

Third Quarter 2018

Financial Results

FARMER  AC

Conference Call

Presentation

Executive Team



Bradford T. Nordholm
*President and Chief Executive
Officer*



R. Dale Lynch
*Executive Vice President –
Chief Financial Officer and
Treasurer*



Stephen P. Mullery
*Executive Vice President –
General Counsel and
Corporate Secretary*



John C. Covington
*Executive Vice President –
Chief Credit Officer*



Forward-Looking Statements

In addition to historical information, this presentation includes forward-looking statements that reflect management's current expectations for Farmer Mac's future financial results, business prospects, and business developments. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements. Management's expectations for Farmer Mac's future necessarily involve a number of assumptions and estimates and the evaluation of risks and uncertainties. Various factors or events, both known and unknown, could cause Farmer Mac's actual results to differ materially from the expectations as expressed or implied by the forward-looking statements. Some of these factors are identified and discussed in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission ("SEC") on March 8, 2018, and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018, and September 30, 2018 filed with the SEC on May 10, 2018, August 9, 2018, and November 8, 2018, respectively. These reports are also available on Farmer Mac's website (www.farmermac.com). In light of these potential risks and uncertainties, no undue reliance should be placed on any forward-looking statements expressed in this presentation. Any forward-looking statements made in this presentation are current only as of September 30, 2018, except as otherwise indicated. Farmer Mac undertakes no obligation to release publicly the results of revisions to any such forward-looking statements that may be made to reflect new information or any future events or circumstances, except as otherwise mandated by the SEC. The information contained in this presentation is not necessarily indicative of future results.

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.

Copyright © 2018 by Farmer Mac. No part of this document may be duplicated, reproduced, distributed, or displayed in public in any manner or by any means without the written permission of Farmer Mac.



Use of Non-GAAP Financial Measures

This presentation is for general informational purposes only, is current only as of September 30, 2018, and should be read in conjunction with Farmer Mac's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2018. 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.

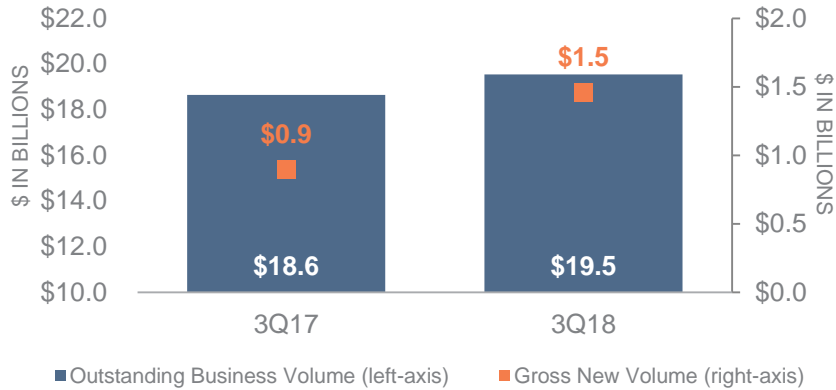
Core earnings and core earnings per share principally differ from net income attributable to common stockholders and earnings per common share, respectively, by excluding the effects of fair value fluctuations. These fluctuations are not expected to have a cumulative net impact on Farmer Mac's financial 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.

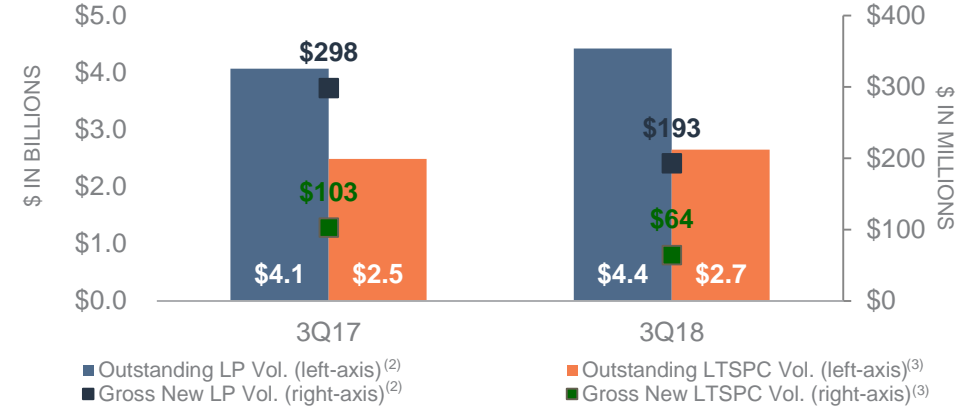
Farmer Mac uses net effective spread to measure the net spread Farmer Mac earns between its interest-earning assets and the related net funding costs of these assets. Net effective spread differs from net interest income and net interest yield because it excludes: (1) the amortization of premiums and 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 and hedging activities.

