

Glen R. Smith, Chairman and Chief Executive Officer  
Jeffery S. Hall, Board Member



**MINUTES OF THE REGULAR MEETING  
OF THE  
FARM CREDIT ADMINISTRATION BOARD  
December 9, 2021**

These minutes reflect the business transacted at the December 9, 2021, Regular Meeting of the Farm Credit Administration Board (FCA Board) pursuant to the Government in the Sunshine Act, 5 U.S.C. § 552b, and the regulations of the Farm Credit Administration (FCA) adopted thereunder.

The meeting began at 9:00 a.m. and concluded at 10:35 a.m.

Members of the Board present were:

**Glen R. Smith, Chairman and Chief Executive Officer  
Jeffery S. Hall, Member**

Others present included **Ashley Waldron**, Secretary to the Board; **Clark Ogilvie**, General Counsel; staff of the FCA, the Farm Credit System Insurance Corporation (FCSIC), and the Farm Credit System Building Association (FCSBA); and six members of the general public. (A list of FCA, FCSIC, and FCSBA staff attendees is attached as Exhibit A.)

**Chairman Smith** announced that this meeting of the Board is a hybrid physical/virtual meeting due to the COVID 19 pandemic.

**Chairman Smith** asked everyone to say the Pledge of Allegiance with him as the Flag was displayed on the presentation screen.

**Chairman Smith** asked the Secretary to the Board to conduct a roll call and to address a few technical and protocol items.

The **Secretary** conducted a roll call and addressed technical and protocol items.

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

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

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

**Chairman Smith** seconded the motion.

There being no further discussion, **Chairman Smith** 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 meeting be closed as shown on the Agenda.

**Chairman Smith** seconded the motion.

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

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

## **OPEN SESSION**

### **Approval of Minutes**

#### **Minutes for November 18, 2021 Regular Board Meeting (BM-9-DEC-21-01)**

**Mr. Hall** moved to approve the minutes for the November 18, 2021, FCA Regular Board Meeting.

**Chairman Smith** seconded the motion.

There being no further discussion **Chairman Smith** called the question.

The **Secretary** polled the Board Members and the motion carried unanimously. **(BM-9-DEC-21-01)**

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

## **Reports**

### **Quarterly Report on Economic Conditions and FCS Condition and Performance**

**Dennis Shields** of the **Office of Data Analytics and Economics** and **Hal Johnson** of the **Office of Examination** presented the Quarterly Report on Economic Conditions and FCS Condition and Performance.

**Chairman Smith** 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.)

### **Semiannual Report on Office of Examination Operations**

**Dan Fennewald** of the **Office of Examination** presented the Semiannual Report on Office of Examination Operations.

**Chairman Smith** 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.)

## **CLOSED SESSION**

**Chairman Smith** thanked members of the public for connecting and noted that this was a Closed Session.

**Chairman Smith** asked **OIT staff** to disconnect the public and asked FCA, FCSIC, and FCSBA staff to leave the meeting (by disconnecting or leaving the Board Room) if they do not normally observe the Closed Session.

**Chairman Smith** asked **OIT staff** to confirm that the public had been disconnected so the Board could meet in Closed Session with the Office of Examination. **OIT staff** provided that confirmation.

**Chairman Smith** convened the closed session of the meeting at 10:08 a.m. and confirmed with **OIT staff** that the proceedings of the Closed Session were being recorded as required by the Government in the Sunshine Act.

**Chairman Smith** 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.

The **Secretary** noted the start time of the Closed Session, indicated she had the **General Counsel** certification, and called the roll. (Attendees are shown in Exhibit A.) (A copy of the General Counsel Certification is attached hereto as Exhibit F.)

## **Office of Examination Quarterly Report on Supervisory and Oversight Activities**

**Roger Paulsen** of the **Office of Examination** presented the OE Quarterly Report on Supervisory and Oversight Activities.

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

There were no further questions or discussion.

## **ADJOURNMENT**

Before proceeding with adjournment, **Chairman Smith** recognized the upcoming retirement of **Stephen Smith** and noted his 40 years of service and some of his career highlights. **Chairman Smith** also recognized the upcoming retirement of **Roger Paulsen** and noted his 38 years of service at FCA and some of his career highlights.

**Mr. Hall** also recognized the upcoming retirements of **Stephen Smith** and **Roger Paulsen** and thanked both for their many years of service and contributions to the FCA.

**Stephen Smith** and **Roger Paulsen** thanked **Chairman Smith**, **Mr. Hall**, and staff for their support over the years.

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

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

**Chairman Smith** seconded the motion.

**Chairman Smith** 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 November 18, 2021, through December 8, 2021 as follows:

<b>Item Number</b>	<b>Action Date</b>	<b>Voting Results</b>	<b>Subject</b>
NV 21-34	11/23/2021	Approved	CoBank, ACB Request for Clearance of Certain Preferred Stock Issuance
NV 21-35	12/02/2021	Approved	River Valley AgCredit, ACA Prior Approval Request for Capital Redesignation and Retirement
NV 21-36	12/07/2021	Approved	FCA 2022 Compensation Program

The undersigned hereby certify that the foregoing minutes are the official minutes of the Regular Meeting of the Farm Credit Administration Board held on December 9, 2021.

\_\_\_\_\_/s/  
Glen R. Smith  
Board Chairman and Chief Executive Officer

\_\_\_\_\_/s/  
Ashley Waldron  
Secretary to the Board

Approved: January 13, 2022

**ATTENDANCE LIST - FCA REGULAR BOARD MEETING**  
**December 9, 2021**

Glen R. Smith, Board Chairman and CEO

Jeffery S. Hall, Board Member

<b>OFFICE</b>	<b>OPEN SESSION</b>	<b>CLOSED SESSION</b>
<b>Office of the Board</b>		
Smith, Glen	X	X
Hall, Jeff	X	X
Morris, James	X	X
Donner, Mary Alice	X	X
Roque-Brehm, Awilda	X	
Lewandrowski, Barbara	X	
Calhoun, Gaye	X	
Waldron, Ashley	X	X
Ibelli, Heyam	X	
<b>COO</b>		
Coleman, Robert	X	X
<b>OIT</b>		
Matos, Ricardo	X	X
Versace, Jerry	X	X
Rana, Ben	X	X
<b>OCPA</b>		
Stokke, Michael	X	X
Middleton, Russell	X	X
Meaux, Willy	X	X
<b>OGC</b>		
Ogilvie, Clark	X	X
Griffin, Ward	X	X
Virga, Jane	X	X
<b>OE</b>		
Paulsen, Roger	X	X
Fennwald, Dan	X	X
Johnson, Hal	X	
Hanson, Angela	X	
Wondra, Craig	X	
Austin, Danielle	X	
Alford, Joshua	X	
Cosma, Stefan	X	
Davy, Michael	X	
Hull, Conor	X	
Knutson, Zachary	X	
Mathew, George	X	
Owen, John	X	
Stanek, Matthew	X	
Thies, Liz	X	
Ware, William	X	
Weir, Jonathan	X	

<b>OFFICE</b>	<b>OPEN SESSION</b>	<b>CLOSED SESSION</b>
Womack, Sydney	X	
<b>ODAE</b>		
D'Antoni, Jeremy	X	X
Shields, Dennis	X	X
Iannetta, Sal	X	X
<b>OIG</b>		
Laguarda, Wendy	X	X
Miller, Kevin	X	X
<b>OSMO</b>		
Rea, Laurie	X	X
Hudson, Bruce	X	X
<b>ORP</b>		
Kramp, Kevin	X	X
Agans, Autumn	X	X
<b>OCFO</b>		
Smith, Stephen	X	X
Gandy, Doug	X	X
<b>OAS</b>		
Bell, Vonda	X	X
Clark, Patrina	X	X
<b>FCSIC</b>		
Simonson, John	X	X
Grimaldi, Andrew	X	X
Smith, Greg	X	X
Morgan, Matt	X	X
<b>FCSBA</b>		
Albrecht, Rick	X	
<b>GENERAL PUBLIC</b>	6	N/A

# Farm Credit Administration

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



**PUBLIC ANNOUNCEMENT OF  
MEETING SUBJECT TO THE GOVERNMENT IN THE SUNSHINE ACT  
Farm Credit Administration Board  
Regular Meeting  
December 9, 2021**

**SUMMARY:** Notice is hereby given of the forthcoming regular meeting of the Farm Credit Administration Board, pursuant to the Government in the Sunshine Act.

