

*First Quarter*

**FARMER  AC**

*Equity Investor  
Presentation*

*2019*

# 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 assumptions, 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, 2018, filed with the U.S. Securities and Exchange Commission ("SEC") on February 21, 2019 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 2, 2019. These reports are also available on Farmer Mac's website ([www.farmermac.com](http://www.farmermac.com)). Considering 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, 2019, 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 required by applicable law or regulation. The information in this presentation is not necessarily indicative of future results.*

## NO OFFER OR SOLICITATION OF SECURITIES

*This presentation does not constitute an offer to sell or a solicitation of an offer to buy any Farmer Mac security. Farmer Mac securities are offered only in jurisdictions where permissible by offering documents available through qualified securities dealers. Any investor who is considering purchasing a Farmer Mac security should consult the applicable offering documents for the security and their own financial and legal advisors for information about and analysis of the security, the risks associated with the security, and the suitability of the investment for the investor's particular circumstances.*

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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, 2019, and should be read in conjunction with Farmer Mac's Quarterly Report on Form 10-Q filed with the SEC on May 2, 2019. 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. The 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; (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;" and (3) the fair value changes of financial derivatives and the corresponding assets and liabilities designated in a fair value hedge relationship. Net effective spread also principally differs from net interest income and net interest yield because it includes: (1) the accrual of income and expense related to the contractual amounts due on financial derivatives that are not designated in hedge relationships; and (2) the net effects of terminations or net settlements on financial derivatives.*



# Investment Highlights

## Quality Assets

- 90-Day delinquencies of only **0.73%**
- Cumulative lifetime losses of only **0.13%**

## Funding Advantage

- Issue at **narrow**, GSE spreads to U.S. Treasuries
- E.g., 10-year U.S. Treasury **+0.51%**

## Growth Prospects

- Ag productivity must double by 2050, creating significant “**demand pull**”
- 9% share of an **~\$160 billion** and growing ag mortgage market

## Operational Efficiency

- Overhead / outstanding business volume **~20 bps**
- **~\$900,000 earnings** per employee in 2018

## Quality, Recurring Earnings

- **99%** of total revenues is recurring net effective spread and fees
- Outstanding business volume **CAGR of 10.8%** (2000 to 2018)

## Strong Returns, Responsible Growth

- Core earnings **ROE ~17%** throughout 2018
- **~30%** annual core earnings growth during 2018



# A Mission-Driven, For-Profit Company

## Our Mission

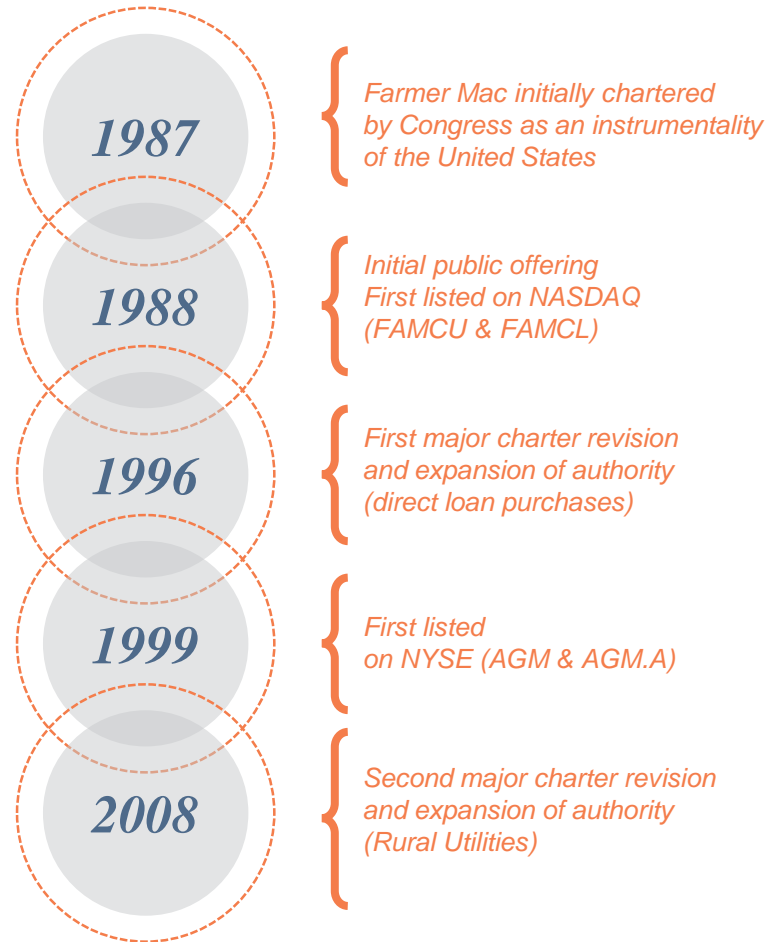
- Increase the availability and affordability of credit for the benefit of American agricultural and rural communities

## Our Stakeholders

- Farmers, ranchers and rural Americans
- Stockholders
- Financial institutions
- Employees
- Congress
- Regulator

## Our Corporate Social Responsibility

- To help create sustainable, vibrant rural American communities
- We achieve this by conducting our business
  - With absolute integrity
  - By holding ourselves to high ethical standards
  - By promoting a diverse, respectful, and inclusive culture



# *Executive Leadership*



***Bradford T. Nordholm***

*President and Chief Executive Officer*

- 40+ years of agricultural and energy finance experience
- Joined Farmer Mac in October 2018 from Starwood Energy Group, a leading private investment firm where he served as CEO and later as Vice Chairman
- Prior experience includes CEO of US Central and management positions at National Cooperative and within the Farm Credit System



***R. Dale Lynch***

*Executive Vice President – Chief Financial Officer and Treasurer*

- 30+ years of experience in financial management, capital markets, business development, credit, and investor communications
- Joined Farmer Mac in 2013 overseeing financial management, corporate finance, capital markets, ALM, investor relations, accounting, and financial reporting
- Prior experience includes various management positions at Allied Capital, Lehman Brothers, and Merrill Lynch



***John C. Covington***

*Executive Vice President – Chief Credit Officer*

- 40+ years of experience in agricultural lending
- Joined Farmer Mac in 2015 from Bank of the West, where he previously served as Managing Director for the Ag and Rural Banking Division
- Prior experience includes various management positions within the Farm Credit System and Rabobank



# Central to a Large Addressable Ag Mortgage Market <sup>(1) (2)</sup>

**FARMER MAC**

(FCS Secondary Market GSE)

**\$15.0 Billion**  
(9% Eligible Market Share) <sup>(3)</sup>

Loan Purchase  
Wholesale Funding  
Credit Protection

## Farm Credit System (FCS)

(Cooperative GSE)

- Four FCS Banks
- 73 Retail Agricultural Credit Associations

**\$75 Billion**

Mortgage Financing

## Addressable Agriculture Mortgage Market

**\$167 Billion** <sup>(3)</sup>

{Farmers & Ranchers}

Mortgage Financing

## Non-FCS Ag Lenders

- Insurance Companies (\$9 Billion)
- Ag Banks (\$63 Billion)
- Non-Bank Lenders (\$14 Billion)

