



Farm Credit System Ag Lending Conditions

CFTC Agricultural Advisory Committee
April 11, 2024

Scott Donnelly

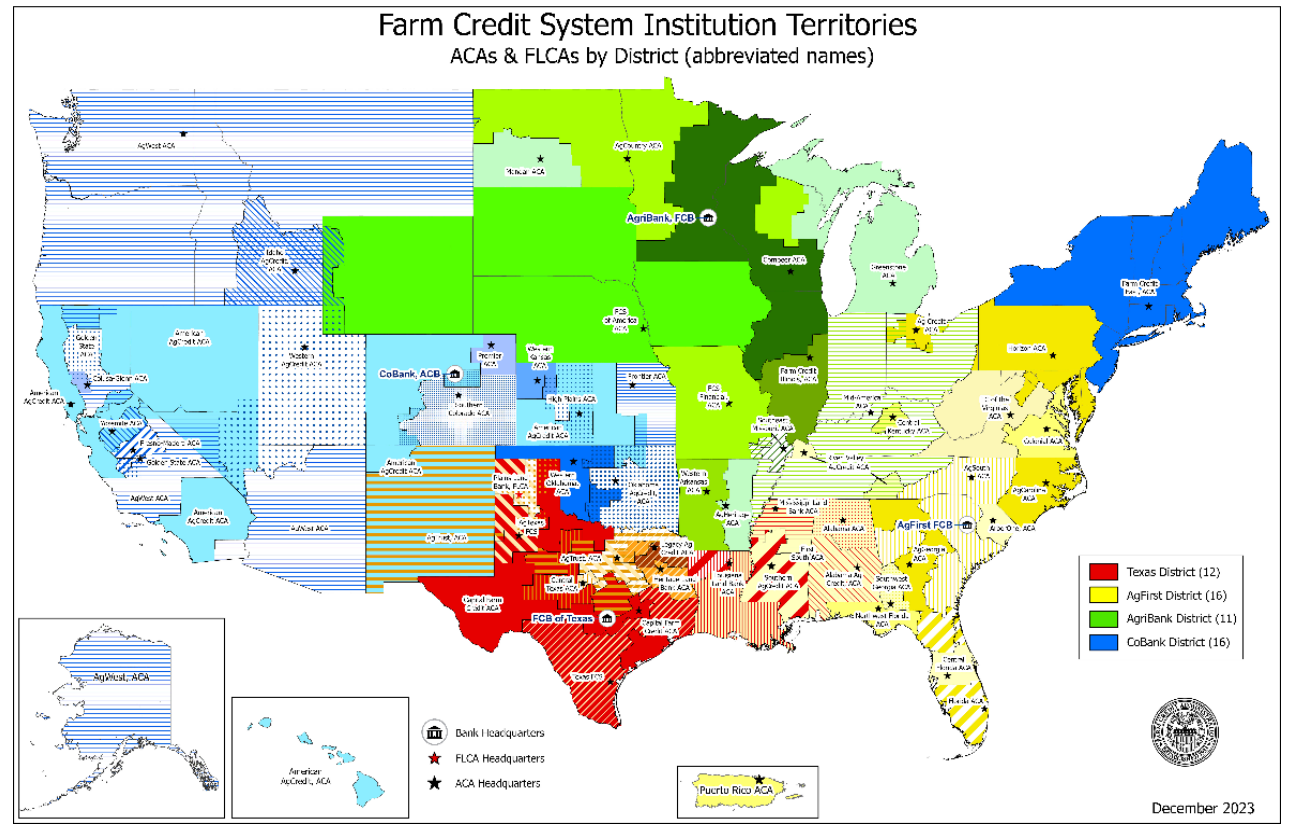
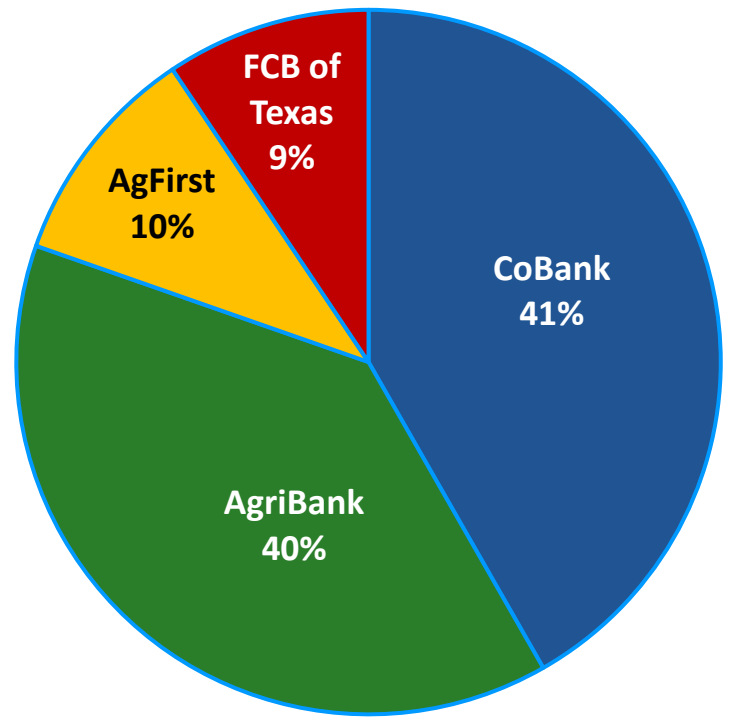
Director – Association Examination Division





