FIRST DAKOTA NATIONAL BANK

- First Chartered Bank in the Dakota Territory in 1872
- Family Owned/Locally Owned Community Bank
- Assets of $1.3 Billion
  - Over $850 Million in Ag Loans
- Employ 375 Highly Trained Banking Professionals
- 19 Bank Locations & 6 LPOs
FIRST DAKOTA NATIONAL BANK
“Experience the Difference”

- TRADITIONAL AG BANKING PRODUCTS & SERVICES:
  - Competitive Deposit Products
  - Ag Loans: Operating LOCs, Livestock, Machinery & Equipment, Facilities, RE
  - Wealth Management (Trust & Brokerage)
  - eBanking (Internet Banking, Mobile Banking)
  - Cash Management
  - RDC (Remote Deposit Capture)
FIRST DAKOTA NATIONAL BANK
“Experience the Difference”

- UNIQUE AG PRODUCTS & SERVICES:
  - AgriVisions Beginning Farmer Program
    - Education - 1 Yr, 4 multi-day sessions
  - Keep Farmers Farming
  - DakotaMAC
  - FSA Guaranty Loan Programs
    - 1st Preferred Lender in the Nation
      - March 1999
US AG INDUSTRY OUTLOOK

Net farm income and net cash farm income, 2000-2016F

Note: F = forecast. Data for 2015 and 2016 are forecasts.
Data as of February 9, 2016.
AG INDUSTRY OUTLOOK (Midwest)

ENW & WC Trends

- % with ENW Gains
- % with Positive WC
- % with WC losses
- % of Customer’s with WC > 15% AGI

% of Customers vs. Years

- 2002: 55%
- 2003: 31%
- 2004: 42%
- 2005: 50%
- 2006: 53%
- 2007: 70%
- 2008: 72%
- 2009: 73%
- 2010: 75%
- 2011: 85%
- 2012: 84%
- 2013: 80%
- 2014: 74%
- 2015: 65%
KEYS TO LENDERS HELPING FARMERS AND RANCHERS THROUGH CHALLENGING TIMES

- Tools in the Toolbox!
  - FSA Guarantee Loans
    - Risk mitigation
    - Better borrower terms
  - Secondary Market Loan products (FarmerMac)
    - Fixed rates
    - Many Amortization Options
USDA’S FSA GUARANTEE LENDING

- Total FSA Guaranteed loan Volume
  - $13.35 billion (.99% delinquent)
    - FO = $10.02 billion
    - Term OL = $1.27 billion
    - GLOC = $2.06 billion

- FY2016 Available Funding
  - FO = $2 billion (process to get $2.5B)
  - OL = $1.396 billion
USDA’S FSA GUARANTEE LENDING

• Over 18,000 Lenders (Originated at Least 1 Guaranteed Loan in Last 5 Years)
  • Preferred Lender Program (PLP) = 234
  • Certified Lender Program (CLP) = 184
  • Standard Eligible Lender (SEL) = Balance

• FY2015 (10-1-14 to 9-30-15)
  • 8,954 loans made for $3.3 billion
  • 3,256 loans made for $992.5 million to beginning farmers & ranchers (36% by number and 30% by volume)
USDA FSA’S BEGINNING FARMER DEFINITION:

• Has not operated a farm or ranch for more than 10 years

• Does not own a farm or ranch greater than 30 percent of the average size farm in the county as determined by the most current Census for Agriculture

• Meets the loan eligibility requirements of the program to which he/she is applying

• Substantially participates in the operation
BENEFITS OF THE FSA GUARANTEE LOAN PROGRAM

• Reduced Credit Risk to Lenders
  ▪ Beginning Farmers
  ▪ Family Size Operations Experiencing Stress

• Loan Liquidity (Secondary Market)
  ▪ Competitive Terms for Farmers & Ranchers
    - Fixed Rates
    - Competitive Rates
OPPORTUNITIES FOR ENHANCEMENT

• Increase Loan Limits
  - Current:
    - FSA Gty Program = $1.399MM
    - Beginning Farmer 5-45-50 Program (Direct Down Pmt FO Program) (5% Beg Farmer, 45% Lender, 50% FSA)
      - $300M (adds to the $1.399MM limit)
    - Direct FO Participation (50% Lender, 50% FSA) ($300M)
  - Possible Solutions:
    - Increase Limits
    - Consider Reduced Gty % with larger loans
  - FarmerMac AgAssist Program – An option today!
OPPORTUNITIES FOR ENHANCEMENT

• Lower Guaranty Loan Fees
  ▪ 1.5% of Guaranty Amount
  ▪ Lower for FO Loans (neutral impact on Federal Budget)
  ▪ Lower for Beginning Farmer Loans
  ▪ Lower for PLP Lenders
  ▪ Lower for needed Refi’s per schedule
    - Example
      o 0-2=25%, 2-3=50%, 3-4=75%, >4=100%
OPPORTUNITIES FOR ENHANCEMENT

• Stream Line Processes:
  ▪ Servicing Actions
    - National Help Line
      o Reduce the need for refi’s
    • Gatekeeper process for 2FLP exception approval
      o Improve consistency across the country
  ▪ Centralize specific processes
    - Increase FSA staff efficiency
    - Help with the growing FSA labor challenges
RESOURCES

• USDA FSA Fact Sheets
  - Farm Loan Information Chart
  - Loans for Beginning Farmers & Ranchers
Q & A?

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