



Farm Credit Services
of America

SUCCESSFULLY MANAGING RISK THROUGH AG CYCLES

Ken Keegan
EVP – Chief Risk Officer

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- \$21.8 billion in owned and managed assets
- 42 offices in 4 States (IA, NE, SD, and WY)
- 52,000 customers
- 1,148 employees
- Corporate headquarters in Omaha, NE

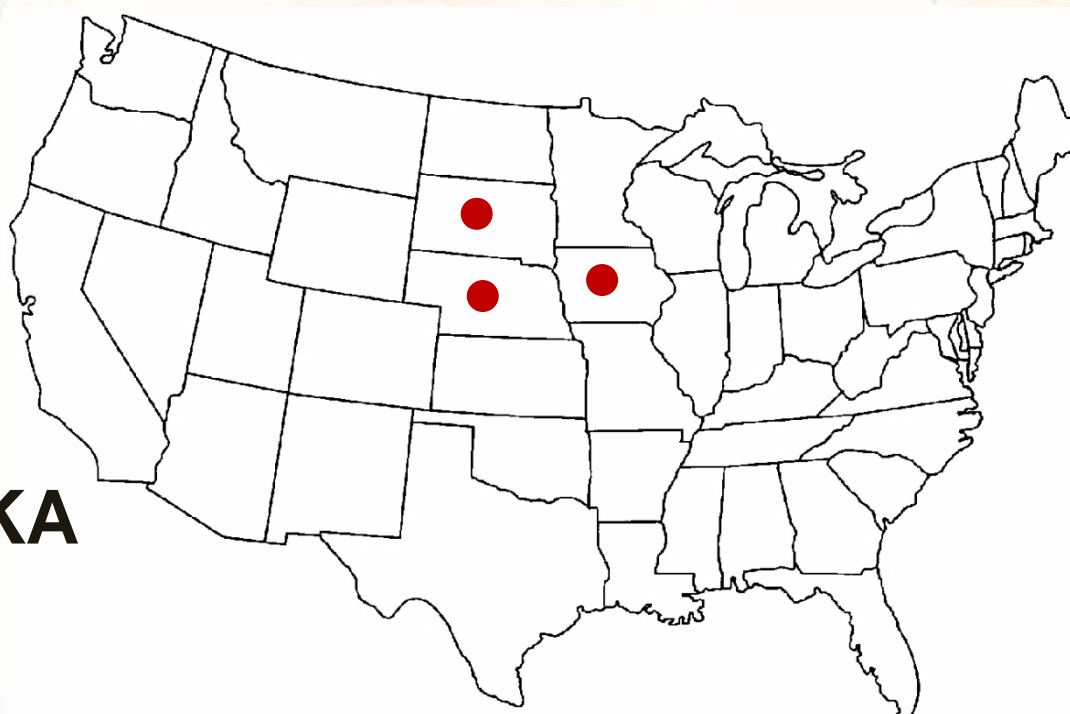


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Strong Ag Production Area

SOUTH DAKOTA

- #7 Corn
- #8 Soybeans
- #6 Wheat



NEBRASKA

- #3 Corn
- #4 Soybeans
- #10 Eggs
- #6 Pork
- #1 Beef
- #5 AgExports

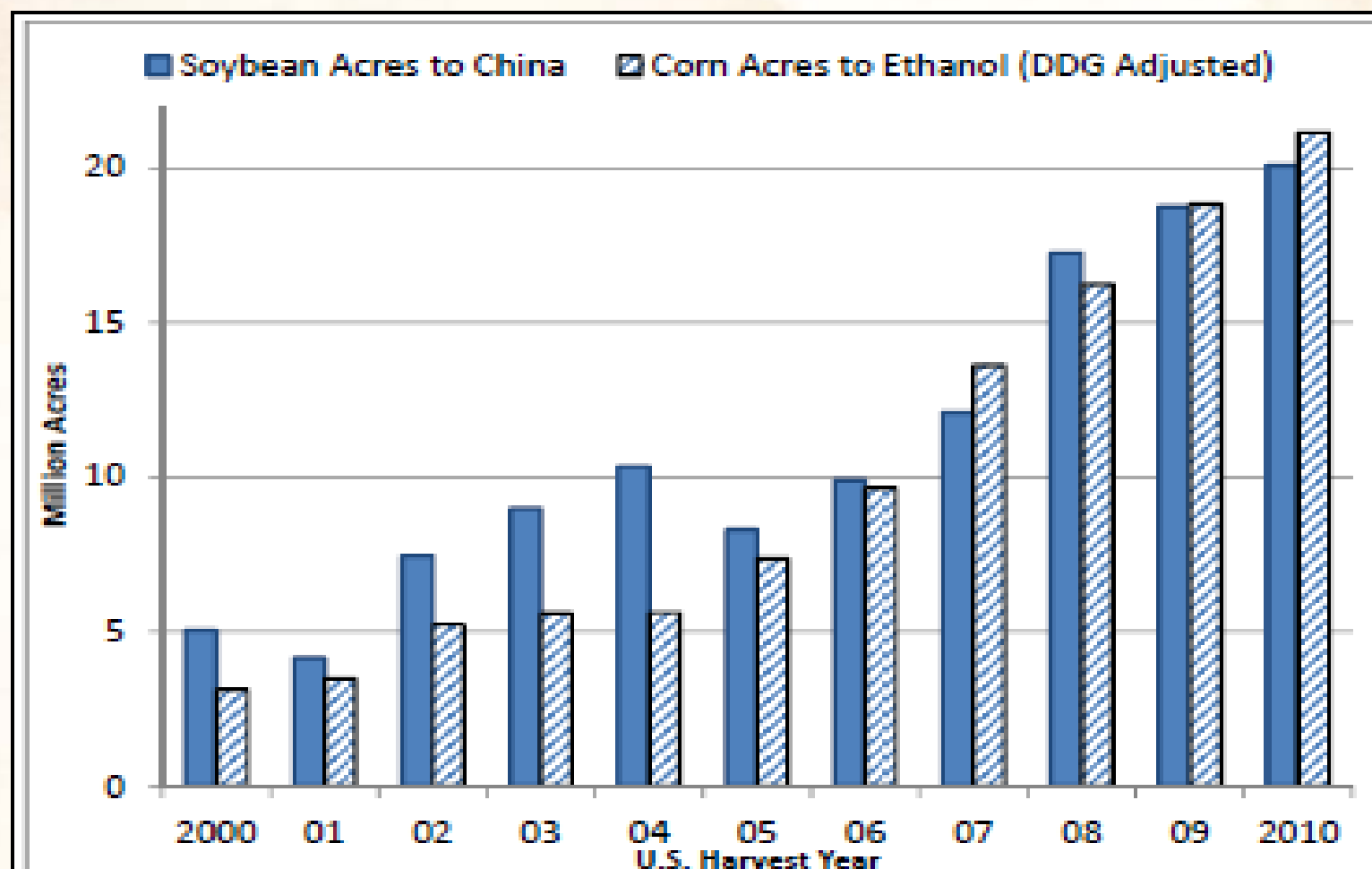
IOWA

- #1 Corn
- #1 Soybeans
- #1 Eggs
- #1 Pork
- #2 Beef
- #2 AgExports



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Factors Impacting Crop Returns

