

Fourth Quarter

FARMER  AC

*Debt Investor
Presentation*

2019

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. 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 December 31, 2019, 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 December 31, 2019, and should be read in conjunction with Farmer Mac's Annual Report on Form 10-K filed with the SEC on February 25, 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.



Farmer Mac Overview

Our Mission

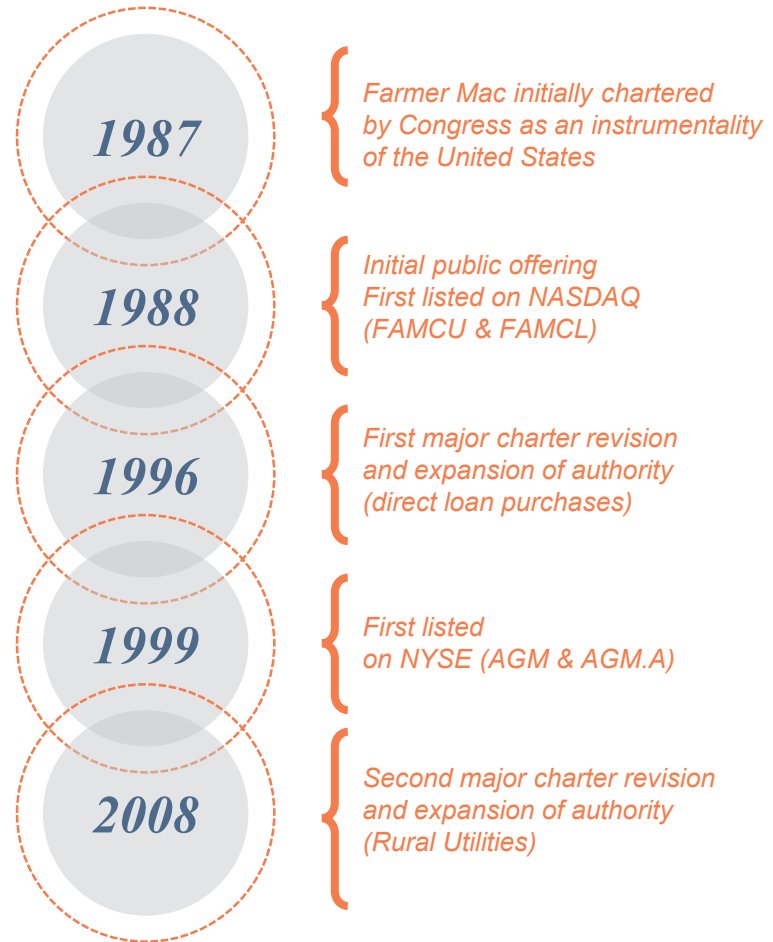
- Increase the availability and affordability of credit for the benefit of American agricultural and rural communities

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



Farmer Mac Compared to Farm Credit Banks

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

Central to a Large Addressable Ag Mortgage Market ^{(1) (2)}

FARMER  AC

(FCS Secondary Market GSE)

\$15.9 Billion
(6.5% Market Share)

Loan Purchase
Wholesale Funding
Credit Protection

Farm Credit System (FCS)

(Cooperative GSE)

- Four FCS Banks
- 73 Retail Agricultural Credit Associations

Mortgage Financing

Addressable Agriculture Mortgage Market

\$246 Billion ⁽⁴⁾

{Farmers & Ranchers}

Mortgage Financing

Non-FCS Ag Lenders

- Insurance Companies
- Ag Banks
- Non-Bank Lenders



Farmer Mac's Financial Strengths

Capital Surplus

- Core capital **\$196 million**, or **32%** above the statutory minimum capital
- Tier 1 Capital Ratio of **12.9%**⁽¹⁾

Quality Assets

- 90-Day delinquencies of only **0.29%** across all business lines
- Cumulative lifetime losses of only **0.13%**

Liquidity

- **\$3.6 billion** liquidity portfolio at December 31, 2019
- High quality assets provided **176 days of liquidity** as of December 31, 2019
- \$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