**DATE:** The Farm Credit Administration Board will hold its regular meeting on December 9, 2021, from 9:00 a.m. until such time as the Board may conclude its business.

**ADDRESSES:** Because of the COVID-19 pandemic, we will conduct the board meeting virtually. If you would like to observe the open portion of the virtual meeting, see SUPPLEMENTARY INFORMATION for instructions.

**CONTACT:** For further information contact Ashley Waldron, Secretary to the Farm Credit Administration Board, at (703) 883-4009. TTY is (703) 883-4056.

**SUPPLEMENTARY INFORMATION:** Parts of this virtual meeting of the Board will be open to the public. If you would like to observe the open portion, at least 24 hours before the meeting, go to FCA.gov, select "Newsroom," then "Events." There you will find a description of the meeting and "Instructions for board meeting visitors." If you need assistance for accessibility reasons or if you have any questions, contact Ashley Waldron, Secretary to the Farm Credit Administration Board, at (703) 883-4009.

The matters to be considered at the meeting are as follows:

## **OPEN SESSION**

### **Approval of Minutes**

- 1 November 18, 2021 Minutes

### **Reports**

- 2 Quarterly Report on Economic Conditions and FCS Condition and Performance
- 3 Semiannual Report on Office of Examination Operations

## **CLOSED SESSION**

- 4 Office of Examination Quarterly Report on Supervisory and Oversight Activities<sup>1</sup>

\_\_\_\_\_/s/  
Ashley Waldron  
Secretary to the Board

<u>November 29, 2021</u> Date
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<sup>1</sup> Closed session is exempt pursuant to 5 U.S.C. Section 552b(c)(8) and (9).

# **Farm Credit Administration**

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

## **BOARD ACTION ITEM**

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### **FCA BOARD ACTION ON**

**Minutes for November 18, 2021**

**BM-9-DEC-21-01**

**Effective Date:** December 9, 2021

**Effect on Previous Action:** None

#### **THE FCA BOARD HEREBY:**

Approves the minutes for November 18, 2021.

**DATED THIS 9<sup>th</sup> DAY OF DECEMBER 2021**

**BY ORDER OF THE BOARD**

\_\_\_\_\_/s/  
Ashley Waldron  
Secretary to the Board





# FCA Board Meeting December 2021

Exhibit D

## Quarterly Report on FCS Condition December 9, 2021

Dennis A. Shields  
Hal Johnson





# Topics for Open Session

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- ▶ Economic Conditions Affecting the Farm Credit System
  - Macro, inputs, and supply chain
  - Commodity margins
  - Farm sector income and real estate values
- ▶ Farm Credit System Condition and Performance
  - System growth and loan portfolio
  - Earnings and capital
  - Financial Institution Rating System (FIRS)





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# Economic Conditions Affecting the Farm Credit System

**Dennis A. Shields**

**Chief Economist**

**Office of Data Analytics and Economics**



# U.S. economy powers forward, but inflation could alter trajectory

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- ▶ U.S. GDP growth slowed in the third quarter, constrained by supply chain issues and labor shortages.
- ▶ Employment numbers remain below pre-pandemic levels on falling workforce participation.
- ▶ CPI inflation hits a 30-year high, and consumer sentiment falls to 10-year low.
- ▶ Fed policy holds rates steady despite growing concerns that inflation is not “transitory.”
- ▶ Relatively strong economic growth is expected for major importers of U.S. agricultural products.





# More costly inputs and supply chain woes challenge producers and marketers

- ▶ Ag producers face major cost increases for energy, transportation, and labor.
- ▶ Chemical inputs have soared:
  - Fertilizer prices are up sharply on rising natural gas and transportation costs, plus strong global demand.
  - Generic glyphosate prices have doubled.
- ▶ Global farm equipment industry continues to struggle with product and parts delivery.
- ▶ Supply chains may not fully recover until 2023.



Natural gas futures, \$ per mil. Btu



Source: New York Mercantile Exchange as reported by [Trading Economics](#).

Note: Btu = British thermal unit.



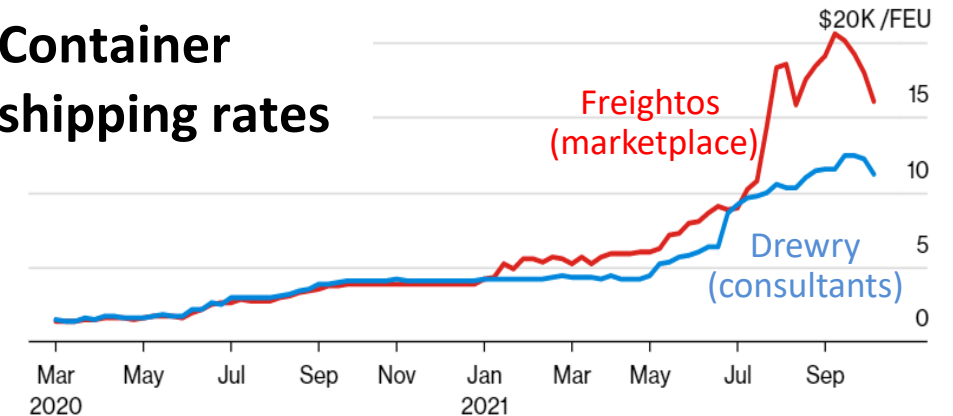


# Shipping costs show signs of easing

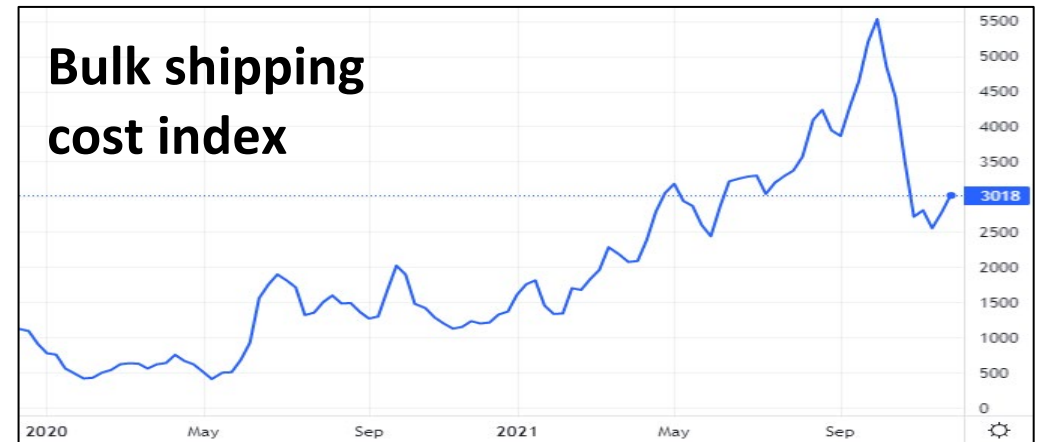
- ▶ Transportation bottlenecks have kept U.S. ports logjammed with ships from Asia.
- ▶ Backhaul opportunities to Asia evaporated.
- ▶ Shipping rates set records, but have recently declined as shipping demand eases seasonally.
- ▶ Situation is expected to improve over winter.



