

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Board Member
Jeffery S. Hall, Board Member



**MINUTES OF THE REGULAR MEETING
OF THE
FARM CREDIT ADMINISTRATION BOARD
June 11, 2015**

These minutes reflect the business transacted at the June 11, 2015, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine Act (Act), 5 U.S.C. § 552b, and the regulations of the Farm Credit Administration (FCA) adopted thereunder.

The FCA Board meeting was held at the FCA office in McLean, Virginia, beginning at 9:00 a.m. and concluding at 10:35 a.m. Members of the Board present were:

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Member
Jeffery S. Hall, Member

The above named constitute the full Board.

Others present included **Charles Rawls**, General Counsel; **Dale Aultman**, Secretary to the Board; staff of the FCA and Farm Credit System Insurance Corporation (FCSIC); and one member of the general public. (A list of staff attendees is attached as Exhibit A.)

The **Secretary** read a statement that announced the meeting would be conducted according to the requirements of the Government in the Sunshine Act.

The **Board Chairman** reviewed the published Agenda. (A copy of the Public Announcement publishing the Agenda for the meeting is attached as Exhibit B.)

Mr. Tonsager moved to adopt the Agenda as published.

Mr. Hall seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

Mr. Hall noted that the Agenda did include portions of the meeting that should be closed to the public as permitted by the Government in the Sunshine Act and therefore moved that the meeting be closed at that point.

Mr. Tonsager seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

OPEN SESSION

Approval of Minutes

Minutes for May 14, 2015 (BM-11-JUN-15-01)

Mr. Tonsager moved to approve the minutes for May 14, 2015, FCA Regular Board Meeting.

Mr. Hall seconded the motion.

There being no further discussion, **Board Chairman Spearman** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-11-JUN-15-01)**

(A copy of the official "Board Action Item" is attached as Exhibit C.)

REPORTS

Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2014 Results

Steve Koenig and **Sal Iannetta** of the Office of Regulatory Policy presented the Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2014 Results.

Board Chairman Spearman asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit D.)

Quarterly Report on Economic Conditions and FCS Conditions

Steve Gabriel of the Office of Regulatory Policy and **Hal Johnson** of the Office of Examination presented the Quarterly Report on Economic Conditions and FCS Conditions.

Board Chairman Spearman asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit E.)

Semi-Annual Report on Office of Examination Operations

Hal Johnson of the Office of Examination presented the Semi-Annual Report on Office of Examination Operations.

Board Chairman Spearman asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

(A copy of the PowerPoint presentation is attached as Exhibit F.)

CLOSED SESSION

The **Board Chairman** noted that this was a Closed Session and ensured that members of the public and nonessential FCA and FCSIC staff were not in the room so the Board could meet with Office of Examination staff in Closed Session.

Board Chairman Spearman convened the closed session of the meeting at 10:16 a.m. and instructed the **Secretary** to activate the electronic recording device so that the proceedings of the closed session were properly recorded as required by the Government in the Sunshine Act.

The **Board Chairman** then instructed the **General Counsel** to furnish the **Secretary** with a certification, pursuant to 5 U.S.C. § 552b(f), that the portions of the meeting held in closed session may be properly closed to the public.

(A copy of the Certification is attached hereto as Exhibit G.)

Members of the Board present were:

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Member
Jeffery S. Hall, Member

The above named constitute the full Board.

Others present included **Dale Aultman**, Secretary to the Board; and **Charles Rawls**, General Counsel. (A list of staff attendees is attached as Exhibit A).

Office of Examination Quarterly Report

Robert Coleman and **Roger Paulsen** of the Office of Examination presented the update on OE Supervisory and Oversight Activities.

Board Chairman Spearman asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

ADJOURNMENT

There being no further business to come before the Board, Board **Chairman Spearman** indicated he would entertain a motion to adjourn the meeting.

Mr. Tonsager moved that the meeting be adjourned.

Mr. Hall seconded the motion.

Board Chairman Spearman called the question.

The **Secretary** polled the Board Members and the motion carried unanimously.

The meeting adjourned at 10:35 a.m.

NOTATIONAL VOTE ACTIONS

There were three notational vote actions approved by the FCA Board from May 15, 2015, through June 10, 2015 as follows:

Item Number	Action Date	Voting Results	Subject
NV 15-02	06/04/15	Approved	Request by AgFirst Farm Credit Bank to purchase and hold rural housing mortgage-backed securities
NV 15-03	5/29/15	Approved	Review of Significant Regulatory Actions Pursuant to Executive Order 12866
NV 15-04	5/29/15	Approved	New FCA Office, Functional Statement and Related Transfer of Resources

**STAFF PRESENT AT THE
FCA REGULAR BOARD MEETING
June 11, 2015**

Kenneth A. Spearman, Board Chairman and Chief Executive Officer
Dallas P. Tonsager, Board Member
Jeffery S. Hall, Board Member

OFFICE	OPEN SESSION	CLOSED SESSION
Office of the Board		
Aultman, Dale	X	X
Middleton, Russell	X	X
Buccolo, Deb	X	
Corey, Kathryn	X	
Kramp, Kevin	X	X
Calhoun, Gaye	X	
EEOI		
Burlew, Thais	X	
COO		
Hoffman, William	X	X
Ibelli, Heyam	X	
OCPA		
Stokke, Mike	X	X
OSMO		
Rea, Laurie	X	X
Hudson, Bruce	X	X
Boston, Robin	X	X
OGC		
Rawls, Charles	X	X
Strickland, Joy	X	X

OFFICE	OPEN SESSION	CLOSED SESSION
OE		
Coleman, Robert	X	X
Paulsen, Roger	X	X
Johnson, Hal	X	X
Burke, Laura	X	X
Fennewald, Dan	X	X
Harris, Bev	X	X
Kuhler, Dave	X	X
Slipek, Chet	X	X
Wilhite, Sharon	X	X
OIG		
Gallo, Kathy	X	X
ORP		
Van Meter, Gary	X	X
Mardock, Barry	X	X
Gabriel, Steve	X	X
Koenig, Steve	X	X
Iannetta, Sal	X	X
Johansen, Mark	X	
Hurtado, Kristal	X	
OMS		
Smith, Stephen	X	X
FCSIC		
Pfitzinger, Rick	X	X
Rubin, Howard	X	X
GENERAL PUBLIC	1	

**PUBLIC ANNOUNCEMENT OF
 MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT
 Farm Credit Administration Board
 Regular Meeting
 June 11, 2015**

Summary: Notice is hereby given, pursuant to the Government in the Sunshine Act (5 U.S.C. Sec. 552b(e) (1)), of the forthcoming regular meeting of the Farm Credit Administration Board.

Date and Time: The regular meeting of the Board will be held June 11, 2015. The meeting is scheduled to be held at the office of the Farm Credit Administration in McLean, Virginia, from 9:00 a.m. until such time as the Board may conclude its business.

Address: Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090. Submit attendance requests via e-mail to VisitorRequest@FCA.gov. See SUPPLEMENTARY INFORMATION for further information about attendance requests.

For Further Information Contact: Dale L. Aultman, Secretary to the Farm Credit Administration Board (703) 883-4009. TTY is (703) 883-4056.

Supplementary Information: Parts of this meeting of the Board will be open to the public (limited space available), and parts will be closed to the public. Please send an e-mail to VisitorRequest@FCA.gov at least 24 hours before the meeting. In your e-mail include: name, postal address, entity you are representing (if applicable), and telephone number. You will receive an e-mail confirmation from us. Please be prepared to show a photo identification when you arrive. If you need assistance for accessibility reasons, or if you have any questions, contact Dale L. Aultman, Secretary to the Farm Credit Administration Board, at (703) 883-4009. The matters to be considered at the meeting are:

OPEN SESSION

- 1 **Approval of Minutes**
 May 14, 2015

- 2 **Reports**
 Annual Report on the Farm Credit System’s Young, Beginning, and Small Farmer Mission Performance: 2014 Results
- 3 Quarterly Report on Economic Conditions and FCS Conditions
- 4 Semi-Annual Report on Office of Examination Operations

CLOSED SESSION

- 5 Office of Examination Quarterly Report¹

 June 1, 2015
 Date

 /s/
 Dale L. Aultman
 Secretary to the Board

¹Session Closed-Exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

BOARD ACTION ITEM



FCA BOARD ACTION ON

Minutes for May 14, 2015 Board Meeting

BM-11-JUN-15-01

Effective Date: June 11, 2015

Effect on Previous Action: None

THE FCA BOARD HEREBY:

Approves the minutes for May 14, 2015, Regular Board Meeting as submitted.

DATED THIS 11th DAY OF JUNE 2015

BY ORDER OF THE BOARD

/s/
Dale L. Aultman
Secretary to the Board



FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2014 Results

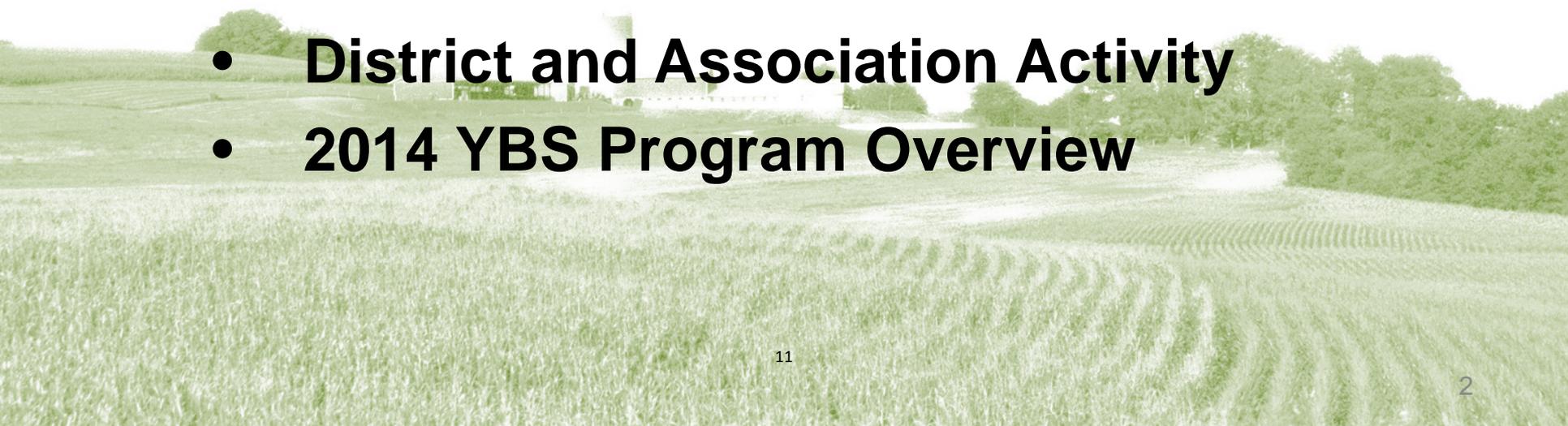
**Office of Regulatory Policy
FCA Board Meeting
June 11, 2015**

**Steven Koenig, Senior Economist
Salvatore Iannetta, Policy Analyst**



Outline

- **Review the System's YBS Mission**
- **2014 YBS Numbers and Trends**
- **District and Association Activity**
- **2014 YBS Program Overview**





The YBS Mission

- **Farm Credit Act - 1980 Amendments**
 - FCS institutions must have programs to serve YBS Customers.
 - Requires the reporting of YBS activities.
- **Regulation – 614.4165 (2004)**
 - Sets minimum YBS program components, reporting and disclosure requirements for associations.
- **Bookletters**
 - 040 (2007) Provides flexibility on lending opportunities for YBS farmers and ranchers.
 - 066 (2012) Provides guidance for serving farmers who market their agricultural products through local or regional food systems.
- **Informational Memo**
 - (11/25/2014) Provides information on opportunities to coordinate lending, training, and outreach with the Farm Service Agency.



YBS Definitions

Definitions for FCA Reporting:

- **Young Farmer: age 35 or younger**
- **Beginning Farmer: 10 years or less farming experience**
- **Small Farmer: gross annual farm sales of \$250,000 or less**

Important Data Clarifications:

- **Data are reported separately for each category**
- **Borrowers may qualify under more than one category; one should not add Y, B, and S data together**
- **Dollar volumes include advances and commitments**
- **Counts are for loans, not for borrowers**



2014 YBS Results

YBS Loans Outstanding As of December 31, 2014	Number of loans	Percentage of total number	Dollar volume of loans in millions*	Percentage of total volume
Young farmers/ranchers	181,736	17.9	\$25,542	11.2
Beginning farmers/ranchers	263,277	26.0	\$38,986	17.1
Small farmers/ranchers	490,425	48.4	\$45,673	20.0

YBS Loans Made During 2014 As of December 31, 2014	Number of loans	Percentage of total number	Dollar volume of loans in millions*	Percentage of total volume
Young farmers/ranchers	59,145	16.9	\$8,729	11.3
Beginning farmers/ranchers	74,099	21.2	\$11,358	14.8
Small farmers/ranchers	140,608	40.2	\$10,737	13.9

Green numbers indicate measures that declined in 2014 relative to those in 2013.