Strong Returns, Responsible Growth

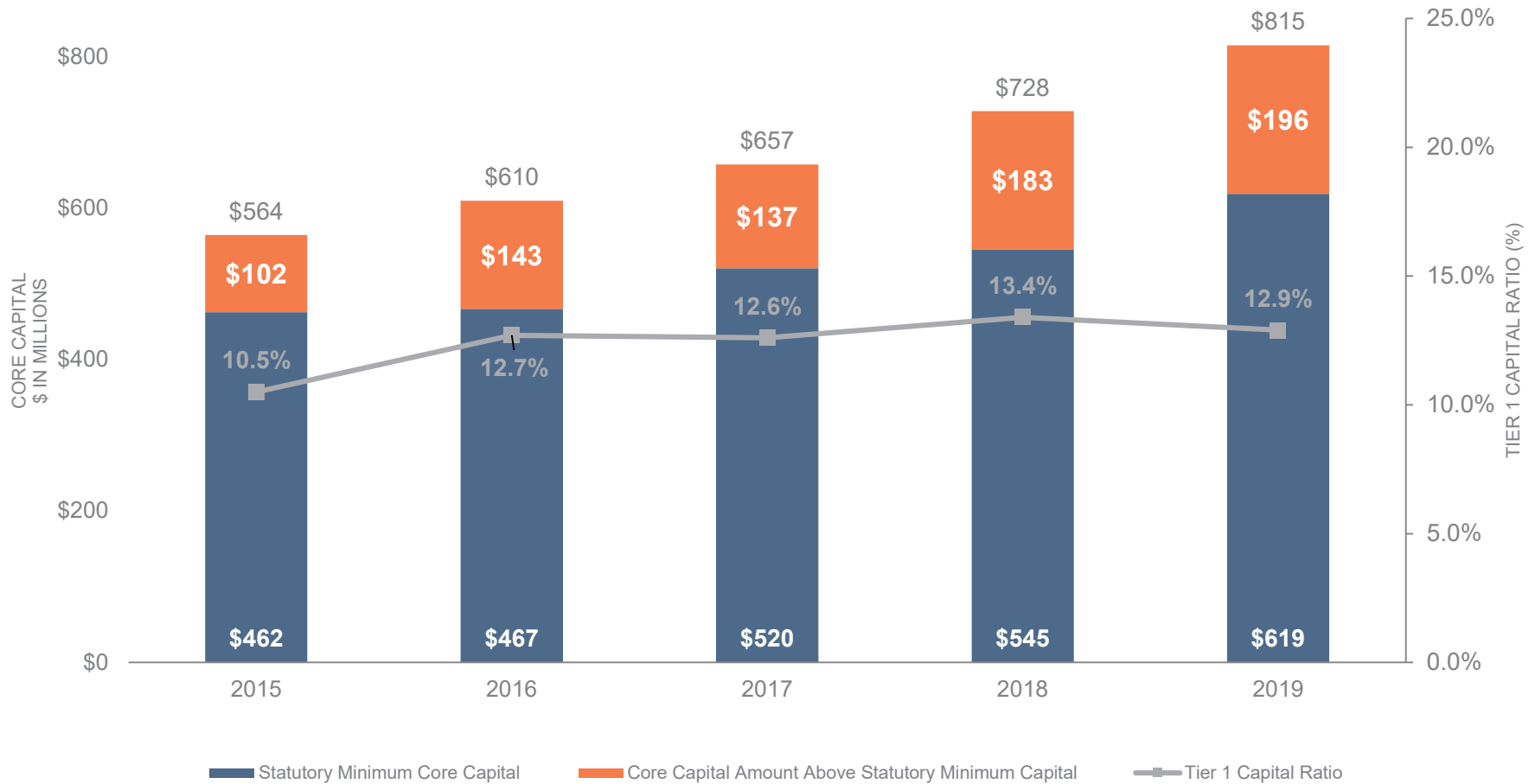
- Core earnings⁽²⁾ **ROE ~17%** in 2019
- **Double-digit** annual core earnings growth (2016-2019)

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

⁽²⁾ Core earnings is a non-GAAP measure. For a reconciliation of core earnings to GAAP net income attributable to common stockholders, please refer to page 15.



Strong and Growing Equity Capital Base



Statutory Minimum Core Capital defined as total stockholders' equity less accumulated other comprehensive income.