**\$86 Billion**

## New Entrants

Financial Funds (own <1% U.S. Farmland)  
(debt and equity strategies)

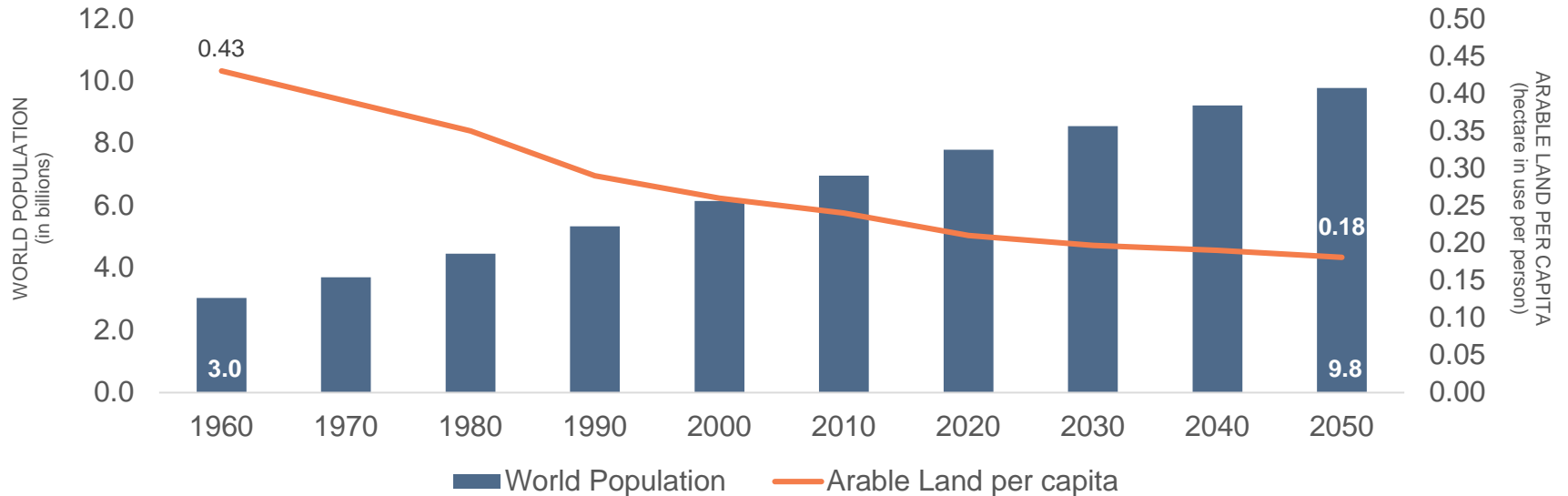
<sup>(1)</sup> Eligible ag real estate mortgage market structure shown here includes the forecast for outstanding unpaid principal balance of first lien ag mortgage assets as of December 31, 2018 reduced by forty percent to estimate the outstanding unpaid principal balance of loans that would not be eligible under Farmer Mac's lines of business.

<sup>(2)</sup> Source: FDIC Call Reports (ag banks), FCA Call Report Data, and Federal Reserve Board of Governors (insurance companies and Farm Service Agency portion of non-bank lenders) data as of December 2018. USDA, Economic Research Service forecast for remaining non-bank lenders for year-end 2018 on a prorated basis. All non-FCS and FCS data adjusted for estimates of eligibility under Farmer Mac's lines of business.

<sup>(3)</sup> Sum of FCS, non-FCS, and Farmer Mac first lien ag real estate mortgage assets does not add up to the total due to the nature of Farmer Mac's business model.



# “Demand Pull” Provides Sustained Growth Opportunity <sup>(1) (2)</sup>



## World population is expected to grow to 9.8 billion by 2050

- Arable land per person is expected to decline over 40% from 2005 to 2050

## USDA projects a 75% increase in total production and consumption of major field crops in the same period

- 43% increase in world population
- Higher protein diets as incomes in developing countries increase

## Productivity would need to nearly double by 2050 to feed the world



<sup>(1)</sup> Source: USDA, Economic Research Service Global Drivers of Agricultural Demand and Supply, September 2014.  
<sup>(2)</sup> Source: Food and Agriculture Organization of the United Nations, “World Agriculture Towards 2030/2050,” June 2012.



# Strategically Targeted Growth Opportunities

**Farmer Mac's management and Board have set strategic 5-year and 15-year market share goals**

- Specifically identified growth opportunities in order to reach these objectives
- Growth opportunities include new products and new customers

## Specific Opportunities:

### Farm Credit System (FCS)

- Significant loan purchase/sale opportunities
- Project energy finance
- Wholesale funding

***Approx. half the market;  
Largely unpenetrated by  
Farmer Mac***

### New Entrants

- Wholesale funding products to debt and equity funds
- Institutional mortgage loan purchase opportunities
- Facilitate new debt fund counterparties

***“Financialization of  
Agriculture” in its earliest  
stages;  
Significant upside***

### Non-FCS Ag Lenders

- Leverage a mortgage aggregator model
- Extend penetration of products to existing customers
- Explore new distribution channels (e.g. digital marketing)

***Significant new channel  
and efficiency  
opportunities***



# Lines of Business and Products

AS OF MARCH 31, 2019

## Product Type

## Customers

## Lines of Business

\$ IN BILLIONS AND PERCENTAGE OF TOTAL VOLUME

		F & R	USDA	RU	IC	Total
<b>LOAN PURCHASES</b>	<ul style="list-style-type: none"> <li>• Ag Banks</li> <li>• FCS Institutions</li> <li>• Insurance Companies</li> <li>• Rural Utilities Cooperatives</li> </ul>	\$4.6	\$2.5	\$1.4	--	\$8.5
		22%	12%	7%		41%
<b>WHOLESALE FINANCING</b>	<ul style="list-style-type: none"> <li>• Ag Banks</li> <li>• Ag Investment Funds</li> <li>• Insurance Companies</li> <li>• Rural Utilities Cooperatives</li> </ul>	--	--	--	\$8.7	\$8.7
	<ul style="list-style-type: none"> <li>• AgVantage</li> <li>• Farm Equity AgVantage</li> </ul>				43%	43%
<b>CREDIT PROTECTION</b>	<ul style="list-style-type: none"> <li>• FCS Institutions</li> <li>• Ag Banks</li> <li>• Insurance Companies</li> <li>• Ag Investment Funds</li> <li>• Rural Utilities Cooperatives</li> </ul>	\$2.6	--	\$0.7	--	\$3.3
	<ul style="list-style-type: none"> <li>• Long-term Standby Purchase Commitments (LTSPCs)/ AMBS Guarantees</li> </ul>	13%		3%		16%
<b>Total</b>		<b>\$7.2</b>	<b>\$2.5</b>	<b>\$2.1</b>	<b>\$8.7</b>	<b>\$20.5</b>

