Post-Merger Final Analysis:
Farm Credit East – Farm Credit of Maine

December 2016

Prepared by CoBank, ACB

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Purpose

This final study was conducted in compliance with the Farm Credit Administration's (FCA) conditions for approval of the Merger of Farm Credit of Maine, ACA (Maine) with and into Farm Credit East, ACA (FCE, Merged Association). As outlined in Appendix B to FCA's letter of preliminary approval dated October 25, 2013 (See Exhibit 1), an interim and a final study must be performed by a party independent of management to evaluate the realization and achievement of the benefits cited in the shareholder disclosure document (Merger Proposal) dated November 22, 2013. The interim study covered the period ending 18 months after the effective date of the Merger, and this final study covers the period ending three years after the effective date of the Merger. Issues to be addressed in each study must include, at a minimum:

- I. Expected advantages and disadvantages of the Merger as discussed in the Merger Proposal, including but not limited to:
    1. Diversification, including:
        - a) Industry group, commodity, and customer type;
        - b) Reduction in the exposure to adverse weather conditions and improved ability to lend through volatile industry cycles;
        - c) Reduction in risk concentrations;
    2. Improved capital position, larger capital base, and increased hold limits;
    3. Lending limit increases and a reduction in loan sales and participations;
    4. Increased operating efficiency;
    5. Improved strategic position; and
    6. Facilitated management succession planning through increased depth of management in key positions and greater specialization of personnel.
- II. Marketplace impact (i.e., the Merged Association's presence and acceptance) and success at creating and capitalizing on new business opportunities.
- III. Achievement of a significantly larger capital base to meet the credit and service needs of eligible borrowers (i.e., product delivery systems and services), including the Merged Association's success in meeting the credit and service needs of young, beginning and small farmers, ranchers, and producers or harvesters of aquatic products.
- IV. Stockholder perspectives on the success of the Merger, including:
    1. Ratio of stockholders represented per director; and
    2. Board's ability to identify and meet the evolving needs of various customer segments.
- V. Mitigation of risks identified before the Merger and the identification of unanticipated risks resulting from the Merger.
- VI. Management and operational successes and challenges, including:
    1. Information technology integration and conversion;
    2. Board of director integration;
    3. Office, branch, and staff alignment; and
    4. Synchronization of each constituent association's programs into the Merged Association.
- VII. Other factors as appropriate.

This study is a supplement to the interim study performed in June of 2015. The content addresses any changes to the interim study and provides an analysis of the most recent financials to understand ongoing financial performance. Please refer to the interim study for additional supporting detail. This study details the proposed benefits and determines if they were realized. If the benefits have not been achieved, management must make strategic recommendations to the Board of Directors (Board) that will enable the Merged Association to achieve the benefits that remain relevant, or discuss why certain proposed benefits are no longer relevant or attainable. This final study must be completed and provided to the

Merged Association's Board no later than 60 days after the end of the period covered by the study. The Board is required to consider the findings and recommendations, including those from Merged Association management. Within 10 days of the Board's response, copies must be sent to the Director, Office of Regulatory Policy, FCA. In addition, a summary of the final study and the Board's response must be made available on a timely basis to the Merged Association's stockholders in whatever manner the Merged Association chooses. The structure of this study matches the structure of FCA's preliminary approval letter as outlined above.

Executive Summary:

Three years following the Merger effective date of 01/01/14, the Merged Association management is achieving the benefits outlined in the Merger Proposal. From strictly a size standpoint, FCE's total assets were approximately 15 times larger than Maine's, prior to the Merger. While not a Merger of equivalent sized associations, both predecessor associations received some benefit from the integration of customers, management, staff and best practices.

The predecessor associations' market territories were contiguous and not overlapping, creating improved geographic diversification. In addition, there was a slight reduction in dairy related industry concentration from pre-merger FCE's level and a significant reduction in timber related and potato related industry concentrations from Maine's level. The Merged Association's larger capital base and increased commodity and geographic diversification improved its overall risk bearing capacity.

The Merged Association's larger capital base and product offering and increased diversification allowed it to better serve Maine's existing customer base while allowing the Merged Association to better compete against significant commercial bank competition. Benefits from greater lending capacity are being realized through increased hold positions on loans, particularly in the Maine portfolio. The Merged Association is also able to serve large borrowers with reduced reliance on participation partners.

While the ratio of directors to voting shareholders decreased from Maine's customer-owner perspective, the former Maine territory received more than proportional representation on the Merged Association's Board of Directors, ensuring they continue to have a voice in the governance of the Merged Association. In addition, FCE has established regular Customer Service Council meetings in the two Maine branch offices, which are attended by FCE CEO William Lipinski, members of FCE's senior management, and board members.

The Merged Association achieved cost savings and better operating efficiency through reduced interest expenses on its direct note with CoBank and allocation of costs over larger operations, as evidenced in the interim study. Currently, due to staffing, technology and FCSIC cost increases, the cost per $100 in loans has slightly surpassed pre-merger FCE costs, but still remains below pre-merger Maine. The increased costs would have occurred independent of the Merger.

Board and Management are providing sufficient direction to the Merged Association and integrating operating processes and cultures using the best practices of the predecessor associations. A key strategic initiative was achieved in filling several identified succession gaps and strengthening the Merged Association's talent pool. Depth of management was successfully tested with the post-merger planned retirement of key positions. Formal succession plans exist for key positions at all levels of management and key professional positions and include the development of potential successors to fill these roles.

I. Expected advantages and disadvantages of the Merger as discussed in the shareholder disclosure document (Merger Proposal).

The Boards of the Merging Associations recommended this Merger because of its compelling advantages and opportunities. These Farm Credit associations shared a substantially common vision of serving farmers and other eligible customers, so it was the Boards' beliefs that the consolidation of resources and market power would create an association more capable of serving that mission. The Merger would not only create a financially stronger and more efficient association, but would also provide the opportunity to attain additional economies in its operation while maintaining current strong levels of customer service. This anticipated improved efficiency could ultimately be reflected in the loan rates paid by the members, improving its competitive position among other lending institutions. It was believed that the Merger would also enhance diversification in the loan portfolio and decrease the concentration of risk in key industries. The following points outline the initial intended advantages and disadvantages of the Merger with corresponding results.

