

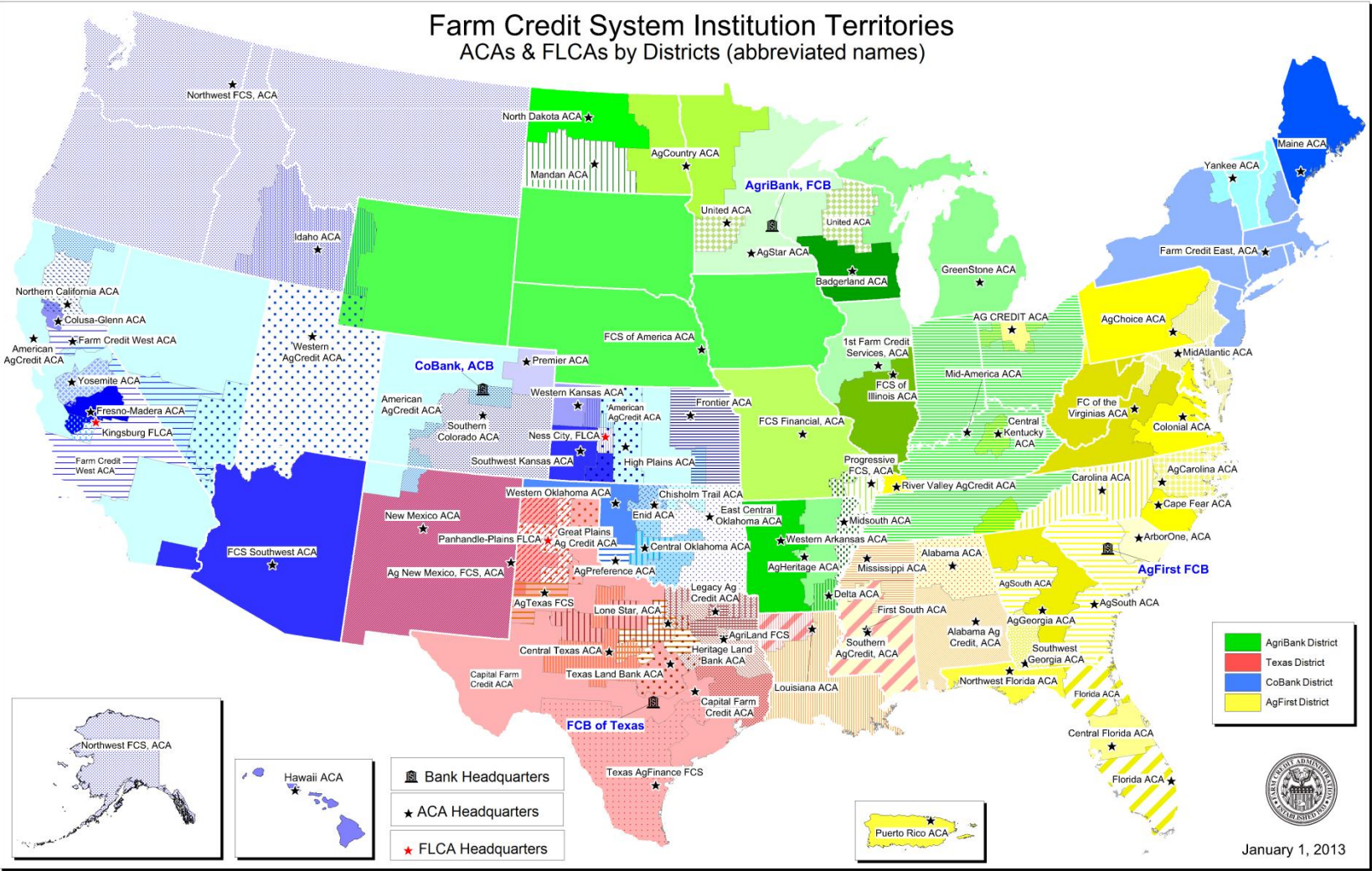
Principles of Portfolio Management for the Agricultural Lending Business Line

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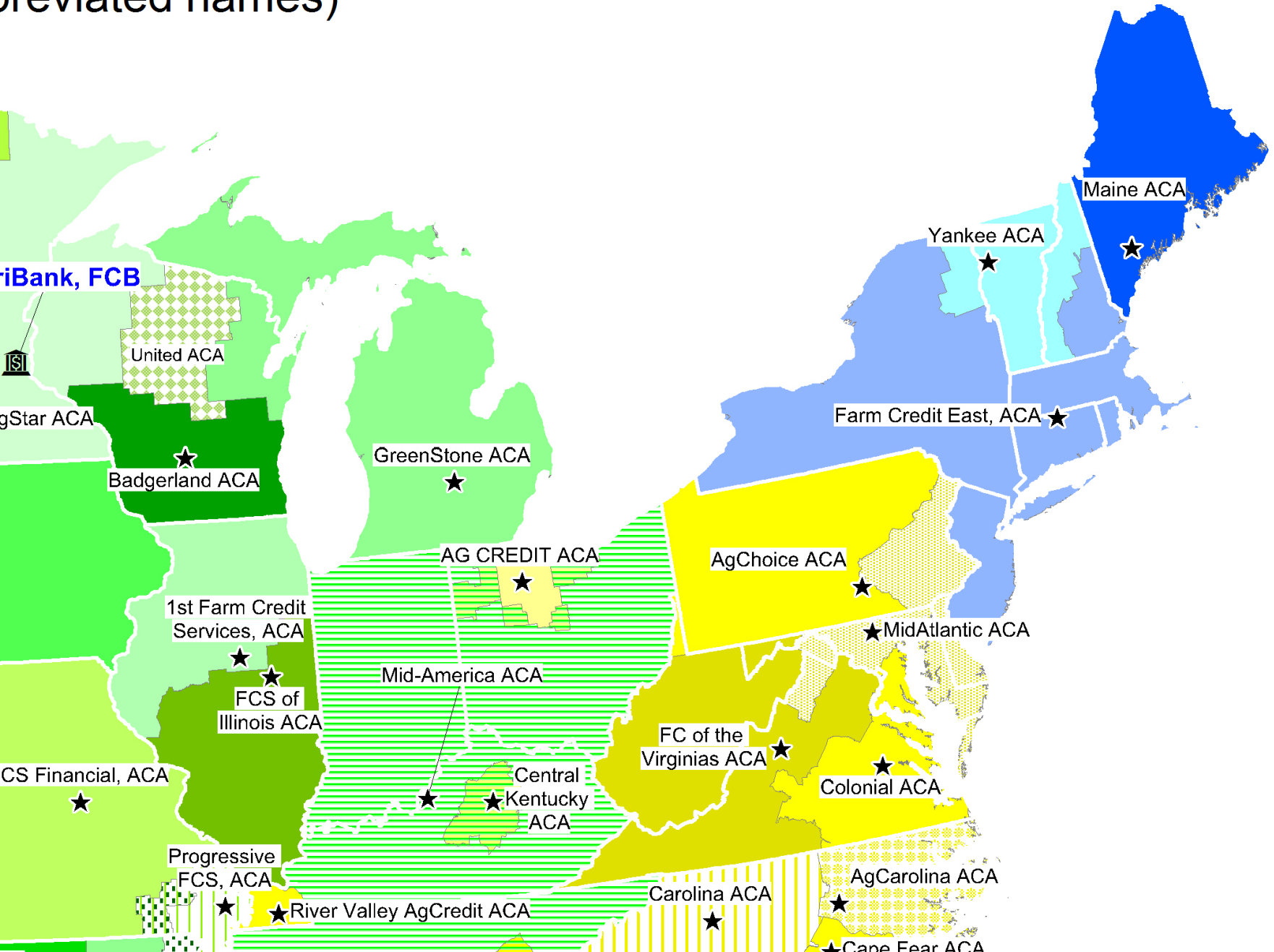
Farm Credit System Institution Territories ACAs & FLCAs by Districts (abbreviated names)