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

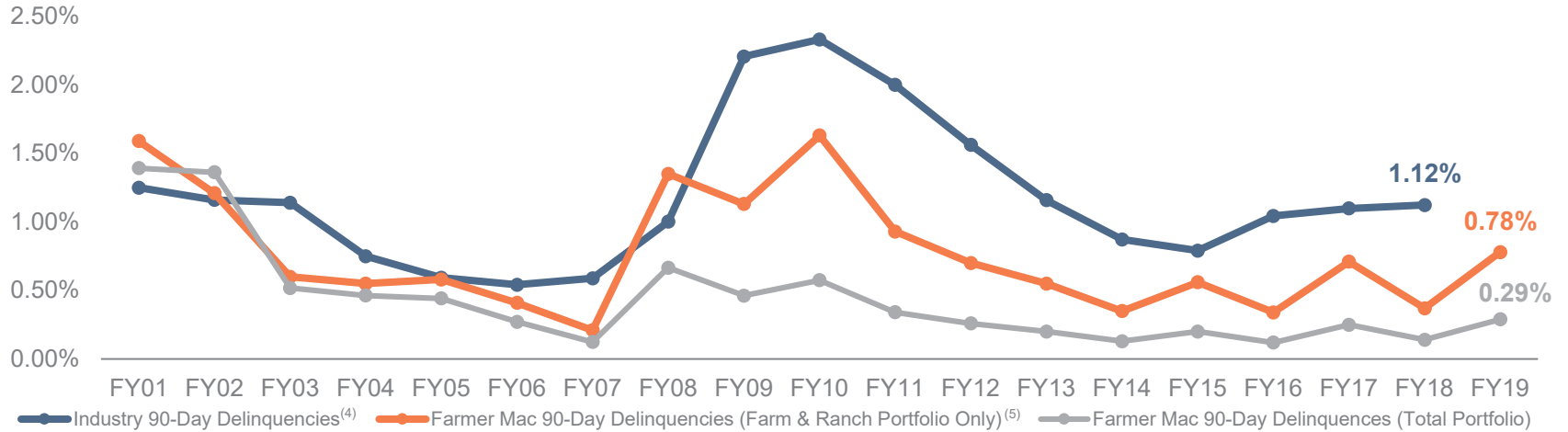
Losses less likely even in default

- Average LTV of 45% as of December 31, 2019
- Land values need to decline >55% to generate losses
- “Stress scenario” losses of 17% to 48%
- 1980s crisis saw land value declines of ~23%⁽³⁾

