

NEWS RELEASE



For Immediate Release
NR 12-02 (04-24-12)

Contact: Rick Pfitzinger, 703-883-4380

FCSIC Board of Directors Returns Excess Insurance Funds to Farm Credit System Institutions

McLEAN, Va., April 24, 2012 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors today approved a payment of \$221.9 million in excess insurance funds to accountholders.

By law, the Farm Credit Insurance Fund must maintain a secure base amount, which is equal to 2 percent of the adjusted outstanding insured obligations of the Farm Credit System. Currently, the secure base amount is \$3.166 billion.

After deducting its operating expenses, FCSIC is also required to transfer funds in excess of the secure base amount to allocated insurance reserves accounts, one for each bank that pays premiums and an account for the Farm Credit System Financial Assistance Corporation shareholders. However, the FCSIC Board has the authority to determine whether to hold the funds or pay them to accountholders.

With an Insurance Fund balance of \$3.392 billion and \$4 million in operating expenses, the Board voted to return \$221.9 million in excess funds to accountholders. The Corporation has determined that no losses to the Insurance Fund are likely at this time.

In addition, prospects for modest growth in debt outstanding, combined with premium accruals, should keep the Insurance Fund above the secure base level in 2012. Consequently, the Corporation has decided to pay out the excess funds to the accountholders.

Policy Statement on Strategic Planning

In other business, the Board approved a new policy statement on strategic planning. The policy requires FCSIC to develop a strategic plan that focuses on the agency's mission and long-term outcomes. It also requires the Corporation to incorporate performance measures in its strategic plan.

The purpose of the policy is to improve transparency and the quality of reporting. The new policy reflects guidance that the Office of Management and Budget issued to help agencies comply with the Government Performance and Results Modernization Act.

Year-end Audit Results

FCSIC's independent audit firm, CliftonLarsonAllen, after completing its year-end review of the Corporation's financial statements and internal controls, reported to the Board of Directors that it will issue an unqualified or clean opinion. The auditor found no material weaknesses or deficiencies.

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

###

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.