

AgriBank District

AgriBank

- 15 States
- Loan Volume - \$77.1 Billion
- # of Members – 282,000



3

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District Land Value + Credit Quality Update



4

AgriBank District Land Values Profile



- 32 Geographic Benchmark Regions
- 19 Regions - Nearly 200 Benchmark Farms
- 13 Regions - Countywide Averages
- Typical Properties/Enterprises for Region
- Appraised Annually as of July 1



5

Regional Value Trends

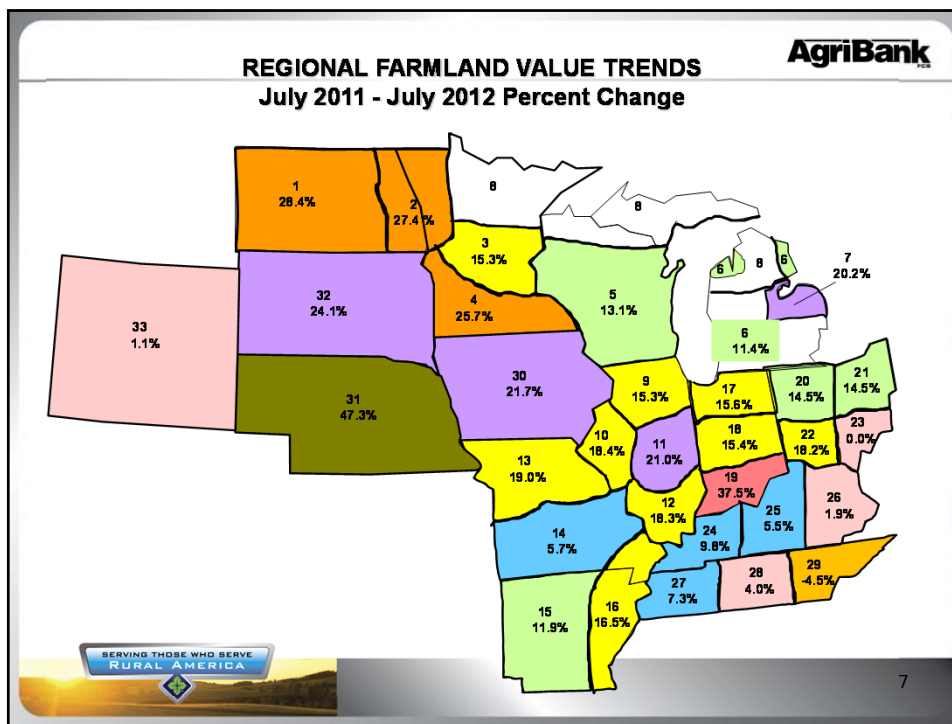


Regional Value Trends for 7/11 to 7/12:

- Overall Range of Changes
-4.5% to 47.3%
- Average Regional Value Increase
15.7%



6



Factors Influencing Ag Land Values
July '11 - July '12

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Demand continued due to:

- Limited market supply of ag land properties.
- Strong commodity prices driven by corn demand for ethanol production.
- Crop farmers seeking to expand.
- Non-farmer/owners seeking investment alternatives in agricultural real estate (but tax-deferred transaction activity is not a significant factor).
- Favorable interest rates.

SERVING THOSE WHO SERVE
RURAL AMERICA


8

Collateral Exposure AgriBank

Loan to Estimated Market Value
Percent of Mortgage Portfolio


	2008	2009	2010	2011	June 2012
>85	1.6%	1.7%	1.4%	1.9%	1.1%
70-85	25.9%	22.4%	19.2%	13.1%	10.6%
65-70	10.4%	10.3%	10.1%	7.5%	6.4%
50-65	30.2%	30.5%	31.4%	27.6%	25.3%
<50	32.0%	35.1%	38.0%	50.0%	56.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

- Can we manage high land values?
- Manage lending levels so that owners take land value risk


9

The State of AgriBank District Credit AgriBank

- Loan volume growth at 5.79% on ADB basis (9/30/12)
- District asset quality improved to 2.7% adverse (9/30/12)
- Wholesale credit quality remains at 100% acceptable (9/30/12)
- Agricultural sector continues export dependence
- 2012 Drought situation
 - will have negative impact on Livestock and Ethanol portfolios
 - Crop production sector not expecting any material deterioration
- Government safety net likely to become weaker


10

Key Credit Issues in District



- Maintain discipline in Ag Real Estate Lending
- Drought Situation
 - Multi-peril Crop Insurance – 2012 payouts, prices set for 2013? Farm Bill?
 - Storm clouds in protein sector – appropriate plans / resources to deal with adverse paper
- RFS – ethanol – will there be a change / will it make a material difference
- Exports must continue as they are very significant demand base for most agriculture commodities (grains, protein)
- Interest rates – borrowers taking advantage of low fixed rates