## Container shipping rates



## Bulk shipping cost index



Sources: [Bloomberg](#) for container rates and [Trading Economics](#) for London-based Baltic Exchange Dry Index.

Notes: Container rate for Shanghai-to-Los Angeles trade route; FEU = 40-foot equivalent unit.

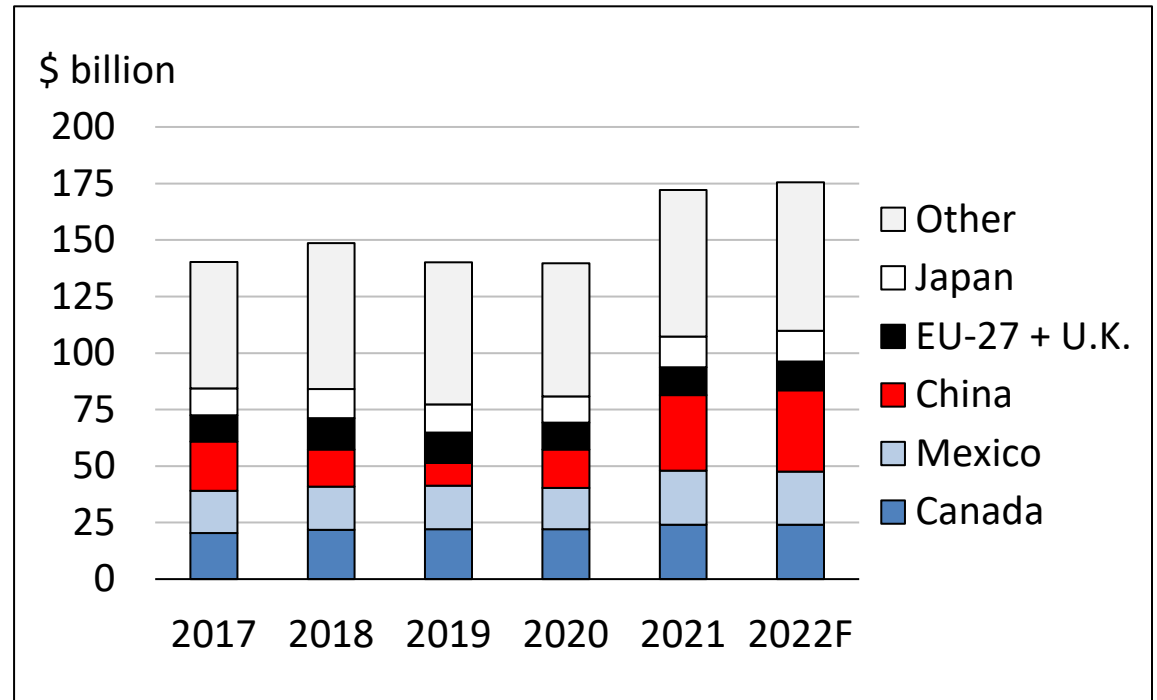


# U.S. ag exports to remain strong in 2022

- ▶ Value of U.S. agricultural exports projected at record.
- ▶ Trade supported by global economic recovery.
- ▶ Relatively strong demand for a range of ag commodities.
- ▶ China to remain largest market, driven by import needs and policy.



U.S. agricultural exports



Source: [Outlook for U.S. Agricultural Trade](#), USDA.

Notes: October-September fiscal years; F = forecast as of 11/23/21.



# Grain farm income to fall in 2022 with higher input costs

- ▶ Net income in 2022 for Illinois grain farms are projected lower, approaching 2013-2019 average.
- ▶ Higher fertilizer costs are major driver.
- ▶ Sharply lower crop prices would trigger negative net incomes and major cost adjustments for these farms.

## Net income for an Illinois grain farm

	Average farm net income
<b>2022 projection scenario:</b>	
Corn price = \$5 / bu.	\$146,160 per farm
Corn price = \$4 / bu.	-\$53,200 per farm
<b>2021 projection</b>	\$300,000+ per farm (record)
<b>2013-2019 avg.</b>	\$85,000 per farm

Source: [farmdocdaily](https://farmdocdaily.com), Univ. of Illinois, 11/16/21.

Notes: Example serves as proxy for Midwest grain farms. Projections for a corn/soybean farm in central IL with 1,400 acres. For 2022, assumes higher fertilizer costs than in 2021 and per-bushel soybean prices of \$12 and \$10.







# Livestock producer margins in 2021 have been favorable, except for dairy

- ▶ Cow-calf margins are positive outside of drought areas.
  - Poor pastures and expensive hay stress some producers.
  - Cyclical downturn in cattle inventory means higher calf prices next year.
- ▶ Hog margins have been robust despite high feed costs.
  - Reduced slaughter and strong exports supported hog prices in 2021.
  - Record high retail prices will slow purchases in 2022.
- ▶ Broiler margins find rare air, remain high through most of 2021.
  - Industry cautiously expanded production in 2021.
  - Chicken wings compete with burgers and pizza – a major structural shift in demand.
- ▶ Dairy margins remain well below 5-year average.
  - Milk prices increased only 1% compared with double-digit gains for cattle, hogs, and broilers.
  - Poor margins have not been offset by ad hoc payments and federal purchases (as in 2020).



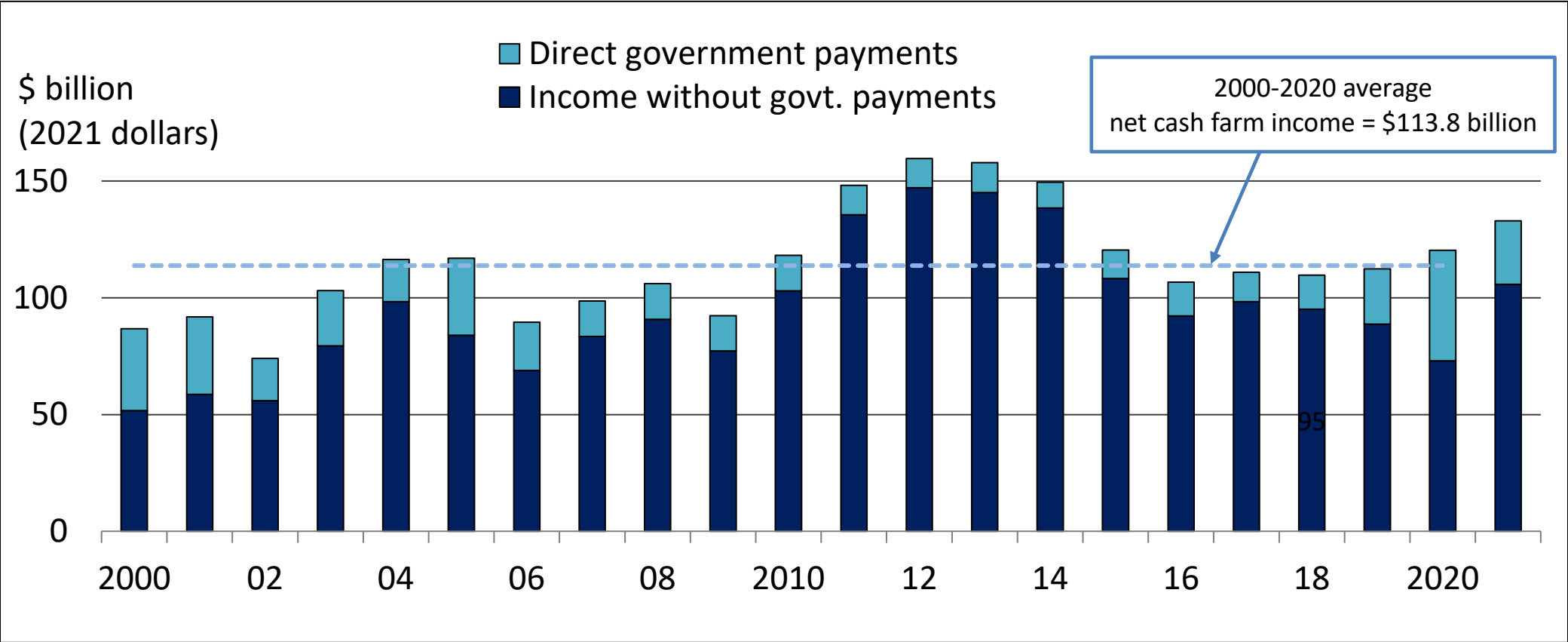
Source: [Margins and Markets](#), 11/22/21, Livestock Marketing Information Center.



