Key Takeaways –
ABA National Ag Bankers Conference

• John Blanchfield, ABA SVP Director of Center for Agricultural and Rural Banking

• Caleb Hopkins, Loan Officer, Westside State Bank in Westside, IA

• Jackson Takach, Farmer Mac Economist

Bill Miller – 202-872-5549 – bmiller@farmermac.com
Mary Maloney – 202-872-6682 – mmaloney@farmermac.com
ABA National Agricultural Bankers Conference

November 9–12, 2014
Hilton Omaha & CenturyLink Center Omaha I Omaha, Nebraska

BIG TIMES DEMAND
BIG DATA

FINAL PROGRAM
SUNDAY, NOVEMBER 9

Noon – 6:30 p.m.
Registration Open
CenturyLink Center Omaha, Ballroom Level

1:00 – 5:00 p.m.
Pre-Conference Seminar
Rooms 215-216, Ballroom Level
Hosted by FINPACK and FarmerMac

Turbulent Times Require Better Data

The times, they are a-changin’! Do you have a plan to manage the risk in your portfolio during turbulent and less profitable times? This action-packed pre-conference session will look at the current ag credit environment with a focus on what is happening with your farm customers and early warning tools that will position you to be proactive.

We will take a look at key components in analyzing ag credits and current observations: What will it take to be a successful ag lender in turbulent times? Where does cash analysis work and where doesn’t it work? What steps can you take to mitigate risk in your portfolio?

Dr. David Kohl will join in with his view from the road and his vast experience going back to previous times of financial stress. The session will have takeaways for everyone, even if you do not use FINPACK or FarmerMac.

Robert H. Craven, Director, Center for Farm Financial Management, Professor, Department of Applied Economics, University of Minnesota, St. Paul, Minnesota

David M. Kohl, Ph.D., Professor Emeritus, Agricultural and Applied Economics, Virginia Tech, AgriVisions, LLC, Blacksburg, Virginia

David Beman, Director of Credit Operations, Farmer Mac, Washington, DC

Jackson Takach, Economist, Farmer Mac, Washington, DC

6:00 – 7:00 p.m.
FINPACK Grand Opening Reception
Junior Ballroom, Ballroom Level

Sponsored by FINPACK

7:00 – 6:30 p.m.
Farmland the Movie

New this year is a special movie night featuring Farmland, courtesy of our friends at the U.S. Farmers and Ranchers Alliance. Network with your colleagues during the pre-film reception, and then take a seat for this extraordinary film that takes an intimate look at the lives of farmers and ranchers in their 20s, all of whom are now responsible for running their farming business. Learn about their high-risk/high-reward jobs and their passion for a way of life that has been passed down from generation to generation, yet continues to evolve.

8:00 – 10:00 a.m.
Opening General Session
South Ballroom, Ballroom Level

Welcome Remarks

Conference Chairman’s Welcome
Nate Franzen, President/Ag Division, First Dakota National Bank, Yankton, South Dakota

Nebraska Bankers Association Welcome
Richard Baier, Successor President and CEO, Nebraska Bankers Association, Lincoln, Nebraska

ABA Chairman’s Welcome
John A. Ikard, ABA Chairman, President and Chief Executive Officer, First Bank Holding Co., Lakewood, Colorado

Profiting from Agriculture’s Greatest Revolution: Big Data

Lowell Catlett, Ph.D., Regents Professor, Agricultural Economics and Agricultural Business and Extension Economics and Dean of the College of Agricultural, Consumer and Environmental Sciences, New Mexico State University, Las Cruces, New Mexico

Agriculture already feeds more than seven billion people worldwide and will do so for the additional 2 billion people in the next twenty-five years. It is a major driver in human health and provides the best diets and habitat for billions of domestic and wild animals, as well as sustainable carbon sequestration. The information revolution in agriculture will dwarf both the mechanical and chemical revolutions. Get ready for a world where Big Data gives new meaning to production agriculture, controlling everything from molecular genetics to robotic weather drones. The information from all of this technology may have a larger value to producers and aggregators than the products produced.