January 1, 2013

Ag Credit Territories

(abbreviated names)



Loan Portfolio Management

- Begins with philosophy of board
- Goals, targets, limits
- Policies and procedures
- Underwriting
- Monitoring, Stress Testing,
- Audit and Review
- Integrated with financial/capital management

Policy: Goals, Targets, Limits

- Risk Appetite
- Risk Identification and Key Performance Metrics
- Strategic Plan
- Portfolio Management Practices
- Underwriting Standards

Risks

Credit	Operational
Financial	Personnel
Competition	Loan Portfolio Management
Business Environment	Customer
Industry	Planning
Counterparty	Organizational Business Risk
Technology	Reputation

Risks

Credit	Operational
Financial	Personnel
Loan Portfolio Management	Competition
Business Environment	Customer
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Counterparty	Organizational Business Risk
Technology	Reputation
Environmental	

Risk Management Options

1. Avoid
2. Mitigate, Reduce
3. Transfer, Share
4. Accept, Manage

Loan Pricing: Based on Loan Amount and Risk Rating

Loan Adjustments Needed:				
Agricultural / Essentially other than Farmer				Lifestyle
Risk Rating	*BE \geq \$250K	\geq\$50K to \$250K	$<$\$50K	Home Mortgage or Home Equity
4-5	-25	25	125	-75
6-7	0	50	150	-50
8	25	75	175	-25
9	50	100	200	-25
10	75	125	225	+25 to ?
11	150	200	300	+25 to ?
12-14	300+	350+	450+	+25 to ?

* BE = Maximum Credit Risk to the Association

Underwriting Standard Owner Equity Ratio

Total Equity *divided by* Total Assets times 100

Commodity	Norm	Minimum
General	50%	40%
Dairy	60%	50%
Cash Grain	65%	50%
Forest Products	45%	40%
Independent Poultry/Swine	60%	50%
Beef Feedlot	50%	45%
Orchard/Vineyard	55%	50%
Poultry or Livestock Contract Production	35%	30%
Nursery/Greenhouse	45%	40%

Underwriting Standard

Term Debt Coverage Ratio

[EBITD (Earnings before interest, taxes, depreciation) from Farming Operations +/- Net Cash Non-Farm Income +/- Extraordinary Income (expenses) - Total Income Tax Expense - Total Owner Withdrawals *divided by* Term Debt Principal and Interest Payments + Capital Lease Payments] times 100.

Commodity	Norm	Minimum
General	125%	120%
Dairy	125%	120%
Cash Grain	125%	120%
Forest Products	125%	120%
Independent Poultry/Swine	125%	120%
Beef Feedlot	125%	120%
Orchard/Vineyard	125%	120%
Poultry or Livestock Contract Production	125%	120%
Nursery/Greenhouse	125%	120%

Underwriting Standard Credit Scored Loans

<u>Standard</u>	Norm	Minimum
Ag Credit Score	≥185	≥170

Underwriting Standard Loan to Value

<u>Standard</u>	Norm	Maximum
Long Term Real Estate loan to value	>75%	<85%

Goal or Targets

- 20% of new loans to young, beginning, small, minority, or veteran farmers
- All new loans to a particular industry meet UW standards (no exceptions) or have government guarantee.
- Crop insurance required on certain loans
- At least 40% of borrowing customers use other FRS

Concentration Limits

- No more than 3% of risk funds to any single borrower
- No more than 60% of risk funds to any single industry (dairy, hogs, cranberries)
- No loans to certain industries-moratorium
- Limit capital markets loan volume to 20% of total volume.

Tenors

- Short and Intermediate Terms: 1-10 years (15 years for fishing vessels)
- Long Term: 10-30 years
- Underwriting Standard: No fixed rate loan longer than five years. (Use 20 year amort with 5 year balloon.)
- Match loan to effective life of asset financed

Loan Portfolio Analysis

- Use several different risk analysis tools- provide different perspectives.
- Strategic Credit Risk Management
 - **Transaction**-Individual risk ratings
 - **Intrinsic**-Risk inherent in industries or lines of business
 - **Concentration**-pools of risk segregated in terms of homogeneous groups of borrower, geographic, industry, or line of business concentrations

Stress Testing Example

The customer segments and plausible scenarios subject to the stress testing include:

- Dairy I – what if milk prices declined again to \$12 per hundredweight and continued for a 12 month period?
- Dairy II – what if milk prices declined again to \$12 per hundredweight and feed costs rose 50% and continued for a 12 month period?
- Lifestyle – what if the general economy weakens and results in 15% unemployment in our Association territory?
- Forest products – what if housing starts weaken even further due to a dismal general economy?
- Capital markets – what if a combination of factors such as rising feed costs adversely impact the livestock and poultry borrowers and weaker housing starts adversely impact the forest products and related borrowers?
- Total portfolio – what if a combination of factors such as a weak general economy and weaknesses in the dairy, forest products and capital markets segments as noted above occur all at once?

