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

McLEAN, Va., June 9, 2016 — At its monthly meeting today, the Farm Credit Administration Board received FCA’s 2015 Annual Report on the Farm Credit System’s Young, Beginning, and Small (YBS) Farmer Mission Performance.

From 2014 to 2015, each YBS category’s share of the System’s total new farm loans rose. The number of loans made to young, beginning, and small farmers increased by 5.1 percent, 7.5 percent, and 6.7 percent, respectively, while the number of the System’s overall farm loans rose by 3.7 percent.

Also, the dollar volume of new loans made to all three categories rose from 2014 to 2015. The volume rose by 8.0 percent to young farmers, 12.2 percent to beginning farmers, and 10.0 percent to small farmers. The System’s overall volume of new farm loans grew by 8.8 percent.

FCA Board Chairman Kenneth A. Spearman said, “We are pleased to see the improvement in loans made to young, beginning and small farmers in 2015.”

For more information about the System’s YBS farmer lending in 2015, see the related fact sheet.

Report on Economic Conditions Affecting Agriculture, Update on System Condition

In other business, the FCA Board received a quarterly report on economic developments affecting the farm economy, together with an update on the financial condition and performance of the Farm Credit System as of March 31, 2016.

Agricultural producers continue to face a difficult operating environment. High anticipated production levels and large existing supplies are pressuring prices and profit margins for corn and wheat producers. USDA’s average farm soybean price, while still low, has recovered somewhat because of reduced plantings and stronger export prospects, but margins remain
tight. High production levels have also hurt prices and profits in the protein and dairy sectors. Credit issues are expected to intensify as financial stress builds for producers in these sectors.

For the first quarter of 2016, the System reported solid earnings and higher capital levels. Although credit risk in the System’s loan portfolio was up for the quarter, the risk remained low. Overall, the System continued to be safe and financially sound, and System institutions remain well-positioned for the risk environment facing agriculture.

The board also received the semiannual report on Office of Examination operations. Through the first six months of fiscal year 2016, FCA examiners had conducted onsite activities at all four System funding banks, 66 percent of System associations, five System service entities, the National Consumer Cooperative Bank, and Farmer Mac.

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 12 FCA Board meeting, one notational vote has occurred. Notational votes are actions taken by the FCA Board between board meetings.

- On May 26, 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”; 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 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.