

NEWS RELEASE



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Contact: Rick Pfitzinger, 703-883-4388

FCSIC Board of Directors Reduces Insurance Premiums for 2010

McLEAN, Va., January 22, 2010 — The Farm Credit System Insurance Corporation (FCSIC or Corporation) Board of Directors voted yesterday to reduce the insurance premium assessment rate for Farm Credit System banks on their adjusted insured debt to 10 basis points for 2010. The 2009 rate was 20 basis points. The Board also announced the continued assessment of the 10-basis-point surcharge on nonaccrual loans and other-than-temporarily impaired investments.

“The Board decided to lower the premium rate on adjusted insured debt because the Insurance Fund finished 2009 above the 2 percent secure base amount,” said Kenneth Spearman, Chairman of the FCSIC Board of Directors.

According to preliminary results, the unallocated Farm Credit Insurance Fund level was 2.09 percent of insured debt outstanding, or \$132 million above the secure base amount (SBA). Including the \$39.9 million currently in the Allocated Insurance Reserves Accounts (AIRAs) raises the level to 2.11 percent, or \$172 million above the SBA. These numbers will likely be adjusted when final year-end financial information is available.

The level of the Insurance Fund relative to the SBA improved because of the Corporation’s use of the enhanced premium authorities provided in the 2008 Farm Bill and because of lower growth than anticipated in insured debt outstanding in 2009. In the first quarter, the Board will consider exercising its discretion to make payments from the AIRAs.

“The Corporation will review premium rates again in June 2010,” Spearman said.

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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 Nancy C. Pellett 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>.