



AG FIRST
FARM
CREDIT
BANK

Partner

A CUSTOMER-
FOCUSED
COOPERATIVE
COMMITTED TO
CONTINUOUS
IMPROVEMENT

BUILDING ON
OUR STRENGTHS

PAGE 3

AUTUMN 2000

Partner

is published for directors, employees and retirees, all of whom are a valuable part of the bank's activities.

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Executive Management

F. A. (Andy) Lowrey

Chief Executive Officer

falowrey@agfirst.com

Larry R. Doyle,

Executive Vice President

ldoyle@agfirst.com

Thomas S. Welsh,

Executive Vice President

twelsh@agfirst.com

Partner Staff

Marie Stiles, Editor

mstiles@agfirst.com

Renee Cool, Design

rcool@agfirst.com

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our mission

“To enable our members to be the
lender of choice to agriculture and
rural America through cooperation
and added value funds and services.”

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Please address any comments, questions or address changes to Advertising and Communications, *AgFirst Farm Credit Bank*, P.O. Box 1499, Columbia, SC 29202-1499. Our phone number is 803-799-5000. Visit our website at: www.agfirst.com

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AgFirst Farm Credit District— *Building on our strengths*

After attending a number of national meetings during the last several months, I've realized the System seems to be caught up in talking about its negatives more than its positives. Concerns about growth, market share, the possibility of diminished GSE status and the overall relevance of the System dominate the discussions at these meetings.

Good strategic planning should include an equal analysis of a company's Strengths, Weaknesses, Opportunities and Threats, sometimes referred to as a SWOT analysis. However, I notice we often get consumed in the discussions surrounding weaknesses and threats and don't fully appreciate our strengths and opportunities.

If we fail to recognize our strengths, we may fail to capitalize on our opportunities. That's why it's important that we stop and examine our strengths from time to time. Here are the top ten strengths of the AgFirst Farm Credit District as I see them.

1. The AgFirst District enjoys the highest level of earnings (ROA and ROE) in the System.
2. We have a very diversified portfolio, one that is not as subject to volatility as others within the System.
3. We have one of the highest market shares of any district. We also have a higher share of production lending than many parts of the country.
4. We are well capitalized and have substantial loan loss allowances.
5. Our federated cooperative structure provides synergies not enjoyed in some other parts of the Farm Credit System. In some districts, the desire to decentralize the services, with each association doing its own thing in technology, human resources, benefits, etc., adds significantly to their costs.
6. Our patronage history represents one of the most successful stories in the history of cooperatives. As a district, we've declared more than \$1.2 billion in patronage refunds and paid over \$600 million of that in cash. Our customers have ample reason to believe in the cooperative concept.
7. Because of the above, we have many advocates among our customers. If we have a need, I believe that many of our 83,000 customers would be willing to write their congressmen or senators in support of the System.
8. We serve an industry that Congress continues to view favorably.
9. Historically high levels of government support have minimized the impact of low commodity prices for farmers and those who serve them.
9. Single taxation afforded our institutions is a great widget that provides a significant advantage.
10. I think we have the most knowledgeable and competent staff ever in our history, particularly in the crucial areas of lending, operations, asset/liability management and technology.

As you plan for 2001, you may want to think about how your association can capitalize on these strengths. We know we'll face challenges next year, but I think we have many reasons to be confident in our ability to manage them. ♦



F.A. "Andy" Lowrey
Chief Executive Officer



Maryland agriculture salutes Senator Paul Sarbanes

Wayne Lambertson's farm was the backdrop for an important Farm Credit legislative event recently. Mr. Lambertson, who serves as vice chairman of the MidAtlantic Farm Credit Association board and a director on the AgFirst Farm Credit Council board, hosted a luncheon recognizing Senator Paul Sarbanes (D-MD) for his contributions to farming in the state of Maryland.

Nearly 75 people from the farm community gathered to show their appreciation to the senator. "He's been a good friend to agriculture and the Farm Credit System," said Bob Frazee, president of MidAtlantic Farm Credit. "Anytime we need help, we feel we can go to Paul."

Accepting the appreciation from the group, Senator Sarbanes discussed how low crop prices and droughts have created disasters for agriculture that outweigh flood and hurricane damages, which often garner more attention and federal funding. He also spoke of the ongoing struggle to balance farming with the environment. "They don't have to be at odds with one another," he said. "We are working hard to get a good relationship between environmentalists and farmers. We want both of them to thrive and be prosperous."