1. <u>Diversification</u>

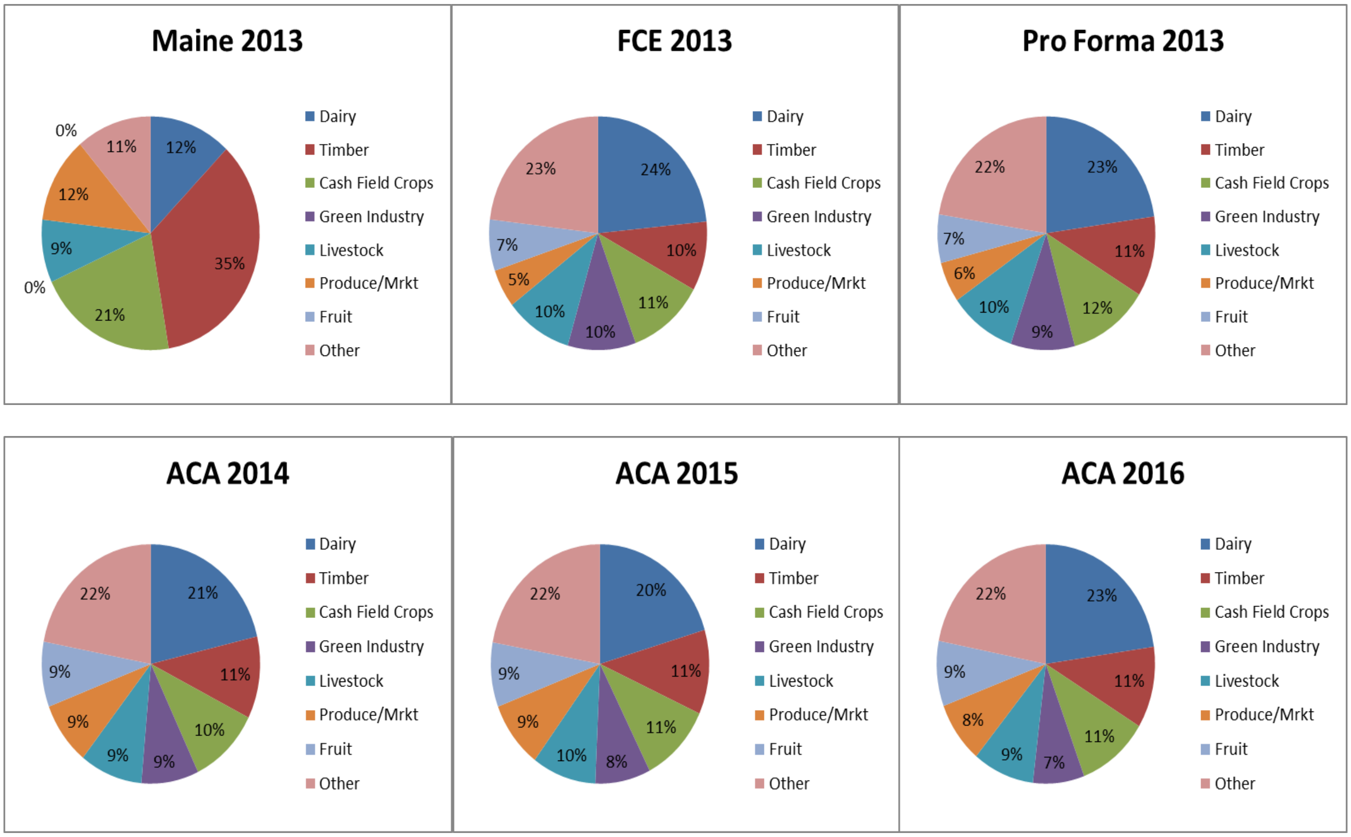
The Merger will enhance risk diversification within the loan portfolio. Risk concentrations will be reduced in most industries for both merging associations.

a) Industry group, commodity, and customer type

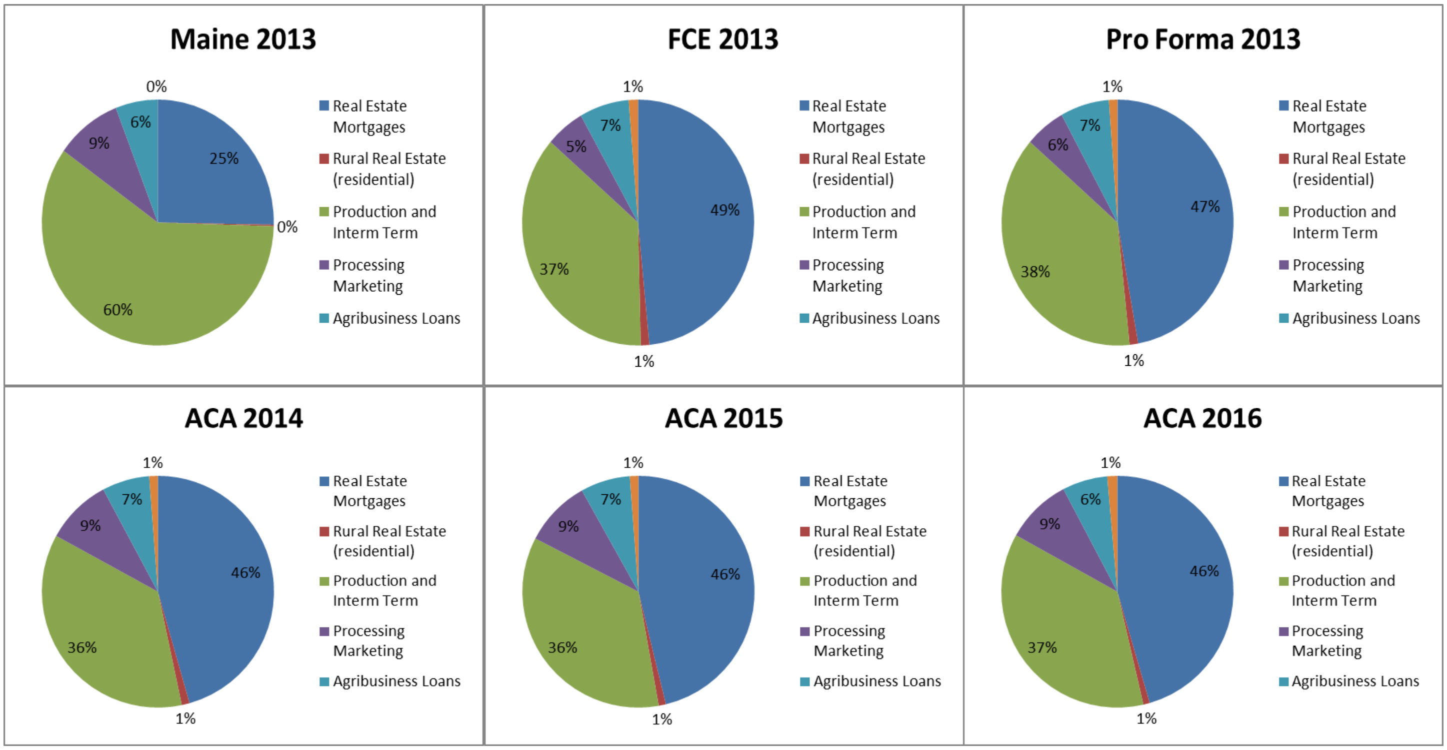
Result: As shown in Exhibits 4 and 5, the Merger was successful in enhancing diversification for both predecessor associations, reducing risk concentrations among industries, commodities, and loan types:

Industry/Commodity: The largest commodity concentration for the Merged Association is less than the largest concentration for both predecessor associations. Prior to the Merger, timber accounted for 35% of Maine's loan portfolio; the Merged Association's concentration in the timber industry is much lower at 11%[1]. Pre-merger FCE's highest concentration was dairy (23.4% of total loans) which decreased following the Merger to 20.4% of total loans as of the date of the interim study. The Merged Association's dairy concentration remained the highest and has risen back up to 22.7% of the loan portfolio at 12/31/16. The increase is due to a combination of financing expansion projects and higher utilization of existing lines of credit due to stress in the dairy industry. The total number of commodities accounting for more than 10% of the loan portfolio was reduced from four for both predecessor associations to three for the Merged Association. While FCE benefited from lower concentrations in most commodities, Maine benefited more substantially from the improved diversification. Given the significant total asset size difference between Maine and pre-merger FCE, the portfolio of the Merged Association resembles that of pre-merger FCE as shown in the graphics below. The improved diversification reduced the risk associated with most industries and stabilized earnings over the entire loan portfolio. See Exhibit 4 for additional information about commodity/industry concentration.

[1] Pre-merger analysis is based on FYE 2013 financial results for the individual merging entities. Comparisons to post-merger results are based on the most recent (12/31/16) financial results for the Merged Association.



