Farmer Mac is a vital part of the agricultural credit markets and was created to increase the availability and affordability 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. In fact, we are often able to provide the lowest cost of borrowing to agricultural and rural borrowers. For more than 30 years, Farmer Mac has been delivering the capital and commitment rural America deserves.

“...Farmer Mac continues to work with agricultural lenders across the nation to provide the liquidity and capital that is essential for the success of America's farmers, ranchers and rural electric customers...”

– Congressman Frank Lucas (R-OK)

CONTACT INFORMATION

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INVESTMENT HIGHLIGHTS

FARMER MAC’S VITAL ROLE AND UNIQUE STRENGTHS

GSE AND INSTRUMENTALITY OF THE UNITED STATES

- Created by Congress in 1987
- $1.5 billion line of credit with U.S. Treasury
- Eligible for purchase by Federal Reserve Banks
- Publicly-traded debt securities exempt from SEC registration

SUPERIOR MARKET ACCESS

- Uninterrupted daily access to the debt capital markets
- Debt costs correlate with those of other GSEs
- 30 approved dealers provide liquidity in debt securities to the capital markets
- Debt issued through the Federal Reserve book entry system

BROAD AND INDEPENDENT OVERSIGHT

FEDERAL OVERSIGHT:
- Regulated by the Farm Credit Administration
- Oversight through Senate and House Agricultural Committees
- Subject to SEC regulations

OTHER OVERSIGHT:
- Subject to NYSE rules
- Financial statements audited by PricewaterhouseCoopers
- Independent risk officer oversight, internal audit and internal credit review functions

EXCEPTIONAL FINANCIAL STRENGTHS

ASSET QUALITY:
- No credit losses in the Rural Utilities, USDA, and Institutional Credit lines of business
- Historical cumulative credit losses of only 0.13% on $27 billion of volume
- Portfolio average loan-to-value ratio of 45%

LIQUIDITY & CAPITAL:
- Tier 1 capital ratio of 12.9%
- Core capital of $815 million, $197 million above statutory minimum capital requirement
- $3.6 billion liquidity investment portfolio, providing 176 days of contingent sources of liquidity

DEBT SECURITIES CARRY PRIVILEGES FOR INVESTORS

- Classified as a “Government Security” under Investment Company Act of 1940
- Carries a 20% capital risk weighting for many Federally regulated entities

GSE status allows continuous and cost effective access to the U.S. Agency debt markets

- Eligible collateral for the discount window at Federal Reserve Banks
- Has a #1 designation by the National Association of Insurance Commissioners

Eligible investment for credit unions under the National Credit Union Administration’s guidelines

- Many investors cannot use NRSRO ratings as investment criteria

1 All information is as of December 31, 2019.

2 Tier 1 capital consists of retained earnings, paid-in capital, common stock, and qualifying preferred stock.
Core Capital defined as total stockholders’ equity less accumulated other comprehensive income.

(Core Capital) $100 $200 $300 $500 $600 $700 $800 $900

DISCOUNT NOTES

(Core Capital) $143 $157 $168 $197

2016 2017 2018 2019

(Core Capital1) $610 $657 $728 $815

* Core earnings is a non-GAAP measure. For a reconciliation of core earnings to GAAP net income, see "MD&A" in Farmer Mac’s Form 10-K filed with the SEC on February 25, 2020.

NET LOSS / (GAIN) $12 $10 $11 $–1 $1 $2 $3 $4

HISTORICAL CREDIT LOSSES BY LOAN ORIGINATION YEAR $ in millions

AG STORAGE & PROCESSING
CROPS
PERMANENT PLANTINGS
LIVESTOCK
PART-TIME FARM / RURAL HOUSING

HISTORICAL CUMULATIVE LOSSES OF $33 MILLION ON $27 BILLION OF FARM & RANCH VOLUME
LESS THAN 1BP PER YEAR NO CREDIT LOSSES ON LOANS ORIGINATED AFTER 2011

DISCOUNT NOTE

WINDOW
DESCRIPTION: Structure, sizes, and discount rates are sent to dealer group and posted on Bloomberg system (ADN5 <Go>); sizes are updated until offerings are closed.

REVERSE INQUIRY
DESCRIPTION: Dealer/investor requests structure and sizes; Farmer Mac strives to fulfill each request.

TYPICAL STRUCTURE: Overnight–1 year
TYPICAL SIZE: $5–100 million
SETTLEMENT: Same day–5 business days
ISSUANCE FREQUENCY: Daily

TYPICAL STRUCTURE: 5 months–1 year
TYPICAL SIZE: $15–100 million
SETTLEMENT: Same day–5 business days
ISSUANCE FREQUENCY: As requested

MEDIUM-TERM NOTE

AUCTION
DESCRIPTION: Auction time, structures, and sizes sent to dealer group; lowest UST spread wins bonds.

REVERSE INQUIRY
DESCRIPTION: Dealer/investor requests structure and sizes; Farmer Mac strives to fulfill each request.

TYPICAL STRUCTURE: Fixed-rate bullets and callables up to 15 years
TYPICAL SIZE: $5–225 million
SETTLEMENT: 5 months–1 year
ISSUANCE FREQUENCY: Over night–1 year

TYPICAL STRUCTURE: Floating (Fed Funds LIBOR, T-bill, Prime, SOFR) and fixed-rate bullets and callables with maturities up to 30 years
TYPICAL SIZE: $15–100 million
SETTLEMENT: 5–20 business days
ISSUANCE FREQUENCY: Weekly

DEBT OUTSTANDING $ in millions

DISCOUNT NOTES
MEDIUM-TERM NOTES
2016 $9.9 $3.8 $12.7
2017 $13.8 $17 $15.5
2018 $14.6 $14 $16.2
2019 $16.9 $22 $19.1

DEBT OUTSTANDING

DISCOUNT NOTES
MEDIUM-TERM NOTES
2016 $9.9 $3.8 $12.7
2017 $13.8 $17 $15.5
2018 $14.6 $14 $16.2
2019 $16.9 $22 $19.1

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