News Release

Farm Credit Administration
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FCA Board Receives Annual Report on the Farm Credit System's Young, Beginning and Small Farmer Lending

McLEAN, Va., June 8, 2017 — At its monthly meeting today, the Farm Credit Administration board received FCA's 2016 Annual Report on the Farm Credit System's Young, Beginning, and Small (YBS) Farmer Mission Performance.

From 2015 to 2016, the dollar volume of new loans made to small farmers rose 3.3 percent, while the dollar volume of new loans to young and beginning farmers declined by 1.9 percent and 0.3 percent, respectively. However, since the dollar volume of the Farm Credit System's overall farm lending declined by 5.4 percent in 2016, the *proportion* of the System's dollar volume going to every YBS category actually increased slightly.

On the other hand, all three categories experienced slight declines in the *number* of loans made in 2016. The number of loans to young farmers declined by 0.2 percent, to beginning farmers by 0.6 percent, and to small farmers by 0.2 percent. By contrast, the System's overall number of new farm loans grew by 0.5 percent.

For more information about the System's YBS farmer lending in 2016, see the related fact sheet.

Report on Economic Conditions Affecting Agriculture

In other business, the FCA board received a quarterly report on economic developments affecting the farm economy, together with an update on the financial condition and performance of the Farm Credit System as of March 31, 2017.

Some agricultural producers are facing a challenging operating environment. Anticipated production levels and large existing supplies continue to weigh down prices and profit margins for corn, soybeans, and wheat. Summer growing conditions here and abroad will be key in determining future crop pricing.

In contrast, the price and profit outlook in the protein and dairy sectors is generally favorable. A high dollar value continues to hinder U.S. farm exports, and with an improving U.S. economy, producers face the prospect of rising interest rates on their credit needs.

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Update on FCS Condition and Performance and Report on Office of Examination Operations

Overall, the Farm Credit System continues to be financially safe and sound, strongly capitalized, and well positioned for the risks facing agricultural producers. For the first quarter of 2017, the System reported solid earnings and favorable portfolio loan quality. However, credit stress is expected to intensify as producers in certain farm sectors face significant financial challenges.

The board also received the semiannual report on Office of Examination operations. Through the first six months of fiscal year 2017, FCA examiners conducted onsite activities at all four System funding banks, 59 percent of System associations, four System service entities, and Farmer Mac.

Closed Session

During the closed session, the board received a quarterly report on the Office of Examination's supervisory and oversight activities.

Notational Votes

Since the May FCA board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCA board between board meetings.

- On May 24, the board, under its authority in § 628.20(e), approved a request from the Farm Credit Services Leasing Corporation to treat its common stock and additional paid-in capital as common equity tier 1 (CET1) capital under the new tier1/tier2 capital framework. This stock and paid-in capital may be included in CET1 capital as long as all of the requirements listed in § 628.20 are met except for the following: the requirement that the stock be cooperative equity and the requirement that the additional paid-in capital must result from a merger of FCS institutions or repurchase of third-party capital.
- On June 5, the board concluded that no regulatory action currently in FCA's Unified Regulatory Agenda meets the definition of "significant regulatory action." As a result, FCA is not required to develop a regulatory plan for submission to the Office of Information and Regulatory Affairs.
- On June 5, the board approved a request from CoBank, ACB, to invest up to $1 million in taxable bonds to be issued by a continuous care facility in Texas. These bonds will provide construction and permanent financing for the expansion of the facility on the existing campus. FCA placed conditions on CoBank in conjunction with this investment.

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