Customer Type: Prior to the Merger, Maine's loan portfolio consisted primarily of Production and Intermediate Term loans (60%) while pre-merger FCE's highest loan concentration was Real Estate Mortgages (48%). The Merged Association's loan portfolio consists of an improved balanced mix with Real Estate Mortgages representing 45.5% of all loans and Production and Intermediate Term loans representing 36.7% of all loans at 12/31/16. Maine also benefited from the addition of FCE's Communications/Energy/Water loan portfolios, which were not industries previously served by Maine. The following graphics depict the change in loan type mix between the individual entities and the Merged Association; see Exhibit 5 for additional information about loan type diversification.



b) *Reduction in the exposure to adverse weather conditions and improved ability to lend through volatile industry cycles*

Result: The Merger added the entire state of Maine to the Merged Association's territory, an increase of 35,400 square miles. As an individual association, Maine was very susceptible to adverse weather conditions as its entire territory was in a single state. A small territory presents a higher risk as the entire territory could be affected by a single weather event (harsh winter, drought, etc.) that would negatively impact producers and consequently the association's profitability and credit quality. The larger territory benefits both Maine and pre-merger FCE by reducing the possible impact of a single weather event on the profitability and credit quality of the Merged Association. During 2016 borrowers in various parts of FCE's territory were negatively impacted by drought conditions. However, the Maine geography was not impacted significantly which lessened the impact of the drought on the overall portfolio.

c) *Reduction in risk concentrations*

Result: The Merger also improved portfolio diversification in terms of industry concentration relative to risk funds. Prior to the Merger, the Maine's timber concentration relative to risk funds was 188%. At 12/31/16, the Merged Association's timber concentration was only 59% of risk funds (a decrease of 5% from 18 months prior). Pre-merger FCE's largest concentration, dairy, was 134% of risk funds. While still the largest concentration, dairy concentration is still lower than pre-merger levels at 122.1% of the Merged Association's risk funds at 12/31/16. The increased risk bearing capacity of the Merged Association allows them to meet the needs of customers during periods of industry stress. See Exhibit 4 for additional information about risk concentrations.

The Merged Association will also reduce the concentration of the largest loans relative to its combined risk funds.

Result: The Merged Association's top 10 commitments at 12/31/16 totaled $316.7 million, or 27% of risk funds. This represented an improvement from Maine's top 10 commitments, which represented 92% of risk funds, and pre-merger FCE's top 10 commitments, which represented 31% of risk funds. See Exhibit 6 for additional information regarding large loan risk concentrations.

2. ***Improved capital position, larger capital base, and increased hold limits***

A larger capital base supporting a more diversified portfolio offers the Merged Association greater financial flexibility in managing risks and pursuing loan growth, while also sustaining a cash patronage program and retiring outstanding allocated equities. This will also allow significant investments in an even broader diversity of types of food and fiber enterprises across all natural resource industries in Maine.

Result: Capital base grew from $995.4 million at 12/31/13 (pro forma combined) to $1.25 billion at 12/31/2016. Permanent capital ratio rose to 17.16% at 12/31/16 from 16.28% at 12/31/13 (pro forma combined). FCE recently re-evaluated and slightly increased internal lending limits ($40 million for PD 3-6 [increase of $5million], $35 million for PD 7-9 [increase of $5 million], $25 million for PD >9 [unchanged]) which are still conservative, but above the predecessor associations' limits: $30 million for PD 3-6, $25 million for PD 7-9, $20 million for PD >9 for pre-merger FCE and $5 million for Maine (for all Ps).

There have been no further changes to the patronage or capital programs since the interim study.

3. ***Lending limit increases and a reduction in loan sales and participations***

The Merged Association's lending limit will increase as a result of the larger capital base, reducing the need to sell or participate loans. Retaining a greater share of the Merged Association's highest quality, large loans will lead to enhanced earnings and financial benefits for the cooperative and for customer-owners.

Result: The Merged Association's increased capital base contributed to greater lending capacity than the predecessor associations. CoBank's General Financing Agreement (GFA) set the lending limit at 15% of a regulatory lending and leasing limit base for both predecessor associations as well as the Merged Association. At 12/31/13, Maine and pre-merger FCE individually had GFA lending limits of $7.3 million and $116.9 million, respectively, and $124.2 million on a pro forma combined basis. Current GFA lending limit are $161 million at 12/31/16, a $36.8 million increase compared to the pro forma combined result. The increased lending limit allowed the Merged Association to increase its hold position on loans in the Maine portfolio and repurchase approximately $200 million in loan participations previously sold. The Merged Association received significant benefits from the increased lending capacity, including increased earnings from larger hold positions, ability to serve large borrowers with less reliance on participants, and attractiveness to customer-owners through the ability to pay patronage on larger balances. These benefits were more apparent in the Maine portfolio due to the greater change in lending capacity versus pre-merger levels.

4. ***Increased operating efficiency***

a) *The Merger will sustain current efficient cost structures by better positioning the Merged Association to manage increasing costs in the future.*

Result: Economy of scale improves as overhead and operating expenses are distributed over a greater business volume. The Merger further helped to maintain operating efficiency as measured by an operating expense to revenue ratio of 37.5% compared to 36.3% pro-forma post-merger. The operating expense per $100 of gross loans of $0.85 as of 12/31/16 showed moderate growth over 2014 and 2015 levels of $0.78 and $0.80

respectively. Increased FCSIC insurance premiums, pension expense, and FPI technology expenses are primary contributors to the increase. However, these were not Merger related expense increases. Salaries and Employee Benefits increased by $7.2 million (+14.8%) over this same period with some of this expense directly related to adding Financial Services staffing resources in Maine as further described in Section II of this document. An additional component was pension expense which was up significantly due primarily to actuarial assumptions of longer life expectancy of participants and lower rates of return on pension assets. Additionally, FCE has seen slower loan growth across their loan service area in 2015 and 2016 which is also contributing to higher cost per $100 of loan volume. Pre-merger FCE had strong operating efficiency, which compared favorably to similar sized Farm Credit institutions, as measured by an operating expense to revenue ratio of 35% and operating expense per $100 of gross loans of $0.82. Maine had less operating efficiency with an operating expense to revenue ratio of 52% and operating expense per $100 in gross loans of $1.17, attributable to its smaller asset size as well as servicing a sizable sold loan participation portfolio. Continued moderate increases to operating expense per $100 in gross loan is expected as technology costs, FCSIC insurance expense and pressure for higher wages continue to affect operating costs along with lower loan growth levels expected during the next two budget year cycles. See Exhibit 8 for additional information about operating efficiency and other metrics.

b) *Improved ability to purchase the latest technology – larger volume purchasing, particularly with vendors/partners such as Farm Credit Financial Partners, Inc. will allow the Merged Association to purchase technology at lower prices.*

Result: FPI costs in 2014 were similar to prior years because it was agreed upon with FPI that the 2014 predetermined cost (based on the existing pricing formula) for each association would be charged and paid for by the merged entity. FPI expense was higher in 2015 due to a change in pricing formula between FPI's four owners. FPI pricing is primarily driven by managed assets, loan counts, and staff count, and the cost of each measure is on a size scale. If the existing pricing formula structure would have stayed in place, the cost savings would have been $200-250 thousand per year for the merged association. However, the 2015 FPI pricing formula change was being discussed at the time of Merger and it was understood that the new formula would have driven up technology costs for Maine, so the savings would be even greater. This forecasted extra cost and the long-term ability for a small association to support continuously increasing technology costs was a material consideration for the Merger.

c) *The Merger should allow for better utilization of management and other staff and greater depth of key functions. As a specific economy of scale, senior management will oversee larger areas of accountability such as loan volume and financial services revenues. Management of a larger association will also be better able to specialize and focus in unique areas of expertise.*

Result: There has been no change to the key positions at FCE except for the following. **Please see the interim study for additional detail**:

- Mr. Richard Robertson retired from his position in the Risk Management Group.