Scenario	Projected EOY 2012 Credit Quality w/o guarantee	Projected EOY 2012 Nonaccrual volume (000) and as a % of gross accruing loans	Projected EOY 2012 Criticized Assets as a % of Risk Funds	Projected 2012 Net Income (NI), Provision for Loan Losses (PLL), and Patronage Paid (PAT) (000)	Projected 2012 ROA after Tax (GFA standard is 0.75% or greater)	Projected EOY 2012 Liquidity Margin (GFA standard is greater than 0%)	Projected EOY 2012 CIPA	Projected EOY 2012 Permanent Capital (GFA standard is 10% or greater)
Base Case	Acceptable – 86.8% OAEM – 5.7% Adverse – 5.7%	\$32,000 2.4%	53%	\$30,263 NI \$4,000 PLL \$15,750 PAT	2.20%	12.72%	87.00	17.08%
Lifestyle	Acceptable – 83.6% OAEM – 10.1% Adverse-6.3%	\$34,523 2.3%	71%	\$27,9.8 NI \$6,263 PLL \$15,729 PAT	2.03%	12.29%	85.34	17.02%
Dairy I	Acceptable – 84.9% OAEM – 7.3% Adverse – 7.8%	\$41,483 2.85%	69%	\$22,435 NI \$11,478 PLL \$15,672 PAT	1.63%	11.72%	80.71	16.88%
Dairy II	Acceptable – 82.3% OAEM – 8.0% Adverse-9.7%	\$49,722 3.44%	81%	\$10,858 NI \$22,769 PLL \$0 PAT	0.79%	10.83%	78.24	16.60%
Forest Products	Acceptable – 86.3% OAEM – 5.3% Adverse – 8.4%	\$44,215 3.05%	55%	\$21,499 NI \$12,307 PLL \$15,650 PAT	1.56%	11.63%	78.89	16.86%
Capital Markets	Acceptable – 86.1% OAEM – 6.0% Adverse – 7.9%	\$41,973 2.89%	56%	\$23,520 NI \$10,368 PLL \$15,750 PAT	1.71%	11.82%	80.38	16.91%
Total Portfolio	Acceptable – 82.8% OAEM – 7.8% Adverse- 9.4%	\$48,331 3.34%	77%	\$15,863 NI \$17,800 PLL \$3,904 PAT	1.15%	11.00%	78.40	16.72%

Scenarios for Stress Testing

Industries	Business Income	Business Expense	Subsidy Payments	Wages & Salaries	Interest Rate	Non-Current Assets	Credit Score
Dairy	-15%	3%		2%	2%	2%	
Green Industry	4%	3%		2%	2%	2%	
Livestock	3%	3%		2%	2%		
Timber	5%	3%		2%	2%	3%	
Cash Field	3%	3%		2%	2%	5%	
All Other	3%	3%		2%	2%	3%	

Financial Stress Testing Scenarios

Scenario Prime up 300 bps in 2 years, Margins compressed by 75 bps

The below scenario contemplates an increase in Prime of 300 bps between Dec 2012 and Dec 2014, coupled with a compression of margins of 75 bps. The portion of LFC that is not fixed would receive income at 4.35% in 2015 not the current 1.58%, pickup of \$3,382 see (2). A full year of this 75 bps margin compression would hurt profits by \$10,705 in 2015 see (4). Profit decrement of \$8,365 compared to current 2015 projections see (5). As a note, to maintain PCR at a level above 17% patronage would have to fall sharply, down to approximately 14.3% in 2014 and 2015 see (7).

	Base Case with Q1 Actuals		300% Increase in Prime and 75 bps Margin Compression		Base Case with Q1 Actuals		300% Increase in Prime and 75 bps Margin Compression		Base Case with Q1 Actuals		300% Increase in Prime and 75 bps Margin Compression	
	Dec-12		Dec-13		Dec-14		Dec-15		Dec-15		Dec-15	
Prime	3.25%	3.25%	3.25%	4.75%	3.25%	6.25%	3.25%	6.25%	3.25%	6.25%	3.25%	6.25%
Prime DNR	1.58%	1.58%	1.58%	2.97%	1.58%	4.35%	1.58%	4.35%	1.58%	4.35%	1.58%	4.35%
<i>Difference in Prime DNR Margin</i>				1.39%		2.77%		2.77%		2.77%		2.77%
LFC not-Fixed	\$102,819	\$102,819	\$112,868	\$111,089	\$120,739	\$117,022	\$134,790	\$126,999				
LFC Income	\$8,332	\$8,332	\$8,167	\$9,093	\$8,081	\$10,685	\$8,027	\$11,409				
<i>Difference in LFC</i>				\$926		\$2,604		\$3,382				
All AgChoice Blended Margins	2.508%	2.508%	2.490%	2.120%	2.452%	1.712%	2.445%	1.705%				
<i>Difference in Margin %</i>				-0.37%		-0.74%		-0.74%				
Matched Net Interest Income	\$33,639	\$33,639	\$33,844	\$31,139	\$32,257	\$24,529	\$33,238	\$22,533				
<i>Difference in Matched Margin</i>				(\$2,705)		(\$7,728)		(\$10,705)				
Bottom Line Net Income	\$ 33,154	\$ 33,154	\$ 31,219	\$ 29,305	\$ 32,069	\$ 26,209	\$ 33,169	\$ 24,804				
<i>Difference in Net Income</i>				(\$1,915)		(\$5,860)		(\$8,365)				
Permanent Capital Dec-EOY	17.14%	17.14%	17.19%	17.10%	17.54%	17.33%	17.65%	17.13%				
<i>Difference in PCR %</i>				-0.09%		-0.21%		-0.52%				
Patronage \$	\$ 15,578	\$ 15,578	\$ 15,849	\$ 12,527	\$ 15,935	\$ 11,948	\$ 16,383	\$ 12,980				
Patronage as a % of Net Int Income	23.6%	23.6%	23.5%	17.6%	22.2%	14.3%	22.1%	14.3%				
<i>Difference in Net Income</i>				\$ (3,322)		\$ (3,987)		\$ (3,403)				

Monitoring and Reporting

- Internal Audit and Credit Review
- ALCO-Asset-Liability Committee
- Regular Board Reporting of Exceptions
- Bank Audit
- Accountant Review
- Regulator Reviews

Portfolio Monitoring and Risk Management

- Portfolio Diversification
 - Line of Business
 - Commodity
- Credit Enhancements-Government Guarantees
- Hold Position
- Growth Targets

Portfolio Monitoring and Risk Management

- Credit quality trends and migration analysis
- Risk bearing capacity
- Delinquency monitoring
- Industry risk migration
- Large loan concentrations
- Counterparty Risk analysis
- Contingency plans

