

# Farm Credit – Customer Owned



*Lending support to rural America®*



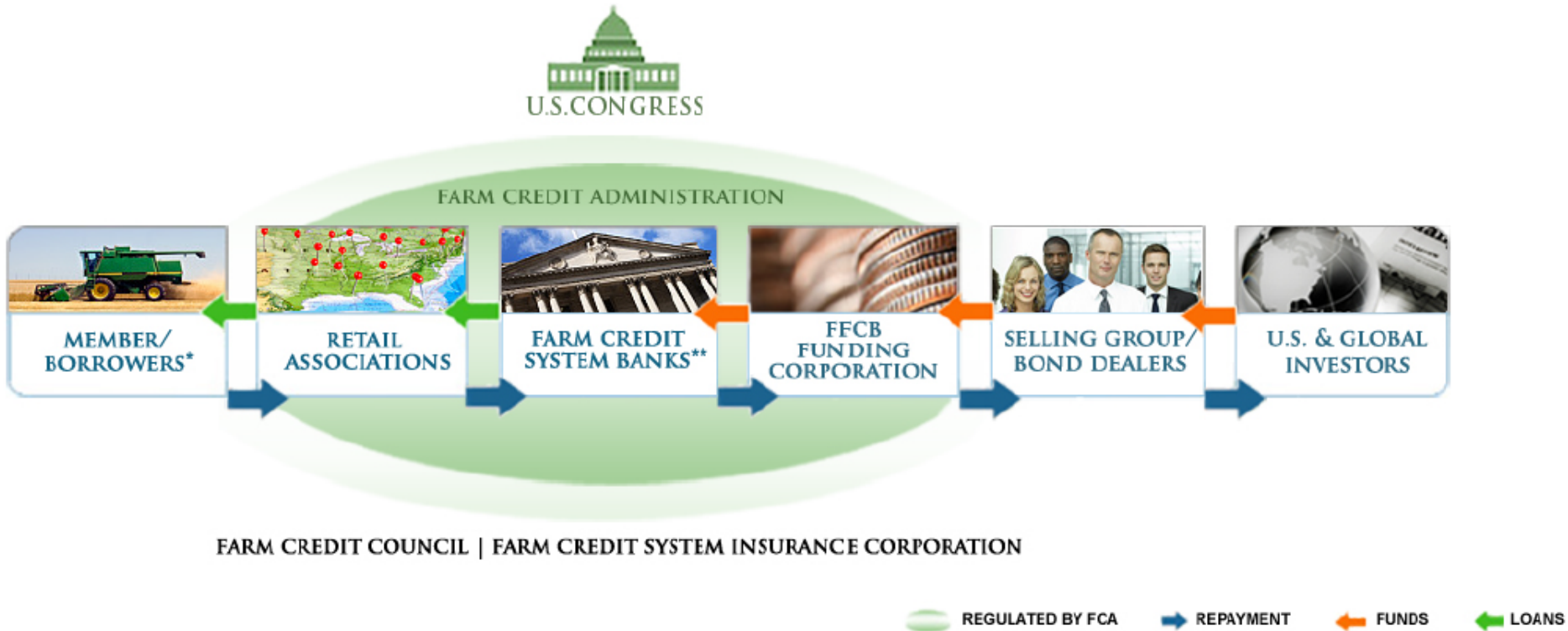
## OVERVIEW OF THE SYSTEM

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- Created by an Act of Congress (1916)
- Government Sponsored Enterprise (GSE) created to support rural communities and agriculture with reliable, consistent credit and financial services
- Network of cooperatives owned by its borrowers (farmers, ranchers, agricultural cooperatives and rural customers)
- Regulated and examined by the Farm Credit Administration (FCA), an independent agency in the Executive Branch of the US Government
- Federal Farm Credit Banks Consolidated Systemwide Debt Securities are issued to fund the System's loan portfolio and operations
- The Farm Credit System funds approximately 40% of all US farm business debt. *(February 2016, USDA ERS)*



