News Release

Farm Credit Administration
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FCA board receives three reports and approves proposed rule on risk weightings

McLEAN, Va., July 9, 2021 — In its monthly meeting yesterday, the board of the Farm Credit Administration received three reports and approved a proposed rule on risk weighting.

The first report presented to the board focused on the agency's recent efforts to improve data quality. The agency is making steady progress toward achieving one of its most important data-related goals — to improve the collection and dissemination of the agency's call report data. FCA collects this information every quarter from Farm Credit System (FCS) institutions and posts it on its website. Also, the agency has recently enhanced the information it provides on its website regarding major financial indicators for the FCS. The agency continues to focus on improving data quality in general and its use of data in evidence-based decision-making.

The second report presented to the board focused on cybersecurity. The report focused on IT risks facing both the agency and the institutions it regulates. It also described the agency's efforts to mitigate those risks.

The final report concerned a task force formed recently to identify risks that climate issues may pose to the FCS loan portfolio. A joint endeavor by FCA and the Farm Credit System Insurance Corporation, the task force will consider risks from both the lending and the insurance perspectives. An objective of the task force is to analyze data and build a model or other tools to help mitigate risks to the FCS loan portfolio caused by climate.

Proposed rule on risk weighting

In other business, the board approved a proposed rule (PDF) that would amend the agency's tier 1/tier 2 capital framework to define and establish a risk weight for high-volatility commercial real estate exposures. The proposed rule would ensure that FCA's capital rule remains comparable with the capital rules of other federal banking regulatory agencies. It would also ensure that FCA's capital rule recognizes the increased risk posed by high-volatility commercial real estate exposures.

Following a 30-day period for congressional review, the proposed rule will be published in the Federal Register for a 90-day comment period.

The public may submit comments on proposed rules and notices by electronic mail to reg-comm@fca.gov or through the public comment form on FCA's website. The public may also submit comments by mail to Kevin Kramp, Director, Office of Regulatory Policy, Farm Credit Administration, 1501 Farm Credit Drive, McLean, VA 22102-5090. The public may read submitted comments at the FCA office in McLean, Virginia, or on the comment letters page on FCA’s website.

Notational votes

Since the June 10 FCA board meeting, two notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On June 17, the FCA board approved a plan by CoBank to divest itself of an investment. In a separate vote that day, the board approved a request by CoBank to invest up to $17 million in bonds for a health and support services provider in rural North Dakota.

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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), which 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. FCA news releases are available on the web at www.fca.gov.