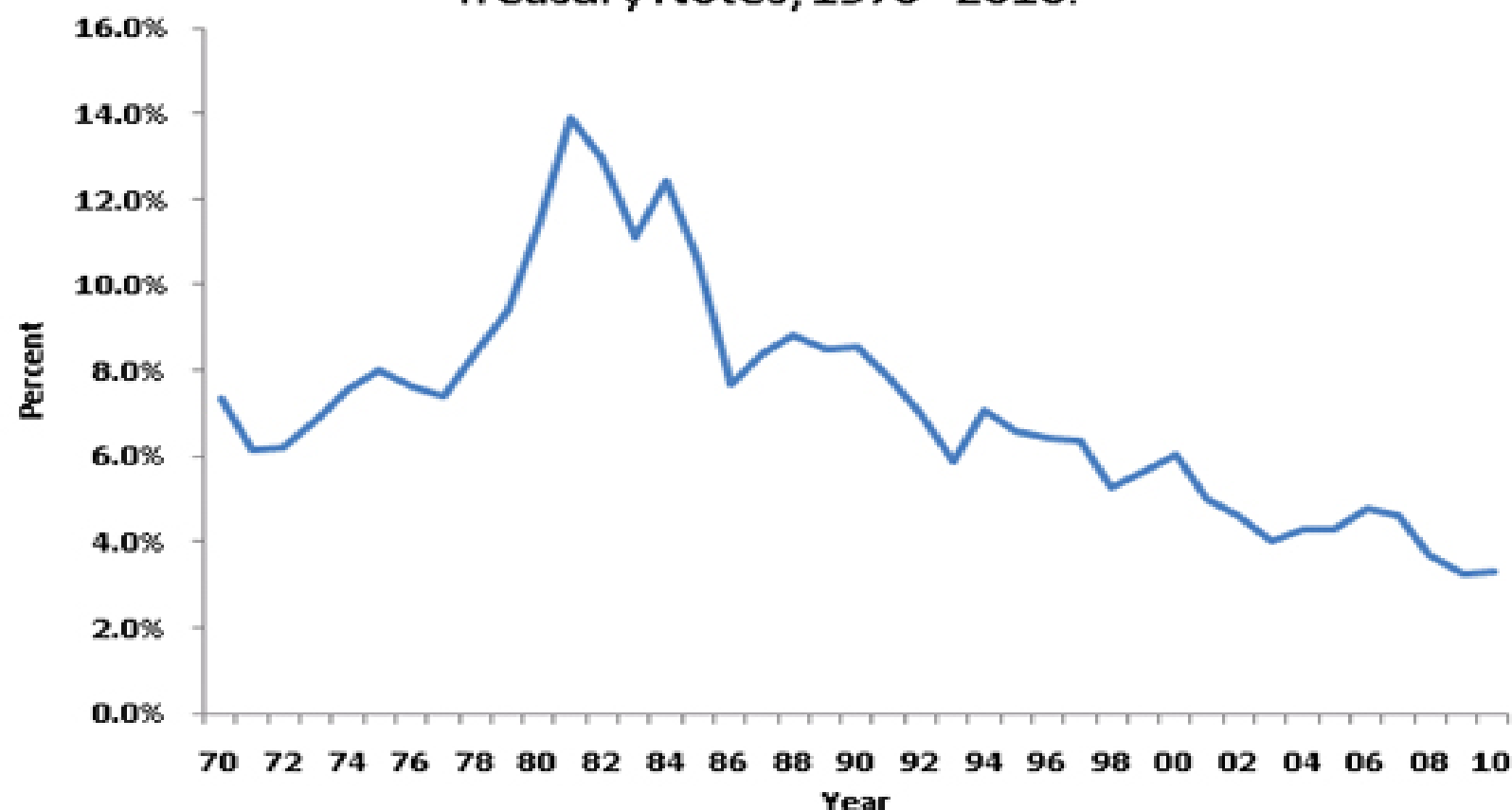




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Interest Rate Trends

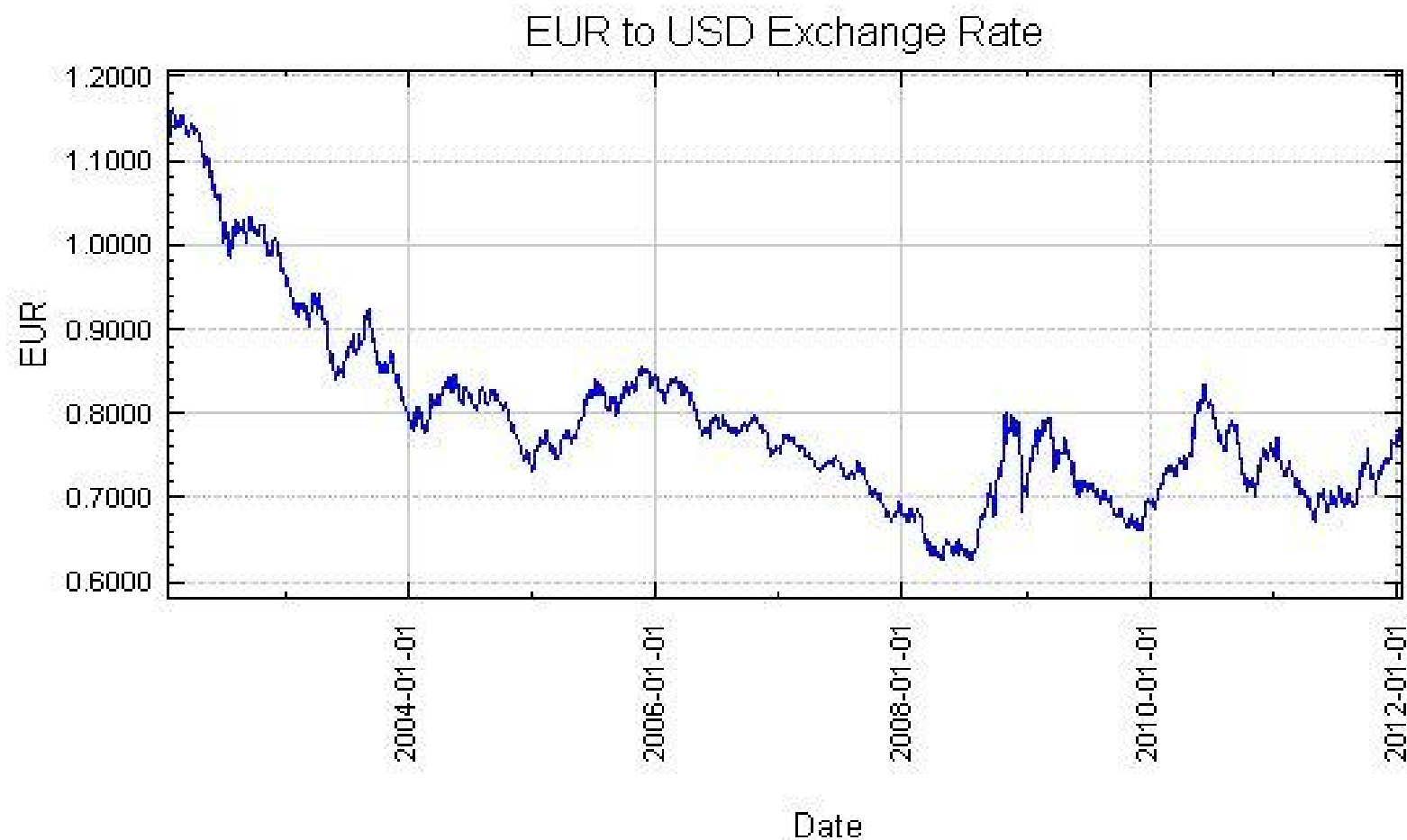
Figure 3. Interest Rate on 10-Year Maturity U.S. Treasury Notes, 1970 - 2010.