# Farm income to remain above average in 2021



U.S. net cash farm income (adjusted for inflation)



Source: USDA/ERS.  
Note: Forecast for 2021 as of December 1.



# Midwest farmland markets soar

- ▶ Banker surveys report double-digit gains for cropland prices.
- ▶ Farm auctions trigger strong farmer and investor interest.
- ▶ Sales volume is up across much of Corn Belt this fall.
- ▶ Pasture/ranchland prices are also up sharply outside of drought areas.
- ▶ Drivers: high profits for crops, low borrowing rates, negative returns on alternative investments, inflation concerns, and demand for rural land.

## Cropland values, % change

Q3 2020 to Q3 2021

<b>Chicago Federal Reserve District</b>	<b>18%</b>
Illinois	13%
Indiana	15%
Iowa	28%
<b>Kansas City Fed. Reserve District</b>	<b>14%</b>
Kansas	10%
Nebraska	16%
Oklahoma	9%
<b>Minneapolis Fed. Reserve District</b>	<b>22%</b>
North Dakota	4%
Minnesota	26%
South Dakota	23%

Source: District Federal Reserve Bank [surveys](#).

Note: Non-irrigated cropland.





# Farmland markets are stable-to-higher in Pacific Northwest and California



- ▶ In the Pacific Northwest, most areas report strong demand for good quality ag land, rural residential properties, and ranches.
- ▶ Prices have risen for California farmland with good water rights.
- ▶ With water availability a major determinate of land usage, valuations can be half when water rights are less secure.

Cropland value, % change

	2018	2019	2020	2021
Washington	-1%	0%	-1%	3%
Oregon	3%	3%	1%	6%
Idaho	5%	5%	4%	9%
California	5%	5%	1%	7%

Source: Calculated from [Land Values, 2021 Summary](#); USDA.  
Note: Based on data collected from producers during first half of June.

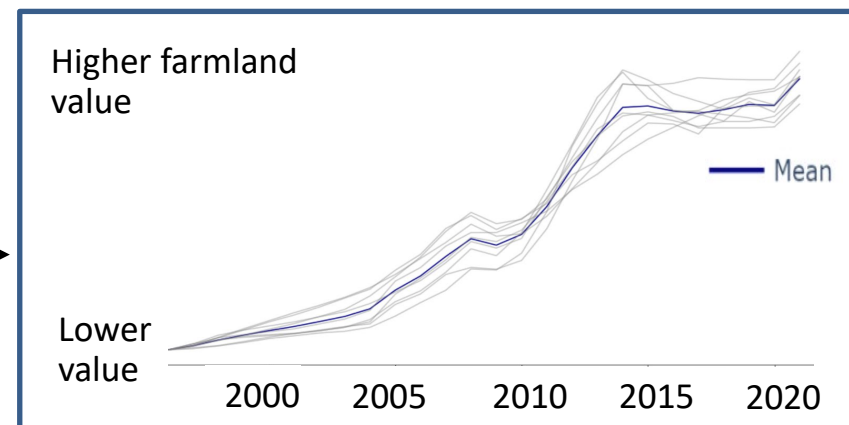




# Patterns in movements of farmland value can have implications for collateral risk

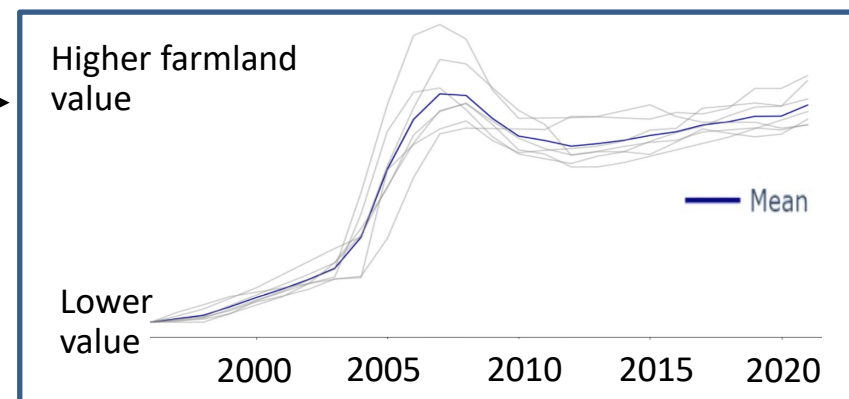
- ▶ State farmland values follow a distinct pattern in:

OH, IN, IL, IA, NE, MN  
MO, KS, OK



- ▶ A different pattern emerges in:

RI, DE, MD, VA  
FL, GA, NV



- ▶ Real estate values might have similar patterns in unexpected places.

Source: FCA's Office of Data Analytics and Economics.

Notes: States are arithmetically grouped by similarity of changes in state average farm real estate values (USDA/NASS, 1996-2021). Charts show pattern of change, not specific values.



# Concluding comments

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- ▶ Expanding economic activity in the U.S. and abroad supports demand for U.S. farm goods.
- ▶ Inflation and input costs continue to affect producer returns and consumer demand.
- ▶ Pandemic-related challenges present risks while driving change in operations for businesses and customers.
- ▶ Drought and water concerns stress some regions and producers.
- ▶ Stable-to-strong land market strengthens farm balance sheets.
- ▶ Farm income to hit multi-year high in 2021, but shrinking government payments make future profits uncertain.





# Farm Credit System Condition and Performance

as of  
September 30, 2021

**Hal Johnson**  
**Sr. Financial Analyst**  
**Office of Examination**



# Topics

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- ▶ System growth
- ▶ Portfolio credit quality
- ▶ Earnings
- ▶ Capital | Liquidity
- ▶ FIRS



