



Farm Credit Update:

Fulfilling Our Mission in Unprecedented Times

April 21, 2020



Farm Credit Update

Tracy Sparks, Yosemite Farm Credit



Tracy is the President and Chief Executive Officer of Yosemite Farm Credit (YFC). Tracy began her career in Farm Credit in 1993. Tracy has held various positions at YFC such as Chief Financial and Chief Operating Officer. Tracy has

experience in the oversight of Accounting/Finance, Human Resources, Business Intelligence, Legal Documentation, Appraisal and the Information Systems departments. Tracy has a Bachelor of Science degree in Accounting from California State University, Stanislaus. She is a California C.P.A. and an honor graduate of the Pacific Coast Banking School.

Bill Johnson, Farm Credit Mid-America



Bill Johnson is President and CEO of Farm Credit Mid-America, a \$25 billion agricultural cooperative serving over 85,000 farmers, agribusinesses, and rural residents in Indiana, Ohio, Kentucky, and Tennessee. He has over 35 years of financial services experience within the Farm.

Credit System and has held leadership roles in Farm Credit entities across the country including the Midwest, Pacific Northwest, and New England. Johnson also serves as Chair of the Farm Credit System President's Planning Committee and is a member of the Business Practices Committee. He is a board member of Denver based Farm Credit Council Services and Indianapolis based AgriNovus Indiana. He also serves on the Board of Trustees for the University of Evansville and is active at other universities in speaking and advisory roles.

Pat Calhoun, AgSouth Farm Credit



Pat Calhoun, Chief Executive Officer, was raised on a farm in Dillon County, South Carolina and is a graduate of The Citadel. He is also a graduate of the South Carolina Bankers School and a U.S. Army Veteran. His 32 years with

Farm Credit include service as a loan officer, branch manager, corporate credit analyst, regional lending manager and director of risk management.



104-Year-Old Mission

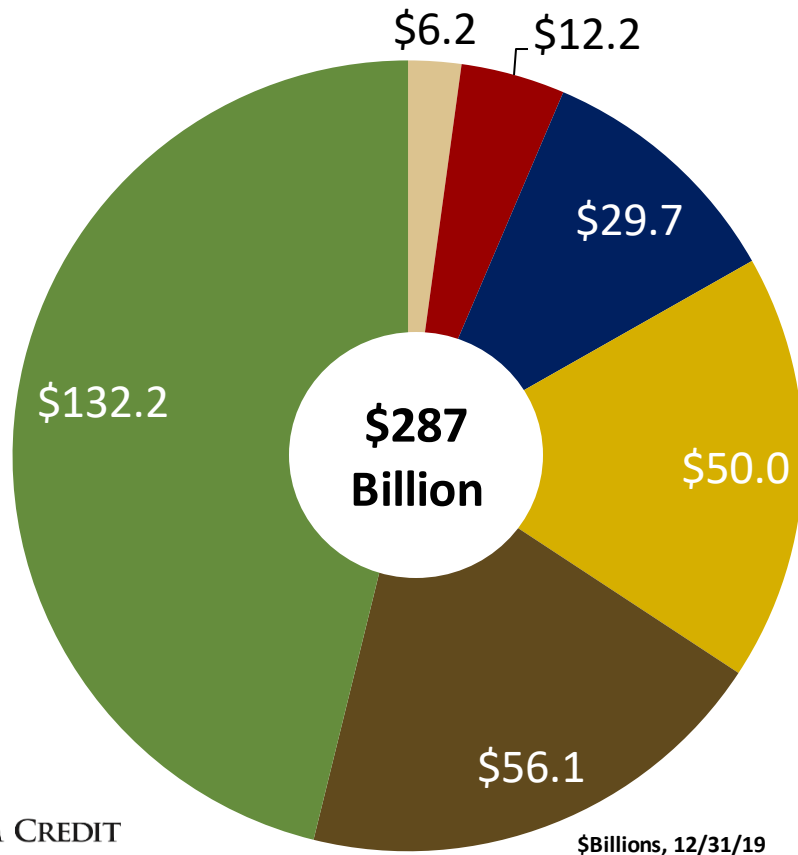
Support rural communities and agriculture with reliable, consistent credit and financial services today and tomorrow.

