

NEWS RELEASE

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AgHeritage Farm Credit Services Announces 2016 Earnings of \$21.31 Million

AgHeritage Farm Credit Services, a cooperative serving 24 counties of central and southeast Arkansas, reports year-end financial results for 2016. Net income at December 31 was \$21.31 million and owned and managed assets were approximately \$1.15 billion.

“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 \$1.1 billion in total 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.”

“We would consider 2016 the third consecutive year in a down cycle (efficiency cycle). The main driver behind the stress in borrower profitability is the dramatic decline in crop prices coupled with many borrowers not being able to adjust expenses at the same relative rate. The dynamics of the crop sector includes a relatively flat demand, a strong dollar, and large carryover stocks in need of supply adjustments. Outside of 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 experiencing extreme stress, the protein sector continues to experience modest profitability with lower feed costs offsetting declining meat prices. “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,” said Cole.

As part of the AgHeritage FCS Board’s commitment to customer-owners, \$3.6 million was paid as patronage refunds to eligible shareholders in February 2017. Since the patronage program began in 2006, a total of \$32.35 million has been returned.

AgHeritage Farm Credit Services is a financial cooperative with owned and managed assets of approximately \$1.15 billion as of December 31, 2016, that provides credit and related services to more than 3,096 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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