Mentoring: An Energizing Experience

Ag Day, Farm Credit and N.C. State Football — A Good Match
Manage your accounts on the go!

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Android™ allows you to view
your AgCarolina Farm Credit
account details, balances and
recent transactions. Plus, you
can make payments and transfer
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Mission Statement
As a lending cooperative, we improve the quality of life for those in the rural communities of North Carolina by providing exceptional value and service.

Vision Statement
We will always be the first choice to deliver value-added financing and services to the rural communities of North Carolina.

Holiday Schedule
AgCarolina Farm Credit will be closed in observance of the following holidays:
December 24-25 Christmas
January 1 New Year’s Holiday
January 20 Martin Luther King, Jr. Day
February 17 Presidents’ Day

If you have any questions or ideas for the editorial staff of the Leader, contact Linda Strickland at 800-951-3276, email her at lstrickland@agcarolina.com or write her at AgCarolina Farm Credit, 4000 Poole Road, Raleigh, NC 27610. This publication is for you, our reader. We’d love to hear from you!
Message from the President

It’s About Our Customers

Customers Are Our Business
There’s no better time in North Carolina than the fall. The weather is beautiful, fans flock to football games, the leaves are changing, kids are trick-or-treating and farmers are bringing in the harvest. And as the year winds down, we pay tribute to those who make us strong—our customers.

Ag Day and N.C. State Football—A Good Matchup
AgCarolina Farm Credit participated in the inaugural Ag Day with our N.C. State friends at Carter-Finley Stadium. Besides watching some great football, it was a super opportunity to share the Farm Credit story and help fans understand the important role agriculture and farmers play in keeping our state a great place to live, work and play. You can read more about the role of North Carolina’s three Farm Credit associations, along with five other corporate sponsors, in the Ag Day event in this issue of Leader.

Fall Event Recognizes Customers
Our cooperative has seen another successful year because of members like you, so we took time to celebrate your hard work and loyalty. The beautiful Indian summer evenings provided the perfect backdrop to our annual Customer Appreciation Days held at each of our 12 branch offices. As I met with customers to express our gratitude for their business, I told them that it is remarkable that we haven’t missed one year in paying patronage dividends to our customers over the past 25 years, proof that the Farm Credit model works.

It is interesting to contrast our patronage dividend program to those of most commercial banks. While some banks return profits to investors, who may live all over the world, we return them to our customers right here in eastern North Carolina. That is what makes us different and one of the reasons why Farm Credit is a better choice for farmers and homeowners.

We operate very differently from other banks in that our customers own the “bank,” and we work hard every day to make sure we are providing value to you, our stockholders. I’m proud that we are putting dividends and money back into eastern North Carolina. We know you have a lot of options for financing, so thank you for your loyalty to AgCarolina Farm Credit.

We look forward to working with you during 2014 and wish for each of you a Merry Christmas and a blessed New Year.

(l-r) Dave Corum, AgCarolina CEO; Aaron Hamm, Carolina Farm Credit; Vance Dalton, Carolina Farm Credit CEO; and Robin Albertson, Cape Fear Farm Credit, are joined by N.C. Ag Commissioner Steve Troxler during Ag Day festivities at N.C. State.
Congratulations to the winners of the 2014 Photo Calendar Contest. We received 125 entries and the judges continue to be amazed at the quality of the photos submitted. Thanks to everyone who entered the contest. Your photos truly capture the beauty of eastern North Carolina and its rural communities.

1st Place
“Blowing off Soybean Dust”
Sydney Edwards – Wendell, N.C.

2nd Place
“Working Late and Headed Home”
Geoffrey Whaley – Cove City, N.C.

3rd Place
“A Girl and her Horse”
Susan Strong – Williamston, N.C.

We look forward to receiving your photos for the 2015 Photo Calendar Contest. For rules and an entry form, go to www.agcarolina.com.
Mentorship has been an enduring practice over the generations. Many of you can probably recall older family members, teachers, coaches or neighbors who were there to guide you through your journey of life’s pursuits. A new angle I’ve observed is that now mentors are utilizing mentees or those in the younger generation as a means of energizing or rebooting their own career, business or lifestyle aspirations. With the rapid changes in technology and innovation coming in the global marketplace, this new angle on mentoring can be seen throughout the agricultural industry by progressive-minded individuals representing the older generation.

