



Farmer Mac Reports Third Quarter 2023 Results

- Outstanding Business Volume of \$27.7 Billion -

WASHINGTON, D.C., November 6, 2023 — The Federal Agricultural Mortgage Corporation (Farmer Mac; NYSE: AGM and AGM.A), the nation's secondary market provider that increases the accessibility of financing for American agriculture and rural infrastructure, today announced its results for the fiscal quarter ended September 30, 2023.

Third Quarter 2023 Highlights

- Provided \$2.3 billion in liquidity and lending capacity to lenders serving rural America
- Net interest income grew 29% year-over-year to \$87.6 million
- Net effective spread¹ increased 27% from the prior-year period to a record \$83.4 million
- Net income attributable to common stockholders was \$51.3 million, compared to \$34.6 million in the same period last year
- Record core earnings¹ of \$45.2 million, or \$4.13 per diluted common share, reflecting 35% growth year-over-year
- Maintained strong capital position with total core capital of \$1.4 billion, exceeding statutory requirement by 69% and a Tier 1 Capital Ratio of 16% as of September 30, 2023

"We delivered another strong quarter, our sixth consecutive quarter of record earnings, seventh consecutive quarter of record net effective spread, and our tenth consecutive quarter of business volume growth. Our efforts over the last four years to strengthen our organizational alignment and resources with our business segments have supported increased diversification of our business and contributed to these results. At the same time, we've proactively managed our balance sheet and funding to ever-greater profitability and funding risk reduction. The strength in our consistent performance highlights the resilience and health of our business model as our growing base of customers increasingly turn to us as partners to help them grow their businesses and manage the risks they face around capital requirements and liquidity. Our capital base remains strong, positioning us well to create more opportunities to enhance shareholder value and fulfill our mission."

\$ in thousands, except per share amounts	Quarter Ended				
	Sep. 30, 2023	Jun. 30, 2023	Sep. 30, 2022	Sequential % Change	YoY % Change
Net Change in Business Volume	\$914,959	\$252,934	\$847,247	N/A	N/A
Net Interest Income (GAAP)	\$87,643	\$78,677	\$67,853	11%	29%
Net Effective Spread (Non-GAAP)	\$83,424	\$81,832	\$65,641	2%	27%
Diluted EPS (GAAP)	\$4.69	\$3.70	\$3.18	27%	47%
Core EPS (Non-GAAP)	\$4.13	\$3.86	\$3.07	7%	35%

¹ Non-GAAP Measure

Earnings Conference Call Information

The conference call to discuss Farmer Mac's third quarter 2023 financial results will be held beginning at 4:30 p.m. eastern time on Monday, November 6, 2023, and can be accessed by telephone or live webcast as follows:

Telephone (Domestic): (888) 346-2616

Telephone (International): (412) 902-4254

Webcast: <https://www.farmermac.com/investors/events-presentations/>

When dialing in to the call, please ask for the "Farmer Mac Earnings Conference Call." The call can be heard live and will also be available for replay on Farmer Mac's website for two weeks following the conclusion of the call.

More complete information about Farmer Mac's performance for third quarter 2023 is in Farmer Mac's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, filed today with the SEC.

Use of Non-GAAP Measures

In the accompanying analysis of its financial information, Farmer Mac uses "non-GAAP measures," which are measures of financial performance that are not presented in accordance with GAAP. Specifically, Farmer Mac uses the following non-GAAP 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 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

The main difference between core earnings and core earnings per share (non-GAAP measures) and net income attributable to common stockholders and earnings per common share (GAAP measures) is that those non-GAAP measures exclude 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. Another difference is that these two non-GAAP measures exclude specified infrequent or unusual transactions that we believe are not indicative of future operating results and that may not reflect the trends and economic financial performance of Farmer Mac's core business.

Net Effective Spread

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. As further explained below, net effective spread differs from net interest income and net interest yield by excluding certain items from net interest

income and net interest yield and including certain other items that net interest income and net interest yield do not contain.

Farmer Mac excludes from net effective spread the interest income and interest expense associated with the consolidated trusts and the average balance of the loans underlying these trusts to reflect management's view that the net interest income Farmer Mac earns on the related Farmer Mac Guaranteed Securities owned by third parties is effectively a guarantee fee. Accordingly, the excluded interest income and interest expense associated with consolidated trusts is reclassified to guarantee and commitment fees in determining Farmer Mac's core earnings. Farmer Mac also excludes from net effective spread the fair value changes of financial derivatives and the corresponding assets or liabilities designated in fair value hedge accounting relationships because they are not expected to have an economic effect on Farmer Mac's financial performance, as we expect to hold the financial derivatives and corresponding hedged items to maturity.