 = Allowances and provisions recorded on these assets

Note: Table may not sum to total due to rounding



# Attractive Credit-Risk Adjusted Returns

## Lines of Business

FISCAL YEAR 2018

	Farm & Ranch <sup>(1)</sup>		USDA	Rural Utilities		Institutional Credit	Total
	Loan Purchase	Credit Protection		Loan Purchase	Credit Protection		
Assets (\$ in billions)	\$3.1	\$4.2	\$2.5	\$0.9	\$0.7	\$8.4	\$19.7
YOY Growth (%)	10%	2%	7%	(13)%	(19)%	6%	4%
Net Effective Spread (%) <sup>(2)</sup>	1.79%	--	0.85%	1.19%	--	0.80%	0.91%
After-Tax Revenue (\$ in millions) <sup>(2)</sup>	\$41.9	\$14.2	\$14.9	\$9.2	\$1.3	\$48.8	\$135.9
Credit Risk-Weighted Assets (%) <sup>(3)</sup>	~65%	~55%	~0%	~40%	~45%	~3%	~25%
Credit Risk-Weighted Assets (\$ in billions) <sup>(3)</sup>	\$2.0	\$2.3	\$0	\$0.4	\$0.3	\$0.3	\$5.0
Risk-Adjusted Equity Allocation (@ 10%, \$ in millions) <sup>(4)</sup>	\$200	\$229	\$0	\$38	\$29	\$25	\$502
<b>Credit Risk-Adjusted ROE (annualized)<sup>(5)</sup></b>	<b>~20%</b>	<b>~10%</b>	<b>Undefined</b>	<b>~20%</b>	<b>~5%</b>	<b>~200%</b>	<b>~30%</b>

<sup>(1)</sup> For the purposes of this chart, Farm & Ranch Loan Purchase assets include loans held on-balance sheet and Farm & Ranch Credit Protection assets include loans consolidated on-balance sheet held in trusts with beneficial interests owned by third party investors and loans underlying off-balance sheet LTSPCs and Farm & Ranch Guaranteed Securities.

<sup>(2)</sup> After-tax Revenue includes net effective spread and guarantee & commitment fees. Net effective spread is a non-GAAP measure. For more information on the use of non-GAAP measures, please see page 3. For a reconciliation of net effective spread to GAAP net interest income, please refer to pages 25-26 of the Appendix.

<sup>(3)</sup> Approximate result is based on the application of the Advanced Internal Ratings-Based credit risk-weighting methodology presented by the Basel Committee on Banking Supervision for evaluating capital adequacy.

<sup>(4)</sup> Risk-Adjusted Equity Allocation of 10% approximates the capital requirements set forth under Farmer Mac's Board-approved policy on capital adequacy, which requires a Tier 1 capital ratio of at least 7% and a Tier 1 capital conservation buffer of greater than 2.5% of Farmer Mac's total risk weighted assets.

<sup>(5)</sup> Credit risk-adjusted ROE calculated by dividing Total Revenues into the Risk-Adjusted Equity Allocation.



# Creating Value Across Market Environments

*Uniquely positioned to share in upside opportunity in strong markets*

*Benefit from loss protection and increased relative demand in weaker markets*

## Strong Market

*Credit is healthy; transaction volumes are high; and capital is plentiful*

### Impacts on Farmer Mac:

- Benefit from higher industry volumes and healthy credit
- Relative value of access to GSE capital may be marginally lower
- Lower credit costs, but spreads may be tighter

## Weak Market

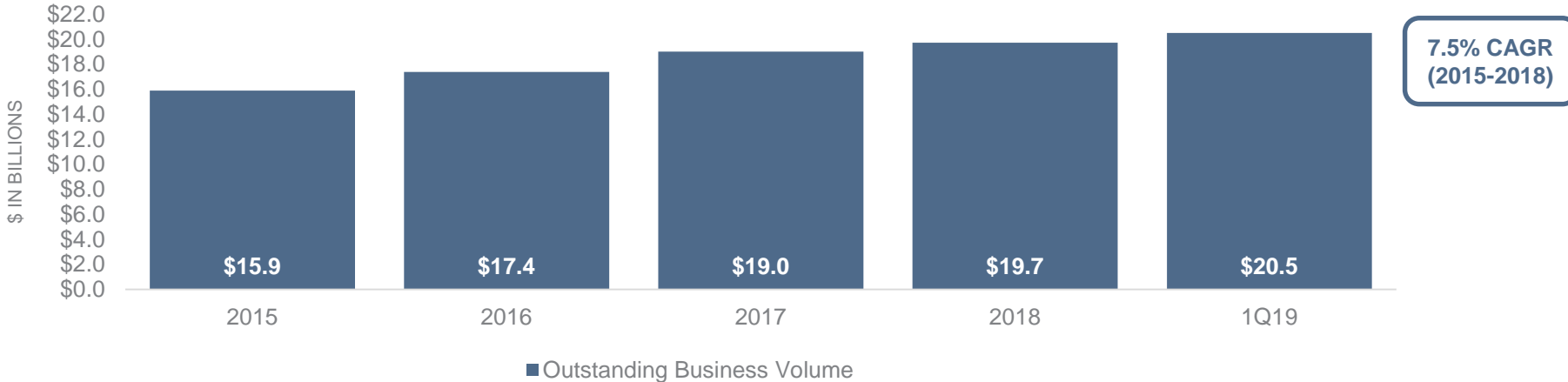
*Declining farm income, land values, and credit quality; less access to capital*

### Impacts on Farmer Mac:

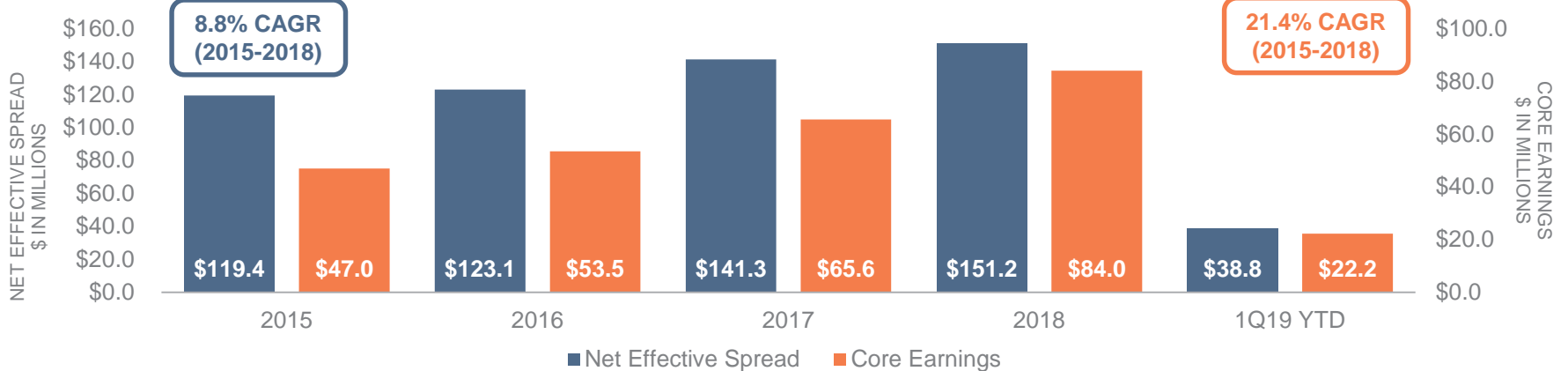
- Loss protection from unique diversified portfolio and conservative underwriting
- Greater relative value of access to GSE capital
- Declining credit quality, although spreads may be more favorable