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Exchange Rate Influences

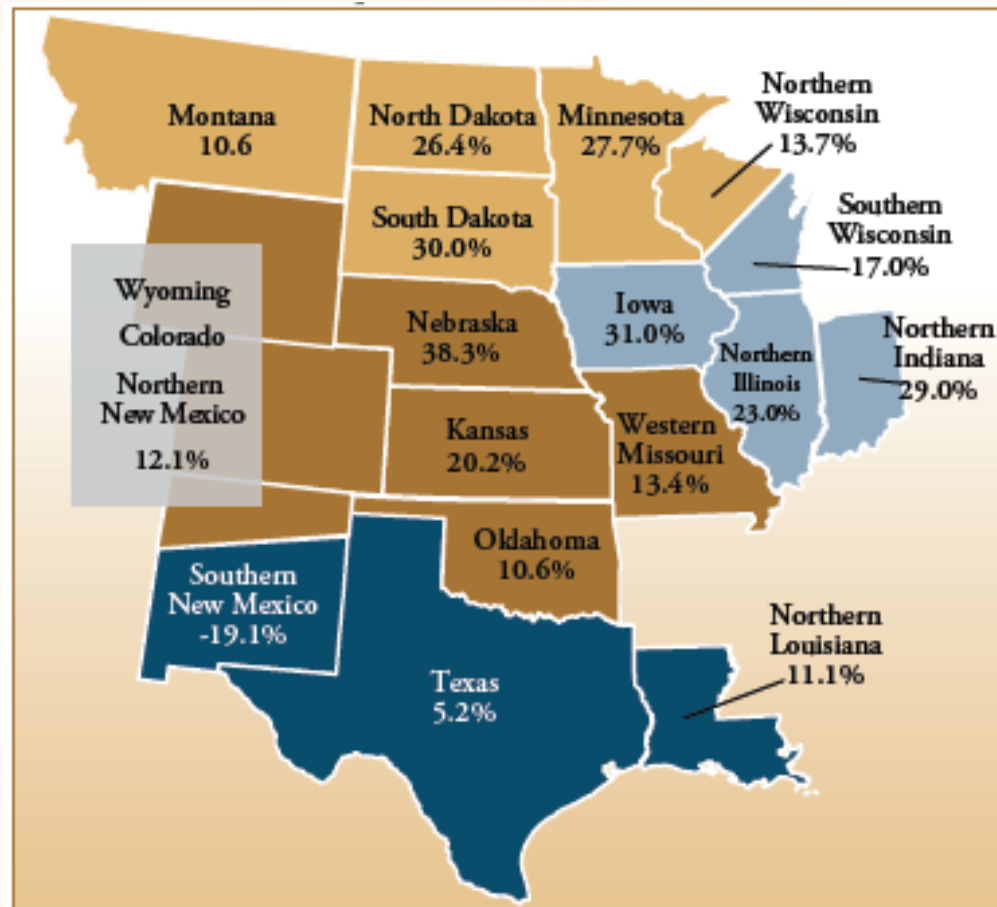


Midwest RE Values

Source: Federal Reserve Bank of Kansas City



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Value Trends-Benchmark Farms



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- 66 Benchmark Farms
- Values Updated Semi-Annually on January and July 1st
- 33,700 sales analyzed over the past 5 years

Benchmark Trends

(based on 1/1/2012 Values)



