



FARMER  AC

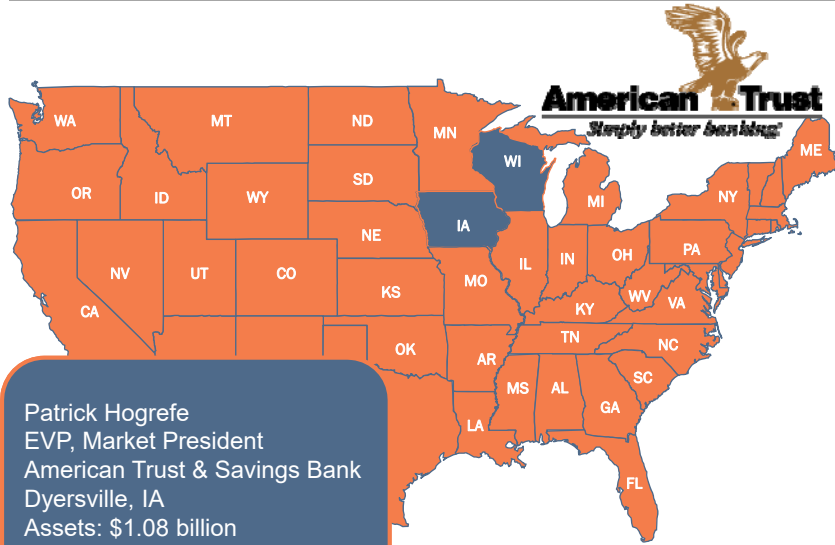
***Wanted: Energetic Ag
Department to Make New
Loans & Grow Profits***

*Refresh Webinar
December 13, 2017*



***Bank Panel
Introductions***

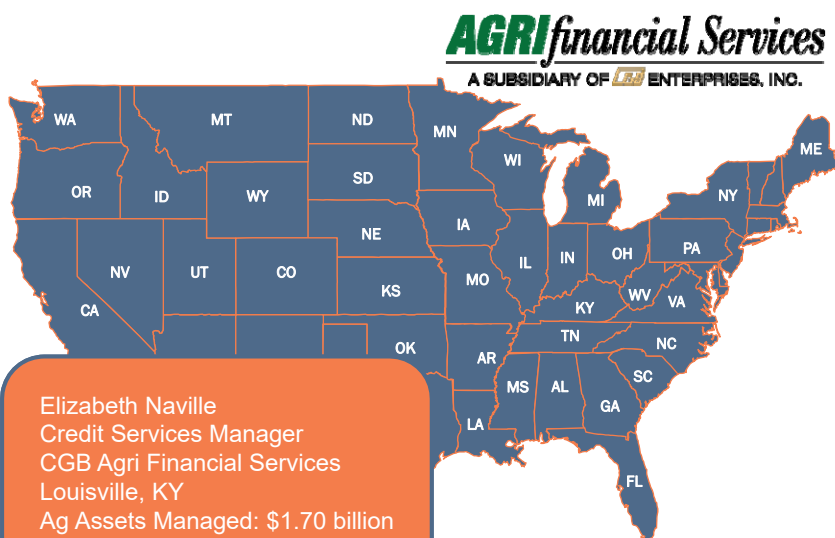
Introducing Our Panelists



Patrick Hogrefe
EVP, Market President
American Trust & Savings Bank
Dyersville, IA
Assets: \$1.08 billion
Farmer Mac Since: 2005



Introducing Our Panelists



Elizabeth Naville
Credit Services Manager
CGB Agri Financial Services
Louisville, KY
Ag Assets Managed: \$1.70 billion
Farmer Mac Since: 1999

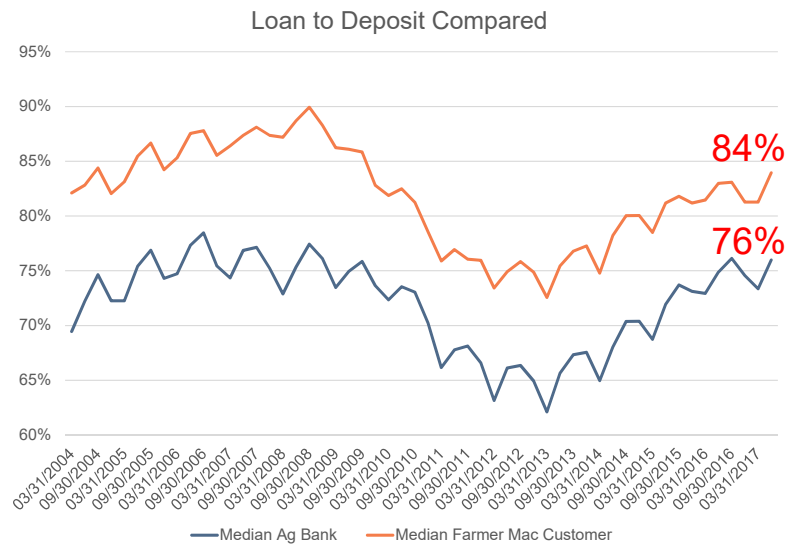


Your Ag Lending Blueprint

- Can you describe your institution's ag lending blueprint?
- How effective has it been?
- How do you differentiate yourself in a busy ag lending marketplace?



