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, 2019, filed with the U.S. Securities and Exchange Commission (“SEC”) on February 25, 2020, Farmer Mac’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 11, 2020, and Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, filed with the SEC on August 10, 2020. These reports are also available on Farmer Mac’s website (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 June 30, 2020, 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.

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Use of Non-GAAP Financial Measures

This presentation is for general informational purposes only, is current only as of June 30, 2020, and should be read in conjunction with Farmer Mac’s Quarterly Report on Form 10-Q filed with the SEC on August 10, 2020. 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) beginning January 1, 2018, 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) effective in fourth quarter 2017, the net effects of terminations or net settlements on financial derivatives.
**Investment Highlights**

**Quality Assets**
- 90-Day delinquencies of only **0.31%** across all lines of business
- Cumulative Farm & Ranch lifetime losses of only **0.12%**

**Funding Advantage**
- Issue at **narrow**, GSE spreads to U.S. Treasuries
- E.g., 10-year U.S. Treasury **+0.58%** as of June 30, 2020

**Growth Prospects**
- Ag productivity **must double** to meet expected global demand
- 6.6% share of an ~**$245 billion** and growing U.S. ag mortgage market

**Operational Efficiency**
- Overhead / outstanding business volume ~**20 bps**
- ~**$900,000 earnings** per employee in 2019

**Quality, Recurring Earnings**
- 98% of total revenues is recurring net effective spread and fees
- Outstanding business volume **CAGR of 10.6%** (2000 to 2019)

**Strong Returns, Responsible Growth**
- Core earnings **ROE ~17%** in 2019
- **Double-digit** annual core earnings growth (2016-2019)
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 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

Key Events:
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 Utilities)
Executive Leadership

Bradford T. Nordholm
President & 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

Aparna Ramesh
Executive Vice President – Chief Financial Officer & Treasurer

- 20+ years of experience in mission-oriented finance roles
- Joined Farmer Mac in 2020 from Federal Reserve Bank of Boston, where she previously served as Senior Vice President and Chief Financial Officer
- Prior experience includes roles spanning product management, asset-liability management and profitability within Cambridge Savings Bank and M&T Bank

Zachary N. Carpenter
Executive Vice President – Chief Business Officer

- 14+ years of experience in agribusiness banking, capital markets, finance, and corporate strategy
- Joined Farmer Mac in 2019 from CoBank, where he previously served as Managing Director and Sector Vice President of its Corporate Agribusiness Banking Group
- Prior experience includes Executive Director in CoBank’s Capital Markets division and Vice President in Finance and Corporate Strategy at Goldman Sachs
U.S. Agricultural Balance Sheet

$ IN THOUSANDS

Farm Sector Assets

- Machinary & Vehicles, $270,982,438
- Real Estate, $2,510,163,458
- Inventories, $172,948,969
- Investments, $72,583,465

Farm Sector Debt

- Ag Real Estate Debt-to-Asset Ratio: 9.8%
- Non-Real Estate, $156,329,378
- Real Estate, $245,663,103

Farmer Mac Market Share: 6.6%

Farmer Mac (2)

$16,287,852

Farmer Mac

$ in thousands

- $0
- $500,000,000
- $1,000,000,000
- $1,500,000,000
- $2,000,000,000
- $2,500,000,000
- $3,000,000,000

- $3,026,678,330

(1) As of December 31, 2022

(2) As of December 31, 2022
Central to a Large Addressable Ag Mortgage Market

Farm Credit System (FCS) (Cooperative GSE)
- Four FCS Banks
- 68 Retail Agricultural Credit Associations

Addressable Agriculture Mortgage Market
$246 Billion
(Farmers & Ranchers)

Non-FCS Ag Lenders
- Insurance Companies
- Ag Banks
- Non-Bank Lenders

FARMER MAC
(FCS Secondary Market GSE)
$16.3 Billion
(6.6% Market Share)
Loan Purchase
Wholesale Funding
Credit Protection

FARMER MAC
Financing Rural America

AG BANKS
$61B
NON-BANK LENDERS
$13B

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

![Diagram showing relative size of volume opportunity]

