

*First Quarter 2023*



*Debt Investor  
Presentation*

# 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, 2022, filed with the U.S. Securities and Exchange Commission ("SEC") on February 24, 2023, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, filed with the SEC on May 9, 2023. 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, 2023, 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 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, 2023 and should be read in conjunction with Farmer Mac's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2023. 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 interest income and interest expense associated with the consolidated trusts and the average balance of the loans underlying these trusts; and (2) the fair value changes of financial derivatives and the corresponding assets or liabilities designated in fair value hedge accounting relationships. Net effective spread also principally differs from net interest income and net interest yield because it includes the accrual of income and expense related to the contractual amounts due on financial derivatives that are not designated in hedge accounting relationships ("undesignated financial derivatives") and the net effects of terminations or net settlements on financial derivatives, which consist of: (1) the net effects of cash settlements on agency forward contracts on the debt of other GSEs and U.S. Treasury security futures that we use as short-term economic hedges on the issuance of debt; and (2) the net effects of initial cash payments that Farmer Mac receives upon the inception of certain swaps.*



# *A Mission-Driven, For-Profit Company*

## **Our Mission**

Farmer Mac is committed to help build a strong and vital rural America by increasing the availability and affordability of credit for the benefit of American agricultural and rural communities

## **Our Stakeholders**

- Farmers, ranchers and rural communities
- Employees
- Stockholders
- Financial Institutions & Cooperatives
- Congress
- Regulators

## **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
  - By adopting an Environmental, Social, Governance (ESG) policy statement

1987

*Farmer Mac initially chartered by Congress as an instrumentality of the United States*

1988

*Initial public offering  
First listed on NASDAQ  
(FAMCU & FAMCL)*

1996

*First major charter revision and expansion of authority  
(direct loan purchases)*