Sponsored by

MONDAY, NOVEMBER 10

7:00 a.m. – 4:30 p.m.
Registration Open
CenturyLink Center Omaha, Ballroom Level

7:00 – 8:00 a.m.
MetLife Agricultural Investments Continental Breakfast
Grand Ballroom Foyer, Ballroom Level

Sponsored by

MetLife
Agricultural Investments

Sponsored by

WebEquity solutions

Work smart. Lend profitably.
BIG TIMES
Demand BIG DATA

- Farmer Mac, FINPACK, Dr. David Kohl
- Pre-Conference Session

Jackson Takach . . .
Breaking Down the Data

- Peer Data
- Ratio Averages and Thresholds
- Geography
- Commodity and Borrower
Peer Data Trends

- Plot peer data over time
- Changes tell us about credit and market dynamics

Midnorth; Crops Producers; $500k+ in GFI

Current Ratio High Q  Current Ratio Low Q
Underwriting Ratio Averages

- Calculate each application ratio and average
- Look at averages across time
Geographic Representations

- Look for trends in geography
Commodity Trends

- Look at summary of collateral types
- How does mix change over time

Loan Submissions by Collateral Type and Month
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Sponsored by WebEquity solutions
Work smart. Lend profitably.
10:30—10:30 a.m.
American Jersey Cattle Association and National All-Jersey, Inc. ("US Jersey") Milk & Coffee Break
Grand Ballroom Foyer, Ballroom Level
Sponsored by USJersey

10:30—11:30 a.m.
Workshop Series I
Which Way Will They Go? Using Data to Foresee Credit Problems
Rooms 213-214, Ballroom Level
Robert H. Graven, Director, Center for Farm Financial Management, Professor, Department of Applied Economics, University of Minnesota, St. Paul, Minnesota
Dale W. Nordquist, Assistant Director, Center for Farm Financial Management, Department of Applied Economics, University of Minnesota, St. Paul, Minnesota

For many farms, it looks like we are turning the corner on the extreme profits and high working capital of the past several years. Has it been a while since you saw a bad loan? Will you know one when you see one? How can you use the data you have to foresee credit problems before they happen?

When "Yes" is Not the Best Answer
Rooms 201-202, Ballroom Level
Laurie Richards, Laurie Richards Associates, McLean, Virginia

Learn how to effectively and efficiently communicate with your customers and your co-workers so that you can get the results you need. Say "no" without alienating others or losing customers, ask for what you need, and eliminate the frustration and wasted time caused by miscommunication.

Inspired Questions for Perpetuating the Generational Farm
Rooms 203-204, Ballroom Level
David Specht, Founder, Advising Generations LLC, Connell, Washington

This session will explore penetrating and crucial questions that every family-owned farm must answer to navigate the generational transition. Learn how to talk to your farm customers about these challenging issues—this will be the catalyst they need to initiate the planning necessary for them to stay a family and perpetuate their farm legacy.

The Stine Seed Company Story
Harry Stine, CEO, Stine Seed Company, Adel, Iowa
The name Harry Stine is synonymous with many titles—innovator, businessman, entrepreneur—but the title holding the most significance to him and to those who know him well is farmer. The consummate researcher, Stine's interest in seed breeding started when he found some unusual soybean plants in one of his company fields. While yield checking the soybean lines, he came to understand what a conventional breeding program could bring to the soybean industry and to growers.

Today, Stine is a member of the American Society of Agronomy and the American Seed Trade Association. He also serves on the board of directors of the Trees Forever Foundation, the Iowa Arboretum and the Brenton Arboretum.

1:30—2:30 p.m.
Workshop Series II
Cultivating the Next Generation and Legacy Generation of Farmers
Rooms 213-214, Ballroom Level
David Specht (Moderator), Founder, Advising Generations LLC, Connell, Washington
Fred D. Bruning, President, Bruning State Bank, Bruning, Nebraska
Gene Copenhaver, Vice President, Regional Supervisor, Agricultural Lending, First Bank and Trust Company, Abingdon, Virginia
Kara Franz, President, Ag Division, First Dakota National Bank, Yankton, South Dakota

The future of agricultural banking will depend on how well we cultivate the next generation of farmers and respond to the needs and concerns of the legacy generation of farmers. Examine tasks such as implementing programs for beginning farmers, succession and estate planning, and effectively communicating with the new generation and the legacy generation in meeting their unique business needs.
MONDAY, NOVEMBER 10

continued

Technology—Drones! What’s Next?
Rooms 215-216, Ballroom Level
Ed Kasper, Kasper Ag Solutions, LLC, Poplar Grove, Illinois

Earlier this year USA Today had this to say about UAVs in agriculture: “Drones are quickly moving from the battlefield to the farmer’s field—on the verge of helping growers oversee millions of acres throughout rural America and saving them big money in the process.” Our expert in the emerging agricultural UAV business will share his thoughts about how drones can and will transform agriculture.