Net effective spread also 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"). Farmer Mac uses interest rate swaps to manage its interest rate risk exposure by synthetically modifying the interest rate reset or maturity characteristics of certain assets and liabilities. The accrual of the contractual amounts due on interest rate swaps designated in hedge accounting relationships is included as an adjustment to the yield or cost of the hedged item and is included in net interest income. For undesignated financial derivatives, Farmer Mac records the income or expense related to the accrual of the contractual amounts due in "Gains on financial derivatives" on the consolidated statements of operations. However, the accrual of the contractual amounts due for undesignated financial derivatives are included in Farmer Mac's calculation of net effective spread.

Net effective spread also differs from net interest income and net interest yield because it includes 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. The inclusion of these items in net effective spread is intended to reflect our view of the complete net spread between an asset and all of its related funding, including any associated derivatives, whether or not they are designated in a hedge accounting relationship.

More information about Farmer Mac's use of non-GAAP measures is available in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations" in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2022, filed February 24, 2023 with the SEC. For a reconciliation of Farmer Mac's net income attributable to common stockholders to core earnings and of earnings per common share to core earnings per share, and net interest income and net interest yield to net effective spread, see "Reconciliations" below.

Forward-Looking Statements

Management's expectations for Farmer Mac's future necessarily involve 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 in this release, including uncertainties about:

- the availability to Farmer Mac of debt and equity financing and, if available, the reasonableness of rates and terms;
- legislative or regulatory developments that could affect Farmer Mac, its sources of business, or agricultural or rural infrastructure industries;
- fluctuations in the fair value of assets held by Farmer Mac and its subsidiaries;
- the level of lender interest in Farmer Mac's products and the secondary market provided by Farmer Mac;
- the general rate of growth in agricultural mortgage and rural infrastructure indebtedness;
- the effect of economic conditions stemming from disruptive global events or otherwise on agricultural mortgage or rural infrastructure lending, borrower repayment capacity, or collateral values, including rapid inflation, fluctuations in interest rates, changes in U.S. trade policies, fluctuations in export demand for U.S. agricultural products and foreign currency exchange rates, supply chain disruptions, increases in input costs, labor availability, volatility from the recent commercial banking failures, and volatility in commodity prices;
- the degree to which Farmer Mac is exposed to interest rate risk resulting from fluctuations in Farmer Mac's borrowing costs relative to market indexes;
- developments in the financial markets, including possible investor, analyst, and rating agency reactions to events involving government-sponsored enterprises, including Farmer Mac;
- the effects of the Federal Reserve's efforts to achieve monetary policy normalization and slow inflation; and
- other factors that could hinder agricultural mortgage lending or borrower repayment capacity, including the effects of severe weather, flooding and drought, climate change, or fluctuations in agricultural real estate values.

Other risk factors are discussed in "Risk Factors" in Part I, Item 1A in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 24, 2023. Considering these potential risks and uncertainties, no undue reliance should be placed on any forward-looking statements expressed in this release. The forward-looking statements contained in this release represent management's expectations as of the date of this release. Farmer Mac undertakes no obligation to release publicly the results of revisions to any forward-looking statements included in this release to reflect new information or any future events or circumstances, except as otherwise required by applicable law. The information in this release is not necessarily indicative of future results.

About Farmer Mac

Farmer Mac is a vital part of the agricultural credit markets and was created to increase access to and reduce the cost of credit for the benefit of American agricultural and rural communities. As the nation's secondary market for agricultural credit, we provide financial solutions to a broad spectrum of the agricultural community, including agricultural lenders, agribusinesses, and other institutions that can benefit from access to flexible, low-cost financing and risk management tools. Farmer Mac's customers benefit from our low cost of funds, low overhead costs, and high operational efficiency. More information about Farmer Mac (including the Annual Report on Form 10-K referenced above) is available on Farmer Mac's website at www.farmermac.com.