Farm Credit Facts

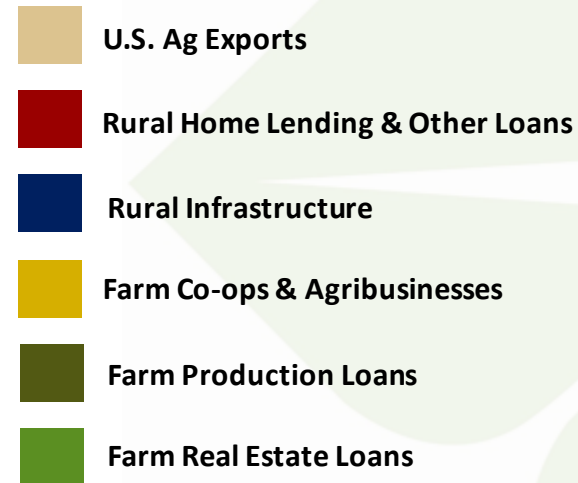
- Customer-owned Cooperative
- Provides Loans and Financial Services
- 72 Farm Credit Institutions
- 500,000 Customers
- Nationwide Service
- No Government Funding
- Created in 1916
- Federally Regulated by the Farm Credit Administration



Supporting Rural Communities and Agriculture

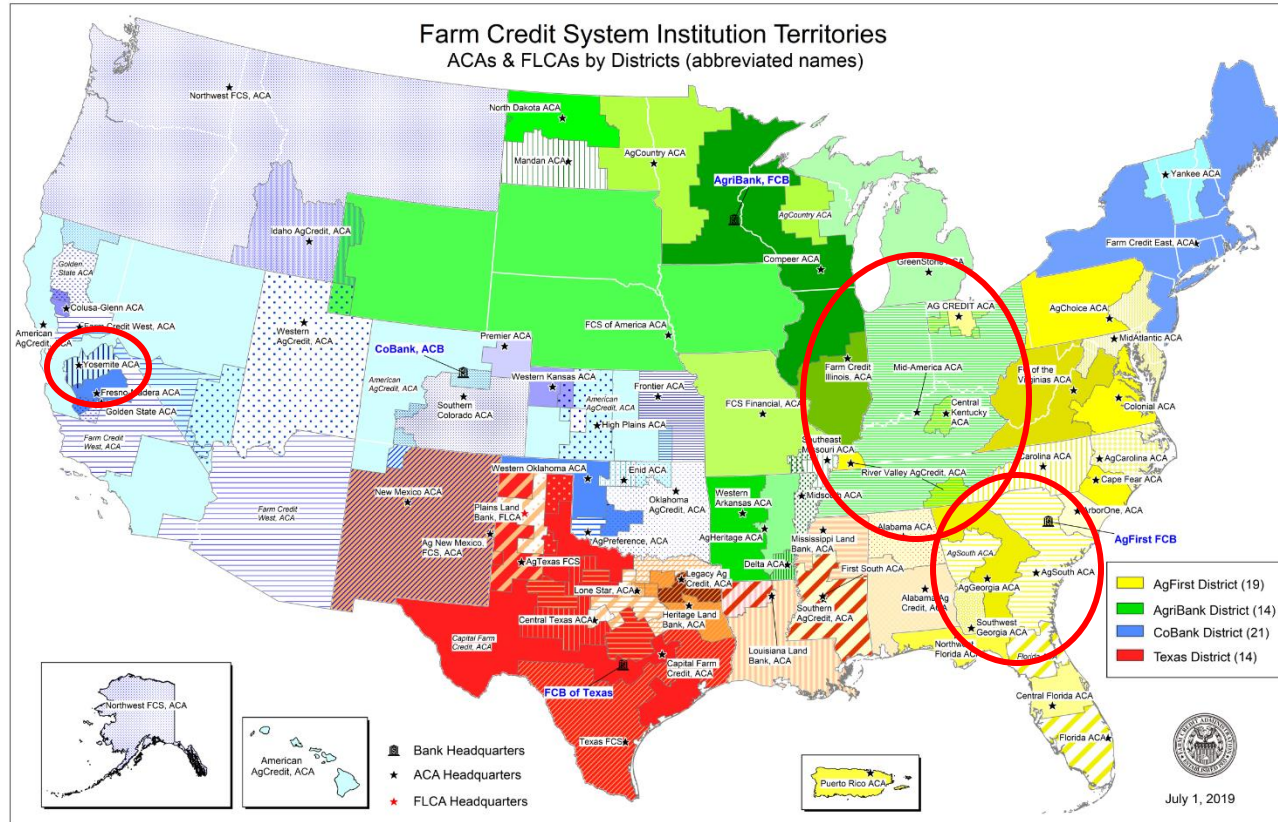


Farm Credit Loans





Supporting Rural Communities and Agriculture