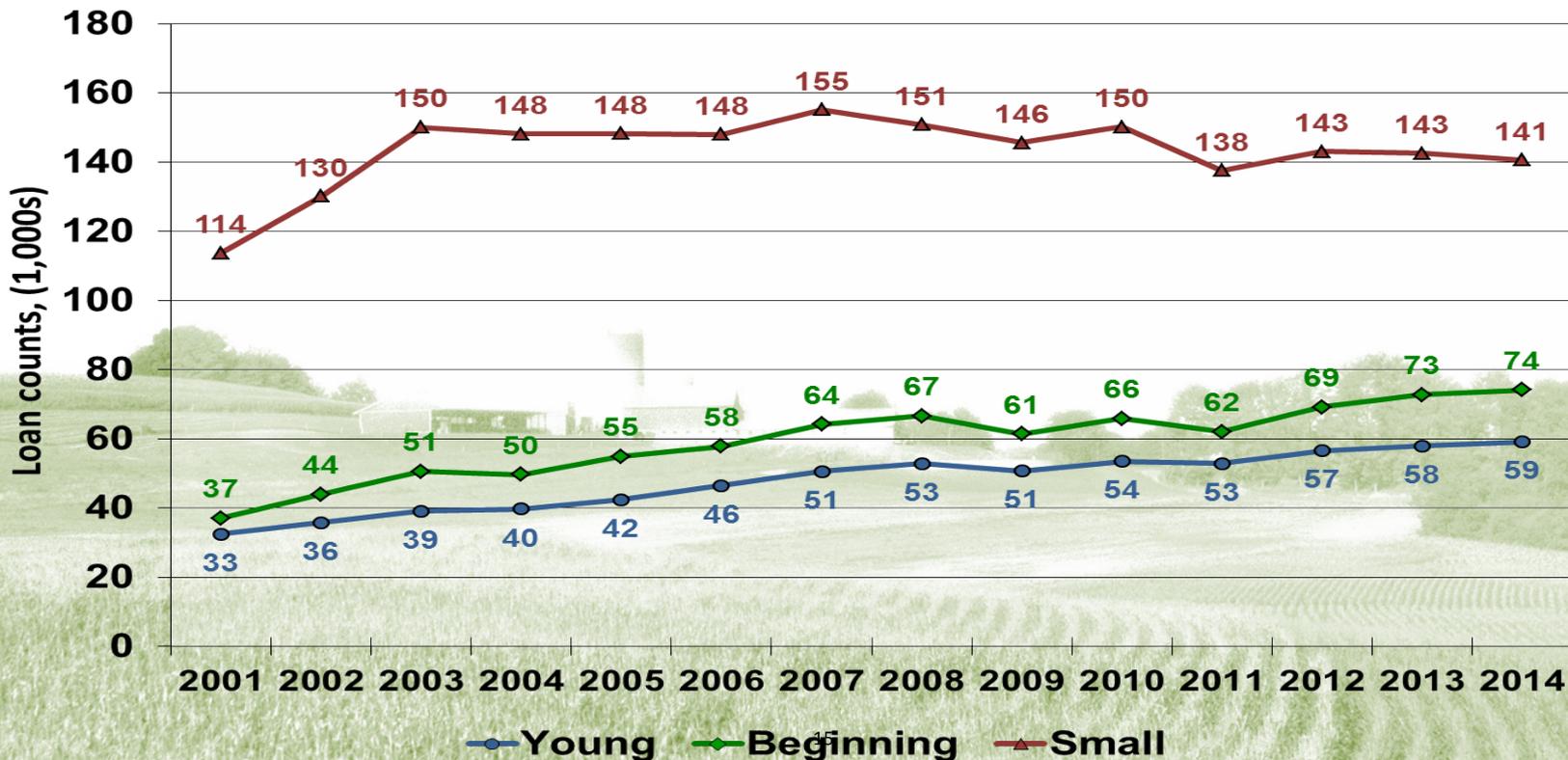
* Totals include loans, advancements, and commitments made to farmers, ranchers, and aquatic producers by the associations, and excludes rural home and Title III loans, and the Leasing Corporation activity.

Note: Because the three (young, beginning, and small) categories are not mutually exclusive, one should not add across the categories to count total YBS lending activity.

Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



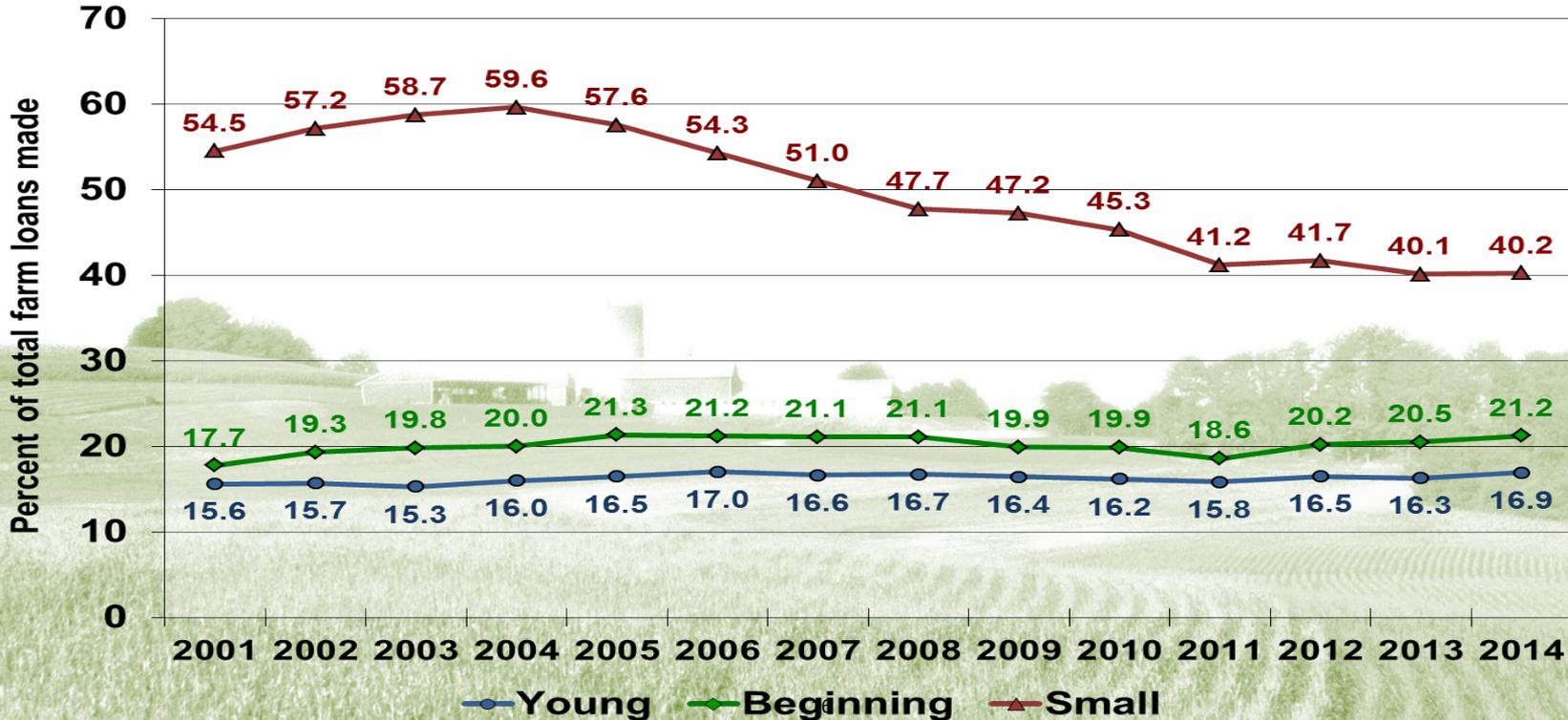
YBS New Loan Count Trends



Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



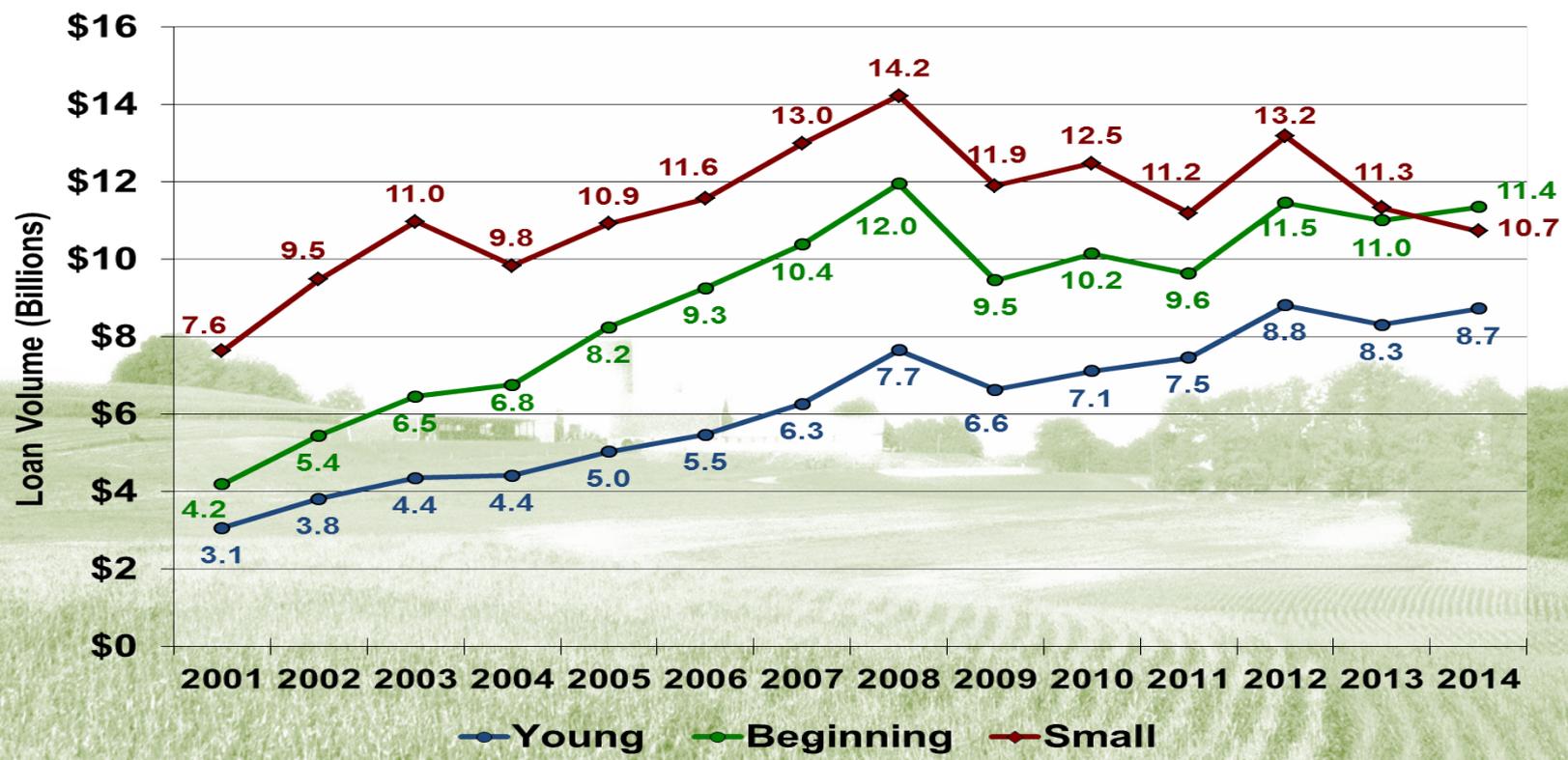
YBS Share of Total New Loan Counts



Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



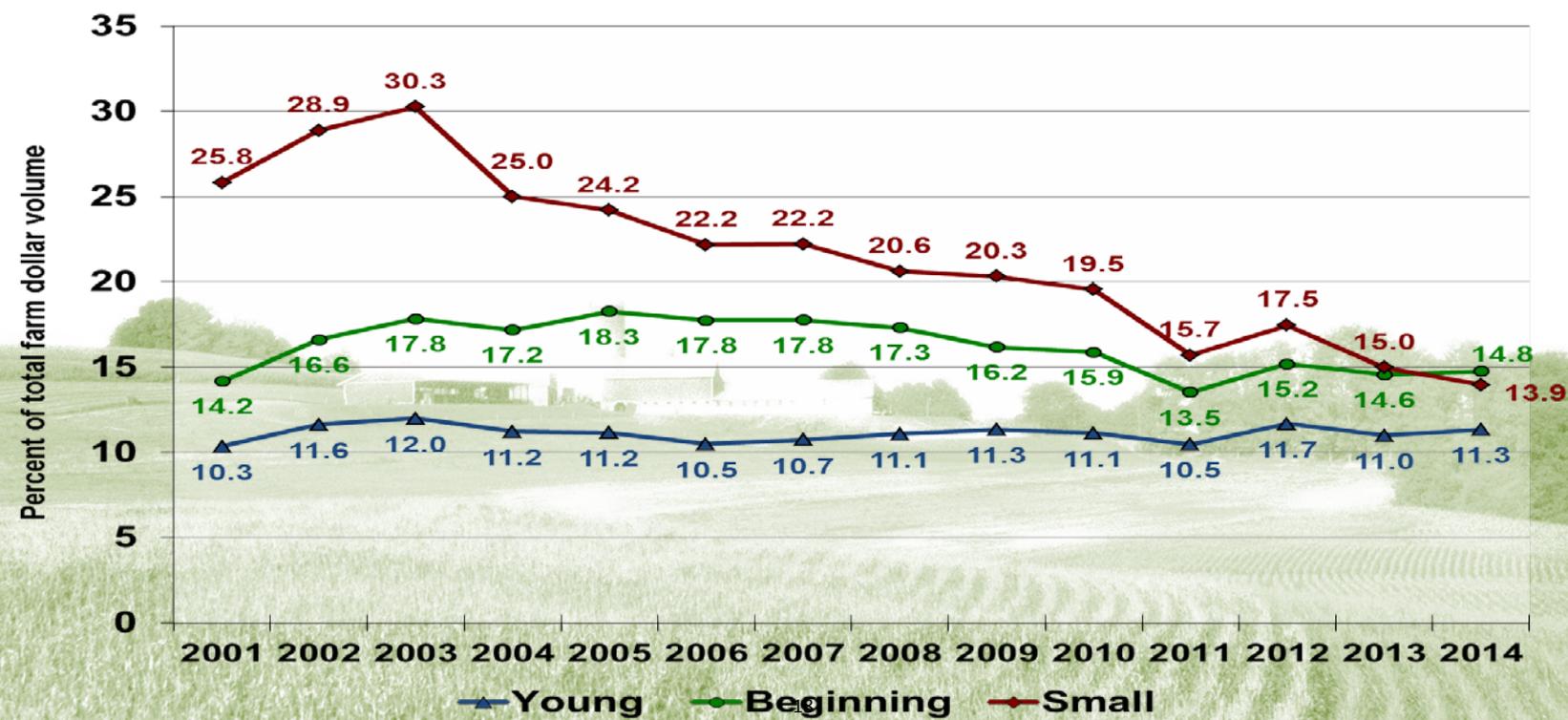
YBS New Loan Volume Trends



Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



YBS Share of Total New Loan Volume

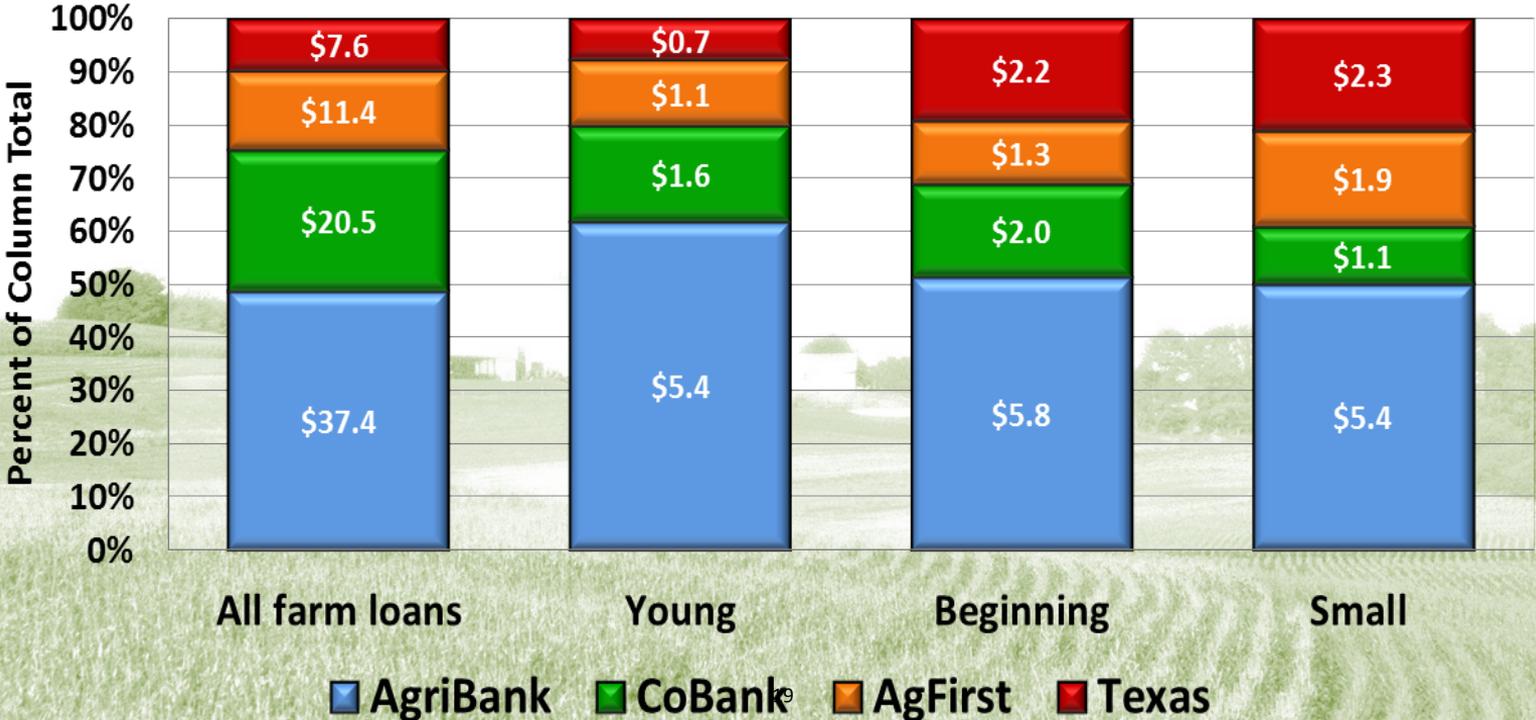


Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



District Lending to YBS Borrowers in 2014

New Loan Volume in 2014 (billions \$)

