

Jill Long Thompson, Board Chair and Chief Executive Officer  
Kenneth A. Spearman, Board Member  
Leland A. Strom, Board Member



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
June 13, 2013**

These minutes reflect the business transacted at the June 13, 2013, 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 10:34 a.m. Members of the Board present were:

**Jill Long Thompson, Board Chair and Chief Executive Officer**  
**Kenneth A. Spearman, Member**  
**Leland A. Strom, Member**

The above named constitute the full Board.

Before starting the meeting the **Board Chair** recognized **Doug Valcour** of the Office of Management Services. Mr. Valcour is retiring with 35 years of service, during which he led several significant initiatives in information technology at FCA.

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 eight members 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 Chair** reviewed the published Agenda. (A copy of the Public Announcement publishing the Agenda for the meeting is attached as Exhibit B.)

**Mr. Spearman** moved to adopt the Agenda as published.

**Mr. Strom** seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

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

**Mr. Strom** noted that the Agenda did include a portion 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. Spearman** seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

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

#### **OPEN SESSION**

#### **Approval of Minutes**

**Minutes for May 9, 2013  
(BM-13-JUN-13-01)**

**Mr. Spearman** moved to approve the minutes for May 9, 2013.

**Mr. Strom** seconded the motion.

There being no further discussion, **Board Chair Long Thompson** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-13-JUN-13-01)**

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

#### **Reports**

#### **FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2012 Results**

**Mark Johansen** previously in the Office of Regulatory Policy before becoming Board Member Strom's Executive Assistant, and **Steve Koenig** of the Office of Regulatory Policy presented the Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2012 Results.

**Board Chair Long Thompson** 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 Farm Credit System 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 Farm Credit System Conditions.

**Board Chair Long Thompson** 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**

**Robert Coleman** and **Hal Johnson** of the Office of Examination presented the Semi-Annual Report on OE Operations.

**Board Chair Long Thompson** 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**

**Board Chair Long Thompson** announced that the next topic on the Agenda was a closed session item pursuant to previous Board action.

The **Board Chair** instructed all members of the public to exit.

**Board Chair Long Thompson** convened the closed session of the meeting at 10:14 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 Chair** 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:

**Jill Long Thompson, Board Chair and Chief Executive Officer**  
**Kenneth A. Spearman, Member**  
**Leland A. Strom, 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).

### Reports

#### **Office of Examination Quarterly Report**

**Robert Coleman** and **Roger Paulsen** of the Office of Examination presented the OE Quarterly Report.

**Board Chair Long Thompson** asked if there were any questions or further discussion from the Board.

There were no further questions or discussion.

The closed session ended at 10:33 a.m.

### ADJOURNMENT

There being no further business to come before the Board, **Board Chair Long Thompson** indicated she would entertain a motion to adjourn the meeting.

**Mr. Strom** moved that the meeting be adjourned.

**Mr. Spearman** seconded the motion.

**Board Chair Long Thompson** called the question.

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

The meeting adjourned at 10:34 a.m.

**NOTATIONAL VOTE ACTIONS**

There were five notational vote actions approved by the FCA Board from May 9, 2013, through June 12, 2013, as follows:

<b>Item Number</b>	<b>Action Date</b>	<b>Voting Results</b>	<b>Subject</b>
NV 13-10	05/16/2013	Approved	AgStar, ACA, Series A Non-Cumulative Perpetual Preferred Stock
NV 13-11	05/29/2013	Approved	Proposed Merger of Federal Land Bank Association of Kingsburg, FLCA with and into the Northern California Farm Credit, ACA, and its subsidiaries and Name Change to Golden State Farm Credit, ACA, PCA, and FLCA
NV 13-12	05/30/2013	Approved	Review of Significant Regulatory Actions Pursuant to Executive Order 12866
NV 13-13	05/30/2013	Approved	Regulatory Enforcement Committee Recommendation #13-01; Supervisory Agreement
NV 13-15	06/12/2013	Approved	High Plains Farm Credit, ACA – Class H Cumulative Preferred Stock

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on June 13, 2013.

\_\_\_\_\_  
*/s/*  
Jill Long Thompson  
Board Chair and Chief Executive Officer

\_\_\_\_\_  
*/s/*  
Dale L. Aultman  
Secretary to the Board

Approved: \_\_\_\_\_

**STAFF PRESENT AT THE  
FCA REGULAR BOARD MEETING  
June 13, 2013**

JILL LONG THOMPSON, Board Chair and Chief Executive Officer  
KENNETH A. SPEARMAN, Board Member  
LELAND A. STROM, Board Member

<b>OFFICE</b>	<b>OPEN SESSION</b>	<b>CLOSED SESSION</b>
<b>Office of the Board</b>		
Aultman, Dale	X	X
Smulkstys, Inga	X	X
Corey, Kathryn	X	
Buccolo, Deb	X	
Johansen, Mark	X	X
Calhoun, Gaye	X	
<b>OCOO</b>		
Hoffman, William	X	X
Bell, Ava	X	
<b>OCPA</b>		
Quinn, Christine	X	X
<b>OSMO</b>		
Rea, Laurie	X	X
Hudson, Bruce	X	X
Beckers, Christel (OE)	X	X
<b>OGC</b>		
Rawls, Charles	X	X
Strickland, Joy	X	X
Pienta, Jeff		X

OFFICE	OPEN SESSION	CLOSED SESSION
<b>OE</b>		
Coleman, Robert	X	X
Paulsen, Roger	X	X
Johnson, Hal	X	
<b>OIG</b>		
Dean, Elizabeth	X	X
<b>ORP</b>		
Van Meter, Gary	X	X
Mardock, Barry	X	X
Gabriel, Steve	X	X
Koenig, Steve	X	
Hale, Darius	X	
McKay, Sarah	X	X
<b>OMS</b>		
Smith, Stephen	X	X
Valcour, Doug	X	
<b>FCSIC</b>		
Rubin, Howard	X	X
Pfizinger, Rick	X	X
<b>GENERAL PUBLIC</b>	<b>8</b>	

**PUBLIC ANNOUNCEMENT OF  
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT  
Farm Credit Administration Board  
Regular Meeting  
June 13, 2013**

**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 13, 2013. 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.

**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. In order to increase the accessibility to Board meetings, persons requiring assistance should make arrangements in advance by contacting 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**

**Approval of Minutes**

- 1 May 9, 2013

**Reports**

- 2 FCA’s Annual Report on the Farm Credit System’s Young, Beginning, and Small Farmer Mission Performance: 2012 Results
- 3 Quarterly Report on Economic Conditions and Farm Credit System Conditions
- 4 Semi-Annual Report on Office of Examination Operations

**CLOSED SESSION**

- 5 Office of Examination Quarterly Report<sup>1</sup>

\_\_\_\_\_  
June 4, 2013  
Date

\_\_\_\_\_  
**/s/**  
Dale L. Aultman  
Secretary to the Board

<sup>1</sup>Session 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**

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**FCA BOARD ACTION ON**

**Minutes for May 9, 2013 Board Meeting**

**BM-13-JUN-13-01**

**Effective Date:** June 13, 2013

**Effect on Previous Action:** None

**THE FCA BOARD HEREBY:**

Approves the minutes for May 9, 2013, as submitted.

**DATED THIS 13<sup>th</sup> DAY OF JUNE 2013**

**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: 2012 Results

**Office of Regulatory Policy  
FCA Board Meeting  
June 13, 2013**

**Mark Johansen, Senior Policy Analyst  
Steve Koenig, Senior Economist**



# Outline

- **The System's YBS Mission**
- **System's 2012 YBS Numbers**
- **Trends for YBS Farmers**
- **YBS Survey**





# The YBS Mission

- **Farm Credit Act - 1980 Amendments**
  - FCS institutions to have a program for furnishing sound, constructive credit, and related services to YBS farmers and ranchers
  - FCS banks to submit an annual report on YBS activities to FCA
  - FCA to submit an annual YBS report to Congress
- **Regulation – 614.4165 (2004)**
  - Sets minimum YBS program components and reporting and disclosure requirements for direct-lender associations
- **Revised Bookletter-040 (2007)**
  - Provides flexibility on lending opportunities for YBS farmers and ranchers
- **Bookletter-066 (2012)**
  - Provides guidance for meeting the credit and related services needs of farmers who market their agricultural products through local or regional food systems.



# 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
- Volumes include advances and commitments
- Counts are for loans, not borrowers



# 2012 YBS Results

## YBS Loans Outstanding

As of December 31, 2012

	Number of loans	Percentage of total number	Dollar volume of loans in millions <sup>*</sup>	Percentage of total volume
<b>Young farmers/ranchers</b>	<b>170,875</b>	<b>18.1</b>	<b>\$23,110</b>	<b>11.4</b>
<b>Beginning farmers/ranchers</b>	<b>243,354</b>	<b>25.8</b>	<b>\$35,733</b>	<b>17.7</b>
<b>Small farmers/ranchers</b>	<b>477,248</b>	<b>50.6</b>	<b>\$44,123</b>	<b>21.8</b>

## YBS Loans Made During 2012

	Number of loans	Percentage of total number	Dollar volume of loans in millions <sup>*</sup>	Percentage of total volume
<b>Young farmers/ranchers</b>	<b>56,659</b>	<b>16.5</b>	<b>\$8,840</b>	<b>11.7</b>
<b>Beginning farmers/ranchers</b>	<b>69,304</b>	<b>20.2</b>	<b>\$11,483</b>	<b>15.2</b>
<b>Small farmers/ranchers</b>	<b>143,200</b>	<b>41.7</b>	<b>\$13,197</b>	<b>17.4</b>

<sup>\*</sup> 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.