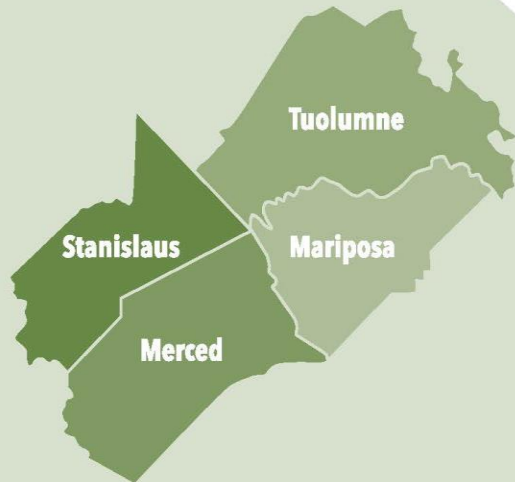




YOSEMITE FARM CREDIT 
Agricultural Credit Conditions



Yosemite Farm Credit At-A-Glance



TERRITORY FACTS

\$3.2 BILLION NET ASSETS

OVER 5,000 CUSTOMERS

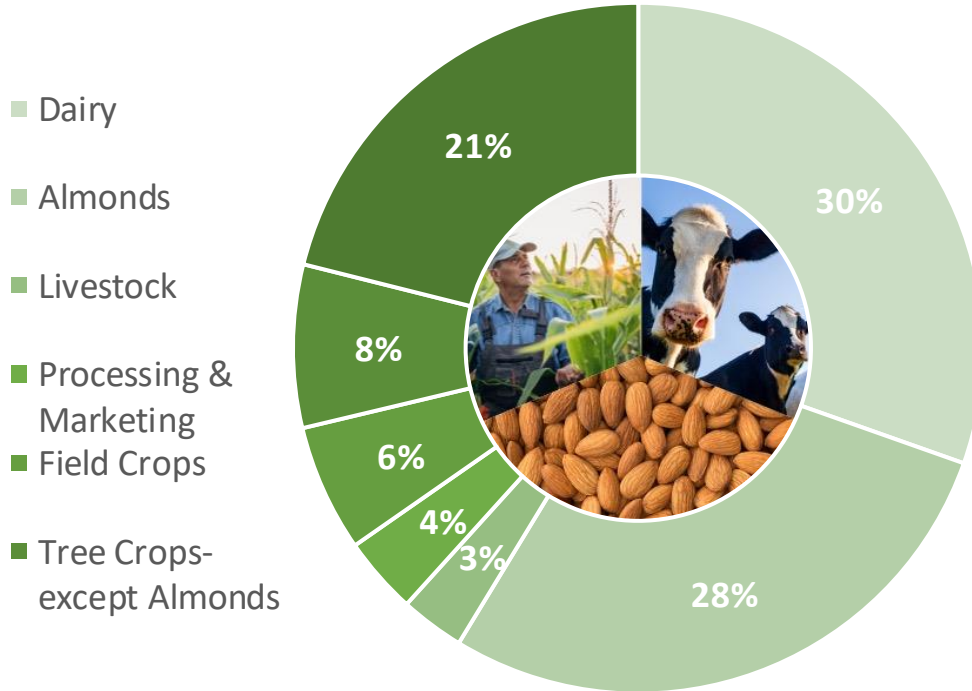
**10 MEMBER BOARD
OF DIRECTORS**

166 EMPLOYEES

**\$64 MILLION NET
INCOME IN 2019**

As of 12/31/2019

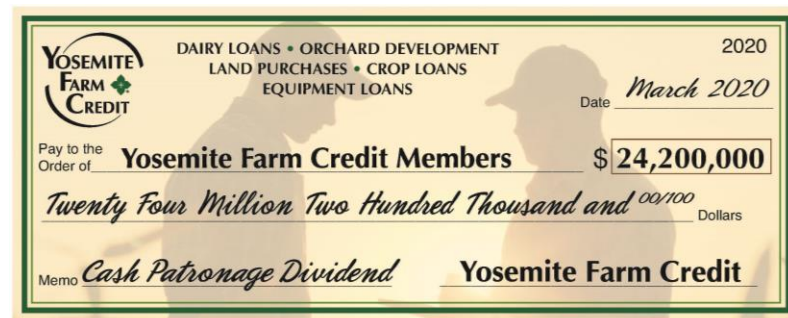
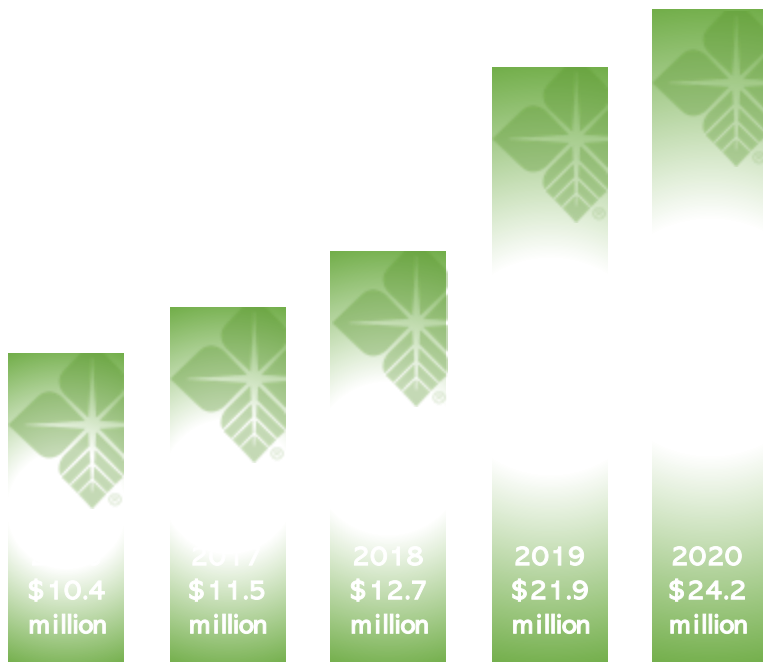
Commodities Financed



Yosemite Farm Credit's serves over 63 commodities, with dairy and almonds making up 58% of our loan portfolio.

Yosemite Farm Credit remains committed to diversifying our portfolio and serving our Members through good times and bad.

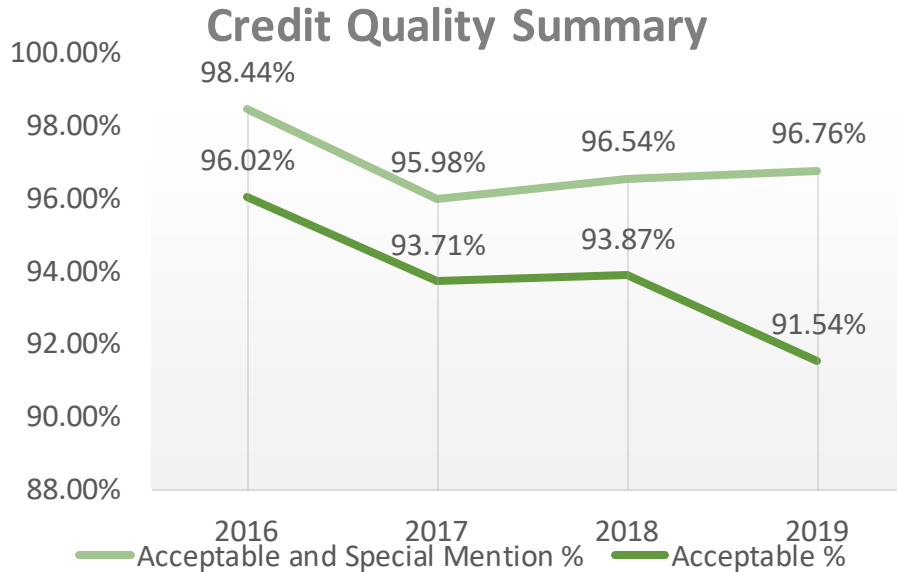
Patronage Distribution History



As a Member-owned cooperative, our Members share in the success of their Association.

Effectively reducing the cost of borrowing for our Members in 2019 by .75%.

Credit Quality Overview & Trends



2019 Credit Quality Summary

Acceptable	91.54%
<u>Special Mention</u>	<u>5.22%</u>
Overall	96.76%

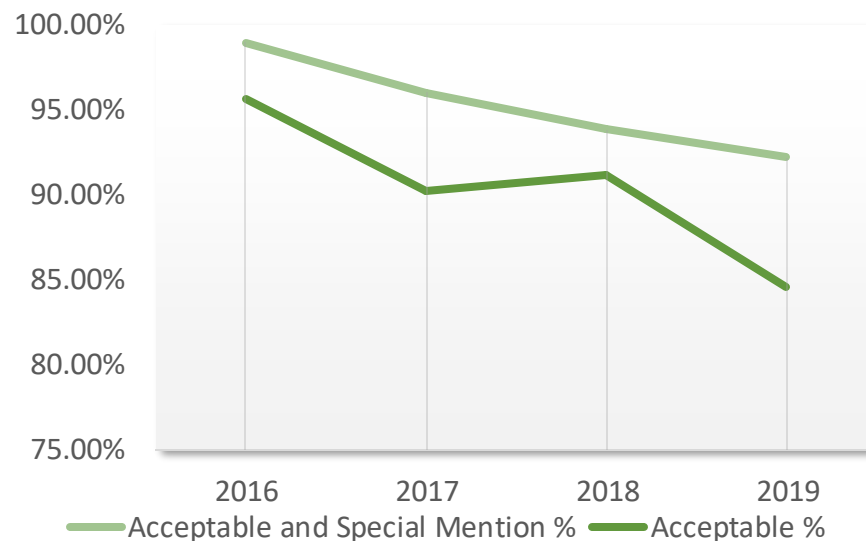
Overall Credit Quality as of year-end 2019 remained “good” at 96.76%. However, trends show Special Mention Credit increasing as a percentage of the portfolio, mostly attributed to softer dairy commodity prices.

Dairy Commodity Update



- Credit Quality shows declining trend the last 4 years.
- 2019 Special Mention loans increased by 5% reflecting a challenging milk price environment the last 18 months.
- Projected milk prices are at historic lows due to:
 - Decline in food service consumption – COVID19
 - Improving production tied to normal seasonality (over supply)
- Availability of labor remains a concern.
- Feed supply for producers is adequate and prices remain stable.

Credit Quality for Dairy Loans

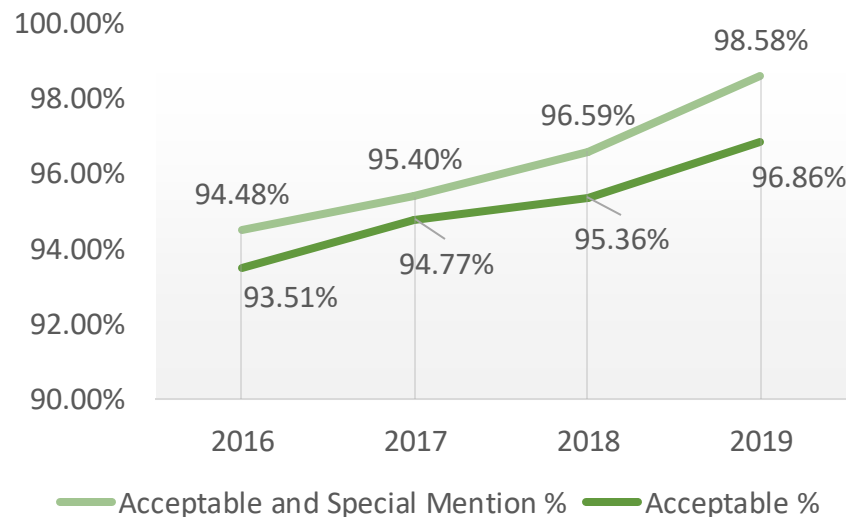


Almond Commodity Update



- Prices have remained consistently profitable for most producers the last 4 years.
- Credit Quality remains above average as compared to other commodities.
- 2019 crop season resulted record crop production at 2.5 billion meat lbs.
 - Prices remained stable and demand was adequate until 4/1, even with tariffs that were applied in the Fall of 2019.
 - Recently prices have declined by 20% due to market access challenges tied to COVID.
 - Final pricing for the 2019 crop will likely to be less than prior year, but should be at least minimally profitable for most producers.
- 2020 Almond Crop is expected to be another record crop.
- Market access for new crop is a concern given COVID environment.

Credit Quality for Almond Loans



Our Ag Environment

Prior to the COVID-19 Pandemic- we are experiencing some challenges within our agricultural community that include the following:

- Declining commodity prices due to export trade restrictions from retaliatory tariffs.
- Labor shortages due to a reduction in border access for workers.
- Decline in water availability and subsequent increase in costs to our Members.

Since the COVID-19 Pandemic- Our employees, Members, and our local community has realized the following:

- Increase concern for health and safety within our community
- Internal and external business interruption
- Adverse economic impact to several commodities we finance due to:
 - Supply chain disruptions
 - Reduction in retail food consumption
- Increase in unemployment
- Increase in both personal and business stress
- Overall economic adversity that has impacted not just agriculture, but on our entire community

COVID-19 Assistance

Since the epidemic, we have accomplished the following:

- **Prioritized Health and Safety!**
 - Minimally staffed locations
 - Implemented “social distancing” standards
 - Safety first while still providing quality service
- **Offer and Provide Several Loan Modifications:**
 - Interest only
 - Payment deferments
 - Restructure options
 - New capital
- **Facilitated SBA Paycheck Protection Program Loans**
- **Provided Financial support to local food banks**

COVID-19 ASSISTANCE

The Yosemite Farm Credit (YFC) Team is ready to assist you. We understand the impact of the global COVID-19 pandemic is far reaching and YFC is committed to working with Members during this time.

Your loan may qualify for one of the following accommodations:

- 1. Interest only** up to 12 months – The balance of payment(s) to be re-amortized over the existing maturity on Mortgage loans.
- 2. Payment deferments** up to 6 months on Mortgage loans.
- 3. Interest only** up to 6 months - The balance of payment(s) to be re-amortized over the existing maturity on Equipment and Cattle loans. (Leases are not eligible)

*YFC is here for you and your operations.
Please contact your loan officer for more information.*

HELPING OUR MEMBERS PROSPER,
YOUR YOSEMITE FARM CREDIT TEAM

***Service to ALL Members in
ALL industries we serve under
ALL economic conditions***

Relationship Lending

A Culture of Service above Self

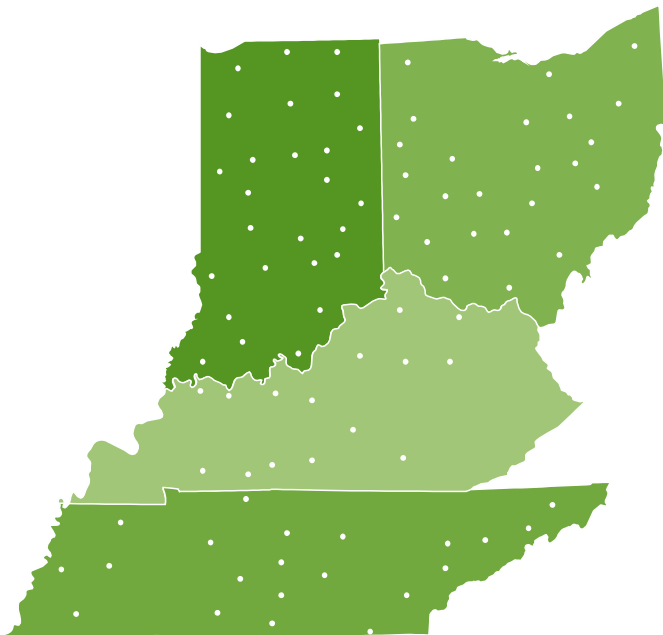
- We have a culture that focuses on treating everyone with dignity and respect.
- Our priority is to provide the highest quality service possible to our Members.
- We are a part of the community we serve.
- We have an experienced staff that understands the needs of our Membership.
- We participate and invest back into our Agricultural community.
- Our Membership is committed to providing community assistance within the territory we serve.
- We support, develop and educate the next generation of farmers and ranchers in our area.

Farm Credit Mid-America

Securing the future of rural communities one home, one farm, one business at a time.



Farm Credit Mid-America Snapshot



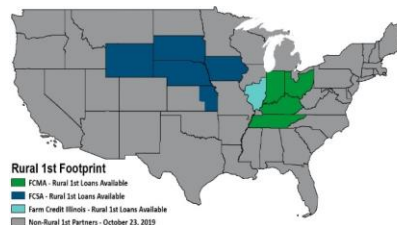
\$24.8 billion in assets

85,000 customers across 4 states

1,331 employees

Nearly \$6 billion in Rural 1st lending

\$186.6 million returned to customers in 2019



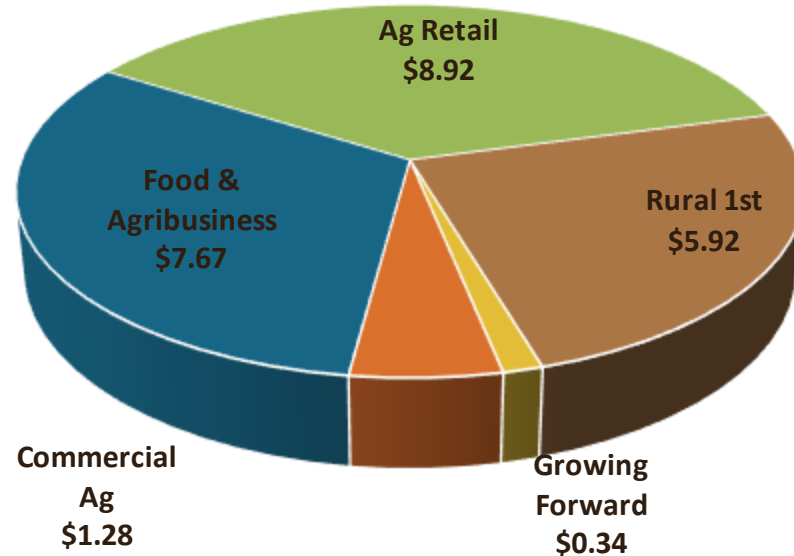
Rural 1st@ offers a range of rural living lending solutions, all backed by the strength and rural lending knowledge of Farm Credit Mid-America.



