

NEWS RELEASE



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FCSIC Board of Directors Increases Insurance Premiums for 2013

McLEAN, Va., January 24, 2013 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted today to increase the insurance premium assessment rate for Farm Credit System (System) banks on their adjusted insured debt from 5 to 10 basis points for 2013. The Board also announced the continued assessment of the 10-basis-point risk surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“The Board decided to raise the premium rate on adjusted insured debt because preliminary reports indicate that insured debt increased approximately 7.1 percent during 2012,” said Kenneth A. Spearman, Chairman of the FCSIC Board of Directors.

“At year-end 2012, insured debt was \$197.1 billion, up by approximately \$13 billion from \$184.1 billion at year-end 2011,” Mr. Spearman said.

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 adjusted insured debt outstanding at System banks. According to preliminary results, the unallocated Farm Credit Insurance Fund level was 1.92 percent of adjusted insured debt outstanding, or \$145 million below the secure base amount.

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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 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 June 2013," Mr. Spearman said.

The Corporation is managed by a three-member Board of Directors. In addition to Chairman Spearman, Jill Long Thompson and Leland A. Strom 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.