

Farm Credit presents operating results and plows

DENVER, CO — "The Farm Credit System demonstrated in 1985 that it is not only willing but capable of making the changes necessary to serve American agriculture in the trying years ahead," said Grant Lucas, chairman of the Farm Credit Corporation of America. Lucas made the statement in opening remarks to Farm Credit district directors and bank presidents attending the first annual stockholders meeting of the Farm Credit Corporation of America this week in Denver.

"We're faced with the most challenging time in the history of the Farm Credit System," says Lucas. "We can no longer get by as we have in the past as a federation of loosely affiliated credit institutions."

Lucas explained that the system today is viewed by Congress, media and the investors who purchase system securities as a single, nationwide system. To survive, system institutions have had to recognize their interdependence and act as one, he added. "That's why the Farm Credit Corporation of America was established," Lucas noted, "to provide national leadership in dealing with critical system issues and policies."

H. Brent Beesley, FCCA president and chief executive officer, told district leaders that "the answers to how we work our way out of these troubled times lies within the system. It's our job at FCCA to draw these answers out, share them with the system and provide the leadership necessary to implement them."

"However," Beesley cautioned, "we're facing systemwide problems and the solutions require a systemwide effort. The Farm Credit Corporation of America and the Farm Credit bank presidents are already working together as a team to find the solutions."

During the meeting, FCCA division managers presented a series of year-end reports. J. M. Davis, executive vice president and manager of the Farmbank Division, reported that the Farmbank Division saved system banks and associations an estimated \$7.2 million dollars in 1985. These savings were achieved in the areas of insurance, joint purchasing, research, training, communications and financial and administrative services. These savings represent the difference between what system organizations would have had to spend for similar services purchased on an individual basis outside the system.

James M. Schurr, senior vice president and manager of the Credit Standards Division, reported that the credit and review

standards developed by his staff are intended to minimize each bank's potential exposure to loss.

"National credit and review standards control credit risk by establishing verifiable performance standards for the major credit and review functions," said Schurr.

In 1986, the Credit Standards Division will develop and test reporting and monitoring systems for the credit and review standards. Schurr noted that banks that do not meet system standards, will be asked to develop action plans which will bring them into compliance.

"We know that with today's economic environment, this will be a difficult task that may take a year, or three, or even five," said Schurr. "We intend to work closely with the districts and their officers in arriving at realistic and attainable levels of progress," he added.

Schurr also reported that FCCA will be developing new approaches in areas such as pricing, competition, market intelligence and new products and services. "One of our highest priorities," Schurr said, "is to be competitive in the marketplace with our interest rates."

William A. BeSore, senior vice president and manager of the Financial Standards Division, told stockholders that the Financial Standards Division has broader responsibilities than just financial standards. BeSore cited his division's support of The Farm Credit Council Legislative Committee in developing financial projections and analysis in connection with the system's efforts to secure passage of the Farm Credit Amendments Act of 1985.

During 1986, BeSore reported, the Financial Standards Division will concentrate on several important issues and projects. These include the gathering, consolidating and analysis of systemwide financial information; working with other FCCA divisions to implement a common general ledger software package for the system; and responding to the new capital sufficiency regulations being developed by the Farm Credit Administration.

Continuous and improved financial forecasting is an essential management tool for restoring profitability to the Farm Credit System, noted BeSore. "We will be heavily involved in this area in 1986 and will be working closely with districts to enhance our computer models," he added.

Robert E. Sweeney, vice president and manager of the Electronic Data Processing Standards Division, reported that the primary objective of the EDP Standards Division is to increase

the value and function of the system's internal communications and data processing resources.

"Development of information processing and reporting stan-

dards will give system institutions a stable and compatible platform and communications network from which to build more efficient and effective methods of delivery for

credit and other services to borrowers," said Sweeney.

The design specifications for these standards will be developed in 1986 and 1987, Sweeney said.

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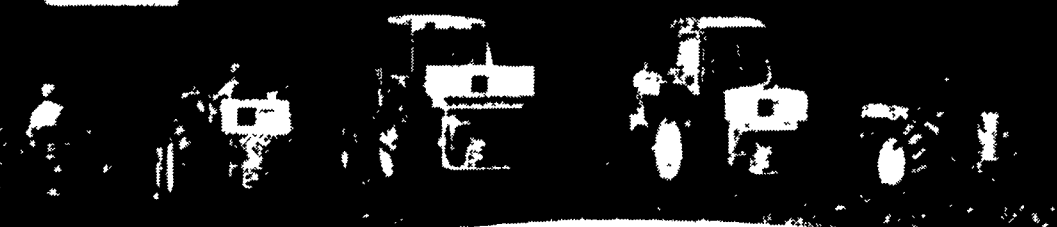
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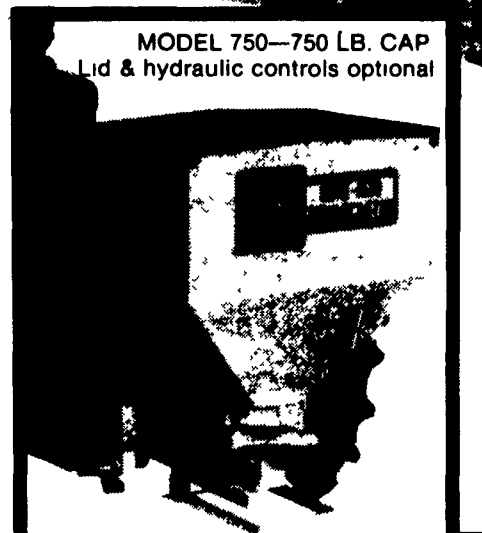
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