

First Quarter

FARMER  AC

*Debt Investor
Presentation*

2017

Forward-Looking Statements

In addition to historical information, this presentation includes forward-looking statements that reflect management's current expectations for Farmer Mac's future financial results, business prospects, and business developments. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements. Management's expectations for Farmer Mac's future necessarily involve a number of assumptions and estimates and the evaluation of risks and uncertainties. Various factors or events, both known and unknown, could cause Farmer Mac's actual results to differ materially from the expectations as expressed or implied by the forward-looking statements. Some of these factors are identified and discussed in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission ("SEC") on March 9, 2017 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the SEC on May 10, 2017, which are also available on Farmer Mac's website (www.farmermac.com). In light of these potential risks and uncertainties, no undue reliance should be placed on any forward-looking statements expressed in this presentation. Any forward-looking statements made in this presentation are current only as of March 31, 2017, except as otherwise indicated. Farmer Mac undertakes no obligation to release publicly the results of revisions to any such forward-looking statements that may be made to reflect new information or any future events or circumstances, except as otherwise mandated by the SEC. The information contained in this presentation is not necessarily indicative of future results.

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Use of Non-GAAP Financial Measures

This presentation is for general informational purposes only, is current only as of March 31, 2017, and should be read in conjunction with Farmer Mac's Quarterly Report on Form 10-Q filed with the SEC on May 10, 2017. In the accompanying analysis of its financial information, Farmer Mac uses the following non-GAAP financial measures: core earnings, core earnings per share, and net effective spread. Farmer Mac uses these non-GAAP measures to measure corporate economic performance and develop financial plans because, in management's view, they are useful alternative measures in understanding Farmer Mac's economic performance, transaction economics, and business trends. These non-GAAP financial measures that Farmer Mac uses may not be comparable to similarly labeled non-GAAP financial measures disclosed by other companies. Farmer Mac's disclosure of these non-GAAP financial measures is intended to be supplemental in nature, and is not meant to be considered in isolation from, as a substitute for, or as more important than, the related financial information prepared in accordance with GAAP.

Core earnings and core earnings per share principally differ from net income attributable to common stockholders and earnings per common share, respectively, by excluding the effects of fair value fluctuations. These fluctuations are not expected to have a cumulative net impact on Farmer Mac's financial condition or results of operations reported in accordance with GAAP if the related financial instruments are held to maturity, as is expected.

Core earnings and core earnings per share also differ from net income attributable to common stockholders and earnings per common share, respectively, by excluding specified infrequent or unusual transactions that Farmer Mac believes are not indicative of future operating results and that may not reflect the trends and economic financial performance of Farmer Mac's core business.

Farmer Mac uses net effective spread to measure the net spread Farmer Mac earns between its interest-earning assets and the related net funding costs of these assets. Net effective spread differs from net interest income and net interest yield because it excludes: (1) the amortization of premiums and discounts on assets consolidated at fair value that are amortized as adjustments to yield in interest income over the contractual or estimated remaining lives of the underlying assets; and (2) interest income and interest expense related to consolidated trusts with beneficial interests owned by third parties, which are presented on Farmer Mac's consolidated balance sheets as "Loans held for investment in consolidated trusts, at amortized cost."



Table of Contents

<i>05</i>	<i>Overview and Highlights</i>
<i>12</i>	<i>Portfolio and Lines of Business</i>
<i>16</i>	<i>Risk Management</i>
<i>23</i>	<i>Regulatory Oversight and Capital</i>
<i>28</i>	<i>Funding Programs</i>
<i>34</i>	<i>Appendix</i>





Overview and Highlights

Farmer Mac Overview

Created in the 1980s to help provide a deeper credit market for rural America

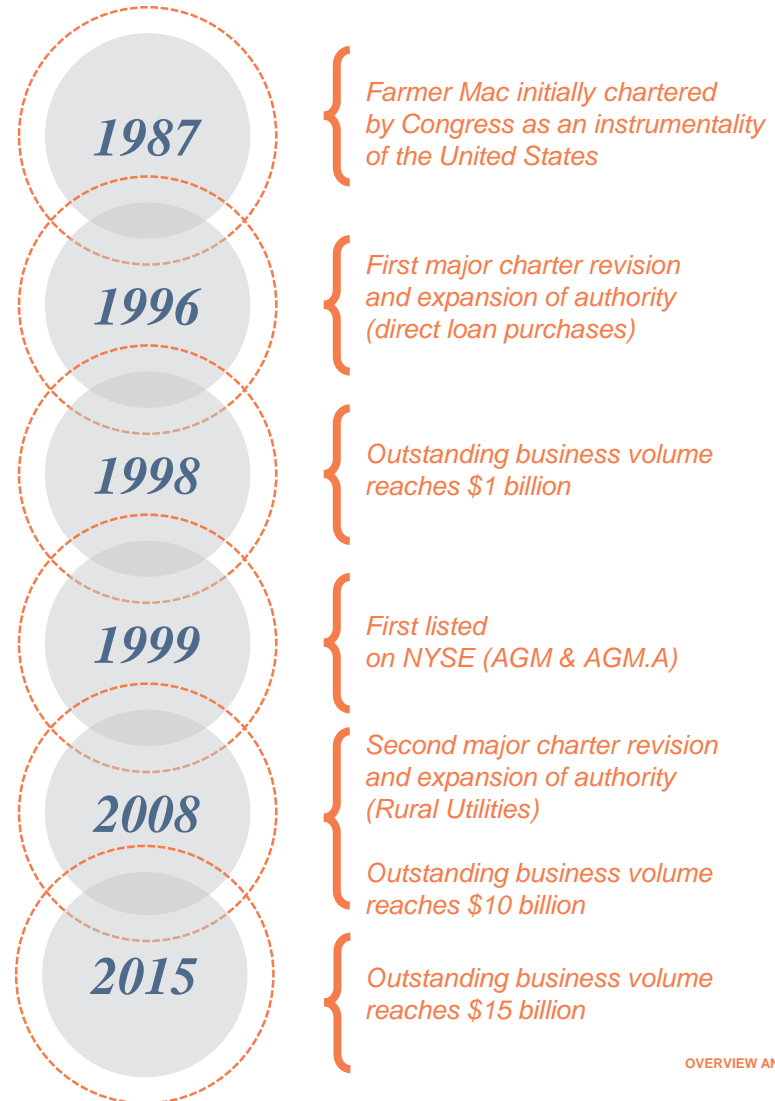
- Provide wholesale financing, secondary market and credit enhancements for agricultural and rural utilities lenders
- Increase access to credit and drive more efficient credit pricing for rural America
- Reduce rural credit market volatility by increasing liquidity and lending capacity for rural lenders

Lines of business – focused on customers

- Farm & Ranch
- USDA Guarantees
- Rural Utilities
- Institutional Credit

Diverse product suite provided to customers

- Loan purchases
- Wholesale financing
- Credit protection



Farmer Mac Compared to Farm Credit Banks

	<i>Farmer Mac</i>	<i>Farm Credit Banks</i>
<i>Mission:</i>	Provides secondary market for agricultural, rural housing, and rural utilities loans	Provides primary market for primarily agricultural and rural housing loans
<i>Funding:</i>	Raises funds through dealers in the capital markets	Farm Credit Funding Corp. raises funds for Farm Credit Banks through dealers in the capital markets
<i>Board:</i>	Five of fifteen board members elected annually by Farm Credit Banks	All Farm Credit Banks have differently constituted Boards
<i>Charter:</i>	Congress established under the Agricultural Credit Act of 1987	Congress established authority for predecessor entities in 1916
<i>Regulator:</i>	Farm Credit Administration (FCA) through the Office of Secondary Market Oversight (OSMO)	Farm Credit Administration (FCA)
<i>Ownership Structure:</i>	Public shareholders	Networks of cooperatives



Farmer Mac's Financial Strengths

Quality Assets

- Rigorous underwriting standards
- Low delinquencies
- Low cumulative historical credit losses

