

News Release

Farm Credit Administration
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FCA Board Approves Proposed Rule on Capital Planning at Farmer Mac

McLEAN, Va., Dec. 13, 2012 — At its monthly meeting today, the Farm Credit Administration Board adopted a proposed rule to revise its regulations governing capital planning at the Federal Agricultural Mortgage Corporation (Farmer Mac).

The purpose of the rule is to promote best practices for capital adequacy planning and stress testing at Farmer Mac. Specifically, the rule would require Farmer Mac

- to submit an annual capital plan to FCA's Office of Secondary Market Oversight,
- to notify FCA, under certain circumstances, before making a capital distribution,
- to maintain its capital in accordance with the goals and objectives of Farmer Mac's board of directors,
- to select a minimum Tier 1 ratio of capital to risk-weighted assets for use in capital planning under both expected and stressful scenarios, and
- to include several additional elements in its capital plan.

For more information about this proposed rule, see the attached fact sheet.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 60-day comment period. The public may submit comments by electronic mail to reg-comm@fca.gov, through the Pending Regulations section of FCA's website at www.fca.gov, or through the federal government web portal at www.regulations.gov.

The public may also submit comments by mail to Laurie A. Rea, Director, Office of Secondary Market Oversight, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Va., or on FCA's website at www.fca.gov.

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

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planned. FCA examiners performed onsite examination activities at all of the Farm Credit System (System) banks and continued to have an onsite presence for association examinations. The Office of Examination also discussed its progress in meeting its 2012 Operating Plan objectives.

Report on the Condition of the Farm Credit System

In its quarterly report on the condition of the System, the Office of Examination reported System earnings were strong in the third quarter, credit quality in the loan portfolio was stable, and capital levels were higher. Some deterioration in credit quality is possible because high feed costs continue to place the protein, dairy and ethanol sectors at risk. However, the System remains fundamentally safe and sound and is well positioned for the challenges facing agriculture.

The U.S. economy continues its slow recovery, but uncertainties remain. Weather and its effect on commodity prices will be an important factor in the outlook for agriculture in 2013. At-risk sectors will face very challenging operating conditions if drought conditions persist.

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 Nov. 8, 2012, FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between Board meetings.

- On Nov. 30, the Board voted to extend the compliance date for the final rule on senior officer compensation disclosures and related topics to 30 days after the effective date of the rule. It also voted to extend the baseline year for nonbinding advisory votes to 2013.

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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 94 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 Jill Long Thompson, Board Chair and CEO; Kenneth A. Spearman; and Leland A. Strom.

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