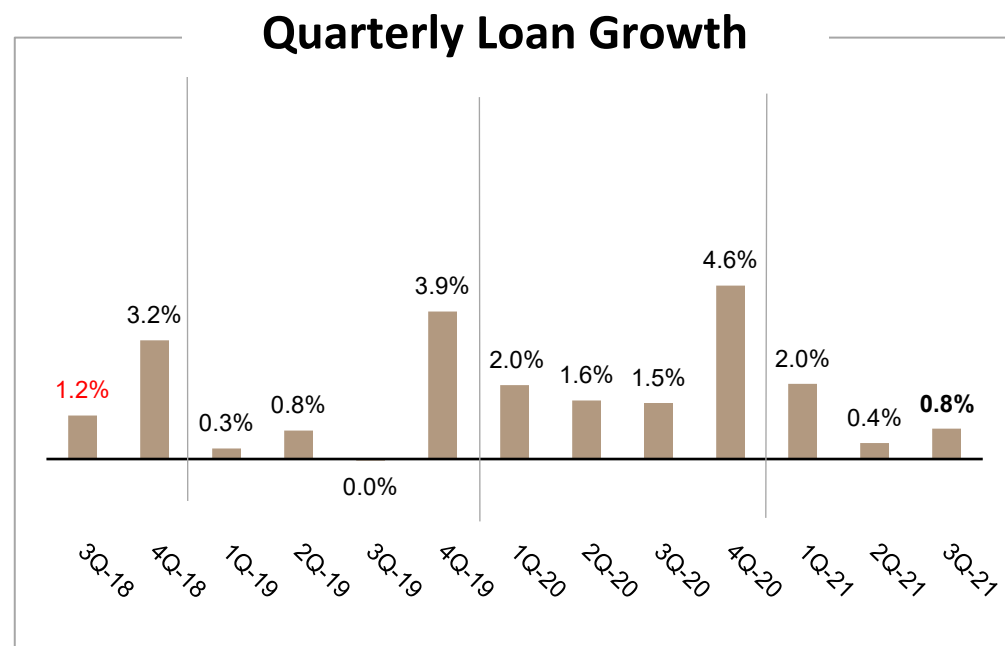




# Soaring cropland markets drive strong demand for real estate mortgage loans



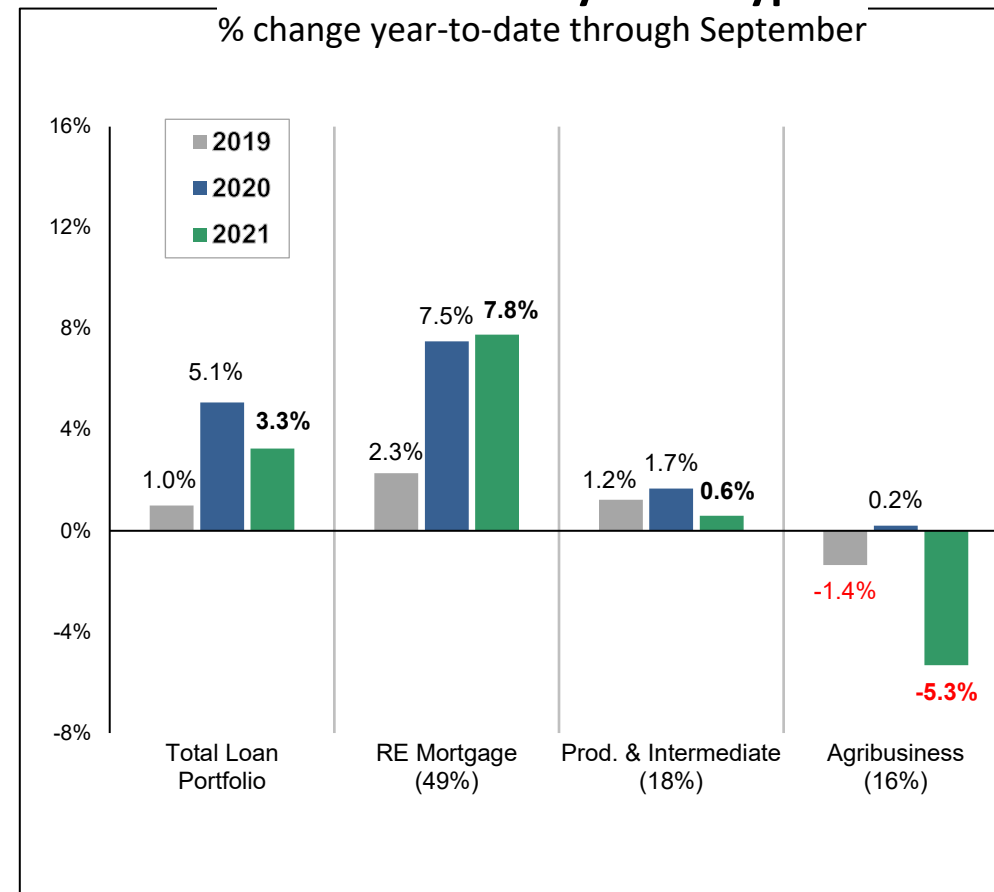
<b>Total Assets</b> 9/30/21	<b>\$410.6</b> billion	<b>+0.7% Qtr</b>	<b>Gross Loans</b> 9/30/21	<b>\$325.8</b> billion	<b>+0.8% Qtr</b>
		<b>+2.5% YTD</b>			<b>+3.3% YTD</b>
		<b>+6.7% 12M</b>			<b>+8.0% 12M</b>



Source: FCS Information Statements

## Loan Growth by Loan Type

% change year-to-date through September



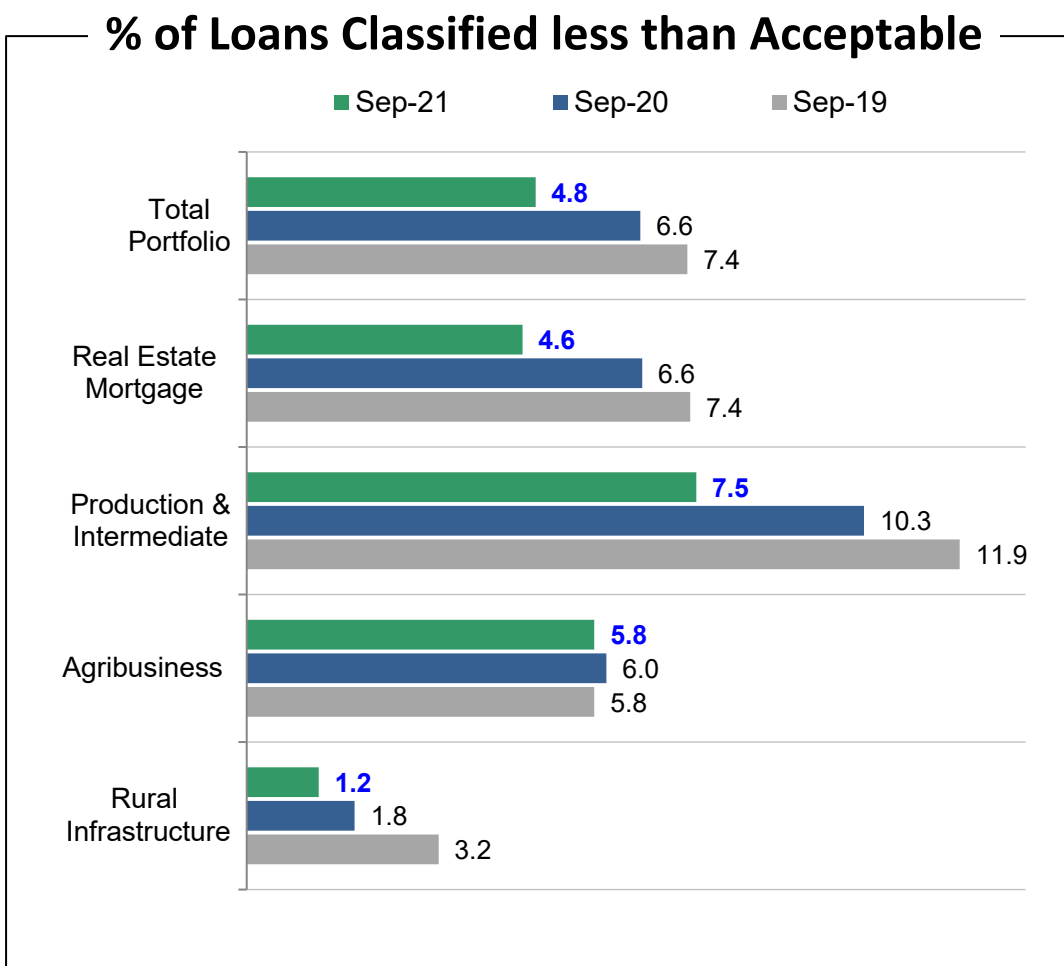
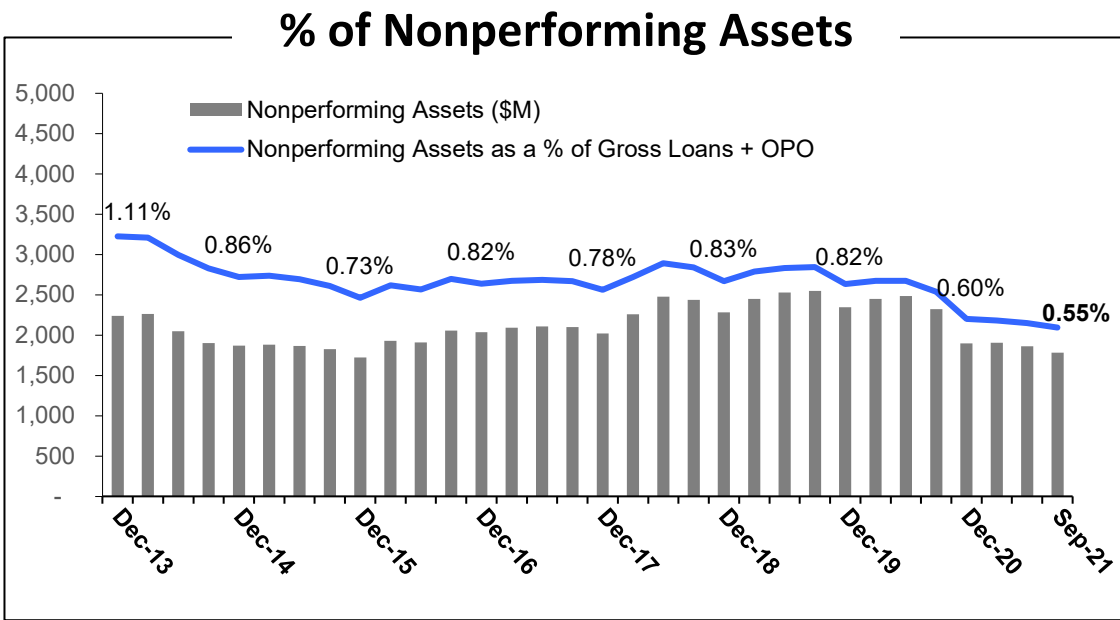