Capital Management

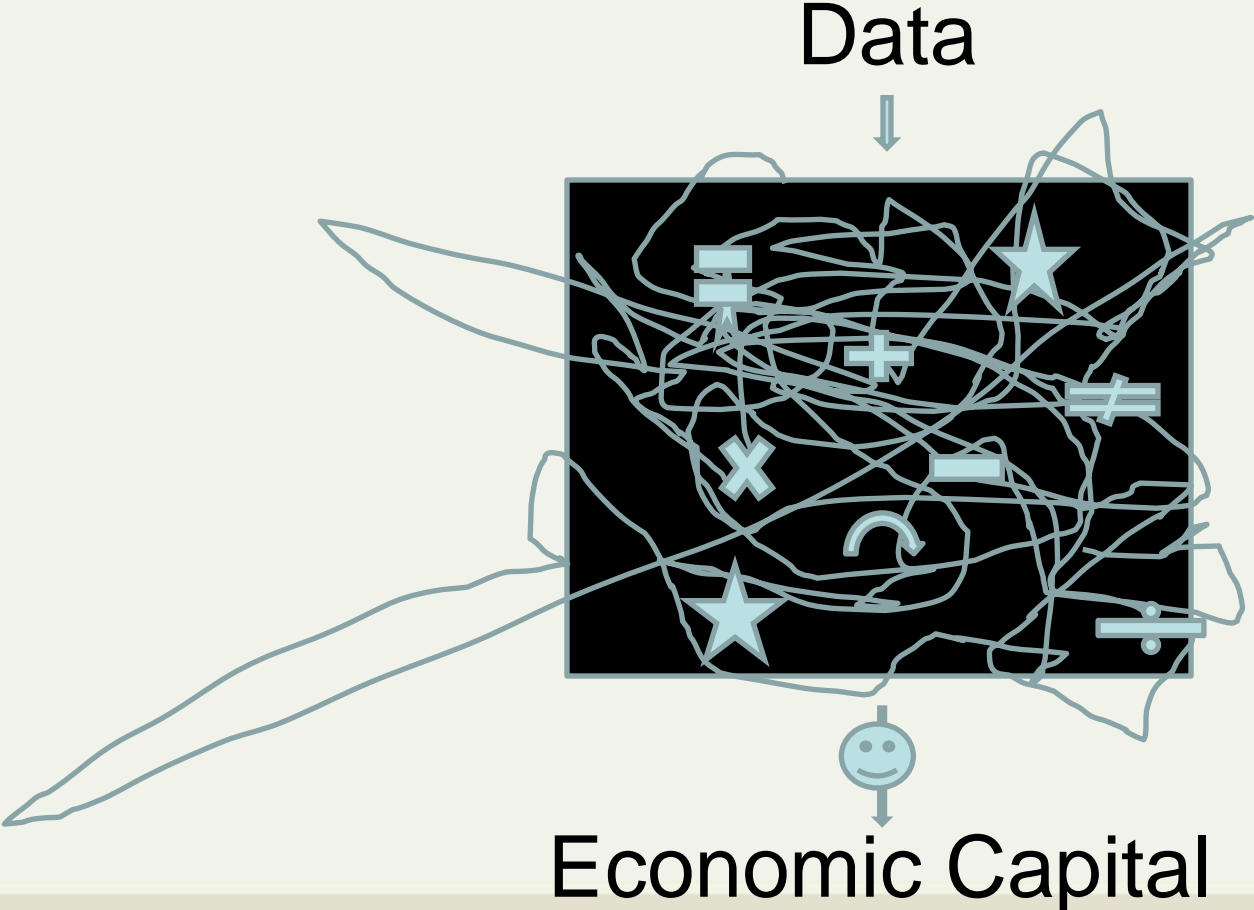
- Allowance for loan losses
- Economic Capital-Monitor certain ratios
(Criticized and adverse to risk funds)
- Patronage

Economic Risk Capital Model

Data



Economic Risk Capital Model



Without FSA Guarantees

March 31, 2012	ERisk v4		E/C Capital less Investment in Bank (A) Plus General ALL Reserve But less Preferred Stock	Balance Sheet Capital
Credit Risk	\$164.3 MM	10.4% of \$1,592.9 MM Exposure		
Operating Risk	\$142 MM			
Total EC @AA	\$178.5 MM		\$230.8MM	\$256.4 MM
PCR when E C = AA	12.83%	Actual PCR 16.75%		
Capital Margin	\$52.3 MM		DCFP @ 93.4 MM	

With FSA Guarantees

March 31, 2012	ERisk v4		E/C Capital less Investment in Bank (A) Plus General ALL Reserve But less Preferred Stock	Balance Sheet Capital
Credit Risk	\$149.5 MM	9.4% of \$1,592.9 MM Exposure		
Operating Risk	\$142 MM			
Total EC @AA	\$163.7 MM		\$230.8MM	\$256.4 MM
PCR when E C = AA	11.73%	Actual PCR 16.75%		
Capital Margin	\$67.1 MM		DCFP @ 93.4 MM	

