



CELEBRATING 95 YEARS OF FARM CREDIT



FREQUENTLY ASKED QUESTIONS ABOUT FARM CREDIT

WHAT IS FARM CREDIT?

The Farm Credit System is a federally chartered network of borrower-owned lending institutions and related service organizations, exclusively dedicated to supporting agriculture and rural communities. We serve nearly 500,000 member-borrowers nationwide and provide more than \$170 billion in loans to farmers, ranchers, rural homeowners, aquatic producers,

timber harvesters, agribusinesses, as well as agricultural and rural utility cooperatives. A government-sponsored enterprise (GSE) established by Congress in 1916, the System provides more than one-third of the credit used by those who live and work in rural America.

HOW IS FARM CREDIT DIFFERENT FROM OTHER LENDERS?

For nearly 100 years, Farm Credit has been solely dedicated to helping farmers, ranchers and rural communities. Customers know they can depend on Farm Credit's expertise and commitment in good times and bad.

Farm Credit's cooperative structure means that member-borrowers have a say in how Farm Credit does business. Borrowers own their local Farm Credit associations and elect its

board members. In accordance with cooperative principles, Farm Credit banks and associations often distribute a portion of their earnings to member-borrowers in the form of patronage refunds.

The System's size, structure and performance have earned worldwide support of investors who continue to finance U.S. agriculture and rural America by purchasing Systemwide Debt Securities.

IS FARM CREDIT AFFILIATED WITH INSTITUTIONS LIKE FARM BUREAU AND FARMER MAC?

The American Farm Bureau Federation, often simply called Farm Bureau, is not affiliated with the Farm Credit System.

The Federal Agricultural Mortgage Corporation (Farmer Mac) is distinct and separate from Farm Credit. Farmer Mac provides a secondary market for farm mortgages originated by commercial banks and other lenders. While separate from Farm Credit, Farmer Mac is regulated by the Farm Credit Administration.

The financial information of Farmer Mac is not included in the combined financial statements of the Farm Credit System.

Farmer Mac is not liable for the Consolidated Systemwide Debt issued by the Federal Farm Credit Banks Funding Corporation on behalf of the five Banks of the Farm Credit System.

Farmer Mac issues its own notes and bonds to fund their operations. Farmer Mac debt is not rated.

WHAT IS A GSE?

The term Government Sponsored Enterprise, or GSE, refers to a financial service organization created by the U.S. Congress to enhance the flow of credit to targeted sectors of the economy. The Farm Credit System was created in 1916 to provide a stable and reliable source of debt capital for the nation's agriculture system and rural America. Congress provided seed money to help the System get started. The System repaid all government capital by 1968, and today operates without any financial support from the federal government.

Fannie Mae, Freddie Mac and the Federal Home Loan Bank System are also Government Sponsored Enterprises.

As a GSE, the System is regulated by the Farm Credit Administration, an independent federal agency. Members of Farm Credit Administration's Board are appointed by the President with the advice and consent of the Senate. Having GSE status helps the Farm Credit System ensure that rural America has steady access to competitively priced funds that are necessary to finance growth and maintain the quality of life in rural communities and on the farm.