# Portfolio loan quality is very good; challenges persist for certain sectors and regions



<b>Nonperforming Assets</b> (9/30/21)	<b>\$1.784</b> billion	Qtr chg. -\$77M or -4.1%
		12 month chg. -\$537M or -23.1%
<b>Delinquencies <sup>(1)</sup></b> (9/30/21)	<b>0.22%</b>	Q2 '21 0.24%
		Q3 '20 0.28%

(1) accruing loans 30 days or more past due as a % of accruing loans



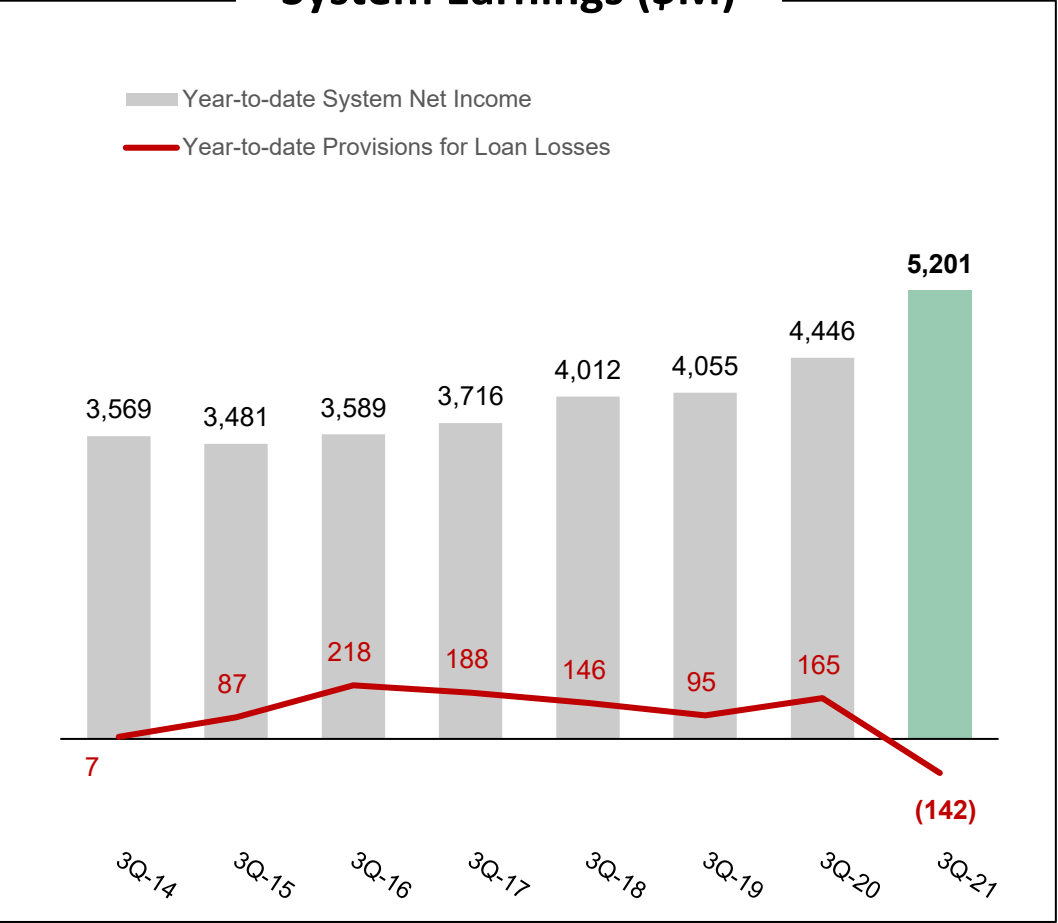
Source: FCS Information Statements



# The System reported strong 3<sup>rd</sup> quarter results

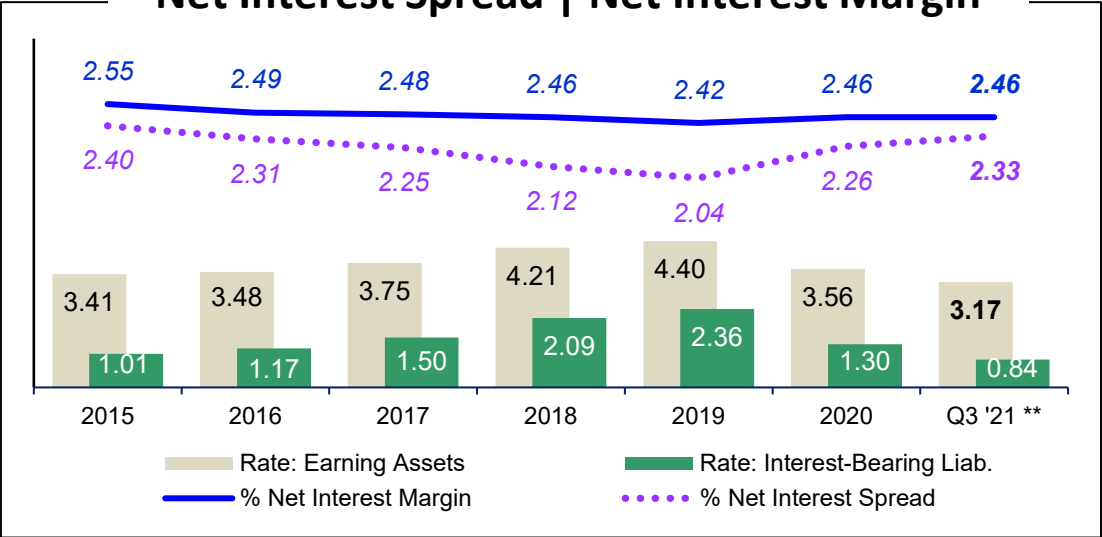


System Earnings (\$M)



