

NEWS RELEASE



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For Immediate Release
NR 08-01 (01-10-08)

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FCSIC Board of Directors to Assess 15 Basis Points in Insurance Premiums for Farm Credit System Accrual Loans in 2008

McLEAN, Va., January 10, 2008 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to keep the 2008 insurance premium rate for Farm Credit System (FCS or System) accrual loans at 15 basis points. This is the maximum rate the FCSIC can assess FCS institutions on accrual loans.

The Board also announced that the premium rates will remain at 25 basis points on nonaccrual loans, 15 basis points on accrual loans guaranteed by a government-sponsored enterprise, and 0 basis points on federal and state government-guaranteed loans.

“The principal reason for maintaining the 15-basis-point assessment is continued growth in System insured debt,” said Corporation Chairman Leland A. Strom. “Based on preliminary year-end numbers, the total Insurance Fund at year-end 2007 was at 1.704 percent, or \$451 million below the secure base amount,” Strom added.

The secure base amount is defined by law as 2 percent of the level of insured debt outstanding at System banks.

During 2007, insured debt increased an estimated \$20.1 billion, or 15.0 percent, to slightly more than \$154 billion at year end, up from just under \$134 billion at year-end 2006.

“The Corporation will review premium rates again in June 2008,” Strom said.

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He noted the Corporation's policy on adjustments to insurance premiums provides for a review to be conducted at least semiannually and sets out five factors to be considered: the current level of the Insurance Fund and the projected growth of insured debt; any potential Insurance Fund losses; the financial condition of the FCS; the outlook for the agricultural economy; and risk in the financial environment.

The Corporation is managed by a three-member Board of Directors composed of the members of the Farm Credit Administration Board. In addition to Chairman Strom, Nancy C. Pellett and Dallas P. Tonsager serve as members of the Board.

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The Farm Credit System Insurance Corporation, an independent U.S. government-controlled corporation, ensures the timely payment of principal and interest on insured notes, bonds, and other obligations issued on behalf of Farm Credit System banks.

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