Mr. Lambertson and staff from MidAtlantic Farm Credit, AgFirst Farm Credit Bank and the Farm Credit Council in Washington worked hard to coordinate all of the arrangements for this luncheon [that included a presentation of a shirt and plaque by Farm Credit] for building strong relationships with members of Congress is a top priority in the AgFirst District. In order to serve Rural America, we must have the support of the members of Congress. We encourage all associations to continue their efforts to "grow" their relationships with members of Congress. ♦



Greg Farmer, president of Colonial Farm Credit, Andy Lowrey, CEO of AgFirst FCB and Bob Frazee, president of MidAtlantic Farm Credit, present a Farm Credit PAC check to Senator Sarbanes.



Wayne Lambertson presents a Farm Credit shirt and recognition plaque to the senator.



AgFirst FCB directors Ed Lippy and Doug Flory enjoy their participation in the Sarbanes event.



Attendees were treated to a crab and chicken luncheon.

Teamwork is our strength

by Tom Welsh
Executive Vice President

*...teamwork is the key
reason our district
consistently outperforms
other districts.*

The bank's senior officers recently had a planning meeting with Bill Linnenbringer, a senior partner with PriceWaterhouseCoopers. Bill has worked with commercial banks and the Farm Credit System for several years, so we asked him to give us an overview of the financial marketplace and the System itself.

During his talk, Bill said something that really got my attention. In comparing the AgFirst District with the rest of the System, he said the one thing that really sets us apart is that, "We get along and we work together." Bill said our bank and associations make a good team, and by working together, we create an efficient business model. He said our team approach produces economies of scale which have a tremendous impact on our efficiency. He concluded by saying, "Teamwork is the key reason our district consistently outperforms other districts."

Deregulation and national charters have become the new buzzwords in the System. Are these initiatives going to come to fruition? Nobody knows, but over a period of time, the marketplace will probably dictate some level of deregulation. As the System transitions into a deregulated environment, the efficiency of each association will become more and more important. Efficiency affects net income, net income affects patronage, and patronage affects the effective rate an association can offer. Therefore, efficiency will determine survival.

As Bill reminded us, one way to improve efficiency is to control costs by using the economies of scale that a \$12 billion bank provides. I encourage each association to use the bank's services whenever a need arises, instead of "reinventing the wheel." In most cases, your need is also someone else's need, and it just makes good sense to create something once, instead of 27 times. That's efficiency, and it's that kind of efficiency that will position your association to: (1) defend your marketplace, and (2) be successful if you decide to expand into other markets.

Under deregulation, your customers could become prime targets for other System lenders. For this reason, each association should look for ways to increase the level of communication with each customer, and ways to emphasize the value of doing business with your association. Your communications should be targeted by customer segment and should be a mix of face-to-face, written and electronic.

I don't feel we can just take paying patronage for granted. We must continue to emphasize the effect it has on the total cost of borrowing. Your Farm Credit *Leader* and website are excellent communication tools. Let's work together to find additional efficient avenues of communication. I truly believe that a high level of communications will serve as a barrier of entry to the competition. ❖

Diversifying Risks With Loan Participations

by Steve McClam
Vice President, Lending Services

In the 1980s, banks were taught a difficult lesson about the pitfalls of excessive portfolio concentrations. Whether their concentrations were in developing countries, commercial real estate, agriculture, or other sectors, many banks were hit hard—and a number failed—when these sectors fell on hard times.

But banks learned from their mistakes. Today, banks and other lenders are more focused than ever before on risk diversification.

As we learned in the 1980s, failure to effectively diversify risk can spell trouble with the convergence of the right set of circumstances.

This certainly holds true for Farm Credit institutions. It is imperative that AgFirst and its family of associations be vigilant in managing risk through diversification of:

- borrowers,
- lines of business,
- industry or commodity concentrations,
- types of loans, and
- geography.

One of the most effective ways for a lending institution to diversify risk is through loan participations, where one lending institution sells a portion of a loan (and its corresponding income stream) to another.

For example, a Florida association with heavy loan concentrations in citrus might seek to:

- diversify its commodity exposure by buying participation in loans involving other commodity groups, like timber or turkeys;
- diversify geographically by buying into loans originated outside of Florida; or,

- sell down some of its citrus exposure by offering it to a prospective participant.

Given the diverse industries, commodities and geography of our AgFirst territory, the possibilities—and opportunities—are many.