Source: FCS Information Statements

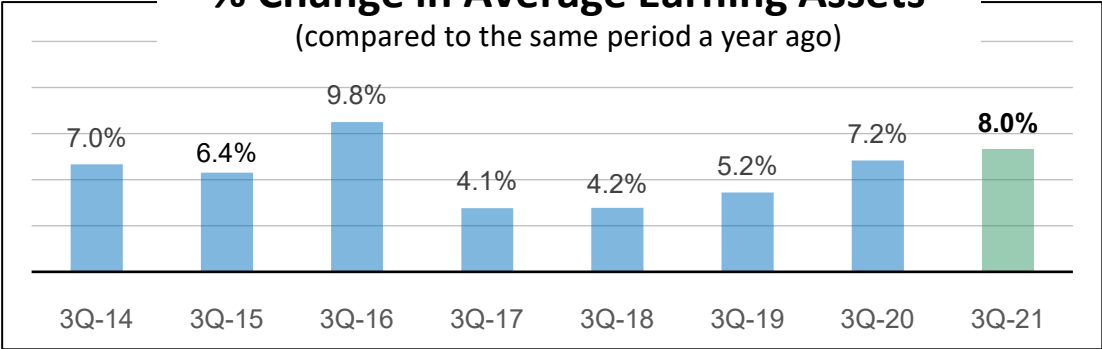
Net Interest Spread | Net Interest Margin



(\*\*) year-to-date annualized

% Change in Average Earning Assets

(compared to the same period a year ago)





# Strong earnings support continued capital growth

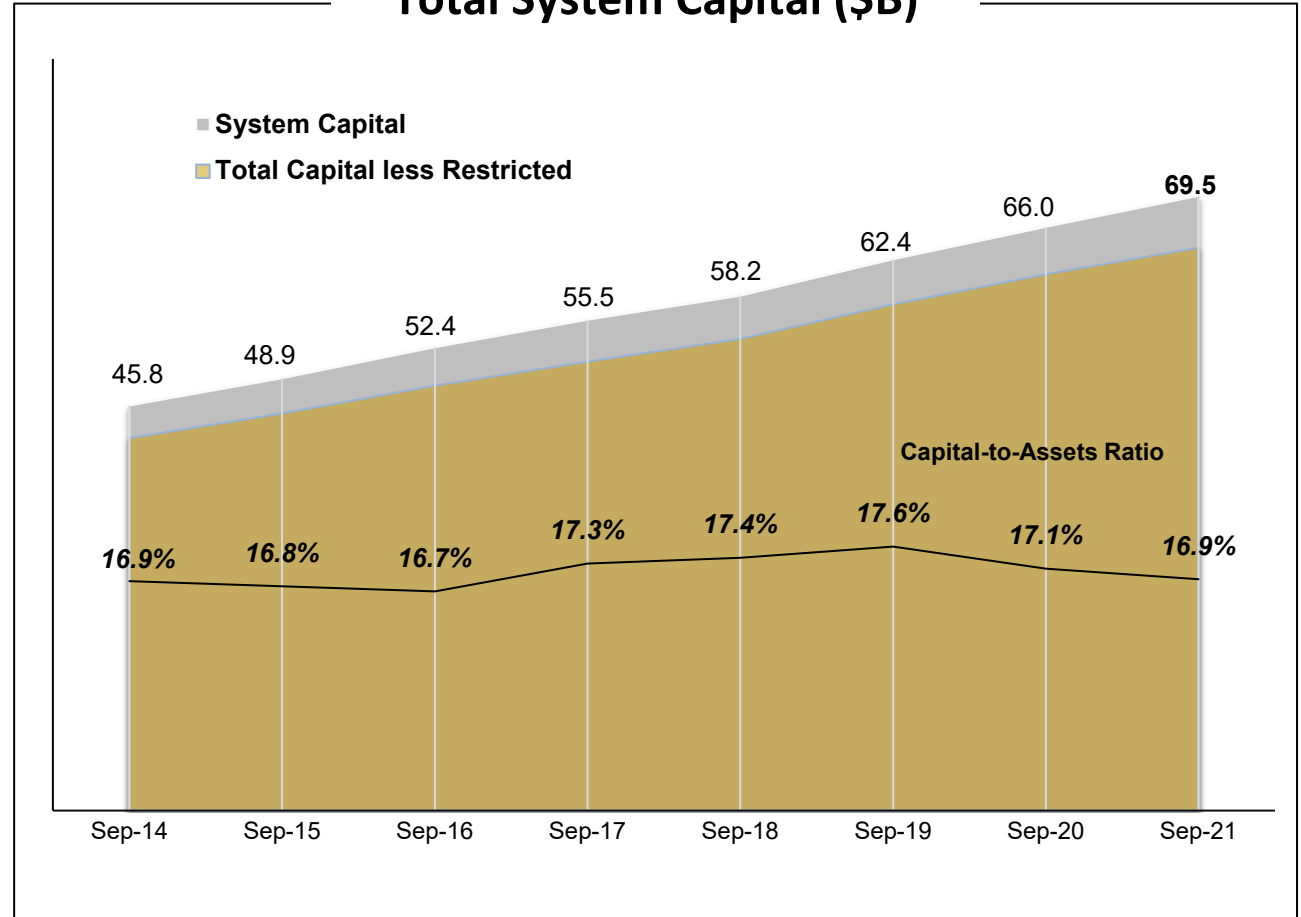
## Capital and Liquidity

( as of September 30, 2021 )

- ▶ Total Regulatory Capital:  
Banks | 15.4% to 18.9%  
Associations | 12.0% to 34.7%
- ▶ Days of liquidity for the four funding banks ranged from 150 to 227 days
- ▶ Capital and the allowance for loan losses as a % of loans outstanding ranged from 17.8% to 23.0% at a combined district level

Source: FCS Information Statements

## Total System Capital (\$B)



Note: Restricted capital represents capital associated with the Insurance Fund.



