



Fresno Madera Farm Credit

CONNECTION

SPRING 2016

FOCUS

Toward the Future

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CONNECTION

is a printed publication for customers of
Fresno Madera Farm Credit.

Board of Directors

Jeff Jue, Chairman
John Simpson, First Vice Chairman
(Appointed Director)
Jeff Yribarren, Second Vice Chairman
Daniel Errotabere
Fred Fagundes
Edward Martinazzi
Victor Sahatdjian
Stephen Schafer
Lance Shebelut
Denise Waite (Appointed Director)

Holiday Schedule

Annual Stockholders' Meeting
Wednesday, May 11
Offices close at noon

Memorial Day
Monday, May 30

Independence Day
Monday, July 4

Labor Day
Monday, September 5

Upcoming Events

May 6
Duarte Nursery Friends Day
Hughson, CA

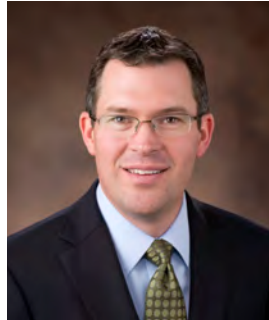
May 19-22
Chowchilla-Madera Fair
Chowchilla, CA

June 16
Celebrating Friends of Agriculture
Fresno CA

July 8-24
California State Fair
Sacramento, CA

FOCUS toward the future

PRESIDENT'S MESSAGE



Keith Hesterberg
President & CEO

During 2016 the Farm Credit System is celebrating its 100th year of serving farmers and ranchers. Since 1916 the Farm Credit System and the people we serve have changed significantly. We are fewer in numbers – in 1916 there were more than 32 million farmers and ranchers, and today that number is estimated to be just more than 3 million. Today, there are fewer than 72 Farm Credit Associations serving Agriculture compared to nearly 1,000 in 1983.

We believe that survival over these many years has meaning and while there have been many lessons over that span of time, we are focused on one of the keys: In order to survive and stay relevant, you must be good at taking care of what's in front of you, and have a focus toward the future - and a willingness to adapt to it.

At FMFC we pride ourselves in being a generational lender; a partner that understands your operation and serves you with the same long-term focus that you apply to your farming operation – making decisions with focus on the future. We know that we have to meet the needs of our current generation of customers, but also be prepared for the next generation. In order to achieve that goal, we understand that we must operate efficiently and stay ahead of your needs as they evolve. We also understand that we have to be principled in our lending so that we can be the reliable source of financing that you need in good times and bad, for the current generation, and the next.

2015 Financial Results

Our financial performance for 2015 was very strong and is the direct result of your ongoing support of FMFC. Despite the continued water-related challenges and softening in pricing for a number of area commodities, our financial results continue to reflect the overall strength of the membership. Our average loans outstanding for 2015 was 7% higher than a year ago, which drove a 7% increase in our net interest income. In addition, our non-interest income increased by 14% from 2014. This increased income helped to offset increases in our non-interest expenses.

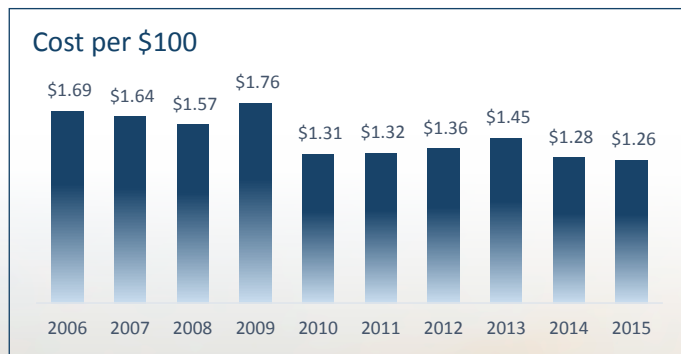


"In order to survive and stay relevant, you must be good at taking care of what's in front of you, have a focus toward the future - and a willingness to adapt to it."

Driven primarily by income from our growth in loans outstanding, FMFC's net income increased from 2014 by 3% to \$16.6 million. Our credit quality remains strong as we finished the year with 99.6% of our loans classified as "Acceptable" or "OAEM".

Efficiency Hits New Record

We take a lot of pride in operating efficiently as we believe it enables us to maximize the benefits that are created by paying patronage. Operating efficiently allows us to transfer more benefit to the membership, which strengthens our value proposition with you. During 2015 our cost per \$100 of assets reached an all-time low of \$1.26, beating the record set in 2014, and favorably compares to our 10-year average of \$1.46. Our staff takes a great deal of pride in our continued effort to find efficiencies so that we can continue to create value for our members.