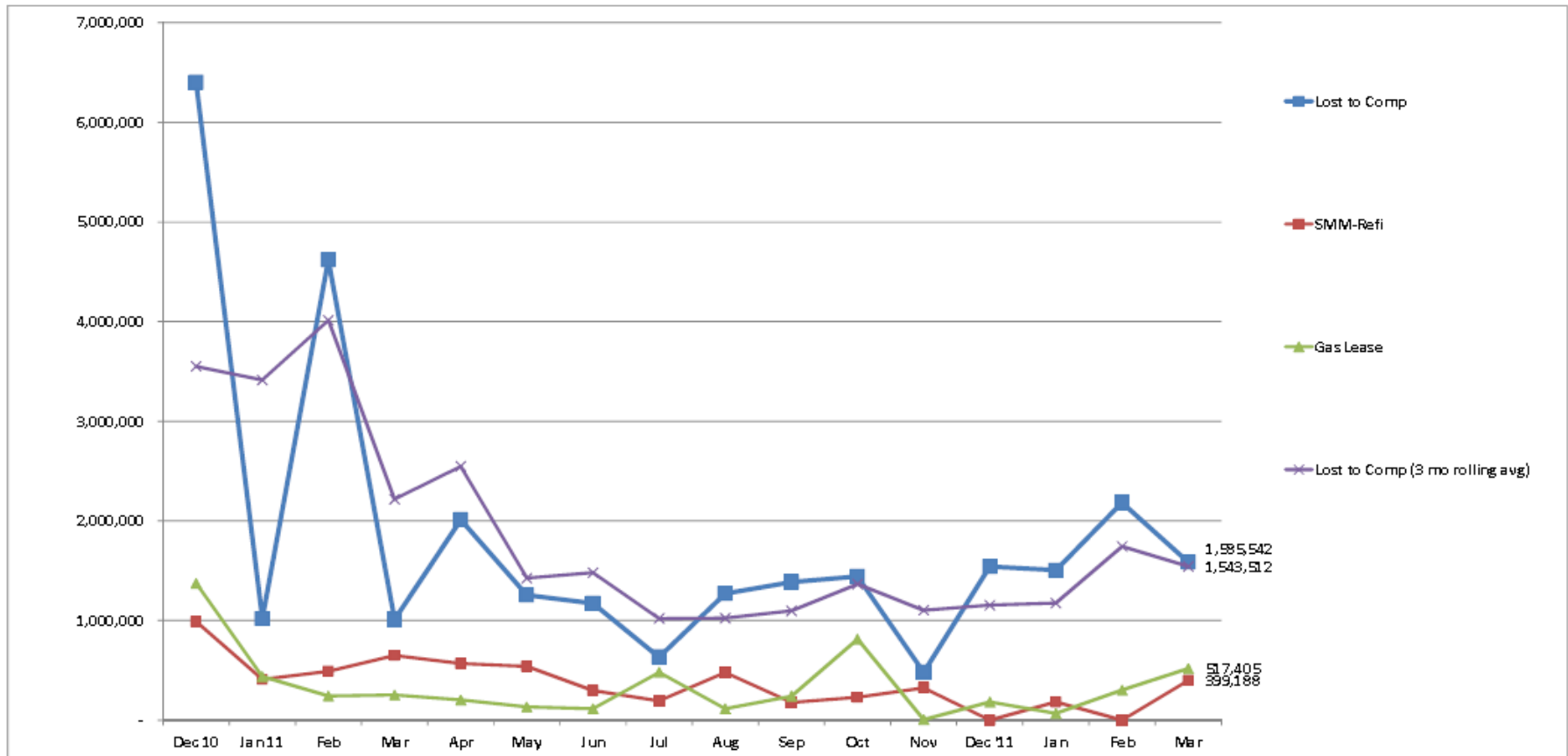


	FCA RATIO TRENDS					2012 Movements	1 Rating	2 Rating	3+ Rating
	Current 6/22/2012	3/31/2012	12/31/2011	12/31/2010	12/31/2009				
Capital									
Adverse Assets (RR11-14 + OPOY) Risk Funds	26.28%	30.66%	28.65%	46.32%	67.83%		< 25%	≤ 75%	> 75%
Criticized Assets (RR10-14 + OPOY) Risk Funds	54.10%	65.11%	69.34%	90.39%	97.08%		< 60%	≤ 1.25%	≥ 1.25%
Permanent Capital Ratio	169.2%	16.75%	16.56%	14.92%	12.47%		> 15%	≥ 10%	< 10%
Total Surplus Ratio	161.2%	15.94%	15.73%	14.07%	11.61%		> 1.2%	≥ 10%	< 10%
Core Surplus Ratio	14.24%	14.03%	13.79%	12.28%	10.30%		> 9%	≥ 5%	< 5%
Total Capital Benchmarks							4	1	0
Assets									
Adverse Assets (RR11-14 + OPOY) Risk Funds	26.28%	30.66%	28.65%	46.32%	67.83%		< 20%	≤ 50%	> 50%
Criticized Assets (RR10-14 + OPOY) Risk Funds	54.10%	65.11%	69.34%	90.39%	97.08%		< 50%	≤ 100%	≥ 100%
Past Due Loans inc NonAcc / Total Classified Assets	1.46%	2.19%	1.77%	1.95%	2.44%		< 2%	≤ 5%	> 5%
Non Accrual Loans / Total Classified Assets	2.08%	2.84%	2.86%	3.35%	3.09%		< 1.5%	≤ 4%	> 4%
OAEM Classified Assets / Total Classified Assets	4.95%	6.09%	7.11%	7.15%	3.78% 1 ← 2		< 5%	≤ 10%	> 10%
Adversely Classified Assets / Total Classified Assets	4.67%	5.41%	5.01%	7.52%	8.77% 1 ← 2		< 5%	≤ 10%	> 10%
Total Assets Benchmarks							3	3	0
Earnings									
Return on Avg Assets (Bottom Line)	2.77%	2.71%	2.55%	2.68%	1.59%		> 1.5%	≥ 1.0%	< 1.0%
Net Interest Margin as a % of Avg Earning Assets	3.27%	3.34%	3.28%	2.98%	2.58%		> 2.5%	≥ 2.0%	< 2.0%
Efficiency Ratio (NonInt Exp) / (NII + NonInt Inc)	37.87%	38.14%	38.11%	34.93%	41.41%		< 45%	≤ 65%	> 65%
Total Earnings Benchmarks							3	0	0
Liquidity									
Accrual Assets inc AIR / Direct Loan inc AIP	119.21%	119.62%	117.56%	114.69%	112.09%		> 115%	≥ 105%	< 105%
Acceptable & OAEM Assets w/o AIR / Direct Loan inc AIP	116.20%	116.67%	115.23%	109.95%	105.53%		> 110%	≥ 100%	< 100%
Acceptable Assets / Direct Loan inc AIP	110.18%	109.17%	106.62%	101.46%	101.15%		> 105%	≥ 95%	< 95%
Total Liquidity Benchmarks							3	0	0
Total All Benchmarks							13	4	0

Financial: Payoff Monitoring

Excess Funds	\$	767,415
In-House Refinance		148,348
Insurance Funds		177,701
Lost to Competition		1,585,542
Participation		2,949,845
Scheduled		223,712
Sold Assets		1,005,749
West Credit Payout		994,353
Other		282,114
SMM-Refinance		399,188
Gas Lease Proceeds		517,405
	\$	<u>9,051,372</u>

	RR	lost to Competition
5		138,431
7		724,305
8		223,568
9		499,239
Grand Total	\$	1,585,542