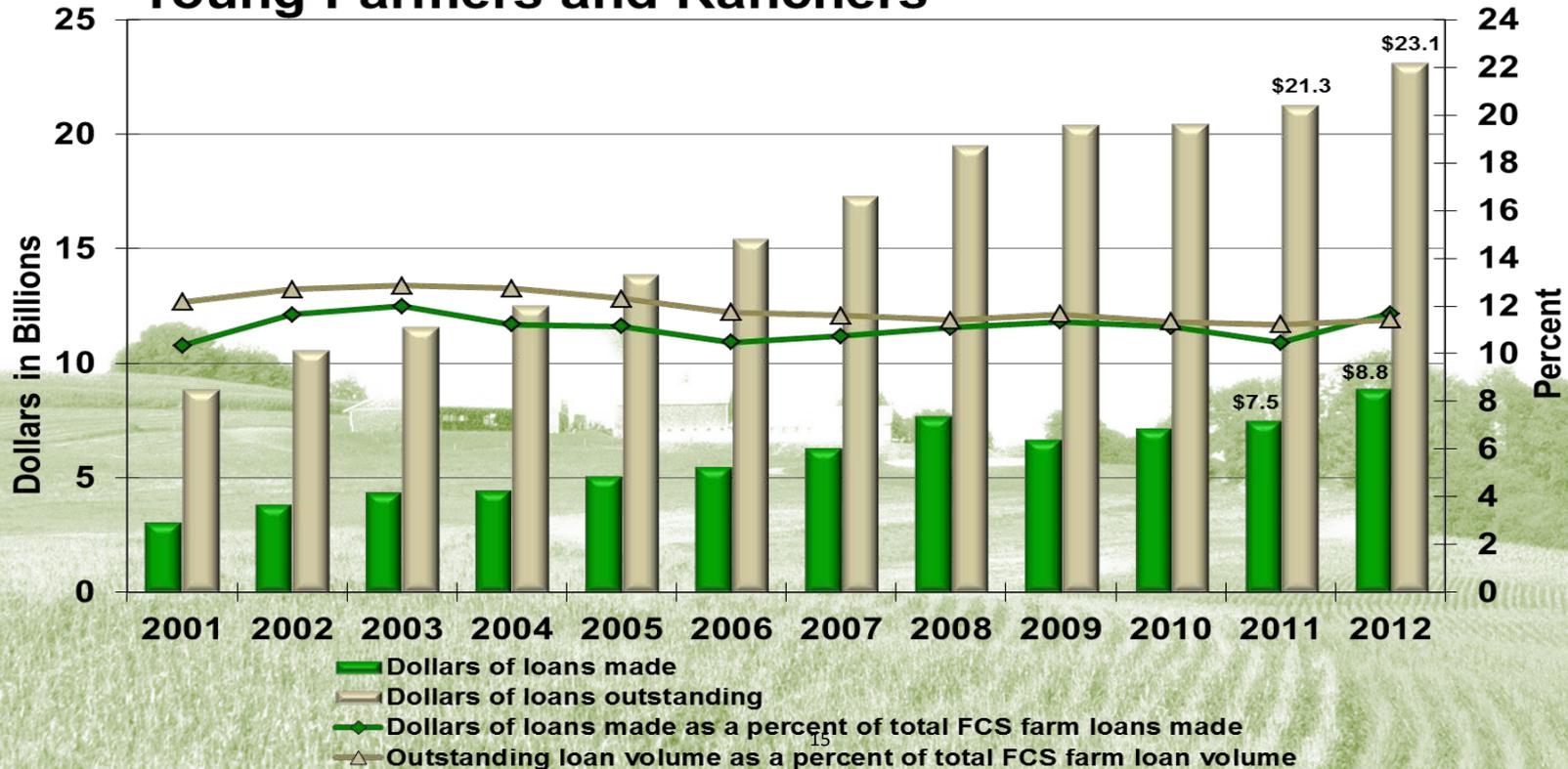
Note: Because the three (young, beginning, and small) categories are not mutually exclusive, one should not add across the categories to count total YBS lending activity.

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



# YBS Trends

## Young Farmers and Ranchers

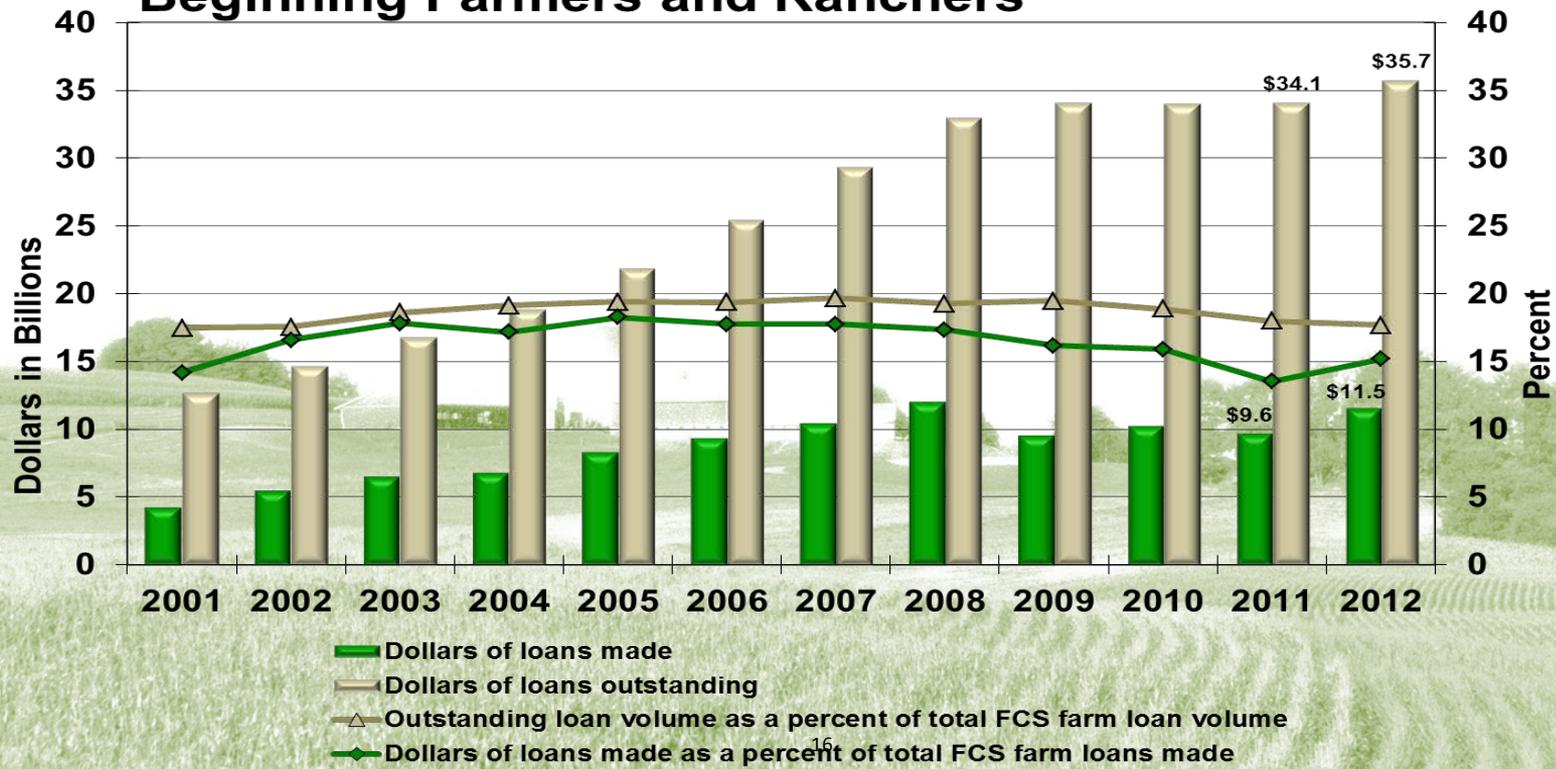


Source: YBS loan data submissions.



# YBS Trends

## Beginning Farmers and Ranchers

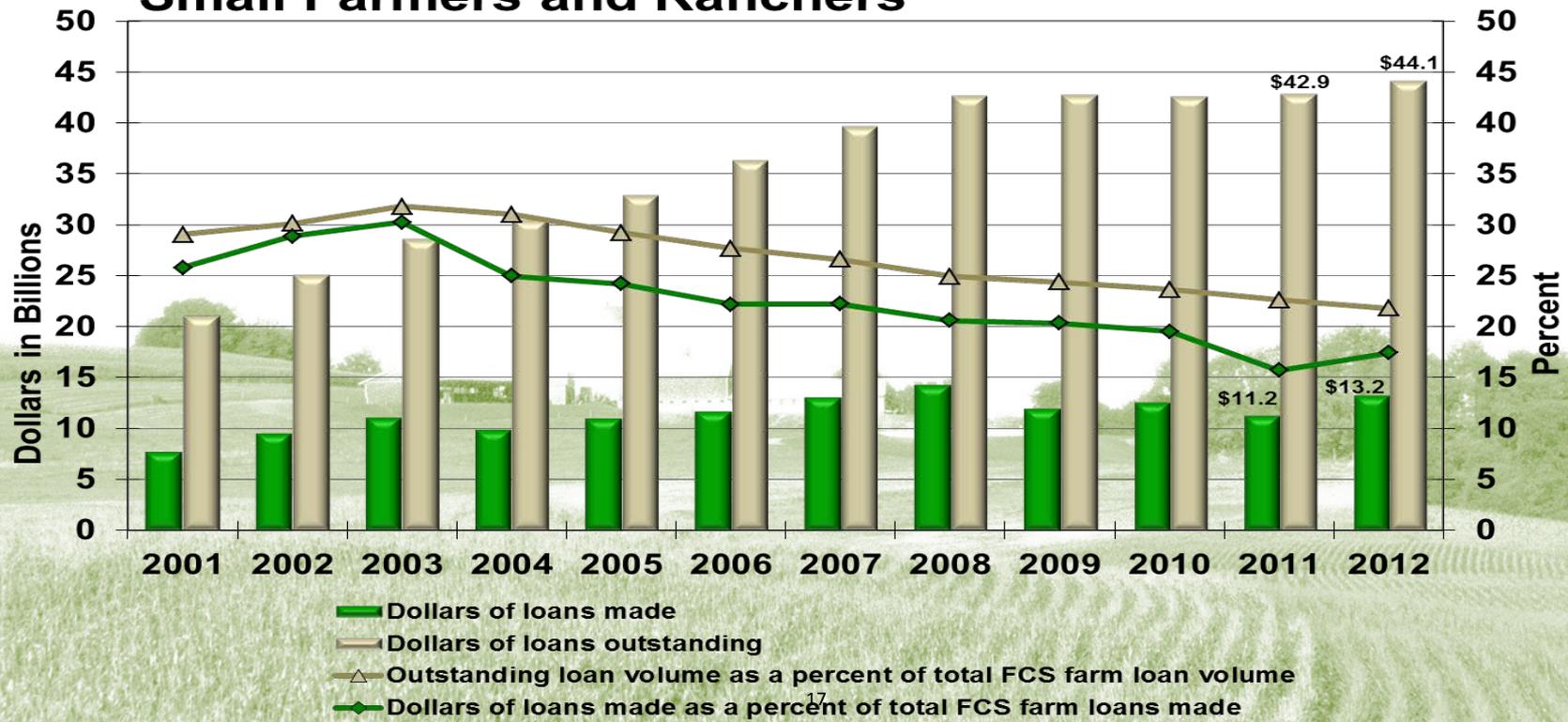


Source: YBS loan data submissions.