There is More Debt Out There Than You Think
Rooms 201-202, Ballroom Level
Allen Featherstone, Ph.D., Interim Head, Professor and Director of the Master of Agribusiness, Department of Agricultural Economics, Kansas State University, Manhattan, Kansas

Dr. Featherstone found that in 2010 the average debt-to-asset ratio for leveraged farmers was higher than it was in 1979. If commodity prices take a dive downwards, the future for some farmers will be far less golden. His research has been widely quoted, and he is known for his opposing (negative) view on the farm balance sheet.

Financing Multiple Entity Businesses
Rooms 203-204, Ballroom Level
Jacqueline A. Pueppke (Moderator), Partner, Baird Holm LLP, Omaha, Nebraska

Curt Covington, Managing Director, AgriBusiness Division, Bank of the West, Fresno, California

Neal Wienbreke, Senior Regional Credit Officer, Credit Administration, ND/SD Regions, Wells Fargo Bank, NA, Aberdeen, South Dakota

Wayne Williamson, Senior Vice President of AG Finance, First Dakota National Bank, Yankton, South Dakota

Multiple entity operations are becoming more and more prevalent and bring with them complications in credit analysis, added counterparty risk and sometimes internal communications problems. Our experienced banker panel will discuss how they work with these complicated operations to pull together the entire financial picture and put in place loan policies to manage bank risk exposure.

TUESDAY, NOVEMBER 11

7:00 a.m. – 5:30 p.m.
Registration Open
CenturyLink Center Omaha, Ballroom Level

7:00 – 8:15 a.m.
Continental Breakfast with Exhibitors
Exhibit Hall: North Ballroom, Ballroom Level

7:15 – 8:25 a.m.
Outlook Tuesday Commodity Sessions
Hear from the top economic forecasters in the country on all things agricultural. Each 30-minute session is repeated, so you’ll be able to attend at least two out of the six sessions offered.

Land Values
Rooms 213-214, Ballroom Level
Michael Duffy, Ph.D., Professor of Economics (Emeritus), Iowa State University, Ames, Iowa

Beef/Livestock
Rooms 215-216, Ballroom Level
Gary Brester, Ph.D., Department of Agricultural Economics & Economics, Montana State University, Bozeman, Montana

Crops
Rooms 201-202, Ballroom Level
Gary B. Schnitkey, Ph.D., Professor, Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, Urbana, Illinois

Dairy
Rooms 203-204, Ballroom Level
Marin Beozi, Ph.D., Assistant Professor, Department of Applied Economics, University of Minnesota, St. Paul, Minnesota

Pork
Room 211, Ballroom Level
Christopher A. Hart, Ph.D., Professor of Agricultural Economics, Purdue University, West Lafayette, Indiana

Farm Machinery
Room 212, Ballroom Level
Terrance Wynn, Chief Economist, Iron Solutions, Franklin, Tennessee

4:30 – 5:30 p.m.
AXA Equitable AgriFinance Reception with Exhibitors
Exhibit Hall: North Ballroom, Ballroom Level
Sponsored by
6:30 – 10:00 a.m.  
**General Sessions**  
South Ballroom, Ballroom Level

**Are the Good Times Still Rolling?**

Jason R. Henderson, Associate Dean and Director of Purdue Extension, Purdue University, West Lafayette, Indiana  
Brent Gloy, Founding Director, Center for Commercial Agriculture, Purdue University, West Lafayette, Indiana  

Purdue University economists Jason Henderson and Brent Gloy were a sensation last year when they talked about the current boom in the farm economy and compared it to the past. Find out if we are at the turning point in this economy, and connect the dots between the past booms in the agricultural economy and the present one. There really is no “new” normal when you consider what is happening today. We have been to this rodeo before.

