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COVER PHOTO

by Connie Ruth, taken in Seneca County, OH





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BRIAN RICKER

PUTTING OUR PROFITS IN YOUR POCKETS®

If you have been a member of AgCredit for a while, you have probably heard the slogan, “We put our profits in your pockets.”® Adding value to our member-owners through the return of profits has been an important objective for our cooperative association. The 25-year patronage historical chart shows the impact patronage has had over the years on an average interest rate.

PATRONAGE REFUND HISTORY						
Year	Average Interest Rate	Average Rate After Patronage	Basis Points Saved	NPV Basis Points Saved	Percent of Interest Returned as Patronage	Patronage Refund
2016	4.92%	3.71%	1.21%	1.21%	24.57%	18,359,054
2015	4.91%	3.64%	1.27%	1.27%	25.86%	18,059,763
2014	4.92%	3.39%	1.53%	1.53%	31.17%	20,034,000
2013	4.72%	2.82%	1.90%	1.70%	40.17%	23,727,698
2012	4.70%	3.51%	1.19%	1.09%	25.36%	14,159,670
2011	5.05%	3.81%	1.24%	1.10%	24.47%	13,815,804
2010	5.29%	3.86%	1.43%	1.28%	27.02%	14,503,564
2009	5.53%	4.23%	1.30%	1.12%	23.54%	11,676,496
2008	6.63%	5.00%	1.63%	1.33%	24.53%	12,428,792
2007	7.80%	5.70%	2.10%	1.71%	26.86%	14,358,528
2006	7.61%	5.60%	2.01%	1.65%	26.49%	12,415,743
2005	6.60%	4.91%	1.69%	1.45%	25.58%	9,736,102
2004	5.53%	4.29%	1.24%	1.02%	22.36%	6,734,607
2003	5.38%	4.24%	1.14%	0.95%	21.23%	6,081,215
2002	5.90%	4.64%	1.26%	1.04%	21.38%	6,104,849
2001	7.82%	6.24%	1.58%	1.20%	20.20%	6,691,757
2000	9.10%	7.16%	1.94%	1.41%	21.35%	7,646,982
1999	8.21%	6.84%	1.37%	1.03%	16.78%	5,639,416
1998	8.64%	7.20%	1.44%	1.09%	16.82%	5,830,178
1997	8.70%	7.27%	1.43%	1.08%	16.49%	5,406,597
1996	8.77%	7.34%	1.43%	1.11%	17.00%	4,946,703
1995	8.94%	8.24%	0.70%	0.70%	8.10%	2,280,000
1994	7.51%	7.30%	0.21%	0.21%	3.00%	685,000
1993	6.78%	6.20%	0.58%	0.58%	8.80%	1,725,000
1992	7.44%	6.45%	0.99%	0.99%	13.80%	2,775,000
5 Yr Avg	4.83%	3.41%	1.42%	1.36%	29.43%	18,868,037

Total Patronage Declared Over the Past 30 years \$ 246,279,864

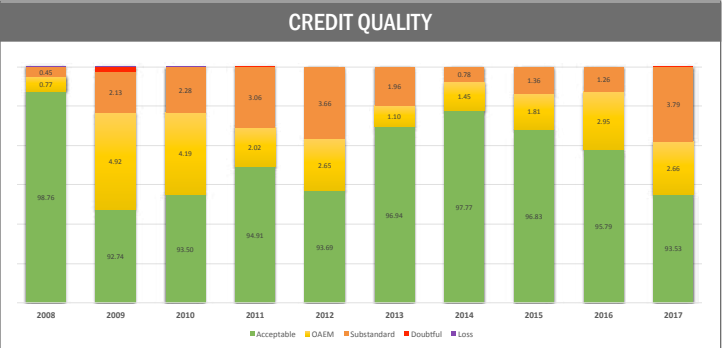
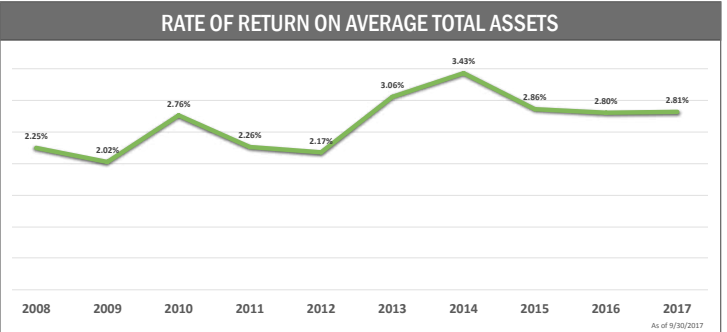
One part of our annual board planning process is the completion of a survey by our board and management team where the top Strengths, Weaknesses, Opportunities and Threats of the association (known as a SWOT analysis) are compiled. One strength perennially at the top of this list is our ability to return association profits.

The amount of profits returned each year varies and is dependent upon a number of factors. Ultimately the board and management team review these components and a board resolution is passed allowing the association to distribute its profits. Some of the factors considered in recent years are:

- Net earnings
- Regulatory capital requirements
- Capital leveraging
- Capital regulation changes

Net earnings

Earnings are the first line of defense when adversity hits and a strong earnings base is needed to return profits. Through the years the strength of our patronage program has been driven, in part, by our association’s excellent net earnings. The solid earnings are the result of many factors including a portfolio of high quality loans, manageable growth in operating expenses, growth in loan volume and several years of special patronage distributions received from our funding bank, AgFirst. These things result in a trend of strong earnings and Return on Assets (ROA). An ROA of greater than 1.5% is a regulatory benchmark we strive to surpass and greater than 2.25% is our current association goal we strive to achieve each year. These graphs show our ROA and credit quality trends for the past several years.