Location of System institutions

Percentage of System Assets by District Bank

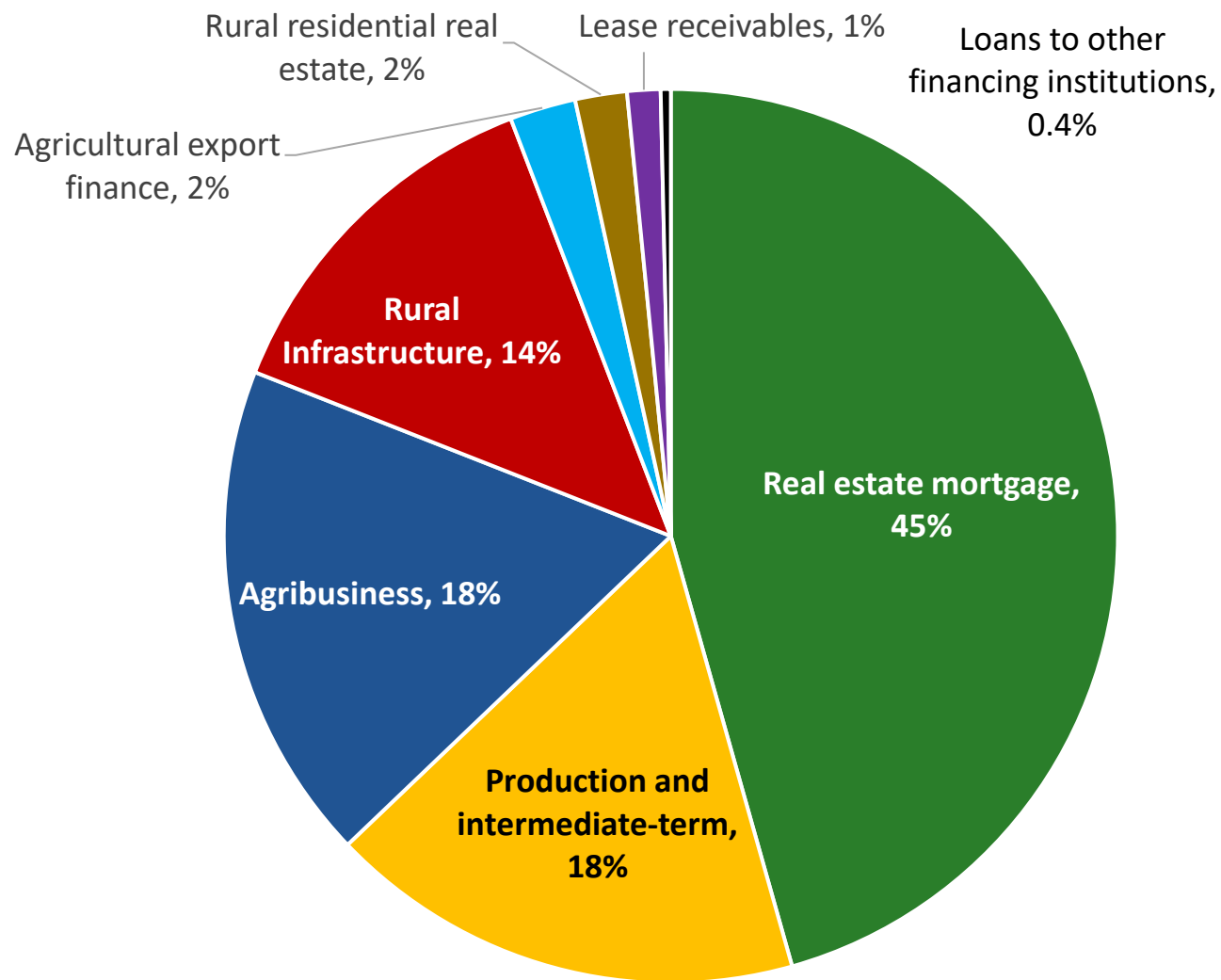


December 2023

Source: Federal Farm Credit Banks Funding Corporation Information Statements



The System's \$398 billion portfolio*



* Gross loans

Source: Federal Farm Credit Banks Funding Corporation Information Statements

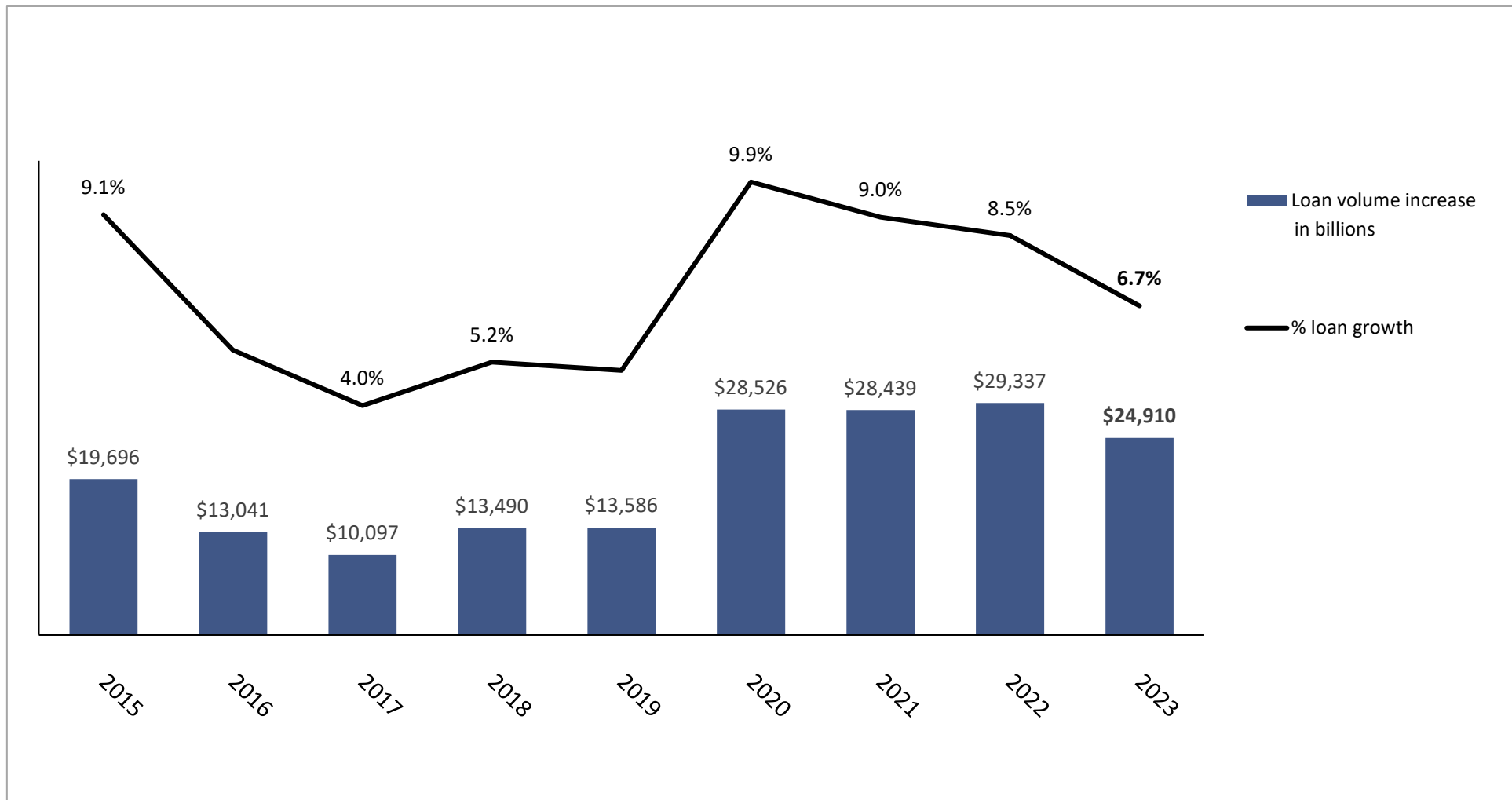


Commodity and Industry Concentrations

System Loan Portfolio (amounts in millions)	Dec-23	% of Total Portfolio	% chg. yr. over yr.
Cash Grains	57,104	14.3%	2.6%
Tree Fruits, Nuts & Grapes	23,976	6.0%	2.9%
Field Crops	20,351	5.1%	4.7%
Other Crop Production	20,474	5.1%	5.9%
Total Crop Production	121,905	30.6%	3.5%
Cattle	36,364	9.1%	9.2%
Dairy Farms	23,410	5.9%	6.3%
Poultry & Eggs	9,884	2.5%	3.8%
Hogs	8,645	2.2%	2.8%
Other Livestock	10,180	2.6%	3.5%
Total Animal Production	88,483	22.2%	6.5%
Rural Infrastructure	54,457	13.7%	23.2%
Food Products	37,104	9.3%	14.6%
Rural Home	23,541	5.9%	5.4%
Forestry	24,111	6.1%	12.4%
Farm Supply & Marketing	14,627	3.7%	(8.4%)
Agricultural export finance	8,418	2.1%	(16.4%)
Other	25,530	6.4%	(1.9%)
Total	398,176	100.0%	6.7%



