

Rural Credit and Proagro Bulletin

SUREX/SUORE/SUPRO

December 2023

EXECUTIVE SUMMARY

Highlights

Rural Credit

- From July to December 2023, the amount of rural credit granted was R\$256.7 billion, 18.9% higher than the same period in the previous agricultural year.
- The outstanding balance of rural credit loans in the Brazilian Financial System - SFN, in November 2023 was R\$666.6 billion, which represented 13.1% of the SFN credit operations.

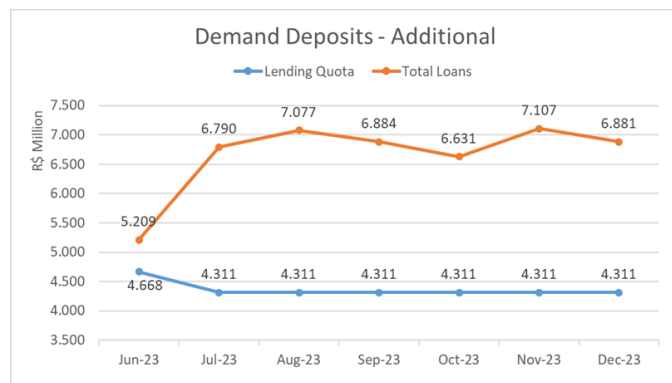
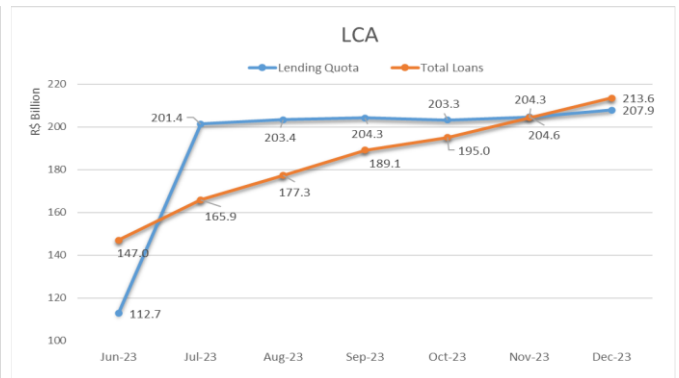
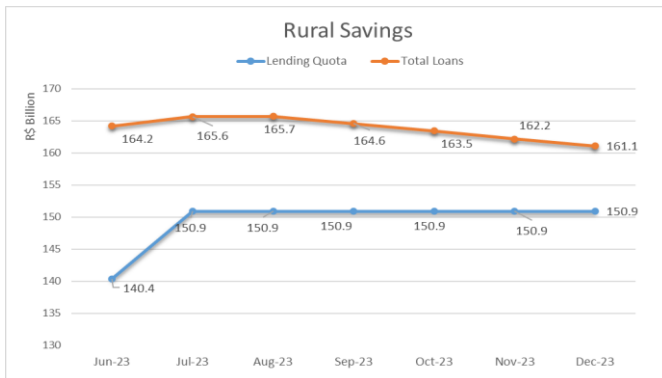
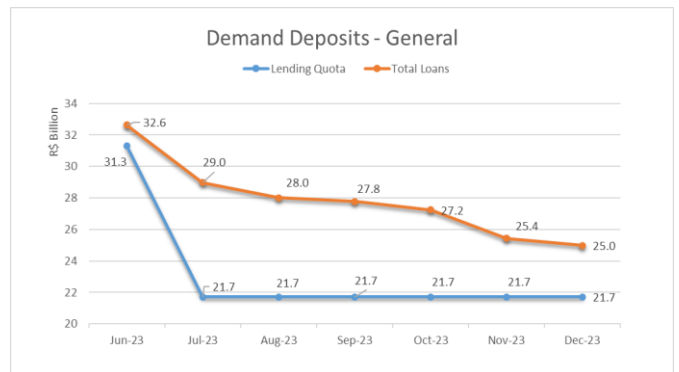
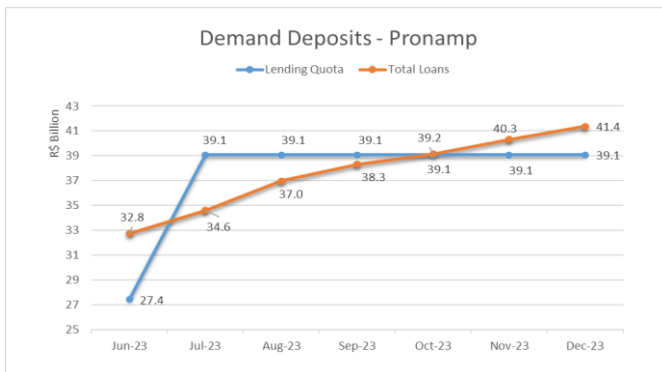
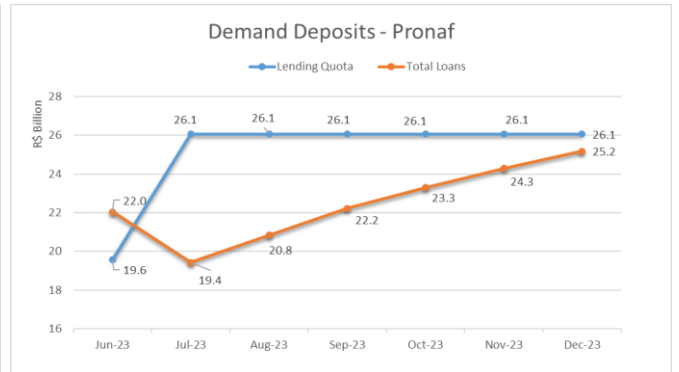
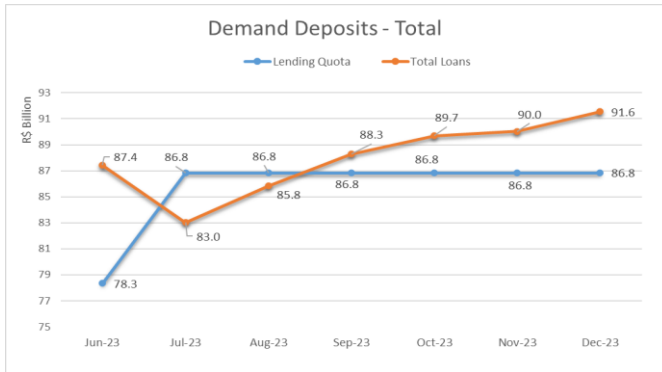
Rural Credit Data References