# YBS Trends

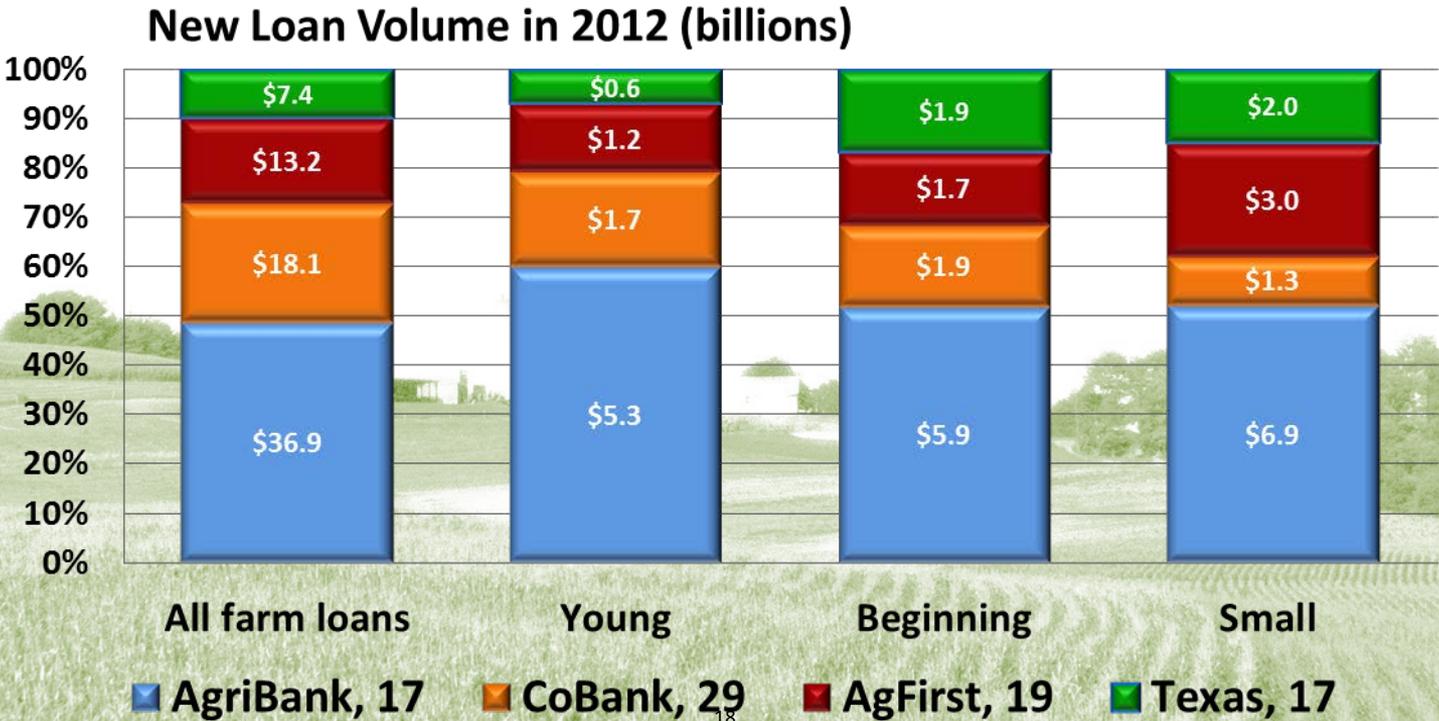
## Small Farmers and Ranchers



Source: YBS loan data submissions.



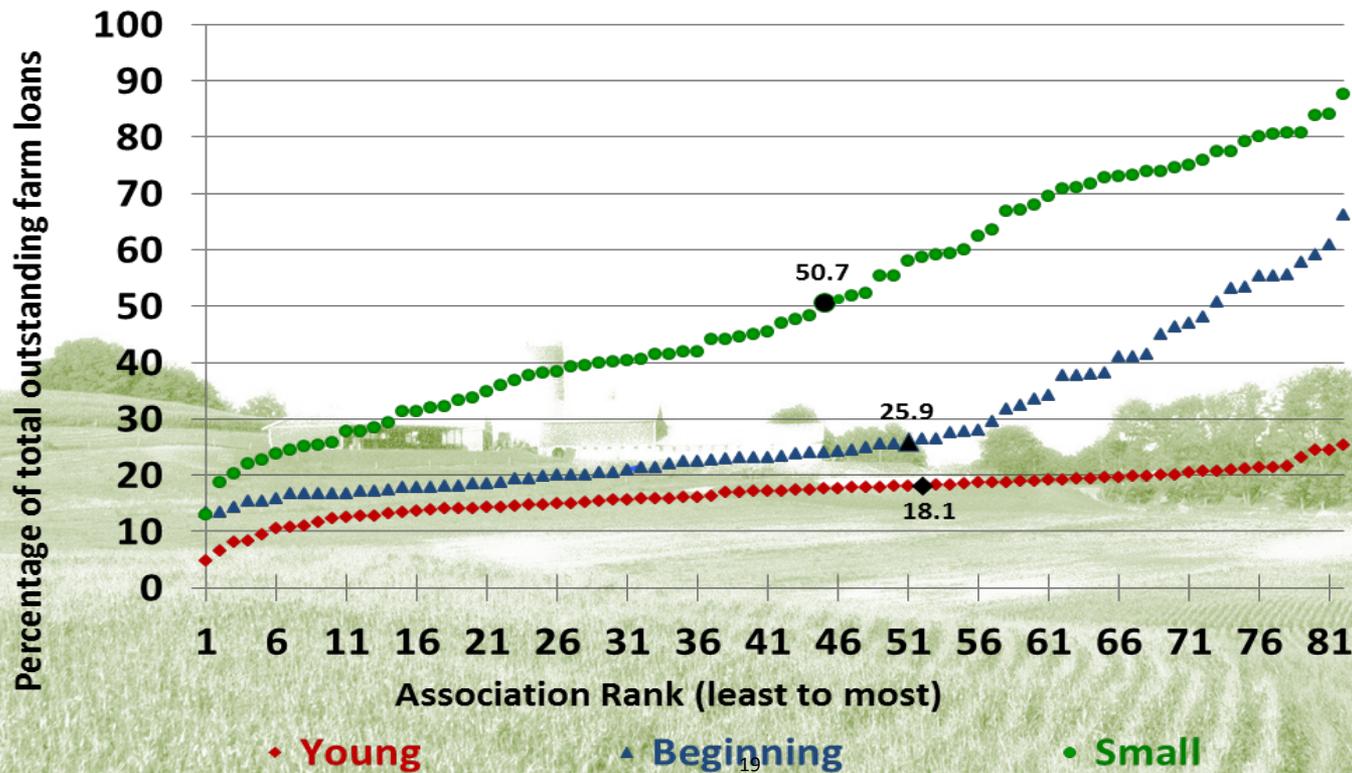
# Share of Total Lending by District



Source: YBS loan data submissions.



# YBS Lending Varies Across Associations





# Conclusions – The Numbers

- **System YBS measures for loan counts and dollar volumes rose in 2012**
- **The share of total new System lending to each YBS category increased in 2012**
- **System wide YBS performance measures depend heavily on relatively few large associations**
- **Association YBS results vary due to individual markets and policies**



# 2012 YBS Survey





# Did Your Association Meet or Exceed Your 2012 YBS Target?

	2012		2011	
	Percent of Associations Meeting YBS Goals			
	Yes	No	Yes	No
Young	65%	35%	55%	45%
Beginning	63%	37%	65%	35%
Small	56%	44%	48%	52%

**Associations noted marketing efforts, educational programs, and increased loan demand as reasons for meeting or exceeding targets.<sup>22</sup>**

Survey Question 3.a.



# Does Your Association Receive Input on YBS Farmer Issues from an Advisory Committee?

- **40% said Yes.**
- **The composition of the committees relatively unchanged from 2011**
- **Most common participants of the committee were “Current YBS borrowers”.**



# More Associations Using YBS Specific Tools to Make YBS Loans

Tools	Number of Associations Using the Tools					
	Young		Beginning		Small	
	2012	2011	2012	2011	2012	2011
Customized Loan Underwriting Standards	49	36	49	36	45	31
Concessionary Loan Fees	27	18	28	18	25	14
Concessionary Interest Rates	39	28	39	32	34	22
Loan Guarantees	34	24	62		55	



# System Associations Coordinate with Outside Parties or Organizations to Serve YBS Farmers

	2012	2011
<b>Farm Service Agency (FSA)</b>	<b>96.3%</b>	<b>98.8%</b>
<b>State/Local Governments</b>	<b>57.3%</b>	<b>40.5%</b>
<b>Other FCS Associations</b>	<b>51.2%</b>	<b>46.4%</b>
<b>District Farm Credit Bank</b>	<b>43.9%</b>	<b>41.7%</b>
<b>Non-profit Organizations</b>	<b>25.6%</b>	<b>11.9%</b>
<b>Farmer Mac</b>	<b>24.4%</b>	<b>21.4%</b>
<b>Natural Resources Conservation Service (NCRS)</b>	<b>23.2%</b>	<b>21.4%</b>
<b>Small Business Administration (SBA)</b>	<b>20.7%</b>	<b>16.7%</b>
<b>USDA Outreach Staff</b>	<b>18.3%</b>	<b>14.3%</b>
<b>Agricultural Marketing Service (AMS)</b>	<b>1.2%</b>	<b>1.2%</b>



# Methods or Programs to Educate Current or Potential YBS Customers

- **Ag. Leadership Groups**
- **Educational Programs/Seminars**
- **Outreach (4-H, FFA, High Schools, and Colleges)**
- **Joint effort with FSA and county extension agents**
- **Financial software training**



# Methods or Programs to Reach Out to Potential YBS Customers

- **Sponsorship of Agricultural Events**
- **Cooperative efforts with FSA and county extension**
- **Social Media – Facebook, Twitter, etc.**
- **Sponsorship of local farmers' market**
- **Providing scholarships and grants**



# General Conclusions from the YBS Survey

- **Results show an increased focus on diversity and inclusion in lending and related services to YBS farmers and ranchers.**
- **Most Associations Met or Exceeded their lending goals for YBS farmers in 2012.**
- **While most associations use the FSA guarantee program to make loans to YBS farmers; the percent of these loans is not high.**
- **Majority of associations rely on their general loan underwriting programs when assessing credit risk in YBS farmers; more considering YBS-specific standards in 2013.**
- **All Associations noted new or revised programs in 2012 to identify and reach-out to potential YBS farmers and are actively training and educating current and potential YBS farmers.**



# FCA Board Meeting

## June 2013

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# Quarterly Report on FCS Condition

June 13, 2013

Stephen Gabriel  
Hal Johnson





# Topics for Open Session

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- Economic Conditions Affecting the FCS
- FCS Condition and Performance





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# Economic Conditions Affecting the Farm Credit System

**Stephen Gabriel**  
Chief Economist  
Office of Regulatory Policy



# The economy continues to plod along

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- GDP growth – 2.4 percent in Q1; slower growth expected in Q2
- Housing Sector – Home prices up 10.9 percent in past year. (20-city index)
- Job market continues to be tentative
- Fed-watch chatter turns to ending QE3 and rising interest rates
- Eurozone continues<sup>31</sup> in recession





# Agriculture 2013 – It's all about the weather!

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- Weather delayed planting in the Midwest introduced more uncertainty to the expected size of the corn crop
- A large crop is still possible given good weather this summer
- The impact of corn prices will ripple through the farm economy
- Dry conditions in the West and Plains leading to poor condition of winter wheat and pasture.



