

News Release

Farm Credit Administration
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FCA Board Receives Report on Economic Conditions Affecting Agriculture and Update on Farm Credit System Condition

McLEAN, Va., April 14, 2016 — At its monthly meeting today, the Farm Credit Administration Board received a quarterly report on the economic conditions affecting agriculture and an update on the condition of the Farm Credit System as of year-end 2015.

According to the report, world economic conditions will continue to challenge U.S. agriculture. These conditions include weak global growth, divergent monetary policies, a slowing Chinese economy, and a strong dollar.

USDA projects net cash income for the farm sector to drop 2.5 percent in 2016 following a 27 percent decline in 2015. Receipts from both crops and animal products are forecasted to be down, in part because of continued weakness in export demand. Cash grain prices remain low because of abundant global supplies.

For 2015, the System reported favorable earnings and higher capital levels. Loan portfolio credit quality remains very good although credit stress is intensifying, especially for corn and soybean producers. Overall, the System continues to be financially safe and sound and is well-positioned for the current risk environment.

In other business, the FCA Board received an auditor's report on the 2015 financial statements of the FCS Building Association. Cherry Bekaert LLP, an independent auditing firm, provided an unmodified opinion of the Building Association's financial statements for the years ended Dec. 31, 2015 and 2014.

According to the report, the Building Association's financial statements present fairly, in all material respects, the financial position of the FCS Building Association as of Dec. 31, 2015 and 2014, and the results of its operations and its cash flows for those years conformed with accounting principles generally accepted in the United States of America.

During a closed executive session, the Board met with the auditors to discuss the audit in greater detail.

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Notational Vote

Since the March FCA Board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCA Board between board meetings.

- On March 14, the FCA Board did not object to the disclosure statement of CoBank, ACB, for its issuance of up to \$375 million in noncumulative perpetual preferred stock in one or more future offerings through Dec. 31, 2016.
- On March 15, the board approved CoBank's request to invest up to \$10 million in bonds issued by a regional healthcare center in South Dakota. The bonds will provide financing to renovate and expand the center's facilities. FCA placed conditions on CoBank in conjunction with this investment.
- On April 5, the board voted to adopt the FCA Strategic Plan for 2016 to 2021.

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The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises—a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac) that was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. Members of the FCA Board are Kenneth A. Spearman, Board Chairman and CEO; Dallas P. Tonsager; and Jeffery S. Hall.

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