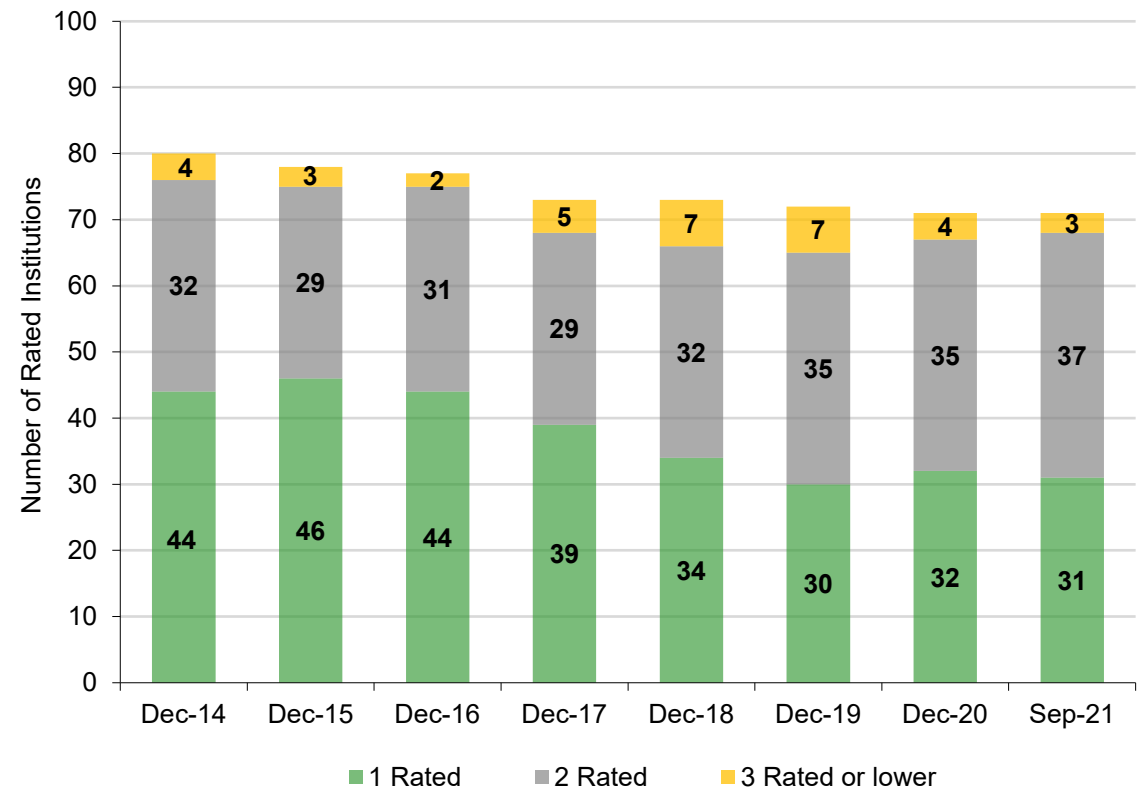
# System FIRS ratings

## FIRS Ratings

( based on 9/30/21 financial reporting )

- ▶ Composite FIRS ratings were largely unchanged from the 2nd quarter
- ▶ Over 95% of System banks and associations have a Composite FIRS rating of 1 or 2
- ▶ Institutions rated 3 or lower hold less than 1.0% of System assets

## Composite FIRS Ratings Farm Credit System Banks and Associations



Source: FCA's FIRS ratings database





# Summary and final points

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- ▶ Supply chain issues, labor constraints, and inflationary pressures are affecting agricultural producers.
- ▶ Strong crop sector returns help drive farmland values higher, particularly in the Midwest.
- ▶ System portfolio quality is very good, but challenges persist for certain sectors and geographic regions.
- ▶ The Farm Credit System remains safe and financially sound.
- ▶ System institutions are well-positioned to meet the credit needs of agricultural producers and rural America.





# Questions

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**THANK YOU**



# FCA Board Meeting December 2021

Exhibit E

## Semi-Annual Report on Office of Examination Operations December 9, 2021

**Dan Fennewald**  
Deputy Director  
Office of Examination







# OE Operations | Focus Areas

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- ▶ Operating Plan objectives
  - Risk supervision and examination activities
  - Operational efficiency and effectiveness
  - Human capital update
- ▶ Summary





# Risk Supervision & Examination Activities



## System Profile as of 9/30/21

### 71 Lending Institutions

#### 4 Funding Banks

Asset Size from \$31B to \$155B

#### 67 Associations

Asset Size from \$46M to \$35B

**\$410.6**  
billion

**Total Assets**

**\$325.8**  
billion

**Gross Loans**

**\$5.2**  
billion

**FY Earnings**

## FCS institution activities and guidance

(Fiscal Year ended 9/30/2021)

- ▶ Met or exceeded all OE sponsored Agency performance measures
- ▶ Conducted examination and/or oversight activities at all funding banks, all associations, and 11 other entities
- ▶ Issued 51 reports of examination and 57 interim activity letters
  - Two institutions are currently under a higher level of supervisory oversight
- ▶ Issued communications and guidance

Source: FCS Information Statement



# Supervision & Examination Initiatives

## 2021 NOP Risk Topics and Strategies:

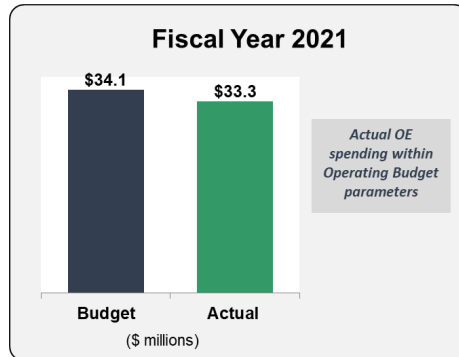
- ▶ **Credit | Risk management and loan servicing**
  - Assessed risk identification, especially in portfolios with stressed industry/commodity concentrations
  - Examined loan servicing, particularly in view of pandemic-related deferral programs and borrower rights
  - Evaluated the identification/management of affiliated exposures
- ▶ **Operational risk | Response to the pandemic and other risks**
  - Reviewed institutions' adjustments to operations, strategic business plans, controls, and risk assessments in response to the pandemic and other risks
  - Evaluated model risk management, applying our new guidance





# Operational Efficiency & Effectiveness

- ▶ Examination tools | Ongoing technology initiatives
  - EDGe and management reporting
  - Data analytics and examination tools
- ▶ OE budget results (Fiscal Year ended 9/30/2021)
  - Actual expenses were \$0.7 million under our \$34.1 million budget



## FTEs

Actual Fiscal Yr.	180.0
Planned Fiscal Yr.	185.9
Under plan	-5.9



# Human Capital Update

- ▶ Hiring and developing Associate Examiners
- ▶ Development Opportunities

## Total OE Staff

Total OE Staff	Planned	Actual	Variance
Beginning FY 2021	185	182	(3)
Attrition   Retirements	(16)	(19)	(3)
Hires	18	20	2
Ending FY 2021	187	183	(4)

- ▶ Post-commission training

## Commissioned Examiners

Commissioned Examiners	Planned	Actual	Variance
Beginning FY 2021	96	96	0
Attrition <sup>1</sup>   Retirements	(7)	(13)	(6)
Hires	0	2	2
Newly Commissioned <sup>2</sup>	8	2	(6)
Ending FY 2021	97	87	(10)

<sup>1</sup> Attrition includes two commissioned examiners moving into senior management.

<sup>2</sup> Seven additional candidates passed the October 2021 Commission test, bringing the total to 94 commissioned.



# Summary

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- ▶ Effectively conducted oversight and examination activities throughout FY 2021
- ▶ Conditions required some modifications in examination approach, staff development, and recruiting
- ▶ Remained focused on ensuring OE had sufficient highly skilled staff to accomplish its mission
- ▶ Accomplished 2021 Operating Plan objectives and met or exceeded all agency performance measures





# Discussion

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**THANK YOU**

## Farm Credit Administration

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McLean, VA 22102-5090  
(703) 883-4000



### CERTIFICATE OF CLOSED MEETING

The General Counsel, in accordance with the Government in the Sunshine Act, 5 U.S.C. § 552b(f)(1), hereby certifies that the Farm Credit Administration Board regular meeting of December 9, 2021, was properly closed to the public on the basis of the exemption set forth below:

- Supervisory and Oversight Activities of FCS Institution(s) – 5 U.S.C. § 552b(c)(8) and (9).

December 9, 2021  
Date

/s/  
Clark Ogilvie  
General Counsel