# Timely planting is one factor in determining potential yield

- Yield potential goes down with delayed planting due to:
  - Shorter growing season
  - Greater insect & disease pressure
  - Higher risk of hot, dry conditions during pollination
- However, exceptional growing conditions for the rest of growing season can make up for a late start

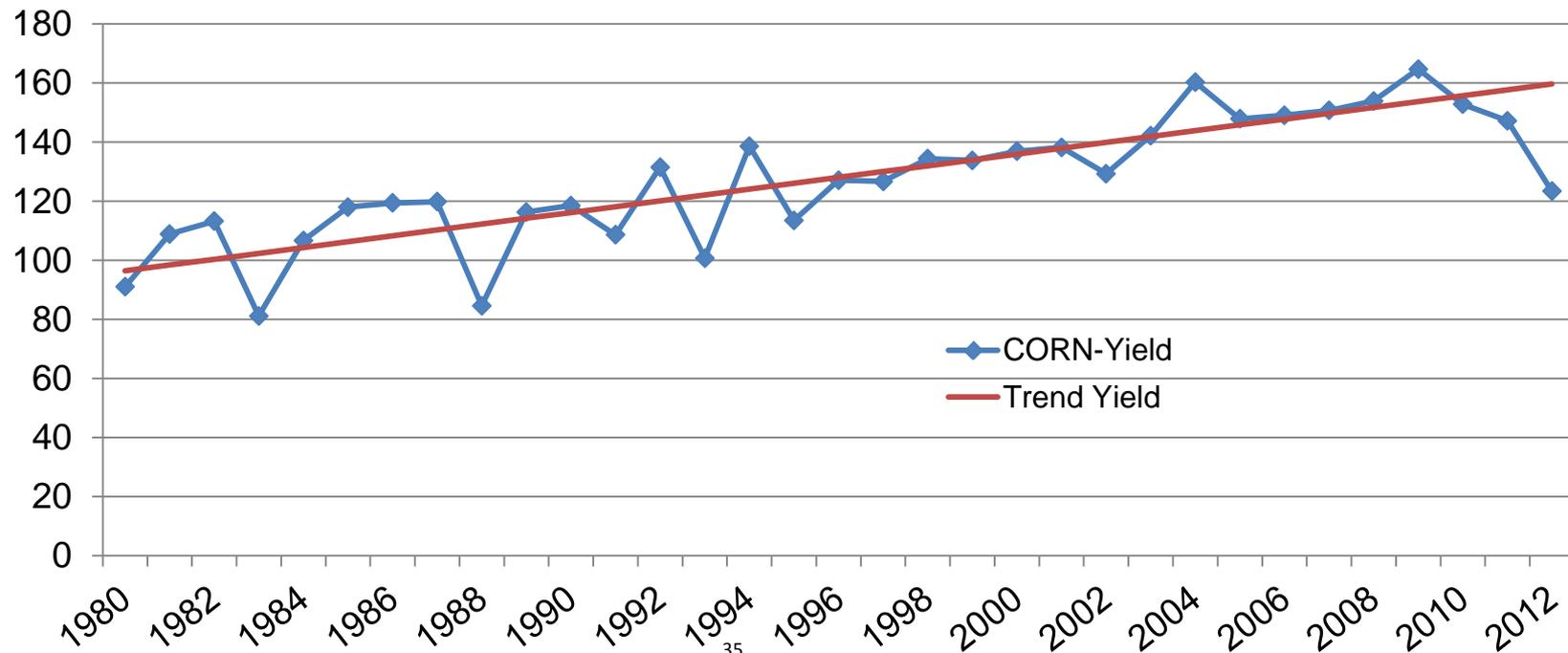




# Corn yields are due to bounce back near trend, weather permitting



National Corn Yield - Bu/acre



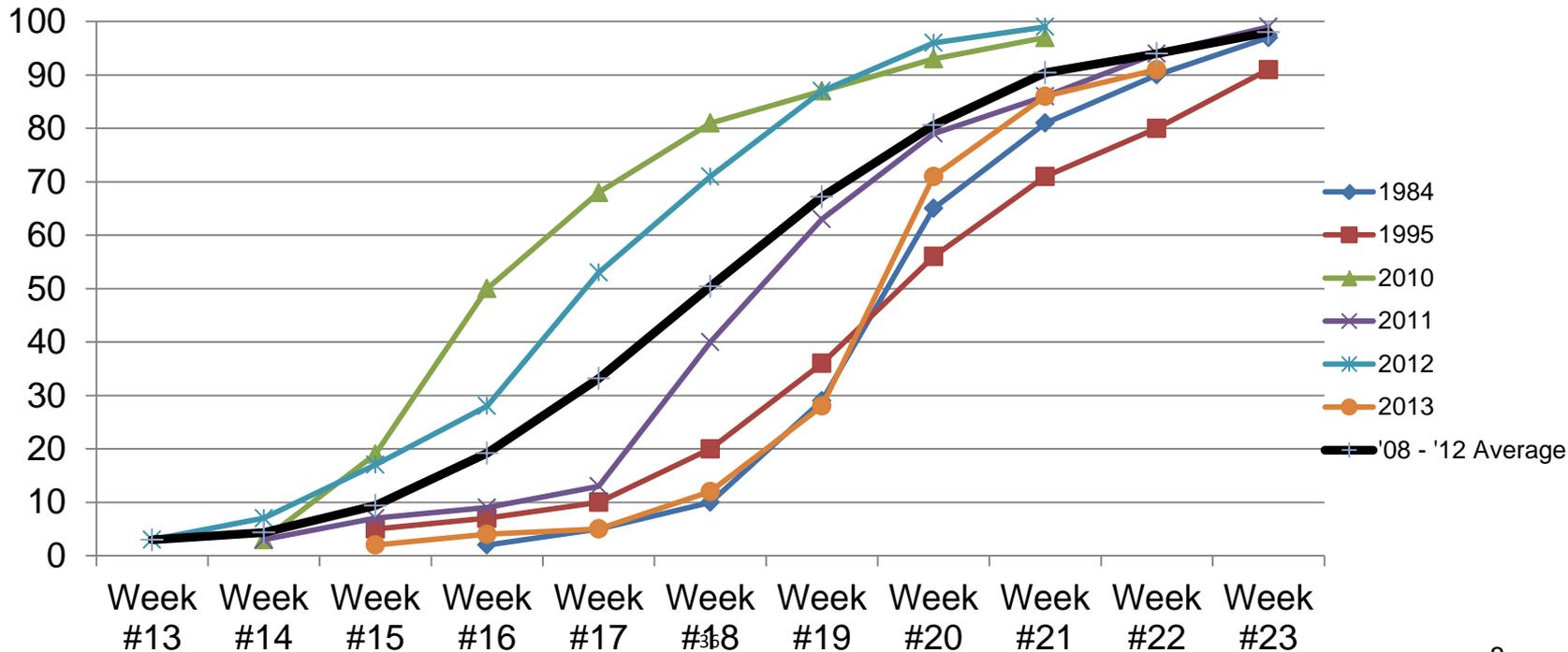
Source: USDA. NASS



# Corn planting progress had been the slowest on record as of May 12th



Percent of U.S. Corn Acreage Planted



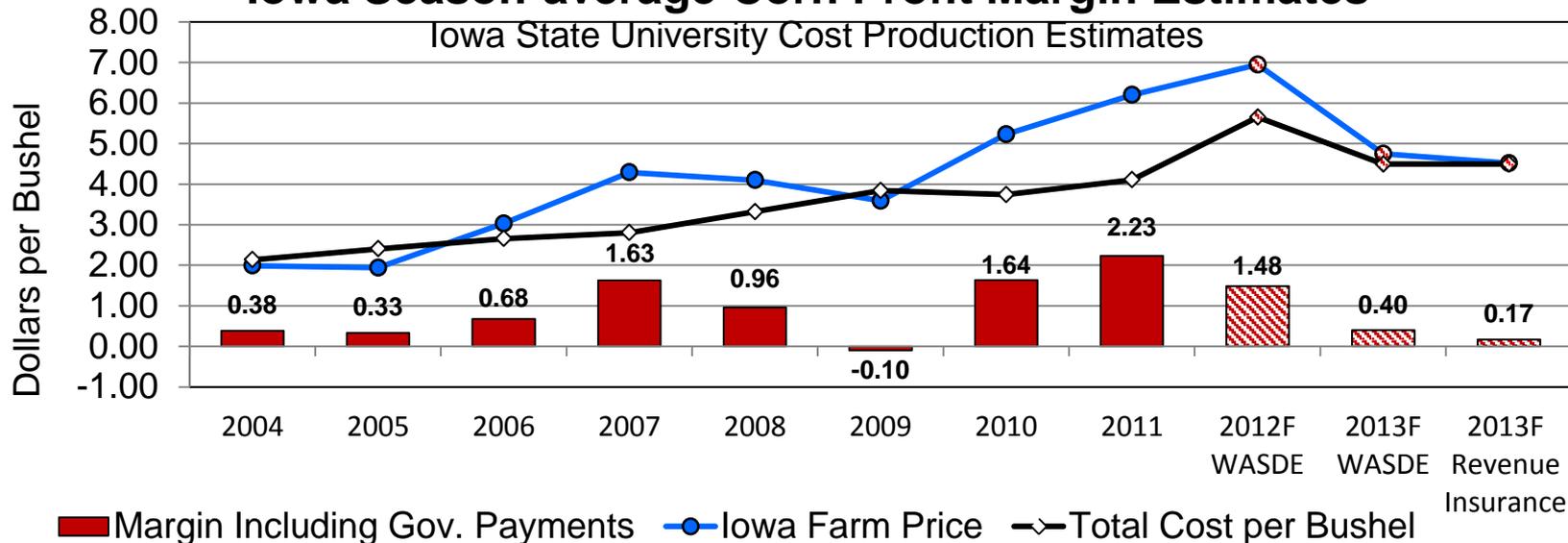
Source: USDA, NASS



# The projected large corn crop will squeeze farmers' profit margins



## Iowa Season-average Corn Profit Margin Estimates<sup>1</sup>



<sup>1</sup> 2004-2011 are the market season average price received by Iowa farmers. The 2012 and 2013 WASDE price estimates are adjusted for Iowa. The 2013 revenue insurance price is 80% of the RMA corn revenue insurance price established in February. Margins reflect total production costs and actual average yields, except for 2013, which reflects ISU 176 bushels/acre yield estimate. 2013 cost estimates are preliminary.