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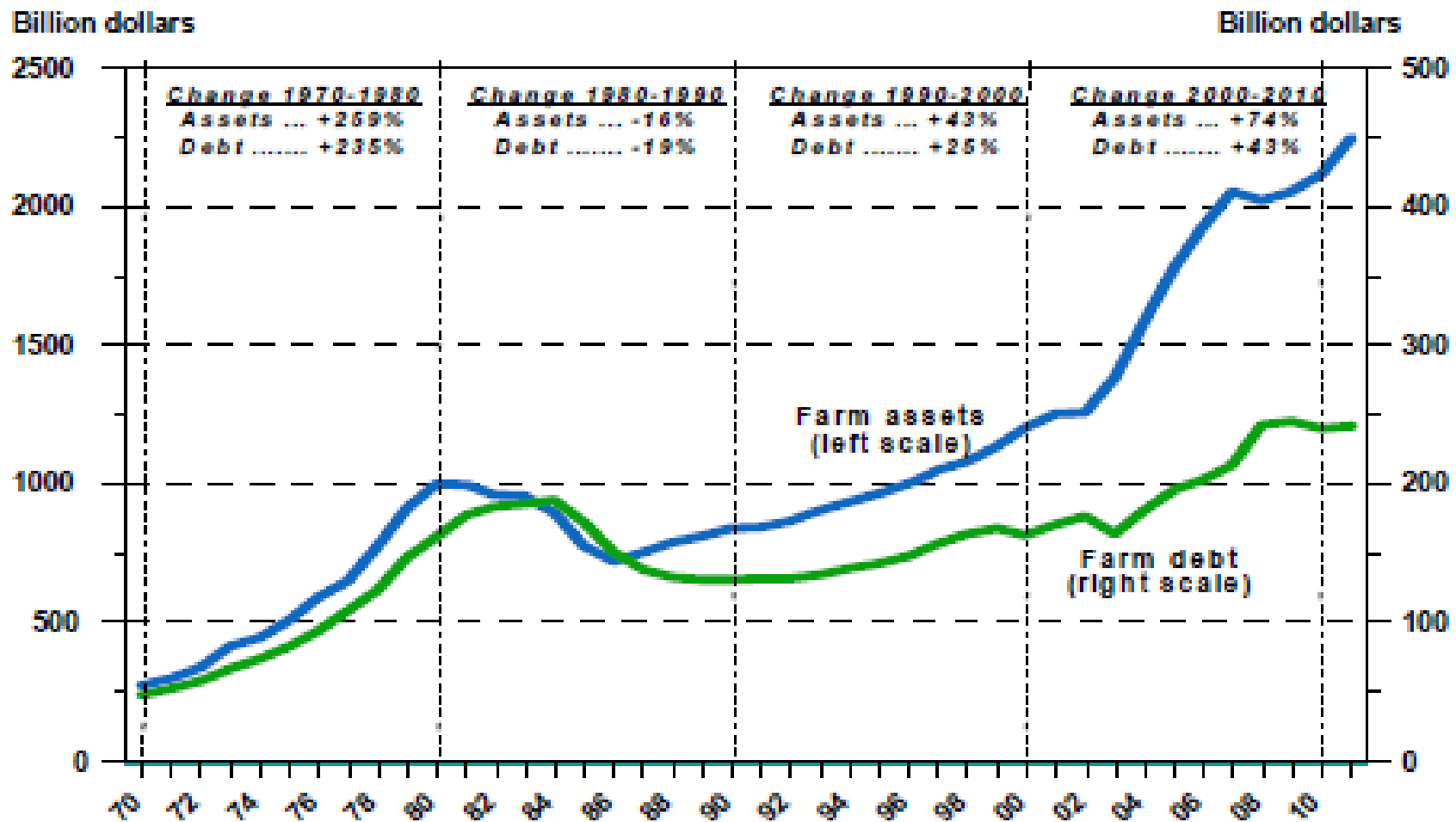
State	6 Month	1 Year	5 Year	10 Year
Iowa (21)	14.8%	34.0%	113.2%	257.7%
Nebraska (20)	28.2%	43.4%	128.0%	225.7%
South Dakota (23)	10.0%	19.4%	84.8%	262.6%
Wyoming (2)	0.0%	-1.1%	19.6%	105.6%

Iowa Buyer Types



Type	2008	2009	2010	2011
Farmer/Rancher/Local Investor	91%	88%	85%	86%
Out of Area Investor	7%	8%	13%	11%
Other	2%	4%	2%	2%

Farm Debt Leveraging Has Not Followed Land Prices Higher





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Sustainable Land Value Philosophy