Regulatory capital requirements

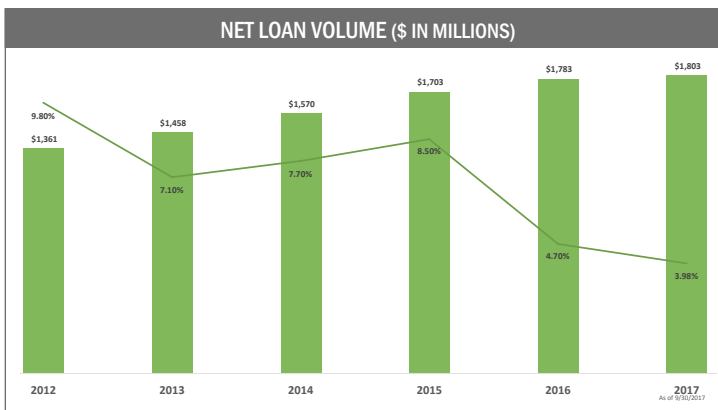
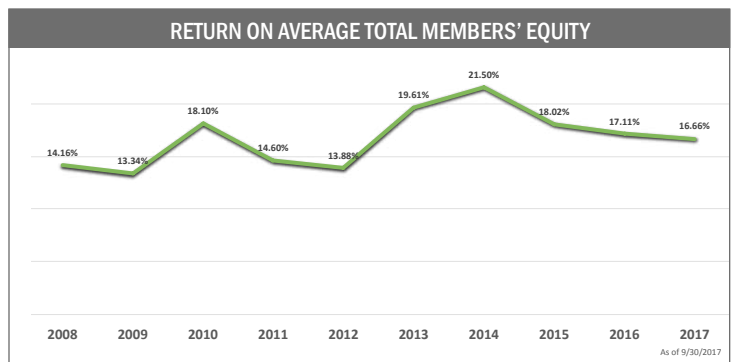
Financial institutions have many regulatory requirements they must meet. Capital is one of those requirements and as of September 30, 2017, the association had total regulatory capital of \$291.9 million. This equates to a 19.87% total regulatory capital ratio and it is well above the 15.5% considered a top-rated association. One key decision the board and management team must make each year is the amount of net earnings to retain to maintain an adequate capital base.

One side effect of strong volume growth is the need to retain capital to support the growth. For example, every \$100 in asset growth must be supported by adding \$15.50 to our capital base. The



capital comes by way of retaining a portion of the net earnings of the association. During times of slower asset growth, less capital needs to be retained and more earnings can be distributed.

Though earnings are the first line of defense if adversity hits, a strong capital base is a great second line of defense to withstand a cyclical agricultural industry and some inevitably tough times. A strong capital base also ensures a strong patronage program in the future. The following chart shows the annual growth rate of the association over the past 6 years. As in 2016, growth has continued to slow in 2017.



Capital regulation changes

Those of you who were members prior to 2014 may recall we changed how we distribute patronage that year. Patronage earned in 2014 was paid out as 100% cash in the spring of 2015. Previously (from 1996 to 2013) we paid cash and allocated a portion on a 5 to 6 year schedule.

In 2014, we were made aware of pending regulatory changes to capital and the board and management team deemed it necessary to adjust our model. One significant regulatory change was a new tiered approach to capital resulting in different tiers based on how permanent the capital would be on a balance sheet. For example, capital permanently retained with the association has a higher rating on the tiered approach compared to capital potentially subject to a future distribution. These capital regulation changes, which became official in 2017, prompted us to begin paying all patronage in cash and no longer allocating a portion for future distributions.

My goal with this in depth explanation is to provide more detail into the dynamics of our patronage program. Paying patronage has been a part of our business model for over 25 consecutive years and it has treated us very well. Our goal has always been to offer a competitive rate, up front, and, after all profits are returned, be one of the lowest cost providers of credit. As 2017 comes to a close, we anticipate another prosperous year for your cooperative and are looking forward to sharing our financial results with you in early 2018. ■

Capital leveraging

Leveraging our capital effectively is something we continue to focus on and is something very important to our overall business model. Years ago we learned capital can be leveraged at a greater and more efficient level when utilizing various governmental guarantee programs. These programs include FSA and USDA guarantees. Loans with guarantees require less capital (around 4.5% compared to the 15.5% mentioned earlier). Ultimately, through effective capital leveraging, we can distribute more association equity and maintain a higher-than-required capital ratio.

One ratio we consider to help us determine if we are utilizing our member's equity to its fullest is a Return on Equity ratio (ROE). ROE is a ratio of earnings to equity and tells what type of return the association is providing on the use of member's equity. The ROE for the association has been over 13% the past several years and we believe this is a very good return on your equity. This graph shows our ROE trend for the past 10 years.

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 2017 scholarships.

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

Nick Erf

from Huron County, is a senior majoring in Animal Science with a dual minor in Agribusiness and Agricultural Systems Management.

Lauren Hamer

from Seneca County, is a sophomore majoring in Animal Science with a minor equivalent in Bioscience Specialization.

Cody McClain

from Wyandot County, is a junior studying Agricultural Education with a minor in Agricultural Systems Management.

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

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



Lauren Hamer



Nick Erf



Cody McClain

2018 CALENDAR PHOTO CONTEST WINNERS



Harvest Sunset - Submitted by Shelly Bumb



Corn Harvest - Submitted by Angela Michaels



Three Pygmy Goats - Submitted by Valerie Wallis



Snow Storm - Submitted by Tammy Gerwin



Lazy Pasture Days - Submitted by Alyssa Talbert



Fields of Barley - Submitted by Crystal McCown



Crop Dusting - Submitted by Angela Michaels



Curious Kitten - Submitted by Dawn Mizen



Tractors Gearing Up Before the Storm - Submitted by Dawn Mizen



Bell Pepper Harvest at Polter Berry Farm - Submitted by Steve Polter



Home Nestled in the Pines - Submitted by Mary Maag



Time to Feed the Calf - Submitted by Mary Maag



RYAN CONKLIN

SUCCESSFUL ESTATE AND SUCCESSION PLANNING:W IT TAKES A TEAM

BY RYAN CONKLIN, ATTORNEY

In mid-August, I had the pleasure of presenting at AgCredit's Annual Outlook Meeting in Upper Sandusky. My presentation focused primarily on estate and succession planning, a topic that Robert, Kelly and I regularly cover in similar speeches. As requested, I discussed estate and succession planning from a legal perspective, highlighting the tools and methods we use to assemble plans for our clients.

While attorneys play an important role in the estate or succession planning process, they are not the only people clients need to craft a proper plan. It takes a team of professionals, each one playing a crucial role in the generation of a working plan. Let's take a look at each professional and their role in the process.

Attorney

Selecting an attorney who is proficient in estate planning is a crucial part of the process. An attorney is the architect of your plan. The attorney is responsible for putting a working legal framework in place that complies with existing law, minimizes taxes, survives a legal challenge, is acceptable for other professionals, and, most importantly, accomplishes your personal goals. When selecting an attorney, I cannot stress enough, the importance of finding one who regularly works in estate and succession planning. Do your due diligence when seeking a legal professional to make sure this person can competently create a working plan for the right price.

