

NEWS RELEASE



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FCSIC Board of Directors Increases Insurance Premiums for 2009 and Adopts Changes to Premium Regulation

McLEAN, Va., January 15, 2009 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to raise the 2009 insurance premium rate for Farm Credit System (System) adjusted insured debt to 20 basis points, the maximum rate the FCSIC can assess.

The Board also announced the continued assessment of the 10-basis-point surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“The principal reason for increasing the rate to the 20-basis-point maximum assessment is continued growth in System insured debt,” said Corporation Chairman Nancy C. Pellett. “Based on preliminary numbers, the total Insurance Fund at year-end 2008 was equal to 1.78 percent of the insured debt outstanding adjusted for certain government guaranteed loans and investments, or \$363 million below the secure base amount,” Pellett added.

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

During 2008, insured debt increased an estimated \$22.3 billion or 14.5 percent to slightly more than \$176 billion at year end, up from just under \$154 billion at year-end 2007.

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

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Also, the Board of Directors approved a direct final rule that clarifies the premium regulations and eliminates provisions that are obsolete or inconsistent with the Farm Credit Act of 1971, as amended by the Food, Conservation, and Energy Act (2008 Farm Bill).

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 Pellett, Leland A. Strom 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>.