- **Renewable Energy Project Finance**
- **Securitization**
- **Syndications**
- **Loan Process Improvement**
- **Borrower Retention**
- **Rural Broadband**
- **Timber**

**Key Points**

- 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

**Legend**

- = Relative Size of Volume Opportunity
- **Blue** = Broaden
- **Orange** = Deepen
- **Green** = Both
# Lines of Business and Products

**As of June 30, 2020**

**Product Type** | **Target Customers** | **Lines of Business**
|-----------------|---------------------|---------------------|
| **LOAN PURCHASES** | • Ag Banks | **F & R**
| | • FCS Institutions | $5.6
| | • Insurance Companies | 25%
| | • Rural Utilities Cooperatives | 47%
| | **USDA** | $2.7
| | **RU** | $2.1
| | **IC** | --
| | **Total** | $10.4
| **WHOLESALE FINANCING** | • Ag Banks | **F & R**
| | • Ag Investment Funds | --
| | • Insurance Companies | 40%
| | • Rural Utilities Cooperatives | 40%
| | **Total** | $8.7
| **CREDIT PROTECTION** | • FCS Institutions | **F & R**
| | • Ag Banks | $2.4
| | • Insurance Companies | 11%
| | • Ag Investment Funds | 3%
| | • Rural Utilities Cooperatives | 14%
| | **USDA** | --
| | **RU** | $0.6
| | **Total** | $3.0

Note: Table may not sum to total due to rounding
Growing, Recurring, High-Quality Earnings

Outstanding Business Volume

- $17.4 billion in 2016
- $19.0 billion in 2017
- $19.7 billion in 2018
- $21.1 billion in 2019
- $22.0 billion in 2Q20

6.7% CAGR (2016-2019)

Net Effective Spread & Core Earnings

- Net Effective Spread
  - $123.1 million in 2016
  - $53.5 million in 2017
  - $141.3 million in 2018
  - $151.2 million in 2019
  - $90.6 million in 2Q20 YTD

- Core Earnings
  - $53.5 million in 2017
  - $65.6 million in 2018
  - $84.0 million in 2019
  - $46.5 million in 2Q20 YTD

11.1% CAGR (2016-2019)

20.6% CAGR (2016-2019)

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.
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 LTV of 45% as of June 30, 2020
- Land values need to decline >49% to generate losses
- “Stress scenario” losses of 17% to 48%
- 1980s crisis saw land value declines of ~23% (5)
Credit Consistently Outperforms

90-Day Delinquencies

Agricultural Lender Charge-off Rates

Industry 90-Day Delinquencies
Farmer Mac 90-Day Delinquencies (Farm & Ranch Portfolio Only)
Farmer Mac 90-Day Delinquencies (Total Portfolio)

Banks
Average 0.19%

Farm Credit System
Average 0.11%

Farmer Mac
Average 0.02%
Farm & Ranch line of business has historical cumulative losses of 0.12%, or less than 1bp per year

- Cumulative F&R losses of $33 million on $28 billion of cumulative F&R 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**

Statutory Minimum Core Capital defined as total stockholders’ equity less accumulated other comprehensive income.
Quality Earnings Drives Strong Dividends

Initiated New Dividend Policy: Target ~30% Payout Ratio of Core Earnings

Increased Target Payout Ratio of Core Earnings to ~35%

Quarterly Dividend per Common Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$0.05</td>
</tr>
<tr>
<td>2012</td>
<td>$0.10</td>
</tr>
<tr>
<td>2013</td>
<td>$0.12</td>
</tr>
<tr>
<td>2014</td>
<td>$0.14</td>
</tr>
<tr>
<td>2015</td>
<td>$0.16</td>
</tr>
<tr>
<td>2016</td>
<td>$0.26</td>
</tr>
<tr>
<td>2017</td>
<td>$0.36</td>
</tr>
<tr>
<td>2018</td>
<td>$0.58</td>
</tr>
<tr>
<td>2019</td>
<td>$0.70</td>
</tr>
<tr>
<td>2020</td>
<td>$0.80</td>
</tr>
</tbody>
</table>
Investment Highlights