Accountant

Robert, Kelly, and I do not profess to be tax professionals. That is for good reason, because the tax code is very complicated. Whenever our firm puts together a plan, we almost always ask that the client seek the approval of an accountant. Sometimes, this is because we are creating a new business entity and the client needs help keeping a new set of books. Other times, it is because we want to ensure a major tax liability does not arise from a client's plan. Perhaps we need to figure out the most tax-effective way to transfer assets right now. Either way, seeking input from an accountant is key to avoiding undesirable tax consequences or bookkeeping headaches.



Financial Planner

A good financial planner can be an invaluable ally in the succession and estate planning process. For example, many farm families have a balance sheet that is healthy in terms of assets (land, equipment, machinery), but weak in terms of cash (accounts, life insurance, retirement funds). Seeking the counsel of a financial planner is key to maximizing the use of available cash to provide retirement income, pay for assisted living expenses, or to provide assets for a non-farming heir.

Furthermore, we firmly believe a prior relationship with a financial planner makes the administration process much easier. Estate administrations can be more complicated if a client has numerous stocks, bonds, investments, retirement funds, and other accounts not housed with a financial advisor's office. By working with a financial planner, you are able to increase the odds of complete probate avoidance. Additionally, a financial planner can help achieve a quick, efficient transfer of these cash assets after death since they are able to address almost everything out of their office. Put simply, a financial planner can make the plan implementation much easier.

Lender

Rarely are lenders and banks used up front to complete a plan. Typically, these institutions are used, at the end of the process, to complete a plan. One common example is when a farming heir has to buy out a non-farming heir under the terms of an LLC operating agreement or trust. In those cases, lenders or banks often come in to play to finance the transactions. In other instances, lenders or banks require some completed paperwork if those institutions hold a mortgage or a lien on property being transferred. This scenario could arise if a plan involves moving land around that is currently

mortgaged. Alternatively, sometimes lenders or banks need to have debt on property paid before a distribution can be completed. Regardless of the reason, this is another party to include in the succession or estate planning conversation.

Insurance Agent

Insurance agents are a fantastic tool to help provide life insurance proceeds for an off-farm heir, insure against long-term expenses, manage your risk and protect your existing operation from liability. Whether it is securing more liability insurance for a farm or for a new business, obtaining long term care insurance, or taking out a life insurance policy, our plans typically address insurance in some form. Insurance agents have an array of tools to make a plan work. Luckily, you probably have an existing relationship with an insurance agent who can help complete the process.

Estate and succession planning is not meant to be a one-man show. Even though our office has worked in estate and succession planning for decades, we may not have the technical or professional knowledge to wear all of the hats needed to complete some plans. It takes a team of professionals, each bringing something to the table to make a plan successful. Each team member is needed to make the gears turn.

When selecting the individuals who are going to comprise your team, look for people who have experience in navigating the challenges posed by farm estate and succession planning. Don't be afraid to expand your search area, the best candidates may require some travel. Most importantly, select professionals who you can trust to meet your goals. At the end of the day, you should walk away from the estate and succession planning process confident your objectives have been satisfied. ■



A Rural Perspective: Family

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 have commented many times about being glad I grew up on a farm and being able to make farming my career. There are many pleasing and rewarding things about being a farmer although there certainly are more than

a few frustrating and discouraging aspects of farming. I imagine the same can be said about other vocations but farming is what I know.

Spending most of my life working in partnership with nature has been both challenging and satisfying. The process of planning each year's crops, planting the seeds and nurturing the crops as best you can through the growing season, while trying to do it profitably, certainly presents plenty of challenges. To see you have made the right decisions for what the crops need and that the plants are healthy and strong is very rewarding, even when Mother Nature might not have been cooperative. From spring to fall, knowing you were responsible for transforming the rural landscapes from the dull winter browns to varying shades of green, and to watch those colors eventually change to crisp browns and golds is, without question, one of the rewards of being a farmer. Filling the grain bins, silos and haymows at harvest is solid evidence of a year's worth of effort.

Farming certainly is a business in every sense of the word. Like any other business, over time it needs to be profitable. But what I have come to realize is that as satisfying as raising good crops and filling the bins each year can be, what matters most to me is being able to do it as a family. I am not speaking just about everyone presently involved in this family business but all the preceding generations as well.

A long time ago, my great, great grandfather and his family decided this land was the best place for them to invest their time and effort as a family. When I'm tilling the same ground in our air conditioned, self-steering tractor, or watching my brother pilot our monster combine harvesting eight rows of corn at each pass, or walking through one of our old barns or sitting around the table in the house, I easily envision my ancestors on this land, in this house and in these barns doing the same basic jobs the best way they knew how.

My parents and grandparents struggled at times to make ends meet but the examples they set were what my brothers and I grew up observing every day. It was plain to see how they respected the efforts of their parents and grandparents and were doing their best to build on the foundations passed down to them. The choices they made daily and the way they established their priorities were lessons I learned without knowing I was actually in school.

By example alone, my parents and grandparents made farming attractive to my brothers and me. It was not so much because the individual jobs on the farm were so desirable. After all, how can you make milking cows at 5:30 a.m. every day look desirable? Or, spending Easter break each spring pitching out, by hand, a winter's worth of manure in the heifer and calf pens. The work was hard and often monotonous. What was attractive to us, again without realizing it, was being able to contribute to the family business and work alongside the adults. They taught us patience by being patient with our feeble initial efforts and they were willing to give us instruction on whatever task was at hand. They taught us respect by demonstrating their respect for their parents and by respecting our efforts, as pathetic as they might have been, to contribute to the family. They taught us responsibility by giving us jobs to do and rewarded us for fulfilling those responsibilities. They also



showed their displeasure and disappointment when we didn't do what was expected.

My wife and I chose to come back to the farm, in large part, because we both grew up on farms and knew, without much thought or debate, it was a great environment for raising a family. Apparently we were right since our three daughters as well as a niece and nephew have all grown up to be fine adults. And, to varying degrees, they all have an interest in the farm and an appreciation for the family history. They know and understand the business of farming is much more than the numbers on a balance sheet or cash flow statement. This is the family's business and they know the most valuable asset will not appear on any balance sheet. Our family—past, present and future—will always be our greatest asset.