Capital Surplus

- Core capital \$149 million, or 31%, above statutory minimum capital level
- Tier 1 Capital Ratio of 12.7%⁽¹⁾

Liquidity

- \$2.8 billion liquidity portfolio at March 31, 2017
- Highly-rated assets provided 194 days of liquidity as of March 31, 2017
- \$1.5 billion line of credit with U.S. Treasury

Match Funded

- Match funding of assets effectively locks in net spreads
- Effective interest rate and pre-payment risk management
- Extensive stress testing to ensure ongoing effective match

Consistent Returns

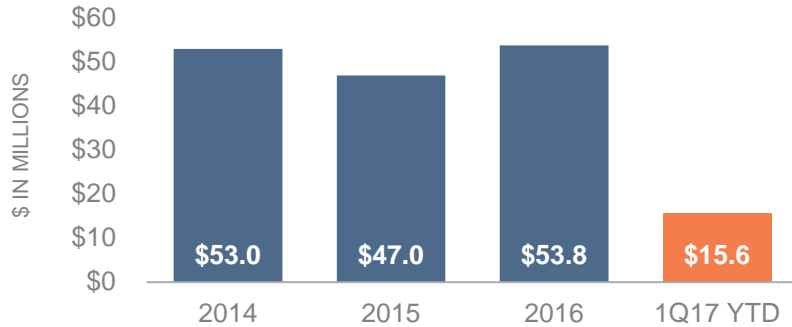
- Core earnings growth⁽²⁾

⁽¹⁾ Tier 1 capital consists of retained earnings, paid-in capital, common stock, qualifying preferred stock, and accumulated other comprehensive income allocable to investments not included in one of Farmer Mac's four operating business lines.

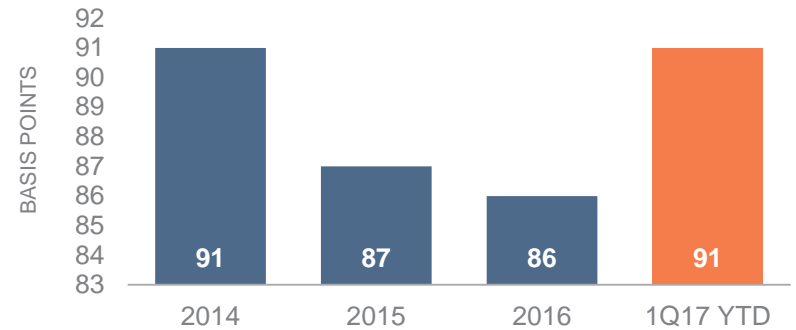
⁽²⁾ Core earnings is a non-GAAP measure. For a reconciliation of GAAP net income attributable to common stockholders to core earnings, please refer to page 10.

Farmer Mac Dashboard

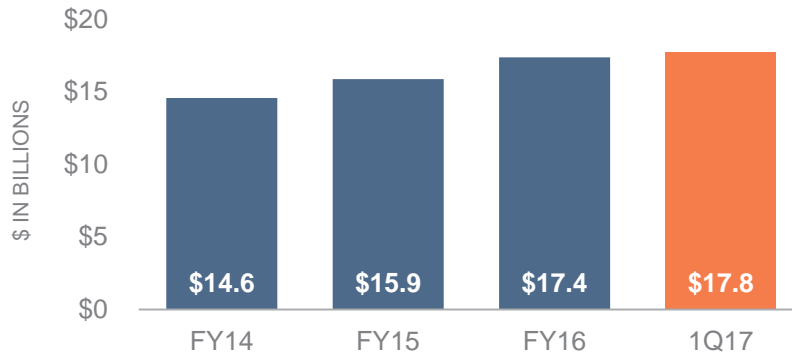
Core Earnings⁽¹⁾



Net Effective Spread⁽¹⁾

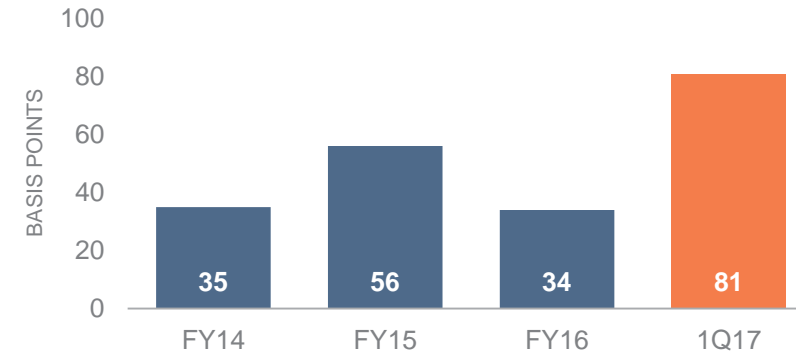


Outstanding Business Volume



90-Day Delinquencies⁽²⁾

(Farm & Ranch Line of Business Only)



⁽¹⁾ Core earnings and net effective spread are non-GAAP measures. For a reconciliation of GAAP net income attributable to common stockholders to core earnings and a reconciliation of GAAP net interest income to net effective spread, please refer to pages 10 and 11.

⁽²⁾ Delinquencies include loans held and loans underlying off-balance sheet Farm & Ranch Guaranteed Securities and LTSPCs that are 90 days or more past due, in foreclosure, or in bankruptcy with at least one missed payment, excluding loans performing under either their original loan terms or a court-approved bankruptcy plan.



Reconciliation of Net Income to Core Earnings

<i>(in thousands)</i>	Core Earnings by Period Ended			
	1Q17 YTD	2016	2015	2014
Net income attributable to common stockholders	\$ 18,615	\$ 64,152	\$ 47,371	\$ 38,251
Less reconciling items:				
Gains/(losses) on financial derivatives and hedging activities due to fair value changes	4,805	13,628	10,924	(9,968)
Unrealized gains/(losses) on trading assets	(82)	1,460	1,220	1,596
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	(127)	(849)	(1,319)	(14,549)
Net effects of settlements on agency forward contracts	32	1,699	(607)	159
Loss on retirement of Farmer Mac II LLC Preferred Stock ⁽¹⁾	-	-	(8,147)	-
Income tax effect related to reconciling items	(1,620)	(5,577)	(1,675)	7,966
Core earnings	\$ 15,607	\$ 53,791	\$ 46,975	\$ 53,047

⁽¹⁾ The loss from retirement of the Farmer Mac II LLC Preferred Stock in first quarter 2015 has been excluded from core earnings because it is not a frequently occurring transaction and not indicative of future operating results. This is also consistent with Farmer Mac's previous treatment of these types of origination costs associated with securities underwriting that are capitalized and deferred during the life of the security.

Reconciliation of Net Interest Income to Net Effective Spread

<i>(in thousands)</i>	Net Effective Spread by Period Ended											
	1Q17 YTD	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net interest yield	0.96%	0.90%	0.88%	0.51%	0.89%	1.14%	1.30%	1.30%	1.68%	1.62%	0.85%	0.85%
Net effect of consolidated trusts	0.03%	0.03%	0.01%	0.00%	0.00%	0.02%	0.06%	0.15%	0.00%	0.00%	0.00%	0.00%
Net effect of securities purchased under agreement to resell and securities sold, not yet purchased	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expense related to undesignated financial derivatives	-0.08%	-0.08%	-0.04%	-0.07%	-0.10%	-0.23%	-0.41%	-0.54%	-0.70%	-0.49%	0.00%	-0.07%
Amortization of premiums/discounts on assets consolidated at fair value	0.00%	0.01%	0.02%	0.12%	0.17%	0.12%	0.12%	0.19%	0.00%	0.00%	0.00%	0.00%
Yield maintenance payments ⁽¹⁾	0.00%	0.00%	0.00%	0.00%	0.00%	-0.01%	-0.01%	-0.04%	-0.01%	-0.07%	-0.07%	-0.09%
Net Effective Spread	0.91%	0.86%	0.87%	0.91%	0.96%	1.04%	1.06%	1.06%	0.97%	1.06%	0.78%	0.69%

⁽¹⁾ Beginning in 2013, Farmer Mac no longer excluded yield maintenance payments.