Lifelong Learning Experience
Farm Credit University’s Ag Biz Planner is a classic example of how the two ends of the spectrum benefit from a mentor-mentee relationship. At this year’s face-to-face educational session and graduation ceremony in Raleigh, N.C., mentors were asked what they learned from the producers they mentored over a five-month educational experience with the ultimate goal of the mentees developing a business plan. The lenders serving as mentors shared some perspectives.

The Energizer Bunny is Back
One mentor mentioned that he was reenergized in his job by witnessing the passion, initiative and enthusiasm of the younger generation entering agriculture and developing a business plan to meet their business and lifestyle aspirations. Simply said, how could one not get excited being around the new crop of agriculturalists? There is a saying that when you place a new dog with an old dog, the old dog’s energy picks up. With the transition and evolution of business and the workforce being a top priority in the ag lending industry, progressive experienced lenders are teaming up with the next generation to take their business or career to another level.
In today’s fast-paced, interconnected global marketplace, remaining at the status quo concerning innovation strategy can result in obsolescence or, even worse, extinction within a five-year period.

Thinking Outside the Box
Other mentors found mentorship brought on a whole new appreciation to learning about agricultural enterprises with which they were not familiar, and new innovations or production methods in the agricultural industry. In today’s fast-paced, interconnected global marketplace, remaining at the status quo concerning innovation strategy can result in obsolescence or, even worse, extinction within a five-year period. The mentors or “old dogs” were forced to think outside the box and develop new perspectives on the evolving 21st century agricultural marketplace.

People and Relationships
Others indicated that being a mentor to young or beginning producers helped them to develop a deeper bond and relationship with potential new customers and their families.

One producer mentee stated that the educational experience of going through the Ag Biz Planner with their mentor was beneficial since the mentor acted as a teacher, sharing experiences and institutional knowledge, and holding the participant’s feet to the fire on deadlines. In some instances, mentors acted as the coaches and the motivators, while in other situations they were facilitators helping to navigate through the online modules and work exercises applied to the business. Mentors also assisted in putting the final touches on the producer’s business plan. Now it will be up to the younger generation to execute the plan in the games of business and life.

Many of the producer participants were either going through family business transition or starting up their operation from scratch. For those producers in transition, mentors stated that they appreciated learning about the producers’ family and business history. In those situations where producers were starting from scratch, mentors enjoyed assisting the beginning producers map out realistic goals for their business, family and personal life. Others found that this extended educational experience with a producer helped match the producer’s strategies and goals with the products, services and vision of the Association.

There’s an old saying in life that one does not go through the journey unassisted. The Ag Biz Planner and other blended and online educational programs offered by Farm Credit University are mentor-based courses to facilitate institutional knowledge transfer from the senior to the junior generation. One of the unexpected benefits of this structure has been mentor revitalization in the process of developing the next generation of agriculturalists.

Estate Transition and Success Workshop
January 31, 2014
Vernon James Research Center
Sponsored by: AgCarolina Farm Credit and N.C. Cooperative Extension

The vision for this workshop is to move to the “next level” as farm business owners and landowners consider their estate plans. The focus of these workshops is focusing on a process with which to identify goals and possible obstacles in the succession/transition to the next generation of family assets.

Brief Agenda:
• Case Study of a farm operation to develop options for Succession
• Keynote discussing the legal options to address goals of “real” farm families (composite driven scenario)
• Avoiding a “classic mistake” when a successor joins the business
• Using a family meeting to communicate goals and strategies
• Update the “tax numbers” and using the tax code to assist in meeting family goals
• Financial tools that may be part of your plan

Funding provided in part by USDA Risk Management Agency through a grant.

To Register:
Contact Washington County Extension
252-793-2163

USDA

Thanks to our customers for your friendship, your business and the opportunity to serve you. We hope that you enjoyed the customer celebrations that were planned just for you.
The $6.4 million in checks delivered to members last year represents more than cash. It demonstrates AgCarolina Farm Credit’s commitment to serving agriculture and our members. And that’s cause for celebration.

The first AgCarolina Patronage Day was held on April 2 at all 12 branch offices of AgCarolina Farm Credit to express thanks to our loyal customers. On that day, members came by their branch, had a snack with staff members and received their checks.