Business Volume⁽¹⁾

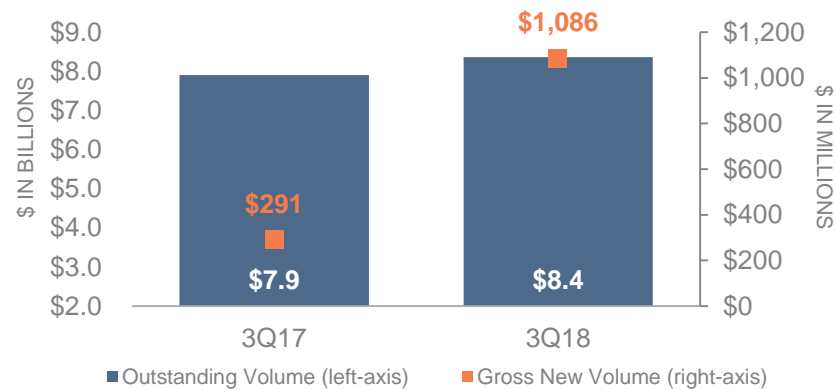
Total Business Volume



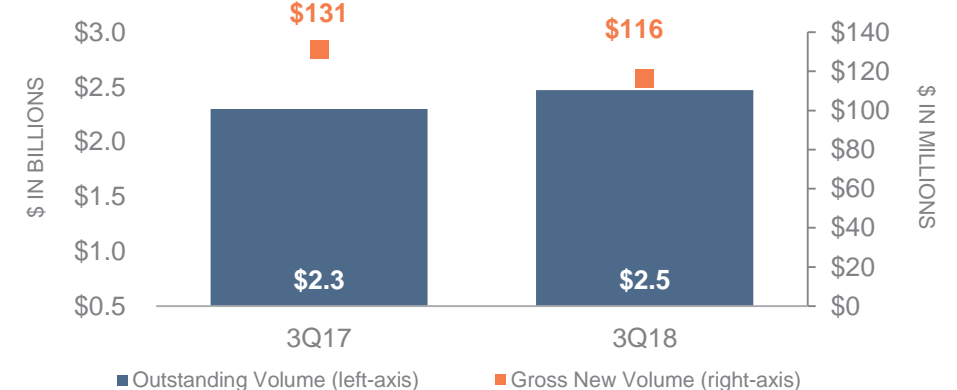
Farm & Ranch Business Volume



Institutional Credit Business Volume



USDA Business Volume

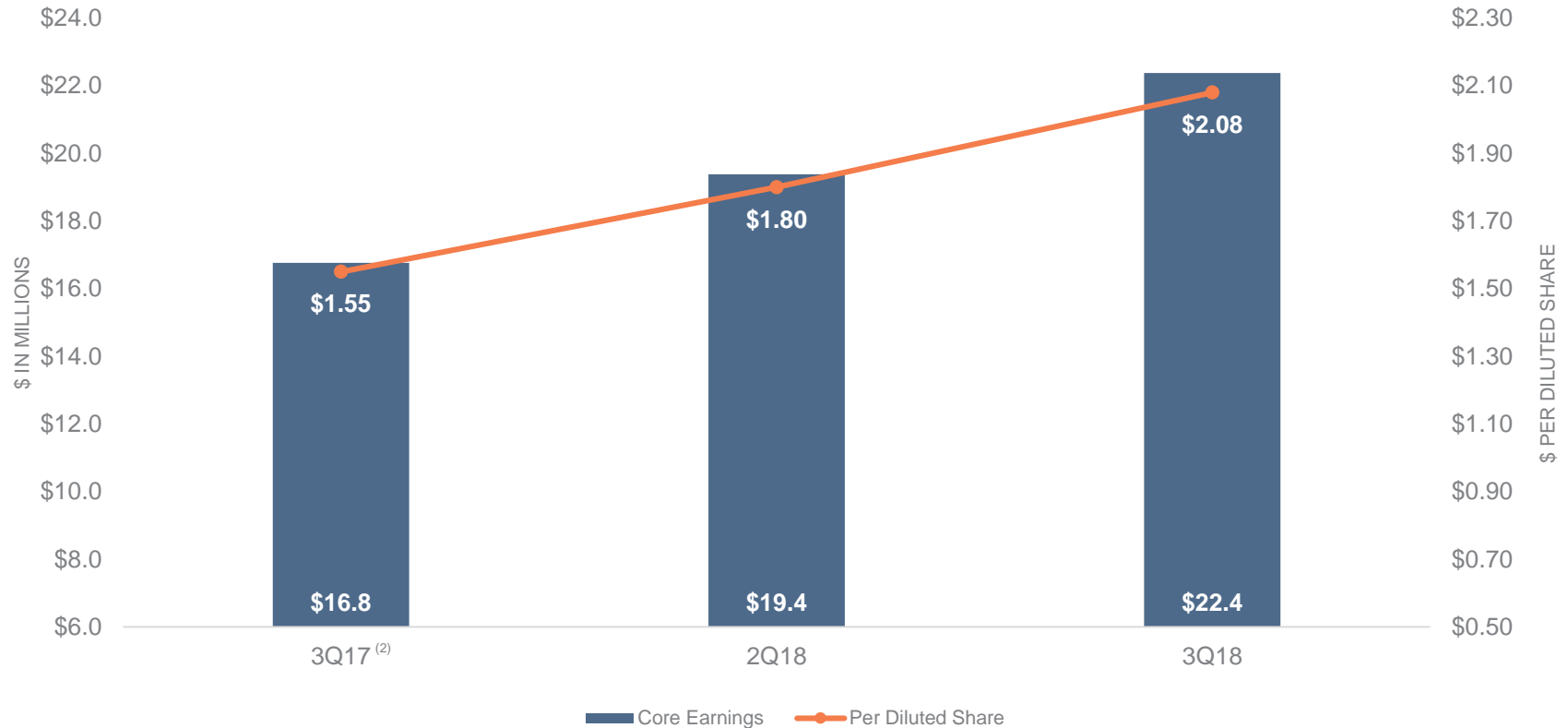


(1) Outstanding business volume includes on- and off-balance sheet outstanding business volume as of September 30, 2018; Gross new business volume occurred during third quarter 2018.

(2) Quarterly Farm & Ranch loan purchase ("LP") volume.

(3) Quarterly Farm & Ranch long-term standby purchase commitment ("LTSPC") volume.