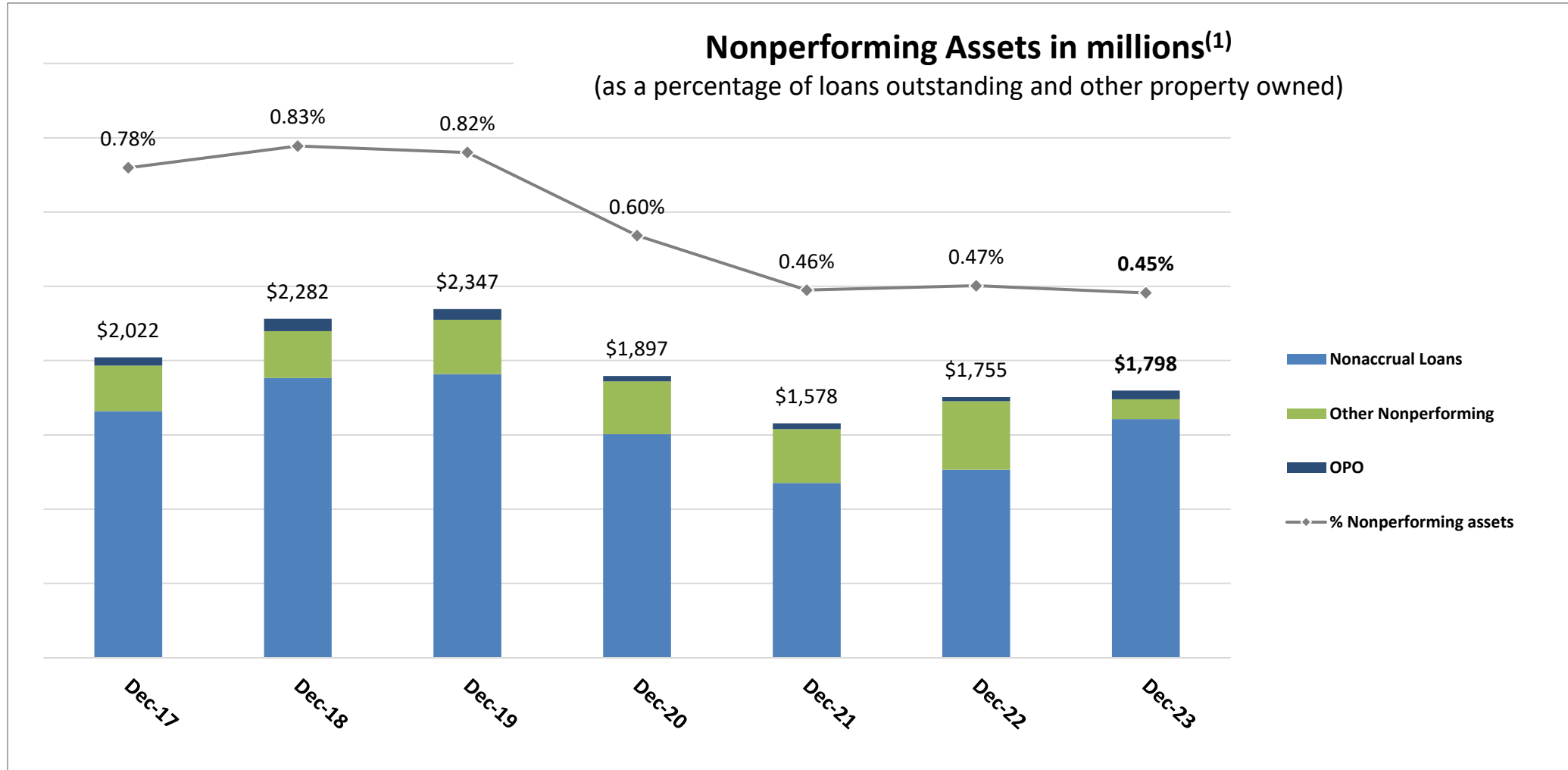
Overall loan portfolio growth slowed in 2023