# STRUCTURE/OWNERSHIP



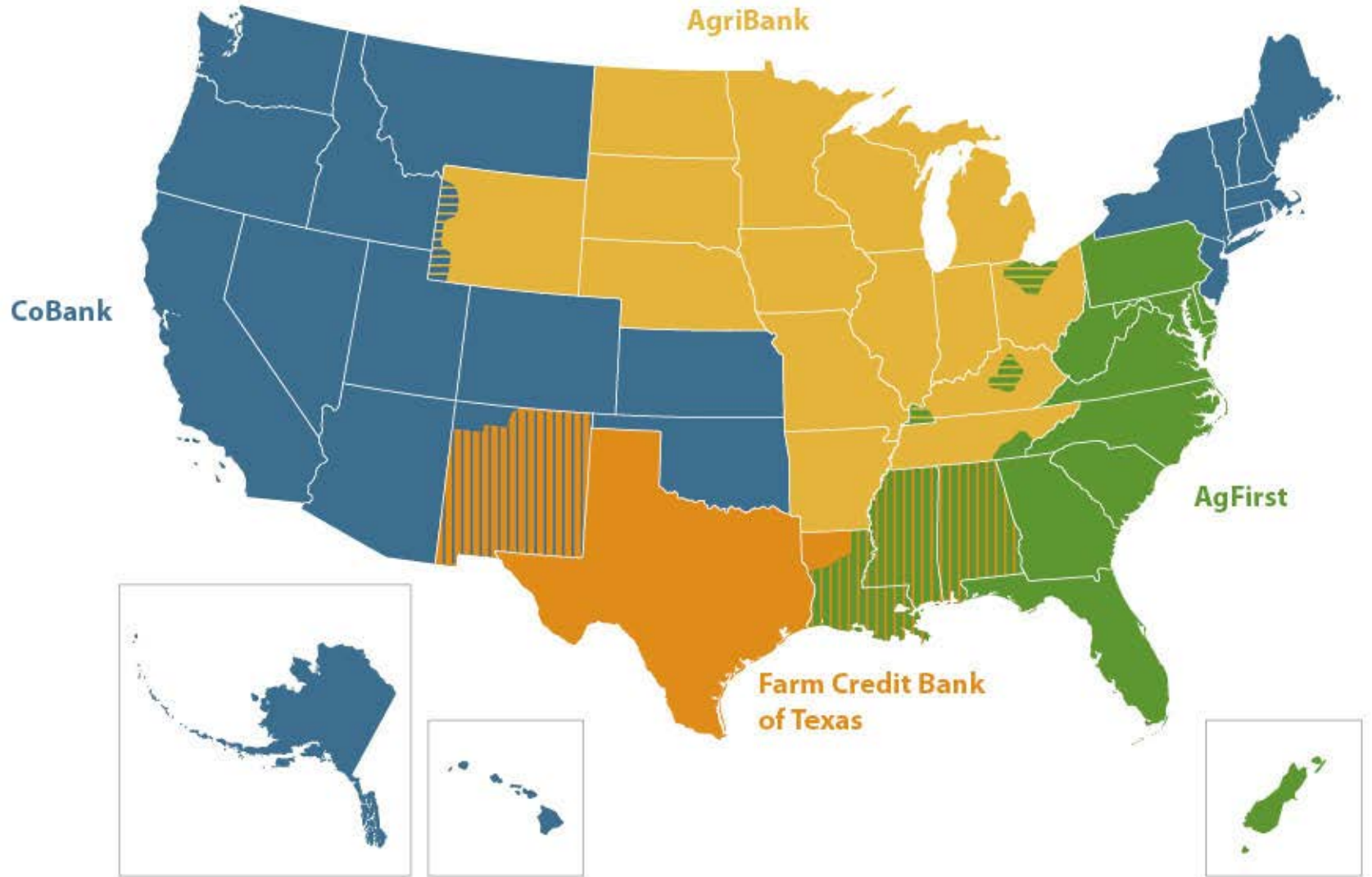
\* Farmers, ranchers, rural homeowners, ag cooperatives, rural utility systems & agribusinesses

\*\* Farm Credit System Banks - AgFirst, AgriBank, FCB of Texas, CoBank.  
CoBank has lending authority to Associations within its District as well as nationwide lending authorities to agricultural cooperatives, rural utilities and other eligible borrowers.

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# Four Banks



# Customer Owned- A Cooperative

- A cooperative is an institution that is owned by the members.
- Owners and users are the same people – the members.
- Our members are integrated in our processes throughout the year: annual meetings, membership on our board of directors, our community involvement, and our patronage program.

