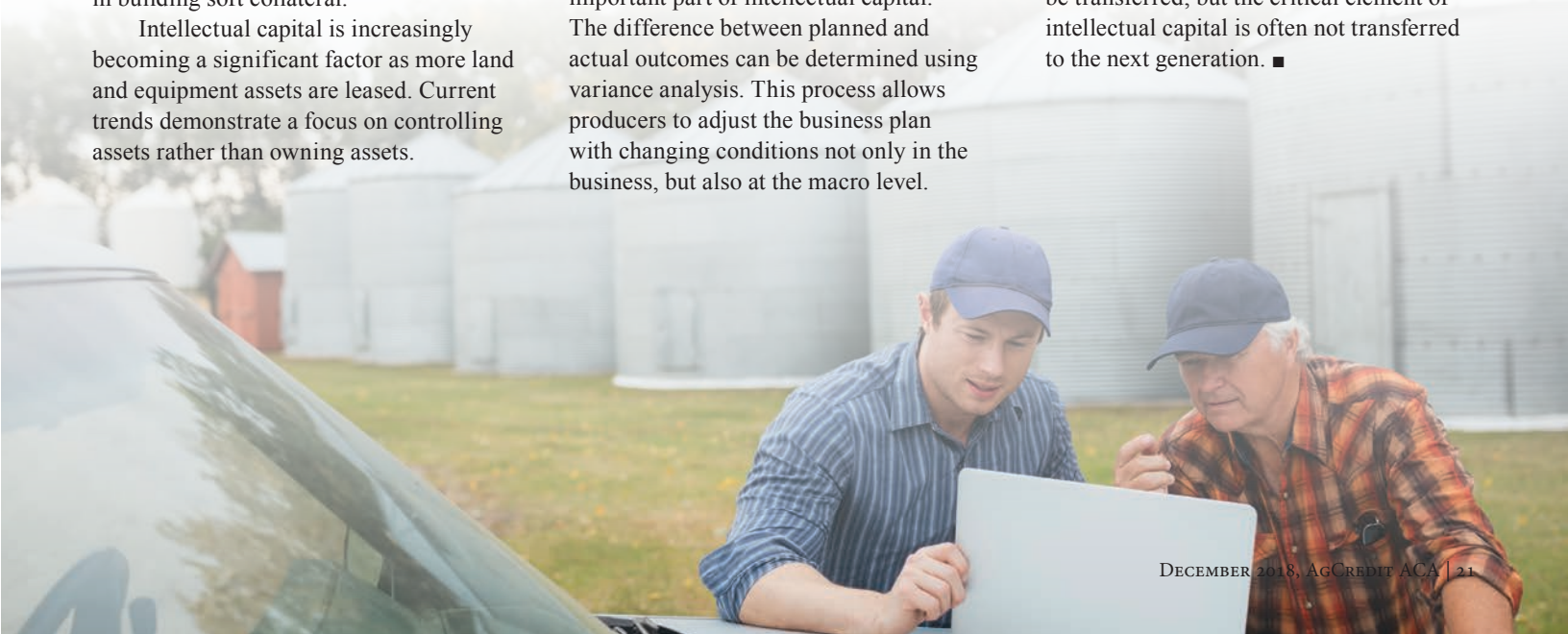
How can one build intellectual capital, or soft asset collateral, when farm real estate equity does not exist? The first element would be to build a strong business plan using clear, written ideas. The plan should detail the short- and long-term goals for the business, family and personal life. This process appears to be basic, but it requires thinking through priorities and allocating capital, time and talent resources to their highest and best use. Monitoring progress can be used to ascertain whether equity is being built. This trend analysis can be useful in building a case to lenders and investors for additional borrowing or capital if the business is in growth mode.

Projected cash flow, production plans and operating schedules linked to a marketing plan are critical. Knowledge of payment schedules, timing of costs and operating capital needs are the intellectual horsepower that can be invaluable in soft collateral assets. To top it off, a cash flow analysis and sensitivity testing of various levels of production, marketing, prices and cost can provide the boundaries of possibilities.

Regularly monitoring results is an important part of intellectual capital. The difference between planned and actual outcomes can be determined using variance analysis. This process allows producers to adjust the business plan with changing conditions not only in the business, but also at the macro level.

For example, a young farmer started his enterprise with a used pickup truck, lots of energy, ambition and a well-thought-out business plan on rented ground. Within five years, he had paid for his equipment and livestock loans with earned profits. These assets, along with a proven track record, were used as equity to acquire land assets with borrowed funds. In this particular case, the individual's and spouse's commitment to a modest lifestyle and dedication to working side-by-side with their agricultural lender were a win-win situation when land equity was non-existent.

Intellectual capital will make a significant difference in the agribusiness world, particularly considering shifts in consumer demand and market volatility. Sometimes it appears business owners who own a lot of land have a head start. However, this often leads to complacency and lack of focus on intellectual capital and management intensity. This is why it is often said that “the first generation makes it, the second generation holds the business and the third generation loses it.” Why? The hard assets, such as land, can be transferred, but the critical element of intellectual capital is often not transferred to the next generation. ■



AGATES FROM AGATHA SEMI-PRECIOUS TIDBITS OF INFORMATION



BY CONNIE RUTH, AKA AGATHA CREDIT

Agatha Credit is the nickname my late husband, Dan, bestowed upon me when I first started working at AgCredit. He enjoyed the enthusiasm I had for my new job.

It's All in the Timing

I find it hard to believe I am counting down the days until retirement. I'm sad to say "goodbye" to all of the people I have met working for this great cooperative for the past 22 years, but I am excited to start new adventures.

Twenty-two years ago when I began working at AgCredit as a customer service representative, I was happy to have a part-time job during the time my girls were in school. It worked out for me to get them on the bus and be home before the bus returned in the afternoon. Then Dan got sick and incredibly, not long after, I was offered a full-time position –with benefits! If this had happened the previous year, I wouldn't have been so fortunate. In 1996, President Clinton signed legislation so employers could offer coverage to employee families who had pre-existing conditions. This perfect timing was a game changer for our family.

Dan was able to hold down the fort at home while I transitioned to full-time employment. A year later his condition worsened and he began therapy to gain strength so he could be strong enough to undergo the lung transplant and extend his life ten more years. This would not have happened had I not had a job here.

Yes, you've heard my story. Looking back, Leader readers, you have been with me through years of mothering teenagers, nursing my husband through his long illness, eventual lung transplant and death and then moving on through sadness and challenges to find new life and love. Through all life's changes, life does go on and God carries us on to new adventures.

My new big adventure will be hosting a bed and breakfast (Airbnb) in my old farmhouse before putting it up for sale. For those not familiar with the term: Airbnb is an online marketplace to help connect people wanting to rent their homes to people who are looking for accommodations. My daughter, Anna had this brainstorm when we talked about putting the house up for sale thinking this would be a good transition before my move to Jim's smaller home two miles from mine.

Running a bed and breakfast inn was always something I dreamed of doing but quickly let go of the idea when Jim told me years ago he wouldn't be comfortable living in a traditional Bed and Breakfast. The joy of our current situation is - we have decided to downsize to his smaller home so he won't be "living" there! I am again looking forward to working in my yard and garden before eventually putting my home on the market. This seems like a logical next step for us. Jim says, "This will be the perfect bridge to the future," and I agree. Sometimes we have a brainstorm moment and we decide to change course and it is okay to change our minds!

My point is, we don't always know clearly what path our life will take. When we become adults we sometimes make choices that affect the rest of our days. Some decisions cause a chain of events to happen. Will I finish school? Will I move to Colorado? Will I marry? Will I have children? What will be my life's work? Sometimes the choices are clear but often they are not and we must just decide, move on -- and live with the consequences or

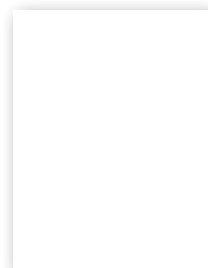
change course when we are already headed down a path.

I believe we generally need to "go with our gut" and realize our first instinct is often the correct one. Walking through the door of AgCredit 22 years ago I just had a feeling this would be a good choice for me if I got the opportunity. Little did I know the part-time job would lead to this fulfilling work which I have still have a passion for all these years later.

Meeting and working with good people who all have the common goal of enriching our communities has been one of the biggest blessings of my life. Thank you, Readers! Your encouragement, support and positive energy has lifted me up more times than I can count.

Thank you for your part in my journey.
Aloha'Oe –Love to you, farewell
--until we meet again!

Agatha



CONSOLIDATED BALANCE SHEETS

<i>(dollars in thousands)</i>	September 30, 2018 <i>(unaudited)</i>	December 31, 2017 <i>(audited)</i>
Assets		
Cash	\$ 2,035	\$ 6,143
Investments in debt securities: Held to maturity (fair value of \$10,650 and \$11,719, respectively)	10,872	11,523
Loans	1,922,013	1,879,677
Allowance for loan losses	(10,582)	(12,330)
Net loans	1,911,431	1,867,347
Accrued interest receivable	39,194	28,440
Equity investments in other Farm Credit institutions	21,463	21,458
Premises and equipment, net	8,242	7,845
Accounts receivable	10,009	27,584
Other assets	2,311	1,250
Total assets	<u>\$ 2,005,557</u>	<u>\$ 1,971,590</u>
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 1,638,543	\$ 1,611,375
Accrued interest payable	4,146	3,691
Patronage refunds payable	180	25,133
Accounts payable	1,011	1,789
Advanced conditional payments	494	5,442
Other liabilities	11,210	4,305
Total liabilities	<u>1,655,584</u>	<u>1,651,735</u>
Commitments and contingencies (Note 7)		
Members' Equity		
Capital stock and participation certificates	19,065	19,522
Retained earnings		
Allocated	213,913	219,004
Unallocated	116,995	81,329
Total members' equity	<u>349,973</u>	<u>319,855</u>
Total liabilities and members' equity	<u>\$ 2,005,557</u>	<u>\$ 1,971,590</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(dollars in thousands)</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2018	2017	2018	2017
Interest Income				
Loans	\$ 25,417	\$ 22,651	\$ 73,141	\$ 65,774
Investments	154	170	470	518
Total interest income	<u>25,571</u>	<u>22,821</u>	<u>73,611</u>	<u>66,292</u>
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	12,395	10,357	34,844	29,598
Net interest income	13,176	12,464	38,767	36,694
Provision for (reversal of allowance for) loan losses	580	(150)	(1,460)	(1,270)
Net interest income after provision for (reversal of allowance for) loan losses	<u>12,596</u>	<u>12,614</u>	<u>40,227</u>	<u>37,964</u>
Noninterest Income				
Loan fees	100	115	346	334
Fees for financially related services	104	112	155	147
Patronage refunds from other Farm Credit institutions	3,404	3,243	10,002	9,693
Gains (losses) on sales of premises and equipment, net	—	2	(11)	2
Gains (losses) on other transactions	67	2	66	9
Insurance Fund refund	—	—	892	—
Other noninterest income	9	8	27	28
Total noninterest income	<u>3,684</u>	<u>3,482</u>	<u>11,477</u>	<u>10,213</u>
Noninterest Expense				
Salaries and employee benefits	3,471	3,315	10,691	10,284
Occupancy and equipment	262	254	1,017	846
Insurance Fund premiums	264	415	767	1,213
Guarantee fees	154	190	671	921
(Gains) losses on other property owned, net	(1)	—	(1)	—
Other operating expenses	1,055	987	2,928	2,543
Total noninterest expense	<u>5,205</u>	<u>5,161</u>	<u>16,073</u>	<u>15,807</u>
Income before income taxes	11,075	10,935	35,631	32,370
Provision for income taxes	—	—	—	4
Net income	<u>11,075</u>	<u>10,935</u>	<u>35,631</u>	<u>32,366</u>
Other comprehensive income	—	—	—	—
Comprehensive income	<u>\$ 11,075</u>	<u>\$ 10,935</u>	<u>\$ 35,631</u>	<u>\$ 32,366</u>

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at www.agfirst.com, or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.



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FOSTORIA, OH 44830

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COLUMBIA SC
PERMIT 1160

Thanks to all
who attended
our customer
appreciation
parties this year!
We appreciate
you!