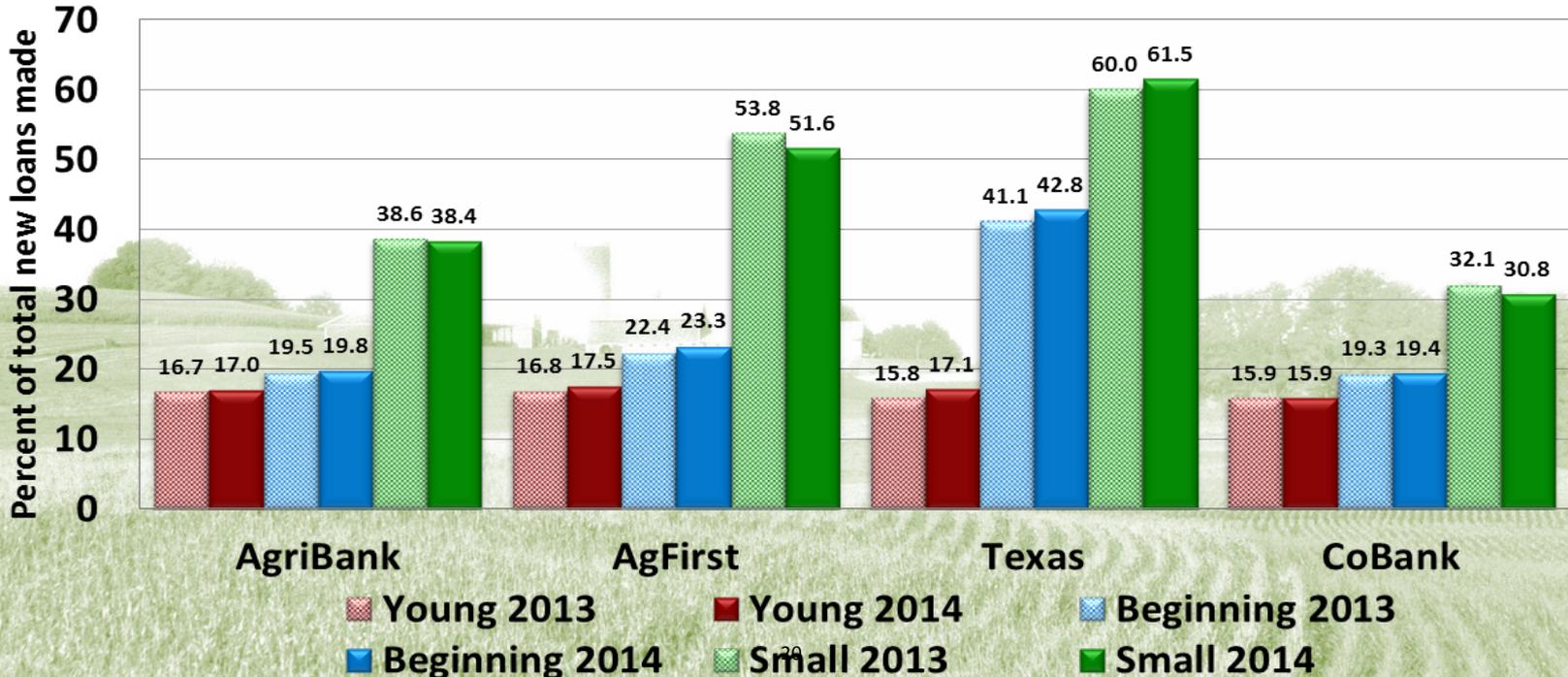


Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



District Lending to YBS Borrowers in 2014

Share of New Loans Made to YBS Customers

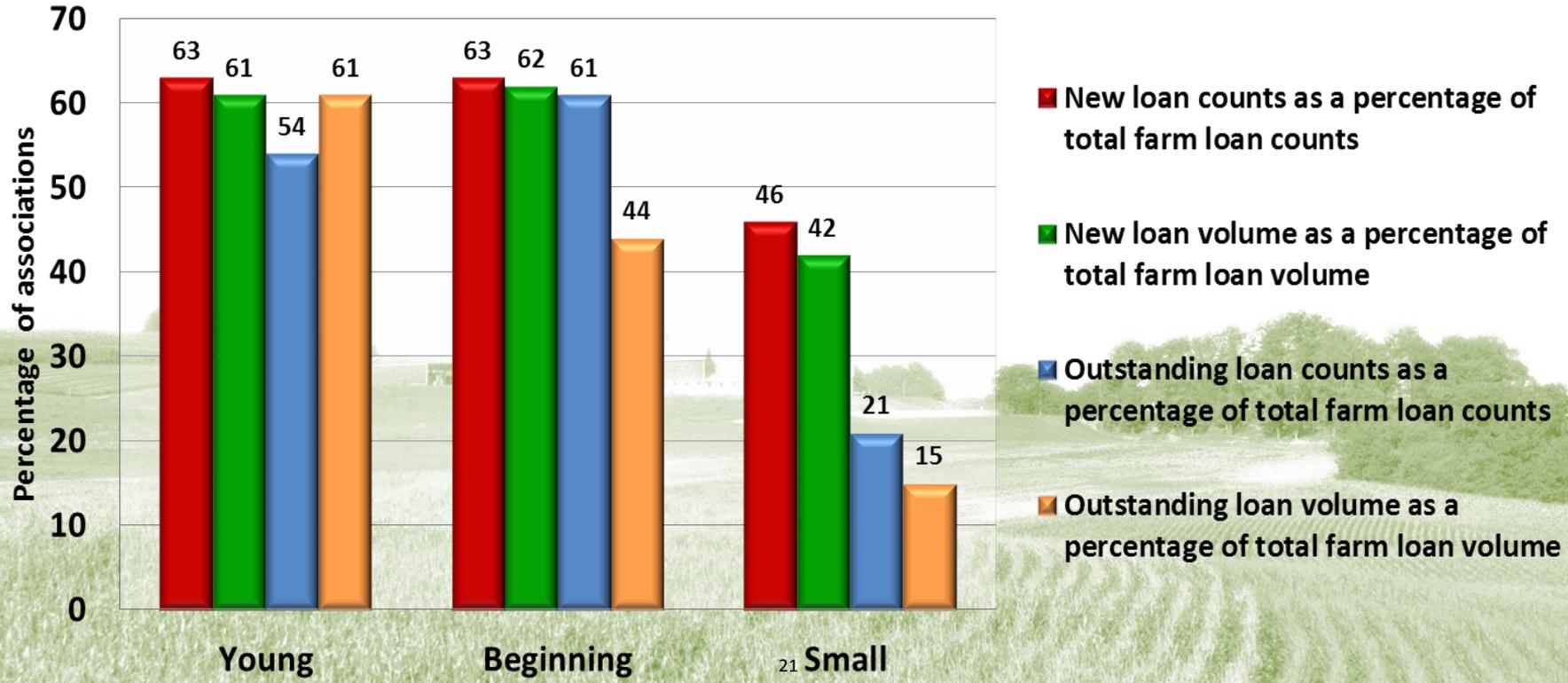


Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks.



Association YBS Lending Growth

Share of all Associations with YBS measures that rose in 2014 relative to 2013



Source: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the District Banks. Excludes merged institutions.



Conclusions – The 2014 Numbers

- **Young and beginning performance measures mostly rise; small farmer measures mostly decline**
- **Long-term YBS trends continue**
- **Young and beginning farmer measures are fairly uniform across districts, while small farm measures vary more**
- **Most Associations increased their lending to young and beginning customers; fewer were able to increase their lending to small customers.**



2014 YBS Survey Results





Program Evaluation: Did Your Association Meet or Exceed Your 2014 YBS Loan Volume Goal?

	Percent of Associations Meeting or Exceeding Their YBS Loan Volume Goals			
	2014	2013	2012	2011
Young	69%	68%	65%	55%
Beginning	66%	64%	63%	65%
Small	47%	54%	56%	48%

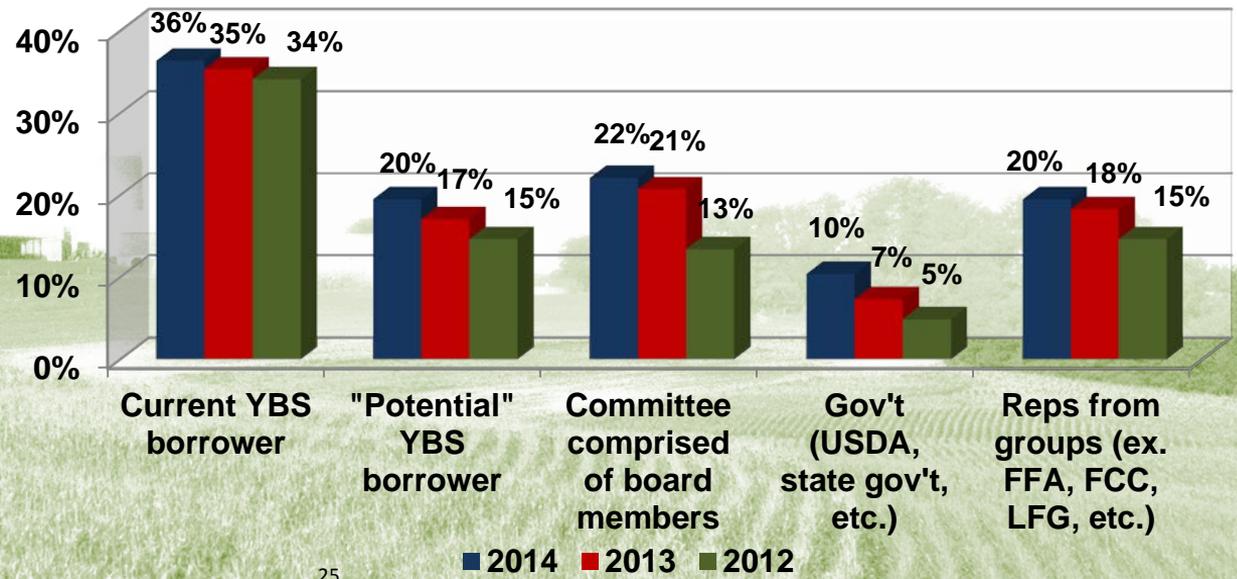
- **Loan volume goals were used by approximately three-fourths of the associations**



Program Management: Does Your Association Receive Input on YBS Farmer Issues from an Advisory Committee?

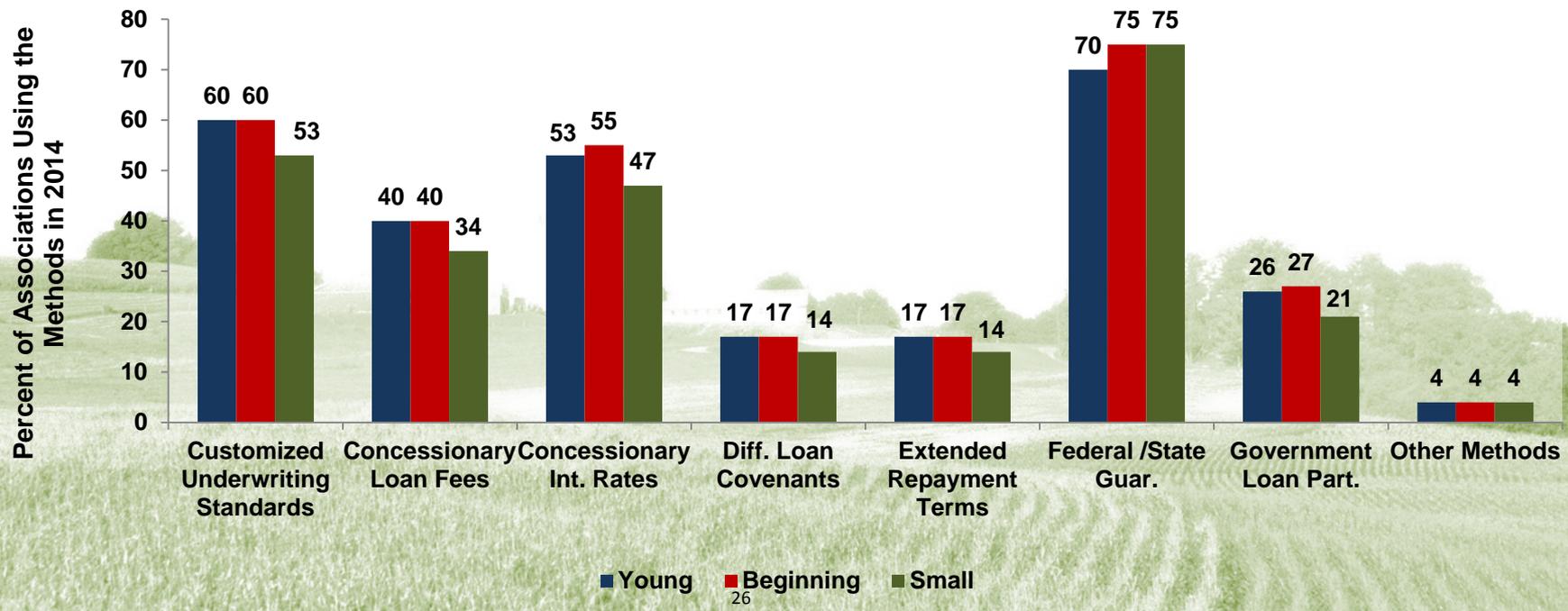
- **43 percent indicated use of Advisory Committees**
- **Most YBS committees provide input to their respective boards either annually or semi-annually**

YBS Advisory Committee Representatives





Program Components: Did Your YBS Program Use One of the Following Methods to Provide Credit to YBS Farmers in 2014?