“We have built our business on personal service and love to place these checks in the hands of people who work hard for them. We look forward to next year’s Patronage Day,” says David Corum, AgCarolina Farm Credit CEO and president.

Since 1988, AgCarolina has returned more than $189 million in cash, thanks to members who rely on us to meet their financing needs.

The year would not be complete without AgCarolina’s annual fall Customer Appreciation Day held this past October at all 12 branch offices. More members than ever showed up as we expressed our gratitude for their business.

While Customer Appreciation Day has traditionally been held at noon, we decided to try something new—holding it in the evening and serving a tasty meal of barbecue and seafood. Maybe it was the food or the grand prize drawing for a zero-turn Kubota mower that attracted the large crowds, but either way, it was a lot of fun. Just as this year-end issue of Leader was going to press, AgCarolina held the drawing for the mower…and the winner was Michael Hedgepeth, a customer at our Halifax branch office.

When the AgCarolina Farm Credit directors declared a patronage refund to members late last year, they knew they were witnessing something extraordinary—the return of profits to members for 25 consecutive years.

Congratulations to Mike and Starlette Hedgepeth of Halifax, N.C., winners of the Kubota zero-turn mower. The Hedgepeth’s entry form was drawn from entry forms of all customers who attended Customer Appreciation events. Jason Wilkes (far right) of Louisburg Tractor delivered the mower to the Hedgepeth’s farm. Joining him were (l-r) Tim Pace, Sr. Vice President of Branch Lending – West Region; Garrett Williams, Halifax Loan Officer; Cliff Rose, Halifax Branch Supervisor; Mike Hedgepeth; Dave Corum, AgCarolina CEO and Starlette Hedgepeth.
Ag Day, Farm Credit and N.C. State Football — A Good Match

Jim Haskins, ABC Communications Group

“IT was a great event. Our participation shows our commitment to North Carolina agriculture and shows to all attending the game, many with little knowledge of farming, the importance and impact of farming and farmers in the Tar Heel State.”

—David Corum, Ag Carolina Farm Credit CEO
Association News

Welcome New Employees

Anna Riggs joined AgCarolina as a customer service representative in the Elizabeth City branch. She has an extensive background in banking, having been employed with East Carolina/Vantage South Bank as a loan processor for the past 30 years. Anna and her husband, Grant, are the parents of a daughter, Shana. They reside in Camden. Anna's hobbies include reading and softball.

Arthur “Buck” Spruill joined the Association as an agribusiness loan officer. Buck has worked in the banking industry for the past 23 years and most recently with the East Carolina Bank/Vantage South Bank as an Agribusiness Servicing Executive. He will be covering the areas of Washington, Hyde and Tyrell counties. He and his wife, Marlo, along with their son, Dylan, reside in Roper. When time allows, Buck enjoys drag racing.

Eddie Jennings joined AgCarolina as an agribusiness loan officer. Eddie will be based in the Elizabeth City office and will primarily be serving customers in the northeast area of our territory. Eddie’s past experience includes 14 years with the former East Carolina Farm Credit and, most recently Vantage South Bank. He is a graduate of N.C. State where he received a B.S. in agricultural engineering, along with a B.S. in agricultural finance. He and his wife, Cindy, reside in the Elizabeth City area and they are the parents of two sons, Ryan, an architect, and Sam, a high school math teacher. We’re excited to have Eddie back in the Farm Credit family!

Snapshots

Ethan Thompson exhibited the Grand Champion North Carolina Born and Bred Jr. Market Barrow at the North Carolina State Fair. Ethan’s parents are Cristal and Gary Scott of Lucama.

Sara Scott showed the Overall Reserve Grand Champion Commercial Gilt during the livestock judging at the North Carolina State Fair. Sara is the daughter of Tricia and Joey Scott of Lucama.

Congratulations to Reggie Askew, third quarter winner of the iPad Mini. His customer comment card was drawn from all of the returned comment cards for third quarter. His wife, Annette, looks forward to using it for Christmas shopping!

Director Election Results

Audie M. Murphy and B. Derek Potter have been elected by Association stockholders to serve on the Board of Directors. Voting was conducted by mail balloting and votes were tabulated by the Association’s outside auditing firm, Dixon, Hughes, Goodman, LLP and were certified by a committee of stockholder tellers.