The FCA examination report dated 09/30/14 noted that management successfully assimilated the operating processes and credit culture with respect to the Merger. The latest FCA examination dated 3/31/16 made no further mention of the impact of the Merger.

d) *The Merger should reduce the association's CoBank funding costs. A larger Merged Association may be better able to negotiate for more favorable rates from its funding source and to examine alternative sources of capital to fund the growth.*

Result*:* **There has been no change to the pricing structure. Please see the interim study.**

5. ***Improved strategic position***
The Merged Association will be one of the 10 largest associations in the country and the largest in the Northeast region. The ability to influence the future direction of the Farm Credit System will be very important in the next several years and institutional size is important to being a leader in System circles. Enhanced value to customers comes from being on the edge of Farm Credit System initiatives and the ability to negotiate for value.

Result: Pre-merger Maine was the 67th largest Farm Credit institution and the 21st largest CoBank affiliated association by total asset size. Pre-merger FCE was the 9th and 4th largest in the Farm Credit System and among CoBank affiliated association, respectively; Merged Association ranks the same as pre-merger FCE. As one of CoBank's largest affiliates, FCE plays a vital role as a trusted partner and advisor for CoBank. Management's involvement within the Farm Credit System has remained strong before and after the Merger. CEO Bill Lipinski continues to be a member of the Farm Credit System Presidents Planning Committee.

6. ***Facilitated management succession planning through increased depth of management in key positions and greater specialization of personnel***
The Merger increases depth of management, facilitates succession planning for key positions, and provides opportunities for greater specialization of personnel through employee training and development. Combining the talents of both associations will broaden, deepen, and strengthen the overall talent base of the Merged Association. This will also provide opportunities for individuals to broaden their own individual skills and perspectives.

Result: The Merger was a key strategic initiative which filled several identified succession gaps and strengthened the Merged Association's talent pool. Formal succession plans exist for key positions at all levels of management and key professional positions and include the development of potential successors to fill these roles. Every year the CEO discusses succession plans for the management team with the Board. Every 2-3 years, FCE completes a whole firm succession plan, which was last completed in August 2015. FCE has enrolled and/or successfully graduated 100 employees (over 20% of staff) through various levels of management training, approved degree programs, and state leadership programs. In 2016, FCE graduated 24 individuals from a two-year internal Level II leadership development program. This investment in leadership training develops a bench of strong leaders to fill identified succession gaps. The Board has a strong commitment to training and professional development. FCE is a founding partner in the Premier Governance Series director training initiative – an advanced director training program sponsored by leading System institutions. Directors attended selected sessions during 2016 and will continue to do so in 2017. Chairman Matt Beaton and CEO Bill Lipinski have been active in leadership of the Premier Governance group. Directors also take advantage of other training opportunities within the Farm Credit System where appropriate. Maine employees have been able to benefit from FCE's more comprehensive training program.

II. Marketplace impact (i.e., the association's presence and acceptance) and success at creating and capitalizing on new business opportunities

a) *The ability to speak with one voice in the Northeast through the seven states served by the Merged Association will result in better influence with state and federal legislators. The Merged Association would have six members on the U.S. House Agricultural Committee and one member on the United States Senate Agricultural Committee.*

Result: There has been no change, please refer to the interim study.

b) *The Merger increases FCE's ability to compete with large regional banks and other providers of financial services that operate across the current lines of chartered territories.*

Result: There has been no change, please refer to the interim study.

III. Achievement of a significantly larger capital base to meet the credit and service needs of eligible borrowers (i.e., produce delivery systems and services), including the association's success in meeting the credit and service needs of young, beginning, and small farmers, ranchers, and producers or harvesters of aquatic products

Each association currently has unique business initiatives that will benefit each other's customers when offered by the Merged Association. For example, FCE's Country Living Program, FarmStart, LLP, Knowledge Exchange, business consulting, and benchmarking services will be valuable to customers in the Farm Credit of Maine territory.

Result: The Young, Beginning, Small, and Veteran (YBSV) Farmer and Rancher Program allows the Merged Association to effectively serve the credit and service needs of these vital demographics in the agricultural industry. While both predecessor associations participated in the program, pre-merger FCE's ample resources, marketing efforts, and active AgInitiative Board committee can more effectively support the growth of the program in Maine's territory. The following table shows a detailed breakdown of YBSV farmer and rancher loans at FYE 2014 post-merger as well as for FYE 2016:

	2014 YBSV Results:				***2016 YBSV Results:***			
Category	**Number of Loans**	**% of Total Loans**	**Volume Outstanding***	**% of Total Volume**	**Number of Loans**	**% of Total Loans**	**Volume Outstanding***	**% of Total Volume**
Total Loans and Commitments	18,619		$ 7,596,553		18,322		$ 7,765,273	
Young Farmers and Ranchers	3,587	19.27%	$ 969,564	12.76%	3,800	20.74%	$ 1,045,788	13.47%
Beginning Farmers and Ranchers	5,033	27.03%	$ 1,232,790	16.23%	5,302	28.94%	$ 1,293,728	16.66%
** in thousands*								

Since the Merger, FCE's Country Living Program has continued to gain momentum in the marketplace in the Maine territory. The branch staff in Maine had several changes to absorb with the Merger and it has taken some time to establish the Country Living product lines in their marketing strategy. FCE continues to gain momentum in the Maine geography having originated Country Living loans totaling $2.0 million in 2014, $5.5 million in

2015 and $4.8 million in 2016. Prior to the Merger, Maine did not have a reliable consumer real estate financing product and, since Merger, has now provided $12.3 million of mortgage loans to Maine customers. Maine staff has become more focused on the Country Living demographic which should increase Country Living activity going forward.

FCE/Crop Growers, LLP has a contractual relationship with Maine Crop Insurance Services, Inc. (Independent contractor) to serve the state of Maine. Ron Kofstad is the principal of Maine Crop Insurance Services and Ben Hickey is the agent servicing the Crop Growers book of business. The contractual relationship between Crop Growers and Maine Crop Insurance Service did not change as a result of the Merger. Since the Merger FCE has realized an increase in activity by each party. Activities include more joint marketing visits with Loan Officers, branch staff product education meetings and increased communication between parties. While the post-merger volume results include a 9.1% decrease in premiums ($2.48 million in 2013 to $2.26 million in 2016) due to depressed potato markets and producers reducing coverage, the number of customer relationships has actually increased (120 in 2013 to 123 in 2016).

Since the Merger, the combined association has joined AgDirect, LLP, a point-of-sale trade credit program for agricultural equipment dealers in our LSA, effective 1/1/15. The partnership is owned by 17 Farm Credit System ACA's and originates for over $1 billion of loans and leases in 35 states annually. FCE joined the partnership in an effort to better meet the needs of our agricultural equipment dealers and the producers they serve. The territory manager, Dan Abrahamson, has helped to grow the program to serve over 140 dealer locations, which originated $15 million of loans/leases in 2015 and $24 million in 2016. Loans/Leases to farmers based in Maine were $826,000 in 2015 growing to $2.2 million in 2016 and FCE anticipates continued growth in the future. Based on historical performance, FCE expects their return on capital invested in AgDirect to range from 11-15 percent which compares favorably to their overall ROE of approximately 13%

The two Maine offices have been promoting FCE's FarmStart program. FarmStart Manager Lynn Weaver met with Maine credit staff at a training conference in October 2014 to discuss the FarmStart program and various Maine credit staff members have attended the annual FarmStart Advisor Training program. Several potential FarmStart investments have been considered with the Auburn office closing two investments with commitments totaling $29,500. The Merged Association expects additional FarmStart Investments in Maine.

