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

$ billion, nominal

Note: F = forecast. Data for 2015 and 2016 are forecasts.
Data as of February 9, 2016.
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
      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?

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