- Rural Credit Data Matrix
<https://www.bcb.gov.br/estabilidadefinanceira/micrrural>
- Proagro Data Matrix
<https://www.bcb.gov.br/estabilidadefinanceira/proagro>
- Open Data
<http://dadosabertos.bcb.gov.br/>
- Statistical Yearbook of Rural Credit (from 1999 to 2012)
https://www.bcb.gov.br/estabilidadefinanceira/anuario_estat_credrural

Rural Credit

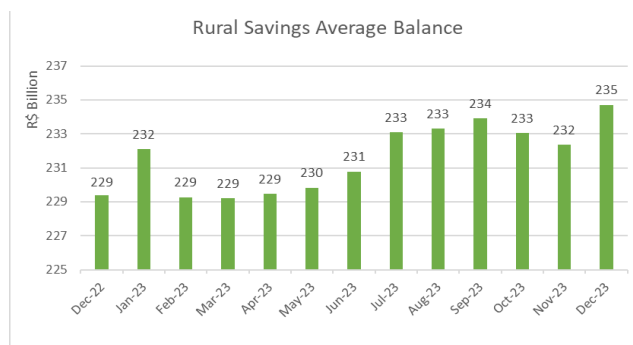
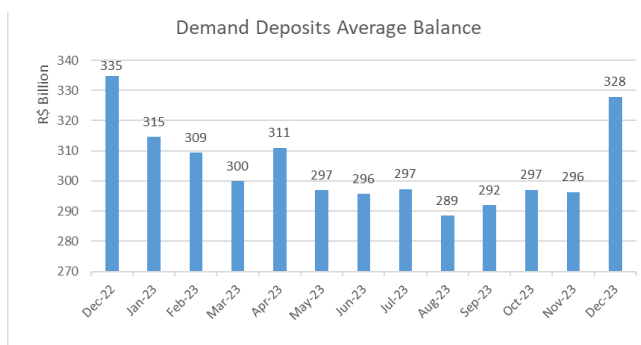
RURAL CREDIT LENDING QUOTAS