In September 2014, FCE entered into an agreement to purchase the Robert Thompson, EA farm tax practice in Presque Isle, Maine in 2015. This is the largest farm income tax practice in northern Maine and highly regarded within the Maine potato industry. Mr. Thompson started his career with Farm Credit in the 1970s and then started his own agency in the 1990s. Bob and his two employees (Norma Thompson and Suzanne Hobbs) became FCE employees on July 1, 2015.

On June 1, 2015, Farm Credit East employed Mr. Curt Paterson to work in the records and tax practice in Presque Isle. Mr. Paterson previously developed and operated his own small business payroll practice in Presque Isle which he divested prior to his employment with FCE. He also prepared farm income tax returns. With the employment of these four accounting professionals in Presque Isle, FCE now deploys the same complete set of services as in its pre-merger 19 offices. The Presque Isle Office also serves farm clients in the central Maine area served by the Auburn office. Clients in southern Maine are served from the Bedford, NH office until such time as there is sufficient critical mass to justify the hiring of dedicated staff.

For the 2016 operating year, the Maine Region (Presque Isle & Auburn Branches) posted strong results in these key credit-related services:

Farm Records	$134,308
Tax Services	284,429
Business Consulting	104,125
Total	$522,862

Virtually all of Messrs. Thompson and Paterson's previous clients made the transition to FCE. Because of FCE's commitment to offering stable, professional services to the farming community, additional customers have been successfully recruited. The Aroostock County area that is served by the Presque Isle Branch is a relatively remote, small rural community and there is a distinct shortage of these services offered by other providers, e.g. as local accountants retire, and nobody replaces them. FCE is optimistic regarding future growth prospects in this market across all credit-related services. FCE recently hired a person to train/develop as a Tax Specialist to position for Mr. Thompson's planned retirement in 2018. He will complete the full curriculum of farm income tax training and accreditation during 2017.

FCE originally hired two apprentice business consultants housed in the Auburn office to serve the Maine Region. Apprentice Consultant Robertson continued to progress in his development in 2016 and we anticipate his accreditation as a consultant in the first half of 2017. In addition to his normal fee consulting work, he has been deployed to co-teach *Generation NeXt* training to young farmers. He also has volunteered to work with the Maine Chapter of the Farmer Veteran Coalition. During 2016, the second apprentice consultant relocated and took a position with a different employer. At present, FCE is confident that Mr. Robertson will be able to meet the consulting needs of the Maine market with occasional assistance from other FCE consultants.

Effective at the date of Merger, FCE fully deployed its Knowledge Exchange Program within the Maine Region, including newsletters, web content, webinars and on-site meetings. This has been well received by Maine customers and related industry stakeholders.

A number of Maine's best practices have been identified and incorporated to enhance FCE's business practices. Also, a comprehensive review of Maine's documentation practices has led to ways of enhancing FCE's documentation practices.

IV. Stockholder perspectives on the success of the Merger

1. Ratio of stockholders represented per director

Result: At 12/31/13 Maine had 694 voting stockholders represented by 6 elected directors – a ratio of 1 director per 116 voting stockholders. At 12/31/13 pre-merger East had 11,731 voting stockholders represented by 12 elected directors – a ratio of 1 director per 978 voting stockholders. The 2017 Annual Meeting Information Statement indicates that there were 13,134 voting stockholders represented by 14 elected directors – a ratio of 1 director per 938 voting stockholders. Despite an increase for Maine, customer-owners continue to have ample opportunity to interact with their region's directors. FCE had a robust customer service council process that has since been implemented throughout the merged territory. All branch offices of the Merged Association now have

Customer Service Councils that provide input into products and services and help identify candidates for director seats. Per the Merger Agreement, the Maine Region currently has two elected directors plus one appointed inside director representing the forest products industry. One of the elected positions was up for election in 2015 – the Nominating Committee advanced the incumbent and a Maine potato grower candidate to run for this position. The incumbent was reelected for another term. The other elected position from the Maine Region was open for re-election to a 2-year term in 2016 in accordance with the Merger Agreement and the Nominating Committee advanced the incumbent and a Maine forest products candidate and the non-incumbent was elected**.** In the election of another Eastern Region open position in 2015, a quality candidate from the Maine forest products industry ran, but the incumbent was reelected. Maine Nominating Committee members have been very active in that process since the Merger's effective date.

2. Board's ability to identify and meet the evolving needs of various customer segments

Result*:* Annual customer appreciation meetings were held in 2014 and 2015 with Board and Senior Management at all FCE branch offices including the Auburn and Presque Isle, Maine offices. In 2016 special Farm Credit East Centennial events were held for each branch office including the two Maine offices. The customer appreciation and centennial events allowed all customers within the branch office area the opportunity to meet with management, hear business updates, and ask questions. In addition, senior management's contact information (phone and email) is available on FCE's website and customers are encouraged to contact senior management whenever they have questions or concerns. In addition, the Customer Service Councils (CSC) play an important role in helping to identify and understand the needs of their customers.

V. Mitigation of risks identified before the Merger and the identification of unanticipated risks resulting from the Merger

1. The Merger will increase the ratio of Maine customer-owners represented per director, creating the risk that the Board will be less attuned to the evolving needs of FCE's various customer segments.

Mitigant*: To mitigate this risk, the Board and directors of the Merged Association will undertake outreach activities and initiatives designed to ensure that all members continue to be heard on issues of concern. A robust branch-based customer service council process will be implemented in the Farm Credit of Maine branch offices to ensure grass roots involvement in the Merged Association.*

Result: Customer Service Councils were established for both Auburn and Presque Isle (Maine) branch offices with the first meeting held in March 2014. Both represent an excellent cross section of industries, business sizes and other portfolio diversity. Strong attendance was has been reported at subsequent CSC Meetings in August 2014, November 2014, March 2015, August 2015, November 2015, March 2016 and November 2016.

The Board held its August 2014 planning meeting in Maine, visiting local customers on site for a full day and hosting a reception with Auburn branch office staff.

CEO Bill Lipinski and previous Board Chair Andrew Gilbert participated in customer appreciation meetings in Auburn, ME and Presque Isle, ME in November 2014 and November 2015. In addition CEO Lipinski attended the special Farm Credit Centennial events held for Presque Isle and Auburn in the summer of 2016. These events also included attendance by Farm Credit East directors.

2. The Merger creates the potential for less direct member contact with senior management.

Mitigant*:* *The associations plan to maintain a strong customer focus at the local level as well as diligent communication with members on issues of importance to the Merged Association. Annual customer meetings with Board and senior management will be held in each of Farm Credit of Maine's branch offices starting in the first year after Merger date.*

Result: The Merged Association will maintain a presence in each Maine branch office by holding CSC meetings. EVP and Chief Business Officer Jim Putnam participated in the March 2014 CSC Auburn Meeting while EVP and Maine Regional Manager Fred Morton participated in the March 2014 CSC Presque Isle Meeting. The August 2014 CSC Meeting was held in the form of a joint meeting farm tour in Central Maine with Presque Isle members encouraged to come the night before with the association offering to pay for their travel expenses. CEO Lipinski, EVP Morton and EVP Putnam all participated in this meeting.

The March 2014, 2015 and 2016 meeting of the CSCs included an interactive WebEx session in which CEO Lipinski reported on financial results and association priorities and took questions from CSC members. In 2015 and 2016, EVP Fred Morton attended CSC meetings in both Auburn and Presque Isle. In addition, Senior Vice President Thomas Cosgrove participated in the 2015 Auburn CSC meeting.

