

NEWS RELEASE



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AgHeritage Farm Credit Services Announces 2015 Earnings of \$22.10 Million

AgHeritage Farm Credit Services, a cooperative serving 24 counties of central and southeast Arkansas, reports year-end financial results for 2015, reporting continued strong levels of net income, capital and credit quality.

“AgHeritage FCS has generated some of the top financial ratios in the Farm Credit System in terms of capital, efficiency ratio, credit quality and earnings,” said Greg Cole, President and CEO, AgHeritage FCS. “We have grown to exceed \$1 billion in assets and enjoy a strong market share position, which is another confirmation of achieving our vision of being the lender of choice in our local marketplace.”

Highlights

- Net income of \$22.10 million for the year ended December 31, 2015, as compared to net income of \$22.97 million for the prior year.
- Average earning assets on an owned basis grew to \$1.01 billion as of December 31, 2015, as compared to \$945.4 million as of December 31, 2014.
- Average earning assets on an owned and managed basis grew to \$1.05 billion as of December 31, 2015, as compared to \$988.9 million as of December 31, 2014.
- These represent increases of 6.72% and 5.94%, respectively.

Patronage

As part of the AgHeritage FCS Board’s commitment to customer-owners, \$3.5 million was paid as patronage refunds to eligible shareholders during February 2016. The \$3.5 million patronage refund represents approximately 15.84% of new earnings. A total of \$28.75 million in patronage has been returned to our customer-owners during the past ten years.

“We would consider 2015 as the second consecutive year in a down cycle (efficiency cycle). The main driver behind the stress in profitability is the dramatic decline in crop prices coupled with many producers not being able to adjust expenses at the same relative rate. The dynamics of the crop sector includes relatively flat demand, a strong dollar, and large carryover stocks in need of supply adjustments. Outside a major weather changing event, the way to adjust supplies is an extended period of red ink, and that’s a slow, painful process. Though the crop sector is stressed, the protein sector continues to experience modest profitability with lower feed costs offsetting declining meat prices,” said Cole. “One of the value propositions of being an agricultural lending cooperative that’s been around for 100 years is our expertise in finance and agriculture. We’ve supported rural Arkansas with reliable, dependable credit and financial services. We’re serving rural Arkansas today, and tomorrow.”

AgHeritage Farm Credit Services is a financial cooperative with owned and managed assets of approximately \$1.1 billion as of December 31, 2015, that provides credit and related services to more than 3,100 farmers, ranchers and producers or harvesters of aquatic products in 24 Arkansas counties. Branch offices are located in Batesville, Brinkley, Dermott, Lonoke, Newport, Pocahontas, Searcy, Star City and Stuttgart.

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