AgFirst Participations

AgFirst has been active in loan participations for some years now. Originally begun as an effort to assist associations with overlines and later expanded to include other sources, AgFirst's participation portfolio has enjoyed significant growth. At September 2000, the bank had 100 participation relationships involving nearly \$2 billion in commitments (with \$1.15 billion in outstanding principal).

Most of our participations have come from district associations. However, we've seen significant growth in participations from institutions outside the AgFirst family, primarily CoBank, commercial banks and other System banks. Participations from these sources have grown from \$125 million in 1996 to \$540 million in September 2000. Our participation purchases span geographically to 25 states, with some borrowers involved in international operations. On the sales side, AgFirst has sold more than \$220 million in participations to other Farm Credit institutions.

When associations sell participations in loans to AgFirst, it is typically due to loan size, spreads and/or industry concentrations. This outlet has provided associations with an ability to compete in relatively low-margin agri-business credits that they may not otherwise have been able to serve. So, when a customer has credit needs, regardless of size or existing

exposure, its association, with participation help from AgFirst, can step forward to meet those needs.

AgFirst maintains a participation pool and returns earnings from the pool to originating associations. The cash distribution from the pool is 50% of the net income of the pool. It is paid to associations based on average volume sold to AgFirst. The balance of pool earnings go to AgFirst's general pool and is distributed to all member-associations. For 2000, originating associations can expect a cash distribution that equates to 60-65 basis points.

Sub-Participations

In 1999, AgFirst launched an effort to provide member-associations with opportunities to buy sub-participations from AgFirst. Through September 2000, sub-participations in 9 loans totaling \$118 million had been sold to 13 associations.

In offering sub-participations to member-associations, our objective is to provide associations with opportunities for asset growth and diversification of credit risk and income stream. In doing so, AgFirst, in turn, gains a tool for managing single-credit exposure at the bank level. An added benefit for all, however, is that together, by pooling the interests of several associations and AgFirst, we are able to meet large minimum participation levels required in some deals.

Association to Association

Many associations are now actively involved in buying and selling participations among themselves. Consider two such associations that each sell a participation to the other—same dollar amount, same income stream—but in two completely different industries or commodity groups. Effectively, then, each

Delivering Credit in 2001

by Bob Auman

Corporate Credit Analyst, Credit Policy and Services

association has preserved its income stream, but at the same time has diversified its commodity, borrower, and geographic concentration risks. When you consider that AgFirst benefits, as well, by funding both loans through its direct notes with the associations, we've created a "win-win-win" situation.

As the economic, competitive and regulatory environment for lenders continues to evolve, risk diversification is an increasingly important factor in our ability to deliver consistent, dependable, and quality earnings to our shareholders. And, participations offer a very effective vehicle for creating diversification.

AgFirst and its family of associations can continue to add stockholder value by working together and aggressively seeking out opportunities, like participations, that provide for asset growth while permitting diversification of risk and income stream. We can't afford not to. ❖

Have you ever been in a newsroom working against a production deadline, struggling to get it all together in time for the next day's paper to go to presses. Close your eyes for a moment and try to envision twenty people in a big room bent over their keyboards. The sound of keys rattling under the reporters' fingertips, the copy boy calling for copies as he weaves through the maze of desktops. Trashcans overflow with discarded efforts to get the story "just right" before the final edit. The smell of stale coffee drifts through the room as the setting sun burns through half-shut Venetian blinds covering the windows.

There is no copy boy and desks are separated by cubicle walls, but the mood described by this picture is the same. The team charged with delivering a state-of-the-art upgrade for CreditPro is working at a feverish pace as it puts the numerous pieces together into a recognizable product. Just what will the product do for you? As you would expect, it will do everything that CreditPro currently does:

- Generate all legal documents
- Minimize data entry
- Book loans
- Interface with credit analysis applications such as Farm Equity Manager and Excel models.

So what's new? Of course, migrating the CreditPro functionality to a Windows product is a given. As you work up a loan request, you will be able to:

- Move to any field on the screen using your mouse or keyboard
- Copy and paste text
- Preview documents prior to printing
- Copy from a previous loan to begin a new loan request

This gives you all the features of CreditPro (the positive ones!) plus the functionality of a Windows application. In addition, the new credit delivery product will:

- Provide access to all data captured – you will be able to report on almost anything!
- Include a customizable introductory screen – the program will come up with your association's logo.
- Have a modular architecture allowing other applications to be incorporated into the product, such as Fair, Isaac's Credit Desk.