Portfolio and Lines of Business

Lines of Business and Products

AS OF MARCH 31, 2017

Product Type

Customers

Lines of Business

\$ IN BILLIONS AND PERCENTAGE OF TOTAL VOLUME

		F & R	USDA	RU	IC	Total
LOAN PURCHASES	<ul style="list-style-type: none"> • Ag Banks • Insurance Companies • Rural Utilities Cooperatives 	\$3.6 20%	\$2.1 12%	\$1.0 5%	--	\$6.7 37%
WHOLESALE FINANCING	<ul style="list-style-type: none"> • Ag Banks • Insurance Companies • AgVantage • Farm Equity AgVantage • Ag Investment Funds • Production and Agribusiness Companies • Rural Utilities Cooperatives 	--	--	--	\$7.6 43%	\$7.6 43%
CREDIT PROTECTION	<ul style="list-style-type: none"> • FCS Institutions • Ag Banks • Insurance Companies • Ag Investment Funds • Rural Utilities Cooperatives • Long-term Standby Purchase Commitments (LTSPCs)/ AMBS Guarantees 	\$2.6 15%	--	\$0.9 5%	--	\$3.5 20%
	Total	\$6.2	\$2.1	\$1.9	\$7.6	\$17.8

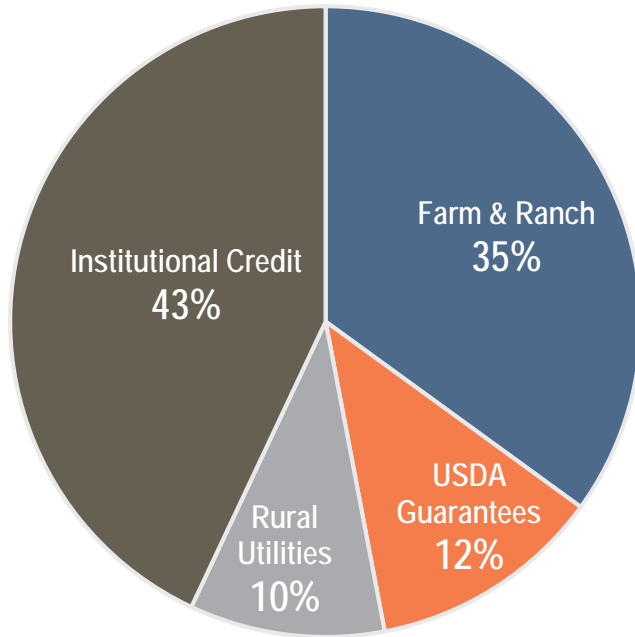
= Allowances and provisions recorded on these assets



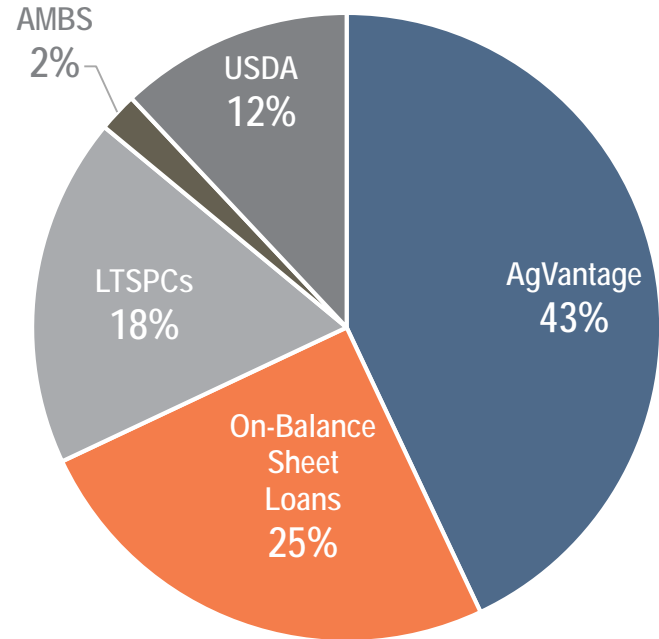
Outstanding Volume - Portfolio Summary

AS OF MARCH 31, 2017

By Line of Business



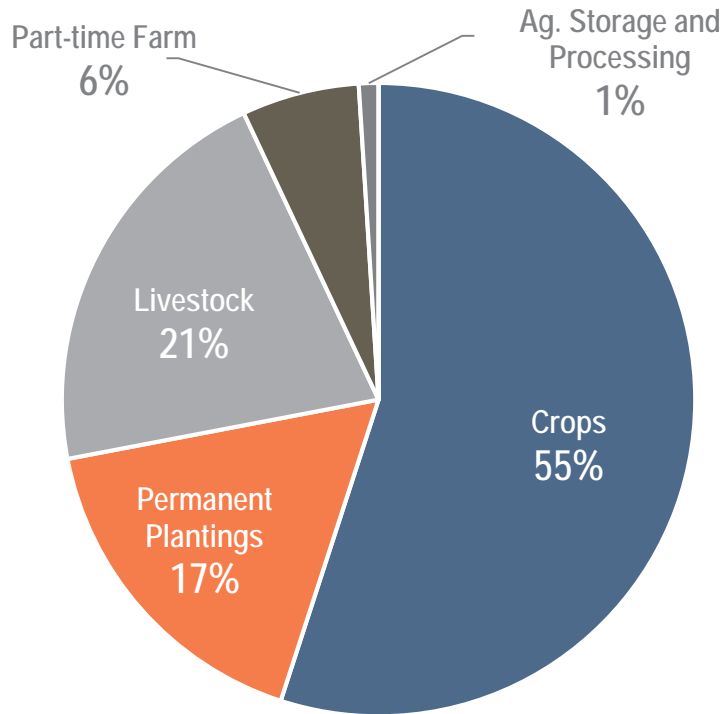
By Product Type



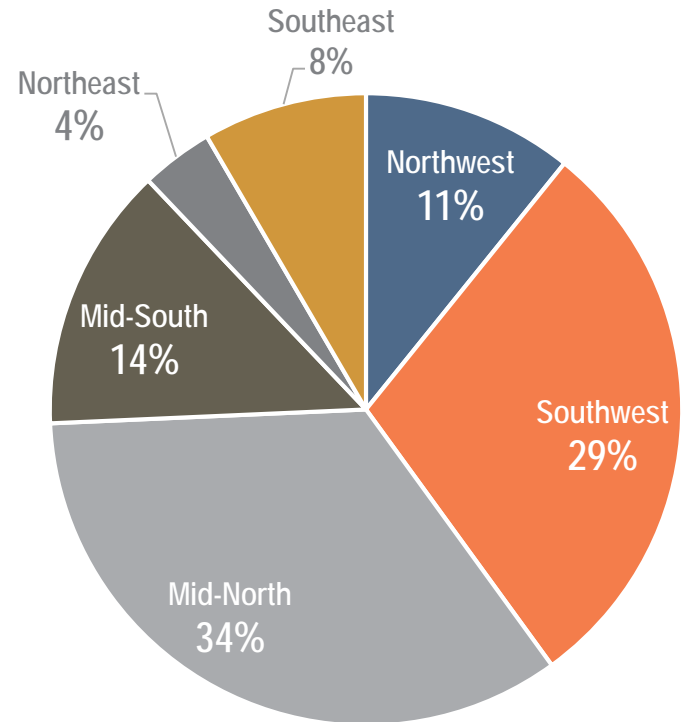
Farm & Ranch Loans Portfolio Diversification⁽¹⁾