Source: 2014 YBS Survey.



Program Outreach: Identify Outside Parties or Organizations Used to Coordinate Delivery of Your YBS Program?

Ongoing YBS Coordination With:	2014
Farm Service Agency (FSA)	93.5%
Other FCS Associations	64.9%
State/Local Governments	63.6%
District Bank	59.7%
Producer Groups and Organizations	58.4%
Non-profit Organizations	42.2%
Natural Resources Conservation Service (NCRS)	35.1%
USDA Outreach Staff	24.7%
Farmer Mac	22.1%
Small Business Administration (SBA)	18.2%
Extension Service	57.1%
Commercial Lenders	18.2%
Agricultural Marketing Service (AMS)	2.6%



Program Outreach: Special Initiatives Undertaken in 2014

- **Fifty-five percent of the associations undertook special studies or new market research efforts to improve their understanding of the demographics and customer needs of YBS borrowers.**
- **Sixty-five percent of the associations implemented new or revised outreach and/or training activities to achieve their YBS program objectives.**



Program Outreach: Common Methods or Programs to Train/Educate or Reach Out to Potential YBS Customers

- **Sponsorship of and participation in Ag events (trade shows, conferences, etc.)**
- **Cooperative efforts with FSA and county extension**
- **Social Media (Facebook, Twitter, etc.)**
- **Sponsorship of local farmers' markets**
- **Providing scholarships, grants and funding**
- **Supporting Ag leadership groups**
- **Educational programs & seminars**
- **Outreach (4-H, FFA, High Schools, and Colleges)**



Conclusions – The Survey

- **Associations showed positive trends in meeting or exceeding their YBS lending goals**
- **YBS Advisory Committees increased in use and had broader representation**
- **Federal loan guarantees and customized underwriting standards continue to be the most commonly used tools in YBS programs**
- **Programs are coordinated with a variety of parties and use an assortment of methods to increase available credit and services to YBS borrowers**



FCA Board Meeting

June 2015

Quarterly Report on FCS Condition

June 11, 2015

Stephen Gabriel
Hal Johnson

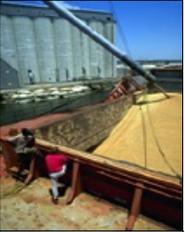
Exhibit E





Topics for Open Session

- Economic Conditions Affecting the FCS
- FCS Condition and Performance





Economic Conditions Affecting the Farm Credit System

Stephen Gabriel
Chief Economist
Office of Regulatory Policy



Economic growth to be subdued; long-term rates to rise gradually



Consensus Forecasts (percent)

Red indicates forecast

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
GDP growth*	-2.1	4.6	5.0	2.2	0.2	2.8	3.2	3.0	2.8	2.8	2.7	2.6
CPI*	2.1	2.4	1.2	-0.9	-3.1	1.7	1.9	2.0	2.1	2.3	2.3	2.4
Unemployment rate	6.6	6.2	6.1	5.7	5.6	5.4	5.3	5.2	5.1	5.0	4.9	4.9
10 Yr T-Bond	2.7	2.5	2.4	2.2	2.0	2.1	2.3	2.5	2.7	2.9	3.1	3.3

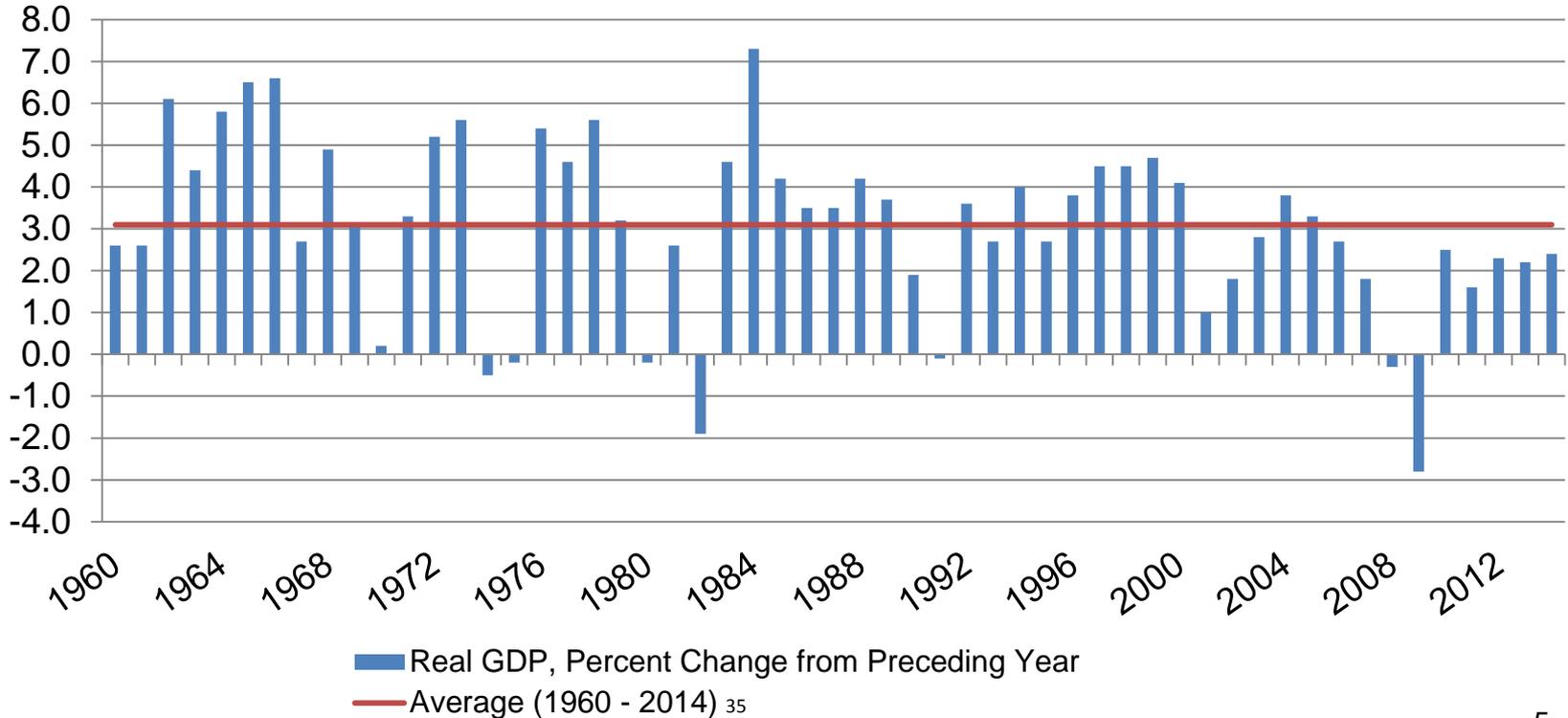
Source: Consensus Economics, Inc.

Survey date - May 11, 2015

* % change from prior quarter, seasonally adjusted annual rate



Economic growth has been subpar since 2006



Source: Bureau of Economic Analysis



Farm sector developments and concerns



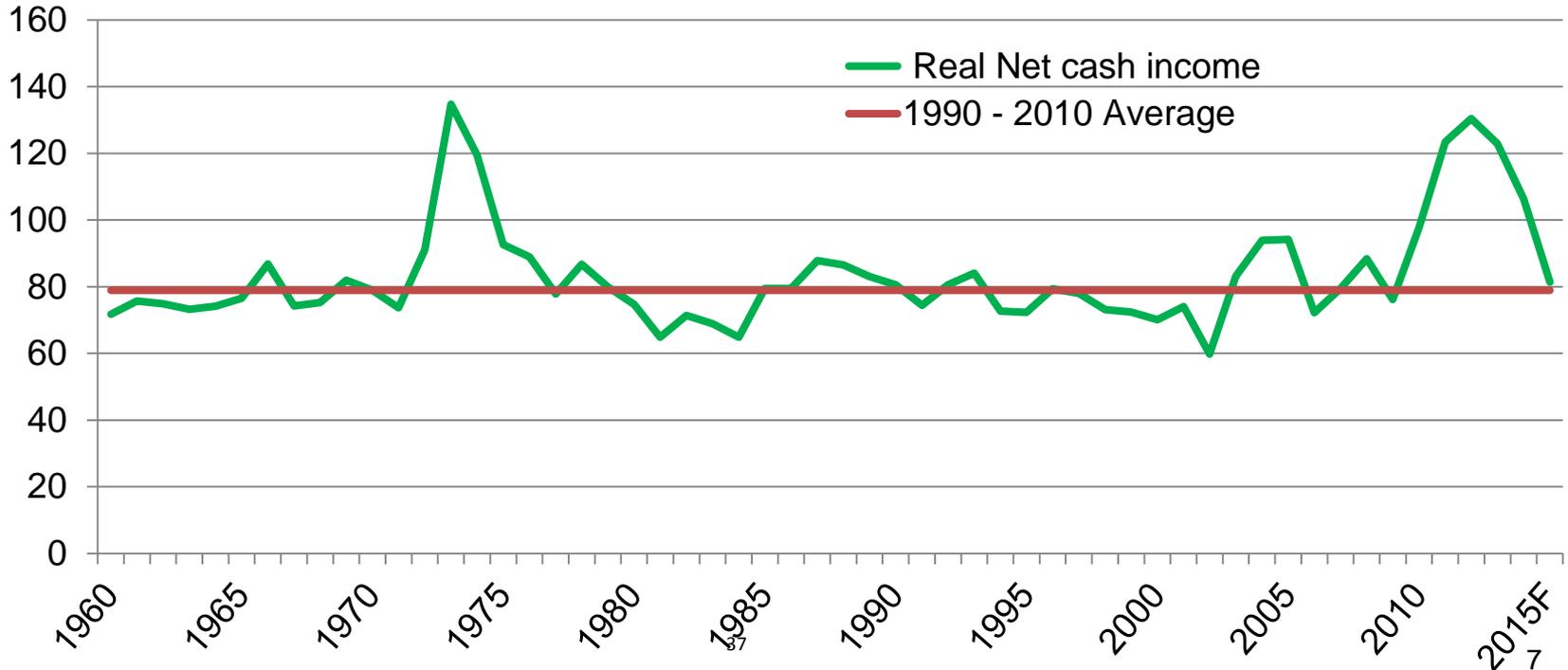
- USDA projects further declines in grain and soybean prices in 2015/16
- Good Midwest planting progress
- Farmland markets still a concern
- Timing of short-term interest rate increases
- Avian Influenza
- California drought persists



Inflation-adjusted net cash income to return to trend level in 2015



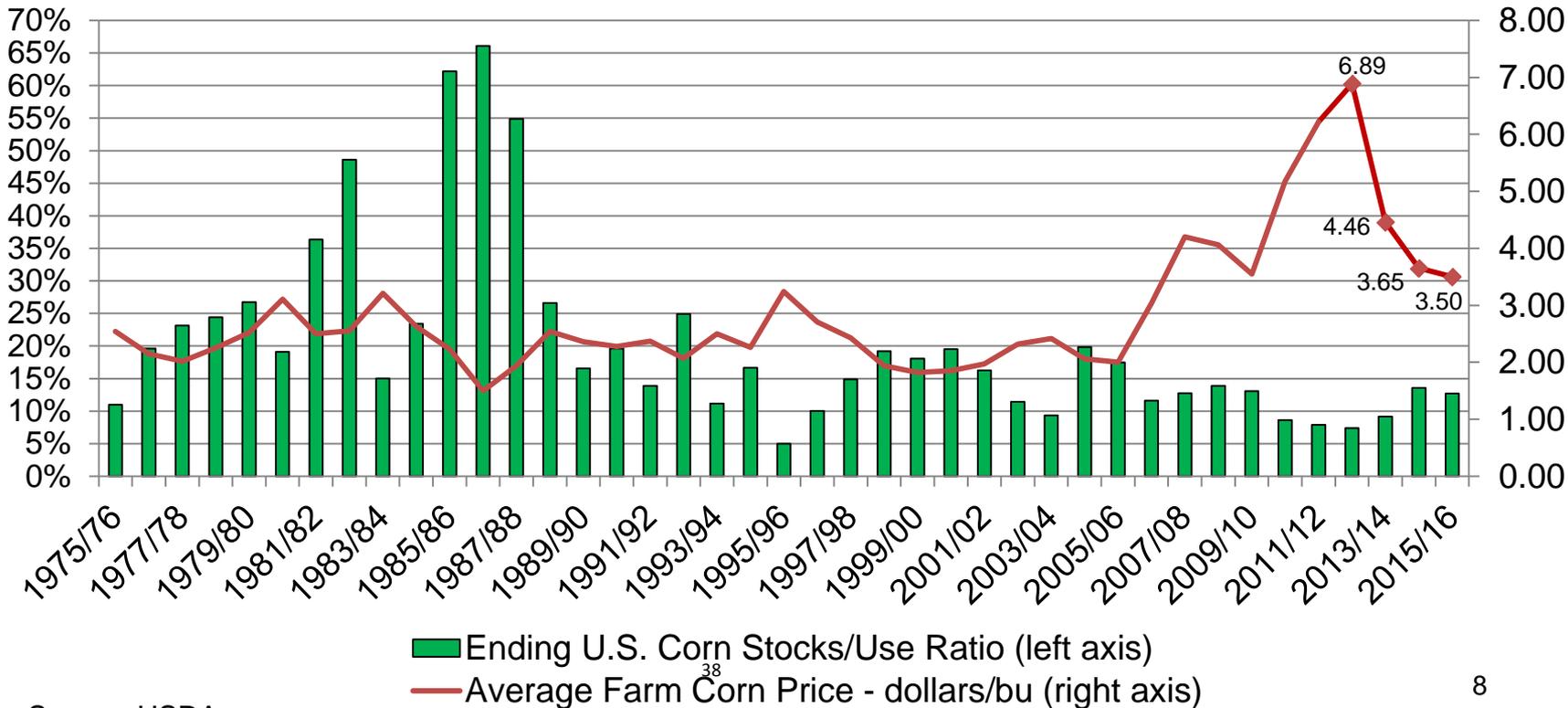
Real farm sector net cash income (bil. 2009 \$)