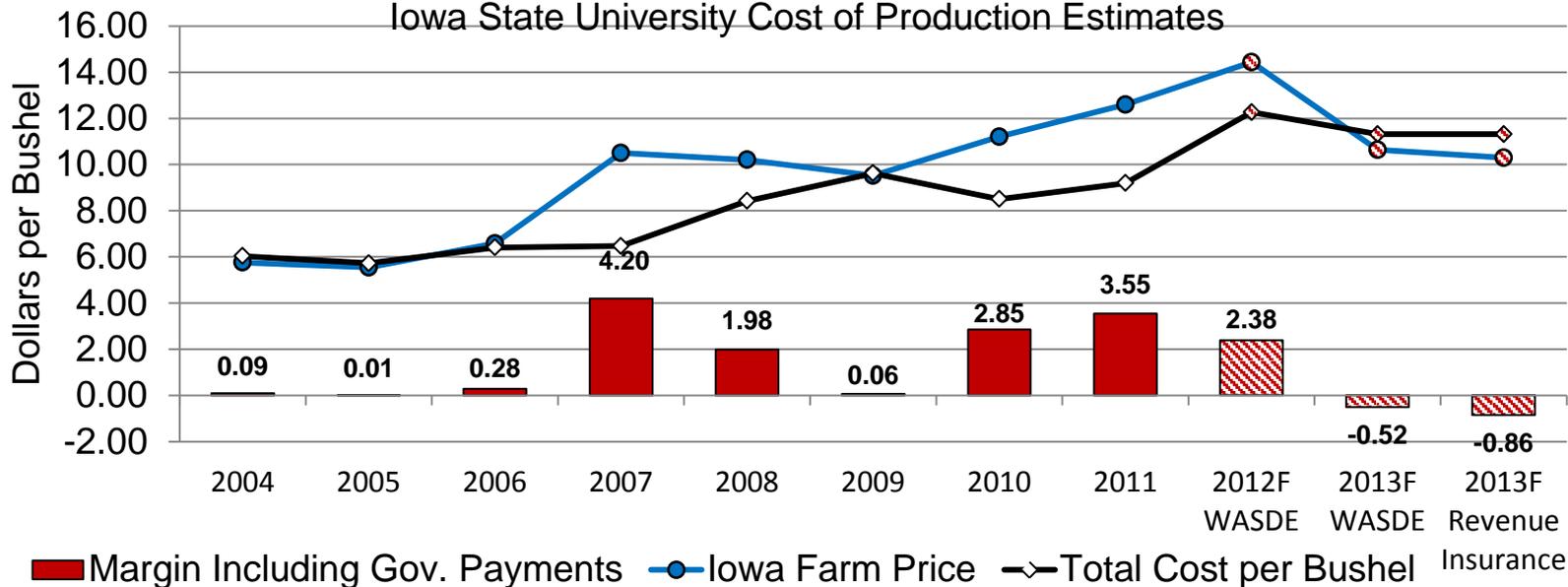


# Soybean farmers may face very thin margins in 2013



## Iowa Season-average Soybean Profit Margin Estimates<sup>1</sup>

Iowa State University Cost of Production Estimates



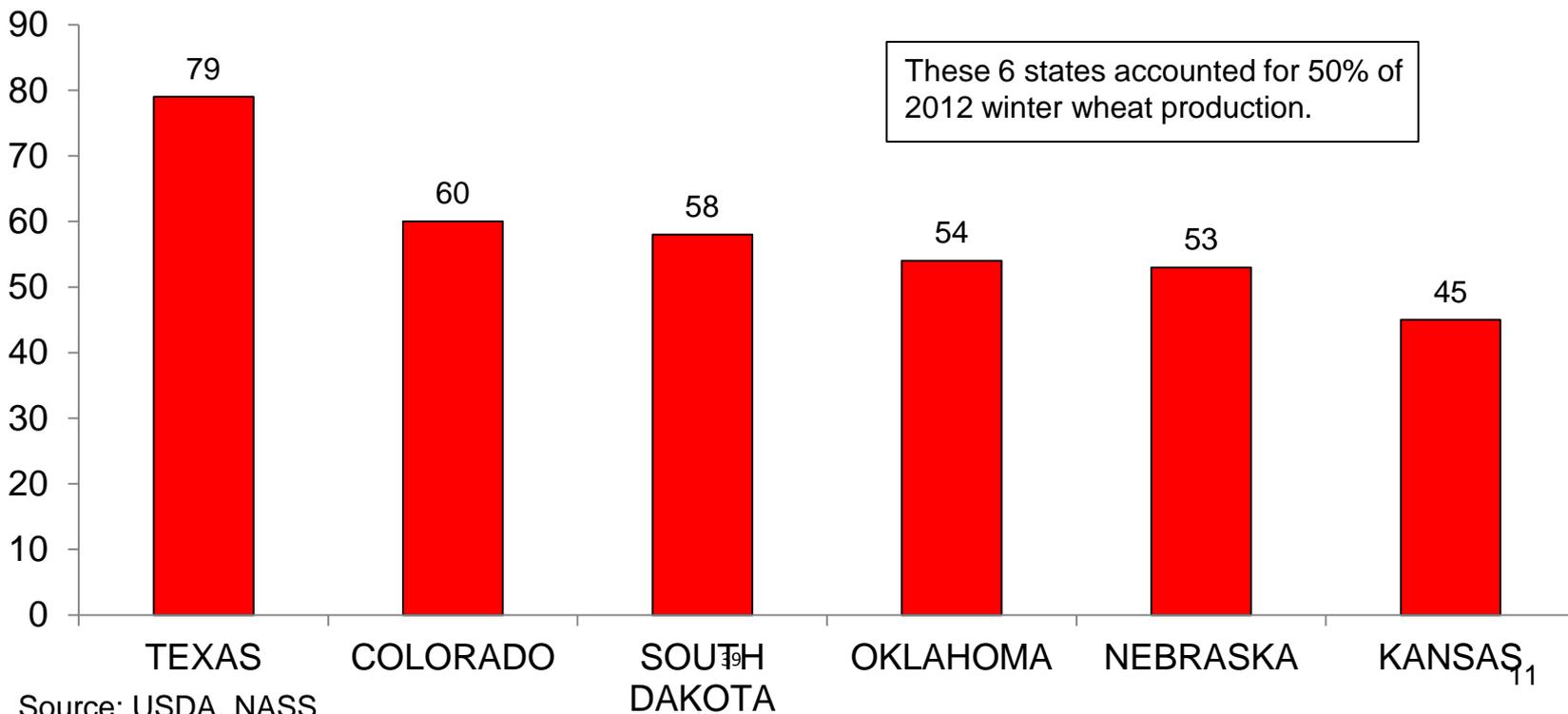
<sup>1</sup> 2004-2011 are the market season average price received by Iowa farmers. The 2012 and 2013 WASDE price estimate are adjusted for Iowa. The 2013 revenue insurance price equals 80% of the RMA revenue insurance price established in February. Margins reflect total production costs and actual state average yields, except for 2013, which reflects ISU 50 bu/acre yield estimate. 2013 cost estimates are preliminary.



# Much of the winter wheat crop is in poor or very poor condition



Percent of Winter Wheat Acreage Rated Poor or Very Poor (Week Ending June 2, 2013)