**The Bruning Award Presentation**

10:00 – 10:30 a.m.  
**Stinson Leonard Street LLP**  
Coffee Break with Exhibitors  
Exhibit Hall: North Ballroom, Ballroom Level  
Sponsored by

10:30 – 11:30 a.m.  
**Workshop Series III**  
The Elephant in the Room—Credit Risk in Secured Ag Lending—A Survey of Recent Caselaw and What It Means to Bankers  
Rooms 213-214, Ballroom Level  
David L. Bracht, Partner, Stinson Leonard Street LLP, Omaha, Nebraska  
Barclay Clark, Partner, Stinson Leonard Street LLP, Washington, DC  

Aaron Johnson, Partner, Stinson Leonard Street LLP, Omaha, Nebraska  
James M. Pfeffer, Partner, Stinson Leonard Street LLP, Omaha, Nebraska  

This session will explore the risks in agricultural lending, some of which may not be particularly evident considering the high prices agriculture producers have enjoyed during the last several years. The most recent and interesting bankruptcy cases that highlight bankruptcy risk and important points for securing ag products as collateral will be summarized and a look at issues such as:

- Competing claims between bank lenders and bankruptcy trustee or account creditors  
- Vendors (like grain companies) that try to retain title until payment  
- Grain products sold to large commercial users like ethanol plants and cattle feed yards

**Repayment Risk in a Variable Price Environment**  
Rooms 215-216, Ballroom Level  
Freddie L. Barnard, Ph.D., Professor, Agricultural Economics, Purdue University, West Lafayette, Indiana  
Doug Johnson, Vice President, WebEquity Solutions, Omaha, Nebraska  
David W. Kohl, Ph.D., Professor Emeritus, Agricultural and Applied Economics, Virginia Tech, AgriVisions, LLC, Blacksburg, Virginia  

What is ahead for 2015? Who knows, but our agriculture past tells us we better be ready to assess the repayment risk for each of our borrowers and then know the effectiveness of using the various tools we have available in our financial toolbox to reduce repayment risk. The impact of higher interest rates, combined with lower commodity prices and increasing input costs, on the term debt coverage ratio will vary across farm borrowers with different degrees of leverage.

**Straight Talk on the Farm Service Agency Guaranteed Farm Loan Programs**  
Rooms 201-202, Ballroom Level  
Randi Sheffer, (Moderator) Chief, Guaranteed Farm Loans Branch, USDA, Farm Service Agency, Washington, DC  
Blake Hunsdon, President & CEO, Nebraska State Bank, Oshkosh, Nebraska  
Kent E. Kotteler, Senior Vice President and Chief Lending Officer, Bank of the Valley, Bellwood, Nebraska  
Maureen Hausbach, Farm Loan Manager, USDA, Farm Service Agency, David City, Nebraska  
Tim Reimer, Farm Loan Specialist, USDA, Farm Service Agency, Lincoln, Nebraska

The USDA Farm Service Agency guaranteed farm loan program has been a remarkable success. Nearly $12 billion in farm and ranch loans are made by banks and other lenders that are guaranteed by the USDA. There are nearly 43,000 loans outstanding. The program has grown over the past five years, with less than $3 billion outstanding at the close of FY 08 to nearly $12 billion today. Join representatives from USDA’s national office, state office and bankers who work with these programs to learn how you can expand your farm lending.

**Regulating Ag Banking in America**  
Rooms 203-204, Ballroom Level  
David P. Baker, Assistant Deputy Comptroller, Specialties and Operations, Office of the Comptroller of the Currency, Denver, Colorado  
James D. LaPierre, Regional Director, Federal Deposit Insurance Corporation, FDIC Kansas City, Missouri  
Ray A. Post, Acting Director, Nebraska Department of Banking & Finance, Lincoln, Nebraska

All banks are regulated so it is important to be aware and proactive about the regulators “hot topics.” Find out directly from our panel of regulators how agencies are training future regulators, what they consider their “hot topics” are and their overall thoughts regarding the ag industry.
TUESDAY, NOVEMBER 11
continued
11:45 a.m. — 1:30 p.m.
**Farmer Mac Luncheon with Guest Speaker**
South Ballroom, Ballroom Level
Sponsored by FARMER MAC

**Agriculture at a Crossroad: The Impact of the Federal Reserve’s Normalization Process**
Ed Seifried, Ph.D., Professor Emeritus, Lafayette College, Co-Chairman, Seifried & Brew LLC, Bethlehem, Pennsylvania

“Dr. Ed” has touched the hearts and minds of almost every director and CEO of community banks across the nation. Recognized for his keynote speeches, Seifried has led the educational programs as dean for the West Virginia Banking School and the Virginia School of Banking, and has been on the faculty of many banking schools, including Stonier and the Graduate School of Banking at LSU.

