

NEWS RELEASE



Farm Credit System Insurance Corporation

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Farm Credit System Insurance Corporation Board of Directors Increases Insurance Premium Rate for 2006

McLEAN, Va., January 19, 2006 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors today announced an increase in the rate of insurance premiums charged on accrual loans held by Farm Credit System (System) institutions for 2006.

Corporation Chairman Douglas L. “Doug” Flory explained that the principal reason for the increase was the growth in insured obligations during 2005, which was greater than either the System institutions or the Corporation had estimated. This caused the Insurance Fund to fall below the 2 percent secure base amount. Insured obligations grew 14.1 percent from \$99.4 billion at December 31, 2004, to \$113.4 billion at December 31, 2005.

The Corporation is increasing the rate from 5 basis points to 15 basis points on accrual loans for 2006. The premium rate on nonaccrual loans will remain at 25 basis points and at zero basis points on Federal and state government-guaranteed loans. No adjustment will be made for government-sponsored enterprise-guaranteed loans.

Twice a year, the Corporation Board reviews the insurance premium rate and makes adjustments, if necessary, to maintain the secure base amount, which is 2 percent of the level of insurance debt outstanding at System banks. In June, the Board will meet again to review premium rates for the second half of 2006.

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The Board's premium review is based on an assessment of the current level of the Insurance Fund and the projected growth of insured obligations; the likelihood of any potential Insurance Fund losses; the financial condition of the System banks and associations; the outlook for the agricultural economy; and any risks in the financial environment.

Further information will be posted on the Corporation's Web site at www.FCSIC.gov.

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The Farm Credit System Insurance Corporation (FCSIC) is an independent U.S. Government-controlled corporation, that ensures the timely payment of principal and interest on insured notes, bonds, and other obligations issued for Farm Credit System banks. A three-member board of directors, composed of the members of the Farm Credit Administration Board, manages the FCSIC. Besides Chairman Douglas L. Flory, Nancy C. Pellett and Dallas P. Tonsager serve as members of the Board.

Note: FCSIC news releases are available on its Web site at <http://www.fcsic.gov>.