

News Release

Farm Credit Administration
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FCA Board Receives Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Lending

McLEAN, Va., June 14, 2012 — At its monthly meeting today, the Farm Credit Administration (FCA) Board received an annual report on the Farm Credit System's (System's) lending to young, beginning, and small (YBS) farmers and ranchers. It also received a semiannual report from the agency's oversight and examination activities and a quarterly report on the condition of the Farm Credit System.

Annual Report on Young, Beginning, and Small Farmer Mission Performance

The Board received FCA's 2011 Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance.

According to the report, the System continues to finance the next generation of agricultural producers. The System made 52,800 loans to young farmers, 61,955 loans to beginning farmers, and 137,529 loans to small farmers and ranchers. Overall, the System made 333,932 farm loans during 2011.

System associations are required to develop programs to provide sound and constructive credit and related services to YBS farmers and ranchers. These programs include annual quantitative goals for YBS lending and methods to provide credit to YBS farmers in a safe and sound manner.

Associations employed YBS-specific tools in 2011 to make safe and sound loans to YBS farmers and used government loan guarantees to mitigate loan risk when appropriate. Tools employed include lower interest rates, reduced loan fees, and YBS-specific underwriting standards that take into account the financial and managerial strengths of YBS farmers.

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System institutions are also engaged in providing YBS farmers with the financial and managerial education and training needed to operate a successful farm.

Office of Examination Semiannual Report

The Board also received the Semiannual Report on Office of Examination Operations. According to the report, all oversight and examination activities have been completed as planned through the second quarter of FY 2012. FCA examiners performed onsite activities at the System's banks and 80 percent of its associations. The Office of Examination also discussed its progress on its human capital management objective.

Report on the Condition of the Farm Credit System

In its quarterly report on the condition of the System, the Office of Examination reported that the System remains fundamentally safe and sound. For the quarter ended March 31, 2012, the System reported strong earnings, higher capital levels, a robust liquidity position, and reliable access to funding. Credit quality in the System's loan portfolio continues to gradually improve.

While uncertainties cloud both the U.S. and global economic outlook, conditions in the farm economy remain generally positive. Favorable weather and early planting suggest a bumper corn crop, which could put downward pressure on price. However, weather will remain a key factor throughout the growing season. Dairy and certain other livestock sectors could face increased stress in 2012.

Closed Session

During the closed session, the Board received a quarterly report on the Office of Examination's supervisory and oversight activities.

Notational Votes

Since the May 10, 2012, FCA Board meeting, three notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

- On June 8, the Board approved the Regulatory Enforcement Committee recommendation (12-03) to pursue a formal enforcement action against a System institution.
- On May 23, the Board approved the Regulatory Enforcement Committee recommendation (12-02) to pursue a formal enforcement action against a director of a System institution.

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- On May 17, the FCA Board voted to adopt a resolution stating that no regulatory action currently in the agency's Unified Regulatory Agenda meets the definition of a "significant regulatory action" and, therefore, the agency is not required to develop a regulatory plan to submit to the Office of Management and Budget's Office of Information and Regulatory Affairs.

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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. The System makes loans to agricultural producers and their cooperatives nationwide. It 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.