CONTACT: Jalpa Nazareth, Investor Relations
 Lisa Meyer, Media Inquiries
 (202) 872-7700

* * * *

FEDERAL AGRICULTURAL MORTGAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

	As of	
	September 30, 2023	December 31, 2022
	<i>(in thousands)</i>	
Assets:		
Cash and cash equivalents	\$ 782,318	\$ 861,002
Investment securities:		
Available-for-sale, at fair value (amortized cost of \$5,114,476 and \$4,769,426, respectively)	4,873,414	4,579,564
Held-to-maturity, at amortized cost	45,032	45,032
Other investments	5,807	3,672
Total Investment Securities	4,924,253	4,628,268
Farmer Mac Guaranteed Securities:		
Available-for-sale, at fair value (amortized cost of \$5,536,437 and \$8,019,495, respectively)	5,058,697	7,607,226
Held-to-maturity, at amortized cost	4,157,414	1,021,154
Total Farmer Mac Guaranteed Securities	9,216,111	8,628,380
USDA Securities:		
Trading, at fair value	1,302	1,767
Held-to-maturity, at amortized cost	2,322,355	2,409,834
Total USDA Securities	2,323,657	2,411,601
Loans:		
Loans held for investment, at amortized cost	9,130,933	9,008,979
Loans held for investment in consolidated trusts, at amortized cost	1,422,854	1,211,576
Allowance for losses	(16,614)	(15,089)
Total loans, net of allowance	10,537,173	10,205,466
Financial derivatives, at fair value	28,855	37,409
Accrued interest receivable (includes \$10,666 and \$12,514, respectively, related to consolidated trusts)	230,523	229,061
Guarantee and commitment fees receivable	49,809	47,151
Deferred tax asset, net	4,711	18,004
Prepaid expenses and other assets	213,971	266,768
Total Assets	\$ 28,311,381	\$ 27,333,110
Liabilities and Equity:		
Liabilities:		
Notes payable	\$ 25,123,545	\$ 24,469,113
Debt securities of consolidated trusts held by third parties	1,334,014	1,181,948
Financial derivatives, at fair value	188,362	175,326
Accrued interest payable (includes \$6,568 and \$8,081, respectively, related to consolidated trusts)	172,150	117,887
Guarantee and commitment obligation	47,607	46,582
Accounts payable and accrued expenses	58,776	68,863
Reserve for losses	1,660	1,433
Total Liabilities	26,926,114	26,061,152
Commitments and Contingencies		
Equity:		
Preferred stock:		
Series C, par value \$25 per share, 3,000,000 shares authorized, issued and outstanding	73,382	73,382
Series D, par value \$25 per share, 4,000,000 shares authorized, issued and outstanding	96,659	96,659
Series E, par value \$25 per share, 3,180,000 shares authorized, issued and outstanding	77,003	77,003
Series F, par value \$25 per share, 4,800,000 shares authorized, issued and outstanding	116,160	116,160
Series G, par value \$25 per share, 5,000,000 shares authorized, issued and outstanding	121,327	121,327
Common stock:		
Class A Voting, \$1 par value, no maximum authorization, 1,030,780 shares outstanding	1,031	1,031
Class B Voting, \$1 par value, no maximum authorization, 500,301 shares outstanding	500	500
Class C Non-Voting, \$1 par value, no maximum authorization, 9,309,351 shares and 9,270,265 shares outstanding, respectively	9,309	9,270
Additional paid-in capital	130,921	128,939
Accumulated other comprehensive loss, net of tax	(35,839)	(50,843)
Retained earnings	794,814	698,530
Total Equity	1,385,267	1,271,958
Total Liabilities and Equity	\$ 28,311,381	\$ 27,333,110

FEDERAL AGRICULTURAL MORTGAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>(in thousands, except per share amounts)</i>				
Interest income:				
Investments and cash equivalents	\$ 79,947	\$ 21,581	\$ 209,429	\$ 38,497
Farmer Mac Guaranteed Securities and USDA Securities	161,351	74,695	442,649	169,231
Loans	140,513	97,514	388,837	241,393
Total interest income	381,811	193,790	1,040,915	449,121
Total interest expense	294,168	125,937	795,537	251,816
Net interest income	87,643	67,853	245,378	197,305
Release of/(provision for) losses	136	(617)	(1,484)	699
Net interest income after release of/(provision for) losses	87,779	67,236	243,894	198,004
Non-interest income/(expense):				
Guarantee and commitment fees	5,520	2,643	12,942	9,551
Gains on financial derivatives	2,671	772	4,763	21,551
(Losses)/gains on trading securities	(2)	(41)	14	(75)
Release of/(provision for) reserve for losses	45	167	(227)	440
Other income	1,271	651	3,239	1,805
Non-interest income	9,505	4,192	20,731	33,272
Operating expenses:				
Compensation and employee benefits	14,103	11,648	43,391	36,661
General and administrative	9,100	6,919	26,047	21,717
Regulatory fees	831	812	2,497	2,437
Operating expenses	24,034	19,379	71,935	60,815
Income before income taxes	73,250	52,049	192,690	170,461
Income tax expense	15,113	10,631	40,306	35,735
Net income	58,137	41,418	152,384	134,726
Preferred stock dividends	(6,792)	(6,791)	(20,374)	(20,374)
Net income attributable to common stockholders	\$ 51,345	\$ 34,627	\$ 132,010	\$ 114,352
Earnings per common share:				
Basic earnings per common share	\$ 4.74	\$ 3.21	\$ 12.20	\$ 10.61
Diluted earnings per common share	\$ 4.69	\$ 3.18	\$ 12.08	\$ 10.51

