Farm Credit – Customer Owned
OVERVIEW OF THE SYSTEM

- 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)
* 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.
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)

- Agriculture Export Finance
- Rural residential real estate and other loans
- Rural Infrastructure
- Agribusiness loans
- Production & intermediate-term loans
- Generally ag loans—collateralized by land

Lending support to rural America
AGRICULTURAL DIVERSIFICATION

- 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

Lending support to rural America
### Farm Credit System Loan Portfolio
(at 12/31/15)

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

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

Lending support to rural America
Farm Credit – Customer Owned

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