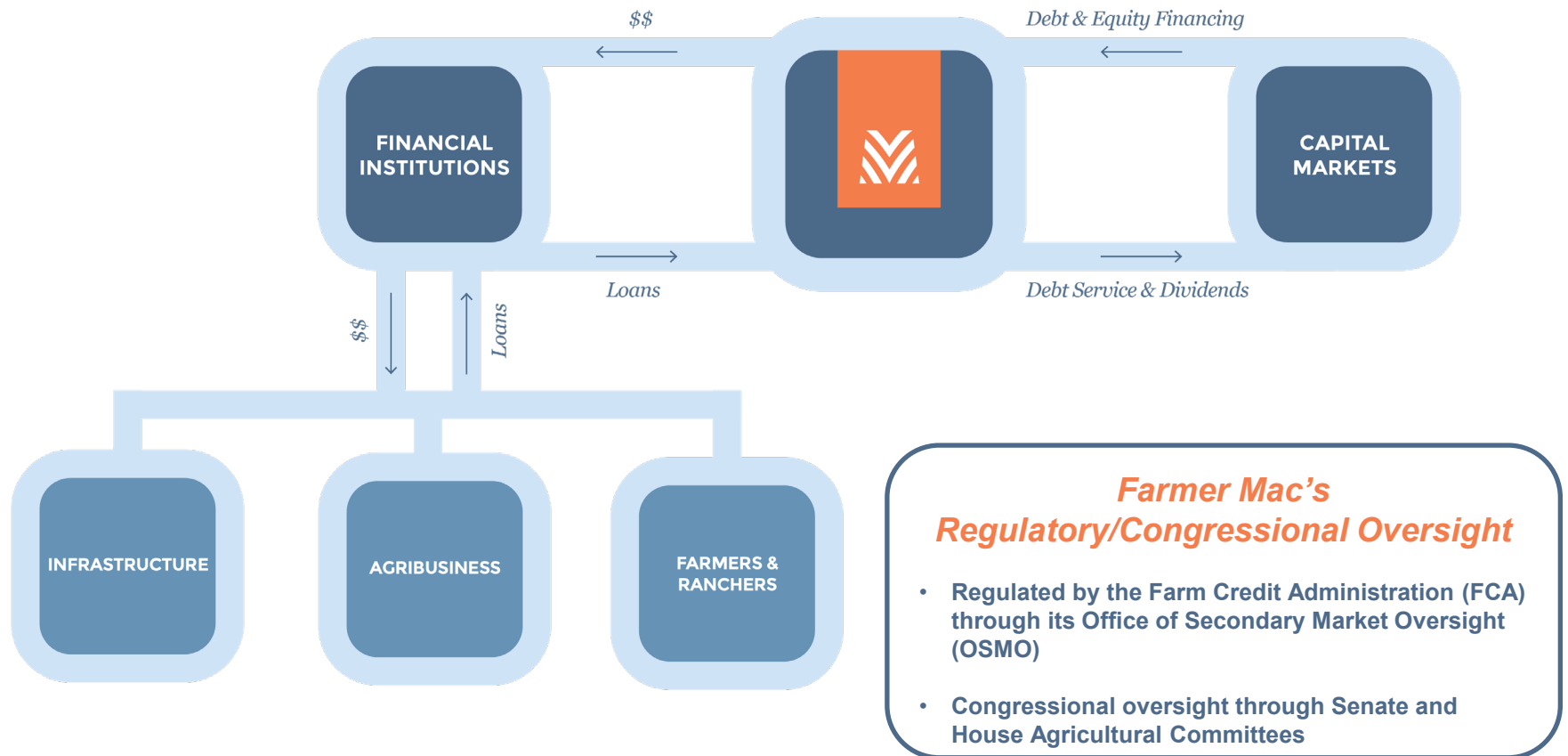
1999

*First listed on NYSE (AGM & AGM.A)*

2008

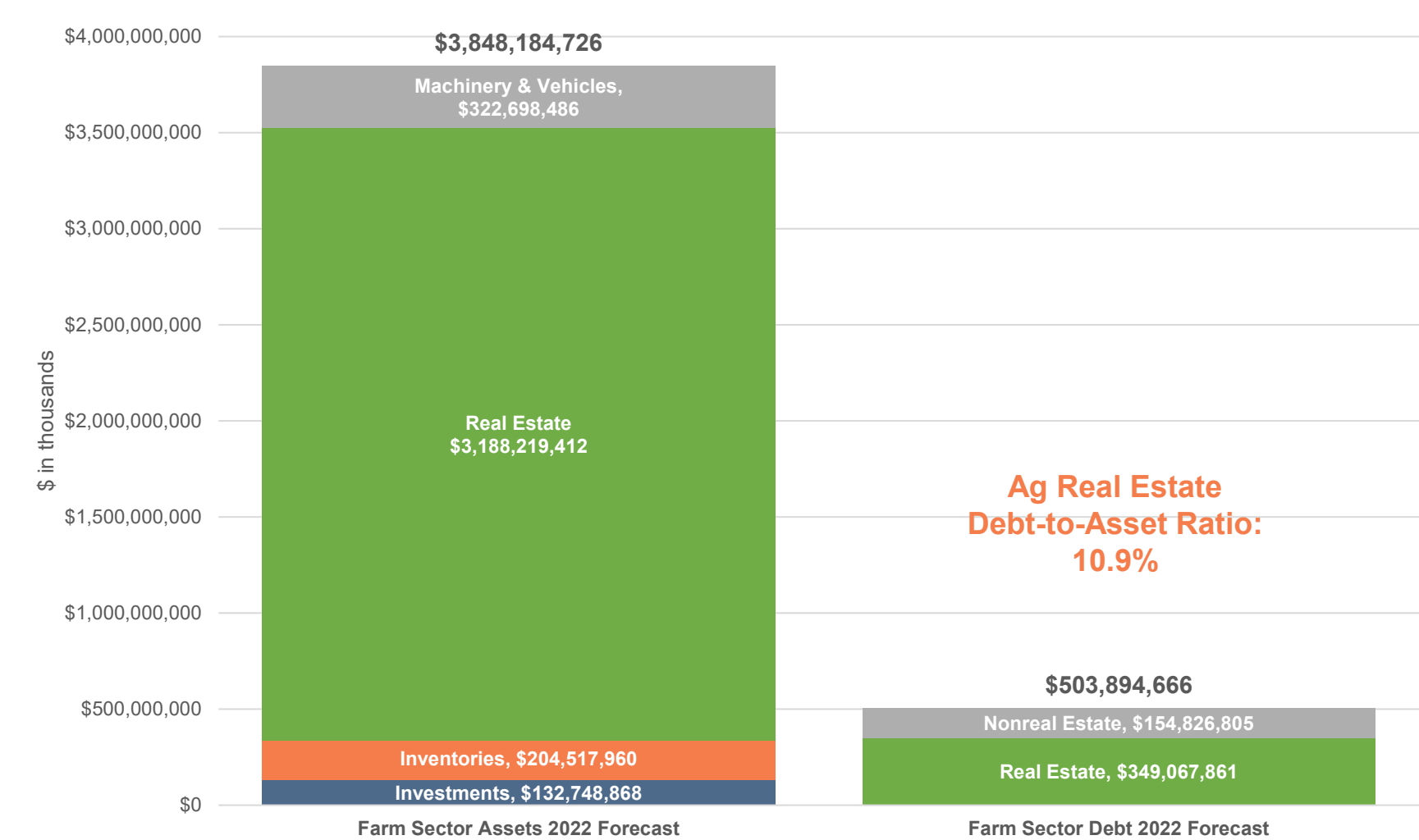
*Second major charter revision and expansion of authority  
(Rural Infrastructure)*

# Farmer Mac's Operating Model



Operating model excludes issued agricultural mortgage-backed securities and long-term standby purchase commitment credit protection components of our business.

# U.S. Agricultural Balance Sheet<sup>(1)</sup>



# Central to a Large Agricultural Mortgage Market<sup>(2)</sup>

**FARMER MAC***(FCS Secondary Market GSE)**Agricultural Finance Line of Business  
(Farm & Ranch and Corporate AgFinance)***Farm Credit System  
(FCS)***(Cooperative GSE)*

