

NEWS RELEASE



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Contact: Rick Pfitzinger, 703-883-4380

FCSIC Board of Directors Announces No Change in Insurance Premiums for 2012

McLEAN, Va., June 14, 2012 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to maintain the current insurance premium assessment rate on adjusted insured debt at 5 basis points for Farm Credit System (System) banks. The Board also announced that it would continue assessing 10 basis points on nonaccrual loans and other-than-temporarily impaired investments.

“The Board decided to maintain the premium rate on adjusted insured debt because we anticipate growth in insured obligations of 3 percent to 4 percent in 2012, which is within the growth range projected by the banks in December 2011,” said Kenneth Spearman, Chairman of the FCSIC Board of Directors.

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 adjusted insured debt outstanding at System banks. According to preliminary results, the unallocated Farm Credit Insurance Fund level was 1.99 percent of adjusted insured debt outstanding, or \$20 million below the secure base amount.

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.

“The Corporation will review premium rates again in September to provide guidance for 2013 premium assessments,” Chairman Spearman said.

At today's meeting, the Board of Directors also approved for publication a Federal Register notice that requests comments on a draft Policy Statement Concerning Assistance to Troubled Farm Credit System Institutions. The proposed revisions are designed to enhance the policy statement by incorporating all types of authorized assistance and increasing transparency on how financial assistance would work.

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 Spearman, Leland A. Strom and Jill Long Thompson 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 website at www.fcsic.gov.