1- RURAL CREDIT LENDING QUOTAS AND COMPLIANCE (CUMULATIVE AVERAGE BALANCES)



Rural Credit

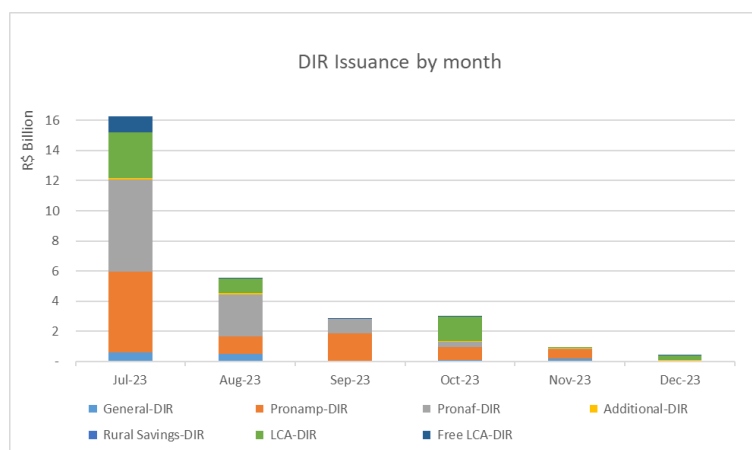
2- MONTHLY AVERAGE BALANCE DEPOSITS



3- INTERBANK DEPOSIT LINKED TO RURAL CREDIT (DEPÓSITO INTERFINANCEIRO VINCULADO AO CRÉDITO RURAL — DIR)

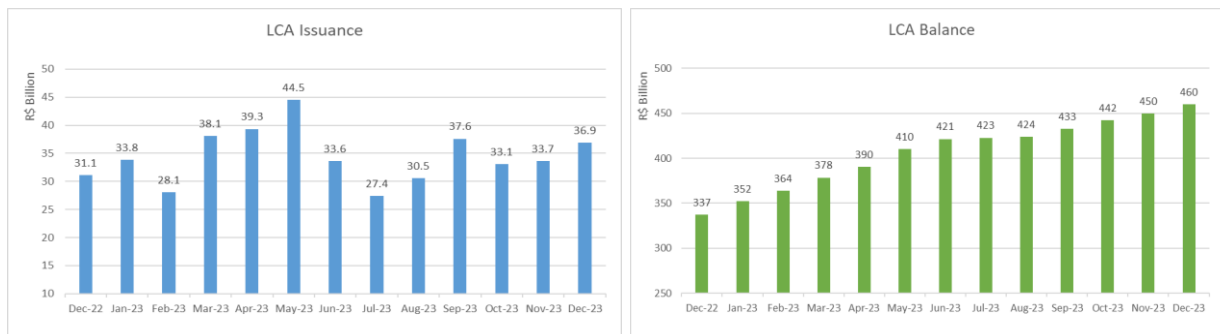
Average Rates and Monthly DIR Issuance (R\$ million)								
Type	Average Rate	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Total
General-DIR	11.6%	581.33	480.98	50.00	108.00	175.00	5.00	1,400.30
Pronamp-DIR	7.8%	5,395.33	1,182.15	1,834.66	832.00	641.50	51.50	9,937.14
Pronaf-DIR	5.0%	6,110.49	2,756.88	927.18	376.63	13.50	2.70	10,187.39
Additional-DIR	11.1%	99.50	143.22	13.00	27.25	100.00	40.00	422.97
Rural Savings-DIR	-	-	-	-	-	-	-	-
LCA-DIR	11.6%	3,025.67	928.01	10.00	1,616.00	14.23	305.00	5,898.91
Free LCA-DIR	11.6%	1,062.50	50.00	55.00	30.00	-	10.00	1,207.50
Total		16,274.82	5,541.24	2,889.84	2,989.88	944.23	414.20	29,054.21