1:30 – 2:30 p.m.
**Workshop Series IV**
**Managing Social Media Policy for Your Bank**
Rooms 213-214, Ballroom Level
Kelli P. Lierzance, Partner, Baird Holm LLP, Omaha, Nebraska

Social media is here to stay and continues to be a dominant form of communication. Do you need a social media policy in your bank? If you don’t think so, you definitely need to come to this session! Bring your questions and you will find out what all of the fuss is about. Even if you don’t currently use Facebook, Twitter or Pinterest, this session is designed to help you sort all of it out.

**Farmer Mac: A Vital Part of Your Bank’s Equation After Big Data Analysis**
Rooms 215-216, Ballroom Level
Patrick Kerrigan, Director, Business Development, Farmer Mac, Washington, DC
Mark A. Litton, Executive Vice President & Chief Credit Officer, BankWest Inc., Pierre, South Dakota
Rodger Dean, Executive Vice President, First National Bank of Omaha, Columbus, Nebraska
Dale Hopkins, Loan Officer, Westside State Bank, Westside, Iowa

Analyze bank and producer data with our panel of savvy ag bankers. Explore winning strategies that will grow your ag lending portfolio. Find out why banks of all sizes are successfully using Farmer Mac to expand market share and increase customer loyalty.

2:30 – 3:00 p.m.
**Refreshment Break with Exhibitors**
Exhibit Halls: North Ballroom, Ballroom Level

3:00 – 5:15 p.m.
**General Sessions**
South Ballroom, Ballroom Level

**Alpha Pup Farmers: Farming Bigger, Stronger, Faster and Smarter Than Any Generation of American Farmers in History**
David M. Kold, Ph.D. (Moderator), Professor Emeritus, Agricultural and Applied Economics, Virginia Tech, AgriVisions, LLC, Blacksburg, Virginia
Casey Coulter, Brusett, Montana
Ryan Breder, Randolph, Nebraska
Mike Drayer, Red Oak, Iowa
Josh Larson, Columbia, South Dakota

Alpha, both as a symbol and term, is used to refer to or describe a variety of things, including the first or most significant occurrence of something. Those of us who have heard Dr. Kold many times are familiar with his term, “Alpha Farmers”. For this first-time session (we hope to follow these pups over the coming decades) we combed the Midwest to find the youngest, toughest, smartest and most successful young farmers to see how they use technology, market their production, what their business objectives are, and what they think about their banker. We call them Alpha Pups because they are leading everyone who farms or ranches into the 21st Century. If you don’t understand them, don’t know them, or don’t want to bank them, you won’t survive in this market.

Panel sponsored by

[Logo: John Deere Financial]
The American Farmer
Paul Moleky, Author/Photographer
An award-winning photographer, Moleky has traveled the world over to capture and celebrate humanity. In 2005, Moleky set out to capture the soul of rural America. Traveling across the country with his camera, he was welcomed into the homes of more than 300 farm families who shared their personal histories. The result is his book, American Farmer: The Heart of Our Country, vividly telling the story of America's farmers through compelling photography that will make you even more proud to finance America's heartland.

5:15 – 6:15 p.m.
Farewell Reception with Exhibitors
Exhibit Hall, North Ballroom, Ballroom Level

Sustainability—A Real Deal?
Chuck Crickshank, Consultant, Driving Consumer Confidence in America’s Dairy Producers and Dairy Products, Hamilton, Minnesota
Consumers are demanding that agriculture respond to their concerns about animal welfare and sustainability. Agriculture is ultimately a consumer driven business. While there has been and likely always be some conflict between the producers and the consumers, ultimately the customer is always right, and always wins. Our speaker has worked on sustainability and animal welfare issues from the farming and processing side for years. His unique insights, focused on the lender, will provoke new thinking on these complex issues.