Source: USDA



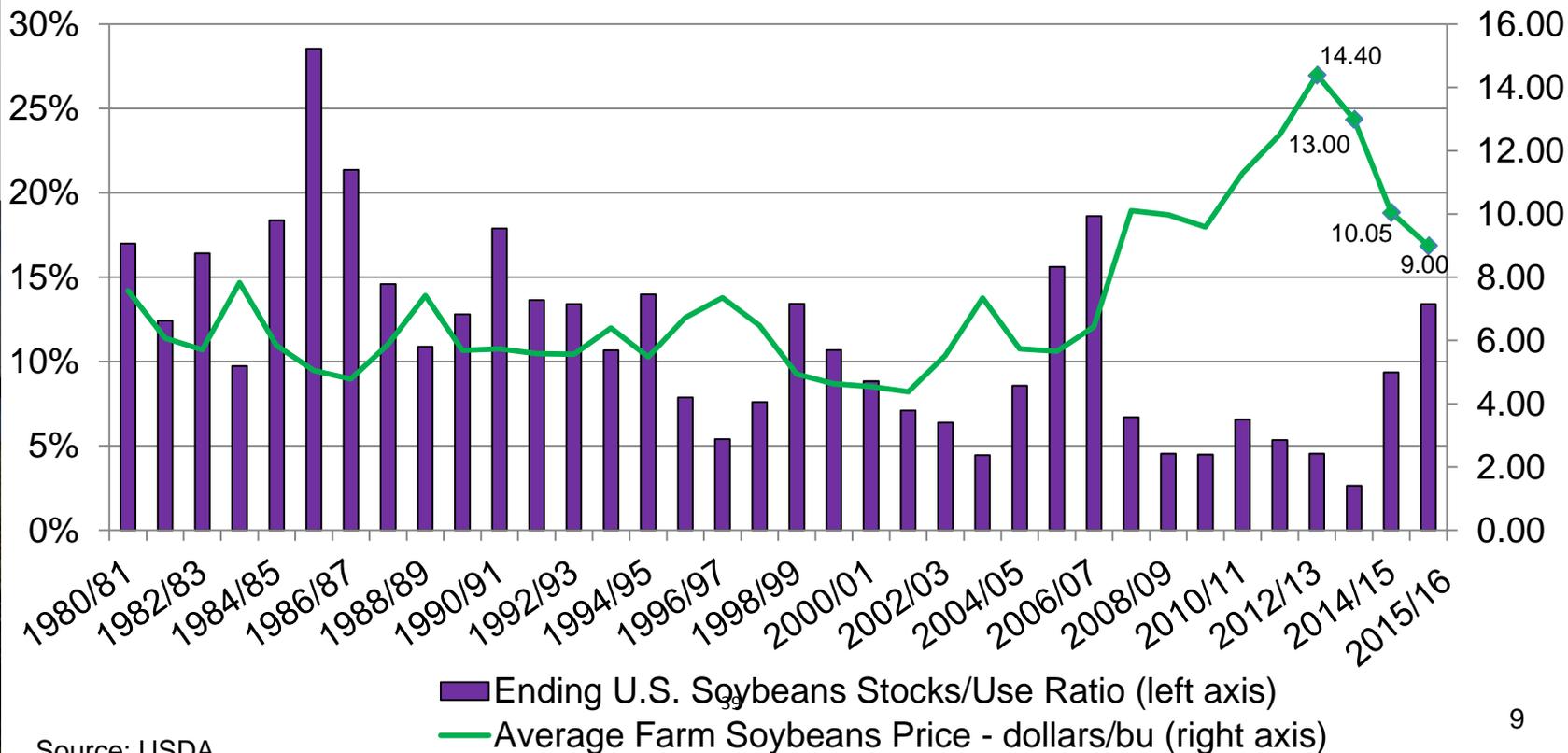
Trend yield and prospective planting suggest weak corn price



Source: USDA

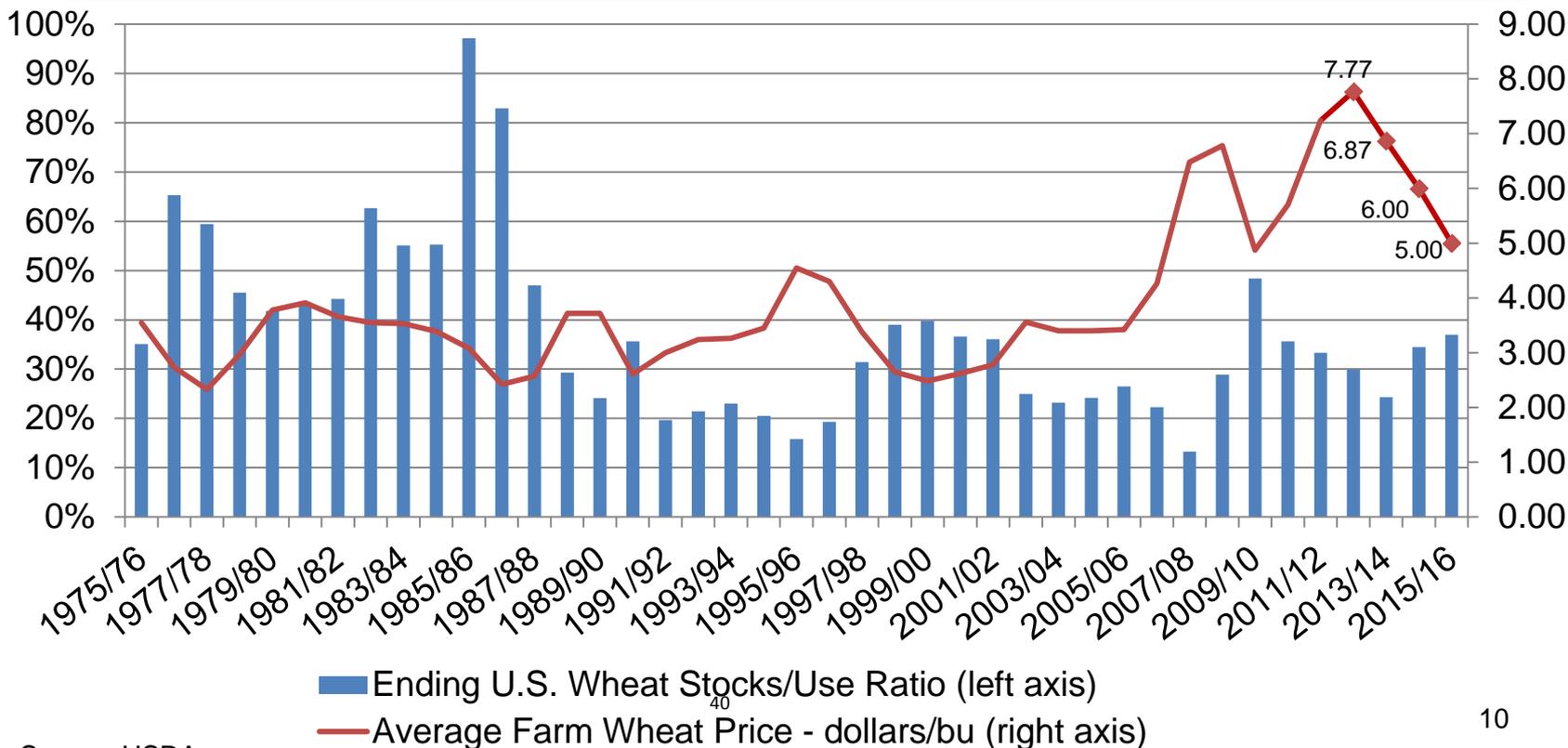


Soybean supplies to build this year, pushing price lower





Wheat price forecast to continue its downward path



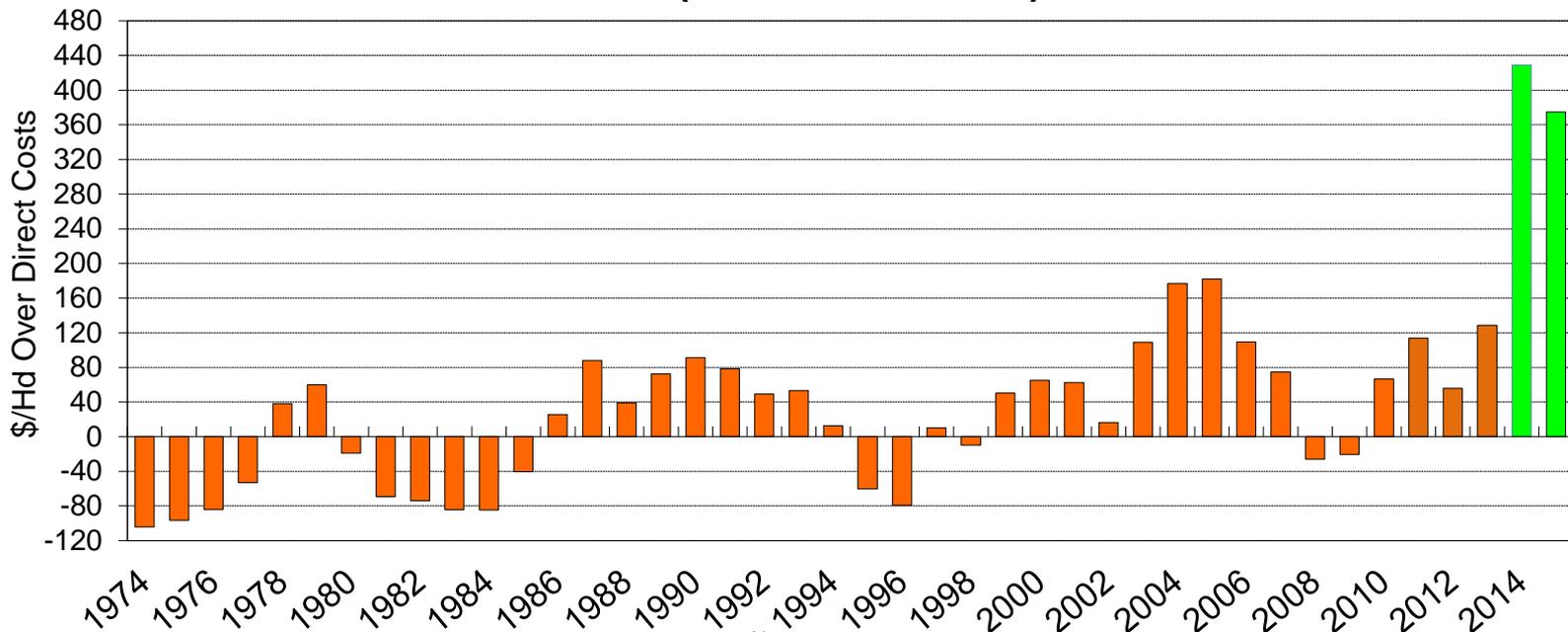
Source: USDA



Cow-calf profits to remain very strong in 2015

6-May-15

ESTIMATED AVERAGE COW/CALF RETURNS (Over Cash Costs)