Core Earnings and Core Earnings per Share (Non-GAAP Measures) ⁽¹⁾

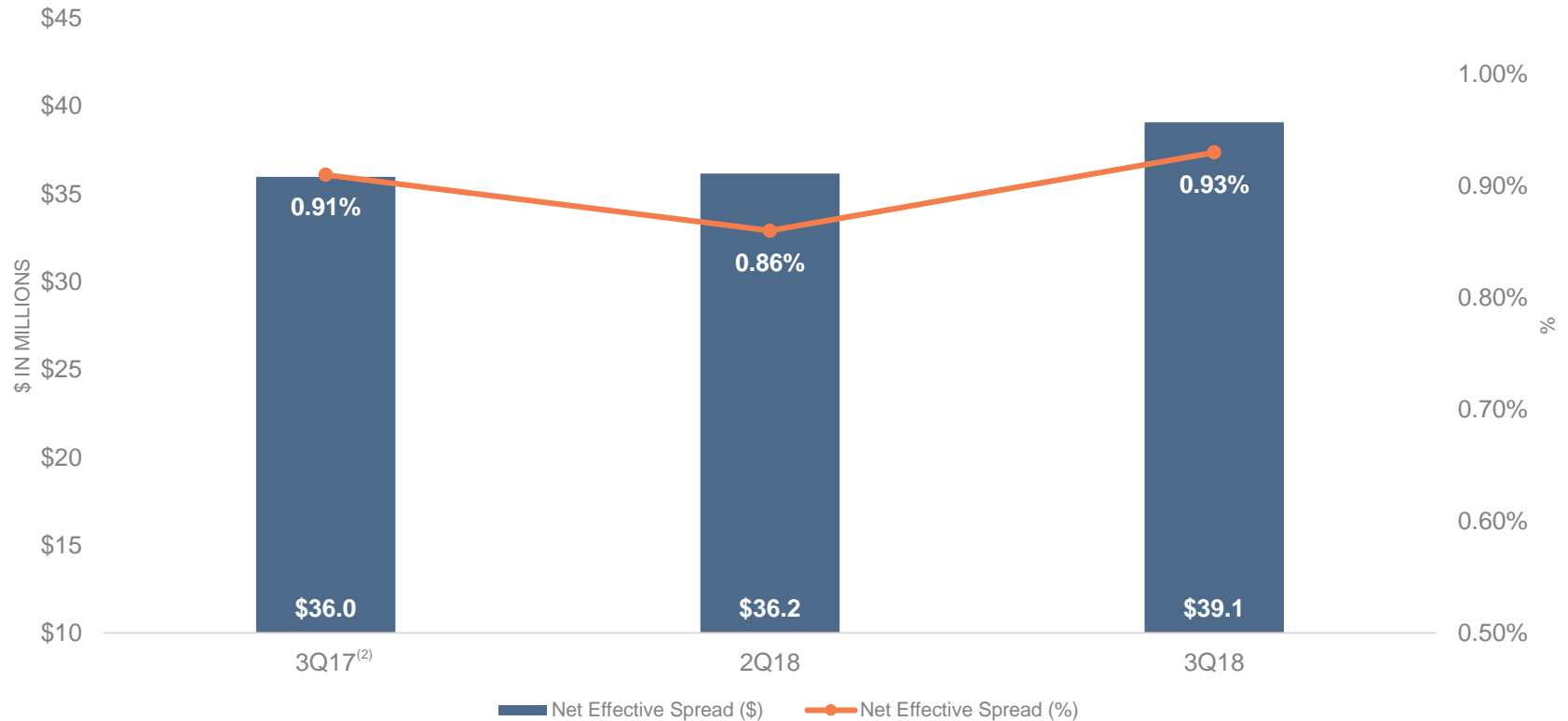


⁽¹⁾ Core earnings and core earnings per share are non-GAAP measures. For more information on the use of these non-GAAP measures, please see page 4. For a reconciliation of GAAP net income attributable to common stockholders and earnings per common share to core earnings and core earnings per share, respectively, please refer to pages 12 and 13 of the Appendix.

⁽²⁾ Third quarter 2017 information has been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 4.



Net Effective Spread (Non-GAAP Measure)⁽¹⁾



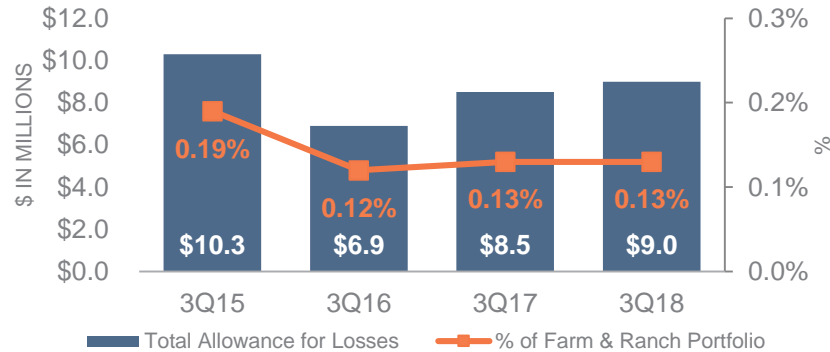
⁽¹⁾ Net effective spread is a non-GAAP measure. For more information on this non-GAAP measure, please see page 4. For a reconciliation of net effective spread to GAAP net interest income, please refer to page 14 of the Appendix.

⁽²⁾ Third quarter 2017 information has been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 4.