* Interbank deposit rate



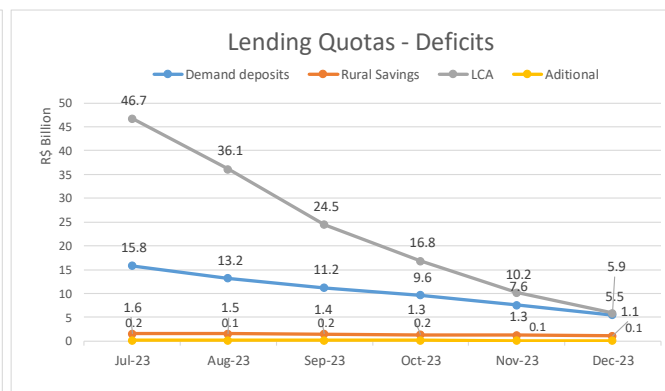
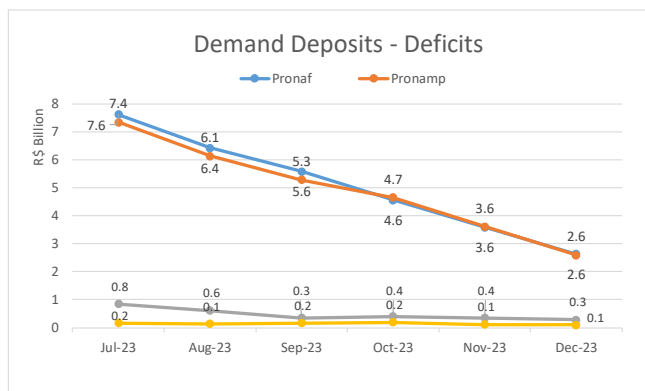
Rural Credit

4- ISSUANCE AND BALANCE OF AGROBUSINESS CREDIT BILLS (LETRAS DE CRÉDITO DO AGRONEGÓCIO – LCA)



5- LENDING QUOTAS MONITORING – DEFICITS

Lending Quotas 2023/2024 - Deficits (in R\$) in December 2023		
Funding	Quota	Deficit
Demand Deposits	General	278,614,846
Demand Deposits	Pronamp	2,600,002,496
Demand Deposits	Pronaf	2,634,899,254
Additional		5,513,516,596
Total Demand Deposits		92,549,330
Rural Savings	-	1,070,050,862
LCA	-	5,874,055,789
Total		12,550,172,576



Rural Credit

RURAL CREDIT TOTAL LOANS

LOANS BY FUNDING TYPE AND PURPOSE - JULY TO DECEMBER 2023				
Type	Funding Source	Purpose	Amount (R\$ million)	% Change (*)
CONTROLLED FUNDS	Demand Deposits	marketing	2,535.20	-2.0%
		working capital	47,032.78	14.9%
		processing	5,250.67	-27.4%
		investment	954.45	116.8%
		Subtotal	55,773.09	9.0%
	Rural Savings Deposits	marketing	305.33	-54.8%
		working capital	9,318.24	-55.2%
		processing		0.0%
		investment	12,540.10	-22.9%
		Subtotal	22,163.67	-41.3%
	Constitutional Funds	marketing	146.09	311.1%
		working capital	5,379.26	45.0%
		processing	1.47	287.0%
		investment	10,628.22	44.5%
		Subtotal	16,155.05	45.6%
	BNDES	marketing		0.0%
		working capital	3,732.20	-8.0%
		processing		0.0%
		investment	12,908.59	31.3%
		Subtotal	16,640.79	19.8%
	Defense Fund for the Coffee Economy (Funcafé)	marketing	3,624.01	3.3%
		working capital	1,132.23	10.0%
		processing		0.0%
		investment	5.55	47.2%
Subtotal		4,761.78	4.8%	
Other Funding Sources (**)	marketing	224.33	0.0%	
	working capital	8,412.53	60.9%	
	processing		0.0%	
	investment	10,474.26	486.5%	
	Subtotal	19,111.11	172.5%	
TOTAL			134,605.50	7.3%
NON-CONTROLLED FUNDS	Rural Savings Deposits	marketing	380.68	-39.6%
		working capital	6,726.66	-20.5%
		processing	354.79	371.9%
		investment	824.65	-87.8%
		Subtotal	8,286.77	-48.0%
	Unregulated Resources	marketing	721.49	-79.2%
		working capital	1,969.91	-9.8%
		processing	558.68	-45.2%
		investment	1,934.38	-78.0%
		Subtotal	5,184.45	-66.4%
	Foreign Funds	marketing	4.02	-58.8%
		working capital	0.50	-94.3%
		processing		0.0%
		investment	532.80	-69.3%
		Subtotal	537.32	-69.4%
	LCA	marketing	22,263.65	473.0%
		working capital	58,075.92	58.8%
		processing	16,652.95	683.2%
		investment	8,135.22	88.8%
		Subtotal	105,127.74	124.2%
	Additional	marketing		0.0%
		working capital	2,485.66	-58.5%
		processing		0.0%
		investment		0.0%
Subtotal		2,485.66	-58.5%	
Other Funding Sources (***)	marketing		-100.0%	
	working capital	101.75	21.3%	
	processing		-100.0%	
	investment	4,676.55	7.4%	
	Subtotal	4,778.30	6.0%	
TOTAL			126,400.24	39.6%
TOTAL GERAL			261,005.74	20.8%