# Growing, Recurring, High-Quality Earnings

## Outstanding Business Volume



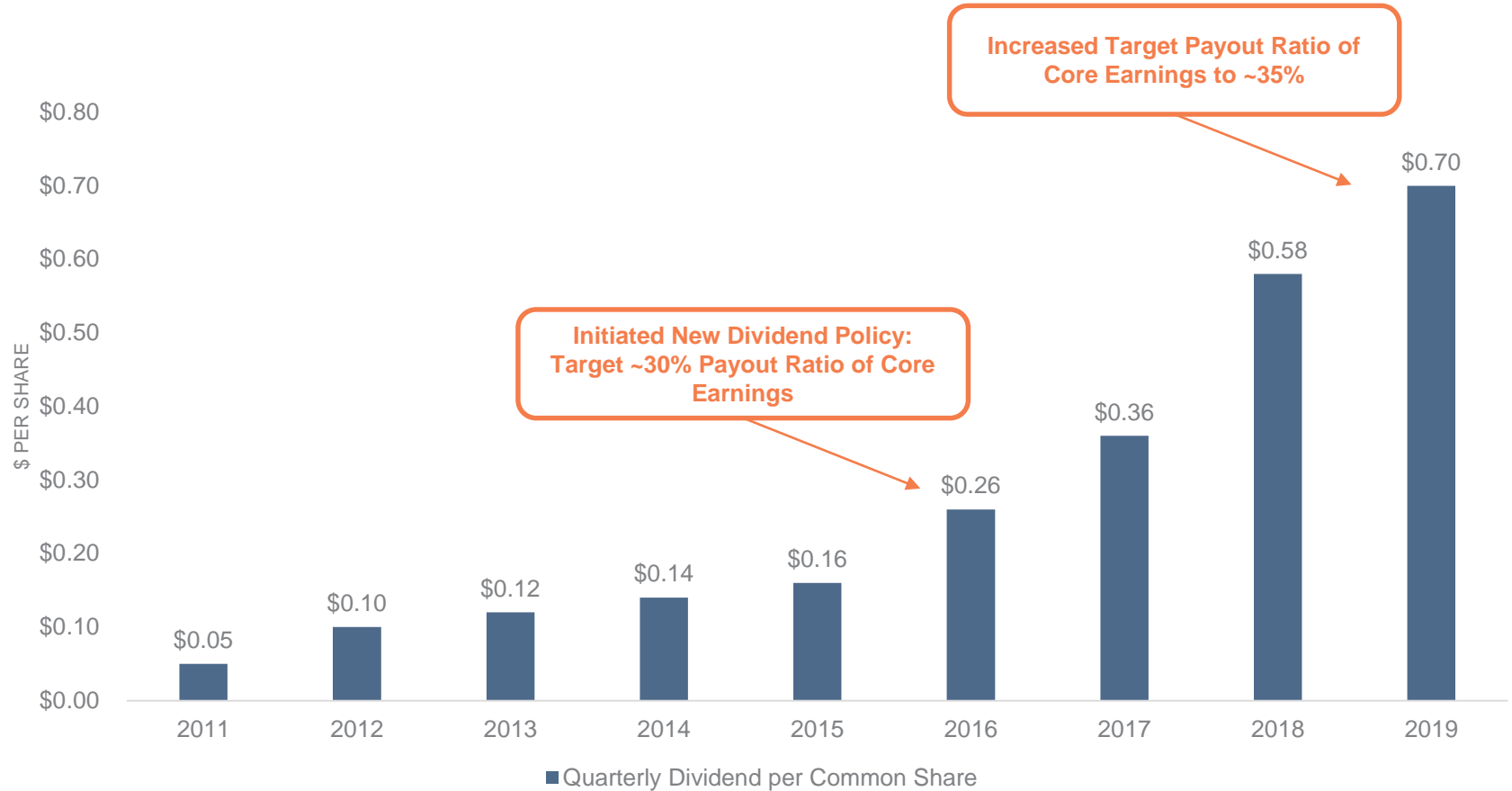
## Net Effective Spread & Core Earnings<sup>(1)</sup>



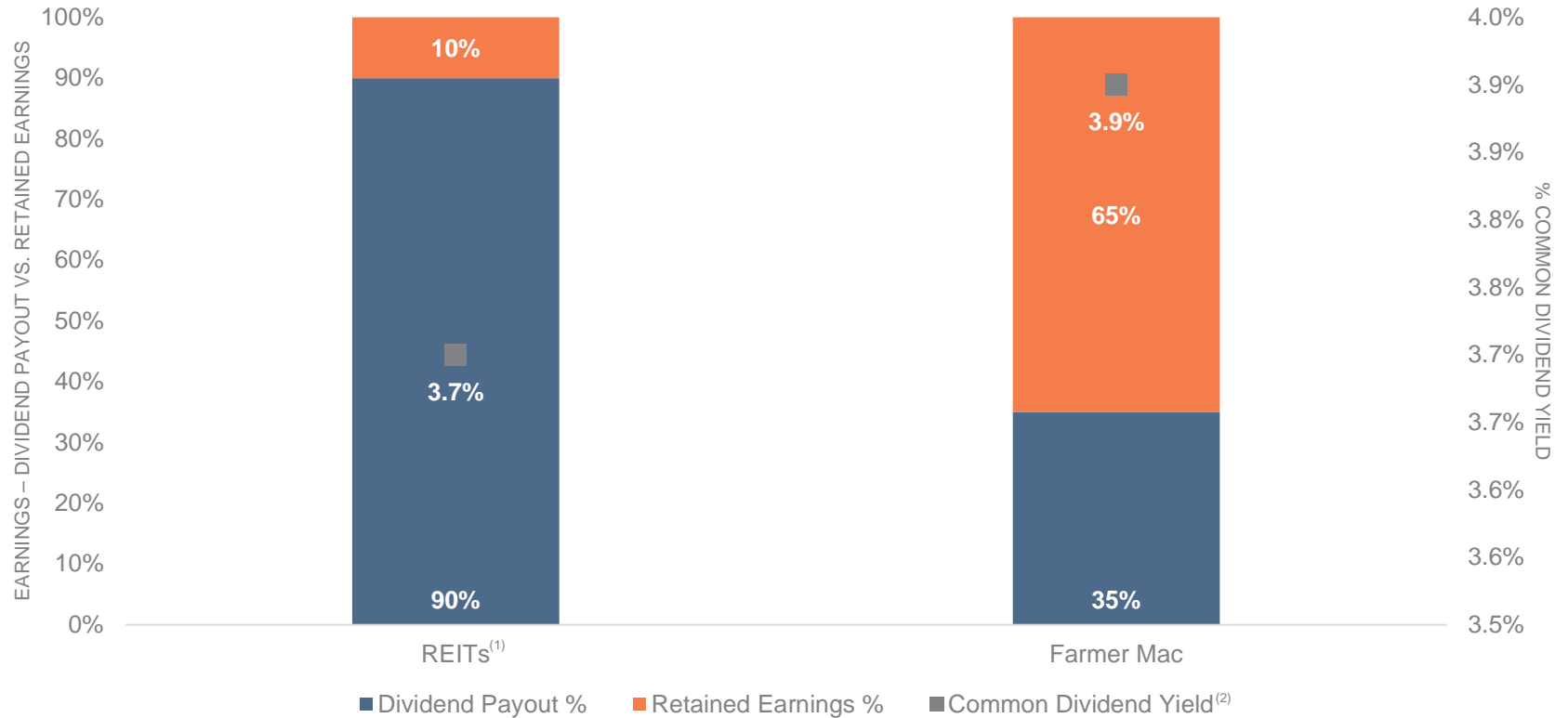
<sup>(1)</sup> Core earnings and net effective spread are non-GAAP measures. For more information on the use of these non-GAAP measures, please see page 3. For a reconciliation of core earnings to GAAP net income attributable to common stockholders and a reconciliation of net effective spread to GAAP net interest income, please refer to pages 24-25 of the Appendix.