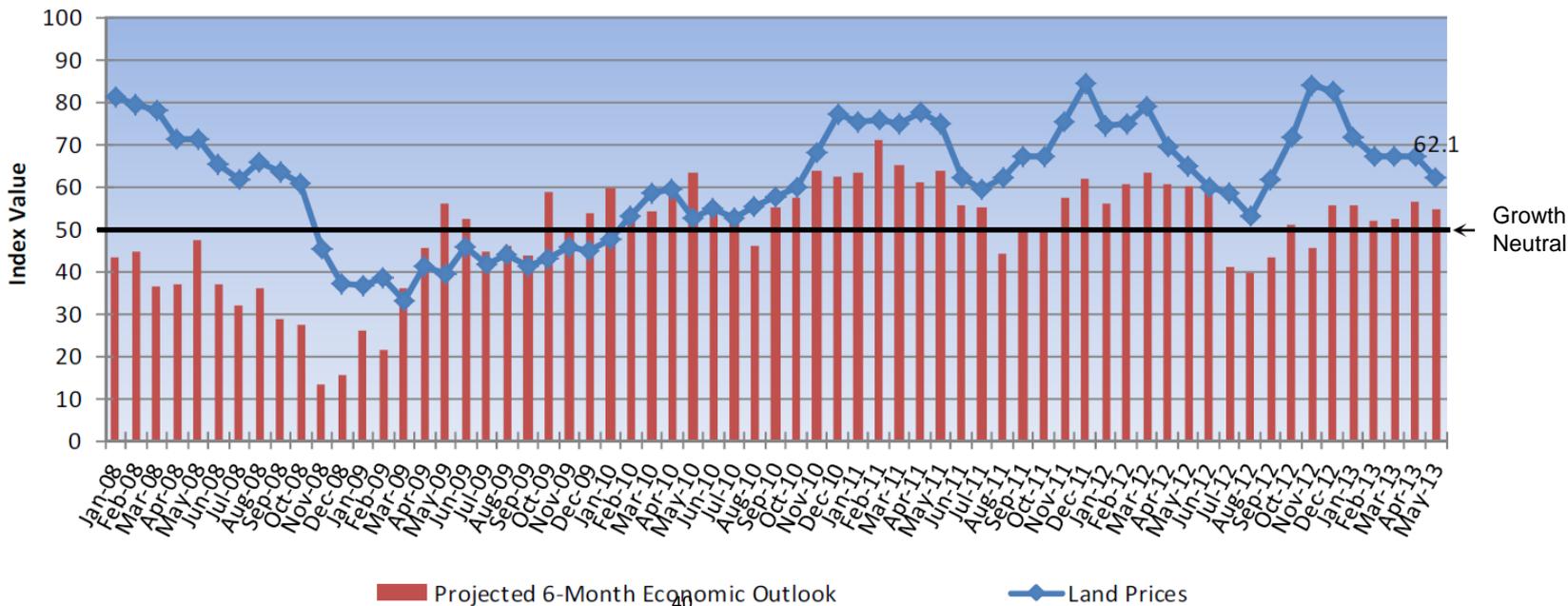
Source: USDA, NASS



# Farmland price growth continues to slow



## Farmland-Price & Rural Economic Outlook Indices

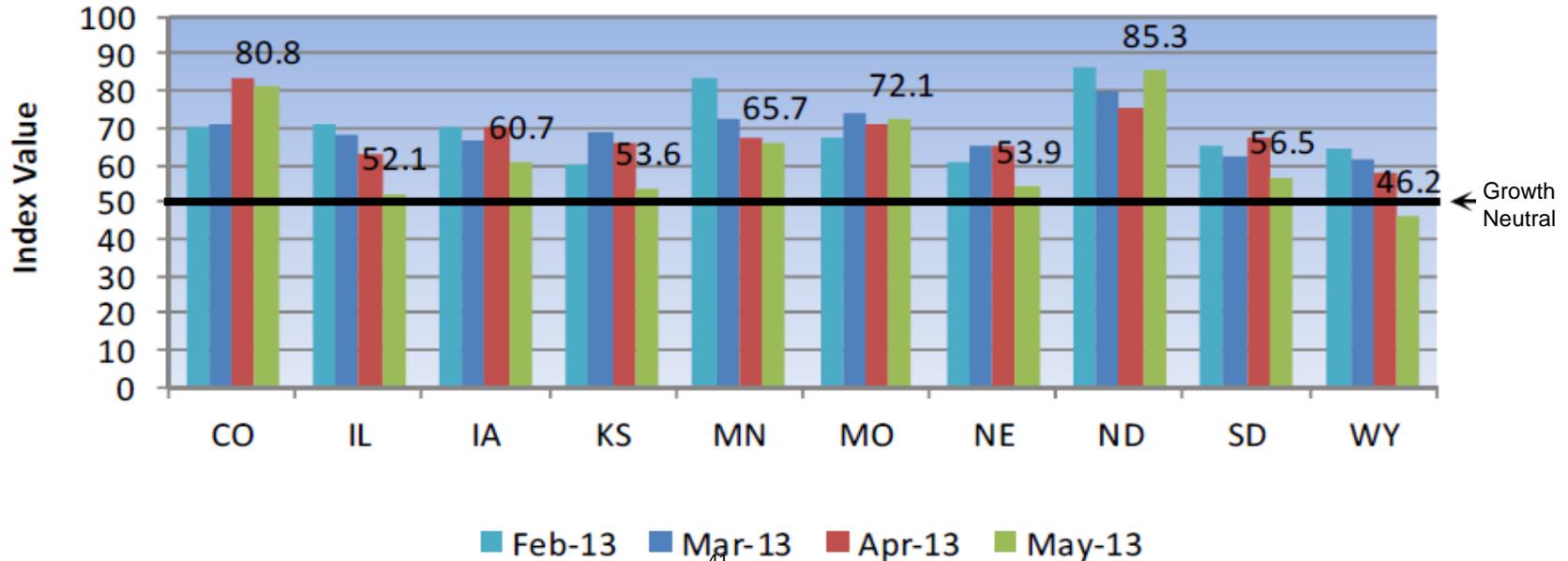


Source: Creighton University's Farmland-Price Index



# Farmland market still hot in North Dakota; cooling in the Corn Belt

## Farmland-Price Index - State Breakouts



Source: Creighton University's Farmland-Price Index



# Economic watch list for 2013

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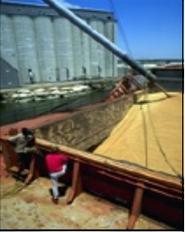


- Federal budget impasse – Debt Ceiling
- Farm Bill
- U.S. economic growth and job market
- Changes to monetary policy and interest rates
- Weather developments
- Vulnerability of protein and dairy sectors
- Farmland market
- European economic/financial crisis<sup>42</sup>



# Smithfield Foods announced intention to merge with Chinese firm

- Shuanghui International Holdings Ltd.
  - Publicly traded Chinese company owned by some hedge funds and its employees
  - Price of the deal - \$7.1 billion, including debt
  - Smithfield to operate as private, wholly-owned subsidiary of Shuanghui with few changes in operations
  - Smithfield is the largest pork producer in the world; Shuanghui is the largest meat producer in China
  - Deal subject to regulator and shareholder approvals

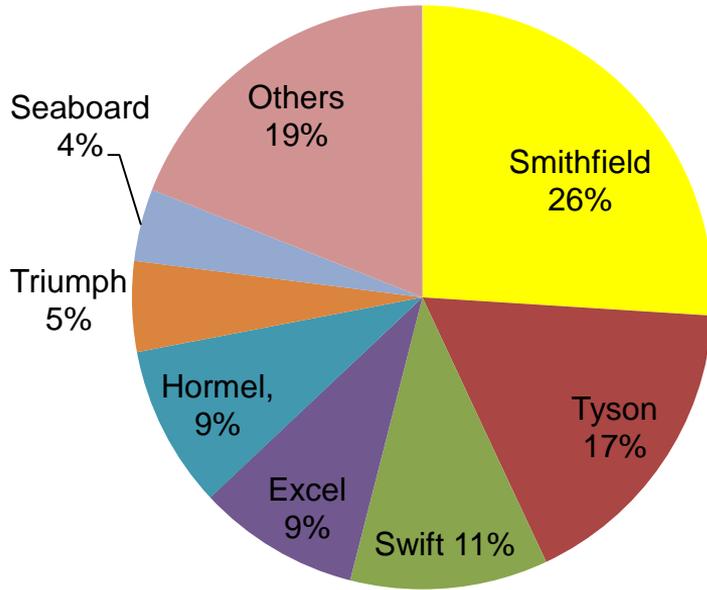




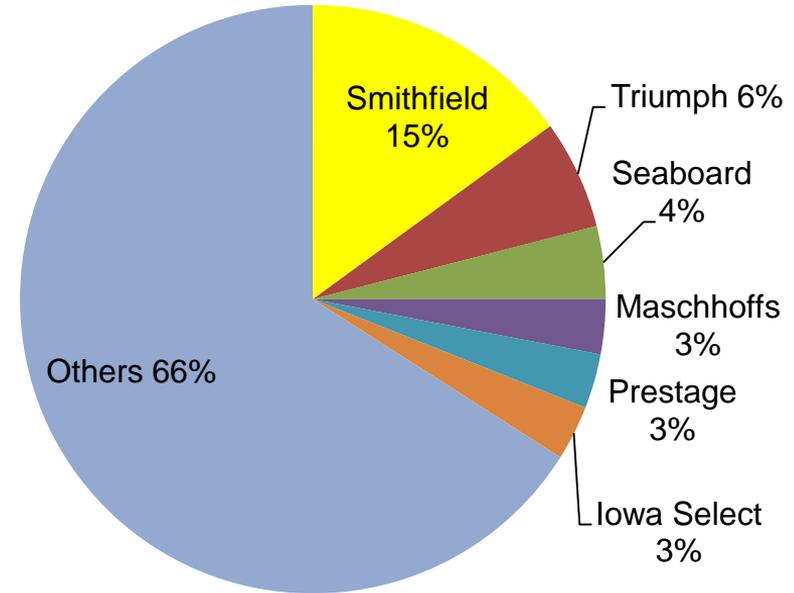
# U.S. hog production and pork processing dominated by Smithfield



## Pork Processing Market Share



## Hog Production Market Share



Source: National Pork Board, Spring 2001;  
U.S. Pork Powerhouses, 2012



# Questions

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**THANK YOU**



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# Farm Credit System Condition and Performance

as of  
March 31, 2013

Hal Johnson  
Office of Examination



# Topics

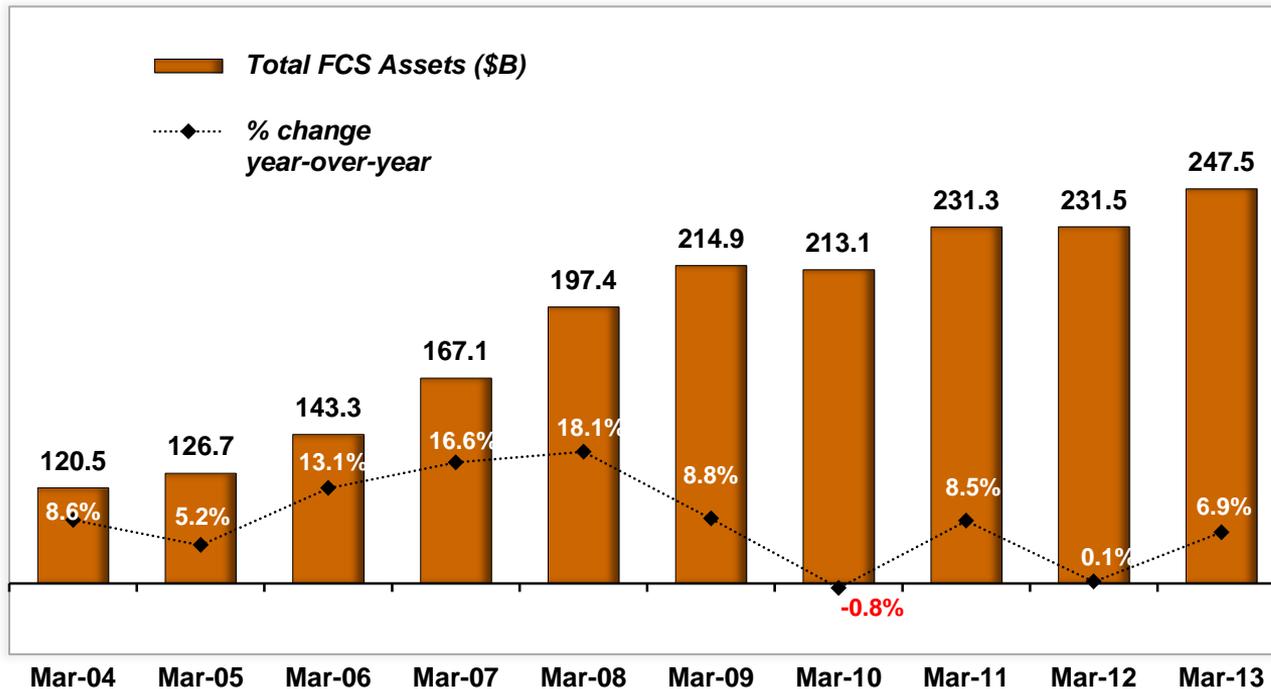
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- Growth
- Earnings / Capital
- Credit Quality
- FIRS