There's a flurry of activity in the credit delivery area. Look for more details in future *Partner* articles! ❖

The Index of Leading Economic Indicators – Your Economic Crystal Ball

by Joy Upchurch

Vice President, Marketing and Bank Services

*The U.S. economy is hot, hot, hot! But, will it stay that way?
Here's how to stay in the know.*

Those of you who attended AgFirst's Annual Meeting in New Orleans this year will remember economist Ed Seifried's presentation on the U.S. economy. You may recall that Dr. Seifried told us:

- The last recession in the U.S. began in July 1990, and ended in March 1991. The economy officially recovered from that recession in November 1992 and has been growing steadily ever since.
- On January 31, 2000, we broke the record for the longest period of economic expansion in U.S. history. That date marked the 107th month of growth in the nation's GDP (Gross Domestic Product).

The economy is still setting records. November 1, 2000, will mark 116 months (9.6 years) of expansion, a milestone many economists thought impossible.

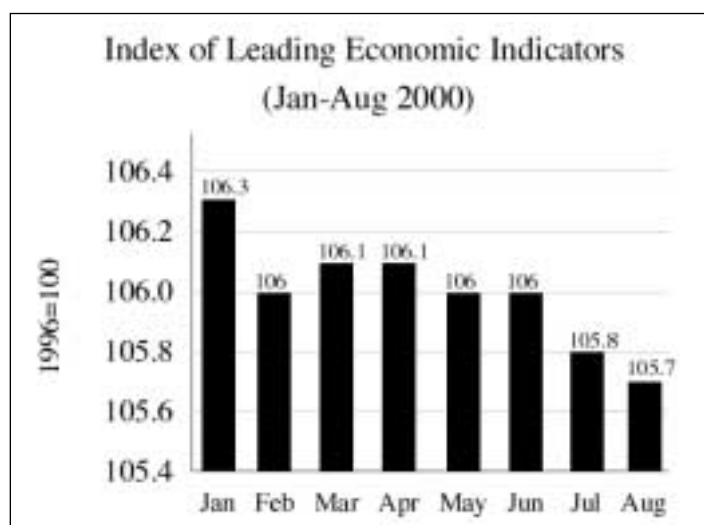
As Dr. Seifried told us, we can track the health of the economy—and even forecast the next recession—by monitoring the Index of Leading Economic Indicators (LEI), also called the Composite Leading Index. The LEI has a pretty good track record for predicting changes in the economy; it has predicted all U.S. recessions since World War II.

The LEI is published by The Conference Board, a nonprofit, nonpartisan organization that also reports the Consumer Confidence Index. The LEI is derived from 10 indicators which predict future economic activity, including building permits, manufacturers' new orders, prices of 500 common stocks, and consumer expectations.

Dr. Seifried suggests these guidelines for predicting future economic activity:

- Track the LEI monthly.
- If the index rises monthly, expect good conditions ahead.
- If the index falls in three consecutive months and the combined fall in those three months is greater than 1.0%, be on the alert for an economic downturn.

Here's a look at the latest figures:



While the LEI has fallen in each of the last two months, the change has been slight, only – 0.3% since June. Many economists are saying this decline is favorable because it indicates the economy is slowing down in response to actions by the Federal Open Market Committee and the Federal Reserve Board.

The Fed has raised the discount rate six times since June 30, 1999, in an effort to slow the economy and keep inflation in check. It appears as if their strategy is working as GDP grew only 2.7% in the third quarter, as compared to 5.6% in the second quarter of 2000.

If you're interested in using the Index of Leading Economic Indicators as your crystal ball, check out these websites:

- The Conference Board: www.conference-board.org
- The Conference Board's Business Cycle Indicators (current and historical data): www.tcb-indicators.org

Coming Soon –

LoanLine

A New Customer Service

by Jerry Shuffler
Director of Insurance and Financially Related Services

Association customers will soon be able to obtain account balance and interest rate information, as well as payment information, via a new telephone inquiry service called LoanLine. LoanLine is a 24-hour toll-free service that can be accessed from any TouchTone phone by calling 1-877-LoanLine (1-877-562-6546).

LoanLine will be introduced to customers by means of borrower announcement packets which will contain an announcement letter and a brochure. Letters will include a list of all loan numbers for which the addressee is the primary borrower, along with a personal identification number (PIN) which the borrower will use to access LoanLine. In addition to step-by-step instructions, the brochure will also have a tear-out wallet-size quick reference card.