- FCSAmerica began using in 2008
- Purpose – Manage risk for borrower and bank
- Premise – Recognize higher commodity production margins – but limit over-reaction
- Outcome – Help prevent over-extending credit in a rapidly increasing market

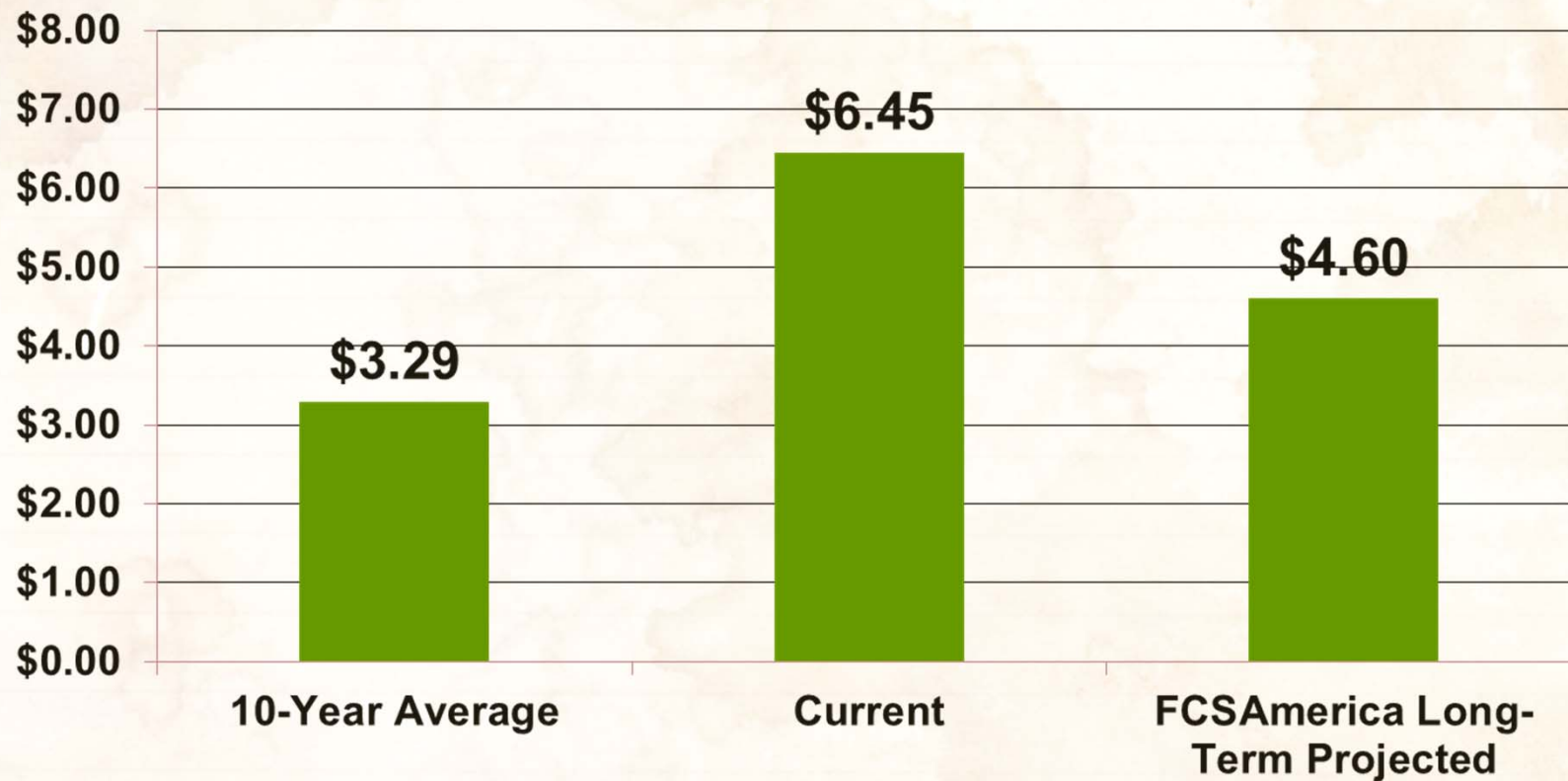


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Information Sources



Historical, Current, Projected - Corn Price

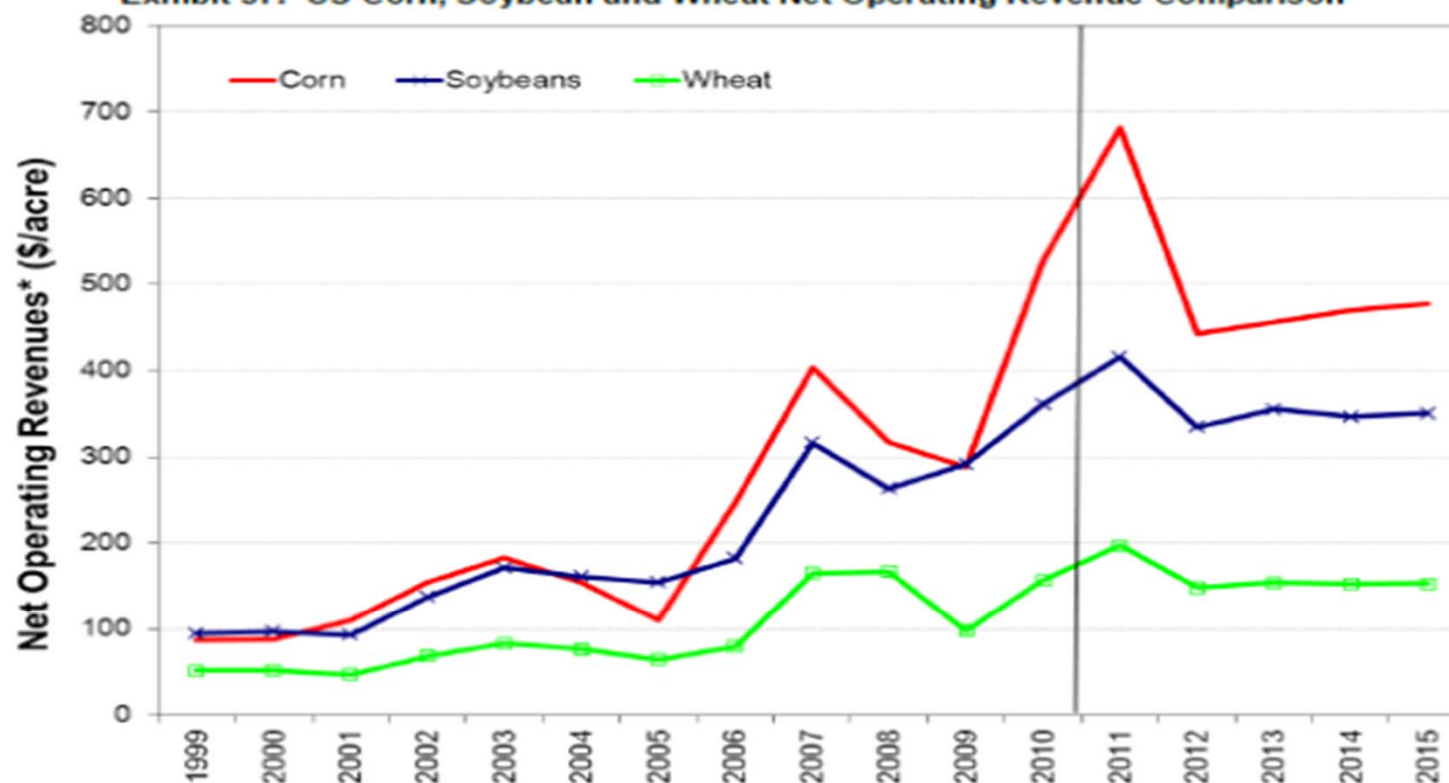




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Net Return Summary