Source: Federal Farm Credit Banks Funding Corporation Information Statements



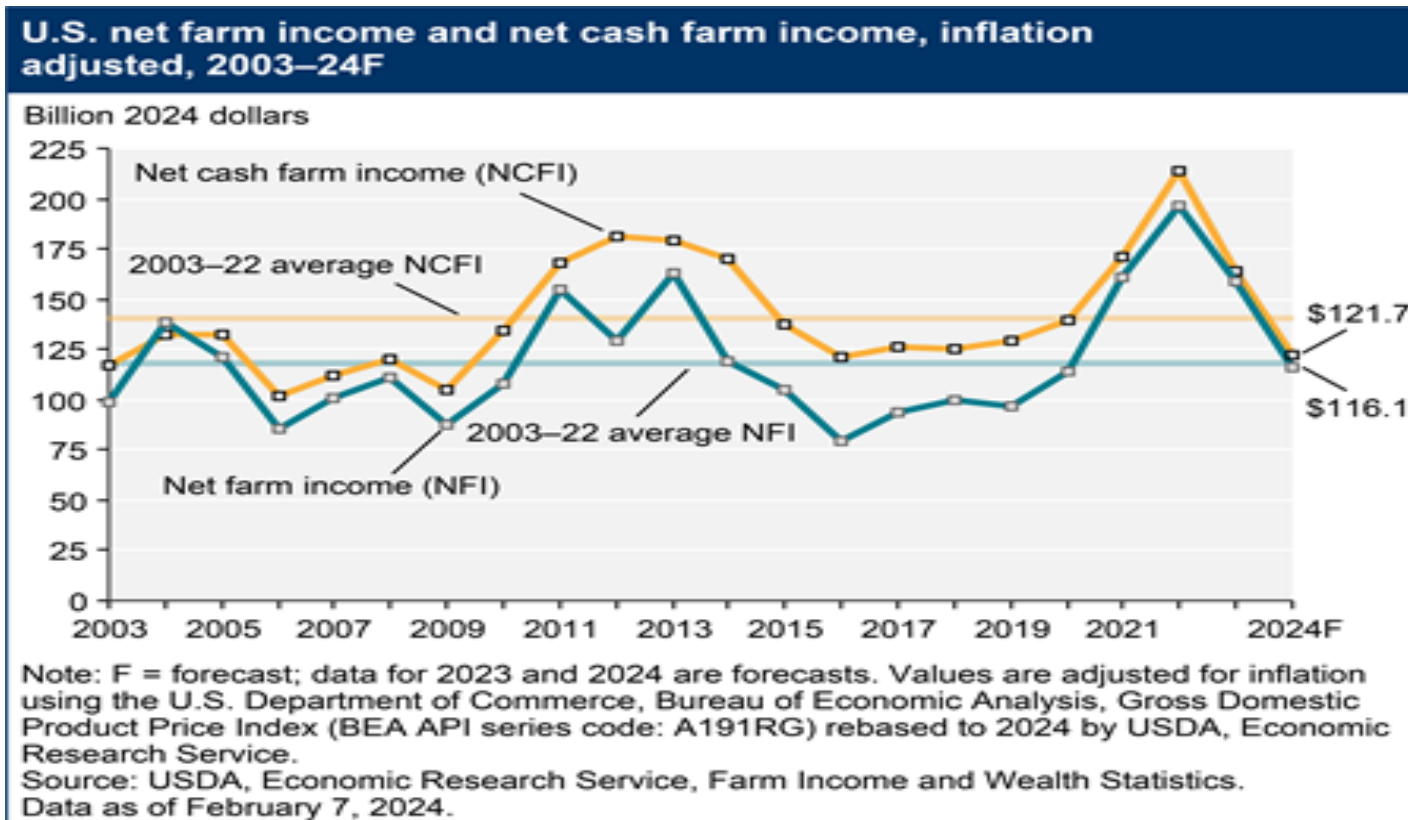
Credit risk remains low, but



(1) Prior to the adoption of CECL on 1/1/23, nonperforming assets included accruing restructured loans. Source: Federal Farm Credit Banks Funding Corporation Information Statements



Net farm income is trending lower





Risk Management is Key

▶ Lender

- Portfolio Concentration Parameters
- Stress Testing/Sensitivity Analysis
- Loan Structuring
- Loan Conditions

▶ Borrower

- Cost of production
- Margin protection



Key Risks

- ▶ Interest rates
- ▶ Income volatility
- ▶ Climate change
- ▶ Disease
- ▶ Geopolitical



FY 23 Focus Areas

► Our focus areas for FY 2023:

- Risk management practices in an uncertain environment
- Phaseout of the London Interbank Offered Rate (LIBOR)
- Current expected credit losses (CECL) implementation
- Young, beginning, and small (YBS) farmer and rancher programs
- Standards of conduct
- Small, low-risk associations



FY 24 Focus Areas

► Our focus areas for FY 2024:

- Cybersecurity threats and a changing operational environment
- Capital markets loan growth and increased risk in large, shared assets and commodity segments
- Long-term financial stewardship
- Stress analysis in a period of heightened volatility and uncertainty
- Standards of conduct



Questions