Source: Informa Economics

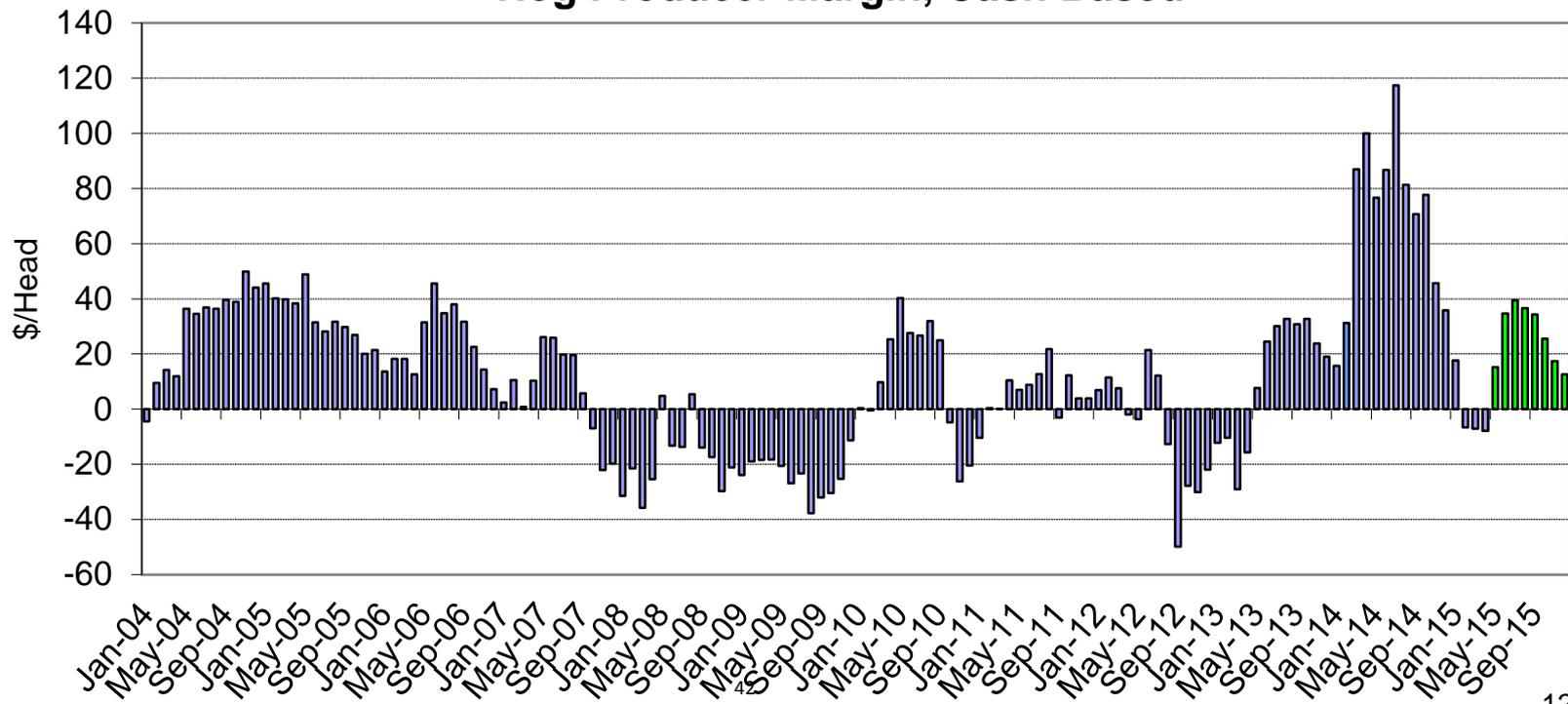


Hog margins recover, but remain far lower than last year



6-May-15

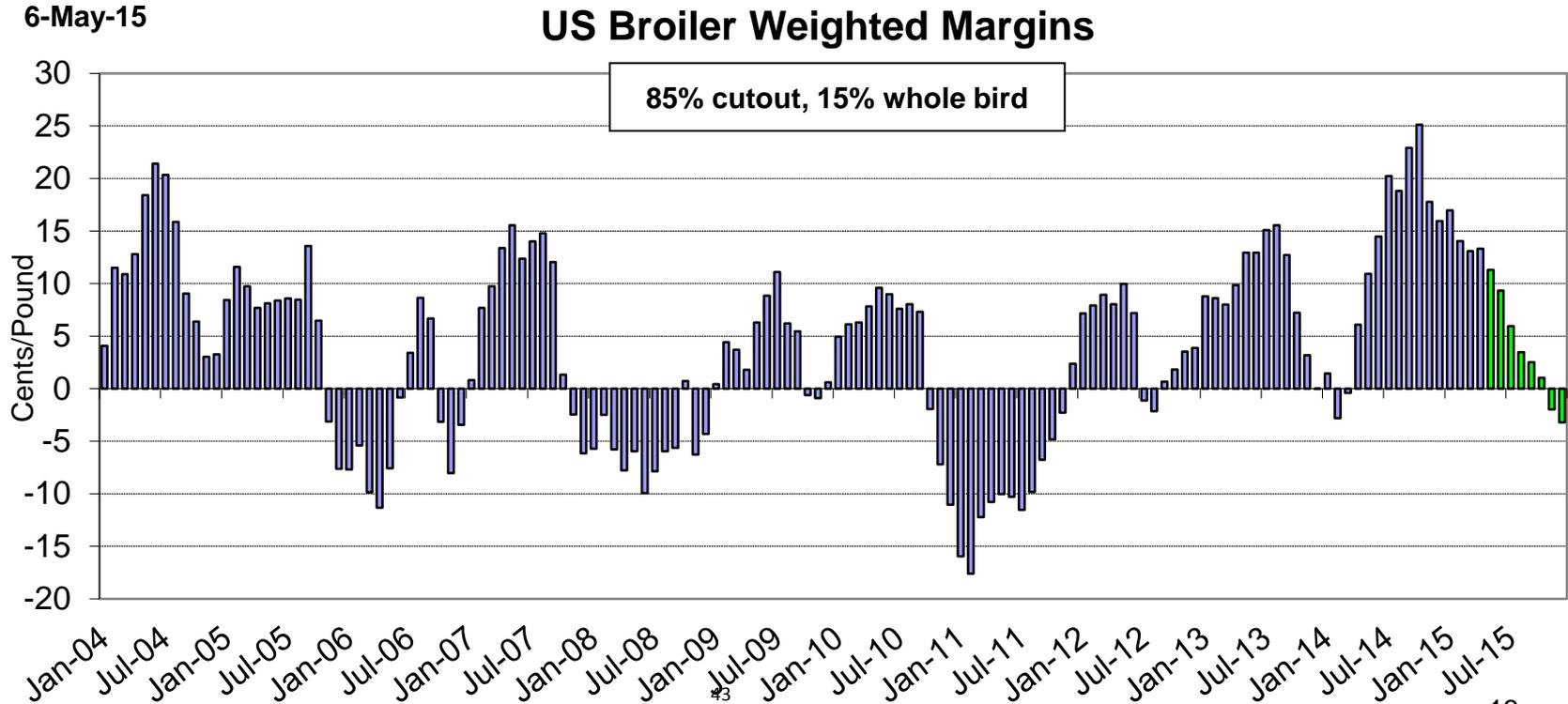
Hog Producer Margin, Cash Based



Source: Informa Economics



Broiler margins continue to slide as production ramps up



Source: Informa Economics

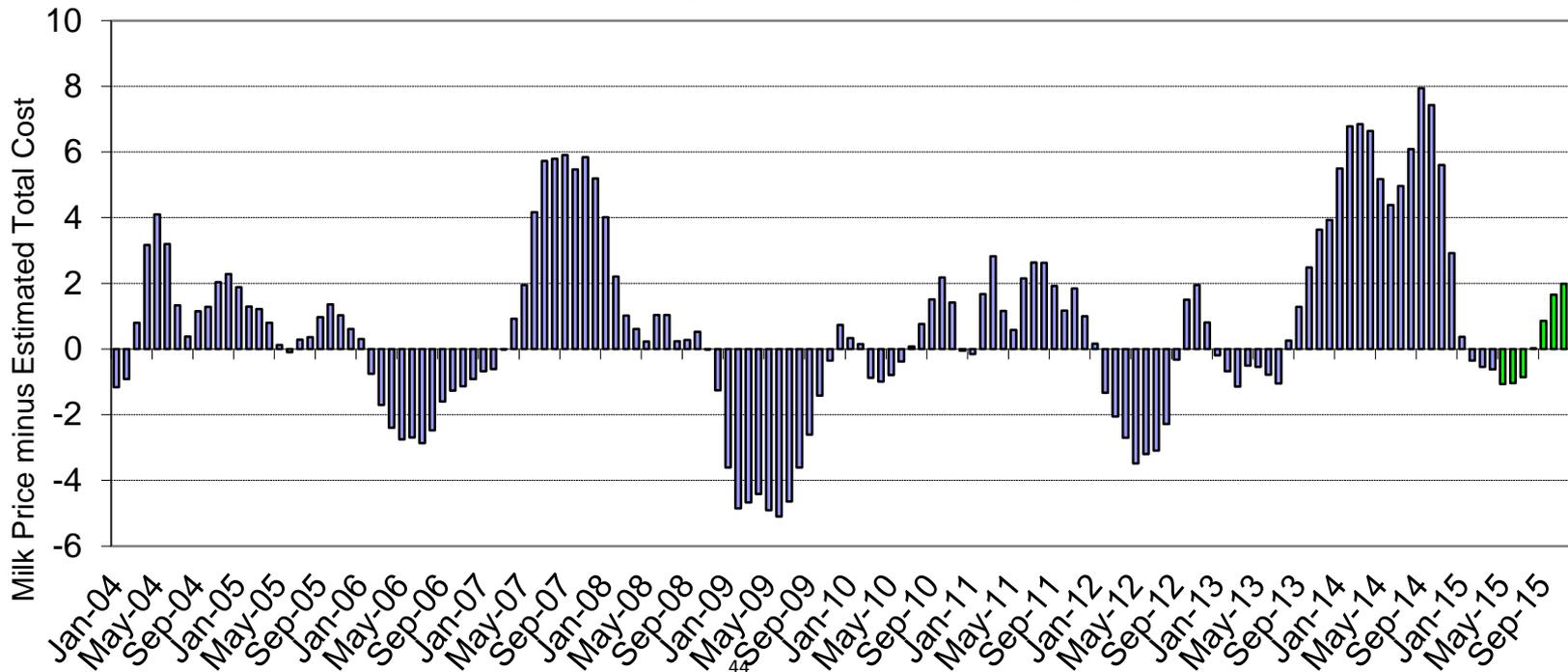


Dairy margins expected to recover later in the year



6-May-15

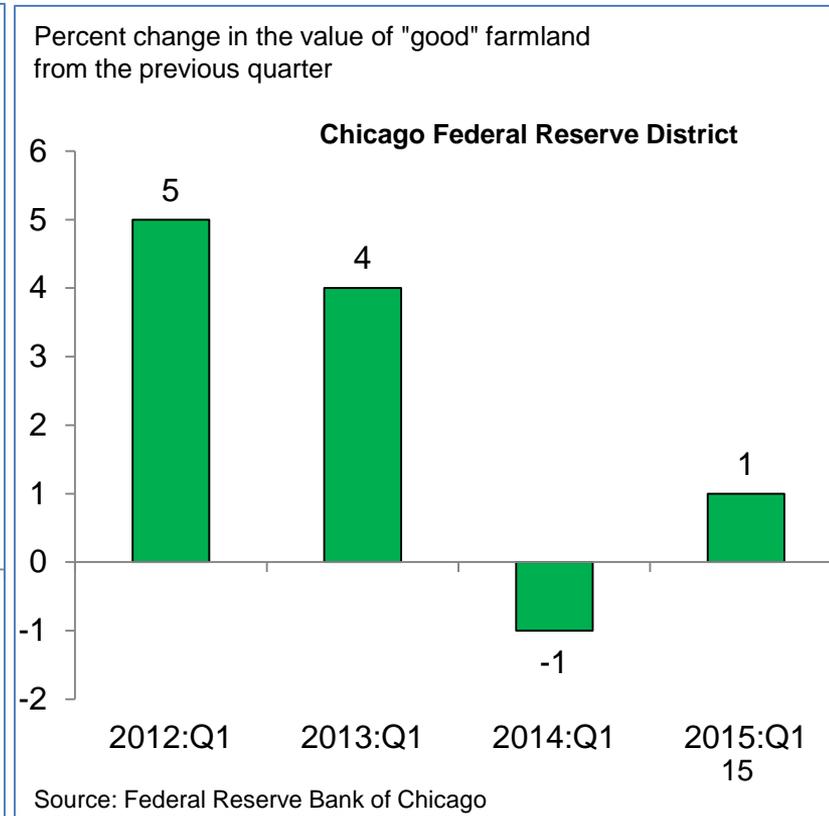
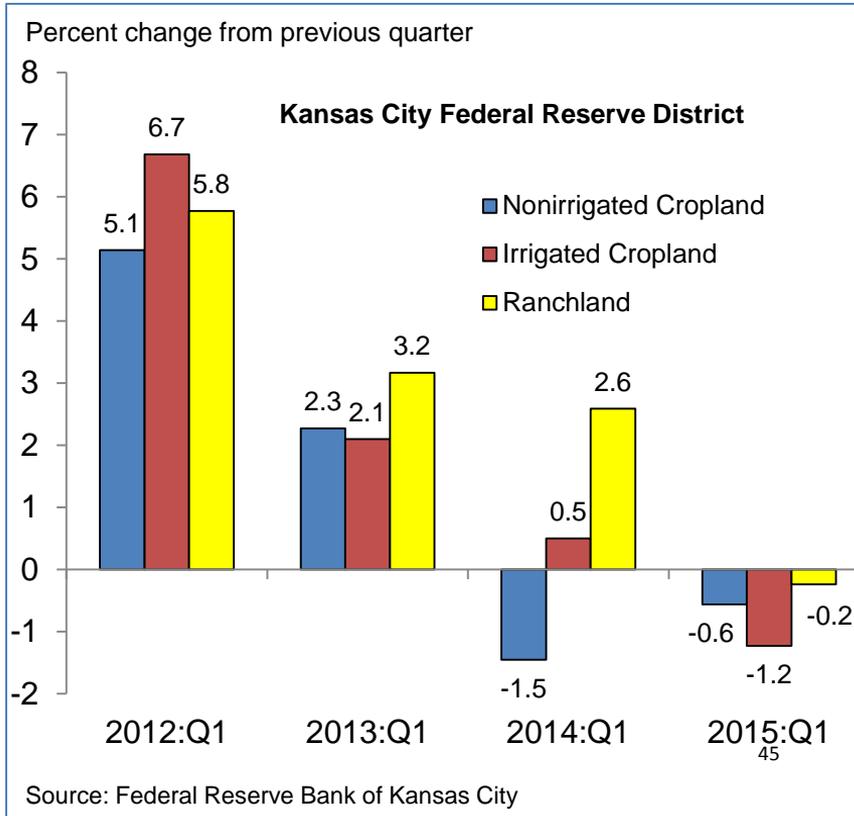
US Dairy Producer Net Margins



Source: Informa Economics



Midwest farmland values continue to cool in the first quarter

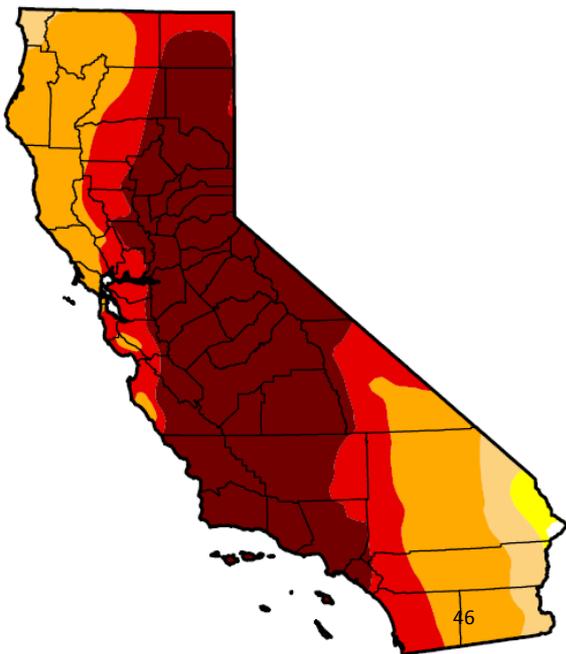




California is in the midst of its fourth year of drought



U.S. Drought Monitor California



May 26, 2015

(Released Thursday, May, 28, 2015)

Valid 7 a.m. EST

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.14	99.86	98.71	93.91	66.60	46.73
Last Week 5/19/2015	0.14	99.86	98.28	93.91	66.60	46.77
3 Months Ago 2/24/2015	0.16	99.84	98.10	93.44	67.46	39.92
Start of Calendar Year 12/30/2014	0.00	100.00	98.12	94.34	77.94	32.21
Start of Water Year 9/30/2014	0.00	100.00	100.00	95.04	81.92	58.41
One Year Ago 5/27/2014	0.00	100.00	100.00	100.00	76.68	24.77

Intensity:



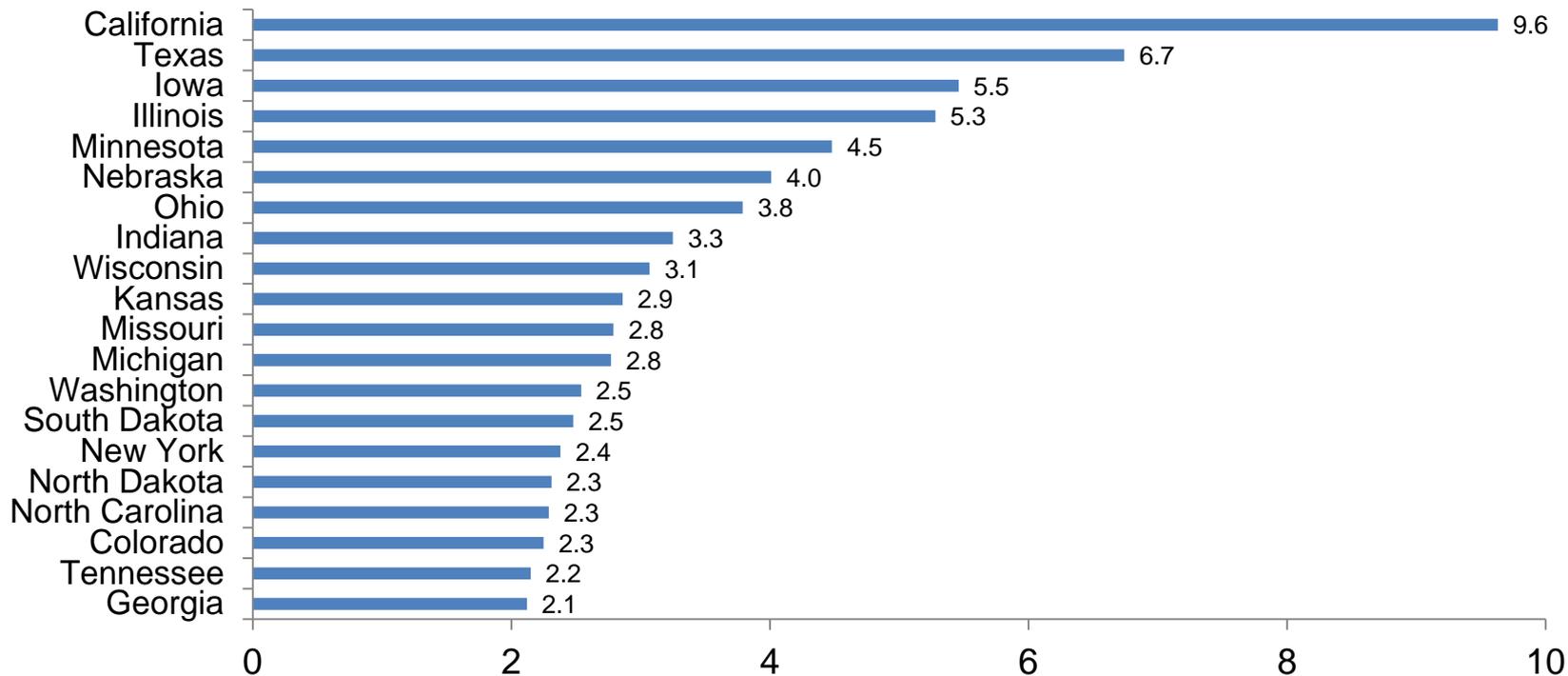
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Author:
Brad Rippey
U.S. Department of Agriculture