Reconciliations

Reconciliations of Farmer Mac's net income attributable to common stockholders to core earnings and core earnings per share are presented in the following tables along with information about the composition of core earnings for the periods indicated:

Reconciliation of Net Income Attributable to Common Stockholders to Core Earnings				
	For the Three Months Ended			
	September 30, 2023	June 30, 2023	September 30, 2022	
	(in thousands, except per share amounts)			
Net income attributable to common stockholders	\$ 51,345	\$ 40,421	\$ 34,627	
Less reconciling items:				
Gains on undesignated financial derivatives due to fair value changes	2,921	2,141	6,441	
Gains/(losses) on hedging activities due to fair value changes	3,210	(4,901)	(624)	
Unrealized gains/(losses) on trading assets	1,714	(57)	(757)	
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	29	29	24	
Net effects of terminations or net settlements on financial derivatives	(79)	583	(3,522)	
Income tax effect related to reconciling items	(1,638)	464	(327)	
Sub-total	6,157	(1,741)	1,235	
Core earnings	<u>\$ 45,188</u>	<u>\$ 42,162</u>	<u>\$ 33,392</u>	
Composition of Core Earnings:				
Revenues:				
Net effective spread ⁽¹⁾	\$ 83,424	\$ 81,832	\$ 65,641	
Guarantee and commitment fees ⁽²⁾	4,828	4,581	4,201	
Other ⁽³⁾	1,056	409	473	
Total revenues	89,308	86,822	70,315	
Credit related expense (GAAP):				
(Release of)/provision for losses	(181)	1,142	450	
Total credit related expense	(181)	1,142	450	
Operating expenses (GAAP):				
Compensation and employee benefits	14,103	13,937	11,648	
General and administrative	9,100	9,420	6,919	
Regulatory fees	831	831	812	
Total operating expenses	24,034	24,188	19,379	
Net earnings	65,455	61,492	50,486	
Income tax expense ⁽⁴⁾	13,475	12,539	10,303	
Preferred stock dividends (GAAP)	6,792	6,791	6,791	
Core earnings	<u>\$ 45,188</u>	<u>\$ 42,162</u>	<u>\$ 33,392</u>	
Core earnings per share:				
Basic	\$ 4.17	\$ 3.89	\$ 3.09	
Diluted	\$ 4.13	\$ 3.86	\$ 3.07	

⁽¹⁾ Net effective spread is a non-GAAP measure. See "Use of Non-GAAP Measures" above for an explanation of net effective spread. See below for a reconciliation of net interest income to net effective spread.

⁽²⁾ Includes interest income and interest expense related to consolidated trusts owned by third parties reclassified from net interest income to guarantee and commitment fees to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee on the consolidated Farmer Mac Guaranteed Securities.

⁽³⁾ Reflects reconciling adjustments for the reclassification to exclude expenses related to interest rate swaps not designated as hedges and terminations or net settlements on financial derivatives, and reconciling adjustments to exclude fair value adjustments on financial derivatives and trading assets and the recognition of deferred gains over the estimated lives of certain Farmer Mac Guaranteed Securities and USDA Securities.

⁽⁴⁾ Includes the tax impact of non-GAAP reconciling items between net income attributable to common stockholders and core earnings.

Reconciliation of Net Income Attributable to Common Stockholders to Core Earnings