Exhibit 57: US Corn, Soybean and Wheat Net Operating Revenue Comparison



* Net operating revenues = returns over variable costs. Revenue excludes government payments;

Sources: USDA, ERS (historical); Informa Economics (forecast, 2011-2015)

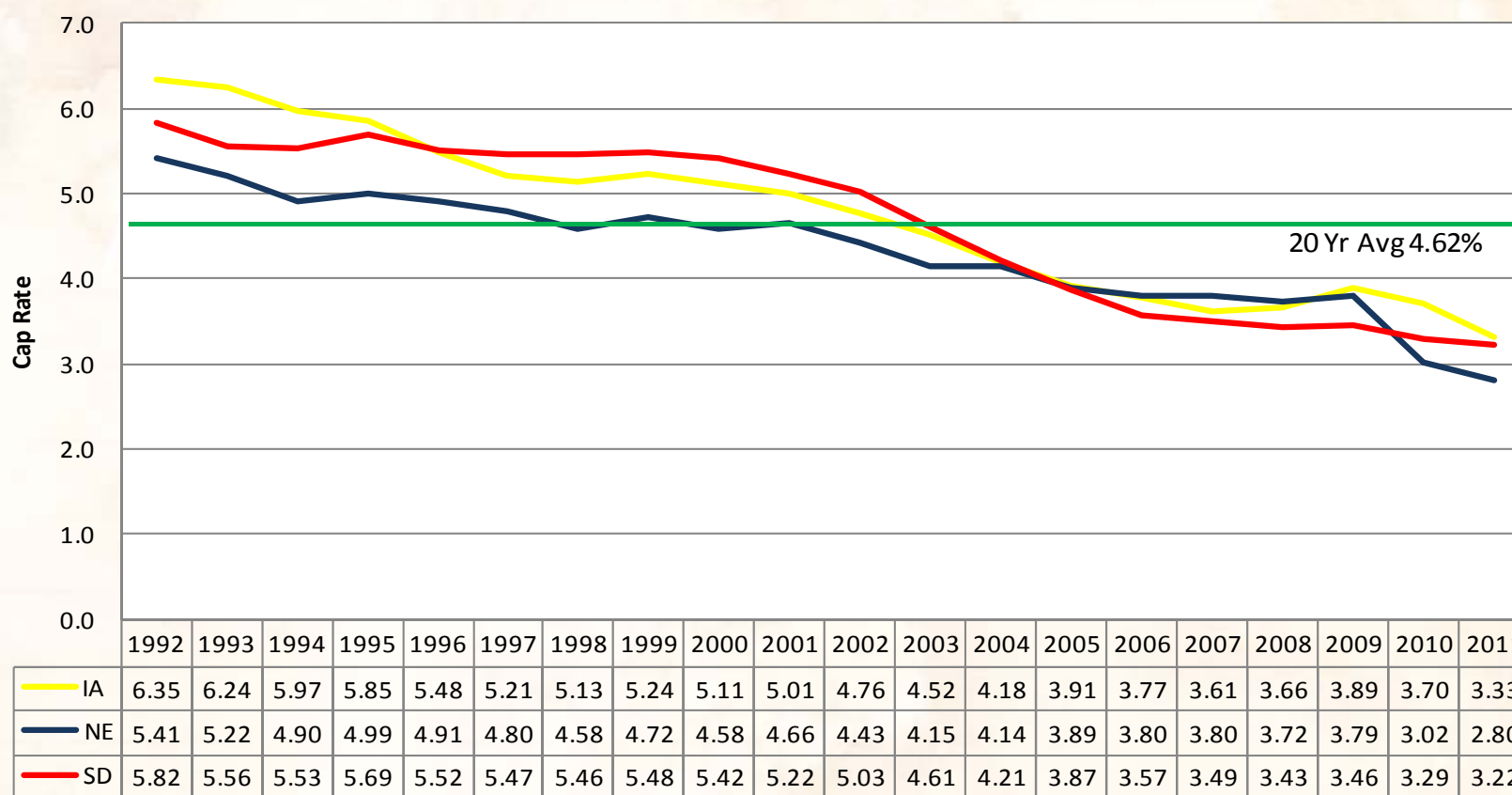


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FCSAmerica's Cap Rate Trend

FCSA Experience

Cap Rate of Land Sales that are at least 85% tillable



FCSAmerica's Lending Model Assumptions



Forward Looking Assumptions:

1. 200 Bushel yield
2. \$4.60 Corn price
3. IA State Variable & Fixed Cost Budget Estimates
4. A 4% Capitalization Rate (Return on Investment)

Forward Looking Assumptions Yield:

- Return to Real Estate of \$320-\$350/A



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Sustainable Value

Capitalization Rate	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%
Sustainable Land Value	\$15,931	\$12,745	\$10,621	\$9,103	\$7,965	\$7,080	\$6,372	\$5,793	\$5,310
65% Level	\$10,355	\$8,284	\$6,903	\$5,917	\$5,177	\$4,602	\$4,142	\$3,765	\$3,452

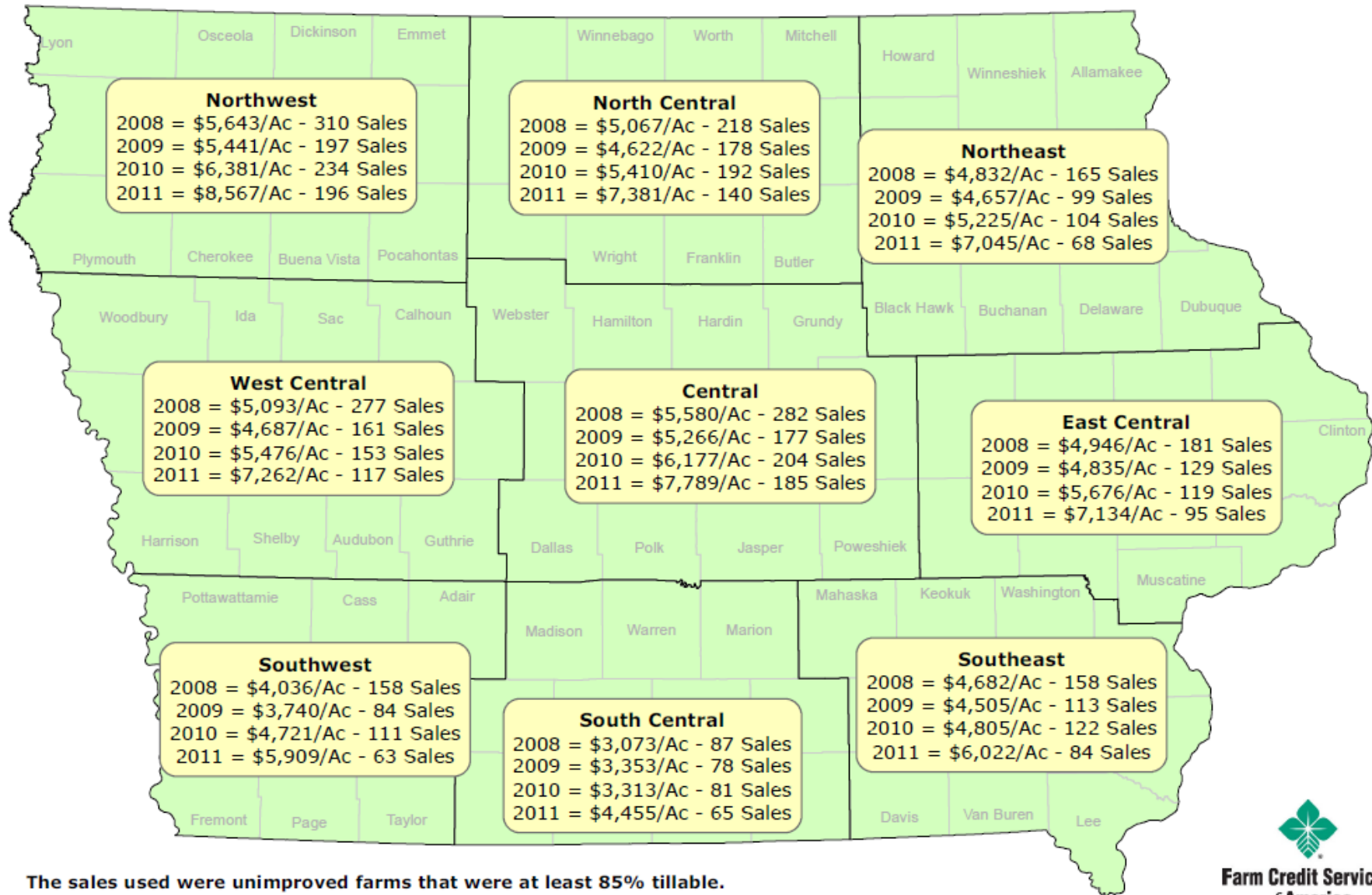
Updated Sustainable Value Level = \$5,200

Sensitivity Analysis to Sustainable Lending:

+/- \$20 per acre at 4.0% Cap Rate = \$325

Iowa Cropland Values

by Region



The sales used were unimproved farms that were at least 85% tillable.
 The values listed are the average based on the number of sales for that year
 and each sales sale price divided by the total number of acres.
 The 2011 value is as of Nov 1, 2011.