# Quality Earnings Drives Strong Dividends



# Farmer Mac's Attractive Yield and Durable Dividend



<sup>(1)</sup> Real Estate Investment Trusts (REITs) must distribute at least 90% of their investment company taxable income in the form of interest, dividends, or capital gains to its shareholders.

<sup>(2)</sup> Common dividend yield is the average yield for REITs included in the S&P 500. Farmer Mac's dividend yield is its first quarter 2019 common stock dividend annualized divided by quarter-end closing price.



# Proven, Rigorous Underwriting

## Industry-leading credit requirements

- Total debt coverage ratio of at least 1.25x
- **LTVs average 40% to 45% on mortgages purchased**
- Minimum borrower net equity of 50%
- Scrutinize property access, access to water, etc.

## Credits are less likely to default

- Focus on repayment capacity through stressed inputs
- **Not a “lender of last resort”**
- Farm Credit Administration is a strong safety and soundness regulator

## Losses less likely even in default

- **Average LTV of 44% as of March 31, 2019**
- Land values need to decline >55% to generate losses
- “Stress scenario” losses of 17% to 48%
- 1980s crisis saw land value declines of ~23%<sup>(1)</sup>

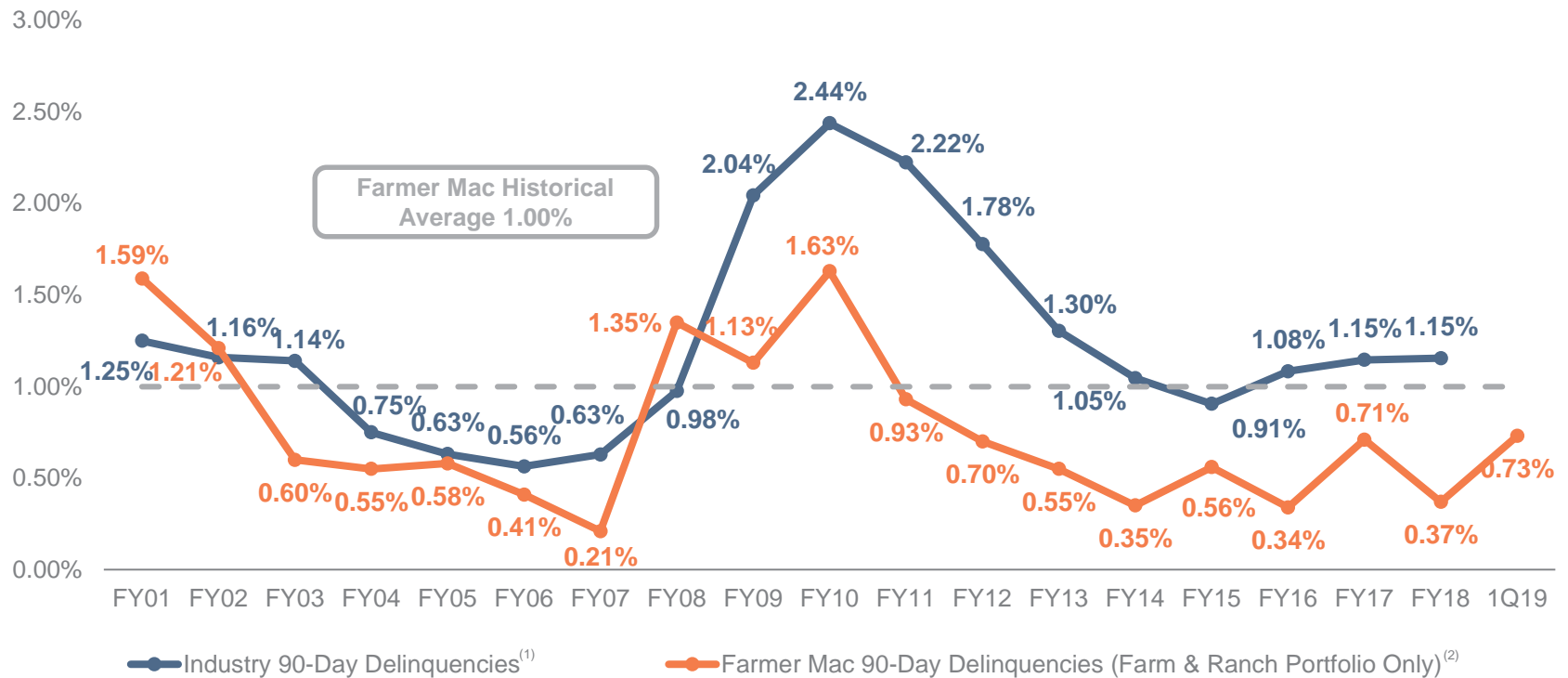


<sup>(1)</sup> Source: USDA, National Agricultural Statistics Service (as of August 2015).



# Credit Consistently Outperforms

## 90-Day Delinquencies



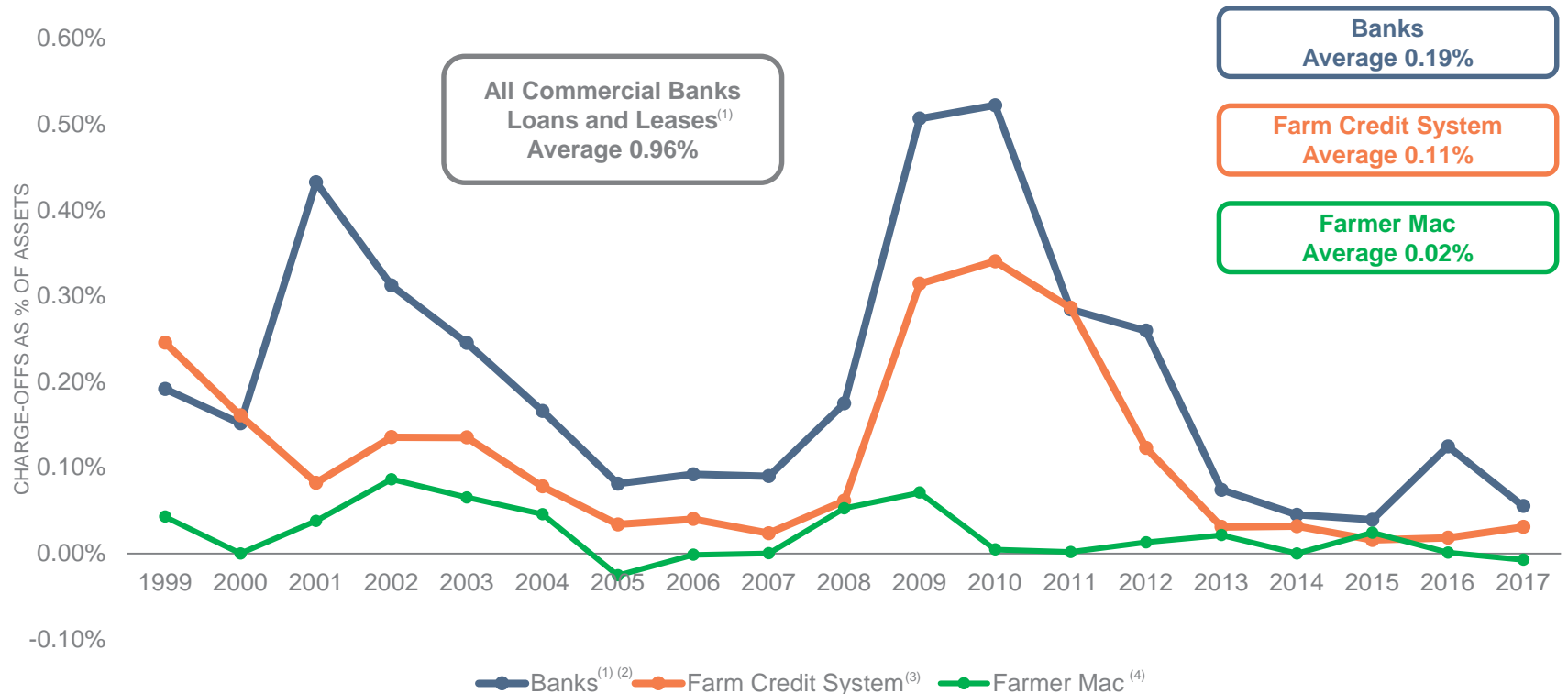
<sup>(1)</sup> Source: FDIC Call Report Data & Farm Credit Funding Corp Annual Information Statements – Non-accrual real estate loans and accruing loans that are 90 days or more past due made by commercial and Farm Credit System banks (as of December 2018).

<sup>(2)</sup> 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.



# Industry-Leading Low Loss Rates

## Agricultural Lender Charge-off Rates



(1) Source: Board of Governors of the Federal Reserve System charge-off rates - <https://www.federalreserve.gov/releases/chargeoff/>

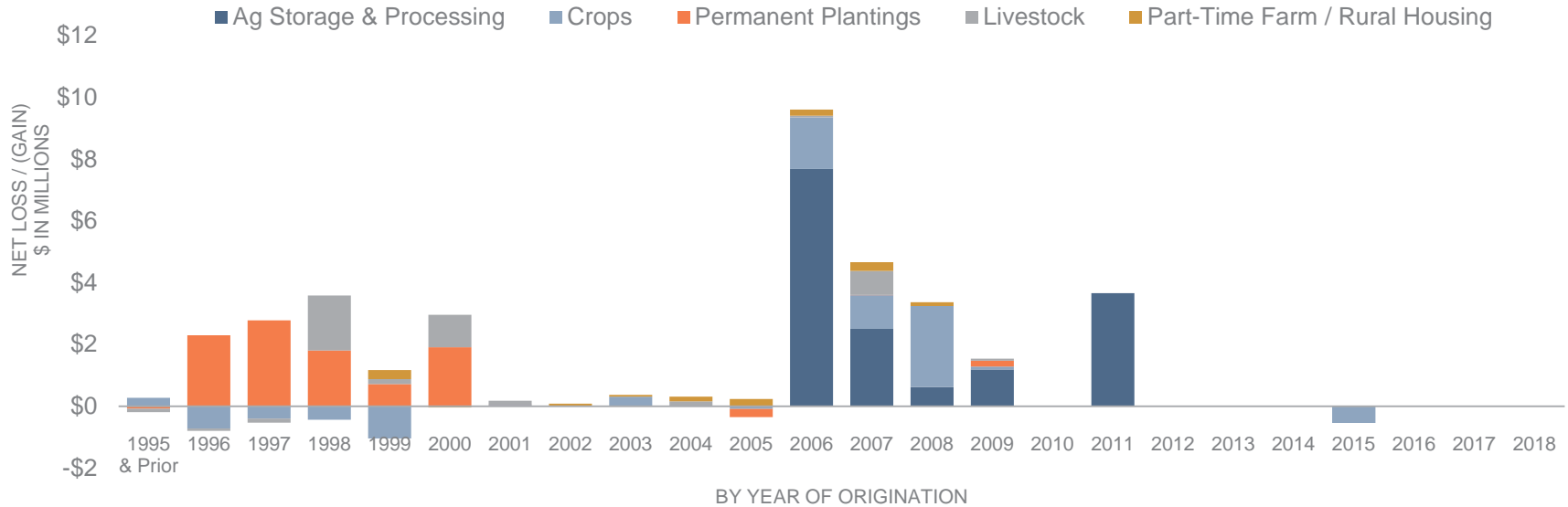
(2) Banks' charge-off rate is a percentage of agricultural loan assets.

(3) Source: Farm Credit Banks Funding Corporation Annual Information Statements; Farm Credit System's charge-off rate is the percentage of total loans and guarantees.

(4) Farmer Mac's charge-off rate is the percentage of total loans and guarantees.



# Historical Credit Losses



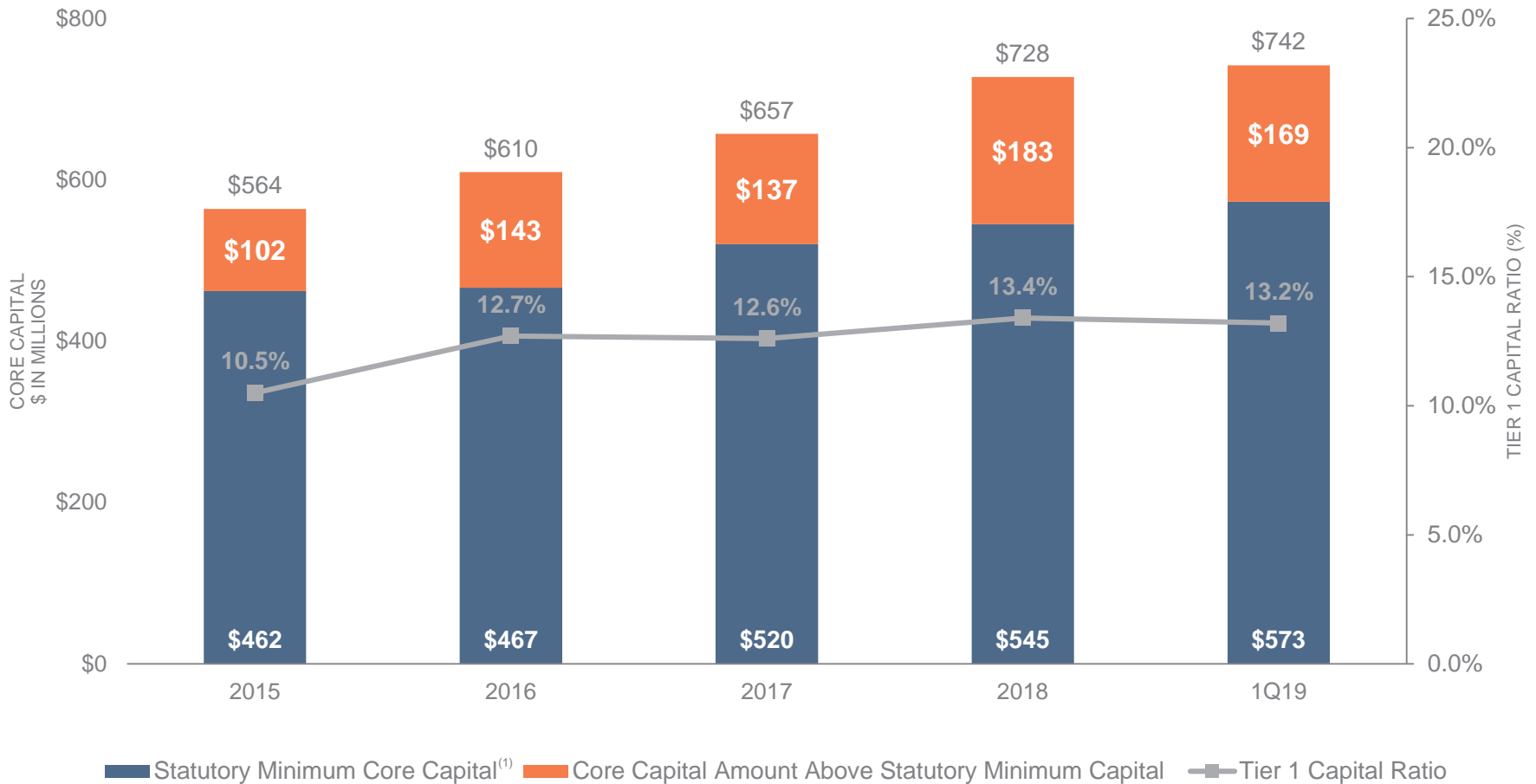
**Farm & Ranch line of business has historical cumulative losses of 0.13%, or less than 1bp per year**

- Cumulative losses of \$33 million on \$25 billion of cumulative historical business volume

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



# Strong and Growing Equity Capital Base



<sup>(1)</sup> Statutory Minimum Core Capital defined as total stockholders' equity less accumulated other comprehensive income.





# *Appendix*

# Key Company Metrics

(\$ in thousands, except per share amounts)	1Q19 YTD	2018	2017	2016	2015
Core Earnings <sup>(1)</sup>	<b>\$22,221</b>	\$84,047	\$65,631	\$53,481	\$47,035
Core Earnings per Diluted Share <sup>(1)</sup>	<b>\$2.06</b>	\$7.82	\$6.08	\$4.98	\$4.16
Net Effective Spread (\$) <sup>(1) (2)</sup>	<b>\$38,801</b>	\$151,195	\$141,303	\$123,072	\$117,428
Net Effective Spread (%) <sup>(1) (2)</sup>	<b>0.89%</b>	0.91%	0.91%	0.84%	0.85%
Guarantee & Commitment Fees	<b>\$5,419</b>	\$20,733	\$20,350	\$19,170	\$17,155
Core Capital Above Statutory Minimum	<b>\$169,100</b>	\$182,600	\$136,800	\$143,200	\$102,400
Common Stock Dividends per Share		\$2.32	\$1.44	\$1.04	\$0.64
Outstanding Business Volume	<b>\$20,506,913</b>	\$19,724,524	\$19,007,311	\$17,399,475	\$15,898,820
90-Day Delinquencies – Farm & Ranch	<b>0.73%</b>	0.37%	0.71%	0.34%	0.56%
Charge-Offs	<b>\$0</b>	\$17	\$327	\$130	\$3,772
Book Value per Share <sup>(3)</sup>	<b>\$50.27</b>	\$49.01	\$42.59	\$38.42	\$33.66
Core Earnings Return on Equity	<b>17%</b>	17%	15%	13%	13%

<sup>(1)</sup> Core earnings, core earnings per share, and net effective spread are non-GAAP measures. For more information on the use of these non-GAAP measures, please see page 3. For a reconciliation of core earnings to GAAP net income attributable to common stockholders and core earnings per share to earnings per common share, and a reconciliation of net effective spread to GAAP net interest income, please refer to pages 24-25 of the Appendix.

<sup>(2)</sup> Periods prior to fourth quarter 2017 have been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, which includes the net effects of terminations or net settlements on financial derivatives in net effective spread.

<sup>(3)</sup> Book Value per Share excludes accumulated other comprehensive income.



# Equity Capital Structure

	<i>NYSE Ticker</i>	<i>Dividend Yield</i>	<i>Shares Outstanding</i>
<b>COMMON STOCK</b>	<b>CLASS A VOTING COMMON STOCK</b> • Ownership restricted to non-Farm Credit System financial institutions	AGM.A	4.10% <sup>(1)</sup> 1.0 million
	<b>CLASS B VOTING COMMON STOCK</b> • Ownership restricted to Farm Credit System institutions	--	-- 0.5 million
	<b>CLASS C NON-VOTING COMMON STOCK</b> • No ownership restrictions	AGM	3.87% <sup>(1)</sup> 9.2 million
<b>PREFERRED STOCK</b>	<b>SERIES A NON-CUMULATIVE PREFERRED STOCK</b> • Option to redeem at any time on or after January 17, 2018 • Redemption Value: \$25 per share	AGM.PR.A	5.875% <sup>(2)</sup> 2.4 million
	<b>SERIES B NON-CUMULATIVE PREFERRED STOCK</b> • Option to redeem at any time on or after April 17, 2019 • Redemption Value: \$25 per share	AGM.PR.B	6.875% <sup>(2)</sup> 3.0 million
	<b>SERIES C FIXED-TO-FLOATING RATE NON-CUMULATIVE PREFERRED STOCK</b> • Option to redeem at any time on or after July 18, 2024 • Redemption Value: \$25 per share	AGM.PR.C	6.000% <sup>(2)</sup> 3.0 million



<sup>(1)</sup> Common stock dividend annualized divided by quarter-end closing price

<sup>(2)</sup> Par value of annual dividend

# Reconciliation of Net Income to Core Earnings

<i>(in thousands)</i>	Core Earnings by Period Ended				
	1Q19 YTD	2018	2017	2016	2015
Net income attributable to common stockholders	\$ 21,874	\$ 94,898	\$ 71,300	\$ 64,152	\$ 47,371
Less reconciling items:					
Gains on undesignated financial derivatives due to fair value changes	2,240	7,959	10,218	8,585	1,859
(Losses)/Gains on hedging activities due to fair value changes	(2,817)	4,449	(719)	5,043	9,065
Unrealized gains/(losses) on trading assets	44	81	(24)	1,460	1,220
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	(16)	(461)	(1,327)	(849)	(1,319)
Net effects of terminations or net settlements on financial derivatives and hedging activities <sup>(1)</sup>	110	1,708	2,674	2,178	(699)
Loss on retirement of Farmer Mac II LLC Preferred Stock <sup>(2)</sup>		-	-	-	(8,147)
Re-measurement of net deferred tax asset due to enactment of new tax legislation		-	(1,365)	-	-
Income tax effect related to reconciling items	92	(2,885)	(3,788)	(5,746)	(1,643)
Sub-total	(347)	10,851	5,669	10,671	336
Core earnings	\$ 22,221	\$ 84,047	\$ 65,631	\$ 53,481	\$ 47,035

<sup>(1)</sup> Periods prior to 2017 have been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, which includes the net effects of terminations or net settlements on financial derivatives in net effective spread.

<sup>(2)</sup> Relates to the write-off of deferred issuance costs as a result of the retirement of Farmer Mac II LLC Preferred Stock.





# Reconciliation of Net Interest Income to Net Effective Spread

<i>\$ in thousands</i>	For the Year Ended December 31,									
	1Q19 YTD		2018		2017		2016		2015	
	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield
Net interest income/yield	\$ 40,599	0.86%	\$ 174,436	0.96%	\$ 157,647	0.94%	\$ 140,274	0.90%	\$ 125,807	0.88%
Net effects of consolidated trusts	(1,905)	0.03%	(6,757)	0.04%	(6,236)	0.04%	\$ (4,302)	0.03%	\$ (3,078)	0.01%
Expense related to undesignated financial derivatives	(2,544)	-0.06%	(11,685)	-0.07%	(10,261)	-0.07%	(11,480)	-0.07%	(5,649)	-0.04%
Amortization of premiums/discounts on assets consolidated at fair value	23	0.00%	417	0.01%	1,191	0.01%	610	0.00%	2,300	0.02%
Amortization of losses due to terminations or net settlements on financial derivatives and hedging activities	(71)	0.00%	(275)	0.00%	(1,038)	-0.01%	(2,030)	-0.02%	(1,952)	-0.02%
Fair Value Changes on fair value hedge relationships	2,699	0.06%	(4,941)	-0.03%	0	0.00%	0	0.00%	0	0.00%
Net Effective Spread	\$ 38,801	0.89%	\$ 151,195	0.91%	\$ 141,303	0.91%	\$ 123,072	0.84%	\$ 117,428	0.85%



# Core Earnings by Business Segment

For Year Ended December 31, 2018 (\$ in thousands)	Core Earnings by Business Segment						
	Farm & Ranch	USDA Guarantees	Rural Utilities	Institutional Credit	Corporate	Reconciling Adjustments	Consolidated Net Income
Net interest income	\$ 62,951	\$ 20,554	\$ 12,505	\$ 69,321	\$ 9,105	\$ -	\$ 174,436
Less: reconciling items <sup>(1) (2) (3)</sup>	(9,889)	(2,499)	(922)	(7,884)	(2,047)	23,241	-
Net effective spread	53,062	18,055	11,583	61,437	7,058	23,241	174,436
Guarantee and commitment fees <sup>(2)</sup>	17,976	797	1,599	360	-	(6,756)	13,976
Other income/(expense) <sup>(3)</sup>	1,371	20	33	-	(913)	(2,747)	(2,236)
Non-interest income/(loss)	19,347	817	1,632	360	(913)	(9,503)	11,740
Provision for loan losses	(238)	-	-	-	-	-	(238)
Release of reserve for losses	(97)	-	-	-	-	-	(97)
Other non-interest expense	(19,026)	(5,309)	(3,062)	(8,011)	(14,411)	-	(49,819)
Non-interest expense <sup>(4)</sup>	(19,123)	(5,309)	(3,062)	(8,011)	(14,411)	-	(49,916)
Core earnings before income taxes	53,048	13,563	10,153	53,786	(8,266)	13,738 <sup>(5)</sup>	136,022
Income tax (expense)/benefit	(11,140)	(2,848)	(2,133)	(11,295)	2,361	(2,887)	(27,942)
Core earnings before preferred stock dividends and attribution of income to non-controlling interest	41,908	10,715	8,020	42,491	(5,905)	10,851 <sup>(5)</sup>	108,080
Preferred stock dividends	-	-	-	-	(13,182)	-	(13,182)
Segment core earnings/(losses)	\$ 41,908	\$ 10,715	\$ 8,020	\$ 42,491	\$ (19,087)	\$ 10,851 <sup>(5)</sup>	\$ 94,898
Total assets at carrying value	\$ 4,701,736	\$ 2,240,906	\$ 945,282	\$ 8,089,410	\$ 2,716,994	\$ -	\$ 18,694,328
Total on- and off-balance sheet program assets at principal balance	\$ 7,233,972	\$ 2,515,620	\$ 1,592,115	\$ 8,382,817	\$ -	\$ -	\$ 19,724,524

<sup>(1)</sup> Excludes the amortization of premiums and discounts on assets consolidated at fair value, originally included in net interest income, to reflect core earnings amounts.

<sup>(2)</sup> Includes the reclassification of interest income and interest expense from consolidated trusts owned by third parties to guarantee and commitment fees, to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee.

<sup>(3)</sup> Includes the reclassification of interest expense related to interest rate swaps not designated as hedges, which are included in "Gains/(losses) on financial derivatives and hedging activities" on the consolidated financials statements, to determine the effective funding cost for each operating segment.

<sup>(4)</sup> Includes directly attributable costs and an allocation of indirectly attributable costs based on employee headcount.

<sup>(5)</sup> Net adjustments to reconcile to the corresponding income measures: core earnings before income taxes reconciled to income before income taxes; core earnings before preferred stock dividends and attribution of income to non-controlling interest reconciled to net income; and segment core earnings reconciled to net income attributable to common stockholders.