# Who Makes Sure We Do Our Job

- Board of Directors
  - Comprised of elected member/owners and 2 outside directors (including a financial expert)
- Internal Auditors
- Our Regulator (FCA)

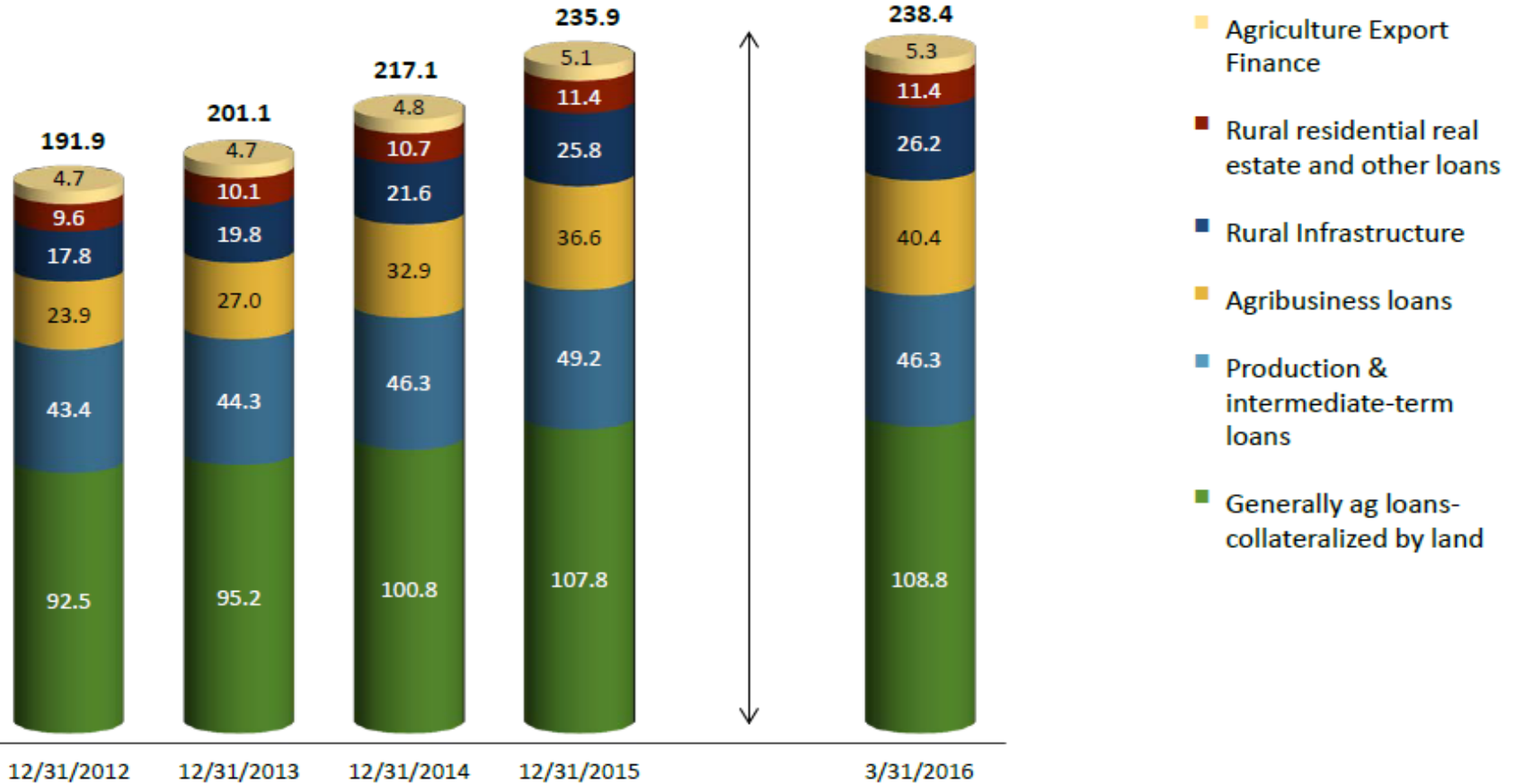
# Our Regulator

- The Farm Credit Administration (FCA) is based in McLean, VA
- Charged by Congress to independently examine and ensure safety and soundness
- Accountable directly to Congress
- Directed by a 3-member Board; members are nominated by the President and confirmed by the US Senate
- Conduct examinations every 18 months

# GROSS LOANS

- The System continues to experience moderate loan growth
- A variety of loan types are available to qualified borrowers

(\$ billions)