(*) Change compared to the same period the year before.

(**) Includes: the Workers Fund (FAT), the Land and Agricultural Reform Fund (FTRA), Resources from the National Treasury, and Reserve Requirements.

(***) Includes funding from BNDES.

Source: Central Bank of Brazil (BCB) - Department of Regulation, Supervision, and Control of Rural Credit Operations and Proagro (Derop)

System of Rural Credit Operations and Proagro (Sicor)

Compiled on 12/5/2024

Rural Credit

CONTROLLED X NON-CONTROLLED FUNDS - JULY TO DECEMBER 2023

A - Controlled Funds

Funding	Program	# Contracts	% Change	Amount (R\$ million)	% Change (*)
Demand Deposits	Corporate Farming	90,635	-1.6%	41,112.33	1.0%
	Family Farming	216,580	47.1%	14,660.77	40.2%
	Subtotal	307,215	28.3%	55,773.09	9.0%
Rural Savings Deposits	Corporate Farming	35,676	-44.1%	14,622.94	-41.3%
	Family Farming	90,700	-48.9%	7,540.73	-41.3%
	Subtotal	126,376	-47.6%	22,163.67	-41.3%
Constitutional Funds	Corporate Farming	21,644	24.5%	11,340.30	32.1%
	Family Farming	525,423	32.4%	4,814.75	91.5%
	Subtotal	547,067	32.1%	16,155.05	45.6%
BNDES	Corporate Farming	19,974	16.7%	10,198.93	17.4%
	Family Farming	77,442	23.2%	6,441.86	23.7%
	Subtotal	97,416	21.8%	16,640.79	19.8%
Defense Fund for the Coffee Economy (Funcafé)	Corporate Farming	2,365	-10.3%	4,761.78	4.8%
	Family Farming				0.0%
	Subtotal	2,365	-10.3%	4,761.78	4.8%
Other Funding Sources (**)	Corporate Farming	29,662	143.0%	15,491.83	478.7%
	Family Farming	56,481	-7.2%	3,619.28	-16.6%
	Subtotal	86,143	17.9%	19,111.11	172.5%
TOTAL CONTROLLED FUNDS	Corporate Farming	199,956	-2.6%	97,528.11	8.2%
	Family Farming	966,626	14.4%	37,077.39	4.9%
	TOTAL	1,166,582	11.0%	134,605.50	7.3%

B - Non-Controlled Funds (Freely negotiated interest rates)

Funding	Program	Contratos	Var %	Valor (R\$ MM)	Var %
Rural Savings Deposits	Corporate Farming	15,381	-48.7%	8,286.77	-48.0%
	Family Farming				0.0%
	Subtotal	15,381	-48.7%	8,286.77	-48.0%
Unregulated Resources	Corporate Farming	7,759	-67.3%	5,184.12	-66.4%
	Family Farming	3	-98.7%	0.33	-98.0%
	Subtotal	7,762	-67.5%	5,184.45	-66.4%
Foreign Funding	Corporate Farming	230	-73.6%	537.32	-69.4%
	Family Farming				0.0%
	Subtotal	230	-73.6%	537.32	-69.4%
LCA	Corporate Farming	103,089	102.5%	105,127.49	124.2%
	Family Farming	1	-99.1%	0.25	-97.3%
	Subtotal	103,090	102.1%	105,127.74	124.2%
Additional	Corporate Farming	2,463	-60.0%	2,485.66	-58.5%
	Family Farming				0.0%
	Subtotal	2,463	-60.0%	2,485.66	-58.5%
Other Sources (***)	Corporate Farming	3,850	-28.0%	4,778.30	6.0%
	Family Farming				0.0%
	Subtotal	3,850	-28.0%	4,778.30	6.0%
TOTAL NON-CONTROLLED FUNDS	Corporate Farming	132,772	13.5%	126,399.67	39.6%
	Family Farming	4	-98.8%	0.58	-97.8%
	TOTAL	132,776	13.2%	126,400.24	39.6%