Financial: Volume and Margin Analysis

Volume and Margin Change Comparison

12/31/11 to 5/31/12

Association	A	B	C	D E F G				I I J			K	L	MA	H	
	(B + C)			Term Loans				Lines Of Credit			(Sum D...J)	(C + I)		(L + MA)	
	12/31/2011 Total Exposure	12/31/2011 Net Avail Comm	12/31/2011 GAAP Bal	New (CIF) Customer Loans	Existing Customer Loan Growth	Paydowns	Payoffs	New (CIF) Customer LOC Adv	Existing Customer Adv	Paydowns	Change	5/31/2012 GAAP Bal	5/31/2012 Net Avail Comm	5/31/2012 Total Exposure	
Volume (GAAP Balance)	\$ 1,739,140,680	\$ 322,761,066	\$ 1,416,379,614	\$ 45,370,964	\$ 44,114,115	\$ (51,285,341)	\$ (24,737,906)	\$ 22,933,766	\$ 61,717,973	\$ (67,365,551)	\$ 30,773,027	\$ 1,447,152,621	\$ 330,222,566	\$ 1,777,375,187	
Net Interest Income	\$ 37,063,328	\$ 1,209,968	\$ 37,063,328	\$ 1,209,968	\$ 1,329,067	\$ (1,088,885)	\$ (704,271)	\$ 333,231	\$ 332,034	\$ (1,601,185)	\$ 308,630	\$ 37,392,158			
Margin			2.62%	2.67%	3.01%	2.08%	2.83%	1.54%	1.33%	2.33%			2.53%		
Branches only Actuals															
Volume (GAAP Balance)	\$ 1,282,875,348	\$ 128,990,954	\$ 1,153,884,398	\$ 45,370,964	\$ 44,112,044	\$ (50,125,760)	\$ (23,473,202)	\$ 5,492,193	\$ 26,515,010	\$ (31,706,927)	\$ 16,184,343	\$ 1,170,068,738	\$ 139,976,568	\$ 1,310,045,306	
Net Interest Income	\$ 33,292,447	\$ 1,153,884,398	\$ 33,292,447	\$ 1,209,968	\$ 1,328,927	\$ (1,021,323)	\$ (658,703)	\$ 164,140	\$ 756,889	\$ (967,669)	\$ 732,760	\$ 34,045,207			
Margin			2.89%	2.67%	3.01%	2.04%	2.81%	2.99%	2.78%	3.11%			2.91%		
Capital Markets Actuals															
Volume (GAAP Balance)	\$ 454,556,404	\$ 198,770,133	\$ 260,786,271	\$ -	\$ -	\$ (886,272)	\$ (1,217,947)	\$ 17,466,993	\$ 35,202,968	\$ (35,683,654)	\$ 14,596,684	\$ 275,742,955	\$ 190,245,997	\$ 465,988,952	
Net Interest Income	\$ 3,739,413	\$ -	\$ 3,739,413	\$ -	\$ -	\$ (10,731)	\$ (43,413)	\$ 189,141	\$ 95,145	\$ (613,516)	\$ (440,062)	\$ 3,299,334			
Margin			1.43%	0.00%	0.00%	1.23%	3.56%	1.03%	0.27%	1.72%			1.20%		

12/31/10 to 5/31/11

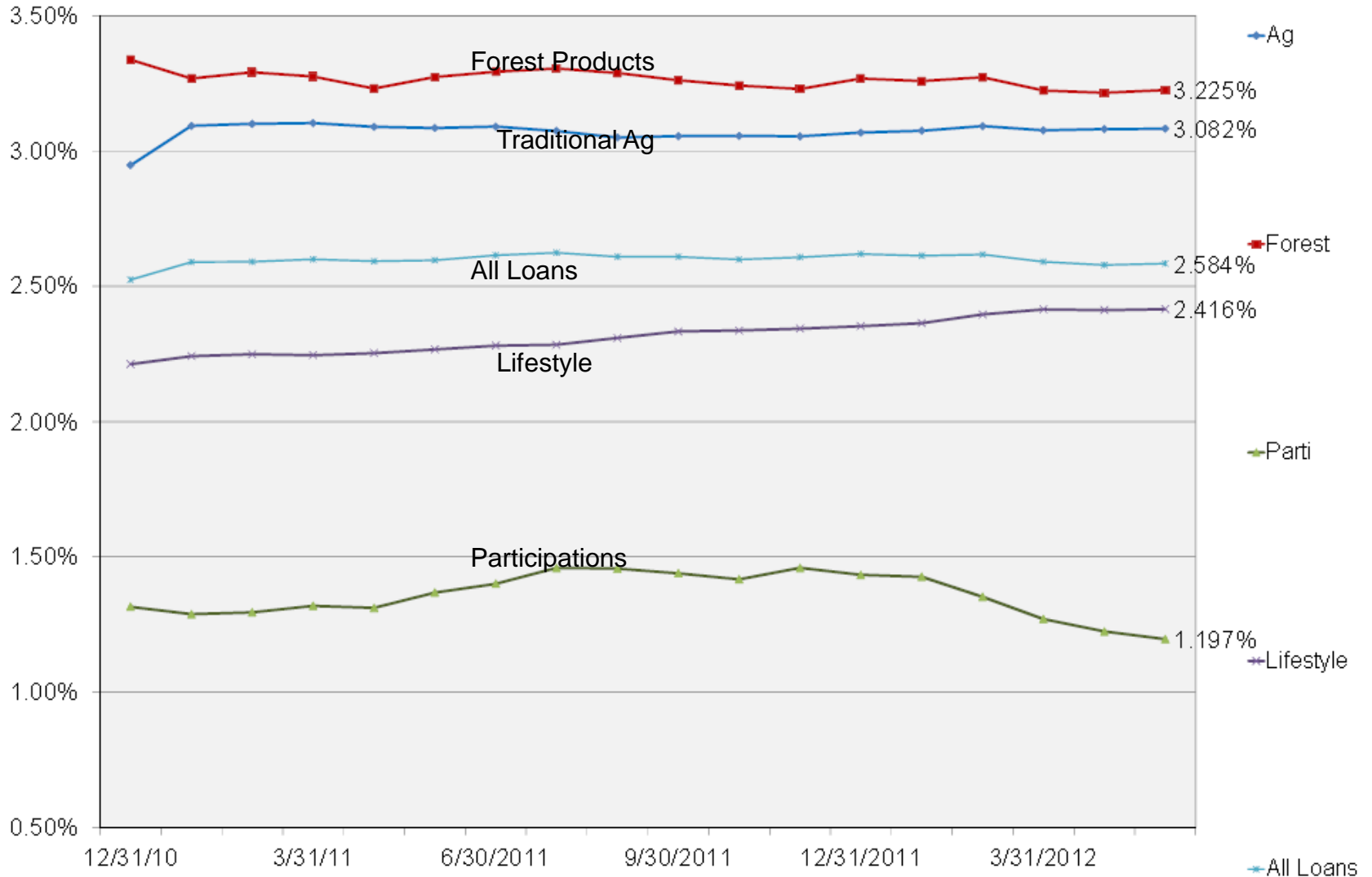
Association	12/31/2010		12/31/2010		D E F G				I I J			K	L	MA	H
	Total Exposure	Net Avail Comm	GAAP Bal	GAAP Bal	Term Loans				Lines Of Credit			Change	5/31/2011 GAAP Bal	5/31/2011 Net Avail Comm	5/31/2011 Total Exposure
					New (CIF) Customer Loans	Existing Customer Loan Growth	Paydowns	Payoffs	New (CIF) Customer LOC Adv	Existing Customer Adv	Paydowns	Change	5/31/2011 GAAP Bal	5/31/2011 Net Avail Comm	5/31/2011 Total Exposure
Volume (GAAP Balance)	\$ 1,765,833,505	\$ 318,168,042	\$ 1,447,665,463	\$ 1,447,665,463	\$ 37,462,390	\$ 26,814,423	\$ (46,421,832)	\$ (29,284,171)	\$ 17,939,632	\$ 48,913,671	\$ (75,758,381)	\$ (25,349,088)	\$ 1,422,316,425	\$ 324,331,764	\$ 1,747,148,189
Net Interest Income	\$ 37,446,406	\$ 1,447,665,463	\$ 37,446,406	\$ 37,446,406	\$ 1,038,999	\$ 83,184	\$ (1,184,408)	\$ (813,336)	\$ 236,075	\$ 1,136,001	\$ (1,823,176)	\$ (517,215)	\$ 36,929,191		
Margin			2.59%	2.59%	2.77%	3.11%	2.53%	2.73%	1.31%	2.59%	2.41%			2.60%	
Branches only Actuals															
Volume (GAAP Balance)	\$ 1,304,624,683	\$ 115,961,414	\$ 1,188,663,269	\$ 1,188,663,269	\$ 36,369,202	\$ 26,678,292	\$ (45,148,186)	\$ (24,760,062)	\$ 3,431,100	\$ 16,544,687	\$ (48,255,943)	\$ (3,515,831)	\$ 1,133,827,388	\$ 133,296,710	\$ 1,267,124,098
Net Interest Income	\$ 33,992,293	\$ 1,188,663,269	\$ 33,992,293	\$ 33,992,293	\$ 995,427	\$ 324,160	\$ (1,168,120)	\$ (673,514)	\$ 105,808	\$ 520,089	\$ (1,445,441)	\$ (787,305)	\$ 33,204,488		
Margin			2.86%	2.86%	2.74%	3.09%	2.59%	2.72%	3.03%	3.14%	3.00%			2.83%	
Capital Markets Actuals															
Volume (GAAP Balance)	\$ 458,133,506	\$ 202,206,628	\$ 255,926,878	\$ 255,926,878	\$ 1,093,338	\$ 13,611	\$ (878,546)	\$ (4,338,385)	\$ 14,528,632	\$ 27,368,983	\$ (27,537,437)	\$ 10,372,717	\$ 266,301,995	\$ 191,338,054	\$ 457,639,649
Net Interest Income	\$ 3,359,052	\$ 202,206,628	\$ 3,359,052	\$ 3,359,052	\$ 43,572	\$ 9,023	\$ (4,239)	\$ (13,573)	\$ 130,267	\$ 615,912	\$ (377,735)	\$ 236,728	\$ 3,645,780		
Margin			1.31%	1.31%	3.99%	6.63%	0.43%	3.13%	0.90%	2.23%	1.37%			1.37%	