AS OF MARCH 31, 2017

By Commodity Type



By Geographic Region



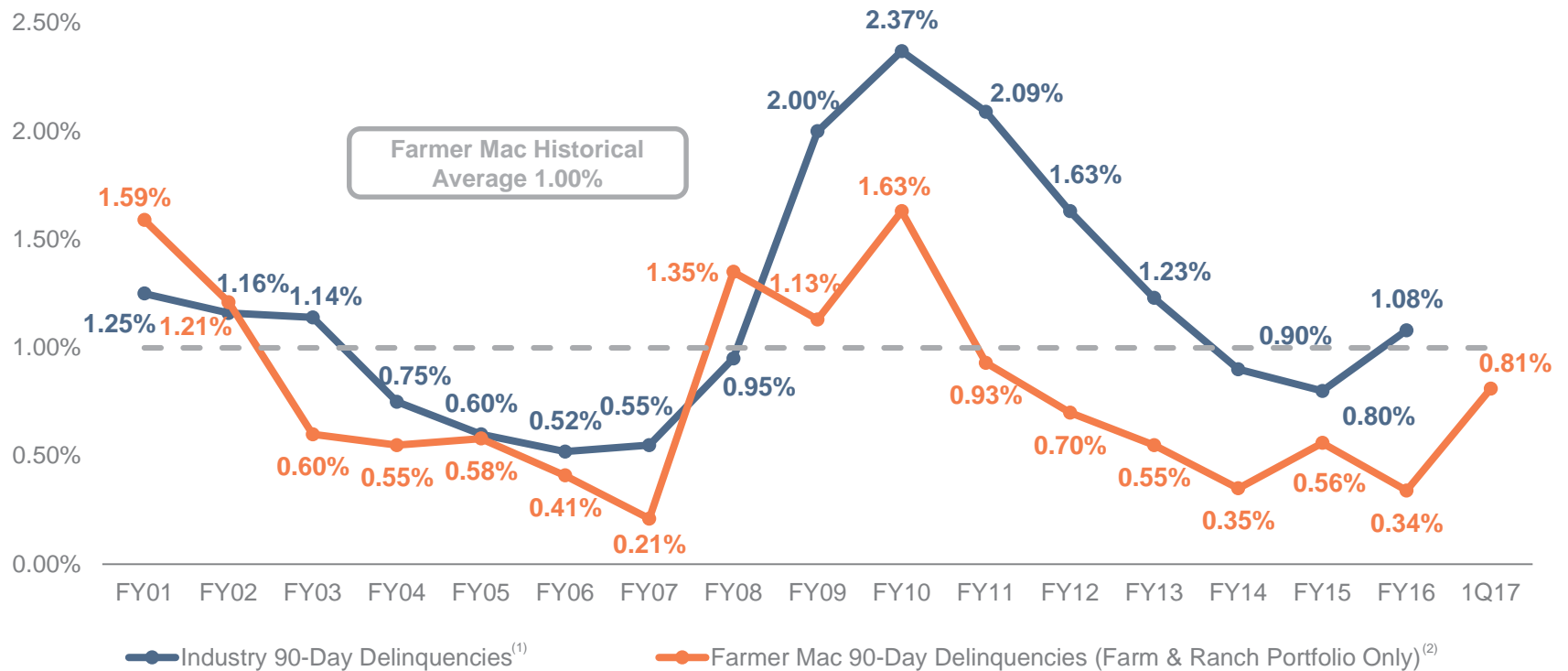
⁽¹⁾ Farm & Ranch portfolio includes on-balance sheet loans and LTSPCs.



Risk Management

Farmer Mac Credit vs. Industry

90-Day Delinquencies



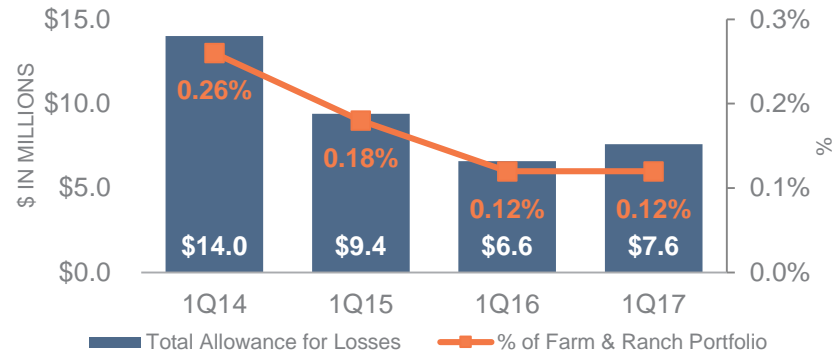
⁽¹⁾ Source: Kansas City Federal Reserve, Ag Finance Databook & Farm Credit Funding Corp Annual Information Statements – Non-accrual real estate loans and accruing loans that are 90 days or more past due made by commercial banks and Farm Credit System institutions; Farm Credit Data as of 2016Q4; Kansas City Fed data as of 2016Q3.

⁽²⁾ Delinquencies include loans held and loans underlying off-balance sheet Farm & Ranch Guaranteed Securities (excluding AgVantage Securities) and LTSPCs that are 90 days or more past due, in foreclosure, or in bankruptcy with at least one missed payment, excluding loans performing under either their original loan terms or a court-approved bankruptcy plan.