Borrower announcement packets will be staggered over a period of several weeks to alleviate demands on phone lines. Mailing schedules have not been determined at this time, however, before any borrower announcements are sent, association announcement packets will be mailed to each branch at least two weeks prior to the borrower announcements being mailed. Association announcement packets will contain:

- *A LoanLine overview*
- *Procedures, including PIN administration*
- *Copies of the letter and brochure borrowers will receive*
- *LoanLine call flow diagram with prompt/response script*
- *LoanLine-to-Loan Systems data location/identification guide*
- *Instructions for association staff live-testing, if desired*



AgFirst Adds Citrix to its Technology Platform

by Robert E. Zeman
Vice President, Information Management Systems

In recent *Partner* articles, we have published information regarding the major efforts put forth by AgFirst to upgrade its technology infrastructure to provide fast, efficient and cost-effective technical services to the district. We reported on recent successes such as the installation of a new Frame Relay communications network, new email system, data warehouse (for accessing corporate data) and the other initiatives to transition to newer client-server applications. While we have completed many initiatives, we continue to search for other technology that will bring benefit to the district. This article provides information about another technology recently added to our technology product line. The product is called Citrix, and it was developed by Citrix Systems, Inc.

Citrix Systems, Inc. is a global leader in application server software and services that offer "Digital Independence," the ability to run any application on any device over any connection. Citrix is a communications product that will allow associations fast access to server-based applications regardless of the physical location of the application. Citrix will eliminate the immediate need to upgrade the Frame Relay network to obtain more network bandwidth to access bank provided applications, thus delaying any associated costs. Additionally, Citrix positions AgFirst to deliver server-based applications to associations without incurring large deployment costs as applications will be installed and serviced from the Columbia data center. The overall benefits of Citrix to the district are:

- Enables AgFirst to provide access to server-based applications without having to increase network bandwidth

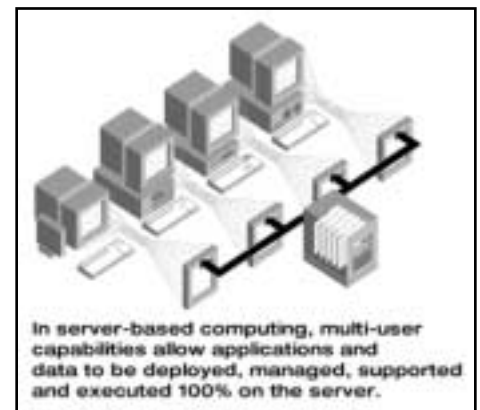
- Applications are installed, updated and maintained on central servers instead of each client, thus reducing costs and complexity of administration
- Enables rapid application deployment and availability
- Enables high application performance even over bandwidth-constrained connections as well as greater data security.
- Provides a secure remote access solution
- Citrix centralizes application management capabilities lowering Total Cost of Ownership through rapid deployment of new solutions and upgrades

How Does Citrix Server-based Computing Work?

The server-based computing model employs three critical components. The first is a multi-user operating system that enables concurrent users to log on and run applications in separate, protected sessions on a single server. The second is a highly efficient computing technology that separates the application's logic from its user interface, so only keystrokes, mouse clicks and screen updates travel the network. As a result, application performance is network bandwidth-independent. The third key component, centralized application and client management, enables large computing environments to overcome the critical application deployment challenges of management, access, performance and security.

Server-based computing is made possible by two Citrix technologies: Citrix Independent Computing Architecture (ICA®) and Citrix MultiWin. A de facto standard for server-based computing, the

ICA protocol shifts application processing from the client device to the server. MultiWin, the technology licensed by Citrix to Microsoft to jointly create Terminal Server, enables multiple users to simultaneously access applications running on a server.



As AgFirst continues to transition to server-based applications, costs of doing so is always a consideration. With Citrix, we are confident we can move forward with providing application services cost effectively. In 2001, the new credit delivery application designed to provide district association loan officers and loan processors an effective loan origination system, is scheduled for implementation. credit delivery is deemed a mission-critical application and will be one of the first applications coupled with the Citrix product. The implementation of Citrix will require detailed planning. AgFirst is currently in the planning phase and is excited about the technological benefits Citrix will provide AgFirst and its customers. ❖

Document Management

What is it?