	For the Nine Months Ended	
	September 30, 2023	September 30, 2022
	<i>(in thousands, except per share amounts)</i>	
Net income attributable to common stockholders	\$ 132,010	\$ 114,352
Less reconciling items:		
Gains on undesignated financial derivatives due to fair value changes	5,978	11,899
(Losses)/gains on hedging activities due to fair value changes	(1,796)	5,491
Unrealized gains/(losses) on trading assets	2,016	(948)
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	87	(18)
Net effects of terminations or net settlements on financial derivatives	1,027	14,526
Income tax effect related to reconciling items	(1,536)	(6,499)
Sub-total	5,776	24,451
Core earnings	\$ 126,234	\$ 89,901
Composition of Core Earnings:		
Revenues:		
Net effective spread ⁽¹⁾	\$ 242,429	\$ 184,426
Guarantee and commitment fees ⁽²⁾	14,063	13,467
Other ⁽³⁾	2,532	1,294
Total revenues	259,024	199,187
Credit related expense (GAAP):		
Provision for/(release of) losses	1,711	(1,139)
Total credit related expense	1,711	(1,139)
Operating expenses (GAAP):		
Compensation and employee benefits	43,391	36,661
General and administrative	26,047	21,717
Regulatory fees	2,497	2,437
Total operating expenses	71,935	60,815
Net earnings	185,378	139,511
Income tax expense ⁽⁴⁾	38,770	29,236
Preferred stock dividends (GAAP)	20,374	20,374
Core earnings	\$ 126,234	\$ 89,901
Core earnings per share:		
Basic	\$ 11.66	\$ 8.33
Diluted	\$ 11.56	\$ 8.27

⁽¹⁾ Net effective spread is a non-GAAP measure. See "Use of Non-GAAP Measures" above for an explanation of net effective spread. See below for a reconciliation of net interest income to net effective spread.

⁽²⁾ Includes interest income and interest expense related to consolidated trusts owned by third parties reclassified from net interest income to guarantee and commitment fees to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee on the consolidated Farmer Mac Guaranteed Securities.

⁽³⁾ Reflects reconciling adjustments for the reclassification to exclude expenses related to interest rate swaps not designated as hedges and terminations or net settlements on financial derivatives, and reconciling adjustments to exclude fair value adjustments on financial derivatives and trading assets and the recognition of deferred gains over the estimated lives of certain Farmer Mac Guaranteed Securities and USDA Securities.

⁽⁴⁾ Includes the tax impact of non-GAAP reconciling items between net income attributable to common stockholders and core earnings.

Reconciliation of GAAP Basic Earnings Per Share to Core Earnings Basic Earnings Per Share

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	<i>(in thousands, except per share amounts)</i>				
GAAP - Basic EPS	\$ 4.74	\$ 3.73	\$ 3.21	\$ 12.20	\$ 10.61
Less reconciling items:					
Gains on undesignated financial derivatives due to fair value changes	0.27	0.20	0.60	0.55	1.10
Gains/(losses) on hedging activities due to fair value changes	0.30	(0.45)	(0.06)	(0.17)	0.51
Unrealized gains/(losses) on trading securities	0.16	—	(0.07)	0.19	(0.09)
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	—	—	—	0.01	—
Net effects of terminations or net settlements on financial derivatives	(0.01)	0.05	(0.32)	0.10	1.36
Income tax effect related to reconciling items	(0.15)	0.04	(0.03)	(0.14)	(0.60)
Sub-total	0.57	(0.16)	0.12	0.54	2.28
Core Earnings - Basic EPS	<u>\$ 4.17</u>	<u>\$ 3.89</u>	<u>\$ 3.09</u>	<u>\$ 11.66</u>	<u>\$ 8.33</u>
Shares used in per share calculation (GAAP and Core Earnings)	10,839	10,833	10,799	10,825	10,787

Reconciliation of GAAP Diluted Earnings Per Share to Core Earnings Diluted Earnings Per Share

	For the Three Months Ended			For the Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	<i>(in thousands, except per share amounts)</i>				
GAAP - Diluted EPS	\$ 4.69	\$ 3.70	\$ 3.18	\$ 12.08	\$ 10.51
Less reconciling items:					
Gains on undesignated financial derivatives due to fair value changes	0.27	0.20	0.59	0.54	1.09
Gains/(losses) on hedging activities due to fair value changes	0.29	(0.45)	(0.06)	(0.16)	0.50
Unrealized gains/(losses) on trading securities	0.16	—	(0.07)	0.18	(0.09)
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	—	—	—	0.01	—
Net effects of terminations or net settlements on financial derivatives	(0.01)	0.05	(0.32)	0.09	1.34
Income tax effect related to reconciling items	(0.15)	0.04	(0.03)	(0.14)	(0.60)
Sub-total	0.56	(0.16)	0.11	0.52	2.24
Core Earnings - Diluted EPS	<u>\$ 4.13</u>	<u>\$ 3.86</u>	<u>\$ 3.07</u>	<u>\$ 11.56</u>	<u>\$ 8.27</u>
Shares used in per share calculation (GAAP and Core Earnings)	10,938	10,916	10,874	10,924	10,875

The following table presents a reconciliation of net interest income and net yield to net effective spread for the periods indicated:

Reconciliation of GAAP Net Interest Income/Yield to Net Effective Spread										
	For the Three Months Ended						For the Nine Months Ended			
	September 30, 2023		June 30, 2023		September 30, 2022		September 30, 2023		September 30, 2022	
	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield
<i>(dollars in thousands)</i>										
Net interest income/yield	\$ 87,643	1.22 %	\$ 78,677	1.12 %	\$ 67,853	1.04 %	\$ 245,378	1.16 %	\$ 197,305	1.03 %
Net effects of consolidated trusts	(1,024)	0.02 %	(1,044)	0.02 %	(843)	0.02 %	(3,123)	0.02 %	(3,044)	0.02 %
Expense related to undesignated financial derivatives	(805)	(0.01)%	(1,568)	(0.02)%	(2,613)	(0.05)%	(3,999)	(0.02)%	(5,633)	(0.03)%
Amortization of premiums/ discounts on assets consolidated at fair value	(24)	— %	(24)	— %	(21)	— %	(71)	— %	28	— %
Amortization of losses due to terminations or net settlements on financial derivatives	844	0.01 %	890	0.01 %	640	0.01 %	2,448	0.01 %	1,723	0.01 %
Fair value changes on fair value hedge relationships	(3,210)	(0.04)%	4,901	0.07 %	625	0.01 %	1,796	0.01 %	(5,953)	(0.03)%
Net effective spread	<u>\$ 83,424</u>	<u>1.20 %</u>	<u>\$ 81,832</u>	<u>1.20 %</u>	<u>\$ 65,641</u>	<u>1.03 %</u>	<u>\$ 242,429</u>	<u>1.18 %</u>	<u>\$ 184,426</u>	<u>1.00 %</u>

The following table presents core earnings for Farmer Mac's reportable operating segments and a reconciliation to consolidated net income for the three months ended September 30, 2023:

Core Earnings by Business Segment
For the Three Months Ended September 30, 2023

	Agricultural Finance		Rural Infrastructure		Treasury			Reconciling Adjustments	Consolidated Net Income
	Farm & Ranch	Corporate AgFinance	Rural Utilities	Renewable Energy	Funding	Investments	Corporate		
	<i>(in thousands)</i>								
Net interest income	\$ 33,735	\$ 8,250	\$ 6,393	\$ 1,150	\$ 37,642	\$ 473	\$ —	\$ —	\$ 87,643
Less: reconciling adjustments ⁽¹⁾⁽²⁾⁽³⁾	(1,017)	—	(31)	—	(3,230)	59	—	4,219	—
Net effective spread	32,718	8,250	6,362	1,150	34,412	532	—	4,219	—
Guarantee and commitment fees	4,447	78	279	24	—	—	—	692	5,520
Other income/(expense) ⁽³⁾	807	—	—	—	3	6	240	2,884	3,940
Total revenues	37,972	8,328	6,641	1,174	34,415	538	240	7,795	97,103
Release of/(provision for) losses	13	3,694	(3,504)	(66)	—	(1)	—	—	136
Release of/(provision for) reserve for losses	58	—	(13)	—	—	—	—	—	45
Operating expenses	—	—	—	—	—	—	(24,034)	—	(24,034)
Total non-interest expense	58	—	(13)	—	—	—	(24,034)	—	(23,989)
Core earnings before income taxes	38,043	12,022	3,124	1,108	34,415	537	(23,794)	7,795 ⁽⁴⁾	73,250
Income tax (expense)/benefit	(7,989)	(2,525)	(656)	(233)	(7,226)	(113)	5,267	(1,638)	(15,113)
Core earnings before preferred stock dividends	30,054	9,497	2,468	875	27,189	424	(18,527)	6,157 ⁽⁴⁾	58,137
Preferred stock dividends	—	—	—	—	—	—	(6,792)	—	(6,792)
Segment core earnings/(losses)	\$ 30,054	\$ 9,497	\$ 2,468	\$ 875	\$ 27,189	\$ 424	\$ (25,319)	\$ 6,157 ⁽⁴⁾	\$ 51,345
Total Assets	\$14,660,371	\$1,619,664	\$6,648,693	\$ 320,572	\$ —	\$ 4,866,969	\$ 195,112	\$ —	\$ 28,311,381
Total on- and off-balance sheet program assets at principal balance	\$18,461,835	\$1,741,306	\$7,118,295	\$ 330,575	\$ —	\$ —	\$ —	\$ —	\$ 27,652,011

- (1) Includes the amortization of premiums and discounts on assets consolidated at fair value, originally included in interest income, to reflect core earnings amounts.
- (2) 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.
- (3) Includes the reclassification of interest expense related to interest rate swaps not designated as hedges, which are included in "Gains on financial derivatives" on the consolidated financial statements, to determine the effective funding cost for each operating segment.
- (4) 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 reconciled to net income; and segment core earnings reconciled to net income attributable to common stockholders.