Straight Talk and Straight Actions
David M. Kohl, Ph.D., Professor Emeritus, Agricultural and Applied Economics, Virginia Tech, AgriVisions, LLC, Blacksburg, Virginia
Every year we track down Dr. Kohl and ask him the perennial question, “Dave, what are you going to talk about at the conference this year?” This year was no exception when we finally caught up with him outside of Spearfish, South Dakota. When asked, Dave said, “We are nearing the end of the greatest boom in agriculture in my lifetime, and in the lifetimes of everyone who will be at the conference this November. I want the audience to know that when it does end, that is when the value of ag bankers will never be greater to the farmers and ranchers who are their customers. The future will require straight talk and straight actions.”

10:15 – 10:30 a.m.
Coffee Break
Ballroom Foyer, Ballroom Level

10:30 – 11:30 a.m.
Closing General Session
South Ballroom, Ballroom Level

Fair Play: The Moral Dilemmas of Spying
James Olson, Author, Professor, George Bush School of Government and Public Service, Texas A&M University, College Station, Texas
A career officer in the Directorate of Operations of the Central Intelligence Agency, Olson is the author of Fair Play: The Moral Dilemmas of Spying. In his book, Olson uses fascinating true intelligence operations to illustrate how murky the moral choices can be for a clandestine service member. He asserts that guidelines on what is or is not permissible behaviors should come from the American public and not from within the intelligence community. Born in LeMars, Iowa, the CIA assigned Olson to the George Bush School of Government and Public Service at Texas A&M, where he remains today teaching courses in cold war intelligence, U.S. national security and international crisis management.
Alpha Pup Farmers

Farming Bigger, Stronger, Faster and Smarter Than Any Generation of American Farmers in History
The Coulter Family – Brusett, MT
The Larson Family – Columbia, SD
The Really Big Things I Got from the 2014 ABA National Agricultural Bankers Conference

• The great 21st century agricultural super cycle has either ended or is mighty tired.
• Some farmers may experience repayment difficulties as early as 2015.
• Interest rates will go up – possibly in mid-2015.
• The decisions farmers have to make as a result of the 2014 Farm Bill are complex – perhaps too complex.
• No Farm Bill payments on 2014 production until sometime in late 2015.
• Technology continues to drive agriculture and technological changes are accelerating.
• A written business plan is still valuable.
• There are a lot of young men and women who are ag bankers today, and that is a good thing.
A Vital Part of Your Bank’s Equation after Big Data Analysis

ABA National Ag Bankers Conference
November 11, 2014

Caleb Hopkins . . .
Bank Panel Members

• Mark Litton, EVP, Chief Credit Officer
  – BankWest, Inc., Pierre, SD
  – Total Assets: $868 million

• Rodger Dean, Executive Vice President
  – First National Bank of Omaha, Columbus, NE
  – Total Assets: $16 billion

• Caleb Hopkins, Loan Officer
  – Westside State Bank, Westside, IA
  – Total Assets: $87 million
Question: Risk Transfer Strategies

• What risks are currently present in your market?
  – How does Farmer Mac figure into the bank’s overall risk transfer strategies?
Question: Bank’s Ag Portfolio

• What effect has the use of Farmer Mac products had on your own portfolios?
  – Has your ag portfolio remained stable as you have adopted secondary market strategies?
  – Have you experienced portfolio runoff?
Question: Bank’s Ag Portfolio

Westside State Bank Ag Loan Portfolio Trends

- Ag Real Estate Loans
- F&R Loan Balance
Questions: Profitability

• Are your secondary market transactions profitable?
  – What are your strategies for origination fees and servicing fee income?
  – Is this non-interest income noticeable within the bank?
Recent Transactions - Iowa

Transaction Details

- Full Underwrite
- Loan Amount: $1,261,000
- 5 yr. ARM, 15 yr.
- Semi-Annual Payments
- 34% LTV on 307 ac.
- Standard Pricing
- 3.82% Note Rate
- 0.40% Field Servicing Fee
- $59,668 estimated Seller income for life of loan
- Timeline: 86 calendar days

Peer Analysis Data

- Commodity:
  - Grain
- Region:
  - Mid-North
Takeaways from the conference?
Questions?
Thank You

Contact Us: [www.farmermac.com](http://www.farmermac.com)

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Underwriting Office (Iowa): 866-452-2617