2015 Capital and Patronage

FMFC's patronage program continues to be a key component of our value proposition with you. As a result of our cooperative ownership, our financial success translates into patronage dividends which represent funds that can be returned to the membership after the needs of the Association have been met. These needs are similar to other financial institutions; from our net interest income we pay for our non-interest expense, account for deterioration in credit quality by forming allowance for loan loss, and then capitalize our growth in average loans outstanding. After these needs are met, and future needs are discussed, the board returns excess funds to the membership based on their proportional contribution to our patronage sourced earnings.

I'm pleased to announce that as a result of your support, which drove our financial success in 2015, the board has approved a patronage distribution of \$6.29 million which represents 0.60% of our patronage sourced volume for 2015 and 36% of our patronage sourced earnings.

As the Farm Credit System celebrates its Centennial, I want to thank you for your support of Fresno Madera Farm Credit. We take great pride in the trust that you've placed in us to partner with you and meet your financial needs as you strive to achieve and celebrate the milestones that lie ahead for your farm and ranch.

Keith H.



Notice to Stockholders

In accordance with Farm Credit Administration (FCA) regulations, our Annual Report to Shareholders was published on our website on March 15, 2016. The report was sent electronically to FCA (within 75 calendar days from December 31). A copy was mailed to you March 30, 2016 (within 90 days from December 31).

we look forward to seeing you at the
2016 Annual Stockholders' Meeting
Wednesday, May 11, 2016



More than a meeting

The image below is from the Annual Stockholders' Meeting held in Fresno on January 29, 1938 with 367 in attendance. There was significant value to attending the meetings all those years ago, and the same holds true today.

As a member-owned cooperative, the stockholders have the ability to vote for the board of directors. Your board consists of your fellow peers- members of your Association - who are local farmers and ranchers. This group, based on their experience and expertise, lead the Association today and work to ensure the health and vitality of the Association for future generations.

We sincerely hope that you will join us for the 2016 Annual Stockholders' Meeting on May 11 at Golden Palace. The membership can expect a brief report from the Association President & CEO, and the Chairman of the Board of Directors. It is important to keep our membership updated on Association news, and this opportunity allows you to understand where we have been, and where we are going.

Supporting youth in agriculture is a priority and we are committed to continuing the annual Ag Youth Award Program. The following winners for 2016 will be recognized and in attendance at the meeting: Alvieu-Dairyland 4-H, Clovis FFA, Coarsegold 4-H, Firebaugh FFA and Reedley 4-H.

This year we are honoring and celebrating the Farm Credit centennial. It is a time to reflect on the challenges and successes of the past 100 years, and look to the future to ensure our members can rely on their Association to offer reliable and consistent credit for the next 100 years and beyond.

We look forward to seeing you there.



CONGRATULATIONS MARK THOMPSON

Farm Credit 100 Fresh Perspectives Honoree



Mark Thompson
*Fresno Madera Farm Credit
Senior Chattel Appraiser*

Mark Thompson is among 100 visionaries being recognized nationally by Farm Credit for helping define the future of rural communities and agriculture. Mark was selected as a Farm Credit 100 Fresh Perspectives honoree and joins an impressive list of leaders in agriculture and rural enterprise.

The Farm Credit 100 Fresh Perspectives search was launched in 2015 at the start of the 100th anniversary of the cooperatively owned network of financial service providers. Fresno Madera Farm Credit joins the nearly 80 Farm Credit organizations that are celebrating the dynamic future of rural communities and agriculture. Selected by a panel of experts on rural matters, including Farm Credit leaders and others from around the Ag industry, honorees like Mark are among the best-of-the-best who are positively shaping what is next for rural communities and agriculture.

Fresno Madera Farm Credit congratulates Mark on his ongoing efforts in promoting and supporting the local Ag community. As a tenured staff member, boasting over 42 years of service with Farm Credit, his service and dedication is truly an inspiration to the organization and the community at large.