What can it do for me?

by David Bateman
Customer Systems Manager, Information
Management Department

When you think of document management what comes to mind? Storing and retrieving documents in a file folder in your desk? Or, maybe in the filing cabinet down the hall or in a central file room? Or, possibly in another location? Wouldn't it be great to scan a document into a system and be able to retrieve the document almost instantly from any association office? Well, you'll be glad to know that we're planning a project that will make all this and more possible.

The name of our project is Report Distribution, Archival and Imaging Systems. We're planning to work on the Report Distribution and Archival components first, followed by Imaging.

Documents stored in a report distribution system may be retrieved in many different ways - Last Name, Social Security number, Loan number, Invoice; you decide. Predefined filing methods and standards make this retrieval possible. Documents from mainframe applications, client/server applications, as well as stand-alone applications may be stored in the Report Distribution System for easy access.

Another feature of a Report Distribution System is that it provides customers access to information over the Internet. It is not beyond our reach for customers to be able to view documents such as billing statements, rate change notices, or annual statements from their home or business computers.

We are excited about the many possibilities a Report Distribution System can provide to our bank and association customers and look forward to delivering this new application to you.

AgFirst is currently evaluating vendors who supply report distribution systems. Our current schedule is to complete our evaluation and recommend a vendor to bank management. Based on management's direction, an implementation project will be scheduled. ♦



Training Update

by Pat Roche
Sr. Human Resources Specialist



Pat N. Roche
Sr. Human
Resources Specialist
proche@agfirst.com

This has been a busy year for training at the bank. With the relocation of the training facility to the First Union Building last summer, the bank's training capacity has almost doubled. Trainers now have two training rooms — one for computer training and one for traditional classroom training. Both have state-of-the-art LCD projection systems. A well-stocked break room providing drinks, coffee, and pastries accompanies the training rooms.

During the past year, over 80 programs have been conducted in these two training rooms. A variety of computer-based training programs have been offered in the computer-equipped room, from MS Outlook and Secondary Marketing to Front-End training. Likewise, the other training room has housed a multitude of programs from Commercial Ag Financing

to Project Management to We Care® this year.

And, demand continues to grow. Recently, East Carolina and Palmetto hosted programs in the training center. To meet the increasing demands for systems training, new computers and printers will be installed early in 2001.

Gloria Brown, training coordinator for Human Resources, is one of the key players in the success of the training rooms. She schedules training rooms, registers participants, makes room reservations for participants, orders lunches, prepares manual orders, participant manuals, and answers questions from trainers, participants and vendors. It is a

big job and one for which Gloria seems to be well suited. Her hard work and good customer service skills have played an important part in the success of the training facility.



2000 Training Calendar

To register for any of the workshops, please use the Outlook Electronic Forms. For information on ExecuTrain classes, you may view its web site at www.executrain.com/columbia, or call ExecuTrain at 803/772-2499.

Due to many priority projects now occurring in the bank, all Fall 2000 WE CARE programs have been cancelled. We will reschedule these sessions for Spring 2001. You will be notified in February, 2001, of the dates of these sessions.

Nov. 14-16 • Front End (Columbia) (McAlhaney)

Nov. 17 • Employment Interviewing and Platform Training (Columbia) (Heckman)

Nov. 28-29 • Time & Stress Management (Blue Ridge) (Roche)

Dec. 11-15 • Comm. Ag. Financing (CAF) (Columbia) (Musselwhite)

If you have questions, please call Pat Roche (ext. 347) or Gloria Brown (ext. 489)

ExecuTrain Savings for the AgFirst District

As previously announced, a district-wide training contract was signed with ExecuTrain early in 2000. Any association can take advantage of reduced prices just as the bank does. ExecuTrain offers a variety of Microsoft and other software training classes for both end-users and technical users.

For several years, the bank has been saving money through this contractual arrangement which provides reduced prices in several different training situations. For example, a one-day training program for an end user, such as Word 2000, costs \$145 with this contract. Without the contract, the price varies according to location from \$165 to over \$200. In-house training using on-site equipment can cost as little as \$60 per participant, depending on the program, location and the number of participants.

For additional information about this service, contact Pat Roche at proche@agfirst.com. If you attend the IT conference this November in Orlando, ExecuTrain will have a booth. Dionne Caro, regional sales manager for ExecuTrain, will be there to answer any questions.



Doing business with Farm Credit has its rewards.