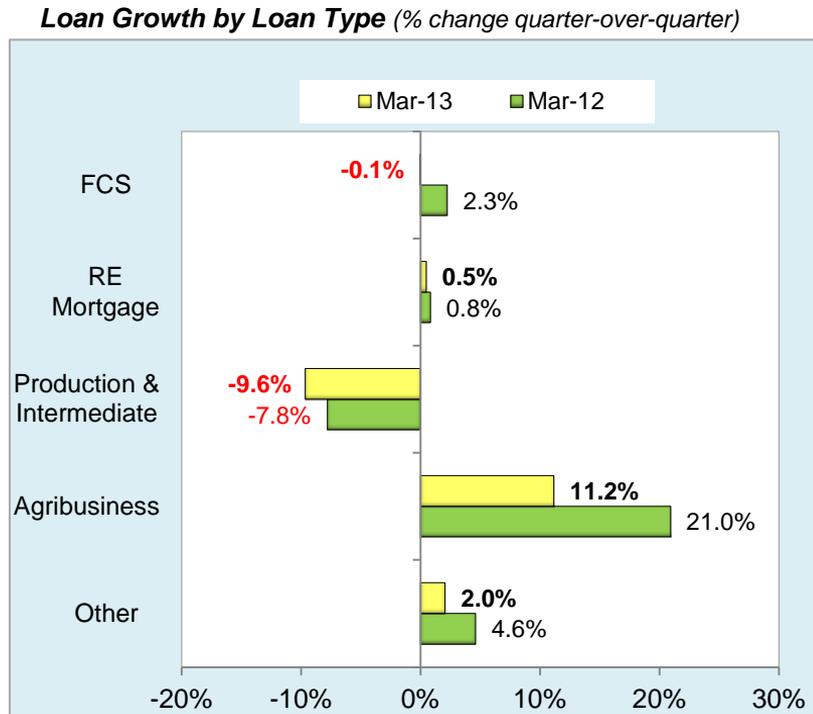
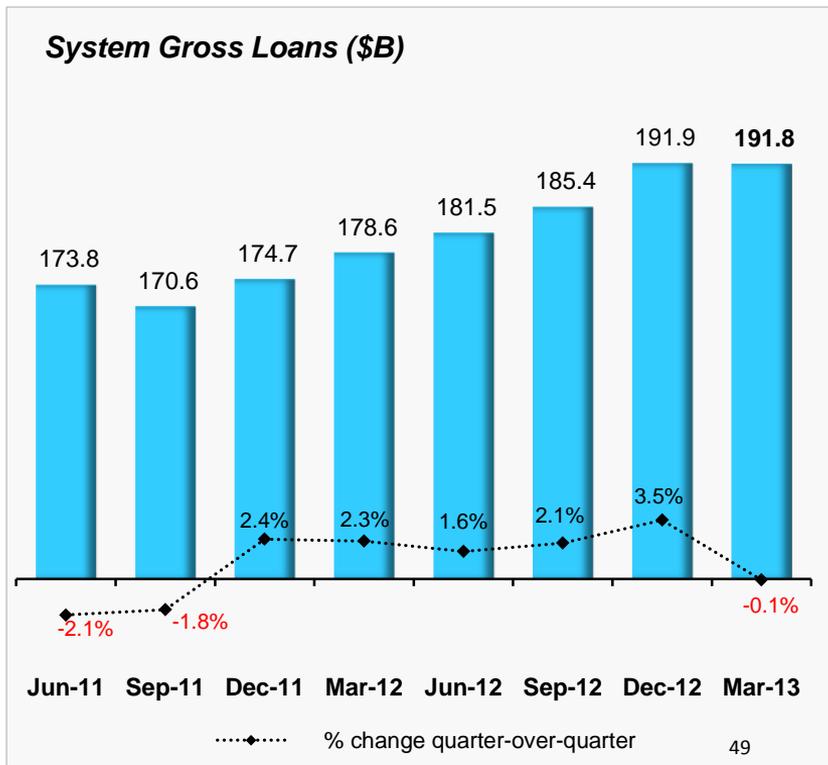