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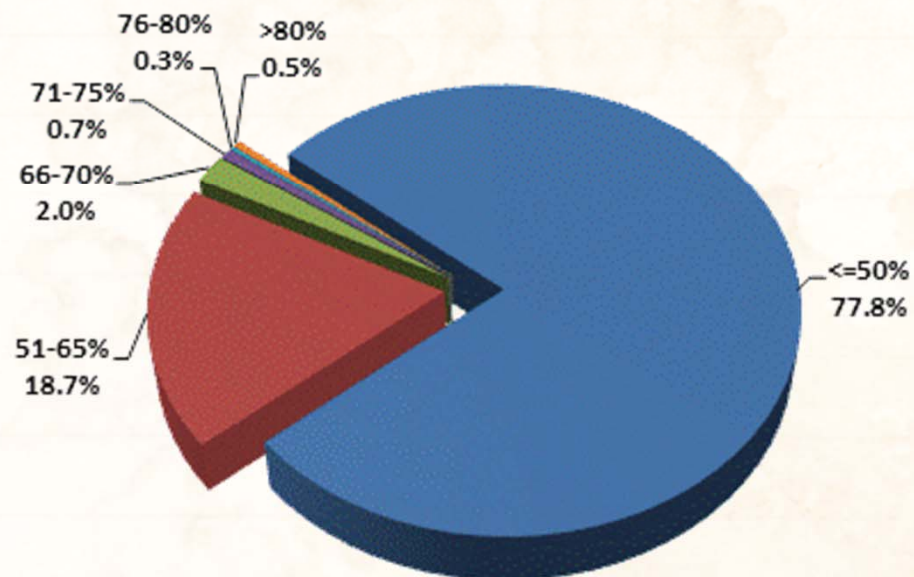
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Real Estate



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Loan to Market-Adjusted Collateral Value
Excluding ABF and Capital Markets, CHL, and Swine Contract
Finishing Loans
December 31, 2011



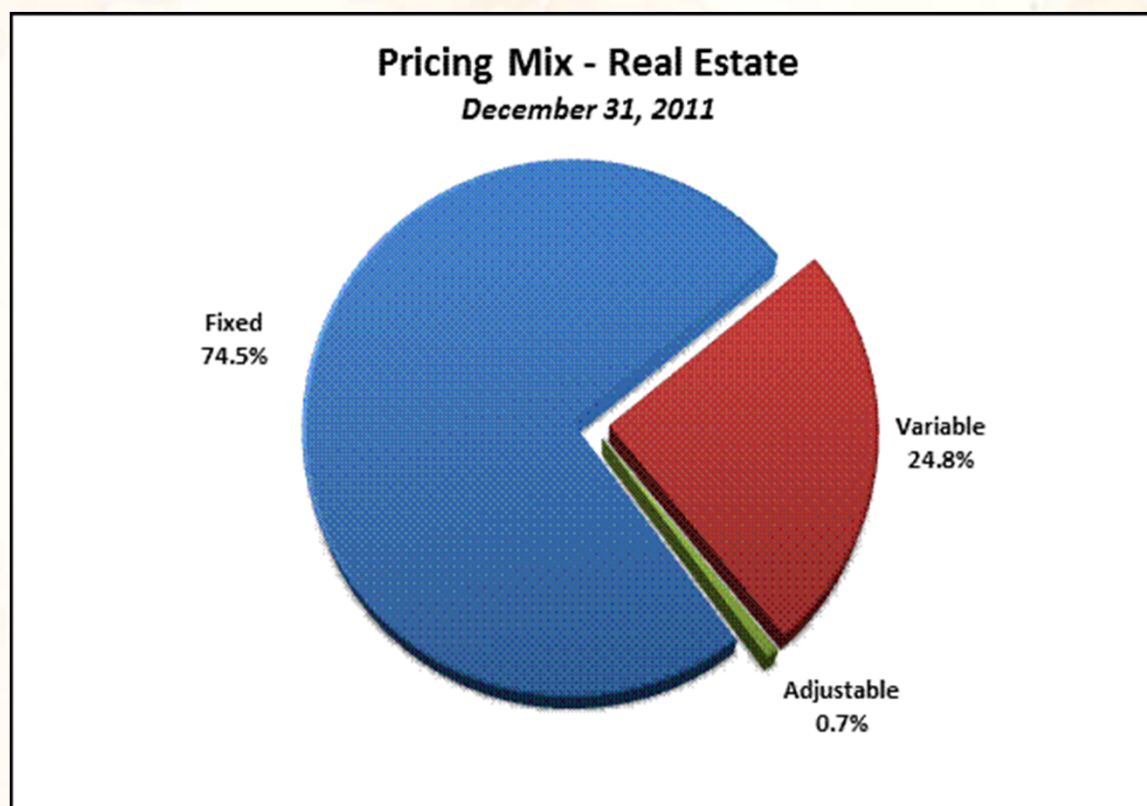


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Average Real Estate Data

	2011	2010	2009
Financial Position			
Current Ratio	2.49	2.53	2.51
Debt to Asset	34%	34%	35%
Debt Coverage Ratio	2.23	2.3	2.2
Loan Conditions			
Loan Term	16 years	17 years	18 years
Loan to Collateral Value	48%	53%	54%
Average Size	\$321,393	\$272,613	\$241,804
Annual Loan Volume	\$1.9 B	\$1.7 B	\$1.3 B

% of Fixed Interest Rates on Real Estate Portfolio





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Food for Thought

The increase in farm real estate values is different than the housing bubble & the 80's.

- Is being purchased from a position of financial strength
- Significant equity (both cash and collateral) going into the purchases
- Is an income producing asset
- Does not materially deteriorate/depreciate from abuse and neglect
- Supply is constant (relatively); there is not a risk of over-building/over-development like housing or commercial real estate