California is the System's top state exposure

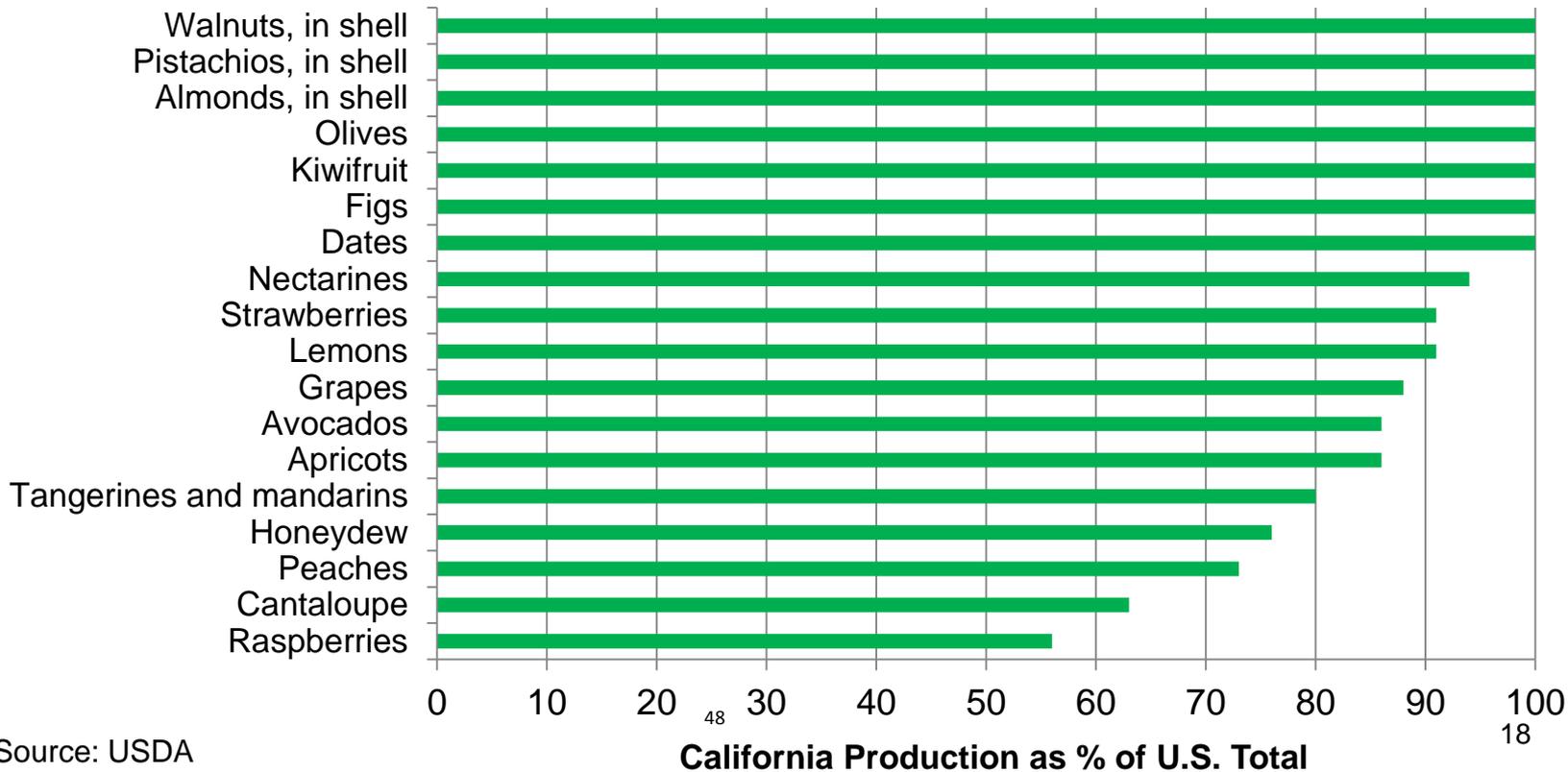


Percent of System Loan Portfolio, December 2014 (Top 20 States)

Source: FCS Annual Information Statement



California supplies most of the nation's popular fruit and nuts



Source: USDA

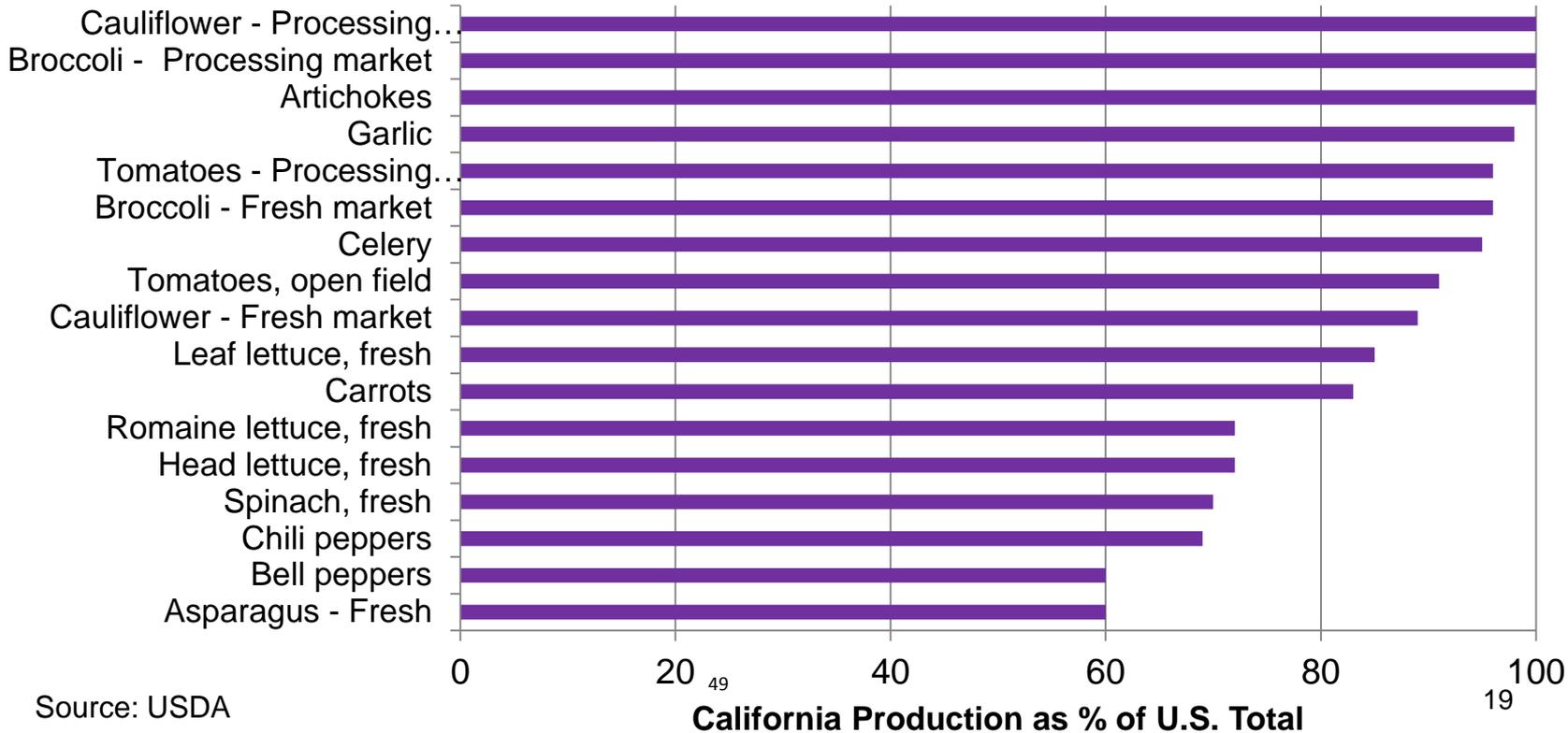
California Production as % of U.S. Total

48

18



California is the most important supplier of many vegetables



Source: USDA

California Production as % of U.S. Total



Risks to watch

- Farmland values correction
- Summer grain/soybean growing conditions
- Cash flow squeeze for grain/soybean farmers
- California drought
- Impact of the strong dollar
- Avian Influenza
- Geopolitical developments





Questions



THANK YOU



Farm Credit System Condition and Performance

as of
March 31, 2015

Hal Johnson
Sr. Financial Analyst
Office of Examination



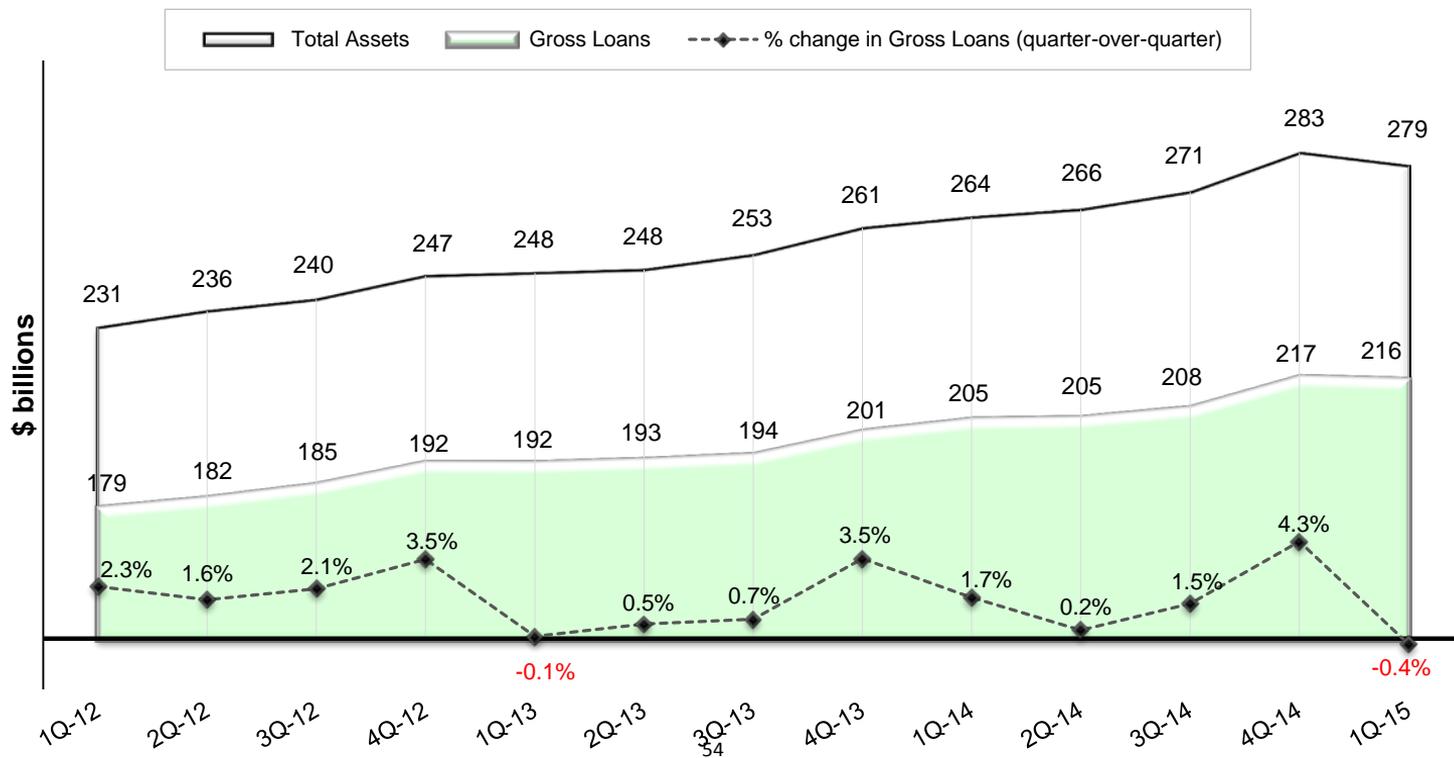
Topics

- Growth
- Portfolio Credit Quality
- Earnings
- Capital
- FIRS





Total System assets down slightly for the quarter



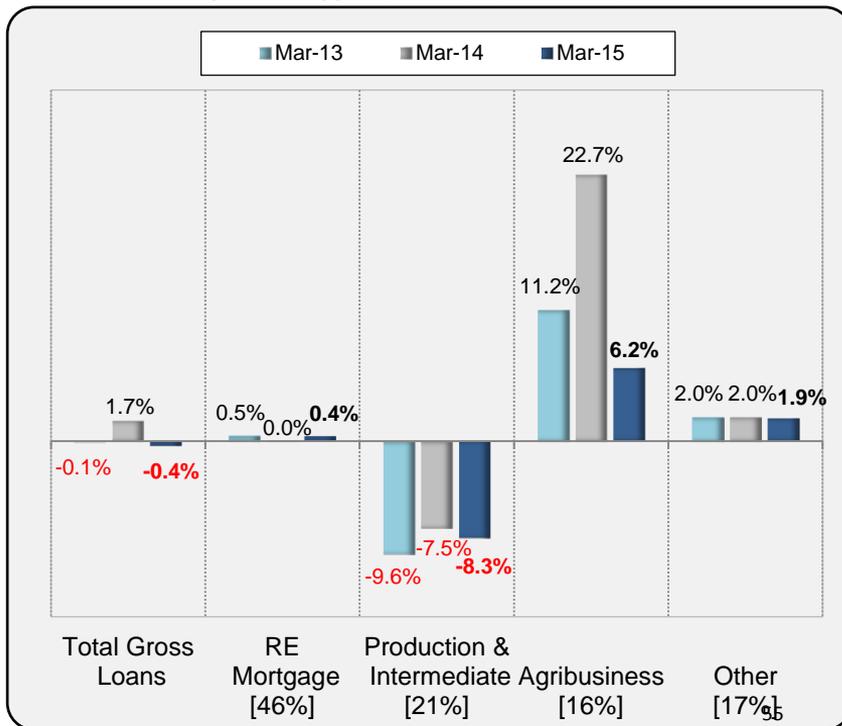
Source: FCS Quarterly Information Statements