Working as a family is what I appreciate most about being a farmer. ■



DAVID WHITE

WILL IT BE DÉJÀ VU ALL OVER AGAIN?

BY DAVID WHITE

Agriculture has experienced four major economic explosions in the past 100 years (World Wars I and II, the 1970s and 2008-2013). Two of the four were followed by a time of crisis. The question we'd all like to know the answer to is: What will the next several years be like?

One of the greatest baseball players of all-time, Yogi Berra, was famous for his quotes. I think this one might currently apply to agriculture: "Will it be like Déjà vu, all over again?"

I remember the 1980s quite well. The interest rate for my first loan was 20 percent. One year I made money on my hogs and lost money on my beef cattle. The drought of 1983 pushed back my dad's plans to expand his beef cattle herd. I sold corn for \$1.27 per bushel. I was teaching Vo-Ag in 1988 and witnessed firsthand the significant impact the drought had on the school district's farm families who were still trying to recover financially and economically.

This past spring, Iowa State agricultural economist, Wendong Zhang, penned an article titled, "Four Reasons Why We Aren't Likely to See a Replay of the 1980s Farm Crisis," where, in light of alarming signs, he expounded on four economic and legal reasons why the current farm downturn is not likely to slide into a sudden collapse:

1. Much stronger, real income accumulation before the current downturn.
2. Historically low interest rates.
3. More prudent agricultural lending, in part, driven by more stringent regulations.
4. Stronger government safety net (in particular, crop insurance participation).

Successful Farming writer, Daniel Looker, who covered the 1980s crisis, recently opined that in spite of his searing education in agriculture lending 30 years ago, he believes the many economists and analysts who say the 1980s crisis will not be repeated in the new century's teens. Lenders no longer finance land purchases with meager down payments as seen in the inflationary 1970s. He also noted—banks and farmers shared in real,



not speculative, gains just three of four years ago. Yet he hedged—no one knows what the weather and commodities markets will bring.

At a recent Market to Market seminar hosted by AgCredit, Mike Pearson, suggested the next 20-25 years may look more like the stable 1950s-1960s for agriculture than the periods of crisis following the boom periods of World War I and the 1980s. He cited the reasons for his prediction: specialization, data collection (data analytics and analysis - descriptive, predictive and prescriptive), protein consumption (the raw power of consumers when they want meat) and the internet as the next incredible force.

Pearson also offered up a potential major challenge to his prediction: the will of certain public policy groups seeking to control quality of life issues and push this control and agenda upon farming and agriculture. This makes it even more important, he said, for farmers and others involved in agriculture to get out and share their story with the public.

During its monthly meeting in July, the Farm Credit Administration's (FCA) chief economist, Stephen Gabriel, reported on the similarities and differences between the farm crisis of the 1980s and the current downturn in the farm economy.

Gabriel noted these two periods are similar in some respects because both downturns were preceded by a "demand shock" pushing up grain and soybean prices and, consequently, farm incomes. In each case, he explained that farmland values and farm debt rose quickly before the downturn.

And in each case, grain prices and farm incomes fall sharply after the downturn but there are some important differences, too. "Interest rates were very high in the 1980s, exacerbating the debt burden of many farmers. Today's interest rates are historically low and though short-term rates are rising, they are likely to rise slowly," he said.

The price of oil is another major difference, according to his report. In 1979 and 1980, the price surged, while today it is declining. Also, the general economy is in better shape today than it was in the 1980s. The country experienced two recessions during the 1980s crisis whereas today we are experiencing an "extended, if lackluster, economic expansion," according to Gabriel. He added that finally, real estate mortgage underwriting appears to have been "far more conservative during the most recent run-up in farmland prices" than it was during the 1980s.

"Nevertheless, conditions in the agricultural economy could deteriorate further if grain and soybean prices remain at low levels, or if interest rates rise quicker than expected," said Gabriel. "Economic shocks, such as disruptions in international trade, could also weaken the agricultural economy."

Perhaps the best news: "The Farm Credit System is well positioned to manage additional stress," Gabriel concluded. "The System is well capitalized, its credit quality is good, and FCA (which regulates the System) has enforcement authorities it did not have during the crisis of the 1980s." ■



CROP INSURANCE TIPS

By THOMAS MILLIGAN

The 2017 crop year is now complete. We reported more replant claims this year than in any year of more than 30 years in the crop insurance business. A number of customers replanted two or three times this year.

The Risk Management Agency (RMA) of the federal government creates the rules, guidelines and coverage for the Multi-Peril Crop Insurance program (MPCI). Occasionally, these guidelines require a claim review conducted by a farmer's crop insurance carrier. Some reviews are mandatory. For example:

- In the event of a loss that exceeds \$200,000 per crop per county.
- Conflict of interest review when identified during the claim process.

Other reviews may be required from time to time, such as:

- An inspection during the growing season to verify crops and acreage are planted and accurately reported.
- To verify the historical production reported by a farmer.
- Random reviews - typically 5% or less of the in-force policies.

- Data mining that has uncovered discrepancies. Simple discrepancies in the tax ID, middle initial error, or even adding an 'S', making John Smith Farm become John Smith Farms, are enough for the systems to kick out an error causing a review.
- Inconsistent yield reports. An example of an 'error' might be that one year a farm reports 80 acres of soybeans, but the following year only 2 acres of soybeans and 78 acres of corn. The explanation may be that the 2-acre field is just too small to fit the corn planter, so it will always be soybeans while the other 78 acres will be rotated.

Most reviews are internal with the company; others may involve the insurance agent's involvement to explain the discrepancy or make the necessary corrections. However, some will necessarily involve the farmer.

Finally, the 2014 Farm Bill is set to expire in 2018. It is not too early to contact the members of the House and Senate to let them hear your views on this very important matter. To the right are the Ohio House Representatives and Senators. ■

AgCredit's territory with their office phone numbers:

Senator Sherrod Brown	202-224-2315
Representative Pat Tiberi	614-523-2555
Senator Rob Portman	202-224-3353
Representative Bob Gibbs	419-207-0650
Representative Jim Jordan	202-225-2676
Representative Marcy Kaptur	202-225-4146
Representative Robert Latta	800-541-6446


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Calendar Offices Closed

- December 25 & 26** Christmas Holiday
- January 1** New Year's Day
- January 15** Martin Luther King Jr. Day
- February 19** President's Day

Cultivating a Cure

AgCredit was one of many sponsors for this year's Cultivating a Cure, which has raised more than \$350,000 for cancer research in the last six years for the Arthur G. James Cancer Hospital and Richard L. Solove Research Institute at Ohio State University.