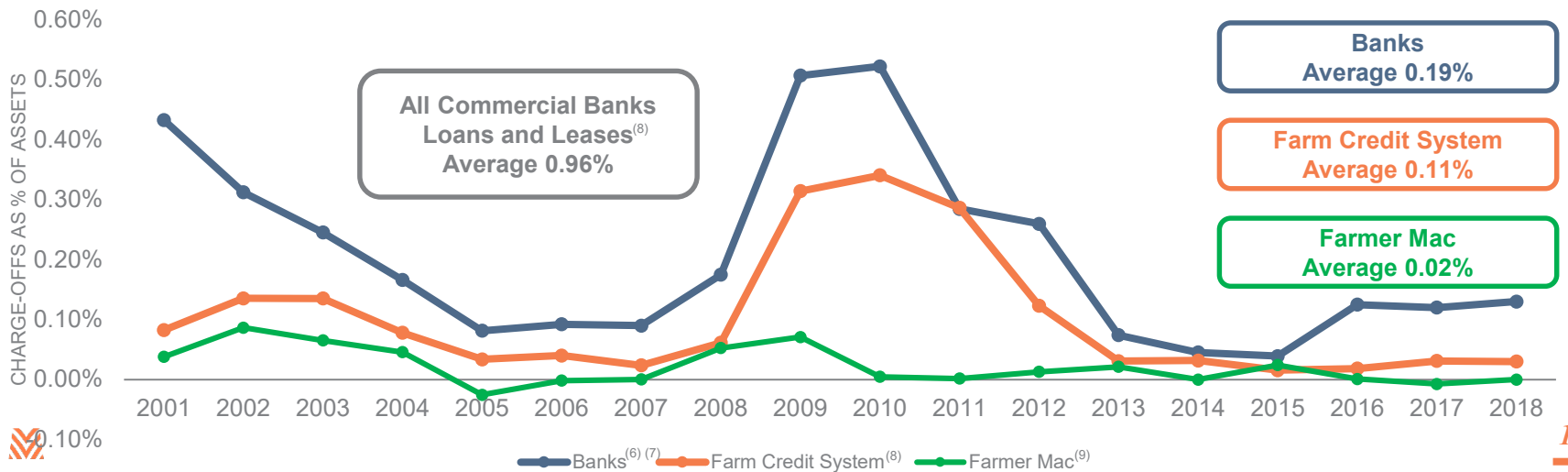


Credit Consistently Outperforms

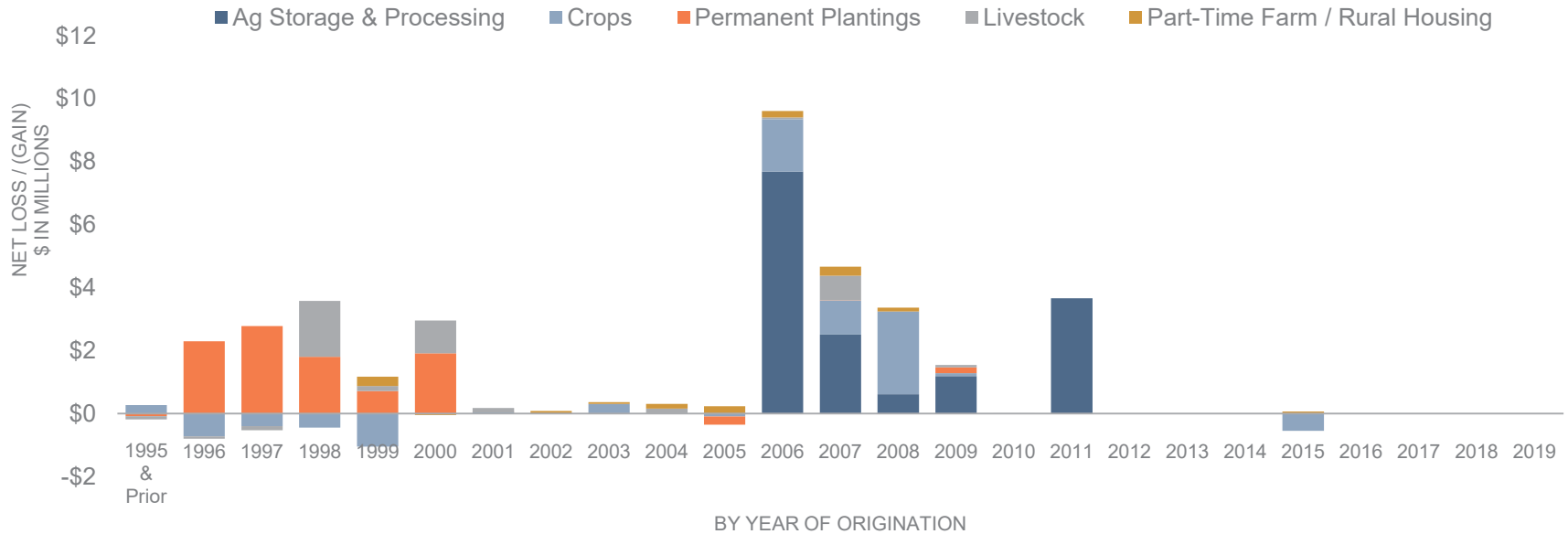
90-Day Delinquencies



Agricultural Lender Charge-off Rates



Historical Credit Losses



Farm & Ranch line of business has historical cumulative losses of 0.13%, or less than 1bp per year

- Cumulative F&R losses of \$33 million on \$27 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



Lines of Business and Products

AS OF DECEMBER 31, 2019

Product Type	Target Customers	Lines of Business				
		\$ IN BILLIONS AND PERCENTAGE OF TOTAL VOLUME				
		F & R	USDA	RU	IC	Total
LOAN PURCHASES	• Ag Banks	\$5.3	\$2.6	\$1.7	--	\$9.6
	• FCS Institutions					
	• Insurance Companies	25%	12%	8%		45%
	• Rural Utilities Cooperatives					
WHOLESALE FINANCING	• Ag Banks	--	--	--	\$8.4	\$8.4
	• Ag Investment Funds					
• AgVantage	• Insurance Companies				40%	40%
• Farm Equity AgVantage	• Rural Utilities Cooperatives					
CREDIT PROTECTION	• FCS Institutions	\$2.5	--	\$0.6	--	\$3.1
	• Ag Banks					
• Long-term Standby Purchase Commitments (LTSPCs)/ AMBS Guarantees	• Insurance Companies	12%		3%		15%
	• Ag Investment Funds					
	• Rural Utilities Cooperatives					
	Total	\$7.8	\$2.6	\$2.3	\$8.4	\$21.1