Difference from 2011 to 2012

Association	12/31/2011			D E F G				I I J			K	L	MA	H	
	Total Exposure	Net Avail Comm	GAAP Bal	Term Loans				Lines Of Credit			Change	GAAP Bal	Net Avail Comm	Total Exposure	
				New (CIF) Customer Loans	Existing Customer Loan Growth	Paydowns	Payoffs	New (CIF) Customer LOC Adv	Existing Customer Adv	Paydowns	Change	GAAP Bal	Net Avail Comm	Total Exposure	
Volume (GAAP Balance)	\$ (26,692,825)	\$ 4,598,044	\$ (31,290,869)	\$ 7,908,444	\$ 17,299,692	\$ (4,363,439)	\$ 4,546,263	\$ 4,999,054	\$ 17,804,308	\$ 8,427,800	\$ 56,122,066	\$ 24,836,196	\$ 5,390,302	\$ 30,226,498	
Net Interest Income	\$ (353,078)	\$ 4,598,044	\$ (353,078)	\$ 170,969	\$ 49,833	\$ 145,523	\$ 109,115	\$ 117,206	\$ (308,967)	\$ 221,991	\$ 821,045	\$ 462,967			
Margin			0.03%	-0.11%	-0.09%	-0.53%	0.07%	0.22%	-1.24%	-0.08%			-0.01%		
Branches only Actuals															
Volume (GAAP Balance)	\$ (21,749,334)	\$ 13,029,540	\$ (34,778,874)	\$ 9,001,783	\$ 17,483,733	\$ (4,362,573)	\$ 1,286,280	\$ 2,061,093	\$ 9,970,323	\$ 16,549,016	\$ 51,320,224	\$ 16,541,349	\$ 6,682,833	\$ 23,224,203	
Net Interest Income	\$ (699,847)	\$ 13,029,540	\$ (699,847)	\$ 214,541	\$ 304,767	\$ 146,797	\$ 14,811	\$ 53,332	\$ 216,800	\$ 457,772	\$ 1,540,565	\$ 840,718			
Margin			0.03%	-0.07%	-0.03%	-0.53%	0.09%	-0.10%	-0.36%	0.12%			0.03%		
Capital Markets Actuals															
Volume (GAAP Balance)	\$ (3,579,108)	\$ (8,436,496)	\$ 4,857,396	\$ (1,096,338)	\$ (13,611)	\$ 42,274	\$ 3,120,439	\$ 2,937,961	\$ 7,833,980	\$ (8,121,216)	\$ 4,833,967	\$ 9,441,360	\$ (1,292,057)	\$ 8,149,303	
Net Interest Income	\$ 330,364	\$ (8,436,496)	\$ 330,364	\$ (43,572)	\$ (9,023)	\$ (6,492)	\$ 92,370	\$ 53,874	\$ (520,767)	\$ (235,781)	\$ (726,810)	\$ (346,446)			
Margin			0.12%	-3.99%	-6.63%	0.30%	0.43%	0.19%	-1.96%	0.33%			-0.17%		

