

News Release

Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090



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Contact: Mike Stokke or Christine Quinn,
703-883-4056
E-mail: info-line@fca.gov
Website: www.fca.gov

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

McLEAN, Va., June 13, 2013 — At its monthly meeting today, the Farm Credit Administration 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 on 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 2012 Annual Report on the System's Young, Beginning, and Small Farmer Mission Performance.

According to the report, the number of new loans made and the dollar volume of new loans made to YBS farmers and ranchers increased in 2012 from that of 2011. The System made 56,659 loans to young farmers, 69,304 loans to beginning farmers, and 143,200 loans to small farmers and ranchers. Overall, the System made 343,610 farm loans during 2012.

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 used YBS-specific tools in 2012 to make loans to YBS farmers, and they used government loan guarantees to mitigate loan risk when appropriate. Tools used include lower interest rates, reduced loan fees, and YBS-specific underwriting standards that take into account the financial and managerial strengths of YBS farmers. To help YBS farmers succeed, System institutions also offered financial and managerial education and training to YBS farmers.

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Office of Examination Semiannual Report

The Board also received the Semiannual Report on Office of Examination Operations. Through the second quarter of FY 2013, FCA examiners had conducted onsite activities at all the System's banks, three service corporations and almost 60 percent of System associations.

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 and is well-positioned for the challenges facing agriculture. For the quarter ended March 31, 2013, the System reported strong earnings, higher capital levels, and generally favorable credit quality in its loan portfolio.

The U.S. economy continues to recover, albeit slowly. Weather remains a key factor. A wet spring has delayed planting in the Midwest, and much of the winter wheat crop is in poor or very poor condition. Also, the rapid appreciation of farmland values, which has occurred particularly in the Midwest in recent years, appears to be slowing in some regions.

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 9, 2013, FCA Board meeting, five notational votes have occurred. Notational votes are actions taken by the FCA Board between Board meetings.

- On May 16, the FCA Board did not object to the disclosure materials that AgStar Financial Services, ACA, prepared for its issuance of up to \$150 million of Series A fixed-rate noncumulative perpetual preferred stock.
- On May 29, the Board granted preliminary approval to the proposed plan of merger of the Federal Land Bank Association of Kingsburg, FLCA, into Northern California Farm Credit, FLCA, a wholly owned subsidiary of Northern California Farm Credit, ACA. If the plan of merger receives final approval, the resulting entity will be called Golden State Farm Credit, ACA, headquartered in the city of Kingsburg in Fresno County, Calif., and the effective date of the merger will be Jan. 1, 2014.
- On May 30, the Board approved the Regulatory Enforcement Committee recommendation (13-01) to pursue a formal enforcement action against a System institution.

- On May 30, 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.
- On June 6, the FCA Board cleared the disclosure materials that High Plains Farm Credit, ACA, prepared for its issuance of up to \$50 million of Class H preferred stock.

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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.