Last year, our borrowers were rewarded with a patronage refund of more than \$3 million. That's 22¢ for every \$1.00 of interest they paid on their loans. Why do we do business this way? Because we're a cooperative. And, as a cooperative, we can share our profits with our borrowers. If you have a loan with another lender, check with us. Because doing business with Farm Credit has its rewards.



Farm Credit

A Customer-Owned Business

We don't play tug-of-war with our profits.



When you borrow from Farm Credit, everybody wins. Last year our profits allowed us to return to our borrowers a refund of more than \$4 million. That's 25¢ for every \$1.00 of interest they paid on their loans. Why do we do business this way? Because we're a cooperative. And, as a cooperative, we can share our profits with our borrowers. If you have a loan with another lender, check with us. Because at Farm Credit, we're not playing games.



Farm Credit

A Customer-Owned Business



And you thought this was good.

At Farm Credit, we don't believe in gimmicks and giveaways to get your business. Good customer service, competitive rates and flexible loan terms are a few of the things you can expect from us. Farm Credit also offers something that other lenders can't. A share of the profits. And we're not talking crumbs here. A patronage refund can mean real savings to you, effectively lowering your cost of borrowing.

Call your local Farm Credit office today to find out how you can get in on the best thing since sliced bread.



Farm Credit

A Customer-Owned Business



When was the last time your bank gave you something?

Having trouble remembering? You won't with us. Every year since 1988, we've given our customers something. Not toasters or trinkets, but something of real value. A share of our profits.

And we're not just talking crumbs here. Last year, we gave our borrowers more than \$4 million of our profits. That's a refund of 25¢ for every \$1.00 of interest paid.

Other lenders say they appreciate your business, but Farm Credit really shows it. Let us show you. Call us today.



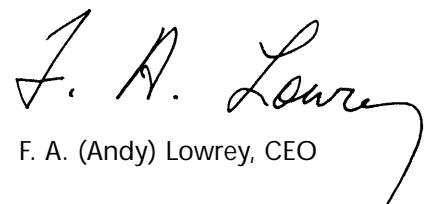
Farm Credit

A Customer-Owned Business

To order any of these patronage ads or posters, customized for your association, contact your marketing manager.

AgFirst[®] Business Model

1. We will return all of our profits to our member-associations, either as a patronage refund or through the lendable equity allocated to direct notes. None of our lendable equity will be allocated to investments, non-association participations or our Secondary Mortgage Market Unit.
2. We will be highly focused on our profitability and will actively seek income generated outside the family. Our continued emphasis on profitability, centralized processing and value-added services will provide associations of all sizes the opportunity to be highly competitive.
3. We will gradually reduce common stock investment in the bank, making us more attractive to associations looking for a new relationship.
4. We will seek ways to increase our asset base, but we do not view mergers as the only way to achieve greater efficiency.
5. We will encourage shorter duration of assets and seek to avoid products that encourage less stability in earnings.
6. Our technology will be appropriate for the marketplace, functional, mainstream and effective. We will not be on the cutting edge of technology, nor will we be a laggard. We will use technology to become more efficient and to improve well-designed processes.
7. Our services must be competitive with other Farm Credit Banks, but we will not chase projects that have not withstood rigorous cost-benefit analysis. We will seek affiliations where economies of scale can be achieved.
8. We have a bias toward unbundling costs, but will not move forward on this concept until we have adequate analysis to justify our approach.
9. We will position the bank to serve associations that want funding only, services only, or both.
10. Continuous streams of recurring revenue will be our goal and should drive our actions.



F. A. (Andy) Lowrey, CEO

calendar of events

Holidays & Bank Closings

November 23-24

Thanksgiving

December 25-26

Christmas

January 1

New Year's Day

AgFirst Farm Credit Bank Board Meetings

November 13-14

Columbia, S.C.

December 18-19

Columbia, S.C.

January 13

San Diego, Calif.

Other Meetings

January 13

AgFirst Farm Credit District Advisory Committee
San Diego, Calif.

January 14-16

National Farm Credit Council Annual Meeting
San Diego, Calif.

April 17-20

AgFirst Farm Credit District Educational Conference
Panama City Beach, Fla.

May 16-18

AgFirst Farm Credit District Educational Conference
Williamsburg, Va.

July 21-24

AgFirst Farm Credit Bank 2000 Annual Meeting
The Omni Hotel, Cincinnati, Ohio



AgFirst Farm Credit Bank

P.O. Box 1499

Columbia, SC 29202

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