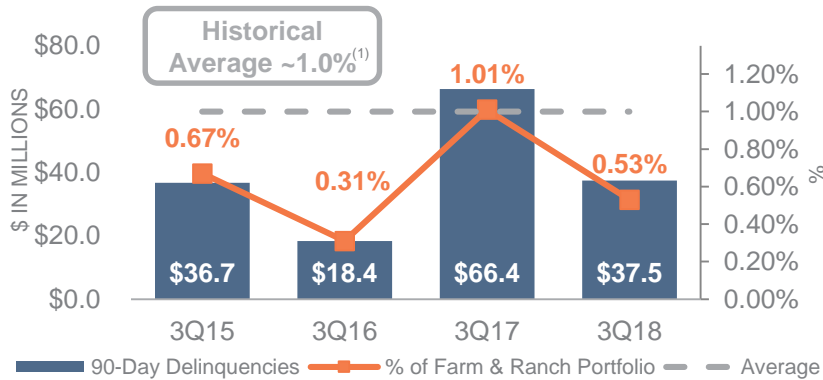


Credit Metrics

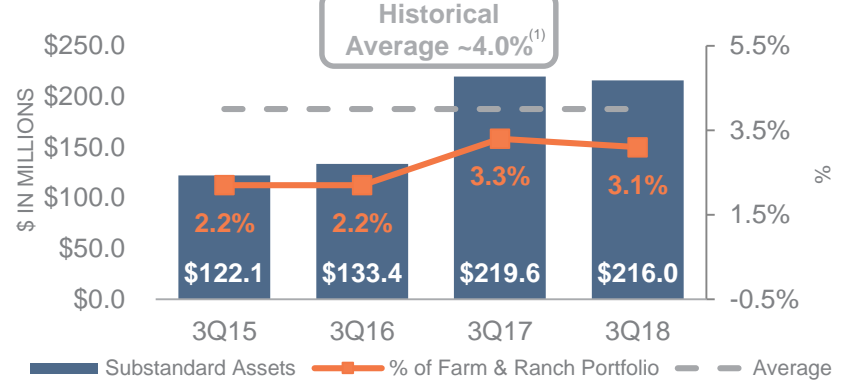
Total Allowance for Losses



90-Day Delinquencies



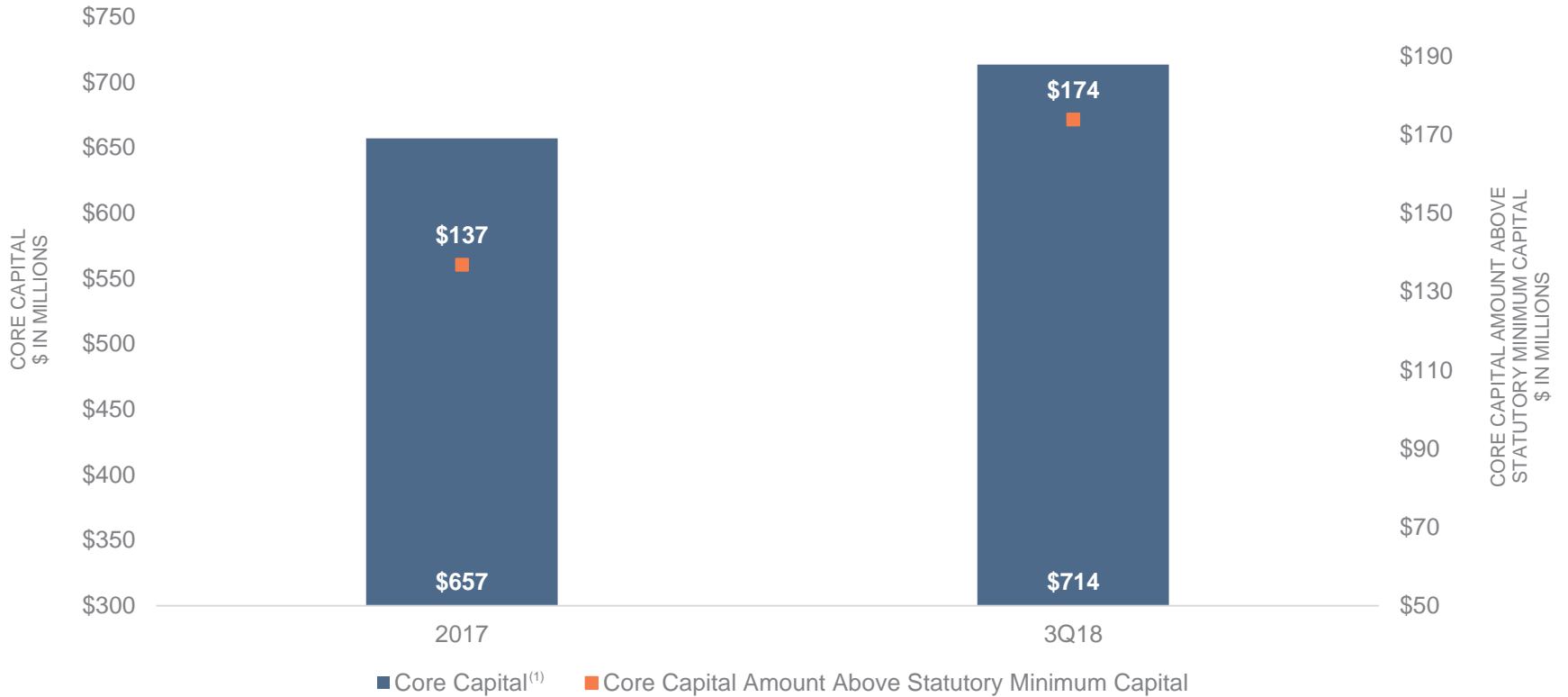
Substandard Assets



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



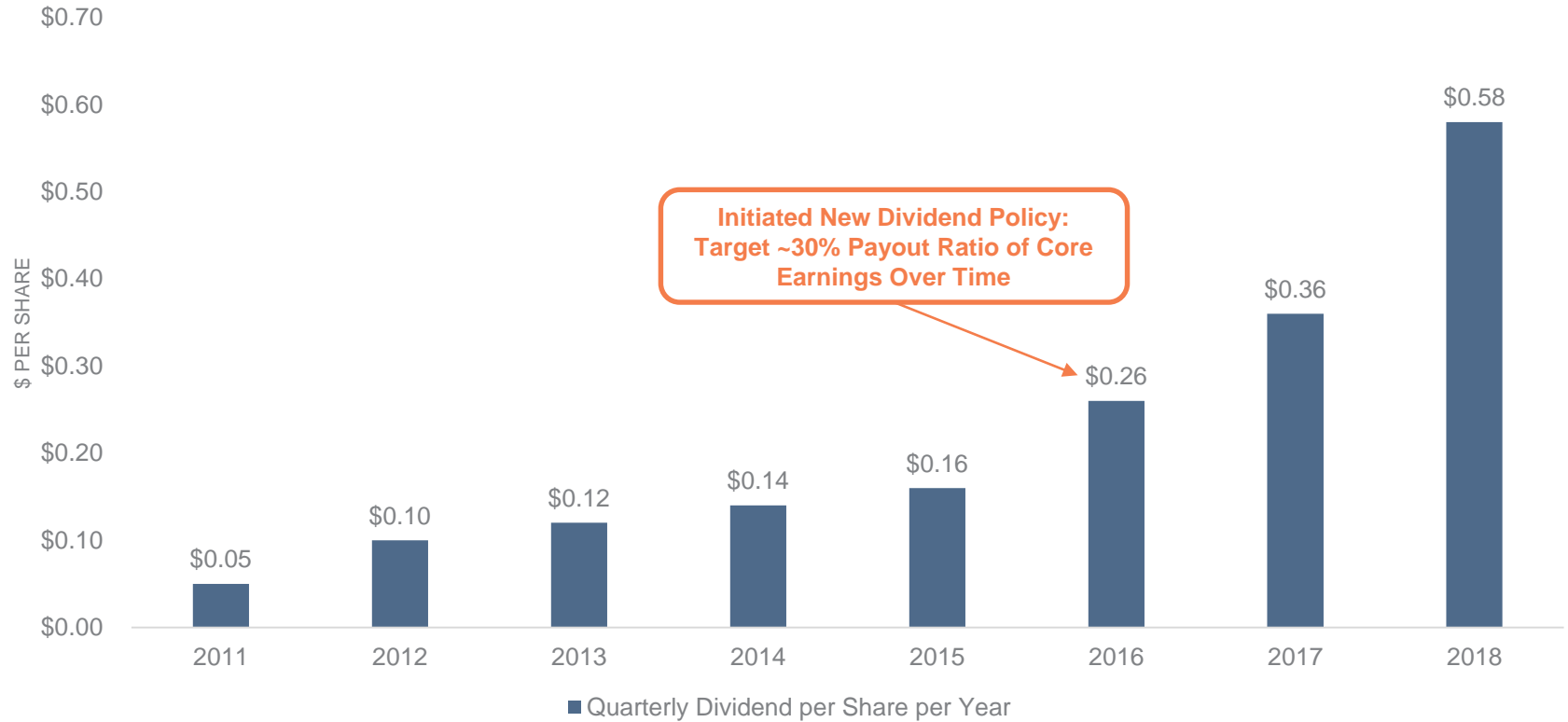
Capital



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



Historical Dividend Growth





Appendix

Reconciliation of Core Earnings to Net Income

<i>\$ in thousands</i>	For the Three Months Ended		
	Sep-18	Jun-18	Sep-17
Net income attributable to common stockholders	\$ 26,474	\$ 26,340	\$ 18,487
Less reconciling items:			
Gains on undesignated financial derivatives due to fair value changes	3,625	6,709	995
Gains on hedging activities due to fair value changes	1,051	1,687	1,742
Unrealized (losses)/gains on trading securities	(3)	11	-
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	(38)	196	(954)
Net effects of terminations or net settlements on financial derivatives and hedging activities	546	232	862