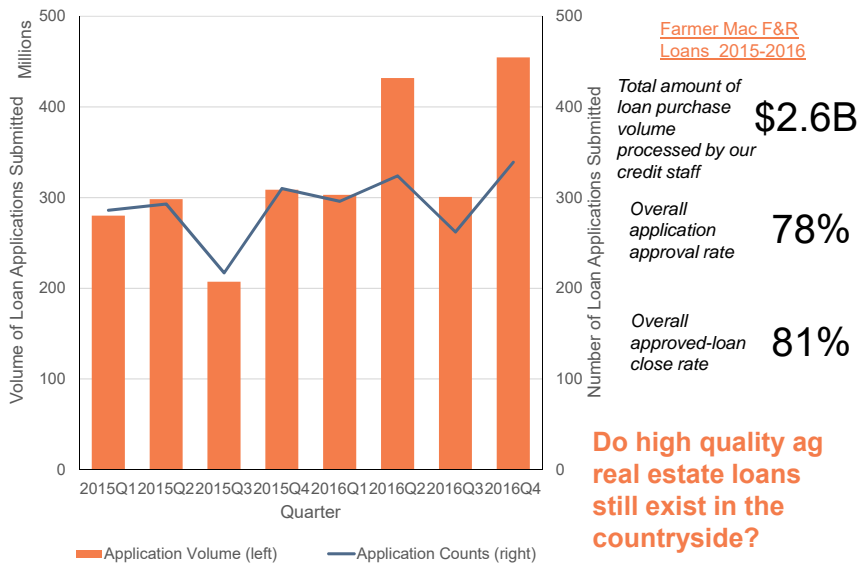
FDIC Data: Loan to Deposit Ratios



FDIC Data: Loan to Deposit Ratios



Farm & Ranch Loan Purchase Trends



Interest Rate Forecast

Interest Rates	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18
Central Bank	0.75	1.00	1.25	1.25	1.50	1.60	1.80	1.95	2.10
3-Month Rate	1.00	1.15	1.30	1.33	1.55	1.72	1.89	2.05	2.19
2-Year Note	1.19	1.26	1.38	1.49	1.61	1.75	1.91	2.08	2.21
10-Year Note	2.45	2.39	2.30	2.33	2.39	2.46	2.58	2.70	2.83

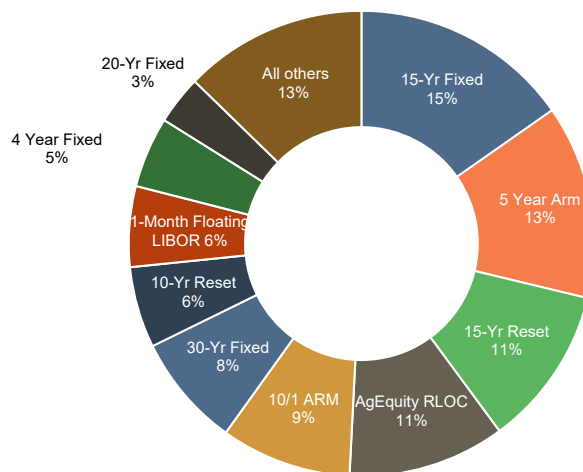
- Economists forecast interest rates to increase over the next year
 - Short-term rates forecasted to increase by 85bps
 - 10-Year Note forecasted to increase by 50 bps
- **What impact will an increase in short term and long term rates have on your producers?**
- **Has the flat yield curve changed the loan product choices selected by your producers?**



Source: Bloomberg

Producer Data: Loan Product Choices

Farmer Mac F&R Loan Sales 1/1 to 7/1/17



- **50% of products selected +10-yrs fixed rates**



Bank's Ag Portfolio

- What effect has the use of Farmer Mac products had on your portfolios?
- Are your secondary market transactions profitable?