Working together, Ohio's agricultural community raised nearly \$80,000 at this year's event held on August 27th, at Ohio State University's Waterman Farm in Columbus. The seven year grand total is now \$430,000 for cancer research.



Attending and representing AgCredit were: Dan and Lisa Ebert, Derek Snider and Shelby Faulkner, Anthony & Teresa Bush, Darrell and Theresa Swinehart, Gary and Becky Baldosser and Greg and Rose Hartschuh.

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Farm Bill Round Table

AgCredit board member Deborah Johlin-Bach attended and participated in US Senator Sherrod Brown's Farm Bill round table meeting about the conservation title held at Myers Farms, Oregon, on October 9.



DC Fly In – One Mission, Many Voices

AgCredit staff, directors and members joined more than 600 Farm Credit leaders from across the country to travel to Washington, D.C., in July to meet with lawmakers to advocate for timely passage of a strong farm bill that includes a farm safety net. AgCredit's delegation shared how the Farm Credit system is fulfilling its mission to support rural communities.

Meeting with lawmakers:



Senator Rob Portman (R-OH)





Senator Sherrod Brown (D-OH)



Rep. Bob Latta (R-OH 5th District)



Rep. Bob Gibbs (R-OH 7th District)

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Farm Science Review

We enjoyed our time at Farm Science Review in the Ohio Cattlemen's Association booth. Hunter Purdy was the winner of our Yeti cooler door prize. Thanks to all who stopped by to see us!



Karl Orians, Darrell Swinehart and John Orians

Excuse Our Mess – Remodeling in Bucyrus

The addition at our Bucyrus office is coming along so please excuse the construction in progress.



Handbook Donation

Mt. Gilead FFA, advisor Matt Gompf sent us this photo to show his club's appreciation for their donated handbooks. This year AgCredit donated more than 1,350 handbooks for students at area schools.



Leader Magazine Advertising Now Available

Contact the Norwalk AgCredit office if you are interested in advertising in the *Leader* magazine, which goes to more than 7,000 households in 18 Ohio counties. Call Connie Ruth at 1 800 686 0756 for more information.

New Employees – Welcome!



Ralph Hernandez
started July 17 as an Associate Accountant with the Admin/Operations team.



Zachary Maag
started Aug. 16 as an Account Officer with the Findlay branch.



Kaylee Clagett
started Aug. 21 as an Operations Specialist with the Agribusiness branch.



Alexis von Stein
started Aug. 25 as a Loan Specialist with the Findlay branch.



Bernard Kreilick
started Sept. 1 as a Loan Processor with the Admin/Residential Lending team.



Maureen Blake
started Nov. 1 as a Loan Specialist with the Norwalk Branch.

Promotions – Congratulations!



Stacey Dvorak
was promoted to Norwalk Branch Manager effective Sept. 1.



Jonathan M. Ewald
was promoted to Fremont Branch Manager effective Oct. 1.



Stephen K. Fruth
was promoted to Upper Sandusky Branch Manager effective Oct. 1.



Intern– Thanks!

Joanna Lininger
served as a Marketing intern from July 10 - Sept. 29.

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 first annual Mark Pepple Classic calf show was held at the Hancock County Fair on September 1. This show was sponsored by AgCredit in memory of longtime AgCredit team member, Mark Pepple.

Mark started the club calf project in Hancock County many years ago so it seemed fitting to rename the show in his memory. Several cash prizes were awarded to winners. Many of Mark's family members and AgCredit teammates were there to support the show participants. We know that Mark left a huge impact on the agricultural community in Hancock County and we hope this show will continue for many years in his honor.



Conservation Agriculture
 Dwight and Lisa Clary
 5800 N. St. Rt. 635
 Fostoria, OH 44830-9325
 o 419-457-7361
 c 419-619-7631
 claryfarmslc@gmail.com

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Farm Credit **EXPRESS** — through a partnership with AgCredit and participating dealerships – is designed to provide you with competitive rates, flexible terms and the conveniences you’re looking for in an equipment finance program.

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- Enjoy the benefits of cooperative ownership – including AgCredit’s patronage refund program!

Farm Credit **EXPRESS** also offers competitive rates and terms on used equipment purchases – so there’s no reason not ask your dealer for Farm Credit **EXPRESS**!

For additional information, contact David White, AgCredit’s relationship manager for Farm Credit **EXPRESS** (740-387-2270 ext. 1602) or visit farmcreditexpress.com.

Participating Dealers in Our Area:

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

Please see farmcreditexpress.com for a full list of up-to-date participating dealers. The Farm Credit **EXPRESS** program is now located in 14 states throughout the eastern part of the country and Puerto Rico.

Your key to **easy** equipment financing





YEAR-END LOAN PAYMENT AND TAX POINTERS

BY GREG SIEBENALLER, JULIE REINHART AND LOGAN KREAS

Each year it seems like the year passes faster than the previous year. 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 2017 business at 2:30 p.m. on Friday, December 29, 2017.

- Payments received after this time will be credited effective Tuesday, January 2, 2018 due to the New Year holiday on Monday, January 1.
- If possible, make your loan payments prior to December 29, 2017, to help ensure the proper application of the payment to your account for 2017.

- 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 29, 2017 post to the loan on Tuesday, January 2, 2018.

- The daily cut off time is generally 2:30 p.m., but may be different on December 29, 2017. AccountAccess provides the actual cut off time.

Can I pay my loan interest through year-end and get credit for it in 2017?

- 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 2017.
- The total interest paid during 2017 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 2018.

Consult with your tax preparer concerning if or how to correctly report an interest deduction.

May I pay my January 1, 2018 real estate mortgage loan payment in 2017 and get credit for the interest in 2017?

- Yes. You can pay the entire payment before 2:30 p.m. on Friday, December 29, 2017 to ensure you receive credit for the payment in 2017.
- You cannot use escrow (funds held) interest credit to pay a portion of the payment and get credit in 2017.
- 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 2017 or 2018.

Review 2017 Payments through AccountAccess

You can help ensure the accuracy of your loan transactions for 2017, especially your interest payments.

