



Nate Franzen

President, Agri-Business Division

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)

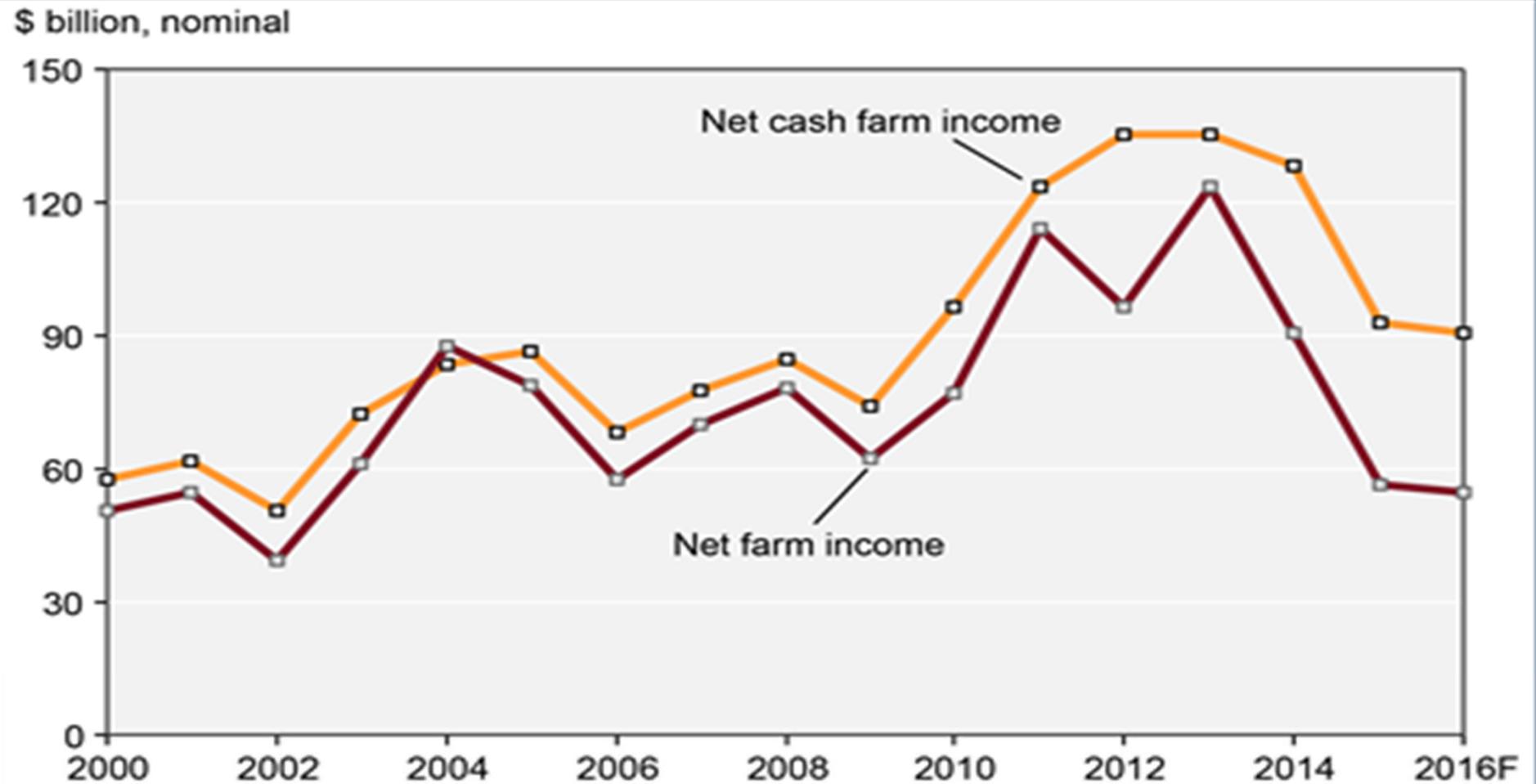
FIRST DAKOTA NATIONAL BANK

“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

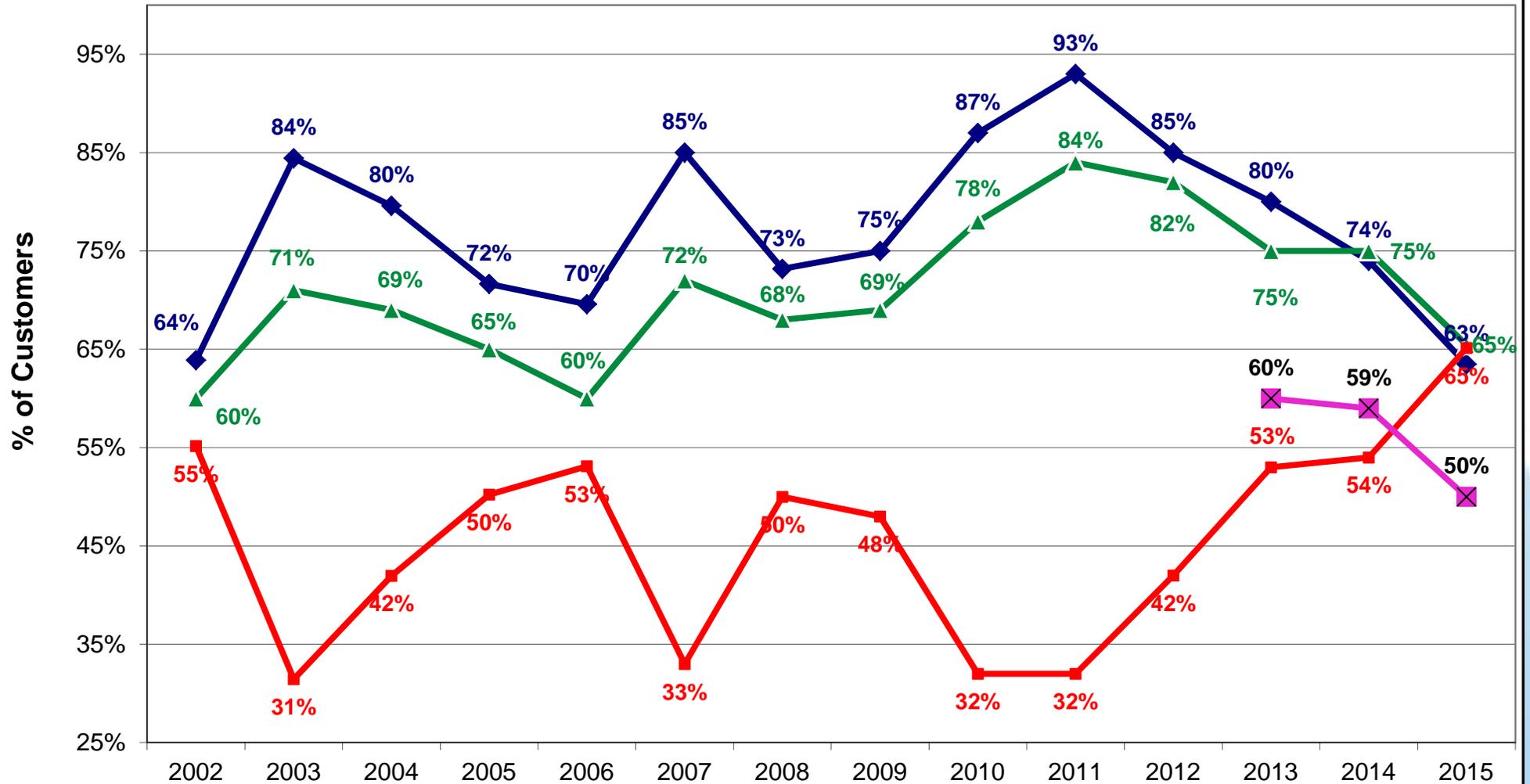


Note: F = forecast. Data for 2015 and 2016 are forecasts.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of February 9, 2016.

AG INDUSTRY OUTLOOK (Midwest)

ENW & WC Trends

- ◆ % with ENW Gains
- ▲ % with Positive WC
- % with WC losses
- × % of Customer's with WC > 15% AGI



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
 - 0-2=25%, 2-3=50%, 3-4=75%, >4=100%

OPPORTUNITIES FOR ENHANCEMENT

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

RESOURCES

- USDA FSA Fact Sheets
 - <https://www.fsa.usda.gov/news-room/fact-sheets/index> USDA FSA Fact Sheets
 - Farm Loan Information Chart
 - https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2015/farmInchart_current_nov2015.pdf
 - Loans for Beginning Farmers & Ranchers
 - https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdfiles/FactSheets/2015/beg_farm_ranch_nov2015.pdf

Q & A?



NATHAN E. FRANZEN

PRESIDENT

AGRI-BUSINESS DIVISION

email: nfranzen@firstdakota.com

605-665-4904

CELL 605-661-7061

FAX 605-668-2218

225 CEDAR STREET

YANKTON, SD 57078-0156

FirstDakotaAg.com