Income tax effect related to reconciling items	(1,088)	(1,855)	(926)
Sub-total	4,093	6,980	1,719
Core earnings	\$ 22,381	\$ 19,360	\$ 16,768

⁽¹⁾ Third quarter 2017 information has been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 4.



Reconciliation of Core Earnings per Share to Earnings per Common Share

	For the Three Months Ended		
	Sep-18	Jun-18	Sep-17
GAAP - Diluted EPS	\$ 2.46	\$ 2.45	\$ 1.71
Less reconciling items:			
Gains on undesignated financial derivatives due to fair value changes	0.33	0.62	0.09
Gains on hedging activities due to fair value changes	0.10	0.16	0.17
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	-	0.02	(0.09)
Net effects of terminations or net settlements on financial derivatives and hedging activities ⁽¹⁾	0.05	0.02	0.08
Income tax effect related to reconciling items	(0.10)	(0.17)	(0.09)
Sub-total	0.38	0.65	0.16
Core Earnings - Diluted EPS	\$ 2.08	\$ 1.80	\$ 1.55

⁽¹⁾ Third quarter 2017 information has been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 4.



Reconciliation of Net Effective Spread to Net Interest Income

<i>\$ in thousands</i>	For the Three Months Ended					
	September 30, 2018		June 30, 2018		September 30, 2017	
	Dollars	Yield	Dollars	Yield	Dollars	Yield
Net interest income/yield	\$ 45,058	0.99%	\$ 43,933	0.96%	\$ 39,562	0.92%
Net effects of consolidated trusts	(1,681)	0.05%	\$ (1,690)	0.04%	\$ (1,621)	0.04%
Expense related to undesignated financial derivatives	(3,223)	-0.08%	(3,998)	-0.09%	(2,675)	-0.07%
Amortization of premiums/discounts on assets consolidated at fair value	49	0.00%	(188)	-0.01%	961	0.03%
Amortization of losses due to terminations or net settlements on financial derivatives and hedging activities ⁽¹⁾	(75)	0.00%	(33)	0.00%	(251)	-0.01%
Fair Value Changes on fair value hedge relationships	(1,051)	-0.03%	(1,862)	-0.04%	0	0.00%
Net Effective Spread	\$ 39,077	0.93%	\$ 36,162	0.86%	\$ 35,976	0.91%

⁽¹⁾ Third quarter 2017 information has been recast to reflect the revised methodology for calculating net effective spread that became effective in fourth quarter 2017, as further described on page 4.