Quality Assets
- 90-Day delinquencies of only 0.31% across all lines of business
- Cumulative Farm & Ranch lifetime losses of only 0.12%

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- 6.6% share of an ~$245 billion and growing U.S. ag mortgage market

Operational Efficiency
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- ~$900,000 earnings per employee in 2019

Quality, Recurring Earnings
- 98% of total revenues is recurring net effective spread and fees
- Outstanding business volume CAGR of 10.6% (2000 to 2019)

Strong Returns, Responsible Growth
- Core earnings ROE ~17% in 2019
- Double-digit annual core earnings growth (2016-2019)
## Key Company Metrics

($ in thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Earnings</td>
<td>$46,490</td>
<td>$93,742</td>
<td>$84,047</td>
<td>$65,631</td>
<td>$53,481</td>
</tr>
<tr>
<td>Core Earnings per Diluted Share</td>
<td>$4.31</td>
<td>$8.70</td>
<td>$7.82</td>
<td>$6.08</td>
<td>$4.98</td>
</tr>
<tr>
<td>Net Effective Spread ($)</td>
<td>$90,632</td>
<td>$168,608</td>
<td>$151,195</td>
<td>$141,303</td>
<td>$123,072</td>
</tr>
<tr>
<td>Net Effective Spread (%)</td>
<td>0.89%</td>
<td>0.91%</td>
<td>0.91%</td>
<td>0.91%</td>
<td>0.84%</td>
</tr>
<tr>
<td>Guarantee &amp; Commitment Fees</td>
<td>$9,839</td>
<td>$21,335</td>
<td>$20,733</td>
<td>$20,350</td>
<td>$19,170</td>
</tr>
<tr>
<td>Core Capital Above Statutory Minimum</td>
<td>$247,900</td>
<td>$196,700</td>
<td>$182,600</td>
<td>$136,800</td>
<td>$143,200</td>
</tr>
<tr>
<td>Common Stock Dividends per Share</td>
<td>$1.60</td>
<td>$2.80</td>
<td>$2.32</td>
<td>$1.44</td>
<td>$1.04</td>
</tr>
<tr>
<td>Outstanding Business Volume</td>
<td>$22,042,108</td>
<td>$21,117,942</td>
<td>$19,724,525</td>
<td>$19,007,311</td>
<td>$17,399,475</td>
</tr>
<tr>
<td>90-Day Delinquencies</td>
<td>0.31%</td>
<td>0.29%</td>
<td>0.14%</td>
<td>0.25%</td>
<td>0.12%</td>
</tr>
<tr>
<td>Charge-Offs</td>
<td>$394</td>
<td>$67</td>
<td>$17</td>
<td>$327</td>
<td>$130</td>
</tr>
<tr>
<td>Book Value per Share</td>
<td>$56.86</td>
<td>$54.80</td>
<td>$49.01</td>
<td>$42.59</td>
<td>$38.42</td>
</tr>
<tr>
<td>Core Earnings Return on Equity</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
<td>15%</td>
<td>13%</td>
</tr>
</tbody>
</table>

- 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.
- 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, as further described on page 3.
- Book Value per Share excludes accumulated other comprehensive income.
# Equity Capital Structure