- Four FCS Banks
- 69 Retail Agricultural Credit Associations

**Mortgage  
Financing****Agricultural  
Mortgage Market****\$349 Billion**

{Farmers &amp; Ranchers}

**Mortgage  
Financing****Non-FCS Ag  
Lenders**

- Insurance Companies
- Ag Banks
- Non-Bank Lenders



# Growth Opportunities

## Broaden Farmer Mac's Market

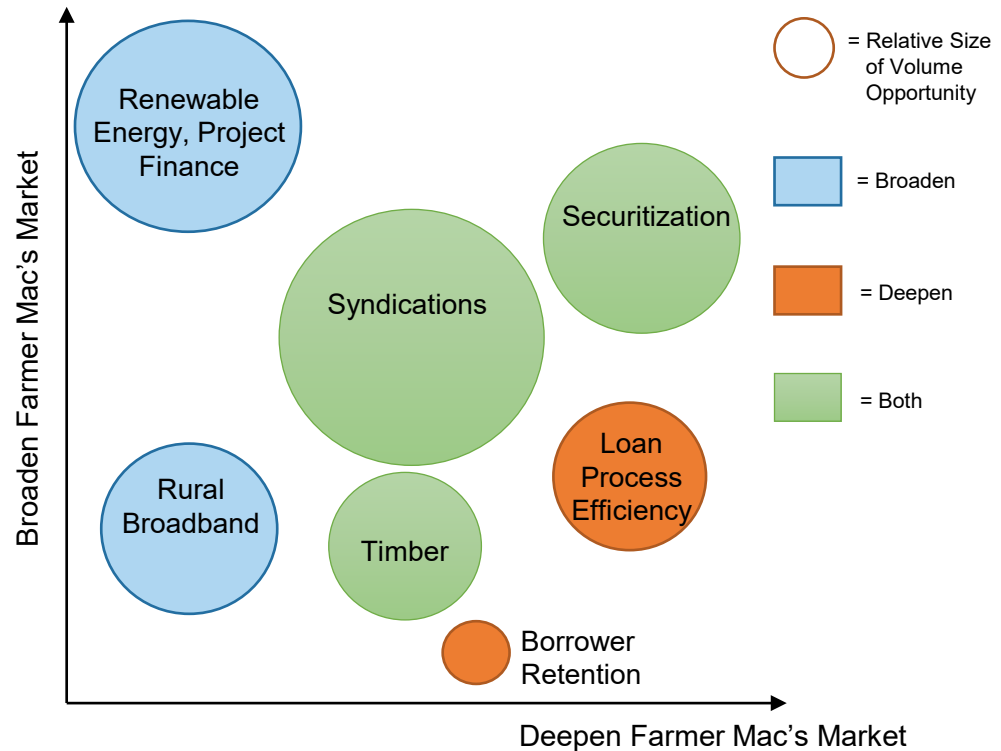
Evaluating opportunities not currently being pursued by Farmer Mac

- New lines of business
- New products

## Deepen Farmer Mac's Market

Improving processes and operating practices

- Customer interaction
- Transaction processes
- Existing loan features and pricing



## Securitization Program Update

- Closed \$299.4 million agricultural mortgage-backed securitization transaction on Oct. 14, 2021
- Closed \$301.1 million agricultural mortgage-backed securitization transaction on Aug. 11, 2022
- Closed \$283.6 million agricultural mortgage-backed securitization transaction on February 23, 2023
- Exemplifies Farmer Mac's core mission to lower costs for the end borrower and improve credit availability in rural America



# Farmer Mac's Financial Strengths

## Capital Surplus

- Core capital **\$1.4 billion, 65%** above the statutory minimum capital
- Tier 1 Capital Ratio of **15.7%** <sup>(1)</sup>

## Quality Assets

- 90-Day delinquencies of only **0.27%** across all lines of business
- Cumulative Agricultural Finance Mortgage Loans lifetime losses of only **0.11%**

## Liquidity

- **\$5.6 billion** liquidity portfolio on March 31, 2023
- High quality assets provided **286 days of liquidity** as of March 31, 2023
- \$1.5 billion line of credit with U.S. Treasury to satisfy guarantee obligations

## Low Interest Rate Risk

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

## Growth Prospects

- Ag productivity **must double** to meet expected global demand
- U.S. ag mortgage market is **~\$349 billion** and growing
- Renewable electricity capacity is expected to grow by **48% in the next five years**

## Strong Returns, Responsible Growth

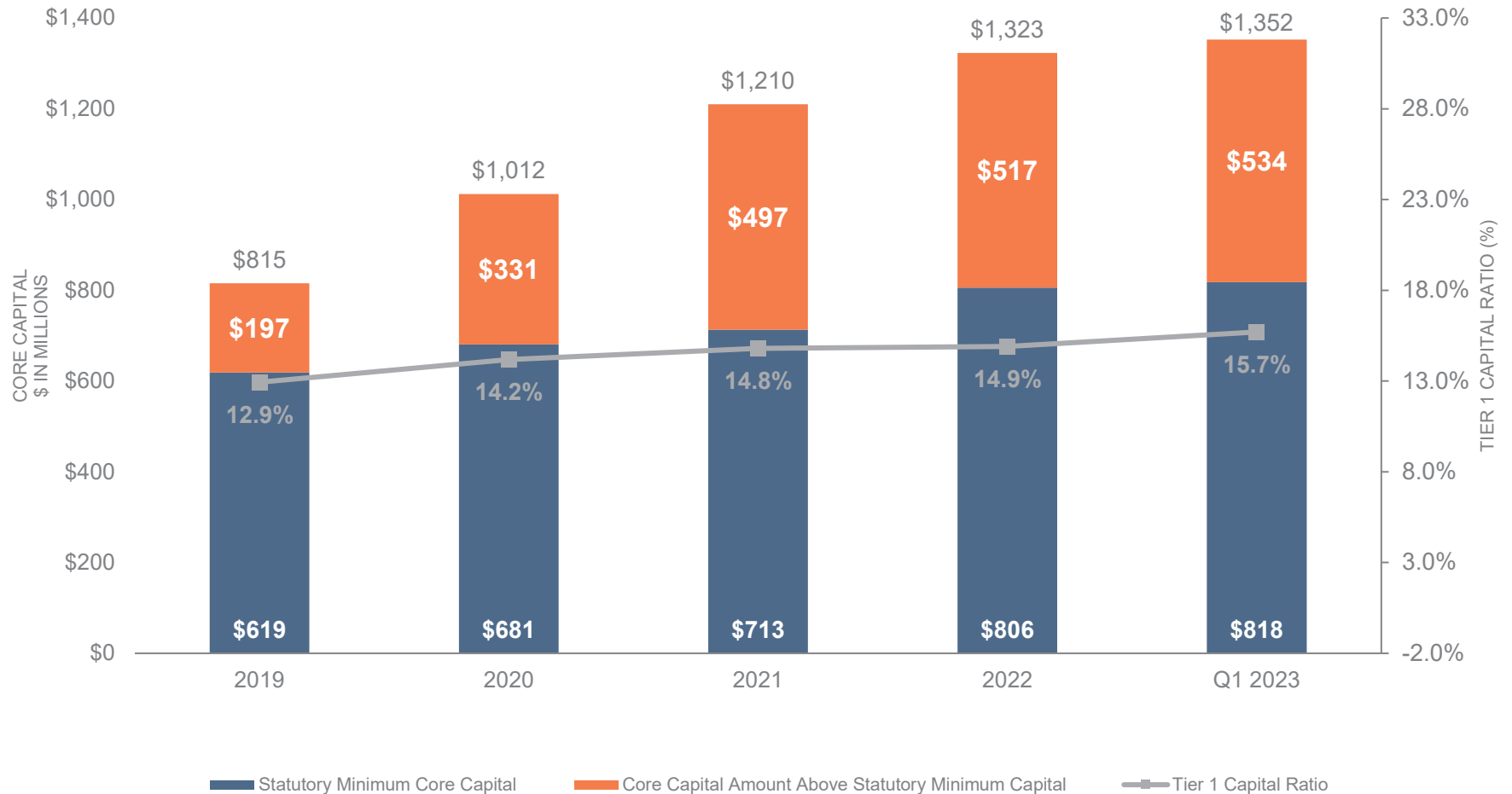
- Core earnings **ROE ~16%** in 2022 and consistent net effective spread <sup>(2)</sup>
- Increased quarterly dividend payments for **12 consecutive years**