Supplemental Information

The following table sets forth information about outstanding volume in each of Farmer Mac's lines of business as of the dates indicated:

Outstanding Business Volume				
	On or Off Balance Sheet	As of September 30, 2023	As of December 31, 2022	
<i>(in thousands)</i>				
Agricultural Finance:				
Farm & Ranch:				
Loans	On-balance sheet	\$ 4,987,818	\$ 5,150,750	
Loans held in consolidated trusts:				
Beneficial interests owned by third-party investors (Pass-Through) ⁽¹⁾	On-balance sheet	859,917	914,918	
Beneficial interests owned by third-party investors (Structured) ⁽¹⁾	On-balance sheet	562,937	296,658	
IO-FMGS ⁽²⁾	On-balance sheet	9,580	10,622	
USDA Securities	On-balance sheet	2,329,830	2,407,302	
AgVantage Securities ⁽¹⁾	On-balance sheet	5,685,000	5,605,000	
LTSPCs and unfunded commitments	Off-balance sheet	2,992,061	2,822,309	
Other Farmer Mac Guaranteed Securities ⁽³⁾	Off-balance sheet	455,681	500,953	
Loans serviced for others	Off-balance sheet	579,011	20,280	
Total Farm & Ranch		\$ 18,461,835	\$ 17,728,792	
Corporate AgFinance:				
Loans	On-balance sheet	\$ 1,223,777	\$ 1,166,253	
AgVantage Securities ⁽¹⁾	On-balance sheet	383,173	359,600	
Unfunded commitments	Off-balance sheet	134,356	77,654	
Total Corporate AgFinance		\$ 1,741,306	\$ 1,603,507	
Total Agricultural Finance		\$ 20,203,141	\$ 19,332,299	
Rural Infrastructure Finance:				
Rural Utilities:				
Loans	On-balance sheet	\$ 3,024,640	\$ 2,801,696	
AgVantage Securities ⁽¹⁾	On-balance sheet	3,617,542	3,044,156	
LTSPCs and unfunded commitments	Off-balance sheet	475,015	512,592	
Other Farmer Mac Guaranteed Securities ⁽³⁾	Off-balance sheet	1,098	1,169	
Total Rural Utilities		\$ 7,118,295	\$ 6,359,613	
Renewable Energy:				
Loans	On-balance sheet	\$ 318,073	\$ 219,570	
Unfunded commitments	Off-balance sheet	12,502	10,600	
Total Renewable Energy		\$ 330,575	\$ 230,170	
Total Rural Infrastructure Finance		\$ 7,448,870	\$ 6,589,783	
Total		\$ 27,652,011	\$ 25,922,082	

⁽¹⁾ A Farmer Mac Guaranteed Security.

⁽²⁾ An interest-only Farmer Mac Guaranteed Security retained as part of a structured securitization.

⁽³⁾ Other categories of Farmer Mac Guaranteed Securities that were sold by Farmer Mac to third parties

The following table presents the quarterly net effective spread (a non-GAAP measure) by segment:

	Net Effective Spread ⁽¹⁾													
	Agricultural Finance				Rural Infrastructure Finance				Treasury				Net Effective Spread	
	Farm & Ranch		Corporate AgFinance		Rural Utilities		Renewable Energy		Funding		Investments			
	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield
	(dollars in thousands)													
For the quarter ended:														
September 30, 2023 ⁽²⁾	\$32,718	0.97 %	\$ 8,250	2.05 %	\$ 6,362	0.39 %	\$ 1,150	1.46 %	\$34,412	0.49 %	\$ 532	0.04 %	\$83,424	1.20 %
June 30, 2023	34,388	1.03 %	7,444	1.92 %	5,808	0.38 %	1,100	1.47 %	32,498	0.48 %	594	0.04 %	81,832	1.20 %
March 31, 2023	32,465	0.97 %	7,148	1.94 %	5,507	0.36 %	858	1.53 %	31,738	0.47 %	(543)	(0.04)%	77,173	1.15 %
December 31, 2022	32,770	0.98 %	7,471	1.94 %	4,960	0.34 %	935	1.76 %	27,656	0.42 %	(2,689)	(0.19)%	71,103	1.07 %
September 30, 2022	33,343	1.04 %	7,600	1.99 %	4,220	0.30 %	705	1.97 %	22,564	0.36 %	(2,791)	(0.21)%	65,641	1.03 %
June 30, 2022	32,590	1.05 %	6,929	1.87 %	3,733	0.27 %	468	1.78 %	18,508	0.30 %	(1,282)	(0.10)%	60,946	0.99 %
March 31, 2022	30,354	1.02 %	7,209	1.96 %	3,159	0.23 %	375	1.69 %	16,738	0.28 %	4	— %	57,839	0.97 %
December 31, 2021	28,998	0.99 %	6,321	1.84 %	2,521	0.19 %	356	1.53 %	15,979	0.28 %	158	0.01 %	54,333	0.94 %
September 30, 2021	28,914	1.06 %	7,163	1.80 %	2,067	0.16 %	236	1.09 %	17,386	0.31 %	159	0.01 %	55,925	0.99 %