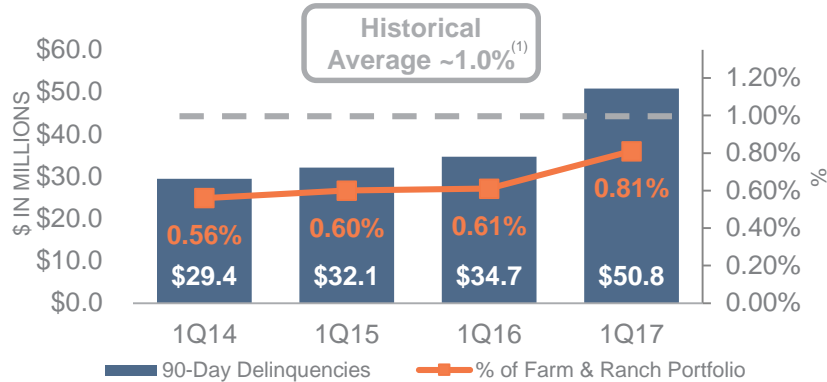


Credit Metrics

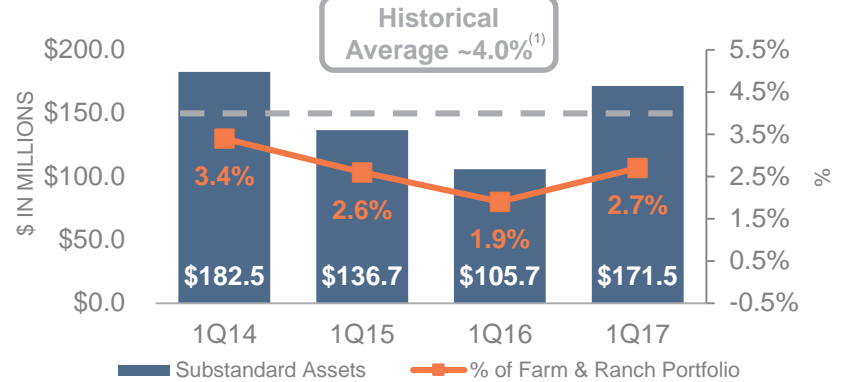
Total Allowance for Losses



90-Day Delinquencies



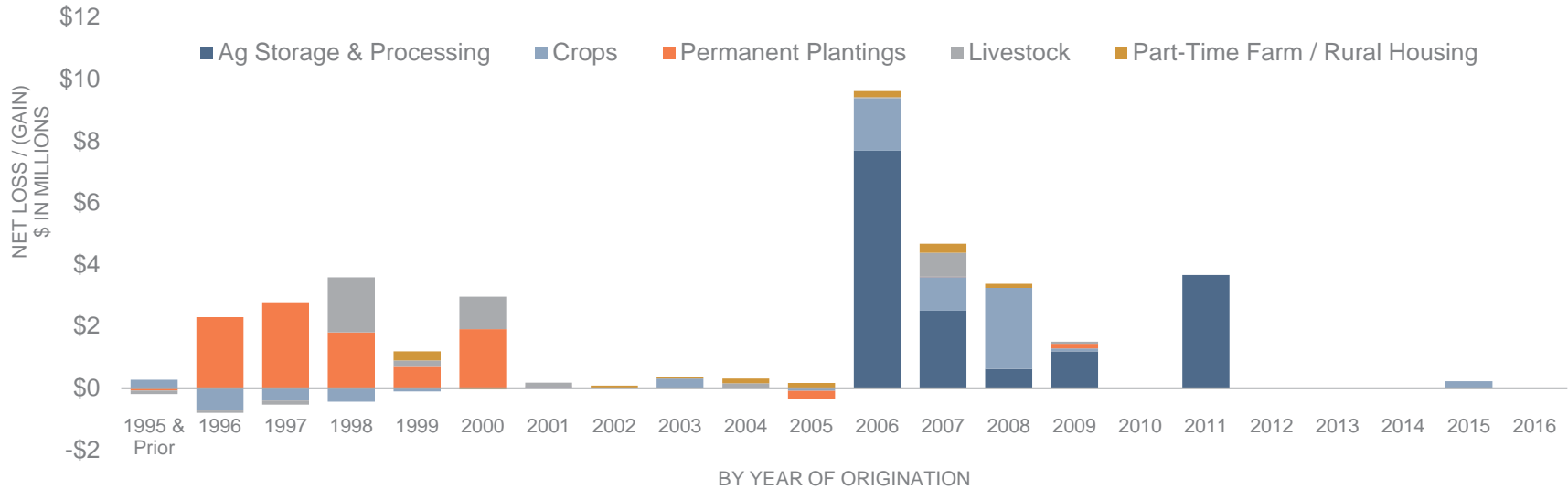
Substandard Assets



⁽¹⁾ Farmer Mac's historical averages are based on approximately 15 years of historical data for the Farm & Ranch line of business.



Farmer Mac – Historical Credit Losses



Farmer Mac’s Rural Utilities, USDA Guarantees, and Institutional Credit lines of business have not had any credit losses to date

Farm & Ranch line of business has historical cumulative losses of 0.16%, or less than 1bp per year

- Cumulative losses of \$35 million on \$22 billion of cumulative historical business volume



Farmer Mac's Downside Protection

Conservative underwriting with significant focus on repayment strength and low LTVs

- Total Debt Coverage (TDC) ratio of at least 1.25x
- Generally maximum LTVs of 60% to 70%, but in practice average 40% to 45% on mortgages purchased
- Require minimum borrower net equity of 50% across all agricultural assets
- Significant scrutiny given to property access and access to water, among other items

Farmer Mac credits less likely to default as compared to the broader industry

- Farmer Mac is generally recognized as having the tightest credit requirements for ag mortgage loans
- Primary focus on repayment capacity through stressed input assumptions during underwriting process
- Farmer Mac is not a “lender of last resort”
- Farm Credit Administration is a strong safety and soundness regulator

Farmer Mac credits less likely to incur losses even when a default occurs

- “Expected losses” of farm asset values range from 0% to 30% for various commodity types in Farmer Mac’s base case scenario
- Farmer Mac’s “stress scenario losses” of farm asset values range from 17% to 50% for various commodity types
- Given Farmer Mac’s portfolio average LTV of 44% as of March 31, 2017, average farm asset value losses would need to be in excess of 56% to begin to generate the first dollar of loss to Farmer Mac
 - The 1980s agricultural credit crisis saw land values decline approximately 23%⁽¹⁾ from peak to trough



⁽¹⁾ Source: USDA, National Agricultural Statistics Service (as of August 2015).

Interest Rate Risk

Match fund asset purchases with liabilities that have similar interest rate characteristics

- Duration and convexity matching
- Coupon type
- Reset frequency

Manage pre-payment risk on mortgages

- Issue a portfolio of callable and bullet debt across spectrum of maturities to obtain the appropriate match
- Can adjust effective asset and debt coupon and duration characteristics through the use of interest rate swaps or other derivatives

Perform regular stress testing and disclose a variety of sensitivity measures

- Duration Gap
- Market Value of Equity (MVE) Sensitivity
- Net Interest Income (NII) Sensitivity
- Measure these sensitivities' impact on various capital metrics



Liquidity – Investment Portfolio

AS OF MARCH 31, 2017

Farmer Mac maintains an investment portfolio to provide back-up source of liquidity in excess of regulatory requirements

- Minimum of 90 days of liquidity required by regulation

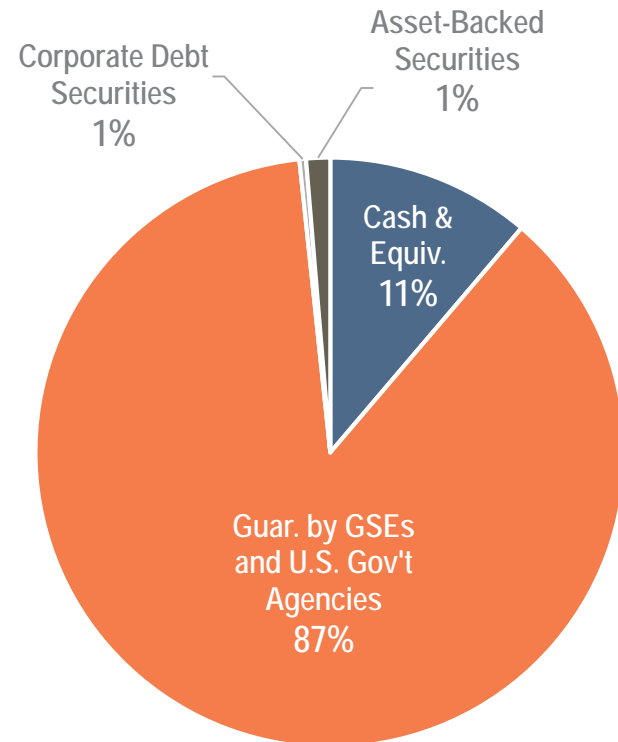
\$2.8 billion investment portfolio at March 31

- Cash and highly-rated investment securities
- Conservative portfolio goals
 - Minimize exposure to market volatility
 - Preservation of capital
 - Ready access to cash
- Provided 194 days of liquidity as of March 31, 2017

Farmer Mac also has \$1.5 billion line of credit with U.S. Treasury

- Supports Farmer Mac’s guarantee obligations
- Farmer Mac has never used this line of credit

Liquidity Portfolio





Regulatory Oversight and Capital

Regulatory/Congressional Oversight

Regulated by SEC under federal securities laws

Subject to NYSE rules and regulations since 1999

Regulated by the Farm Credit Administration (FCA) through its Office of Secondary Market Oversight

Congressional oversight through Senate and House Agricultural Committees



Three Classes of Common Stock

Number of Shares

CLASS A VOTING COMMON STOCK

- NYSE: AGM.A
- Ownership restricted to non-Farm Credit System financial institutions

1.0 million

CLASS B VOTING COMMON STOCK

- Not publicly traded
- Ownership restricted to Farm Credit System institutions

0.5 million

CLASS C NON-VOTING COMMON STOCK

- NYSE: AGM
- No ownership restrictions

9.1 million



Three Classes of Preferred Stock

Number of Shares

SERIES A NON-CUMULATIVE PREFERRED STOCK

- NYSE: AGM.PR.A
- Dividend Yield: 5.875%**
- Option to redeem at any time on or after January 17, 2018
- Redemption Value: \$25 per share

2.4 million

SERIES B NON-CUMULATIVE PREFERRED STOCK

- NYSE: AGM.PR.B
- Dividend Yield: 6.875%**
- Option to redeem at any time on or after April 17, 2019
- Redemption Value: \$25 per share