Mr. Morton provides ongoing senior management team (SMT) outreach and presence to the Maine customers. He personally knows most of the key customers in the region due to his long tenure, active outreach to customers throughout the year and participation in various industry organizations. Mr. Morton exemplifies the FCE concept of providing the role of Regional President in all but name for the Maine Region. He regularly reports his activities and local marketplace developments to the CEO and SMT, and regularly attends Board Meetings.

VI. Management and operational successes and challenges

1. Information technology integration and conversion

Result: Overall cost of the FPI conversion was $350 thousand. The Merger process was helped by the expertise, depth of management, and project management capabilities. FPI successfully completed the migration of systems and data with no issues.

During 2016 FCE named Daryn Deveau, a previous Maine employee, as Director of Information Security. This position is responsible for addressing FCE's facility and physical security measures, reviewing and amending security policy and coordinating cyber security issues with FPI.

2. Board of director integration

Result*:* FCE's Board continues the strong track record of both predecessor associations of establishing vision, policy, and business targets and then delegating the implementation and accountability to the CEO. The integration of the predecessor Boards followed the guidelines outlined in the Merger Proposal. Efforts were made to ensure that Maine member-owners had a voice in the Merged Association, including appointing a director from the State of Maine to the Executive Committee each year from 2014 through 2018. Additionally, an appointed director from the Maine timber industry was added to assure expertise in the timber industry and provide appropriate continuity for Maine stockholders. Donald P. White was the initially appointed customer director with a term expiring in 2018. He resigned due to illness and was replaced by Peter Triandafillou. See Exhibit 9 for additional information about the Board.

3. Office, branch, and staff alignment

Result*:*

- There has been no change to the Maine Branch locations.
- Maine staff went live on FCE's EastNet Intranet site in early January 2014.
- Maine staff participated along with staff in 19 other locations in broadcasted Quarterly Town Hall Meetings with the FCE CEO starting in March 2014.
- Maine Branch Managers have attended the quarterly Branch Office Manager meetings since the summer of 2013 (prior to Merger).
- FCE held regional staff meetings in 2014 and 2016 where Maine staff had opportunity to interact with staff from other branch offices.
- Branch Operations meetings in June each year includes Maine operations staff. This provided networking and training opportunities.
- Maine staff has participated in all training programs open to FCE staff including several participants in the Leadership Development Class.
- Staff alignment is evidenced by the prominent positions of former Maine employees (e.g. CFO Grant and SVP Morton) in the Merged Association.

4. Synchronization of each constituent association's programs into the continuing association

Result*:* No Change, please refer to the interim study.

VII. Other factors

No specific challenges were identified in this process. The key goals of the Merger integration were successfully accomplished by strong Board oversight and by the dedicated, conscientious employees in the Merged Association.

Exhibit 1: Appendix B to FCA Letter of Preliminary Approval

Appendix B

STUDY OF THE MERGER

The Boards of Directors (Board) of Farm Credit East, ACA, and its subsidiaries (collectively, Continuing Association or Association) must ensure that an interim and a final study are performed and completed for the purpose of evaluating whether the Association has achieved all the benefits proposed by the merger with Farm Credit of Maine, ACA, and its subsidiaries. If all benefits have not been achieved, Association management must make strategic recommendations to the Board that will enable the Association to achieve the benefits that continue to remain relevant, or management must discuss why certain proposed benefits are no longer relevant or attainable.

The interim study must cover the period ending 18 months after the merger's effective date. The final study must cover the period ending 3 years after the effective date of the merger. Both the interim study and final study must be completed and provided to the Continuing Association's Board no later than 60 days after the end of period covered by each respective study. The Board is required to consider the findings and recommendations of each study and, within 45 days, prepare a written response to any recommendations, including those from Association management. Within 10 days of the Board's response, copies must be sent to the Director, Office of Regulatory Policy, Farm Credit Administration. In addition, a summary of the final study and the Board's response must be made available on a timely basis to the Continuing Association's stockholders in whatever manner the Association chooses.

Issues to be addressed in each study must include, at a minimum, the expected advantages and disadvantages of the merger as discussed in the shareholder disclosure document, including but not limited to:

1) Diversification, including:
   a) Industry group, commodity, and customer type;
   b) Reduction in the exposure to adverse weather conditions and improved ability to lend through volatile industry cycles;
   c) Reduction in risk concentrations.
2) Improved capital position, larger capital base and increased hold limits;
3) Lending limit increases and a reduction in loan sales and participations;
4) Increased operating efficiency;
5) Improved strategic position; and
6) Facilitate management succession planning through increased depth of management in key positions and greater specialization of personnel.

The study should also address:

1) Marketplace impact (i.e., the Association's presence and acceptance) and success at creating and capitalizing on new business opportunities;
2) Achievement of a significantly larger capital base to meet the credit and service needs of eligible borrowers (i.e., product delivery systems and services), including the Association's success in meeting the credit and service needs of young, beginning and small farmers, ranchers and producers or harvesters of aquatic products;

3) Stockholder perspectives on the success of the merger, including:
   a) Ratios of stockholders represented per director; and
   b) Board's ability to identify and meet the evolving needs of various customer segments.
4) Mitigation of risks identified before the merger and the identification of unanticipated risks resulting from the merger.
5) Management and operational successes and challenges, including:
   a) Information technology integration and conversion
   b) Board of director integration; and
   c) Office, branch and staff alignment.
   d) Synchronization of each constituent association's programs into the Continuing Association.
6) Other factors as appropriate.

Each study must be conducted by a person or entity independent of Association management and approved by the FCA. An independent third party may include, but would not be limited to, the district bank, the continuing Association's internal auditor (if the auditor reports solely to the audit committee), or the Farm Credit Council Services, Inc.