Murphy, of Stantonsburg, N.C., is the owner/operator of Lucky Four Farms, Inc., along with his cousin, Tommy Murphy.

Potter is a farmer from Grantsboro, N.C., who operates a 3700-acre row crop farming operation consisting of corn, wheat, and soybeans.

Both Murphy and Potter are incumbent directors and were elected to serve a 4-year term.

AgCarolina Loan Officer Jonathan Cowin (l), a participant in the Association’s STAR Program, presents Chief Greg Harrison of the Bear Grass Fire and Rescue a $500 check. Jonathan serves as a firefighter/EMT for the department and participates in many fundraising events and community education events across the Bear Grass community.
Customer Referral Card

This card introduces: (PLEASE PRINT)

Name ____________________________________________________________
Address  ______________________________________________________________________________________________
County  ________________ Phone  ____________________ Referred by  ___________________________________
Please Print
_________________________________________________ Signature
Email _________________________________________________
Address  _________________________________________
_________________________________________________

Complete this card and drop it by your local branch or mail to:
AgCarolina Farm Credit Marketing Department
PO Box 14789 • Raleigh, NC • 27620-4789

* $10,000 loan minimum. Loans subject to RESPA regulations are prohibited from inclusion in this program.
Holiday Beverages

Ring in the holidays with these tasty beverages!

Holiday Eggnog
1 pkg. (1 oz.) Jell-O Vanilla Flavor Fat Free Sugar Free Instant Pudding
7 cups fat-free milk, divided
1 cup fat-free evaporated milk
2 tsp. rum extract

Beat pudding mix and 2 cups milk in large bowl with whisk for 2 minutes. Add remaining milk, evaporated milk and extract; mix well. Refrigerate until ready to serve.

White Hot Chocolate
3 cups half-and-half or light cream
¾ cup vanilla-flavor baking pieces or vanilla-flavor candy coating chopped
1 cinnamon stick
½ tsp. ground nutmeg
1 tsp. vanilla
¼ tsp. almond extract
Slivers of vanilla-flavor candy coating (optional)
ground cinnamon (optional)

Combine ¼ cup of the half-and-half or light cream, vanilla baking pieces or chopped candy coating, cinnamon stick and nutmeg in a medium saucepan; whisk over low heat until vanilla baking pieces or candy is melted. Remove cinnamon stick.

Add remaining half-and-half or light cream. Whisk until heated through. Remove from heat. Stir in vanilla and almond extract. Serve warm in cups or mugs; top with slivers of vanilla-flavor candy coating and sprinkle with cinnamon, if desired. Makes 5 (6-oz.) servings.

Spiced Hot Chocolate Mug
1 cup milk
½ tsp. ground cinnamon
1 oz. semi-sweet chocolate, finely chopped

Bring milk and cinnamon to boil in saucepan on medium-high heat. Add chocolate; beat with whisk until chocolate is melted and milk is slightly frothy. Serve hot. Makes 1 serving.

Coconut Eggnog
1 pint half-and-half
1 can (14 oz.) sweetened condensed milk
4 cinnamon sticks
1 can (14 oz.) coconut milk
1 tsp. whole cloves
1¼ cups light or dark rum (optional)
5 large egg yolks
ground cinnamon

Heat half-and-half, cinnamon sticks and cloves in a saucepan, stirring, until boiling. Remove from heat and let stand for 1 hour. Strain and return to pan. Whisk egg yolks and sweetened condensed milk into half-and-half. Cook, stirring constantly over medium heat, until mixture reaches 160 degrees (don’t boil). Stir in coconut milk. Let cool, and then chill at least 3 hours and up to 3 days. Buzz half of mixture at a time in a blender until frothy. Pour into a bowl and stir in rum if you like. Ladle into glasses and sprinkle with ground cinnamon. Serves 12
### Consolidated Balance Sheets