<table>
<thead>
<tr>
<th>COMMON STOCK</th>
<th>NYSE Ticker</th>
<th>Dividend Yield</th>
<th>Shares Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CLASS A VOTING COMMON STOCK</strong></td>
<td>AGM.A</td>
<td>5.71%</td>
<td>1.0 million</td>
</tr>
<tr>
<td>• Ownership restricted to non-Farm Credit System financial institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS B VOTING COMMON STOCK</strong></td>
<td>--</td>
<td>--</td>
<td>0.5 million</td>
</tr>
<tr>
<td>• Ownership restricted to Farm Credit System institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASS C NON-VOTING COMMON STOCK</strong></td>
<td>AGM</td>
<td>5.00%</td>
<td>9.2 million</td>
</tr>
<tr>
<td>• No ownership restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PREFERRED STOCK</th>
<th>NYSE Ticker</th>
<th>Dividend Yield</th>
<th>Shares Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SERIES A NON-CUMULATIVE PREFERRED STOCK</strong></td>
<td>AGM.PR.A</td>
<td>5.875%</td>
<td>2.4 million</td>
</tr>
<tr>
<td>• Option to redeem at any time on or after January 17, 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Redemption Value: $25 per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERIES C FIXED-TO-FLOATING RATE NON-CUMULATIVE PREFERRED STOCK</strong></td>
<td>AGM.PR.C</td>
<td>6.000%</td>
<td>3.0 million</td>
</tr>
<tr>
<td>• Option to redeem at any time on or after July 18, 2024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Redemption Value: $25 per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERIES D NON-CUMULATIVE PREFERRED STOCK</strong></td>
<td>AGM.PR.D</td>
<td>5.700%</td>
<td>4.0 million</td>
</tr>
<tr>
<td>• Option to redeem at any time on or after July 17, 2024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Redemption Value: $25 per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERIES E NON-CUMULATIVE PREFERRED STOCK</strong></td>
<td>AGM.PR.E</td>
<td>5.750%</td>
<td>3.2 million</td>
</tr>
<tr>
<td>• Option to redeem at any time on or after July 17, 2025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Redemption Value: $25 per share</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Common stock dividend annualized divided by quarter-end closing price
- Par value of annual dividend for preferred stock
Funding

Finance asset purchases with proceeds of debt issuances

- 20+ dealers
- Match-funding provides for stable net effective spread and immaterial interest rate risk

Farmer Mac’s debt securities carry privileges for certain holders

- 20% capital risk weighting
- Eligible collateral for Fed advances
- Legal investments for many federally supervised financial institutions (banks, etc.)

Debt Securities Trade at Narrow Spreads to Comparable Maturity Treasuries

<table>
<thead>
<tr>
<th>MATURITY (YEARS)</th>
<th>3</th>
<th>5</th>
<th>7</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPREAD TO TREASURY (AS OF JUNE 30, 2020)</td>
<td>19 bps</td>
<td>23 bps</td>
<td>36 bps</td>
<td>58 bps</td>
</tr>
</tbody>
</table>
Current Expected Credit Losses (CECL)

Current Expected Credit Losses Methodology adopted on January 1, 2020

- Losses are those expected over the entire life of each loan or security

Second Quarter 2020 Allowance relatively in-line with First Quarter 2020

- Rural Utilities increase due to net growth
  - $312 million net new RU loan growth
- Farm & Ranch decrease due to improvement in economic factor forecasts
  - Stable farmland values
  - Stable credit quality
  - Improvements in commodity prices
- $0.4 million charge-off also contributed to the decrease
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
## Reconciliation of Net Income to Core Earnings

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2Q20 YTD</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to common stockholders</td>
<td>$ 41,086</td>
<td>$ 93,650</td>
<td>$ 94,898</td>
<td>$ 71,300</td>
<td>$ 64,152</td>
</tr>
<tr>
<td>Less reconciling items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on undesignated financial derivatives due to fair value changes</td>
<td>$ 2,216</td>
<td>$ 10,077</td>
<td>$ 7,959</td>
<td>$ 10,218</td>
<td>$ 8,585</td>
</tr>
<tr>
<td>(Losses)/gains on hedging activities due to fair value changes</td>
<td>(8,601)</td>
<td>(9,010)</td>
<td>4,449</td>
<td>(719)</td>
<td>5,043</td>
</tr>
<tr>
<td>Unrealized gains/(losses) on trading assets</td>
<td>86</td>
<td>326</td>
<td>81</td>
<td>(24)</td>
<td>1,460</td>
</tr>
<tr>
<td>Amortization of premiums/discounts and deferred gains on assets consolidated at fair value</td>
<td>38</td>
<td>(122)</td>
<td>(461)</td>
<td>(1,327)</td>
<td>(849)</td>
</tr>
<tr>
<td>Net effects of terminations or net settlements on financial derivatives and hedging activities</td>
<td>(580)</td>
<td>1,089</td>
<td>1,708</td>
<td>2,674</td>
<td>2,178</td>
</tr>
<tr>
<td>Issuance costs on retirement of preferred stock</td>
<td>-</td>
<td>(1,956)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Re-measurement of net deferred tax asset due to enactment of new tax legislation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,365)</td>
<td>-</td>
</tr>
<tr>
<td>Income tax effect related to reconciling items</td>
<td>1,437</td>
<td>(496)</td>
<td>(2,885)</td>
<td>(3,788)</td>
<td>(5,746)</td>
</tr>
<tr>
<td>Sub-total</td>
<td>(5,404)</td>
<td>(92)</td>
<td>10,851</td>
<td>5,669</td>
<td>10,671</td>
</tr>
<tr>
<td>Core earnings</td>
<td>$ 46,490</td>
<td>$ 93,742</td>
<td>$ 84,047</td>
<td>$ 65,631</td>
<td>$ 53,481</td>
</tr>
</tbody>
</table>