⁽¹⁾ Farmer Mac excludes the Corporate segment in the presentation above because the segment does not have any interest-earning assets.

⁽²⁾ See above for a reconciliation of GAAP net interest income by line of business to net effective spread by line of business for the three months ended September 30, 2023.

The following table presents quarterly core earnings reconciled to net income attributable to common stockholders:

Core Earnings by Quarter Ended									
	September 2023	June 2023	March 2023	December 2022	September 2022	June 2022	March 2022	December 2021	September 2021
<i>(in thousands)</i>									
Revenues:									
Net effective spread	\$ 83,424	\$ 81,832	\$ 77,173	\$ 71,103	\$ 65,641	\$ 60,946	\$ 57,839	\$ 54,333	\$ 55,925
Guarantee and commitment fees	4,828	4,581	4,654	4,677	4,201	4,709	4,557	4,637	4,322
Gains on sale of mortgage loans	—	—	—	—	—	—	—	6,539	—
Other	1,056	409	1,067	390	473	307	514	241	687
Total revenues	89,308	86,822	82,894	76,170	70,315	65,962	62,910	65,750	60,934
Credit related expense/(income):									
(Release of)/provision for losses	(181)	1,142	750	1,945	450	(1,535)	(54)	(1,428)	255
REO operating expenses	—	—	—	819	—	—	—	—	—
Total credit related expense/(income)	(181)	1,142	750	2,764	450	(1,535)	(54)	(1,428)	255
Operating expenses:									
Compensation and employee benefits	14,103	13,937	15,351	12,105	11,648	11,715	13,298	11,246	10,027
General and administrative	9,100	9,420	7,527	8,055	6,919	7,520	7,278	8,492	6,330
Regulatory fees	831	831	835	832	812	813	812	812	750
Total operating expenses	24,034	24,188	23,713	20,992	19,379	20,048	21,388	20,550	17,107
Net earnings	65,455	61,492	58,431	52,414	50,486	47,449	41,576	46,628	43,572
Income tax expense	13,475	12,539	12,756	11,210	10,303	9,909	9,024	9,809	9,152
Preferred stock dividends	6,792	6,791	6,791	6,791	6,791	6,792	6,791	6,792	6,774
Core earnings	<u>\$ 45,188</u>	<u>\$ 42,162</u>	<u>\$ 38,884</u>	<u>\$ 34,413</u>	<u>\$ 33,392</u>	<u>\$ 30,748</u>	<u>\$ 25,761</u>	<u>\$ 30,027</u>	<u>\$ 27,646</u>
Reconciling items:									
Gains/(losses) on undesignated financial derivatives due to fair value changes	\$ 2,921	\$ 2,141	\$ 916	\$ 1,596	\$ 6,441	\$ 2,846	\$ 2,612	\$ (1,242)	\$ (405)
Gains/(losses) on hedging activities due to fair value changes	3,210	(4,901)	(105)	(148)	(624)	428	5,687	(2,079)	1,818
Unrealized gains/(losses) on trading assets	1,714	(57)	359	31	(757)	(285)	94	(76)	36
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	29	29	29	57	24	(62)	20	71	23
Net effects of terminations or net settlements on financial derivatives	(79)	583	523	1,268	(3,522)	2,536	15,512	(429)	(351)
Income tax effect related to reconciling items	(1,638)	464	(362)	(590)	(327)	(1,148)	(5,024)	789	(236)
Net income attributable to common stockholders	<u>\$ 51,345</u>	<u>\$ 40,421</u>	<u>\$ 40,244</u>	<u>\$ 36,627</u>	<u>\$ 34,627</u>	<u>\$ 35,063</u>	<u>\$ 44,662</u>	<u>\$ 27,061</u>	<u>\$ 28,531</u>