**Third Quarter Financial Report**

#### (dollars in thousands)

<table>
<thead>
<tr>
<th>Accounts</th>
<th>September 30, 2013 (unaudited)</th>
<th>December 31, 2012 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,452</td>
<td>$3,915</td>
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<tr>
<td>Loans</td>
<td>928,768</td>
<td>895,947</td>
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<tr>
<td>Less: allowance for loan losses</td>
<td>13,798</td>
<td>14,869</td>
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<tr>
<td>Net loans</td>
<td>914,970</td>
<td>881,278</td>
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<tr>
<td>Other investments</td>
<td>15,734</td>
<td>31,275</td>
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<tr>
<td>Accrued interest receivable</td>
<td>14,222</td>
<td>12,117</td>
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<tr>
<td>Investments in other Farm Credit institutions</td>
<td>10,861</td>
<td>10,861</td>
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<tr>
<td>Premises and equipment, net</td>
<td>6,409</td>
<td>8,861</td>
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<tr>
<td>Other property owned</td>
<td>951</td>
<td>861</td>
</tr>
<tr>
<td>Due from AgFirst Farm Credit Bank</td>
<td>4,331</td>
<td>7,432</td>
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<tr>
<td>Other assets</td>
<td>4,311</td>
<td>7,432</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$978,432</td>
<td>$965,891</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>$790,546</td>
<td>$752,900</td>
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<tr>
<td>Accrued interest payable</td>
<td>1,228</td>
<td>1,380</td>
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<td>Patronage refunds payable</td>
<td>79</td>
<td>6,557</td>
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<td>Other liabilities</td>
<td>12,287</td>
<td>14,107</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>764,140</td>
<td>774,944</td>
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<td>Commitments and contingencies</td>
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<td></td>
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<tr>
<td><strong>Members' Equity</strong></td>
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<tr>
<td>Preferred stock</td>
<td>37,425</td>
<td>27,262</td>
</tr>
<tr>
<td>Member capital stock and participation certificates</td>
<td>3,217</td>
<td>3,294</td>
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<tr>
<td>Retained earnings</td>
<td></td>
<td></td>
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<tr>
<td>Allocated</td>
<td>96,255</td>
<td>96,256</td>
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<tr>
<td>Unallocated</td>
<td>77,395</td>
<td>64,135</td>
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<td><strong>Total members' equity</strong></td>
<td>214,292</td>
<td>190,947</td>
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<tr>
<td><strong>Total liabilities and members' equity</strong></td>
<td>$978,432</td>
<td>$965,891</td>
</tr>
</tbody>
</table>

#### (dollars in thousands)

<table>
<thead>
<tr>
<th>Income</th>
<th>For the three months ended September 30, 2013 (unaudited)</th>
<th>For the nine months ended September 30, 2013 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$10,815</td>
<td>$30,468</td>
</tr>
<tr>
<td>Other investments</td>
<td>1,062</td>
<td>31,139</td>
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<tr>
<td><strong>Total interest income</strong></td>
<td>11,877</td>
<td>31,139</td>
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<tr>
<td><strong>Interest Expense</strong></td>
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<td></td>
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<tr>
<td>Notes payable to AgFirst Farm Credit Bank</td>
<td>4,379</td>
<td>13,544</td>
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<tr>
<td><strong>Net interest income</strong></td>
<td>6,203</td>
<td>18,437</td>
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<tr>
<td>Provision for loan losses</td>
<td>87</td>
<td>182</td>
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<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>6,116</td>
<td>16,255</td>
</tr>
<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan fees</td>
<td>504</td>
<td>2,562</td>
</tr>
<tr>
<td>Fees for financially related services</td>
<td>299</td>
<td>670</td>
</tr>
<tr>
<td>Patrons and members of other Farm Credit institutions</td>
<td>1,568</td>
<td>4,842</td>
</tr>
<tr>
<td>Gains (losses) on sales and equipment, net</td>
<td>2</td>
<td>26</td>
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<tr>
<td><strong>Total noninterest income</strong></td>
<td>85</td>
<td>245</td>
</tr>
<tr>
<td><strong>Noninterest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>3,076</td>
<td>9,289</td>
</tr>
<tr>
<td>Occupancy and equipment</td>
<td>328</td>
<td>937</td>
</tr>
<tr>
<td>Insurance Fund premiums</td>
<td>194</td>
<td>539</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>748</td>
<td>2,384</td>
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<tr>
<td><strong>Total noninterest expense</strong></td>
<td>4,346</td>
<td>12,846</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>4,645</td>
<td>13,562</td>
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<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>$4,645</td>
<td>$13,562</td>
</tr>
</tbody>
</table>
The staff of AgCarolina Farm Credit sends warm thoughts and best wishes for a Merry Christmas and a Happy New Year!