3.0 million

SERIES C FIXED-TO-FLOATING NON-CUMULATIVE PREFERRED STOCK

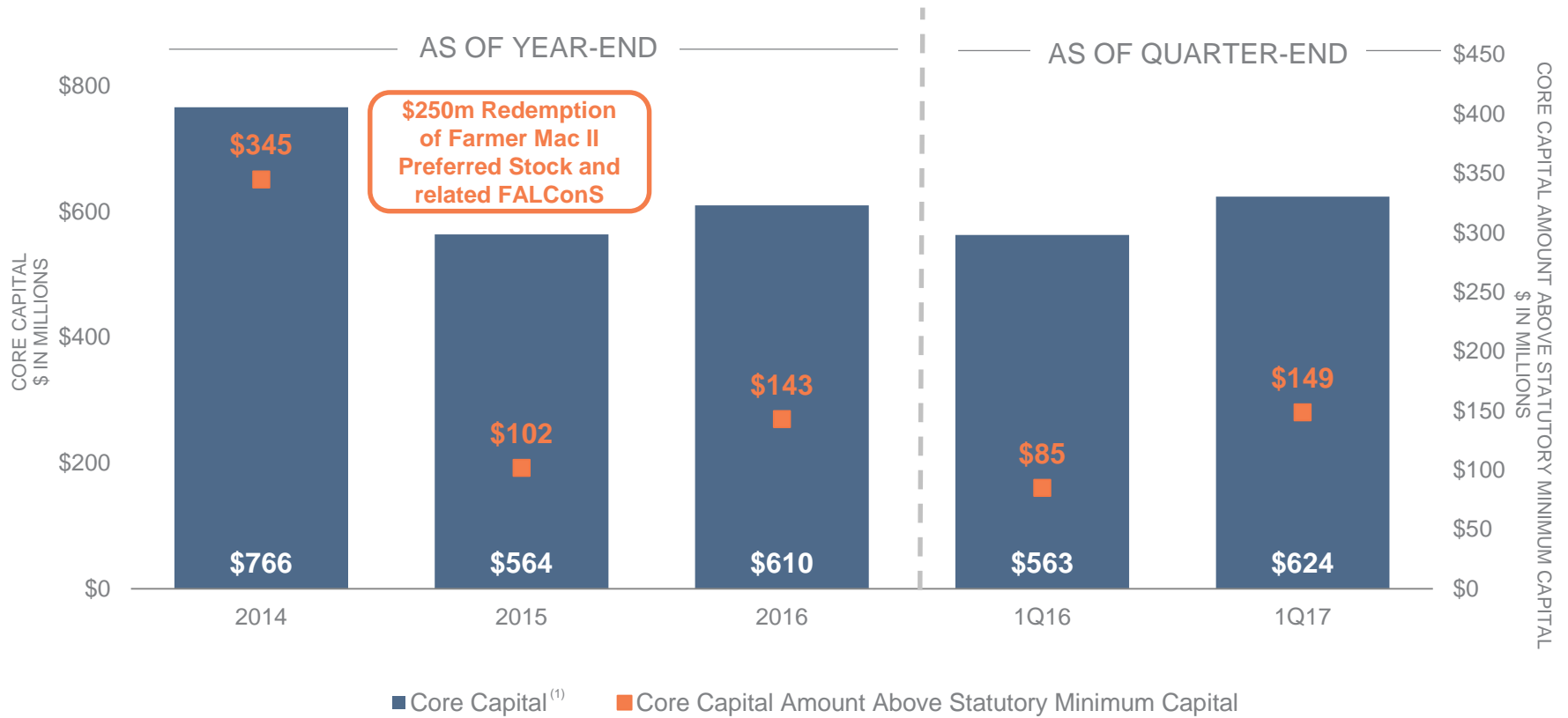
- NYSE: AGM.PR.C
- Dividend Yield: 6.000%**
- Option to redeem at any time on or after July 18, 2024
- Redemption Value: \$25 per share

3.0 million

**Par value annual dividend yield



Capital



(1) Core capital defined as total stockholders' equity less accumulated other comprehensive income.





Funding Programs

Farmer Mac Debt Program Overview

Finance asset purchases with proceeds of debt issuances

- 31 approved dealers
- Match-funding effectively locks in net spread
- Discount notes issued daily
 - » Regular rollover maturities include overnight, 30, 90, and 365 days
 - » Reverse inquiry for special maturities
- Medium-term notes issued periodically
 - » Fixed rate and callable maturities up to 20 years
 - » Floating rate notes based on a variety of indices
 - » Reverse inquiry for special structures and maturities
- Retail notes (Farmer Mac Notes program)
 - » Bullet and callable structures
 - » Bullets have survivor's option

Farmer Mac's debt securities may carry privileges for certain holders

- Federal Regulated Entities: 20% capital risk weighting
- Federal Reserve Banks and Federal Home Loan Banks: Collateral for advances and discounts
- SEC: Exempt from registration requirements under the 1933 Act
- National Association of Insurance Commissioners: # 1 Designation
- National Credit Union Administration: Investment for federal credit unions
- Investment Company Act of 1940: Classified as a "Government Security"



Farmer Mac Discount Note Program

	<i>Window</i>	<i>Reverse Inquiry</i>
<i>Description:</i>	Structures, sizes, and discount rates are sent to dealer group and posted on Bloomberg System (ADN5 <Go>); sizes are updated until offerings are closed.	Dealer/Investor requests structure and sizes; if it works, Farmer Mac communicates terms to issue.
<i>Typical Structures:</i>	Overnight – 1 year	5 months – 1 year
<i>Typical Sizes:</i>	\$5-225 million	\$15-100 million
<i>Settlement:</i>	Same day – 5 business days	Same day – 5 business days
<i>Issuance Frequency:</i>	Daily	As requested



Farmer Mac Medium-Term Note Program

	<i>Auction</i>	<i>Reverse Inquiry</i>	<i>Benchmark</i>
<i>Description:</i>	Auction time, structures, and sizes sent to dealer group; lowest UST spread wins bonds.	Dealer/Investor requests structure and sizes; if it works, Farmer Mac communicates terms to issue.	Syndicated deal; order book is generated, deal is priced and allocated to investors.
<i>Typical Structures:</i>	<ul style="list-style-type: none"> • 3, 5, 7, 10, and 15 year Fixed Rate Bullets • 3, 5, and 10 year Fixed Rate Callables, with a 1 year lockout and Semi-Annual Bermudan call 	<ul style="list-style-type: none"> • Floating (Fed Funds, LIBOR, Tbill, Prime) and Fixed Rate Bullets with maturities up to 15 years • Callables (Fixed and Step Up/Down Rate) with flexible lockout and call features, with maturities of up to 10 years 	3-10 year Fixed Rate Bullets
<i>Typical Sizes:</i>	\$5-50 million	\$15-200 million	\$250 million and greater
<i>Settlement:</i>	5-10 business days	5-20 business days	3 business days
<i>Issuance Frequency:</i>	Monthly	As requested	Rarely

