

## **Yankee Farm Credit and Farm Credit East Proposed Merger Frequently Asked Questions**

### **Q. Why are Yankee Farm Credit and Farm Credit East merging?**

- A. This is a strategic merger between two successful Farm Credit associations that are closely aligned in terms of mission, focus on customer success and optimism for the future, and the benefits of the merger will extend to members of both associations over time.

Yankee Farm Credit and Farm Credit East have partnered on a number of programs for many years, including in providing crop insurance through Crop Growers, LLP; investing in startup farm and forestry operations through FarmStart, LLP; and in supporting agricultural organizations and youth and leadership development efforts through the Farm Credit Northeast AgEnhancement grant program. Both associations also share the same funding bank, CoBank, and are equally united in their customer-focused mission to help Northeast agriculture, commercial fishing and forest products businesses succeed.

### **Q. Why is the merger taking place now?**

- A. The board of directors of both associations have been closely studying strategic opportunities. Following the announcement of Brenda Frank's acceptance of a role with CoBank, both Yankee Farm Credit's and Farm Credit East's funding bank, Yankee Farm Credit had an opportunity to consider strategic opportunities to ensure the financial cooperative is positioned to best serve members for the long term. Given this vacancy, the financial and operational strength of both Yankee Farm Credit and Farm Credit East as well as the alignment of both organizations, the boards of both associations determined this is the right time to complete this merger to enhance member value.

### **Q. How will members benefit from this merger?**

- A. As regulated financial institutions with increasing technology and compliance requirements, it will be advantageous to share these costs and resources going forward. Additionally, the combined association will benefit from increased geographic diversity, a stronger capital base and enhanced earnings. These benefits will extend to members over time. In the short term, many Yankee members will benefit from Farm Credit East's lower cost of borrowing and ability to spread costs over a larger asset base.

### **Q. How will this merger impact my current Farm Credit relationship?**

- A. Your existing Farm Credit relationship will not change as a result of this merger. Following the merger, we hope to bring additional value to members' businesses through our combined employee skillsets, stronger capital base and enhanced earnings.

### **Q. Will any Farm Credit offices close as part of the merger?**

There will be no office closures as part of this merger. The merged association will be committed to maintaining local service, including local loan decisions and local delivery of financial services.

### **Q. Will I have a new loan officer following the merger?**

No, your existing Farm Credit relationship will continue post-merger. There will be no staffing changes or customer office reassignments as a result of the merger, so you can expect the same personalized service from your existing relationship team following the merger.

**Q. Will there be any change in loan approval time or process?**

A. In the short-term, members should not expect any change in loan approval time or process. However, part of the reason for this strategic merger is for the associations to share technology costs and resources to provide better value and service to members. Our goal is to streamline processes to make it easier to do business with faster loan decisions and other tools to enhance members' business success.

**Q. What will be the name of the merged ACA?**

A. Farm Credit East, ACA

**Q. Who will lead the management team of the merged ACA?**

A. The boards have agreed that Mike Reynolds will continue as CEO of the merged ACA. Mike Farmer will be the acting President of Yankee Farm Credit, reporting to Mike Reynolds until the merger is complete.

**Q. How long will the merger take?**

A. The approval process may be several months. Over these next several months, both associations will complete extensive due diligence to ensure that members of both associations will get the benefits intended from this merger. Following, a merger agreement will be finalized and shared with stockholders prior to the stockholder vote. We are working toward stockholder and regulatory approval of the merger in fall 2021 so the combined association can begin operations on January 1, 2022.

**Q. What will happen to patronage dividends?**

A. Patronage dividends are an important part of members' ownership. The merged association will continue to pay patronage dividends in 100% cash as determined by the board of directors each year.

**Q. What will be the governance structure of the merged association?**

A. The merged association will be governed by a board of directors that includes Farm Credit East's 16 directors and three of Yankee Farm Credit's directors, with plans for a gradual downsizing to combine boards in a way that will ensure proportionate and diverse representation across the combined territory.