TOTAL FUNDS	Corporate Farming	332,728	3.3%	223,927.77	24.0%
	Family Farming	966,630	14.3%	37,077.97	4.8%
	TOTAL	1,299,358	11.3%	261,005.74	20.8%

(*) Change compared to the same period the year before

(**) Includes: the Workers Fund (FAT), the Land and Agricultural Reform Fund (FTRA), Resources from the National Treasury, and Reserve Requirements

(***) Includes funding from BNDES

Source: Central Bank of Brazil (BCB) - Department of Regulation, Supervision, and Control of Rural Credit Operations and Proagro (Derop) System of Rural Credit Operations and Proagro (Sicor)

Compiled on 12/5/2024

RURAL CREDIT TOTAL LOANS

Rural Credit

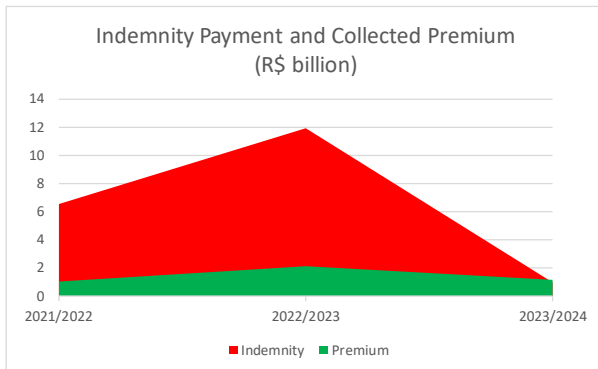
Average Rural Credit Annual Interest Rates (%)		
Funding Source	July 23 - Dec 23	
	2022/2023	2023/2024
Demand Deposits - Pronaf	5.7%	5.6%
Demand Deposits - Pronamp	8.0%	8.0%
Demand Deposits - Other Producers	11.7%	11.8%
Rural Savings Deposits with Subsidy - Pronaf	5.9%	5.4%
Rural Savings Deposits with Subsidy - Pronamp	8.0%	8.0%
Rural Savings Deposits with Subsidy - Other Producers	10.7%	10.7%
Unregulated Rural Savings Deposits	11.3%	11.1%
LCA	12.9%	10.7%
Unregulated funding	13.0%	12.5%

Source: Central Bank of Brazil (BCB) - Department of Regulation, Supervision, and Control of Rural Credit Operations and Proagro (Derop)

System of Rural Credit Operations and Proagro (Sicor)

