

For Immediate Release
NR 19-02 (03-14-19)

Contact: Andrew Grimaldi, 703-883-4383

FCSIC board votes to return excess funds to Farm Credit institutions

McLEAN, Va., March 14, 2019 — The Farm Credit System Insurance Corporation board of directors approved a payment of \$66.1 million in excess insurance funds to Farm Credit System banks.

By law, the Farm Credit Insurance Fund, which FCSIC administers, must maintain a secure base amount equal to 2 percent of the adjusted outstanding insured obligations of the Farm Credit System. Currently, the secure base amount is approximately \$4.9 billion.

At the end of each year, FCSIC is required to transfer any amount over the secure base amount (after deducting its operating expenses) to allocated insurance reserves accounts — one for each bank that pays premiums into the Farm Credit Insurance Fund. However, the FCSIC board has the authority to hold the excess funds if conditions warrant doing so.

Since premiums will accrue in 2019 and growth projections for the System's debt outstanding are modest, the board believes that the Insurance Fund will likely stay above the secure base amount in 2019. It has also determined that losses to the Insurance Fund are unlikely at this time.

Therefore, after subtracting \$4.3 million for the Corporation's 2019 operating funds, the FCSIC board has voted to return \$66.1 million in excess funds to the System banks.

Year-end audit results

BDO, FCSIC's independent audit firm, recently completed its year-end review of the corporation's financial statements and has issued an unmodified or clean opinion. The auditor found no material weaknesses or deficiencies. This is the 29th consecutive year FCSIC has received an unqualified or unmodified opinion on its financial statements.

BDO also tested the effectiveness of FCSIC's internal control over financial reporting and issued an opinion that it was effective.

FCSIC is managed by a three-member board of directors composed of the members of the Farm Credit Administration board. In addition to Chairman Hall, Dallas Tonsager and Glen Smith serve as members of the board.

Notational votes

Since the Jan. 17 FCSIC board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCSIC board between board meetings.

- The FCSIC Board of Directors approved the selection of Lynn M. Powalski as FCSIC General Counsel as of February 4, 2019.

###

The Farm Credit System Insurance Corporation, an independent U.S. government-controlled corporation, insures the timely payment of principal and interest on obligations issued jointly by Farm Credit System banks.

Note: FCSIC news releases are available on the internet. Access the FCSIC website at www.fcsic.gov.