



For Immediate Release
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FCA board receives quarterly report on ag economy and approves proposed rule on cyber risk management

McLEAN, Va., June 9, 2022 — At its monthly meeting today, the Farm Credit Administration board received a quarterly report on conditions in the agricultural economy, approved a proposed rule on cyber risk management, and received a report on Office of Examination operations.

Quarterly report on conditions in agriculture and the Farm Credit System

The board received a [quarterly report \(PDF\)](#) on economic issues affecting agriculture, together with an update on the financial condition and performance of the System as of March 31.

The U.S. economy is facing several challenges. Economic growth has slowed amid continued supply chain disruptions, inflation, and rising interest rates. For the moment, consumer spending is still increasing despite falling consumer confidence. Also, labor markets are tight as unemployment returns to historic lows and labor force participation remains below pre-pandemic levels.

For agricultural producers, rising costs extend beyond labor and higher interest expenses. The supply chain crunch is limiting availability of farm machinery and parts and pushing up equipment costs. Finally, diesel prices have been driven up by high crude oil prices, refining issues, and increased exports to Europe.

High commodity prices are offsetting high input costs for many producers. The disruption of grain exports from Ukraine, coupled with less-than-ideal planting weather, have supported prices. Drought in the western half of the country is affecting both crop and livestock sectors, increasing financial pressure on many producers in that area. In the forestry industry, a strong housing market has supported demand and prices for timber products.

The System reported strong loan growth in the first quarter. Agribusiness lending accounted for much of the growth. Surging commodity prices significantly increased the seasonal financing requirements at grain and farm supply cooperatives. The System's loan portfolio continued to perform well, and credit risk remained low. First quarter earnings were up from a year ago as a result of strong growth in average earning assets. System institutions remain strongly capitalized. Overall, the System is financially sound and institutions are well-positioned to meet borrower funding and liquidity needs.

Proposed rule on cyber risk management

In other business, the board approved a proposed rule on cyber risk management that would rescind and revise FCA regulations in 12 CFR Part 609 governing electronic commerce. The proposed regulations would accomplish the following:

- Rename Part 609 to Cyber Risk Management
- Establish FCA's expectations for appropriate risk management to ensure the safety and soundness of System institution operations
- Require each System institution to implement a board-approved cyber risk management plan and maintain robust internal controls
- Require each System institution to develop a technology plan and incorporate it in its business plan

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 or through the [public comment form](#) on FCA's website.

The public may also submit comments by mail to Autumn R. Agans, Deputy 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 public comments page on FCA's website.

Semiannual report on Office of Examination operations

The FCA board also received the [semiannual report \(PDF\)](#) on Office of Examination operations. For the first half of fiscal year 2022, the Office of Examination met its risk supervision and examination objectives as planned. FCA examiners conducted examination and oversight activities at all funding banks, all associations, and eight other entities.

Closed session

During a closed session, the board received a quarterly report from the Office of Examination on supervisory and oversight activities.

Notational votes

Since the May 12 FCA board meeting, two notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On May 13, the board approved a request by Compeer Financial to renew its streamlined process for investing in health care community facilities in rural America. This approval informs Compeer that AgriBank-affiliated associations seeking to partner with Compeer in health care projects located within the AgriBank district may submit an abbreviated version of the information required under the 2014 information memorandum titled "Guidance for Investment Requests under § 615.5140(e) of the Farm Credit Administration Regulations."

On May 26, the FCA board concluded that no regulatory action listed in FCA's Spring 2022 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions meets the definition of a "significant regulatory action." As a result, FCA is not required to develop a regulatory plan for submission to the 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), 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.