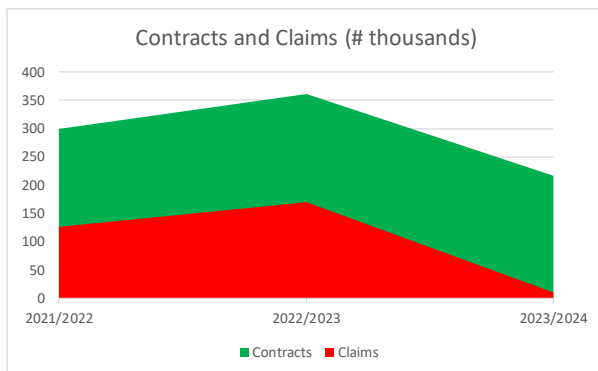
Compiled on 12/5/2024

Proagro – Rural Credit Insurance Program



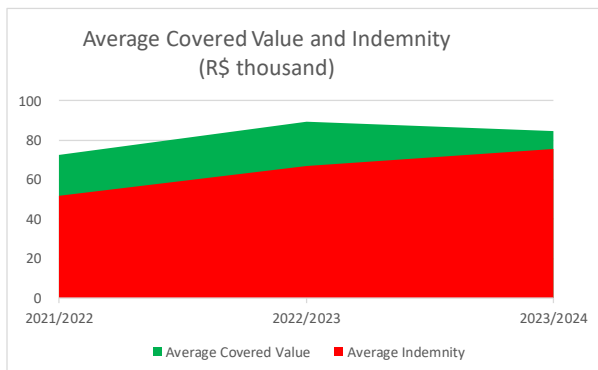
Up to December 2023 the total value insured by Proagro in 2023/2024 was R\$18.3 billion under 216,325 contracts. This amount corresponds to 57% of the total value insured in 2022/2023 (R\$32.3 billion). The total premium payment in 2023/2024 was R\$1.18 billion. That corresponds to 56% of the total premium payment in 2022/2023 (R\$2.12 billion).

The total covered area in 2023/2024 was 3.0 million ha, which represents 59% of the area covered in 2022/2023, with 5.1 million ha.



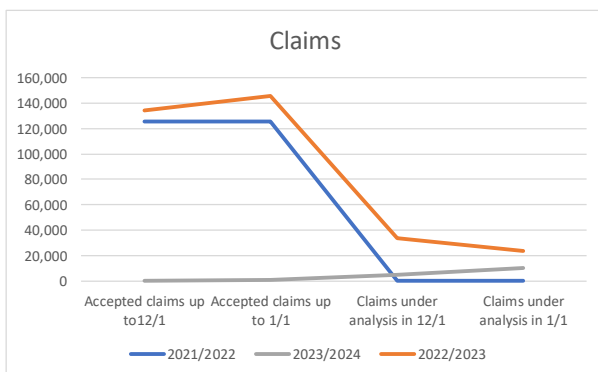
Among all products supported by Proagro, soy had the greatest share, with 45% of the contracts and 52% of the total covered amount. For corn, its share corresponds to 33% of the contracts and 25% of the total covered amount.

The total of accepted claims in 2022/2023 was 145,765 up to December, totaling R\$9.76 billion in indemnity. There are still 23,498 claims under analysis that would pay an estimate of R\$ 2.19 billion. The claims refer mainly to the harvest of soy, wheat, bean, and corn in the Southern Region of Brazil.



In 2023/2024, 10,854 claims have already been registered up to December. Of those, 10,220 are still under analysis, and 634 have already been deferred with a payment of R\$ 50 million to cover the losses. The main climate events were **excessive rain (47.8%), drought (37.1%), hail (5.5%), and strong wind (3.4%).**

In December 2023, the Brazilian Central Bank spent of R\$0.87 million with Proagro in administrative costs.



Proagro – Rural Credit Insurance Program

PROAGRO	Situation on January 1 st , 2024						Agricultural Years		
	2021/2022			2022/2023			2023/2024		
	Plus	Traditional	Total	Plus	Traditional	Total	Plus	Traditional	Total
# Contracts	261,978	36,754	298,732	310,295	51,368	361,663	188,168	28,157	216,325
Covered area (ha)	2,838,739	1,276,624	4,115,362	3,396,434	1,708,215	5,104,649	2,029,639	980,545	3,010,184
Value at risk (R\$)	16,669,597,455	5,055,546,659	21,725,144,114	23,943,921,733	8,352,065,909	32,295,987,642	13,805,432,683	4,456,716,390	18,262,149,074
Claims (current status)									
# Deferred claims	110,782	14,527	125,309	127,370	18,395	145,765	511	123	634
Total paid (R\$)	5,193,445,534	1,318,667,455	6,512,112,990	7,538,963,597	2,219,838,732	9,758,802,329	31,059,135	16,937,459	47,996,594
# Claims in analysis	394	59	453	18,084	5,414	23,498	9,160	1,060	10,220
Total in analysis (R\$)	30,844,519	10,376,689	41,221,208	1,336,183,679	851,656,217	2,187,839,895	749,905,914	158,766,162	908,672,076
Financial Analysis									
Total payments (R\$)	5,224,290,054	1,329,044,144	6,553,334,198	8,875,147,276	3,071,494,948	11,946,642,224	780,965,049	175,703,621	956,668,670
Collected Premium (R\$)	719,105,276	323,718,564	1,042,823,840	1,510,492,966	607,683,772	2,118,176,738	867,177,218	316,349,698	1,183,526,915
Financial Result (R\$)	-4,505,184,778	-1,005,325,580	-5,510,510,357	-7,364,654,310	-2,463,811,177	-9,828,465,487	86,212,169	140,646,076	226,858,245
Metrics									
Average Covered Value (R\$)	63,630	137,551	72,725	77,165	162,593	89,299	73,368	158,281	84,420
Average Amount of Deferred Claims (R\$)	46,880	90,774	51,968	59,189	120,676	66,949	60,781	137,703	75,704
Average Premium (R\$)	2,745	8,808	3,491	4,868	11,830	5,857	4,609	11,235	5,471
Average Premium per Hectare (R\$)	253	254	253	445	356	415	427	323	393