Little change in loan balances; lending for production agriculture at a seasonal low



Loan Growth by Loan Type (% change quarter-over-quarter)



Loan Growth by District (% change quarter-over-quarter)

District	Mar-13	Mar-14	Mar-15
AgFirst District (11%)	-1.5%	-0.2%	-1.0%
AgriBank District (39%)	-2.0%	-1.1%	-1.9%
CoBank District (41%)	2.0%	5.2%	0.8%
Texas District (9%)	1.3%	1.3%	1.6%
Total System	-0.1%	1.7%	-0.4%



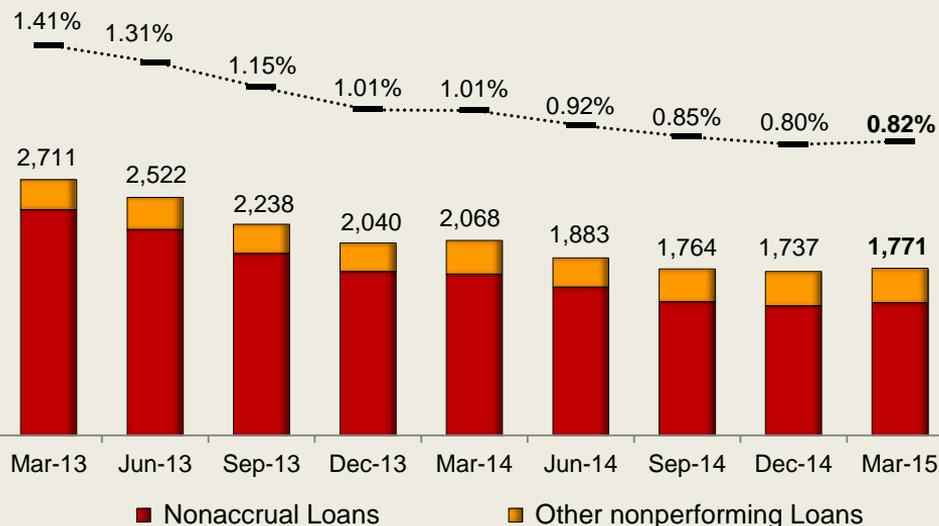
Portfolio credit risk remains low



Portfolio Credit Quality as of March 2015

- Nonperforming loans equaled 0.82% of System loans outstanding
- Over 96% of System loans were classified as Acceptable
- The System's allowance for loan losses equaled 71% of nonperforming loans
- Total capital and the allowance for loan losses represented 22.2% of System loans at quarter-end

% of Nonperforming Loans-to-Total Loans

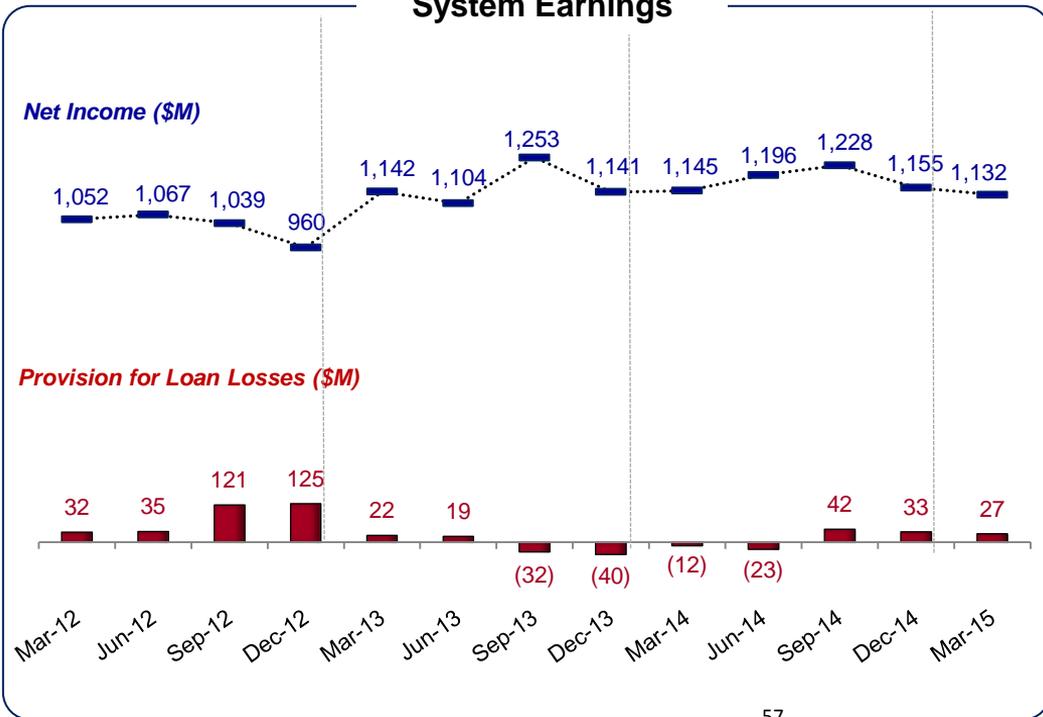




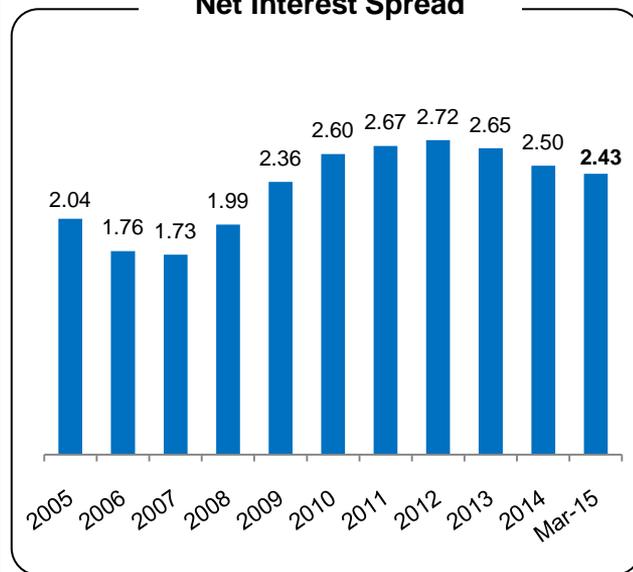
System reports solid 1st quarter financial results



System Earnings



Net Interest Spread





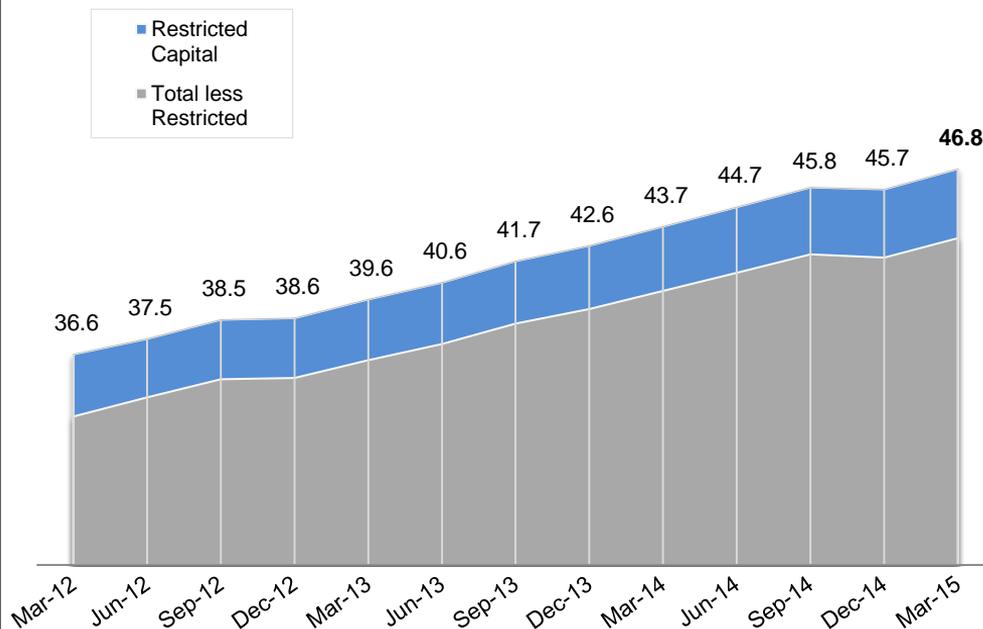
Strong earnings support continued growth in capital



Capital and Liquidity as of March 2015

- System capital as a percentage of total assets was 16.8% compared to 16.2% at yearend 2014 and 16.6% as of March 2014
- System liquidity equaled 183 days of coverage. Days of available liquidity for the four funding banks ranged from 168 days to 219 days at quarter-end.

System Capital (\$B)



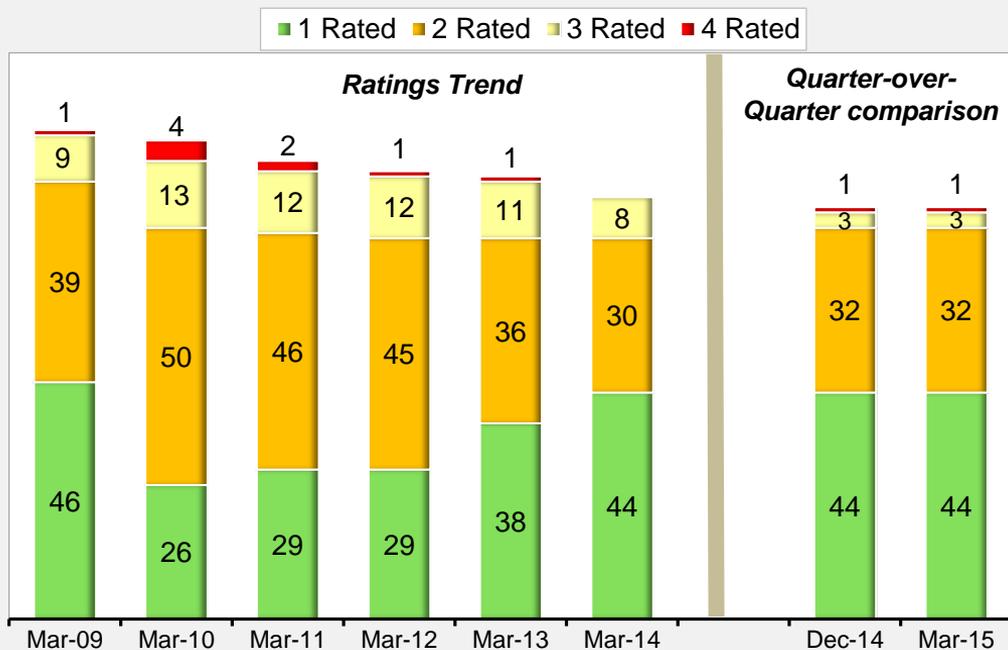
Restricted capital represents capital associated with the Insurance Fund.



System FIRS ratings



Composite FIRS Ratings - System Banks & Associations



59

FIRS Ratings

With the most recent FIRS update:

- No change in Composite ratings
- 95% of System Banks and Associations have a Composite FIRS rating of 1 or 2
- 3 and 4 rated institutions account for less than 1% of total System assets



Summary and final points

- Challenges for agriculture:
 - Further declines expected in grain and soybean prices, intensifying the cash flow squeeze on crop producers.
 - Farmland values continue to cool
 - Severe drought persists in California
- The System continues to be fundamentally safe and sound and its condition and performance is strong.
- System institutions are well-positioned for the changing risk environment facing agriculture.





Questions



THANK YOU



FCA Board Meeting

June 2015

Semi-Annual Report on Office of Examination Operations

June 11, 2015

Hal Johnson
Office of Examination

Exhibit F





Highlights of OE Operations

- Operating Plan Objectives
- OE Budget Results
- Staffing Update
- Summary





2015 Operating Plan Objectives

➤ Risk Supervision & Examination Activities

- Onsite at 59% of associations, 4 banks, 6 other System entities, and Farmer Mac
- Issued 26 Reports of Examination and 14 Interim Activity letters
- 5 institutions under higher level of supervisory oversight





2015 Operating Plan Objectives

- Risk Supervision & Examination Activities (Cont.)
 - Issued Informational Memorandum on Portfolio Management in Volatile Times
 - Analyzed System allowance for loan loss levels and began update to examination manual module
 - Issued the 2014 Shared Assets Examination Results Report in March 2015
 - Published Capital Management examination manual module





2015 Operating Plan Objectives



- Risk Supervision & Examination Activities (Cont.)
 - Drafted System Governance survey
 - Implemented internal controls assessment project (5 new examination programs)
- Public Mission as GSE
 - Updated Scoping Guidance and supplemental Examination Manual on diversity and inclusion



2015 Operating Plan Objectives

➤ Human Capital

- Updating Commissioning Program for Job Analysis project results
- Developing a Post-Commission training curriculum
- Implementing examiner developmental opportunities

➤ Operational Efficiency & Effectiveness

- Ongoing progress in Loan Database, EDGe, Examination Manual, and leveraging technology

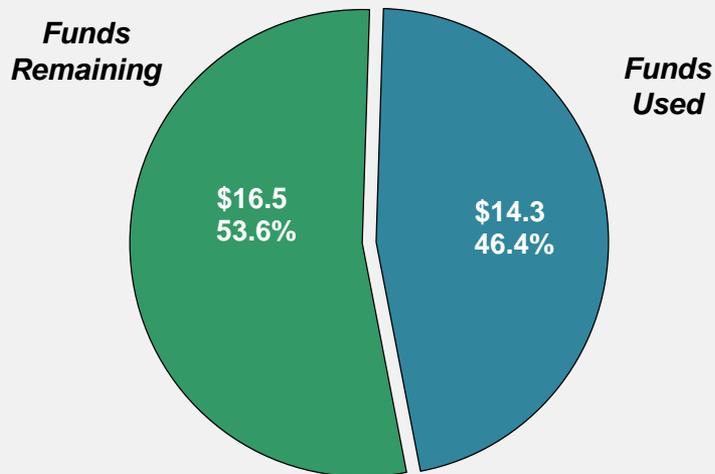




OE Budget Results (Fiscal YTD thru 3/31/15)



FY 2015 OE Budget - \$30.8M



Travel

◆ FY 2015 Travel Budget Used	35%
◆ FY 2015 Travel Days Used	32%

FTEs

◆ Projected Full Year FTE's	162.5
◆ Budgeted Full Year FTE's	167.9
Budget Variance	(5.4)



Staffing



	Planned	Projected	Variance
Staff on Board @ start of FY 2015	165	164 ⁽¹⁾	(1)
Staff Attritions / Retirements ⁽²⁾	(14)	(17)	(3)
Projected Hirings	23	24	1
Staff on Board @ yearend FY 2015	174	171	(3)

(1) Represents actual staff on board as of 10/1/14

(2) There have been 14 actual staff attritions fiscal year-to-date through April 2015



Summary

- On-site presence at institutions maintained
- A small number of institutions remain under a higher level of supervision
- Continued progress on OE Operating Plan objectives
- Actual spending is below budget
- Significant efforts focused on recruiting and developing staff





Discussion



THANK YOU