- Use AccountAccess to review your loans to make sure payments were applied in 2017 as you intended.
- Doing this well before December 29 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 2017.
- 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 2018. 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 2017 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 2017.
- **1099-DIV – Dividends and Distributions**
This form shows dividends of \$10 or more earned during 2017 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 2017 tax year. Any patronage refund and disbursement of allocated equities is at the discretion of the board of directors. The taxable patronage for 2017 includes the following:
 - 2016 cash patronage distributed in late March or early April 2017.
 - 2011 Nonqualified Allocated Surplus distributed in September 2017.
 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 2018. The statement is available online via AccountAccess in mid-January 2018. 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 2017 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 2017, 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 and new year. ■

FFA 110 PERCENT AWARDS

The AgCredit FFA 110 Percent Award is given to students who give 110 percent effort in their FFA Chapters. We appreciate the hard work these young people give to their chapters and communities. ■



Megan McCoy
Buckeye Central | Crawford County
Bucyrus Branch



Annika Gerlach and Lynae Rausch
Wynford | Crawford County
Bucyrus Branch



Bailey Parke
Arlington | Hancock County
Findlay Branch



Matthew Roth
Cory Rawson | Hancock County
Findlay Branch



Elizabeth Keefe
Arcadia | Hancock County
Findlay Branch



Harley Johnson
Oak Harbor | Ottawa County
Fremont Branch



Cody Haar
Woodmore | Ottawa County
Fremont Branch



Drew Smith
Lakota | Sandusky County
Fremont Branch



Jared McNeely
Kenton | Hardin County
Kenton Branch



Justin Light
Ada | Hardin County
Kenton Branch



Taylor Cronley
Ridgmont | Hardin County
Kenton Branch



Nashley Robinson
Ridgmont | Hardin County
Kenton Branch



Claira Wilson
Hardin Northern | Hardin County
Kenton Branch



Christie Longo
River Valley | Marion County
Marion Branch



Sabrina Rawlins
Tri-Rivers | Marion County
Marion Branch



Tori Barlow
Ridgedale | Marion County
Marion Branch



Alicia McElwee
Cardington | Morrow County
Mt. Gilead Branch



Nick McKinney
Mt. Gilead | Morrow County
Mt. Gilead Branch



Kara Walcher
South Central | Huron County
Norwalk Branch



Lesley Burton
Willard | Huron County
Norwalk Branch



Micayla Fincham
Western Reserve | Huron County
Norwalk Branch



Grace Pohorenc
Firelands | Lorain County
Norwalk Branch



Christina Berger
Miller City | Putnam County
Ottawa Branch



Jordan DrummelSmith
Miller City | Putnam County
Ottawa Branch



Noah Schroeder
Miller City | Putnam County
Ottawa Branch



Alexi Nielsen
Hopewell-Louden | Seneca County
Tiffin Branch



Courtney Heiser
Seneca East | Seneca County
Tiffin Branch



Dylan Meyer
Tiffin Sentinel | Seneca County
Tiffin Branch



Gidge Elchert
New Riegel | Seneca County
Tiffin Branch



Jordan Traxler
Carey | Wyandot County
Upper Sandusky Branch



Macala Ashbaugh
Lincolnview | Van Wert County
Van Wert Branch



Not Pictured

NAME	SCHOOL	COUNTY	BRANCH
Andrew Housholder	Elmwood	Wood	Bowling Green
Morgan Mazey	Otsego	Wood	Bowling Green
Kalie Anderson	Anthony Wayne	Wood	Bowling Green
Kara Ameling	Eastwood	Wood	Bowling Green
Jenna Teet	Bowling Green	Wood	Bowling Green
Camille Lorenzen	Bowling Green	Wood	Bowling Green
Abby Ruth	Gibsonburg	Sandusky	Fremont
Lynnsie Briones	Genoa	Ottawa	Fremont
Cheyenne Stedman	Clyde	Sandusky	Fremont
Kaitlynn Kieffer	Fremont	Sandusky	Fremont
Cailin Smith	Highland	Morrow	Mt. Gilead
Becca Duckworth	Northmor	Morrow	Mt. Gilead
Jordan Boyer	Patrick Henry	Henry	Napoleon
Emily Kanney	Plymouth	Huron/Richland	Norwalk
Alexis Hinckley	New London	Huron	Norwalk
Chelsie Lyons	New London	Huron	Norwalk
Callee Aviles	Black River	Ashland	Norwalk
Jennifer Frombough	Wellington	Lorain	Norwalk
Mackenzie Myers	Upper Sandusky	Wyandot	Upper Sandusky
Carrol Pauley	Riverdale	Wyandot	Upper Sandusky
Bradley Chaffee	Mohawk	Wyandot	Upper Sandusky
Katlynn Fuller	Paulding	Paulding	Van Wert



RECENT LAND SALES

The information provided in this column is only a sample of recent land sales around Ohio. Since there are many factors taken into consideration when a buyer and seller establish a price, these sales may or may not reflect the current market value in any particular area and should not be used in lieu of a formal appraisal by a state certified real estate appraiser to establish a value for a particular tract of land.

AgCredit's certified specialists are qualified to prepare appraisals for residences, land, dairies, hog confinement operations, grain farms and other specialty operations. For more information about AgCredit's fee appraisal service call Bill Eirich, ARA, Chief Appraiser, 419-523-6677 or 1-800-837-3678, Ext. 1107. Bill will connect you with an appraisal specialist.

The following information was provided by:

► **United Country Walton Realty and Auction Co**
227 W. Wyandot Ave.
Upper Sandusky, OH 43351
www.ucwaltonrealtyandauction.com
419-294-0007

Location 1:
Location 1
Acres: 97.66
County: Wyandot
Township: Mifflin
Date of Sale: 4/25/2017
Selling Price: \$7,474.92 per acre
Unimproved

The following information was provided by:

► **Straley Realty and Auctioneers, Inc.**
419 W. Ervin Road
Van Wert, OH 45891
www.straleyrealty.com
419-238-9733

Location 1
Acres: 301.33 in three parcels
County: Paulding
Township: Blue Creek
Date of Sale: 4/01/2017
Selling Price: \$9,026.65 per acre
Improved

Location 2
Acres: 80.3 and 80.7
County: Paulding
Township: Blue Creek
Date of Sale: 2/23/2017
Selling Price: \$7,500 per acre
Unimproved

Attention Auctioneers: Would you like to be featured in a future column? It's easy. Visit our website, www.agcredit.net and click on the Auctioneer's link to find the Recent Land Sale form online. Fax the completed forms to 419 332 2944 or email to klaubacher@agcredit.net.