Exhibit 2: Monitoring Worksheet

	Maine 12/31/2013	FCE 12/31/2013	Pro Forma 12/31/2013	FCE-Merged 12/31/2014	FCE-Merged 12/31/2015	FCE-Merged 12/31/2016
Capital						
Total Risk Adj. Assets	277,562,573	4,903,261,314	5,180,823,887	5,697,413,440	6,107,700,919	6,313,151,668
Risk Adj. Permanent Capital	48,443,571	795,077,732	843,521,303	924,920,651	998,683,995	1,083,125,975
% Permanent Capital w/Stock	17.45	16.22	16.28	16.23	16.35	17.16
% Permanent Capital w/o Stock	17.17	15.95	16.02	15.99	16.12	16.93
Total Net Allowance for Loan Loss	5,869,561	83,948,849	89,818,410	74,038,838	76,361,360	77,583,387
Net ALL as a % of Loans	1.96	1.68	1.70	1.27	1.25	1.23
Total Risk Funds	55,639,342	871,857,736	927,497,078	1,009,541,915	1,083,834,777	1,169,616,927
% Risk Funds w/Stock	19.54	17.51	17.62	17.46	17.50	18.28
% Risk Funds w/o Stock	19.27	17.25	17.36	17.22	17.27	18.05
% Adv Class + OPO to Risk Funds w/Stock	11.00	20.79	20.21	16.09	17.16	18.36
% Adv Class + OPO to Risk Funds w/o Stock	11.15	21.10	20.51	16.32	17.39	18.59
% Criticized Assets + OPO to Risk Funds w/Stock	23.24	44.98	43.68	34.74	34.49	41.75
Loan Asset Quality (Net)						
Total Loans (000)	299,811	4,997,912	5,297,723	5,807,049	6,112,979	6,308,302
% Accept/OAEM	98.0	96.5	96.6	97.3	97.0	96.6
% High Risk to L&LRA	0.83	1.38	1.35	1.10	1.05	0.90
Impaired as a % of Total Loans	0.76	1.21	1.18	1.01	0.98	0.84
Percent Delinquent 30+ Days(1)	0.1	0.5	0.4	0.4	0.2	0.3
Four Qtr Rolling Avg. Dlq.	0.2	0.7	0.7	0.4	0.4	0.4
Charge-offs	7,363	942,276	949,639	1,720,597	2,298,033	1,146,169
Recoveries	9,916	2,937,602	2,947,518	3,099,440	1,190,809	44,175
Loan Management						
% Satisfactory Credit Adm. by Number	99.4	99.7	99.7	99.7	99.7	99.7
Earnings						
Net Income (Profitability (000)	$6,795	$116,561	$123,356	$146,033	$143,241	$151,358
% ROA	2.12	2.38	2.36	2.55	2.36	2.38
% Net Int Margin above ACB Rate	3.26	3.02	3.04	3.08	2.96	2.91
% Effective Member Rate	3.83	3.18	3.26	3.16	3.07	3.23
% Net Int Income of Op Expense	136.31	216.43	207.59	223.94	213.43	202.60
Op. Cost Per 100/Gross Loan Vol	$1.17	$0.82	$0.85	$0.78	$0.80	$0.85
Financial Services Income YTD (000)	$636	$20,036	$20,672	$23,016	$23,531	$25,028
% of Salary & Benefits	12.9	46.1	42.7	47.3	45.3	44.9
% Change from Prior Year	10.2	8.0	2.4	11.3	2.2	6.4
Total Revenue as a % of Op. Exp.	150.2	281.6	267.1	285.8	273.4	259.8
Liquidity						
ACA Direct Loan	253,592,388	4,152,554,994	4,406,147,382	4,831,892,464	5,055,969,600	5,167,923,499
Direct Loan Margin (Million)	$36.37	$635.71	$672.08	$750.11	$816.42	$898.45
% Borrowing Base Limit	87.46	86.72	86.77	86.56	86.10	85.19
CIPA Rating						
CIPA Score at Quarter End	98.46	95.06	95.30	96.87	96.82	96.95
CIPA Score - Four Quarter Average	98.41	94.26	94.54	96.39	97.30	96.88
Miscellaneous						
GFA Lending Limit/Delegation*	7,266,536	116,881,984	124,148,520	143,550,000	148,146,900	161,059,675

***Calculated as 15% of regulatory lending and leasing limit base (previously permanent capital).**

Exhibit 3: Balance Sheet

Balance Sheet	12/31/2013	12/31/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
($ in thousands)	**Maine**	**Pre-Merger FCE**	**Pro Forma**	**FCE - Merged**	**FCE - Merged**	**FCE-Merged**
Active Loans	$ 295,764	$ 4,922,046	$ 5,217,810	$ 5,729,954	$ 6,034,624	$ 6,234,303
Nonaccrual Loans	2,289	60,374	62,663	58,690	59,883	53,172
Gross Loans	298,053	4,982,420	5,280,473	5,788,644	6,094,507	6,287,475
Less: Allowance for Losses	5,870	83,949	89,819	74,039	76,361	77,583
Net Loans	292,184	4,898,471	5,190,655	5,714,605	6,018,146	6,209,892
Cash	2,552	11,683	14,235	17,959	14,463	22,493
Accrued Interest Receivable	1,766	15,567	17,333	18,571	18,683	19,467
Investment in CoBank, ACB	15,867	164,000	179,867	196,441	207,106	225,172
Other Property Owned	-	6,147	6,147	2,913	1,946	
Premises and Equipment, net	3,055	15,220	18,275	18,443	19,500	
Other assets	7,199	41,280	48,479	41,675	46,462	64,251
Total Assets	$ 322,624	$ 5,152,368	$ 5,474,992	$ 6,010,607	$ 6,326,306	$ 6,541,275
Notes Payable to CoBank, ACB	253,592	4,152,555	4,406,147	4,827,439	5,050,959	5,159,481
Patronage Distribution Payable	1,250	42,000	43,250	51,000	53,000	
Accrued Interest Payable	-	3,948	3,948	4,454	5,010	
Other Liabilities	3,220	23,022	26,242	48,367	57,351	135,275
Total Liabilities	$ 258,063	$ 4,221,525	$ 4,479,588	$ 4,931,260	$ 5,166,320	$ 5,294,756
Capital Stock and Participation Certificates	767	12,855	13,622	13,913	14,124	14,337
Additional Paid-in Capital	-	164,369	164,369	229,198	229,198	229,198
Allocated Surplus	6,852	-	6,852	6,048	-	-
Unallocated Surplus	57,389	776,796	834,185	871,829	962,070	1,002,984
Accumulated OCI (Loss)	(447)	(23,177)	(23,624)	(41,641)	(45,406)	
Total Members' Equity	$ 64,561	$ 930,843	$ 995,404	$ 1,079,347	$ 1,159,986	$ 1,246,519
Total Liabilities and Members' Equity	$ 322,624	$ 5,152,368	$ 5,474,992	$ 6,010,607	$ 6,326,306	$ 6,541,275

Exhibit 4: Commodity Concentration

	Maine 2013			FCE 2013			Pro Forma 2013			FCE-Merged 2014			FCE-Merged 2015			FCE-Merged 2016		
Commodity Concentration	**% Risk Funds**	**Total Loans**	**$ (in thousands)**	**% Risk Funds**	**Total Loans**	**$ (in thousands)**	**% Risk Funds**	**Total Loans**	**$ (in thousands)**	**% Risk Funds**	**Total Loans**	**$ (in thousands)**	**% Risk Funds**	**% Total Loans**	**$ (in thousands)**	**% Risk Funds**	**% Total Loans**	**$ (in thousands)**
Dairy	65.3%	12.2%	36,332	133.5%	23.4%	1,164,060	129.4%	22.7%	1,200,392	122.4%	21.3%	1,235,252	122.2%	21.7%	1,324,955	122.1%	22.7%	1,427,257
Timber	188.0%	35.1%	104,627	54.9%	9.6%	479,074	62.9%	11.1%	583,701	63.8%	11.1%	643,757	63.6%	11.3%	689,534	59.0%	11.0%	691,622
Cash Field Crops	111.4%	20.8%	61,969	65.4%	11.4%	570,195	68.2%	12.0%	632,164	60.1%	10.5%	606,841	59.9%	10.7%	649,246	57.0%	10.6%	666,472
Greenhouse & Nursery	-	0.0%	-	57.6%	10.1%	501,948	54.1%	9.5%	501,948	48.5%	8.5%	489,276	46.4%	8.3%	502,823	43.9%	7.6%	477,848
Livestock / Fishing (Maine)	46.9%	8.7%	26,078	57.4%	10.0%	500,221	56.7%	10.0%	526,299	53.1%	9.3%	536,138	51.7%	9.2%	560,172	49.0%	9.1%	572,160
Proc & Mrkt	64.0%	11.9%	35,614	30.1%	5.3%	262,687	32.2%	5.6%	298,301	48.7%	8.5%	491,951	48.3%	8.6%	523,152	44.8%	8.3%	521,860
Fruit	-	0.0%	-	40.5%	7.1%	353,357	38.1%	6.7%	353,357	50.3%	8.8%	507,499	49.0%	8.7%	530,699	47.1%	8.8%	553,298
Services	14.5%	2.7%	8,045	26.3%	4.6%	229,103	25.6%	4.5%	237,148	24.3%	4.2%	245,598	22.1%	3.9%	239,704	22.3%	4.0%	251,499
Other*	45.6%	8.5%	25,389	105.7%	18.5%	921,775	102.1%	17.9%	947,164	102.3%	17.8%	1,032,332	99.1%	17.6%	1,074,222	96.2%	17.9%	1,125,458
Total		**100.0%**	**$ 298,053**		**100.0%**	**$ 4,982,420**		**100.0%**	**$ 5,280,473**		**100.0%**	**$5,788,644**		**100.0%**	**$6,094,507**		**100.0%**	**$ 6,287,475**

*Consists of commodities representing <4% of total loans.