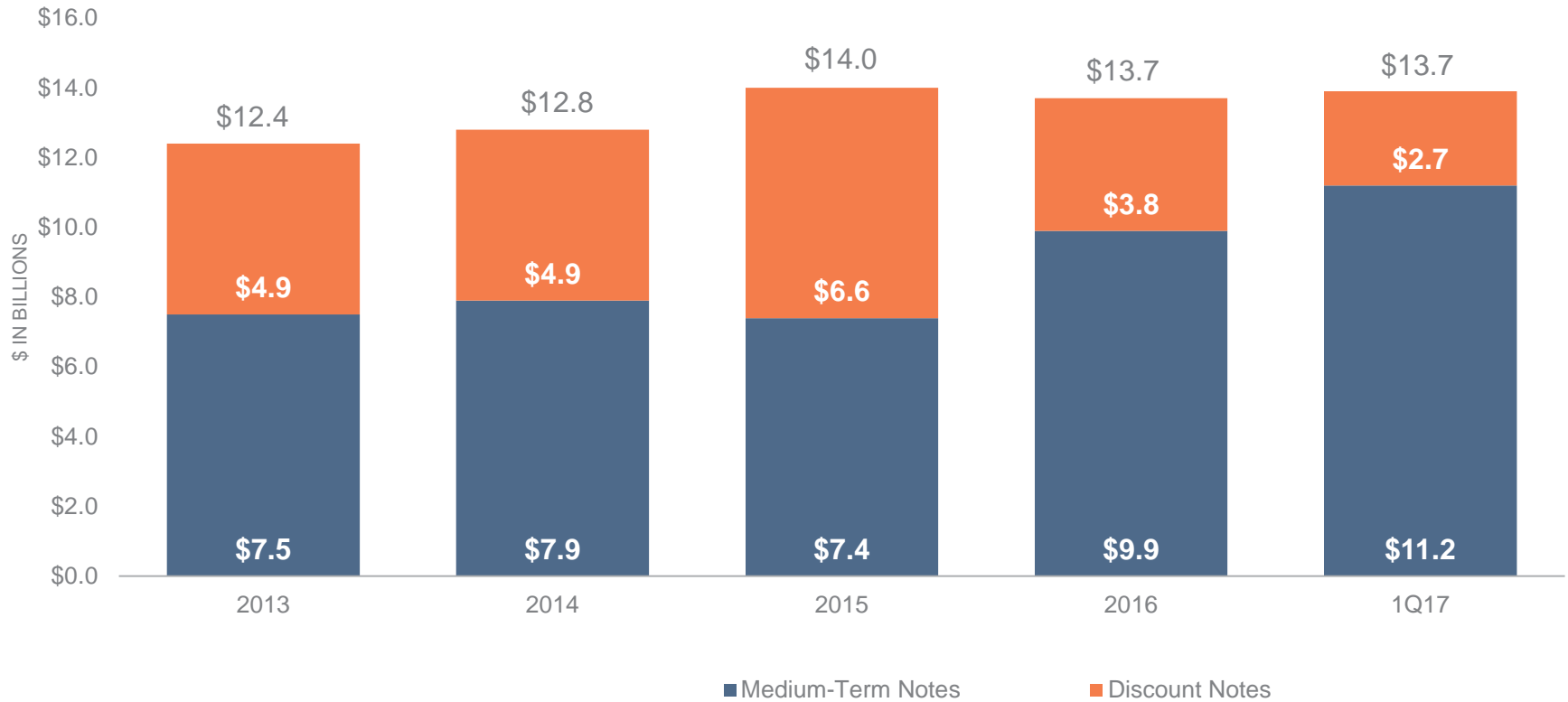


Farmer Mac Notes Program

	<i>Bullet</i>	<i>Callable</i>
<i>Description:</i>	Coupon set on Monday, offering period closes following Monday.	Coupon set on Monday, offering period closes following Monday.
<i>Typical Structures:</i>	7, 10, and 15 year Fixed Rate	Fixed and Step Up Rate with flexible lockout and call features, with maturities up to 15 years
<i>Typical Sizes:</i>	Best Efforts	Best Efforts
<i>Settlement:</i>	3 business days	3 business days
<i>Survivor's Option:</i>	Yes	No
<i>Denominations</i>	\$1,000 x \$1,000	\$1,000 x \$1,000
<i>Settlement</i>	DTC Book Entry	DTC Book Entry
<i>Fiscal Agent</i>	U.S. Bank National Association	U.S. Bank National Association



Farmer Mac Debt Outstanding





Appendix

State of Agriculture – USDA Forecasts^{(1) (2) (3)}

Grain prices fell again in 2016 due to record plantings/yields; livestock also under pressure

- Ending stocks increased for most major grains due to another year of bumper production
- Grain exports increased by 1.4% despite a stronger dollar, driven by lower commodity prices
- All livestock and animal products sectors experienced lower prices due to large supplies and stiff foreign competition

Farm income fell nearly 16% in 2016

- This represents a decline in net farm income for the third consecutive year
- Another 9% decline is expected in 2017, driven by an additional year of tight prices

Average inflation-adjusted U.S. agricultural real estate values decreased 1.6% in 2016

- Corn Belt farmland values fell as much as 8% during 2016 as falling grain prices continued to pressure profitability
- Rest of U.S. land values remain stable to modestly increasing, led by demand in Pacific and Southern states
- Continued softening of land values in grain-heavy states likely in 2017

Land sales transactions continue to slow with lower income and declining land values

- However, demographic trend (average age of U.S. farmer >60 years) provides support of primary transaction volume

California drought largely tempered by wet winter storms

- Reservoirs and snow pack well above normal levels; soil moisture returning to normal
- Farmer Mac portfolio in Western states remained strong throughout drought conditions



⁽¹⁾ Source: USDA, National Agricultural Statistics Service, Nominal (current dollars) (as of February 2017).

⁽²⁾ Source: USDA, Economic Research Service, Nominal (current dollars) (as of February 2017).

⁽³⁾ Source: Federal Reserve Bank of Chicago Seventh District, Ag Credit Conditions Survey AgLetter (as of February 2017).

Global Outlook⁽¹⁾

Demand

- USDA's Future Agricultural Resources Model (FARM) projects a **75% increase in total production and consumption of major field crops between 2005 and 2050**
 - 43% increase in global population
 - Higher protein diets as incomes in developing countries increase
- Thus significant “demand pull” for agricultural products

Supply

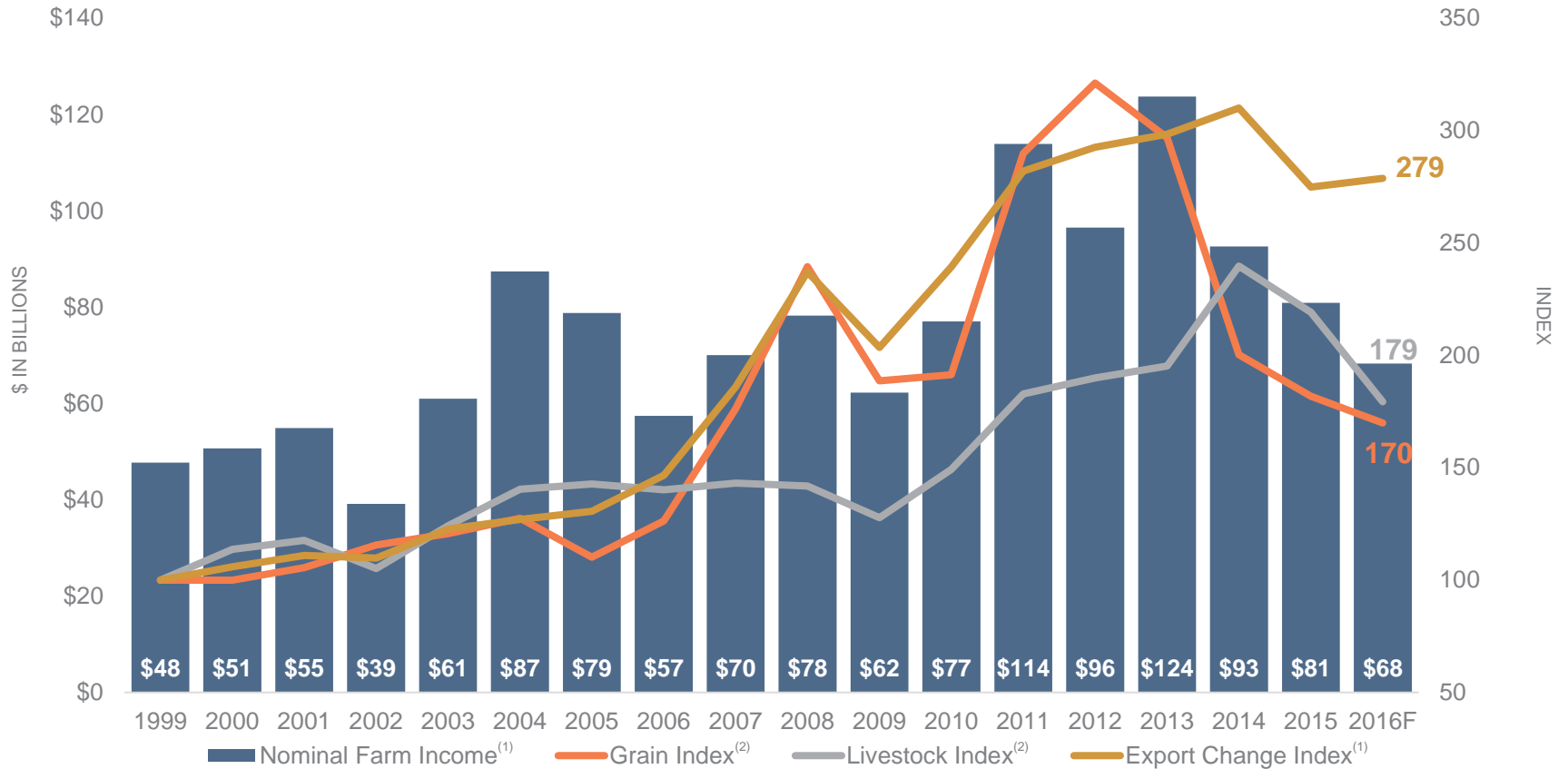
- Very high rate of capacity utilization
 - Finite amount of arable farmland
 - Estimated that less than 10% of U.S. cropland is idle⁽²⁾
- **Thus, productivity would need to nearly double by 2050 to feed the world**



⁽¹⁾ Source: USDA, Economic Research Service Global Drivers of Agricultural Demand and Supply, September 2014.