Concepts

Rural Credit Lending Quotas

- **Financial Cost:** the financial compensation owed by the financial institutions that did not meet the rural lending quota requirements at the end of the compliance period.
- **Lending quota deficit:** the average balance of rural credit loans that falls short of the required quota. At the end of the compliance period, the financial institution that incurs in deficit is subject to the payment of a financial cost calculated by the Central Bank of Brazil on the first business day of August.
- **Interbank Deposit Linked to Rural Credit (*Depósito Interfinanceiro Vinculado ao Crédito Rural – DIR*):** interbank deposits for rural credit funding. These deposits fulfill a lending quota requirement for the depositor and originate a requirement for the depositary financial institution.
- **Lending quotas requirement on Rural Credit:** the requirement for some financial institutions to invest certain amount of their resources in rural credit loans as mandated by article 21 of the Law 4829 of 1965.
- **Lending quota requirement calculation period for Demand Deposits and Rural Savings Deposits:** from July's first business day of a year to June's last business day of the following year.
- **Lending quota requirement calculation period for LCA:** from June's first business day of a year to May's first business day of the following year.
- **Compliance period:** from July's first business day of a year to June's last business day of the following year.
- **Average daily balance of the funding source:** there is a daily (business day) calculation of the balance per funding type per institution. The balance average over the year, calculated on a daily basis, is used to check the lending quota requirements, which is obtained in the calculation period. There are three types of rural credit funding: Demand Deposits (also called Compulsory Resources – MCR 6-2); Rural Savings Deposits (MCR 6-4); and the Agribusiness Credit Bills (*Letras de Crédito do Agronegócio – LCA – MCR 6-7*).
- **Lending quota surplus:** the average balance of rural credit loans above the required quota. A financial institution surplus on a lending quota does not offset an eventual deficit on another lending quota.
- **Lending quota net deficit/surplus:** aggregated difference between the lending quota surpluses and deficits, comprising all financial institutions. Positive figures mean net surplus while negative mean net deficit.

Rural Credit

- **National Rural Credit System (*Sistema Nacional de Crédito Rural – SNCR*):** established by the Law 4829 on November 5, 1965, comprises participant institutions and the rural credit regulation.
- **Rural Credit Manual (*Manual de Crédito Rural – MCR*):** the document that compiles all rural credit norms and rules and is updated frequently (<https://www3.bcb.gov.br/mcr>).
- **Rural credit:** total amount lent by the financial institutions in the SNCR, under the MCR provisions. On this Bulletin, the data on the loaned amount may not correspond to the amount effectively borrowed, as the loaned amount represents the total amount made available to the borrowers, according to the loan agreements.
- **National Program for the Strengthening of Family Farming (*Programa Nacional de Fortalecimento da Agricultura Familiar – Pronaf*):** a government program that provides credit to small family farmers at low interest rates (MCR 10).
- **National Support Program for the Medium-Sized Rural Producers (*Programa Nacional de Apoio ao Médio Produtor Rural – Pronamp*):** a government program that provides credit to medium-sized farmers at relatively low interest rates (MCR 8).

Proagro

- **Agricultural Activity Guarantee Program (*Programa de Garantia da Atividade Agropecuária – Proagro*):** a government rural insurance program established by the Law 5969 on December 11, 1973.
- **Insured amount:** the amount insured by Proagro. For Family Farming (Pronaf) the program also covers both a minimum income for the producer in case of a production loss and an eventual credit taken for investment.

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