

News Release

Farm Credit Administration
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FCA Board Approves Final Rule to Promote Diversity and Inclusion in Business Planning

McLEAN, Va., April 12, 2012 — The Farm Credit Administration (FCA) Board today adopted a final rule on operating and strategic business planning to require that Farm Credit System (FCS or System) institutions develop human capital and marketing plans that promote diversity and inclusion.

The final rule amends FCA's regulations to require the operational and strategic business plan of each FCS institution to include a human capital plan. The human capital plan is to include strategies and actions for how the institution will strive for diversity and inclusion within its workforce and management.

The human capital plan must contain an assessment of the strengths and weaknesses of the institution's workforce and management, as well as a description of the institution's succession programs for its workforce and management.

The FCS institution's business plan must also contain an assessment of the needs of the institution's board, including needs for skills and diversity.

In addition, the final rule requires each direct-lending institution to have a marketing plan that shows how the institution will help meet the System's objective of being responsive to *all* types of agricultural producers who are creditworthy and eligible for System funding. This requirement also applies to any System institution when it lends to cooperatives.

The marketing plan must describe the institution's chartered territory by market segment, including demographic and geographic characteristics and the types of agriculture practiced. The marketing plan must contain strategies and actions for marketing the institution's products and services to all eligible and creditworthy persons, with specific outreach towards diversity and inclusion within each market segment.

Finally, the rule requires each institution to report annually to its board of directors on the progress it has made in accomplishing the strategies and actions in its human capital plan. In addition, any institution that is required to have a marketing plan must report annually to its board of directors on its progress in accomplishing the strategies and actions in its marketing plan.

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Quarterly Report on the Condition of the Farm Credit System

In other business, the Board heard a quarterly report by the Office of Examination. According to the report, the System remains fundamentally safe and sound. With record earnings in 2011, the System continued to strengthen its already sound capital base. Credit quality in the loan portfolio is gradually improving and continues to be satisfactory overall. The System's liquidity position remains strong, and the System has reliable access to funding.

The U.S. economy is recovering, but uncertainties cloud the economic outlook. Conditions for the farm economy are expected to remain favorable, but weather will be a critical factor. Livestock, dairy, and ethanol sectors are vulnerable to high corn prices. Housing-related sectors continue to be under stress.

During the closed session of the meeting, the Board also received an update on supervisory and oversight activities of the Office of Examination.

Auditors' Report on FCS Building Association 2011 Financial Statements

The Board also heard an auditors' report on the 2011 financial statements of the FCS Building Association. Cherry, Bekaert & Holland, an independent auditing firm, provided an unqualified opinion of the Building Association's financial statements for the year ended December 31, 2011. The auditors noted no unusual issues pertaining to the financial statements and management practices. During a closed executive session, the Board met with the auditors to discuss the audit in greater detail.

Enforcement Action Implemented

On March 20, FCA entered into a supervisory agreement (12-01) with an Agricultural Credit Association that supersedes the supervisory agreement of January 20, 2010.

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The Farm Credit Administration is the safety and soundness regulator of the cooperative Farm Credit System and the Federal Agricultural Mortgage Corporation (Farmer Mac). FCA charters, regulates, and examines the 95 banks, associations, service corporations and special-purpose entities of the Farm Credit System, which makes loans to agricultural producers and their cooperatives nationwide. This includes Farmer Mac, which provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Leland A. Strom, Chairman and CEO; Kenneth A. Spearman; and Jill Long Thompson.

Note: FCA news releases are available on the Web at www.fca.gov.