Bank Panel's Recent Transactions

CGB Agri Financial Transaction

Loan Request

- New Ohio based family farm
- 3 families
- Goals
 - Transition from expansion mode
 - Aggressive repayment terms
 - Restore working capital
 - Lower payments

Farming Operation

- 50% Grain and 50% Hogs
- 864 acres



CGB Agri Financial Transaction

An Innovative Solution: Multi-Tranche Financing

Amount	Loan Product	Maturity	Amort.	Note Rate	Lender Servicing Fee	Use of Proceeds
\$ 1,200,000	AgEquity RLOC	30-Yrs	25-Yrs	3.84%	0.60%	Refi Other Lender
\$ 2,420,200	10-Year Variable	30-Yrs	30-Yrs	4.60%	0.45%	Refi Other Lender
\$ 1,681,000	5-Year ARM	15-Yrs	25-Yrs	3.64%	0.45%	Refi Other Lender
\$ 5,301,200				4.12%	0.48%	

- Notes:
 - How did the producer react to the multi-tranche loan proposal?
 - How does the producer plan to use the AgEquity loan?
 - Year 1 fee income potential: +\$25,000



CGB Agri Financial Transaction #2

Loan Request

- Kentucky based family farm
- Goals
 - Looking to get the next generation onto the farm
 - Extend loan terms
 - Lower rates

Farming Operation

- Cattle
- 837 acres



CGB Agri Financial Transaction #2

An Innovative Solution: Multi-Tranche Financing

Amount	Loan Product	Maturity	Amort.	Note Rate	Lender Servicing Fee	Use of Proceeds
\$ 1,100,000	AgEquity RLOC	30-Yrs	25-Yrs	3.75%	0.51%	Cash Out
\$ 909,950	5-Year ARM	15-Yrs	25-Yrs	4.10%	0.47%	Refi Other Lender
\$ 2,009,950				3.91%	0.49%	

- Notes:
 - How did the producer react to the multi-tranche loan proposal?
 - How does the producer plan to use the AgEquity loan?
 - Year 1 fee income potential: +\$9,000



American Trust Transaction

Loan Request

- New borrower
- NE Iowa family farm
- Goals
 - Looking to restructure current assets
 - Lock-in interest rate with a long amortization

Farming Operation

- Commodity: Grain, hay, cattle, dairy
- 278 acres



American Trust Transaction

An Innovative Solution: FSA Farm Ownership Loan Guarantee

	Amount	Loan Product	Maturity	Amort.	Note Rate	Lender Servicing Fee	Use of Proceeds
\$	1,399,000	30-Yr Fixed	30-Yrs	30-Yrs	4.885%	0.75%	Refi Bank

- Notes:
 - Why did this producer qualify for an FSA loan guarantee?
 - What role did Farmer Mac play?
 - Year 1 fee income potential: +\$9,000



American Trust Transaction #2

Loan Request

- New borrower
- NE Iowa family farm
- Goals
 - Purchase farm property adjacent to borrower's acreage

Farming Operation

- Commodity: Grain
- 162 acres



American Trust Transaction #2

An Innovative Solution: FSA Beginning Farmer Loan Guarantee

Amount	Loan Product	Maturity	Amort.	Note Rate	Lender Servicing Fee	Use of Proceeds
\$ 725,000	25-Yr Fixed	25-Yrs	25-Yrs	5.00%	0.81%	Purchase

- Notes:
 - Why did this producer qualify for an FSA Beginning Farmer loan guarantee?
 - What type of loan product were they looking for?
 - What role did Farmer Mac play?
 - Year 1 fee income potential: +\$5,000

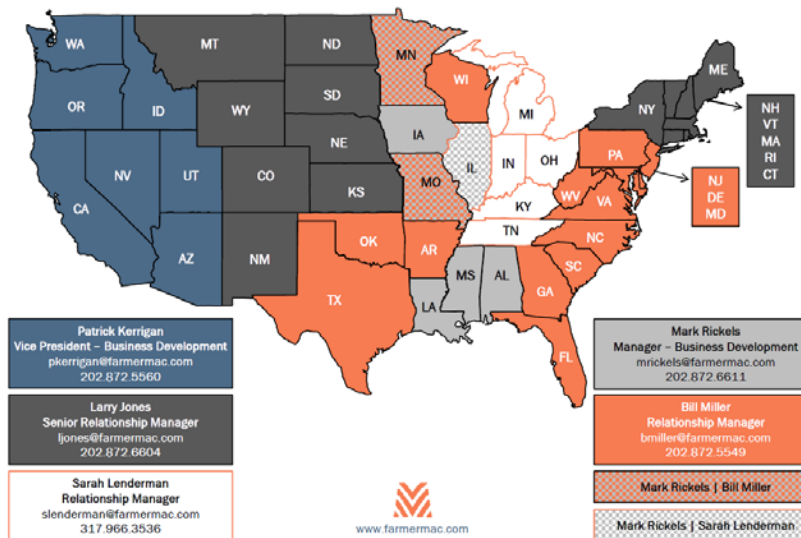


Conclusion

- Energize your ag department! Make new loans and grow profits by changing your Ag Lending Blueprint:
 - Preserve existing relationships and attract new high quality clients
 - Grow with your larger producers
 - Offer long-term fixed rates
 - Increase offered maturity and amortization dates
 - Generate new non-interest income opportunities
 - Diversify risk and grow your ag loan portfolio



Farmer Mac Relationship Manager Map





Thank You

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