Exhibit 5: Loan Type

Loan Type	Maine 2013		FCE 2013		Pro Forma 2013		FCE-Merged 2014		FCE-Merged 2015		FCE-Merged 2016	
($ in thousands)	$	%	$	%	$	%	$	%	$	%	$	%
Real Estate Mortgage	75,299	25.3%	2,413,645	48.4%	2,488,944	47.1%	2,637,604	45.6%	2,762,868	45.3%	2,860,801	46.9%
Rural Residential Real Estate	541	0.2%	61,944	1.2%	62,485	1.2%	61,128	1.1%	57,680	0.9%	56,587	0.9%
Production and Interm. Term	177,334	59.5%	1,826,825	36.7%	2,004,159	38.0%	2,099,809	36.3%	2,236,709	36.7%	2,307,503	37.9%
Processing & Marketing	27,295	9.2%	270,972	5.4%	298,267	5.6%	534,908	9.2%	558,363	9.2%	578,448	9.5%
Agribusiness Loans	17,585	5.9%	344,025	6.9%	361,610	6.8%	383,486	6.6%	397,303	6.5%	396,111	6.5%
Communication/Energy/Water Loans	-	0.0%	65,009	1.3%	65,009	1.2%	71,709	1.2%	81,584	1.3%	88,025	1.4%
Total	**$298,053**	**100.0%**	**$4,982,420**	**100.0%**	**$5,280,473**	**100.0%**	**$5,788,644**	**100.0%**	**$6,094,507**	**100.0%**	**$6,287,475**	**100.0%**

Exhibit 6: Large Loans

Large Loans	12/31/2013	12/31/2013	12/31/2014	12/31/2016
($ in thousands)	**Maine**	**FCE**	**FCE-Merged**	**FCE-Merged**
Top 10 Commitments	$ 50,000	$ 264,269	$ 303,345	$ 316,718
Risk Funds	$ 54,399	$ 863,187	$ 988,358	$ 1,169,617
% of Risk Funds	91.91%	30.62%	30.69%	27.08%

Exhibit 7: Income Statement

Income Statement	12/31/2013	12/31/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
($ in thousands)	**Maine**	**FCE**	**Pro Forma**	**FCE-Merged**	**FCE-Merged**	**FCE-Merged**
Interest Income	$ 13,688	$ 190,447	$ 204,135	$ 221,964	$ 227,124	$ 247,646
Interest Expense	2,288	43,924	46,212	47,865	49,445	62,205
Net Interest Income	11,400	146,523	157,923	174,099	177,679	185,441
Provision for loan losses	615	7,000	7,615	-	3,000	
Patronage Income	3,544	19,847	23,391	24,353	26,101	28,016
Financial Service Income	636	20,033	20,669	23,010	23,523	24,992
Loan Fees	512	1,580	2,092	2,154	2,077	2,468
Compensation on Participations		3,975	3,975	3,064	2,665	2,503
Other Income	120	22	142	45	102	637
Total Non-Interest Income	4,813	45,457	50,270	52,626	54,468	58,616
Salaries and Employee Benefits	4,967	43,480	48,447	48,682	51,939	55,765
Occupancy and Equipment	558	2,833	3,391	3,294	3,352	3,420
Insurance Fund Premiums	221	3,591	3,812	5,028	5,819	7,876
Fees paid to FPI	923	5,542	6,465	7,067	7,619	9,116
OPO Expense	-	626	626	1,091	-	
Other Operating Expenses	1,720	11,184	12,904	12,682	14,615	15,119
Total Non-Interest Expense	8,389	67,256	75,645	77,844	83,344	91,296
Income Before Income Taxes	7,209	117,724	124,933	148,881	145,803	152,761
Provision for Income Taxes	431	1,163	1,594	2,848	2,562	1,403
Net Income	$ 6,777	$ 116,561	$ 123,338	$ 146,033	$ 143,241	$ 151,358

Exhibit 8: Ratios

Ratios	12/31/2013	12/31/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
	Maine	**FCE**	**Pro Forma**	**FCE-Merged**	**FCE-Merged**	**FCE-Merged**
Operating Expense/Revenue	52.1%	35.2%	36.3%	34.2%	35.8%	37.4%
Operating Expense per $100 Gross Loans	$1.17	$0.82	$0.85	$0.78	$0.80	$0.85
Loan Loss Reserve/Total Loans	2.41%	1.68%	1.72%	1.27%	1.43%	1.37%
Borrowing Base Margin	87.5%	86.7%	86.7%	86.6%	86.1%	86.2%
Permanent Capital Ratio	17.5%	16.2%	16.3%	16.2%	16.4%	17.2%
Risk Funds (% of Total Loans)	18.3%	17.3%	17.4%	17.1%	17.5%	18.3%
% Adverse to Total Loans	2.0%	3.5%	3.4%	2.8%	3.2%	3.5%
% Adverse to Risk Funds	11.0%	21.0%	20.4%	16.7%	17.2%	18.4%
Net Interest Margin	3.85%	3.13%	3.18%	3.08%	2.96%	2.91%
ROAA	2.13%	2.38%	2.37%	2.55%	2.36%	2.38%
ROE	10.85%	13.09%	12.94%	13.82%	12.64%	12.40%

Exhibit 9: Board of Directors

Initial Board				Current Board		
Member	**Nominating Region**	**Elected/ Appointed**	**Term Expiration**	**Member**	**Elected/ Appointed**	**Term Expiration**
Samuel G. Conard	Eastern	Elected	2014	Peter J. Barton	Appointed	2017
Laurie K. Griffen	Central	Elected	2015	Matthew W. Beaton	Elected	2020
Henry L. Huntington	Eastern	Elected	2015	Michael N. Brooks	Elected	2018
John P. Knopf	Western	Elected	2017	Peter R. Call	Elected	2019
Lisa P Sellew	Eastern	Elected	2017	Tim C. Chan	Outside	2019
Douglas W. Shelmidine	Central	Elected	2016	Daniel J. Corey*	Elected	2019
Peggy Jo Jones		Appointed	2015	Laurie K. Griffen	Elected	2019
Matthew W. Beaton	Eastern	Elected	2016	David "Skip" Hardie	Elected	2020
Andrew J. Gilbert	Central	Elected	2014	Henry L. Huntington	Elected	2019
June W. Hoeflich		Appointed	2014	Richard P. Janiga	Elected	2018
Ann P Hudson		Appointed	2016	Phillip "Jamie" Jones	Elected	2017
Robert R. Brown	Western	Elected	2015	John P. Knopf	Elected	2017
Daniel J. Corey*	Eastern	Elected	2018	James A. Robbins II*	Elected	2018
Christine E. Fesco	Western	Elected	2016	Lisa P. Sellew	Elected	2017
Benjamin J. Fuend	Central	Elected	2014	Douglas W. Shelmidine	Elected	2020
Richard P. Janiga	Western	Elected	2014	Diane Souza	Outside	2019
Henry E. McPherson*	Eastern	Elected	2018	Peter H. Triandafillou*	Appointed	2018
Donald P. White*		Appointed	2018			

*From Maine