Community Involvement

Fresno Fair Livestock Auction

- Champions Club: *Founding member*
- Ag Youth Breakfast Lead Volunteer
- All Around Ag Award:
The toolbox sponsorship program started in 2015 for talented Ag youth who have shown promise in Ag Mechanics and could utilize tools to further develop their abilities
- Emcee of Livestock Auction

Fresno County Farm Bureau Board Member

Clovis Rodeo Past President, Current Board Member

Reedley College Ag Backers Council Committee Member

Reedley Ag College Curriculum Committee Committee Member

Cattlemen's Association Past President, Current Member



\$6.29 Million Distributed to Members for 2015

As a farmer and member-owned financial institution, we pride ourselves in our ability to return the benefits of operating in an efficient and sound manner to our members in the form of patronage. Our members receive any interest income that remains after we cover our financial needs including our operating expense, potential loan loss, and asset growth. This year, the board of directors authorized patronage in the amount of \$6.3 million, which represents 36% of our patronage sourced earnings, and 0.60% of our patronage sourced volume for 2015. Checks were mailed to the membership in mid-April.

Since 2012, Fresno Madera Farm Credit has returned more than \$22 million in cash patronage payments to its members. This effectively reduces the cost of borrowing and is a key advantage that our members benefit from.

Fresno Madera Farm Credit PATRONAGE PROGRAM

OVER
**\$22
MILLION**

Paid since 2012

**\$6.29
MILLION**

**\$4.57
MILLION**

**\$6.48
MILLION**

**\$5.50
MILLION**

'12, '13, '14, '15



Keep the state on your plate.

Cultivate California is a statewide outreach program focused on informing and connecting California with the state's farmers and ranchers who are using innovative and sustainable practices to grow the foods and farm products Californians depend on.

California farming and ranching are pivotal to the health and stability of our state. A prolonged drought forced farmers to fallow more than half a million acres of California farmland in 2015, and is estimated to have had an economic impact to agriculture near \$1.8 billion, with losses to the broader economy of more than \$2.7 billion.

The situation has shed important light on the critical need to manage our limited water supplies responsibly and sustainably to support a growing population, productive farms, ranches and agricultural businesses, and a thriving ecosystem. For generations, farmers and ranchers have been using water-efficient methods to maximize a crucial resource – water. And there is a commitment to continue looking for new and better ways to get the most out of every drop.

Cultivate California is supported by individuals and organizations that represent California farmers, ranchers, non-profits, companies and cooperatives of all sizes and shapes. All Farm Credit Associations in California, as well as CoBank, are supporting this effort as we understand the vital importance of water to our farming communities.

For more information, visit:
www.cultivatecalifornia.com

Information sourced from cultivatecalifornia.com



2016 FMFC PHOTO CONTEST

Entry Period: May 2 - August 26

We are looking for your creative eye to showcase the beauty and rich life of the Central San Joaquin Valley! FMFC will be accepting current photos and historical family photos for this year's contest. Enter Today!

Collecting MEMORIES



Many of our members have a long history of their families farming in the Central Valley. As we pay tribute to the 100th Anniversary of Farm Credit, we would like to recognize our members that have been local farmers for years.

Do you have old family farming photos, or perhaps old meeting programs or brochures? We invite you to share your memories with us to build our historical archives and potentially use for future marketing materials.

Contact your loan officer today if you have photos or memories that you would be willing to share with us.

Thank you for your continued support of Fresno Madera Farm Credit. We look forward to serving you for many more generations.

-Ag-related images or scenes (examples include nuts, dairy, wine & table grapes, vegetables, melons, tree fruit, raisins, beef & livestock, or other commodities produced locally),
-Action shots in fields, Harvest scenes, Seasonal photos with an Ag related theme (holiday décor, 4th of July events, fall and winter scenes), County Fairs, Farmers markets, 4-H or FFA events, Kids on the farm,
-Personally owned historical photos

Entry Ideas

-Email entry to photocontest@fmfarmcredit.com
-A 5GB max file size will be accepted per email. (You may submit up to 3 photos and may email them separately)
-File should be .jpeg
-Hard copy photos will be accepted at the Annual Stockholders' Meeting, or by dropping off or mailing a hard copy to: Fresno Madera Farm Credit, 4635 W. Spruce, Fresno, CA 93722

How to enter

-Entries must be from FMFC members, or immediate family
-Photo must be taken in the Central San Joaquin Valley
-Photographer submitting photo must certify that they have permission of all individuals shown in each photo and all individuals owning property in each photo (if not their own).
-FMFC will require a signed release form for all winning photos.
-FMFC will have the right to use any images entered in the contest for use in marketing materials
-Digital files are preferable, however hard copy photos will be accepted
-Photos with a horizontal orientation are preferable
-A max of 3 photo entries per person will be allowed

Guidelines

-13 winning photos will be selected - Grand prize winner will receive a \$150 VISA gift card.
-12 additional winners will each receive a \$50 VISA gift card
-Winning photos will be displayed at the 2016 Member BBQ, and then on the FMFC Fresno Office Lobby Wall for the following year.