DR. DAVID KOHL

THE BALANCE OF PASSION AND ECONOMICS IN FARMING

BY DR. DAVID KOHL

The agriculture industry is being transformed at an accelerated rate by global and domestic economics. Coupled with major megatrends such as consumer taste, demographic and generational shifts, technology, and a widening disconnect between farm and city, the landscape is definitely evolving. So, what is required of today's producer to be successful? In short, the answer is balance.

While facilitating a young farmer conference, I asked participants to name some topics that they would consider industry opportunities, even if some may view the same topics as industry challenges. Their list included: the local, fresh, and organic movements; farm transitioning, whether generational or retirement; multi-complex businesses; entrepreneurial endeavors inside and outside of agriculture; and a younger group that often multitasks.

This same session included a group of military veterans looking for ways to reconnect with agriculture and the land. This group struck me as special, in part because along with alumni from my high school, I recently celebrated the 50th anniversary of the 104 game winning streak of the boys basketball team; a modern-day record. One teammate was critically injured on the front lines in Vietnam. After returning home, he served as an inspiration to all the players during the streak.

For the veteran group, we asked how military experience and training could be advantageous in operating a farm business. Clearly energized by the question, the responses included critical thinking skills, strategic planning and execution, contingency planning, global awareness, attention to detail, coping with adversity, strong work ethic, good communication, and the ability to develop solutions and teamwork. Interestingly, each of these skills has a direct connection in business.

One of the keys to being a viable and sustainable agricultural business is balancing the passion and desire of farming with the logic of economics. In other words, how does one translate passion into an actual and viable business? That is where the logic of

economics comes in, and a basic business plan.

Recently, Farm Credit University kicked off a pilot program called Ag Biz Basics. This program was designed to provide introductory educational training on the development of goals and financial statements. Whether for a veteran or entrepreneur, the Ag Biz Basics program allows anyone with agricultural aspirations to make a game plan before going into the field. Let's examine the necessary elements.

Setting Goals

Before embarking on any business adventure, one should articulate one's goals in writing. In other words, a working document that can be reviewed is necessary. This process should include goals that are one to five years out, and separated by business, family and personal aspirations. In order to maintain focus and balance in your goals, use the S.M.A.R.T. principle (specific, measurable, attainable, reasonable and rewarding, and timely). This goal setting process establishes the mission and vision of the business.

The other initial step in this process is developing and collecting all your financial documentation such as credit scores, tax forms, wills, insurances, etc. This information will be required in any meeting with a lender or advisors, and needs to be updated and accurate. Of course, one's financial documentation should include the next three steps.

Cash Flow

The next step is a cash flow statement, or the business side of production planning. This step exercises one's critical thinking skills. In essence, the cash flow is simply an outline of your production plan and timetable with numbers. Specifically, use different scenarios of price and cost. For example, conservatively estimate different levels (low, average, and high) of bushels per acre and price per bushel, or production and price per pound of meat or milk, to develop a cash flow for the farm. For the military, this is similar to contingency planning, or planning for the unknown.

Balance Sheet

The development of a balance sheet, both business and personal, allows one to determine net worth, examine debt levels, and identify the assets and resources available to generate earnings. Often, the processes of developing cash flow and the balance sheet require one to work side-by-side with a lender, spouse, partner, mentor or team of advisors. In other words, this step helps you determine what you are worth financially.

Projected Income Statement

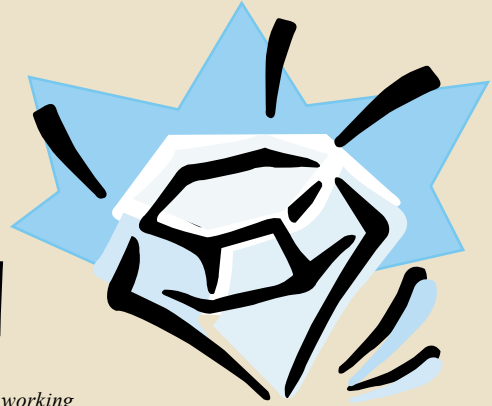
Finally, a projected income statement is a useful tool because it shows whether or not you made a profit. Specifically, this step allows for monitoring results, which reveals the tweaks needed along the way. This attention to detail in production, marketing, finance, and risk management increases the probability of long term success.

The four steps to a simple business plan in Ag Biz Basics:

1. Written goals for the business, family, and personal life – one to five years out
2. Projected cash flow
3. Business and personal balance sheets
4. Income statement

Whether it is on the basketball court, in a military operation, or in business, viability and sustainability require a balance between one's passion and the logic of economics. Undoubtedly, farming is a passion; and those in the industry, young or older, share a love and respect for producing. However, in a rapidly evolving industry, the economics must be present to turn passion into profit; and specifically, the elements of setting goals, projecting cash flow, and developing balance sheets and income statements. The critical thinking and planning on the economic side of the scale balance the passion, but remember that neither passion nor economics are as strong without the other. ■

AGATES FROM AGATHA SEMI-PRECIOUS TIDBITS OF INFORMATION



COMPILED BY CONNIE RUTH, AKA AGATHA CREDIT

Note: 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.

THE LITTLE CHURCH ON NORTH RIDGE ROAD

Recently my little church has undergone some big changes. We are a small but mighty congregation but we have had to do some soul searching after several years of declining membership. A few months ago, we decided we could no longer afford a full-time pastor so, we “yoked” with another area church. We now share a pastor who travels about eight miles between our two church buildings. This is working out well but it is still sad to think our congregation has become smaller and smaller over the years. Some of our members moved away, several have died and many just stopped coming to our church for unknown reasons.

Brownhelm church has a few new members but our attendance still seems to be shrinking. I wonder if maybe people just do

not see the value in being a part of a church family enough to attend church regularly. Maybe this is because many people have never experienced the joy of being a part of a congregation! This leads me to think that those of us who do value being a part of a church community need to share why we feel the way we do.

My family joined the little church on North Ridge Road (Brownhelm United Church of Christ) when our two eldest daughters were young. We were members of another wonderful church in a neighboring community but decided it would be nice to worship closer to home.