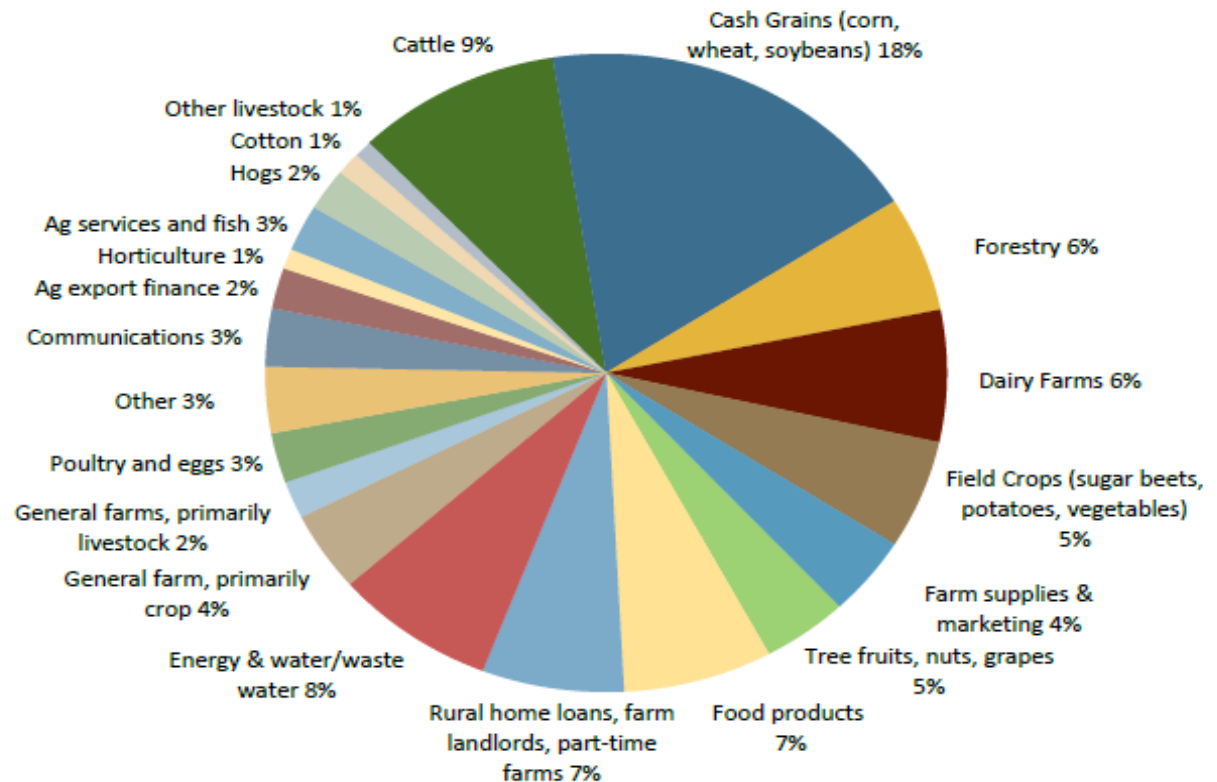




## Farm Credit System Loan Portfolio

(at 12/31/15)

- Broad diversification within the Farm Credit System loan portfolio
- Highest concentration is 18%
- Diversification minimizes concentration risk



Source: Based on loans described in the Farm Credit System Annual Information Statement – 2015

# LOANS BY DOLLAR SIZE

**Farm Credit System Loan Portfolio**  
*(at 12/31/15)*

- Farm Credit System lends to qualified borrowers of all sizes
- 87% borrowers between \$1,000 and \$499,000

Range (\$ thousands)	Amount Outstanding (\$ millions)	% of Portfolio	# of Borrowers	% of Portfolio (# of borrowers)
\$1 -- \$249	32,643	14	402,724	76
\$250 -- \$499	20,871	9	59,528	11
\$500 -- \$999	23,956	10	34,298	6
\$1,000 -- \$4,999	51,137	22	26,454	5
\$5,000 -- \$24,999	35,954	15	3,654	<1
\$25,000 -- \$99,999	29,718	13	620	<1
\$100,000 -- \$249,999	21,188	9	135	<1
Over \$250,000	20,423	8	49	<1
<b>TOTAL</b>	<b>235,890</b>	<b>100</b>	<b>527,462</b>	<b>100</b>

*Source: Based on loans described in the Farm Credit System Annual Information Statement – 2015*





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