<sup>(1)</sup> Tier 1 capital consists of retained earnings, paid-in capital, common stock, and qualifying preferred stock.

<sup>(2)</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 03.



# Strong and Growing Equity Capital Base



# Lines of Business

AS OF MARCH 31, 2023

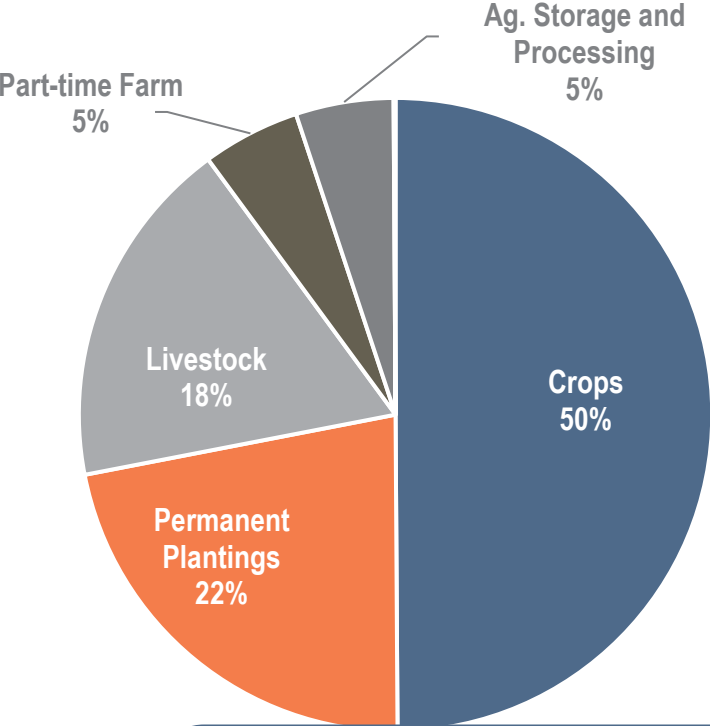
<i>Line of Business</i>	<i>Segment</i>	<i>Spread Income Products</i>	<i>Fee Income Products</i>	<i>Volume</i> (\$ IN BILLIONS)	<i>Q1 Net Effective Spread (%)</i>
<b>Agricultural Finance</b>	Farm & Ranch	<ul style="list-style-type: none"> <li>Loans</li> <li>AgVantage Securities</li> <li>Guaranteed Securities</li> <li>USDA</li> </ul>	<ul style="list-style-type: none"> <li>LTSPCs</li> <li>Guaranteed Securities</li> <li>Loans Serviced for Others</li> </ul>	\$17.7	0.97%
	Corporate AgFinance	<ul style="list-style-type: none"> <li>Loans</li> <li>AgVantage Securities</li> </ul>	<ul style="list-style-type: none"> <li>Unfunded loan commitments</li> </ul>	\$1.6	1.94%
<b>Rural Infrastructure Finance</b>	Rural Utilities	<ul style="list-style-type: none"> <li>Loans</li> <li>AgVantage Securities</li> </ul>	<ul style="list-style-type: none"> <li>LTSPCs</li> <li>Unfunded Commitments</li> <li>Guaranteed Securities</li> </ul>	\$6.9	0.36%
	Renewable Energy	<ul style="list-style-type: none"> <li>Loans</li> </ul>	<ul style="list-style-type: none"> <li>Unfunded Loan Commitments</li> </ul>	\$0.3	1.53%
<b>Treasury</b>	Funding				0.47%
	Investments				(0.04%)
				<b>\$26.5</b>	<b>1.15%</b>



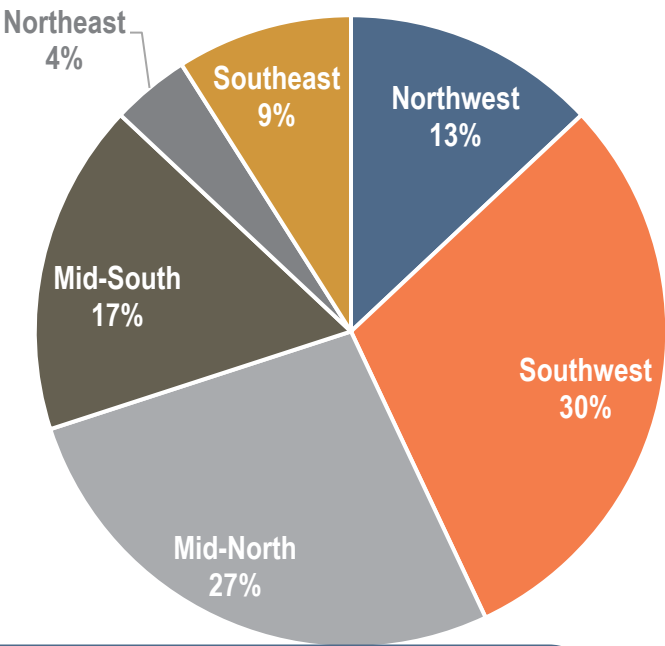
# Agricultural Finance Loan Portfolio Diversification

AS OF MARCH 31, 2023

By Commodity Type



By Geographic Region



## Agricultural Update<sup>(3)</sup>

- USDA’s Economic Research Service estimates \$189.9 billion in net cash incomes in 2022, a significant increase from 2021 and 2020 incomes and a new record in both real and nominal terms.
- Net cash income in 2023 is forecast to fall by 21% due to elevated input costs and moderating commodity prices. However, forecast 2023 levels are still well above the 10-year average for farm profitability.



# *Farmer Mac Uses 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%

## ***Credits are less likely to default***

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

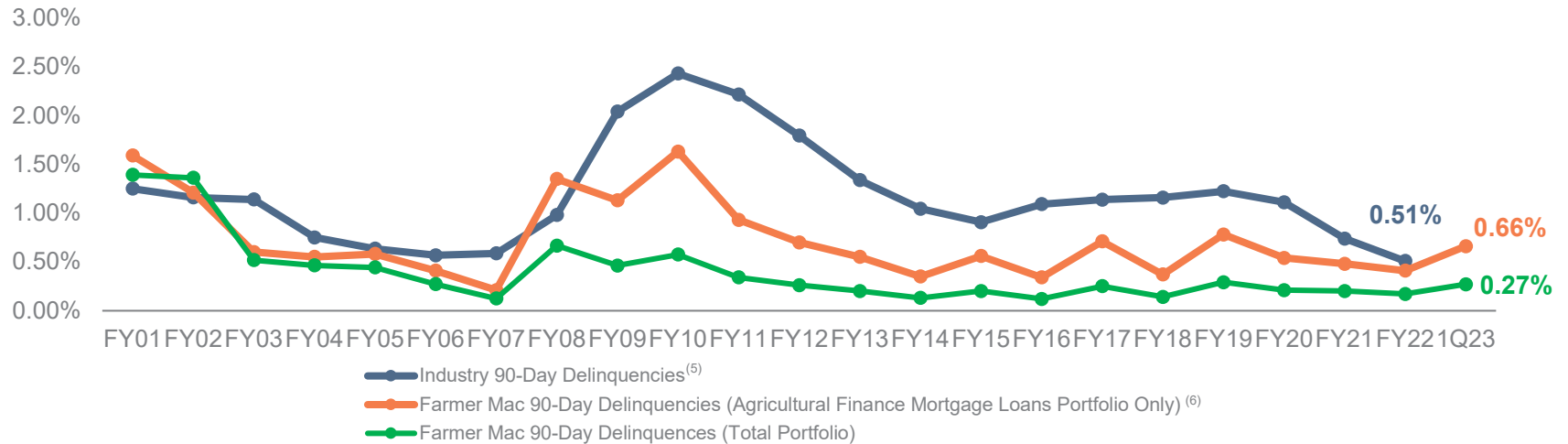
## ***Losses less likely even in default***

- **Average portfolio LTV of 45% as of March 31, 2023**
- Land values need to decline >55% to generate material losses across Agricultural Finance mortgage loans portfolio
- “Stress scenario” losses of 17% to 48%
- 1980s crisis saw land value declines of ~23%<sup>(4)</sup>

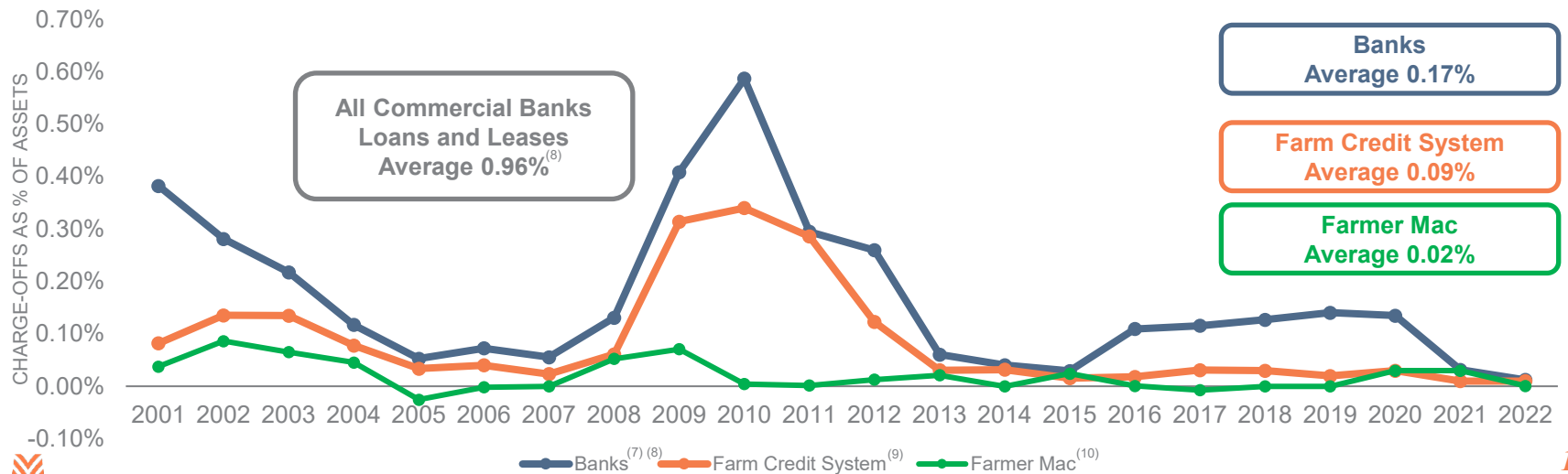


# Credit Consistently Outperforms

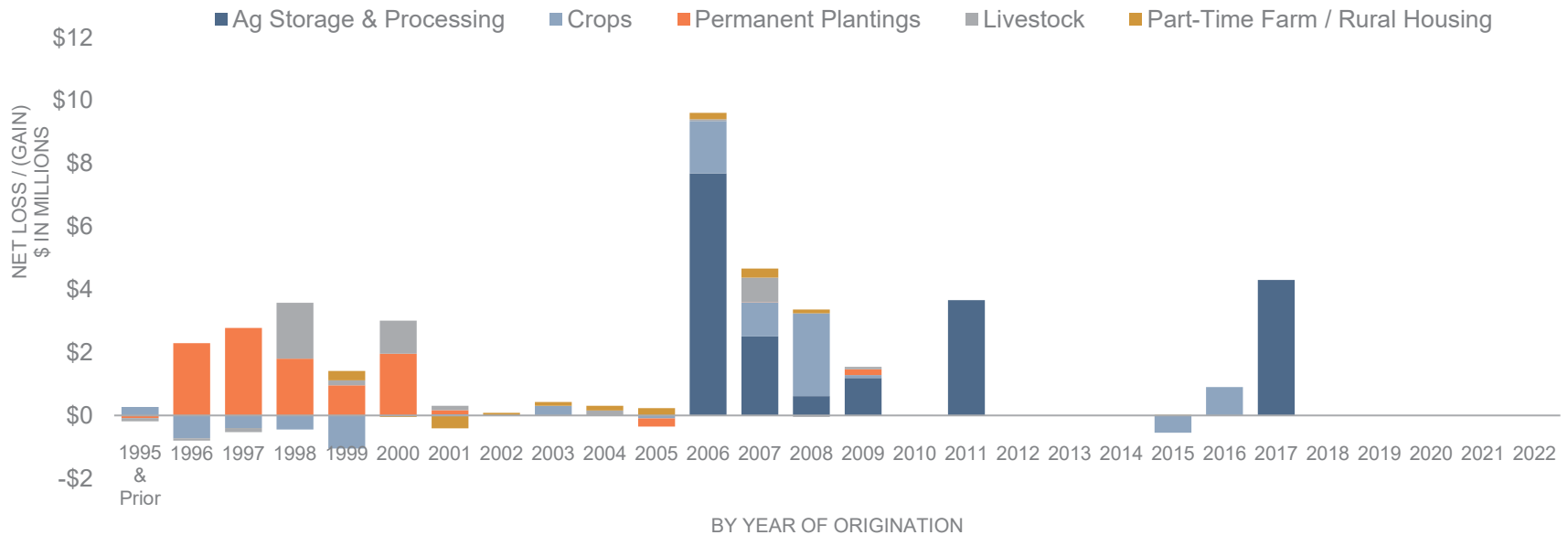
## 90-Day Delinquencies



## Agricultural Lender Charge-off Rates



# Historical Credit Losses



## Agricultural Finance Mortgage Loans have historical cumulative losses of 0.11%, or less than 1bp per year

- Cumulative Agricultural Finance Mortgage Loan losses of \$38 million on \$36 billion of cumulative Agricultural Finance Mortgage Loans historical business volume

**Farmer Mac has not reported any credit losses to date in any products other than Agricultural Finance Mortgage Loans**



# *Farmer Mac Compared to Farm Credit Banks*

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



# Liquidity – Investment Portfolio

**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

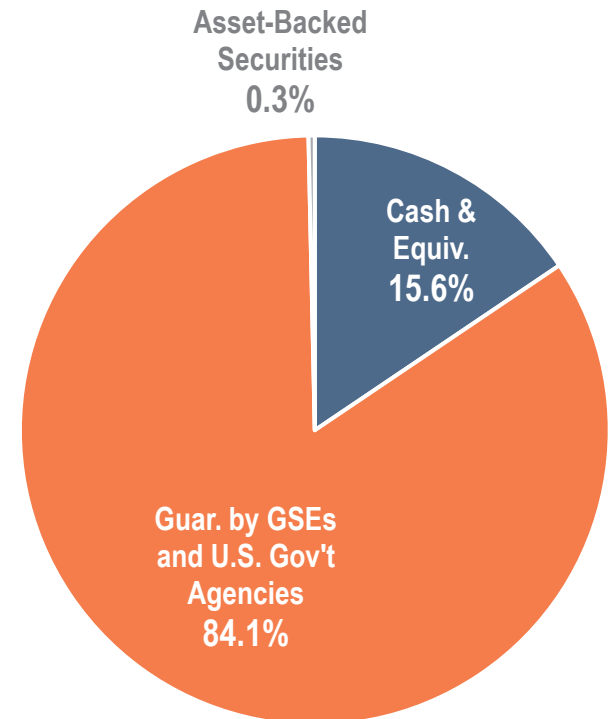
**\$5.6 billion investment portfolio on March 31, 2023**

- Cash and high-quality investment securities
- Conservative portfolio goals
  - Minimize exposure to market volatility
  - Preservation of capital
  - Ready access to cash
- Monthly average of 295 days of liquidity during Q1 2023
- Provided 286 days of liquidity as of March 31, 2023

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

- Supports Farmer Mac's guarantee obligations
- Farmer Mac has not utilized this line of credit

**Liquidity Portfolio**



# *Interest Rate Risk*

## ***Fund asset purchases with liabilities that have similar interest rate characteristics***

- Duration and convexity alignment
- 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 duration and convexity alignment
- 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 Effective Spread (NES) Sensitivity
- Measure these sensitivities' impact on various capital metrics

# *Farmer Mac Funding Program Overview*

## ***Finance asset purchases with proceeds of debt issuances***

- 31 approved dealers
- 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 30 years
  - » Floating rate notes based on a variety of indices
  - » Reverse inquiry for special structures and maturities

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

- Farmer Mac debentures are eligible securities for the Federal Reserve's Standing Repo Facility
- Many Federal Regulated Entities: 20% capital risk weighting
- Federal Reserve Banks: Collateral for advances and discounts
- SEC: Exempt from registration requirements under the 1933 Act
- National Association of Insurance Commissioners (NAIC): # 1 Designation
- National Credit Union Administration (NCUA): Investment for federal credit unions
- Investment Company Act of 1940: Classified as a "Government Security"



# Farmer Mac Discount Note Program

To see daily discount note offerings, visit our Bloomberg page [FAMC <GO>](#)

	<i>Window</i>	<i>Reverse Inquiry</i>	<i>Auction</i>
<b><i>Description:</i></b>	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 request structure and sizes; Farmer Mac strives to fulfill each request.	Auction time, structures, and sizes sent to dealer group; lowest discount rate wins bonds.
<b><i>Typical Structures:</i></b>	1 week – 1 year	1 week – 1 year	1 week – 1 year
<b><i>Typical Sizes:</i></b>	\$5 – 250 million	\$5 – 250 million	\$5 – 250 million
<b><i>Settlement:</i></b>	Same day – 5 business days	Same day – 5 business days	Same day – 5 business days
<b><i>Issuance Frequency:</i></b>	Daily	As requested	Monthly

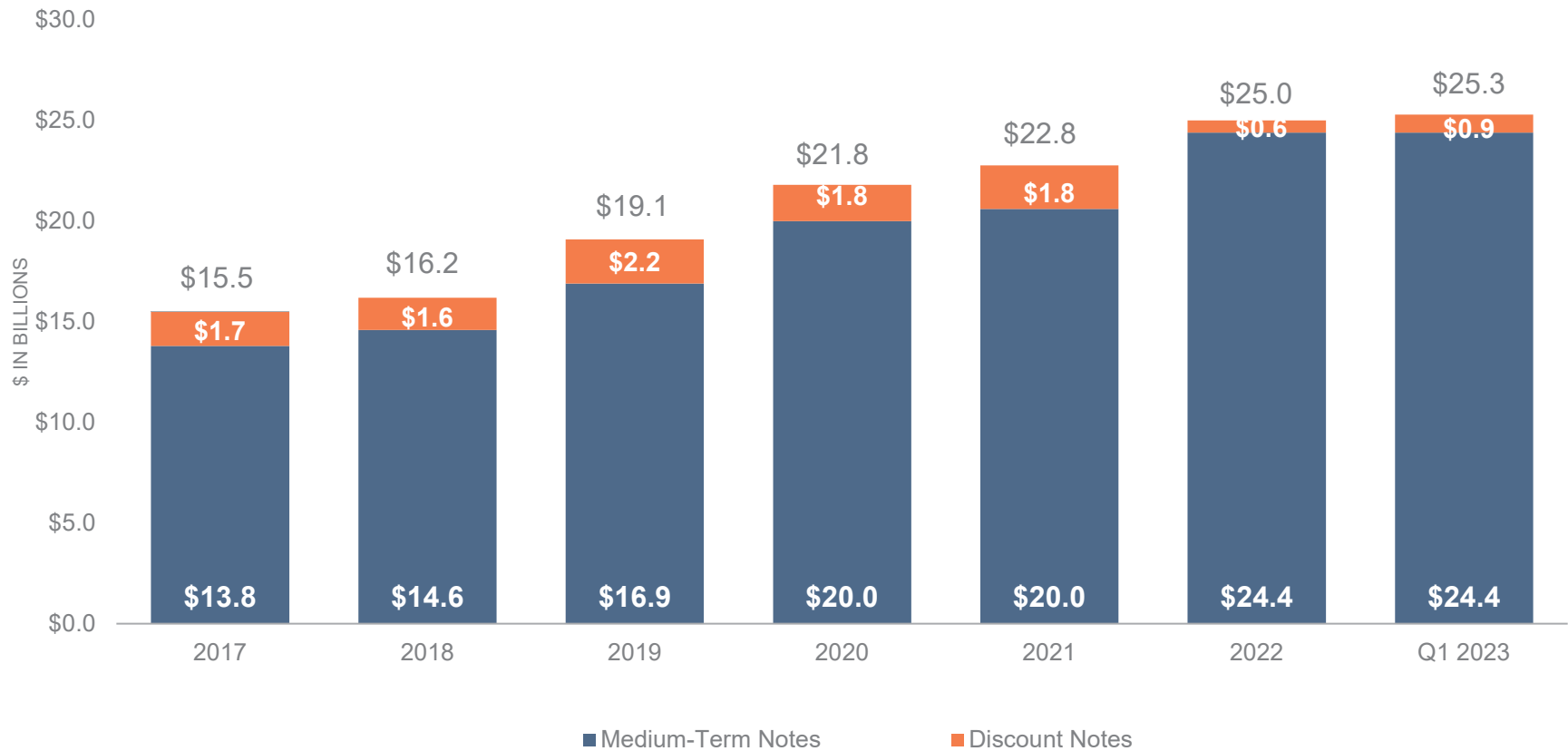
# Farmer Mac Medium-Term Note Program

To see daily medium-term note postings and auctions, visit our Bloomberg page [FAMC <GO>](#)

	<i>Postings</i>	<i>Reverse Inquiry</i>	<i>Auction</i>
<b><i>Description:</i></b>	Structures, sizes, and coupons are sent to dealer group; sizes are updated until offerings are closed.	Dealer/investor request structure and sizes; Farmer Mac strives to fulfill each request.	Auction time, structures, and sizes sent to dealer group; lowest UST spread wins bonds.
<b><i>Typical Structures:</i></b>	<ul style="list-style-type: none"> <li>Floating (SOFR, Fed Funds, LIBOR, T-bill, Prime) and Fixed Rate Bullets with maturities up to 30 years</li> <li>Callables (Fixed and Step Up/Down Rate) with flexible lockout and call features, with maturities of up to 30 years</li> </ul>	<ul style="list-style-type: none"> <li>Floating (SOFR, Fed Funds, LIBOR, T-bill, Prime) and Fixed Rate Bullets with maturities up to 30 years</li> <li>Callables (Fixed and Step Up/Down Rate) with flexible lockout and call features, with maturities of up to 30 years</li> </ul>	<ul style="list-style-type: none"> <li>Fixed Rate Bullets with maturities up to 30 years</li> <li>Callables (Fixed and Step Up/Down Rate) with flexible lockout and call features, with maturities of up to 30 years</li> </ul>
<b><i>Typical Sizes:</i></b>	\$5 – 250 million	\$5 – 250 million	\$5 – 250 million
<b><i>Settlement:</i></b>	5 – 20 business days	5 – 20 business days	5 – 20 business days
<b><i>Issuance Frequency:</i></b>	Daily	As requested	Weekly



# Farmer Mac Debt Outstanding



# Reconciliation of Net Income to Core Earnings

(in thousands)	2023 YTD	Core Earnings by Period Ended			
		2022	2021	2020	2019
Net income attributable to common stockholders	\$ 40,244	\$ 150,979	\$ 111,413	\$ 94,904	\$ 93,650
Less reconciling items:					
Gains/(losses) on undesignated financial derivatives due to fair value changes	916	13,495	(1,430)	(1,701)	10,077
(Losses)/gains on hedging activities due to fair value changes	(105)	5,343	(1,809)	(4,759)	(9,010)
Unrealized gains/(losses) on trading assets	359	(917)	(115)	51	326
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	29	39	130	58	(122)
Net effects of terminations or net settlements on financial derivatives and hedging activities	523	15,794	494	1,236	1,089
Issuance costs on retirement of preferred stock	-	-	-	(1,667)	(1,956)
Income tax effect related to reconciling items	(362)	(7,089)	573	1,074	(496)
Sub-total	1,360	26,665	(2,157)	(5,708)	(92)
Core earnings	\$ 38,884	\$ 124,314	\$ 113,570	\$ 100,612	\$ 93,742

- Issuance costs on retirement of preferred stock relates to the write-off of deferred issuance costs as a result of the retirement of Series A Preferred Stock and Series B Preferred Stock.

# Resources

**Footnote 1:** USDA Economic Research Service year end 2021F balance sheet (<https://data.ers.usda.gov/reports.aspx?ID=17835>). Farm Sector Assets and Farm Sector Debt values are forecasted values for 2021 from USDA Economic Research Service.

**Footnote 2:** Eligible ag real estate mortgage market structure shown includes the forecast for outstanding unpaid principal balance of first lien ag mortgage assets for December 31, 2022.

**Footnote 3:** USDA, Economic Research Service U.S. and State-Level Farm Income and Wealth Statistic (<https://www.ers.usda.gov/data-products/farm-income-and-wealth-statistics/data-files-us-and-state-level-farm-income-and-wealth-statistics/>).

**Footnote 4:** USDA, National Agricultural Statistics Service (as of August 2015). Historic values are not necessarily predictive of future results or outcomes.

**Footnote 5:** 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 2022).

**Footnote 6:** Delinquencies reflect Farmer Mac's Agricultural Finance mortgage loan portfolio 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.

**Footnote 7:** Kansas City Federal Reserve Agriculture Finance Databook (<https://www.kansascityfed.org/agriculture/agfinance-updates/>).

**Footnote 8:** Banks' charge-off rate is a percentage of agricultural loan assets.

**Footnote 9:** Farm Credit Banks Funding Corporation Annual Information Statements; Farm Credit System's charge-off rate is the percentage of total loans and guarantees.

**Footnote 10:** Farmer Mac's charge-off rate is the percentage of total loans and guarantees.

**Footnote 11:** USDA, Economic Research Service Global Drivers of Agricultural Demand and Supply, September 2014.

**Footnote 12:** Food and Agriculture Organization of the United Nations, "World Agriculture Towards 2030/2050," June 2012.



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*<https://www.farmermac.com/investors/debt-securities/>*