I smile to myself when I think about the first time we visited the Brownhelm church. We were sitting quietly in a pew waiting for the service to begin, not knowing exactly what to expect, when a sweet-looking woman approached with a warm smile. I thought she was going to introduce herself but instead she said, matter-of-factly, “We need more pies for the dinner next Sunday. Would you be willing to make a pie?” I stammered and started to tell her I wasn’t a member when she added, “We need a fruit pie. No cream pies, just fruit.” I nodded and she put a checkmark on her list and walked back to her pew across the aisle. We hadn’t yet decided whether we would come back the following week—but God works in mysterious ways—we came back with a fruit pie (not cream) and thanks to that sweet lady, Jeannette Bechtel—before we knew it—we were regulars.

I am always amazed at the amount of outreach a small church can do. Our little church collects food for two food pantries, serves meals to the hungry, supports the church’s wider missions, provides school

clothes for several kids each year and on and on.

I recently read an article saying one reason membership in many churches is declining is because, these days, people don’t feel guilty about not going to church as they did in the past. The researcher also noted that nowadays people consider themselves regular churchgoers when they attend once every few weeks or even a couple times a year. I have friends who complain their kids have sports activities scheduled on Sundays because there isn’t enough time during the week for all the extracurricular activities. This is sad, but true.

Soon after our family joined our church, we adopted our youngest daughter, Jenna. The churchwomen (most of whom I didn’t know by name yet) threw me a surprise baby shower. Time went by, Jenna was baptized, and her older sisters were confirmed. We watched our three girls grow up with many loving self-appointed aunts and uncles, grandmas and grandpas, and cousins. We became friends with several members and helped with Vacation Bible School and Sunday School and various other committees. It was wonderful to have this extended church family to share our times of joy and celebration and to also to pray with us in times of sadness and uncertainty.

When Dan got seriously ill, our family found out what it was like to be on the other end of a small congregation’s generosity. I can’t even count the many meals prepared and delivered by our church and community when Dan was in and out of the hospital. One day soon after we found out Dan would need a lung transplant, our pastor delivered a hefty check and told us, “In our farm community, people just help others in need.” We did not



Consolidated Balance Sheets

know if the money was from one person or collected from the congregation. It didn't matter—we felt humbled and loved.

One Sunday morning when Dan was critically ill, the girls and I were waiting for some of his test results in a private waiting area at the Cleveland Clinic. We were nervous and decided to say a prayer. Afterward, we realized that at the very moment we needed it most, our little church was also praying for us. Of course, we couldn't hear them but when we looked at the clock, we knew it was prayer time for joys and concerns at Brownhelm church. Knowing they were there praying helped us to feel stronger on a very dark day.

When Dan died the love of our church family was always with us. Sometimes the familiar hymns made me so sad that I had to leave the sanctuary but I always felt understood and loved. Our church family held us together.

Several months later, a group of the elder church ladies conspired to be matchmakers. They enjoyed going out to breakfast most Sundays after church with Jim, who was new to our church. So, with lots of patience and effort they arranged several opportunities for Jim and I to get to know each other. That was eight years ago. Their plan worked very well—Jim and I still have brunch most every Sunday with the church ladies.

Now, I find that I am getting to be an elder church lady myself. At my age, church is still the place where I feel nurtured, cherished and mentored. This is why I want to nurture, cherish and mentor my church family. Jim and I still need to be part of an extended family who always has our best interests at heart. We may not always agree with every member of our church family but we know they always have our backs. This is what it means to belong to a church.

Our church family is continuing to make its way in changing times. We are lucky to have found a way, with a new spiritual leader, to continue our little church's mission to change the world for the better.

Peace and Love during the holiday season and throughout the New Year!



Agatha

(dollars in thousands)	September 30,	December 31,
	2017	2016
	(unaudited)	(audited)
Assets		
Cash	\$ 2,922	\$ 5,148
Investment securities:		
Held to maturity (fair value of \$12,379 and \$12,727, respectively)	12,116	12,720
Loans	1,814,653	1,796,515
Allowance for loan losses	(12,111)	(13,484)
Net loans	1,802,542	1,783,031
Accrued interest receivable	35,722	25,300
Investments in other Farm Credit institutions	20,779	20,747
Premises and equipment, net	7,938	7,969
Accounts receivable	9,664	21,349
Other assets	3,631	4,796
Total assets	\$ 1,895,314	\$ 1,881,060
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 1,551,215	\$ 1,551,034
Accrued interest payable	3,433	3,134
Patronage refunds payable	99	19,104
Accounts payable	1,473	2,090
Advanced conditional payments	3,345	484
Other liabilities	15,242	11,269
Total liabilities	1,574,807	1,587,115
Members' Equity		
Capital stock and participation certificates	19,727	19,661
Retained earnings		
Allocated	191,831	197,649
Unallocated	108,949	76,635
Total members' equity	320,507	293,945
Total liabilities and members' equity	\$ 1,895,314	\$ 1,881,060

Consolidated Statements of Comprehensive Income

(unaudited)

(dollars in thousands)	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Interest Income				
Loans	\$ 22,651	\$ 20,914	\$ 65,774	\$ 61,357
Investments	170	373	518	879
Total interest income	22,821	21,287	66,292	62,236
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	10,357	9,113	29,598	26,921
Net interest income	12,464	12,174	36,694	35,315
Provision for (reversal of allowance for) loan losses	(150)	(84)	(1,270)	(862)
Net interest income after provision for (reversal of allowance for) loan losses	12,614	12,258	37,964	36,177
Noninterest Income				
Loan fees	115	223	334	526
Fees for financially related services	112	105	147	138
Patronage refunds from other Farm Credit institutions	3,243	3,046	9,693	9,084
Gains (losses) on sales of premises and equipment, net	2	(2)	2	1
Gains (losses) on other transactions	2	2	9	4
Other noninterest income	8	11	28	28
Total noninterest income	3,482	3,385	10,213	9,781
Noninterest Expense				
Salaries and employee benefits	3,315	3,127	10,284	9,765
Occupancy and equipment	254	225	846	772
Insurance Fund premiums	415	475	1,213	1,289
Guarantee fees	190	198	921	760
(Gains) losses on other property owned, net	—	—	—	6
Other operating expenses	987	1,044	2,543	2,755
Total noninterest expense	5,161	5,069	15,807	15,347
Income before income taxes	10,935	10,574	32,370	30,611
Provision (benefit) for income taxes	—	(3)	4	(3)
Net income	10,935	10,577	32,366	30,614
Other comprehensive income	—	—	—	—
Comprehensive income	\$ 10,935	\$ 10,577	\$ 32,366	\$ 30,614

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

Here are a few of our favorite photos:

