

Credit Perspectives in the New Era

A Presentation to the North American Horticultural Supply Association

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Agenda

- **The Players and the Market**
 - Farm Credit
 - Credit Availability
 - Funding and Liquidity
- **Securing Credit**
 - Business Plan
 - Communication



The Players and the Market

Farm Credit

- Nationwide network of cooperative (customer-owned) lending institutions
- Created by Congress in 1916 to lend to agriculture and rural America
- Approximately 100 institutions covering all 50 states and Puerto Rico
- Nationwide, meets approximately 35% of the credit needs of U.S. agriculture
- Funding obtained from investors, not savers



The Players and the Market

Financial Highlights

(\$ Millions)	3/31/09 YTD	3/31/08 YTD	12/31/08	12/31/07
Gross loans	\$163,311	\$152,932	\$161,423	\$142,906
Cash, Federal funds and investments	43,877	36,880	43,807	36,460
Farm Credit Insurance Fund assets	3,004	2,673	2,915	2,599
Total Assets	214,882	197,433	214,353	186,451
System Wide Debt Securities	179,187	165,076	178,365	154,443
Total Capital	27,821	26,814	27,124	26,419
Net Interest Income	\$1,273	\$1,137	\$4,702	\$4,060
(Provision for loan losses) loan loss reversal	246	33	408	81
Net Income	615	760	2,703	2,708
Capital as a Percentage of Assets	12.90%	13.60%	12.70%	14.20%

The Players and the Market

Credit Availability

- **Commercial Banks**
 - **National vs. Regional vs. Community**
- **Farm Credit**
- **Trade Credit**



The Players and the Market

Funding and Liquidity

- **U.S. Government unintended consequences**
- **Historical rates vs. current rates charts**



The Players and the Market

Prime Rate



The Players and the Market

One Month LIBOR



The Players and the Market

Five Year U.S. Treasury



The Players and the Market

Five Year U.S. Agency



Securing Credit

Business Plan

- Not just a document
- Must be living and breathing
- High quality information
- Must be sensitized
- Choose a lender who can understand the business and question the business plan



Securing Credit

Communication

- When the plan or circumstances change
- Keep your lender informed
- Utilize all tools if problem hits



Questions or Comments?