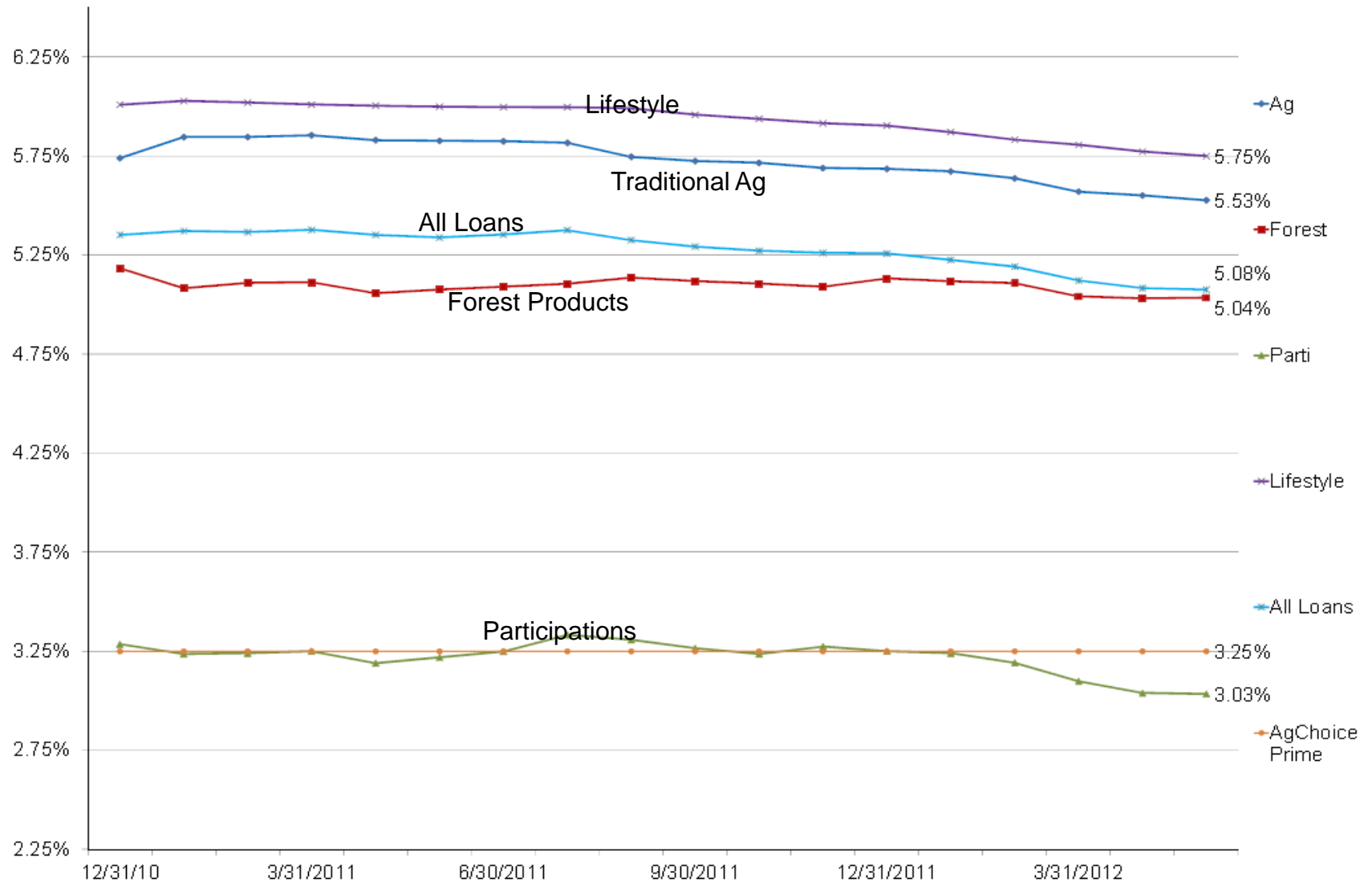
Financial: Margin Analysis by Market Segment

Column 1	12/31/10	1/31/11	2/28/11	3/31/11	4/30/11	5/31/2011	6/30/2011	7/31/2011	8/31/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/31/2012	2/28/2012	3/31/2012	4/30/2012	5/31/2012	
Ag	2.95%	3.05%	3.10%	3.10%	3.05%	3.05%	3.05%	3.07%	3.03%	3.03%	3.05%	3.05%	3.03%	3.07%	3.02%	3.02%	3.03%	3.03%	3.02%
Forest	3.34%	3.27%	3.25%	3.25%	3.23%	3.27%	3.25%	3.31%	3.23%	3.23%	3.25%	3.24%	3.25%	3.23%	3.25%	3.22%	3.22%	3.21%	3.22%
Part	1.32%	1.25%	1.30%	1.30%	1.31%	1.37%	1.40%	1.48%	1.45%	1.44%	1.41%	1.42%	1.43%	1.42%	1.35%	1.35%	1.27%	1.25%	1.19%
Lifestyle	2.21%	2.24%	2.25%	2.25%	2.25%	2.27%	2.28%	2.28%	2.33%	2.33%	2.33%	2.34%	2.35%	2.35%	2.36%	2.36%	2.41%	2.41%	2.41%
All Loans	2.52%	2.55%	2.55%	2.60%	2.55%	2.60%	2.61%	2.62%	2.62%	2.60%	2.59%	2.60%	2.61%	2.61%	2.61%	2.58%	2.58%	2.57%	2.58%



Financial: Yield Analysis by Market Segment

Category	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Ag	5.74%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.75%
Forest	5.18%	5.03%	5.11%	5.11%	5.08%	5.08%	5.11%	5.14%	5.12%
Parti	3.23%	3.24%	3.24%	3.25%	3.19%	3.22%	3.23%	3.21%	3.21%
Lifestyle	6.01%	6.00%	6.02%	6.01%	6.01%	6.00%	6.00%	6.00%	5.98%
All Loans	5.30%	5.31%	5.31%	5.30%	5.34%	5.33%	5.30%	5.30%	5.27%
AgChoice Prime	3.23%	3.25%	3.25%	3.25%	3.23%	3.23%	3.23%	3.23%	3.23%



Dashboard

Risk Category	Metric	Acceptable Range	Range of Good Performance	Actual	Status	Risk Outlook
Credit Quality	% Acceptable & OAEM	90% - 92%	92% - 98%	94%	Green	Stable
Growth in Loan Volume	ADB Loan Growth	4% - 11%	5% -10%	5%	Green	Decreasing
Efficiency Ratio	(Non Int Exp) / (NII + Non Int Inc)	40% - 45%	35% -45%	44%	Yellow	Increasing
Capacity	Adverse Assets/ Risk Funds	45.00% - 50.00%	20.00% - 45.00%	40%	Yellow	Decreasing
Concentrations	Industry Concentration (Dairy) to Risk Funds	180.00% - 200.00%	100.00% - 180.00%	185%	Red	Increasing
Earnings	Return on Assets	1.5% - 2%	2% -2.5%	2.7%	Green	Stable

Action or Contingency Plans

1. Limit loans to new borrowers of risk rating 7 or better
2. Enhance pricing to risk and limit terms on large revolving lines of credit
3. Exit deteriorating marginally acceptable accounts when possible, particularly in Capital Markets
4. Limit delegation of authority on underwriting and pricing exceptions
5. Maintain adequate loan servicing plans and follow on existing higher risk loans
6. Increase use of government guarantees
7. Reduce patronage and the revolving of allocated equities
8. Limit growth to maintain an adequate level of capital in accordance with capital adequacy plan
9. Sell portfolio of weaker loans if discount is acceptable
10. Become more aggressive in working out of adverse loans (e.g., consider troubled debt restructurings or economic concessions if refinanced by another lender)
11. Reduce or eliminate patronage and defer revolving allocated equity
12. Allow overall loan volume to run off
13. Exercise option to securitize Farmer Mac loans and sell
14. Expand Special Assets staff and shift all adverse loans to them for servicing
15. Sell government guaranteed loans to improve liquidity and earnings
16. Increase customer stock requirements
17. Merge with a strong association.

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