

## PRESS RELEASE



*For Immediate Release*  
(February 28, 2011)



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### American AgCredit Reports Record Financial Results for 2010

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*Net Earnings Increase 65% from 2009, totaling \$81.38 million*

*2010 Dividend Payments to Customers total \$26.3 Million*

SANTA ROSA, CA (February 2011) -- American AgCredit, the nation's 7th largest Farm Credit Association announced today financial results for 2010. 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 2010," said President and Chief Executive Officer Ron Carli. "In an economic environment that remains challenging and highly volatile, American AgCredit continues to serve as a dependable source of credit for farmers, ranchers and other agribusiness in our territories."

#### **2010 Financial Results**

American AgCredit's net income was a record \$81.3 million, up \$31 million from 2009. Average loan volume was \$4.57 billion. Net interest income rose 25 percent to \$134.7 million, from \$107.4 million in 2009, offset by non-interest expenses and loan loss provisions of more than \$53 million.

A key driver was the volatile nature of commodity input costs. While the dairy industry has stabilized somewhat since 2009, the market suffered from high feed costs and low prices during much of the year. The anemic housing market hurt the forest products industry as well. Demand for lumber and nursery products was far below normal levels. At the same time, other commodities financed by the Association have weathered the economic downturn with limited adverse effects. Vineyards and wineries, the largest segment of the loan portfolio, have fared relatively well during the economic challenges over the last two years, while nuts in particular have strengthened. The 2010 almond crop was approximately 7% above the 2009 crop and is among the largest ever, with record shipments for both domestic and export markets.

Overall, the Association's geographic and commodity diversification along with generally strong financial condition of its agricultural borrowers have ensured the Association's continued

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stability. Credit quality in American AgCredit's loan portfolio declined only slightly to 95.7 percent acceptable, compared to 96.2 percent at December 31, 2009.

Chief Credit Officer/COO Bruce Richardson maintains that the Association will continue to emphasize sound underwriting standards. "We have the capacity necessary to stand by our customers and to meet their borrowing needs in all kinds of market conditions," Richardson said. "While credit quality is anticipated to remain sound in 2011, we expect slow economic recovery and fewer government support programs to affect the loan portfolio."

The Association remains well-diversified both in its commodities and its core financing components, with a large percentage of its outstanding loans in long-term farm mortgages, production and intermediate-term loans, and financing for operations and processing. According to Chief Financial Officer Chris Call, this diversification has created an Association that can withstand market shifts throughout various commodities.

"The credit quality of our loan portfolio has remained strong and stable," said Call. "Agriculture is a cyclical business that is heavily influenced by production, operating costs and commodity prices. With a strong capital base, we are prepared to withstand significant economic volatility."

CEO Ron Carli emphasized the Association's continued focus on careful growth. "Throughout the economic volatility of the past few years, the Association has been well-served by a prudent approach to agricultural financing. Our commitment to sound financial practices is firm, as is our commitment to sound agricultural practices."

### **2010 Dividend Payout**

Based on the strength of 2010 earnings, in March, American AgCredit will pay \$26.3 million in dividend distributions to its customers, or 75 basis points (0.75%), representing 50% more than the previous year's dividend of 50 basis points (0.50%).

Over the past five years, American AgCredit has returned more than \$106 million in dividends to customer-owners in California and Nevada alone; including Kansas and Oklahoma the amount jumps to more than \$128 million.

Compared to 2009 and 2008 dividend returns – which total \$15.8 million and \$14.7 million, respectively – the 2010 dividend payout amount has increased 66% and 79% respectively.

"A strong capital base and a customer dividend are important components of American AgCredit's philosophy," Carli said. "As a cooperatively organized lender, our Board of Directors made a unanimous commitment to return 0.75% of our borrowers' daily loan balances, effectively reducing customer interest rates. The success of American AgCredit is our Member's success."

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## **Association Expansion**

In a year where 157 commercial banks failed – more than the previous year – American AgCredit continued to thrive. On the heels of the successful merger in late 2009 with Farm Credit of the Heartland, ACA, late in 2009, American AgCredit opened a Capital Markets Group office in Lake Oswego, Oregon, reorganized its Crop Insurance activities, promoted several key staff, and moved its Santa Rosa branch to a new building.

“With these changes we’re able to streamline our operations,” said CEO Ron Carli. “We intend to remain focused on meeting the needs of farmers and ranchers for future generations. That’s our business.”

### *About American AgCredit*

Founded in 1916, American AgCredit is part of the cooperative nationwide Farm Credit System, and is the nation’s 7th largest Farm Credit cooperative. American AgCredit specializes in providing financial services to agriculture and rural customers throughout California, Nevada, Central Kansas, and Northern Oklahoma, 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, lines of credit, and the Young, Beginning and Small farmer 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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