# System assets up year-over-year





# Loan balances unchanged for the quarter; seasonality key influence

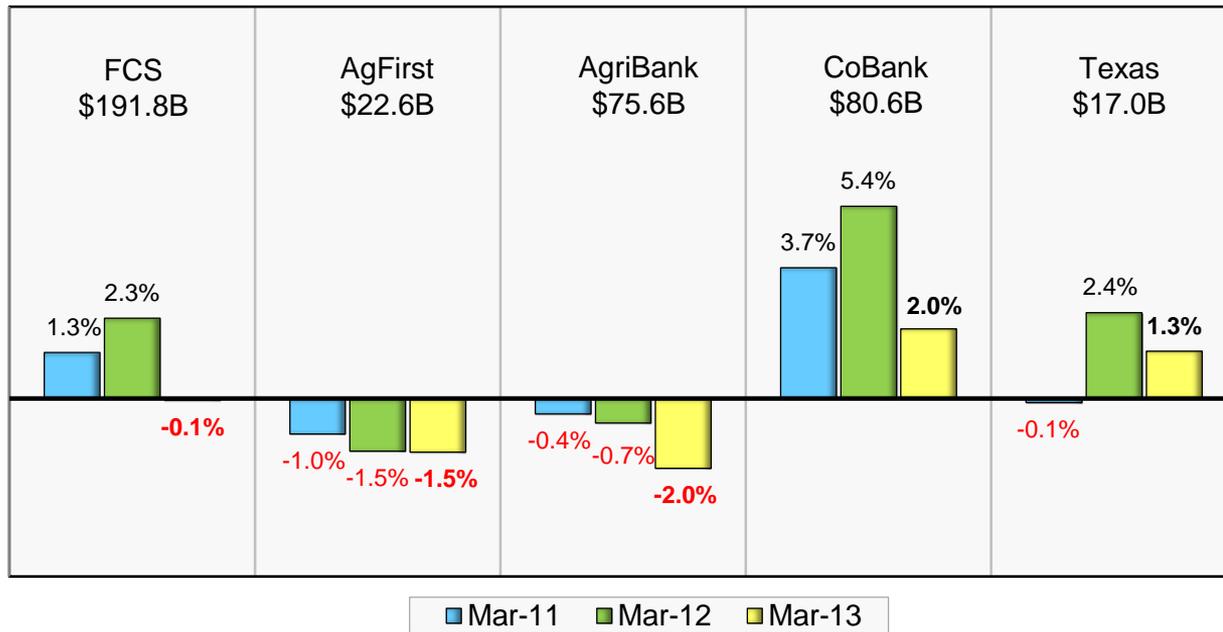




# District loan growth reflects seasonal influences



*Loan growth by District (% change quarter-over-quarter)*

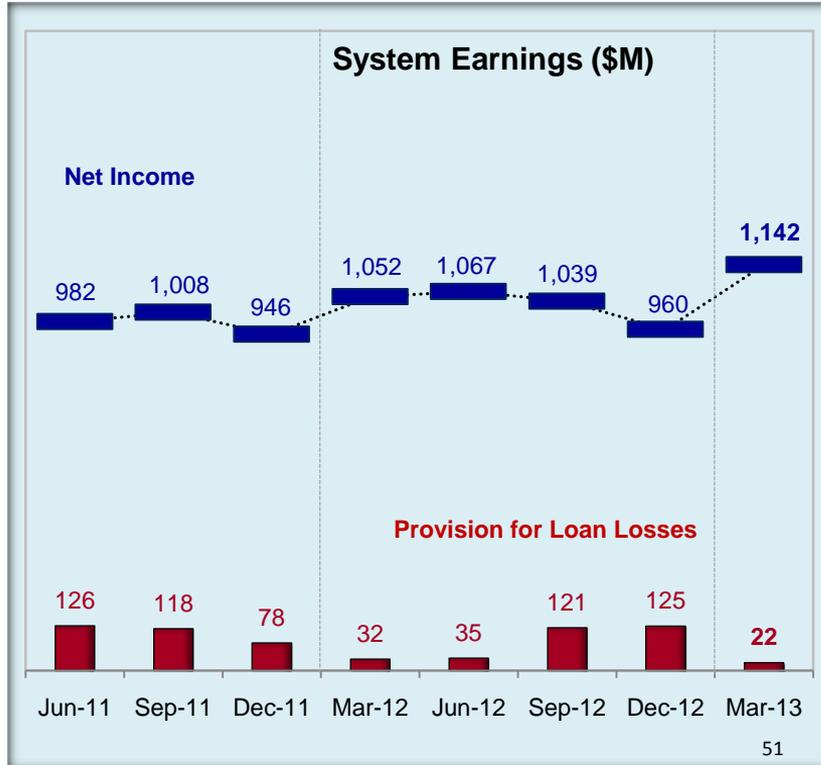


Source: FCS Quarterly Information Statements

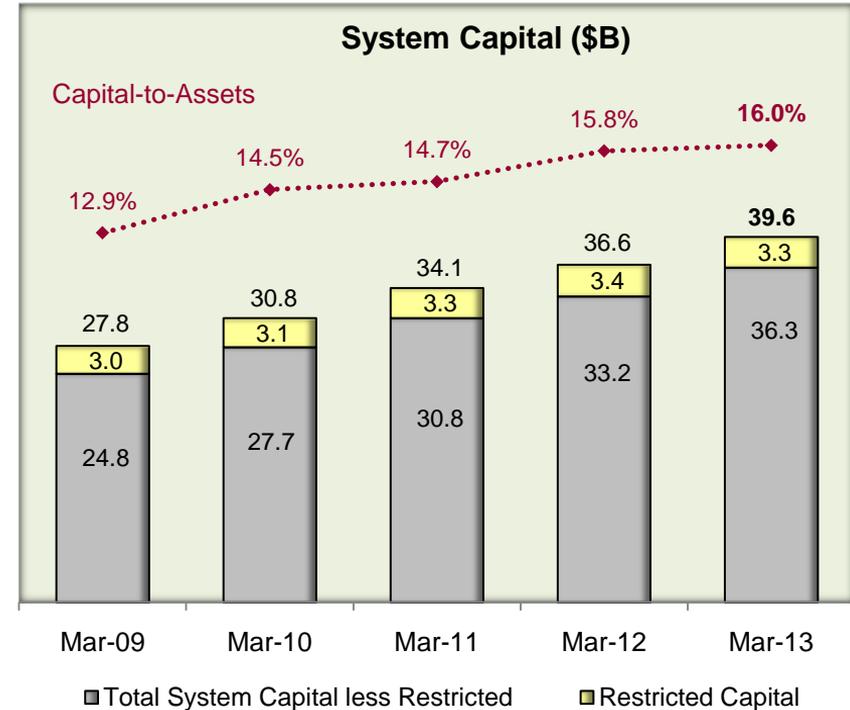
Note: The sum of district loan amounts will not equal Total FCS loans due to eliminations.



# System reports strong earnings, increased capital in the 1<sup>st</sup> Qtr



Source: FCS Quarterly Information Statements



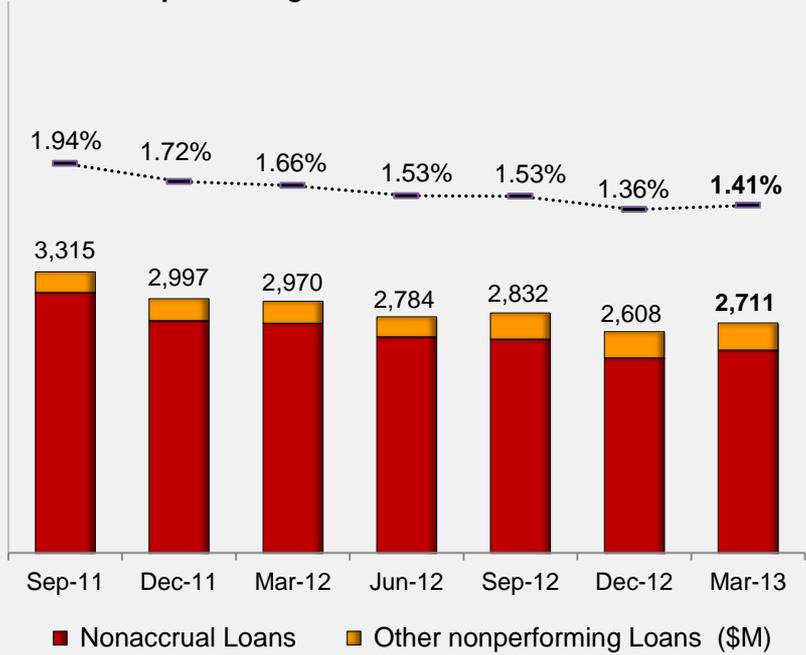
Restricted capital represents capital associated with the Insurance Fund.



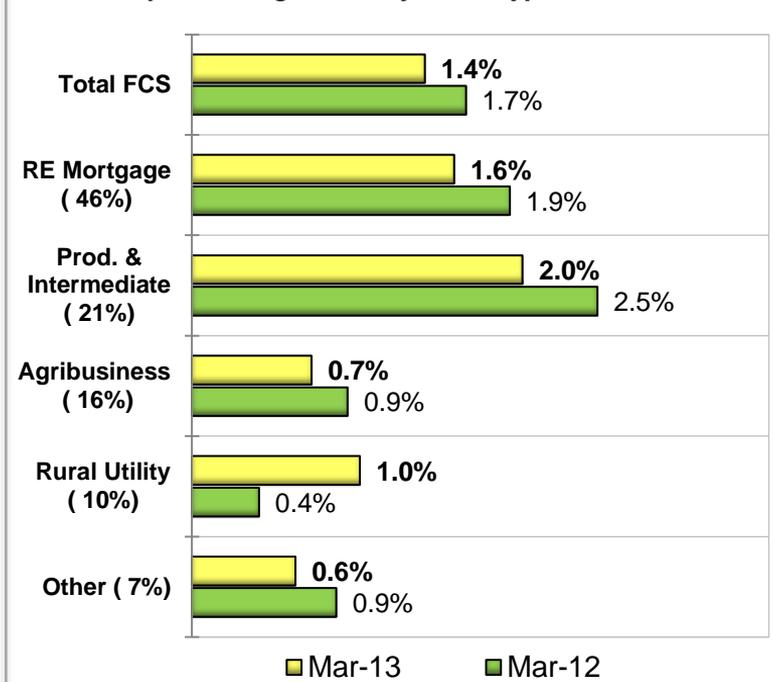
# Portfolio credit quality is generally favorable; little change in the 1<sup>st</sup> Qtr



**% of Nonperforming Loans-to-Total Loans**



**% of Nonperforming Loans by Loan Type**

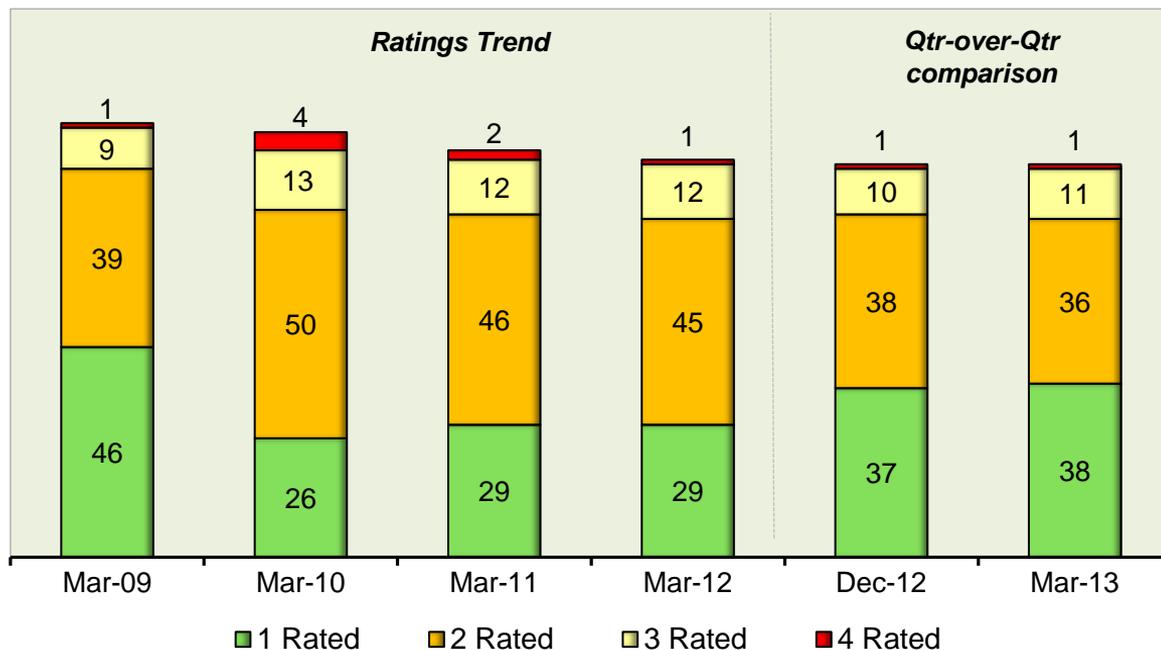




# System FIRS ratings



**Composite FIRS Ratings - System Banks & Associations**



Source: FCA's FIRS ratings database



# Summary and final points

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- U.S economic recovery continues to be subdued
- Weather remains a pivotal factor in the outlook for agriculture in 2013
- Farmland price appreciation beginning to show signs of slowing
- The System remains fundamentally safe and sound and is well-positioned for the challenges facing agriculture.





# Questions

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**THANK YOU**



# FCA Board Meeting

June 2013

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## Semi-Annual Report on Office of Examination Operations

June 13, 2013

Hal Johnson  
Office of Examination

56

FCA Minutes – Exhibit F





# Highlights of OE Operations

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



# 2013 Operating Plan Objectives

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- Risk Supervision & Examination through March 31
  - Onsite at 58% of associations, all banks, 3 service corporations, Farmer Mac, and NCB
  - Issued 30 Reports of Examination and 18 Interim Activity letters
  - 7 institutions under Enforcement and 5 institutions under Special Supervision
  - Implemented 4 of 6 Loan Portfolio Management Modules
  - Issued Standards of Conduct Examination Guidance in March





# 2013 Operating Plan Objectives

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- **Public Mission as GSE**
  - Diversity and inclusion in lending and human capital planning
- **Human Capital**
  - Recruiting program, Specialist Programs, Post-Commission Training, Performance Metrics
- **Operational Efficiency & Effectiveness**
  - Loan database, EDGe, Examination Manual, Leveraging Technology



# OE Budget Results (thru 3/31/2013)

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- **FY 2013 Budget:** \$29.4 million
- **Total Funds Used:** \$13.4 million
  - 46% of FY 2013 budget
  - 33% of FY 2013 travel budget
  - 32% of FY 2013 travel days
  
- **FTEs of 165.6** (9.5 below Budgeted FTEs)



# Staffing Update

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- Started FY 2013 with 166 staff on board
  - 3 lower than planned
- Actual Attrition (5/31/2013): 13
  - 14 planned for FY 2013
- Hired 11 Associate Examiners and 8 Summer Interns
- Project 171 staff on board (end FY 2013)
  - 7 lower than planned





# Summary

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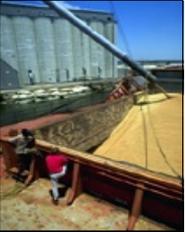
- Progress towards OE Operating Plan objectives
- On-site presence and supervision continued
- Significant resources for Enforcement & Special Supervision
- Staffing below planned levels





# Discussion

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**THANK YOU**