Farm Credit Mid-America Loan Portfolio

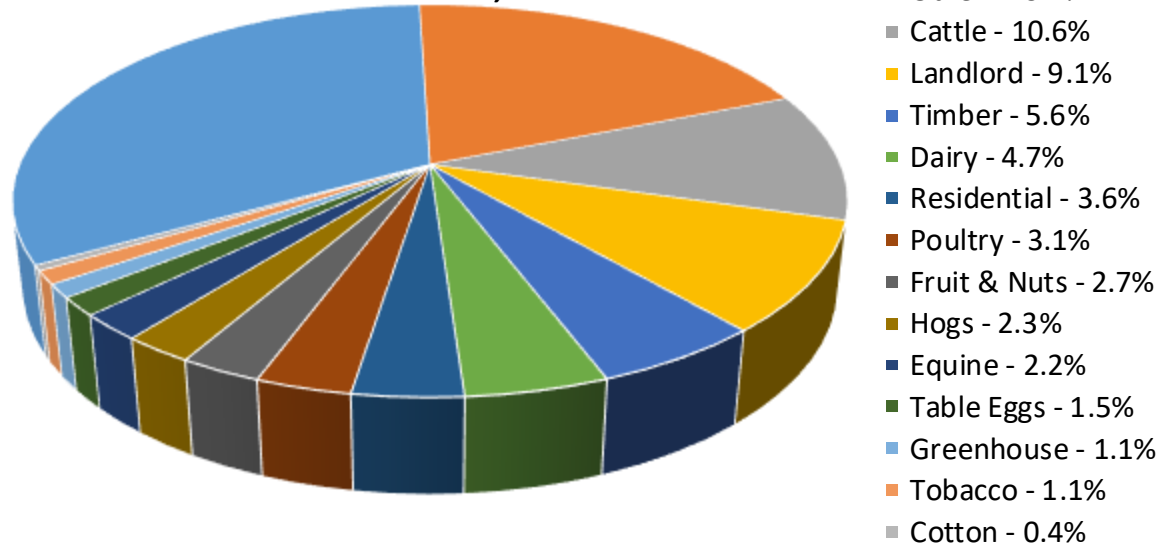
March 31, 2020 - in billions

Strength in our capital and diversity in our customer base allows us to serve our customers in good and challenging times.



Diversification within the Loan Portfolio

**Farm Credit Mid-America Loan Portfolio
March 31, 2020**



Impact of COVID-19 on U.S. Commodity Futures Prices

Cumulative percent change in price since outbreak confirmed by China (Jan. 14, 2020)



Nearly every ag sector is showing significant challenges

2020 Outlook for Grains

- Few grains are projecting profits
- Reduced ethanol production is impacting corn
- Exports of all commodities are critical
- Market Facilitation Program (MFP) payments were primary source of net income for many grain producers in 2019



Working Capital Trend



- The safety net has been severely reduced for farmers
- Weak earnings and reduced inventory values will further stress this in 2020
- Without adequate net earnings replenishing working capital with new term debt may be counter productive

Responding to COVID-19: Servicing Actions

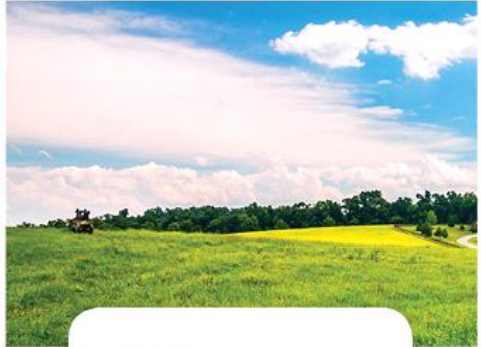
- A full range of tailored servicing options being offered to customers
- In some cases the customer will need to make changes to their operations
- Rural 1st customers are being offered deferments and re-amortizations
- We have the capital base and commitment to support customers
- Free 24-7 LifeWorks Resource Program to help customers manage work, life stresses





AgSouth Farm Credit

Lending the Cooperative Way



AgSouth Farm Credit

- 24 branch locations
- Serving 93 counties
 - 59 in GA
 - 34 in SC
- ~250 employees
- ~9,700 stockholders
- ~\$2.3B Gross Loan Volume
- ~\$39MM 2019 Patronage