⁽²⁾ Source: USDA, Census of Agriculture; 2012

Farm Income and Related Trends

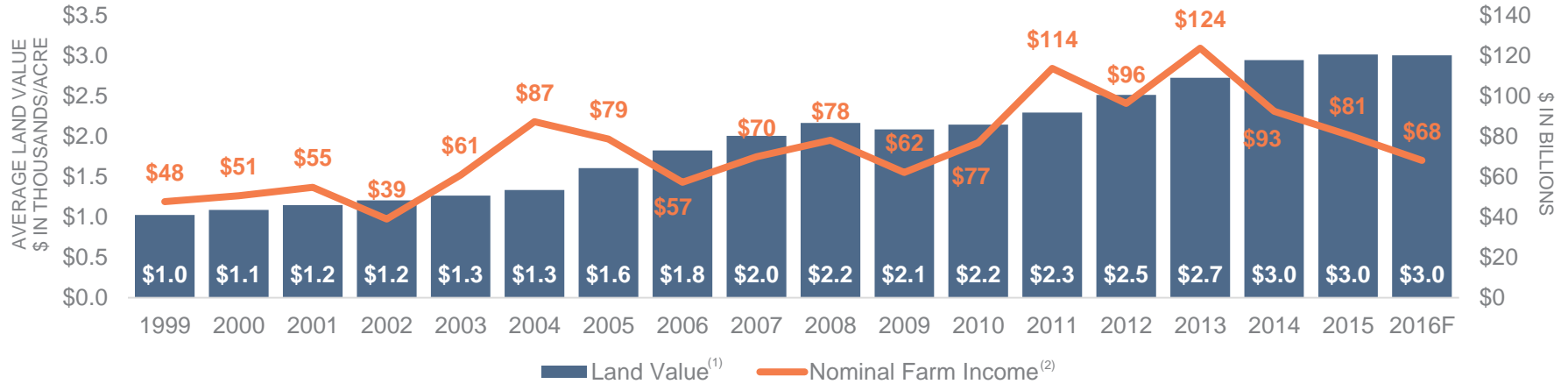


(1) Source: USDA, Economic Research Service, nominal dollars (as of February 2017).

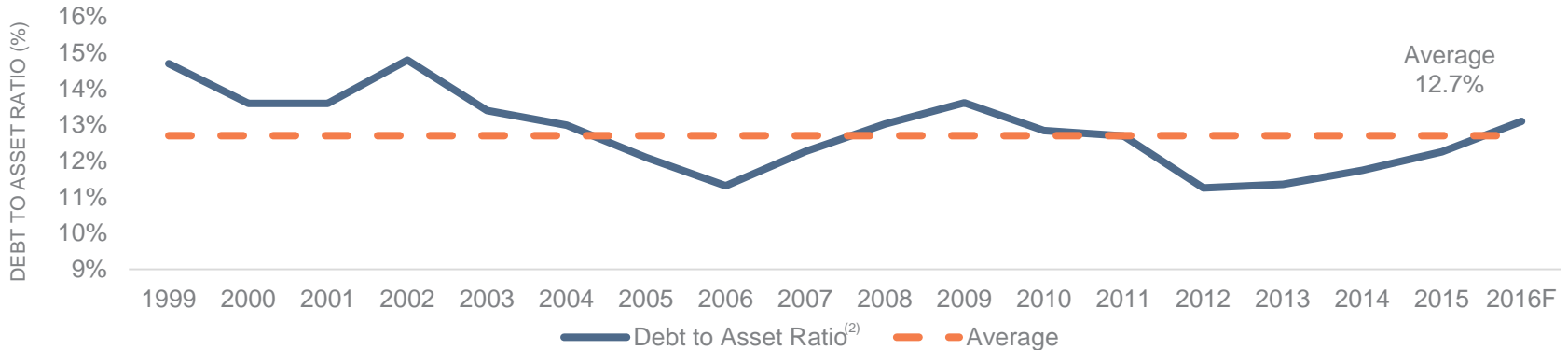
(2) Source: USDA, National Agricultural Statistics Service; Indexed to 1999 as 100.

Ag Land Value and Leverage Trends

Ag Land Values



Leverage



(1) Source: USDA, National Agricultural Statistics Service, nominals dollars, (as of February 2017); includes all farm and pasture land, irrigated and non-irrigated.

(2) Source: USDA, Economic Research Service, nominal dollars (as of February 2017).

Agricultural Risk Management Tools

Farmers today use a broad array of risk management tools, many of which were not available or not accepted during the ag credit crisis of the 1980s

- Many now view costs of hedging simply as a cost of doing business
- Have learned from their parents' experiences in the 1980s
- Risk management includes revenue and cost protection and more sophisticated asset liability management

Revenue Hedging

- Crop insurance – approximately 92% of planted acres to principal crops carry some form of crop insurance⁽¹⁾
- Crop insurance premiums still federally subsidized and losses shared by the federal government
- Futures/forward sales – many producers use hedging instruments to sell grain crops forward at planting stage

Cost Hedging

- Feed costs hedged with futures/forwards
- Fertilizer and fuel costs can be similarly hedged
- Water availability can be provided via “water banks” and secondary sources of water, e.g. wells
- Water costs can also be hedged with forward purchase agreements

Debt service is better managed with low absolute leverage levels and better rate options



⁽¹⁾ Source: USDA, Risk Management Agency 2016 Summary of Business, Net Acres Insured and USDA NASS 2016 Acreage Report.

USDA – Key 2017 Forecasts ^{(1) (2) (3) (4)}

Demand for U.S. agricultural products to increase

- Demographic trends and a stabilizing economy contributing to growth
- Lower commodity prices stimulating quantity demanded
- Total U.S. export values to increase 2% to \$136 billion led by greater interest in livestock, poultry, and dairy exports

U.S. farm income to decline approximately 9% to \$62 billion in 2017

- Grain prices remain range-bound at lower levels and livestock prices down on higher global supplies
- Input costs are stable to modestly declining
 - Increasing labor, interest, and fuel costs largely offset by declines in feed, animal, seed, and fertilizer costs

Average U.S. ag land values expected to stay relatively flat to slightly down

- Midwest most impacted with estimates ranging from 5% to 10% declines as compared to 2016 levels
- Rest of U.S. remains stable to modestly increasing – demand steady in non-grain producing regions

Total U.S. agricultural mortgage market to grow 7% to \$240 billion in 2017

⁽¹⁾ Source: USDA, National Agricultural Statistics Service, nominal dollars (as of March 2017).

⁽²⁾ Source: USDA, Economic Research Service, nominal dollars (as of February 2017).

⁽³⁾ Source: USDA, World Agricultural Supply and Demand Estimates Report, nominal dollars (as of February 2017).

⁽⁴⁾ Source: USDA, Economic Research Service Trade Outlook (as of February 2017).



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