Winners

Visit www.fmfarmcredit.com for official contest rules

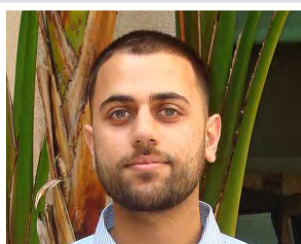


welcome!

FMFC prides itself in hiring top talent to reach our goal of bringing you the best customer experience possible. Welcome to our newest hires!



Leonela Alvarado
Loan Accounting Specialist



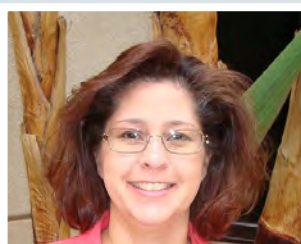
Steven Atwal
Loan Officer



Jag Birring
VP of Risk Management



Alyse O'Neill
Loan Officer



Paula Pulliam
Loan Accounting Specialist

WE ARE FMFC

We pride ourselves with being your local Ag lender of choice. Our staff is dedicated to providing you with the best possible customer service, and we'd like to introduce you to our Loan Accounting Department.



Loan Accounting Department

(L-R) Shelly Valorosi, Stacey Schartmann (manager), Paula Pulliam, Kaitlin Pentsa, Nora Andrade, Leonela Alvarado

The Loan Accounting department's goal is to provide excellent customer service and assistance for your general accounting needs. They provide assistance to the membership on a variety of services including online banking, disbursements, ACH, wires, deposits and payments.

We look forward to assisting you!

DIRECT LINE
(559) 277-7016

TOLL FREE
1-877-363-8637



STAY CONNECTED WITH YOUR ASSOCIATION!



Fresno Madera
Farm Credit



@fresnomaderaafc

COMMUNITY SUPPORT

Fresno Madera Farm Credit understands that growing partnerships locally is a fundamental component of future success for our Association and the community. FMFC supports a variety of Ag-related organizations and events - all geared toward promoting success and growth of Agriculture. As a local ag lender we see the value and impact in supporting these efforts and are proud to sponsor and volunteer.

2015 Recap

Over \$175 THOUSAND

Donated to local organizations and Ag-related events

Madera County Senior Farmer of the Year Announced

Mr. John Yakligian, a native of Madera since 1955, has been named the 2016 Senior Farmer of the Year. John has over 62 years of farming experience, and currently farms almonds, raisins and chickens. He also has experience harvesting multiple crops including cotton, small grains, a variety of vegetable feed crops and beans.

John has a considerable record of community service that includes serving in the United States Army during the Korean War. He has dedicated

himself to serving the community of Madera for many years in a number of organizations including the Madera Rotary Club, Madera County Farm Bureau, the California State Farm Bureau, and the Madera Community Hospital Board. He is one of five founders of Grace Community Church, and has served on the Board of Directors for Hume Lake Christian Camps.

Fresno Madera Farm Credit congratulates Mr. Yakligian on all of his accomplishments!

-Information sourced from Madera Chamber of Commerce



John Yakligian
2016 Senior Farmer of the Year

11th Annual Farm & Nutrition Day

Farm and Nutrition Day is an educational opportunity event that hosted over 3,500 third graders in March at the Fresno Fairgrounds. In an effort to create positive awareness among youth regarding the many contributions that Ag provides for the community and the economy, the event provides basic and current facts about the Ag industry, gives students and teachers the opportunity to become

familiar with food and animal production, and allows personal contact with people in the industry. The goal is to introduce children to the values of good health and nutrition habits, as well as educate them about agriculture in the San Joaquin Valley and throughout the world. Our staff was happy to volunteer their time to assist in the success of the event.





**Fresno Madera
Farm Credit**

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Fresno, CA

Agriculture is Our Only Business

**Fresno Madera
Farm Credit**

We look forward to serving you.

FRESNO

4635 West Spruce
Fresno, CA 93722
(559) 277-7000
Fax (559) 277-7030
Hours: 8 a.m. - 5 p.m. M-F

MADERA

305 North "I" Street
Madera, CA 93637
(559) 674-2437
Fax (559) 673-8414
Hours: 8 a.m. - 5 p.m. M-F

KINGSBURG

1698 Draper Street
Kingsburg, CA 93631
(559) 419-5411
Fax (559) 419-5416
Hours: T-W: 8 a.m. - 5 p.m.
M, Th, F: By appointment

LOAN ACCOUNTING (559) 277-7016
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Fresno Madera Farm Credit



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