

## PRESS RELEASE



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**Contact:** W. Terry Lindley, Sr. VP Marketing  
(707) 545-1200 / tlindley@agloan.com

Chris Call, CFO  
(707) 545-1200 / ccall@agloan.com

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### American AgCredit Reports Record Financial Results for 2011

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*Net Earnings total \$180.7 million, an increase of 88% from 2010*

*2011 Dividend Payments to Customers total \$34.7 Million*

SANTA ROSA, CA (March 2012) -- American AgCredit, the nation's 6th largest Farm Credit Association announced this week financial results for 2011. Full-year earnings and net interest income reached record highs, and loan quality remained stable throughout the year. The Association's overall levels of capital and liquidity remained strong.

"We're extremely pleased with our financial results and business performance for 2011," said President and Chief Executive Officer Ron Carli. "Despite an economic environment that remains challenging, we continue to serve as a dependable source of credit for farmers, ranchers and other types of agribusiness in our territories."

#### **2011 Financial Results**

American AgCredit's net income for 2011 was a record \$180.7 million, up \$99.4 million from 2010, and up more than \$130 million from 2009. (Adjusting for a one-time recapitalization transaction from the funding bank, net income would have been \$92.7 million, up \$11.4 million from 2010.) Average loan volume was \$4.39 billion. Net interest income was \$128 million, with permanent capital ratio at year-end standing at 21.6%.

Net interest income decreased 5% in 2011 largely as the result of declining loan volume. Poor economic conditions during the past year have hampered new capital investments by the Association's customer base, limiting new lending opportunities.

Overall, the Association's geographic and commodity diversification, along with generally strong financial condition of its agricultural borrowers, have ensured the Association's continued stability. Credit quality in American AgCredit's loan portfolio remained stable at 95.9% acceptable at December 31, 2011.

Executive Vice President/Chief Credit Officer Bruce Richardson credits the Association's sound underwriting standards and strong capital base. "We have the capacity necessary to stand by our customers and to meet their borrowing needs in all kinds of market conditions," Richardson said.

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"While credit quality is anticipated to remain sound in 2012, we expect gains in selected sectors combined with fewer government support programs to affect the loan portfolio."

According to Chief Financial Officer Chris Call, the emphasis on diversification has created an Association that can withstand market shifts throughout various commodities.

"The Association's steady growth in earnings allows for the payment of large cash dividends while also contributing to a healthy capital reserve," said Call. "Agriculture is a cyclical business that is heavily influenced by production, operating costs and commodity prices. Based on our strong capital and diversified commodity positions, we are prepared to withstand significant economic volatility."

### **2011 Dividend Payout**

Based on the strength of its 2011 earnings, American AgCredit paid out \$34.7 million in dividend distributions to its customers, the highest customer dividend paid out in the history of the Association – representing 25% more than the previous year's dividend of \$26.3 million. Over the past six years, American AgCredit has returned just over \$163 million in dividends to member-borrowers in California, Nevada, Kansas and Oklahoma.

"A strong capital base and a customer dividend are important components of American AgCredit's core business values," Carli said. "Our Board of Directors made a unanimous commitment to return 1.0% of our borrowers' daily loan balances, effectively reducing customer interest rates. As a cooperatively organized lender, the success of American AgCredit is our member's success."

### **Association Expansion**

On the heels of the successful merger with Farm Credit of the Heartland, ACA, late in 2009, the Association officially merged on January 1, 2012, with Farm Credit of the Mountain Plains, ACA, based in Greeley, Colorado, which includes the western half of Colorado and two counties in northwest New Mexico as part of its territory.

This is the fifth merger since 2000 for the multi-state lender, which has continued to grow its capital and loan portfolio despite the financial challenges in the lending marketplace. Continuing diversity has been a driving factor with the mergers, which allows a wide range of commodities and borrowers to help mitigate the Association's risk profile.

CEO Ron Carli emphasized the Association's continued focus on planned, balanced growth. "Our strength lies in our diversity – the wide range of commodities financed, the broad geographical area we serve, and the spectrum of borrowers, from small family farms to major agricultural operations."

"It is our fundamental goal to ensure that financing remains available to agricultural producers who need financing in these challenging times. In order to do this, the Association must remain a safe, well-diversified organization that can meet the needs of a constantly changing marketplace," said Carli.

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*About American AgCredit*

Founded in 1916, American AgCredit is part of the cooperative nationwide Farm Credit System, and is the nation's 6th largest Farm Credit cooperative. American AgCredit specializes in providing financial services to agriculture and rural customers throughout California, Nevada, Central Kansas, Northern Oklahoma, Western Colorado, and Northern New Mexico – as well as to capital markets customers in 30 states across the nation.

Financial services provided by American AgCredit include production and mortgage financing, equipment and vehicle leasing, crop and life insurance, lines of credit, and the Young, Beginning and Small Farmer/Rancher program. In addition, the Association provides interest-free loans for qualifying 4-H and FFA AgYouth programs, as well as college scholarships to young people interested in agriculture.

For more information about American AgCredit's financial services, call 800-800-4865 or visit the website at [www.agloan.com](http://www.agloan.com) for a listing of offices by region.

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