- Periods prior to 2017 have been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 3.
- Issuance costs on retirement of preferred stock relates to the write-off of deferred issuance costs as a result of the retirement of Series B Preferred Stock and Farmer Mac II LLC Preferred Stock.
# Reconciliation of Net Interest Income to Net Effective Spread

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollars</td>
<td>Yield</td>
<td>Dollars</td>
<td>Yield</td>
<td>Dollars</td>
</tr>
<tr>
<td>Net interest income/yield</td>
<td>$89,660</td>
<td>0.82%</td>
<td>$173,135</td>
<td>0.87%</td>
<td>$174,436</td>
</tr>
<tr>
<td>Net effects of consolidated trusts</td>
<td>(3,505)</td>
<td>0.03%</td>
<td>(7,669)</td>
<td>0.03%</td>
<td>(6,757)</td>
</tr>
<tr>
<td>Expense related to undesignated financial derivatives</td>
<td>(3,603)</td>
<td>-0.04%</td>
<td>(5,095)</td>
<td>-0.03%</td>
<td>(11,685)</td>
</tr>
<tr>
<td>Amortization of premiums/discounts on assets consolidated at fair value</td>
<td>(10)</td>
<td>0.00%</td>
<td>398</td>
<td>0.00%</td>
<td>417</td>
</tr>
<tr>
<td>Amortization of losses due to terminations or net settlements on financial derivatives and hedging activities</td>
<td>27</td>
<td>0.00%</td>
<td>(68)</td>
<td>0.00%</td>
<td>(275)</td>
</tr>
<tr>
<td>Fair Value Changes on fair value hedge relationships</td>
<td>8,063</td>
<td>0.08%</td>
<td>7,907</td>
<td>0.04%</td>
<td>(4,941)</td>
</tr>
<tr>
<td>Net Effective Spread</td>
<td>$90,632</td>
<td>0.89%</td>
<td>$168,608</td>
<td>0.91%</td>
<td>$151,195</td>
</tr>
</tbody>
</table>
Footnote 1: USDA Economic Research Service year end 2018 balance sheet as of July 2020

Footnote 2: Farmer’s Mac’s total excludes loan purchases, LTSPCs, and AgVantage business with rural utilities customers. Market share represents Farmer Mac’s percentage of only Farm Sector Real Estate Debt outstanding.

Footnote 3: Eligible ag real estate mortgage market structure shown includes the forecast for outstanding unpaid principal balance of first lien ag mortgage assets as of December 31, 2018.

Footnote 4: USDA, Economic Research Service forecast for remaining non-bank lenders for year-end 2018 on a prorated basis.

Footnote 5: USDA, National Agricultural Statistics Service (as of August 2015). Historic values are not necessarily predictive of future results or outcomes.

Footnote 6: 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 June 2020).

Footnote 7: 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.


Footnote 9: Banks’ charge-off rate is a percentage of agricultural loan assets.

Footnote 10: Farm Credit Banks Funding Corporation Annual Information Statements; Farm Credit System’s charge-off rate is the percentage of total loans and guarantees.

Footnote 11: Farmer Mac’s charge-off rate is the percentage of total loans and guarantees.