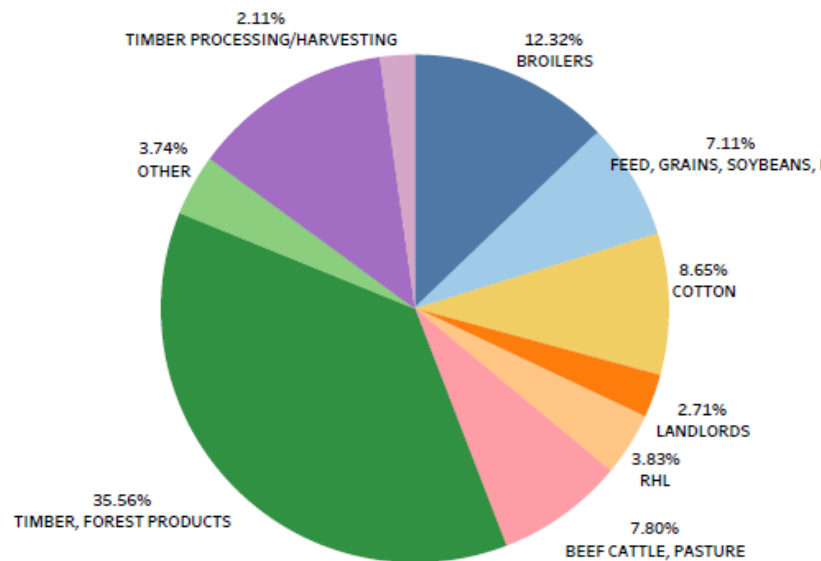


CONCENTRATION TREND by Commodity

Portfolio Volume as of December 31, 2019

Measure Name

BROILERS	OTHER
FEED, GRAINS, SOYBEANS, HAY	OTHER TOTAL
COTTON	TIMBER PROCESSING/HARVESTING
LANDLORDS	
RHL	
BEEF CATTLE, PASTURE	
TIMBER, FOREST PRODUCTS	



BEEF CATTLE, PASTURE	\$144,674,674
BROILERS	\$228,342,854
COTTON	\$160,381,183
FEED, GRAINS, SOYBEANS, HAY	\$131,818,134
RHL	\$71,017,583
TIMBER, FOREST PRODUCTS	\$659,409,165
TIMBER PROCESSING/HARVESTING	\$39,047,680
BLUEBERRIES (Other)	\$35,764,029
BONDS BOOKED AS LOANS (Other)	\$0
COMMERCIAL EGGS (Other)	\$12,159,883
DAIRY (Other)	\$17,286,631
FRUITS, NUTS (Other)	\$29,317,112
HOGS (Other)	\$3,770,003
HORSES	\$72,628,759
LANDLORDS	\$50,264,501
ONIONS (Other)	\$15,355,527
PEANUTS (Other)	\$31,608,915
PMM (Other)	\$468,171
SOD, NURSERY, HORTICULTURE (Other)	\$30,776,519
TOBACCO (Other)	\$9,284,604
TURKEY (Other)	\$14,846,666
VEGETABLES, TOMATOES (Other)	\$25,161,768
TOTAL	\$1,854,107,659

th

farm credit, ACA
Loans for land, farms and homes

Current Status of Operations

- Business Continuity Plan implemented
- Open for business with limited on-site staffing and lenders in the field
- ~85% of staff working remotely
- Digital Banking platforms up and running
- Daily Crisis Management Team calls
- Website and social media updates

Working Today with Rural SC and GA

Lending Activity Continues

- ~2,100 loan and servicing actions 3/1 – 4/15
- \$214MM in new loans made 3/1 – 4/15

Servicing Actions Around COVID-19

- \$57MM in loan deferrals (since 3/20)
- Continued emphasis on Farm Credit borrower restructuring rights
- Stand down on forced collection actions

Working Today with Rural SC and GA

Continued Product Offerings

- Crop Insurance, Leasing, Home Mortgages
- Traditional lending programs remain available

Collaboration

- Working with SBA on PPP loan programs
- Working with FSA through Guaranteed Loan Program
- Working collaboratively with state Ag Agencies and businesses on behalf of Ag and Forestry
- Continued contact with regulator

Challenges: Looking Forward

CONS – Strong Headwinds in Agriculture

- Commodity prices
- COVID-19 related disruptions
- Some deterioration in credit quality expected

PROS – Prepared for Adversity

- Strong capital and financial position
- Knowledgeable, equipped staff
- Deep FSA experience
- Borrower Rights – goal to seek best possible outcome

Summary

Mission Sensitive

- Meet Credit Needs of Borrowers
- Strong Young, Beginning and Small Farmer Program
- Seek Best Possible Outcome in Adversity

Ready for Action

- Understand Agriculture in Good Times and Bad
- Financially Strong – Safe and Sound
- Cooperative Principles Continue



Thank You

Please type your questions into the Q&A box and we will answer them in order received.