 = Allowances and provisions recorded on these assets

Note: Table may not sum to total due to rounding



Liquidity – Investment Portfolio

AS OF DECEMBER 31, 2019

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

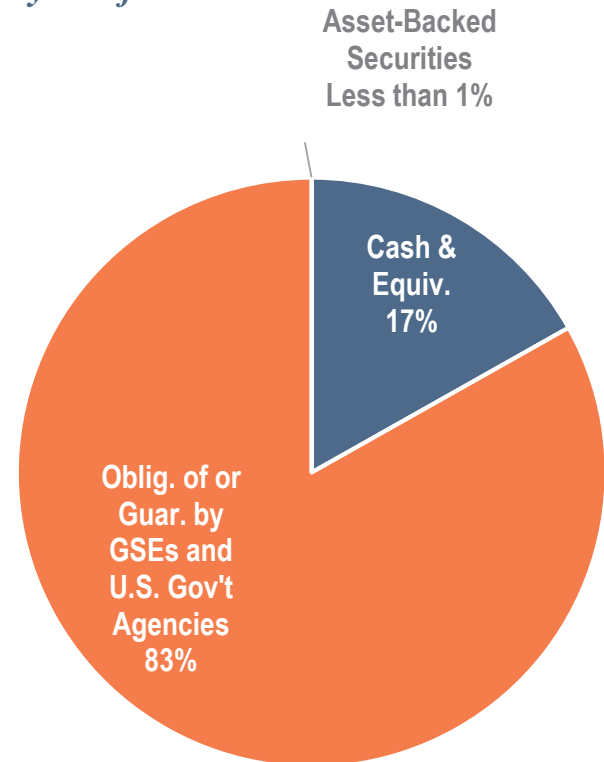
\$3.6 billion investment portfolio at December 31, 2019

- Cash and high quality investment securities
- Conservative portfolio goals
 - Minimize exposure to market volatility
 - Preservation of capital
 - Ready access to cash
- Provided 176 days of liquidity as of December 31, 2019

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

- Supports Farmer Mac’s guarantee obligations
- Farmer Mac has never used 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



Reconciliation of Net Income to Core Earnings

<i>(in thousands)</i>	Core Earnings by Period Ended				
	2019	2018	2017	2016	2015
Net income attributable to common stockholders	\$ 93,650	\$ 94,898	\$ 71,300	\$ 64,152	\$ 47,371
Less reconciling items:					
Gains on undesignated financial derivatives due to fair value changes	10,077	7,959	10,218	8,585	1,859
(Losses)/gains on hedging activities due to fair value changes	(9,010)	4,449	(719)	5,043	9,065
Unrealized gains/(losses) on trading assets	326	81	(24)	1,460	1,220
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	(122)	(461)	(1,327)	(849)	(1,319)
Net effects of terminations or net settlements on financial derivatives and hedging activities	1,089	1,708	2,674	2,178	(699)
Issuance costs on retirement of preferred stock	(1,956)	-	-	-	(8,147)
Re-measurement of net deferred tax asset due to enactment of new tax legislation	-	-	(1,365)	-	-
Income tax effect related to reconciling items	(496)	(2,885)	(3,788)	(5,746)	(1,643)
Sub-total	(92)	10,851	5,669	10,671	336
Core earnings	\$ 93,742	\$ 84,047	\$ 65,631	\$ 53,481	\$ 47,035

- 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.





Funding Programs

Farmer Mac Debt Program Overview

Finance asset purchases with proceeds of debt issuances

- 30 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
- Retail notes (Farmer Mac Notes program)
 - » Bullet and callable structures
 - » Bullets have survivor's option

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

- 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: # 1 Designation
- National Credit Union Administration: Investment for federal credit unions
- Investment Company Act of 1940: Classified as a "Government Security"



Farmer Mac Discount Note Program

	<i>Window</i>	<i>Reverse Inquiry</i>
<i>Description:</i>	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 requests structure and sizes; Farmer Mac strives to fulfill each request.
<i>Typical Structures:</i>	Overnight – 1 year	5 months – 1 year
<i>Typical Sizes:</i>	\$5 – 225 million	\$15 – 100 million
<i>Settlement:</i>	Same day – 5 business days	Same day – 5 business days
<i>Issuance Frequency:</i>	Daily	As requested



Farmer Mac Medium-Term Note Program

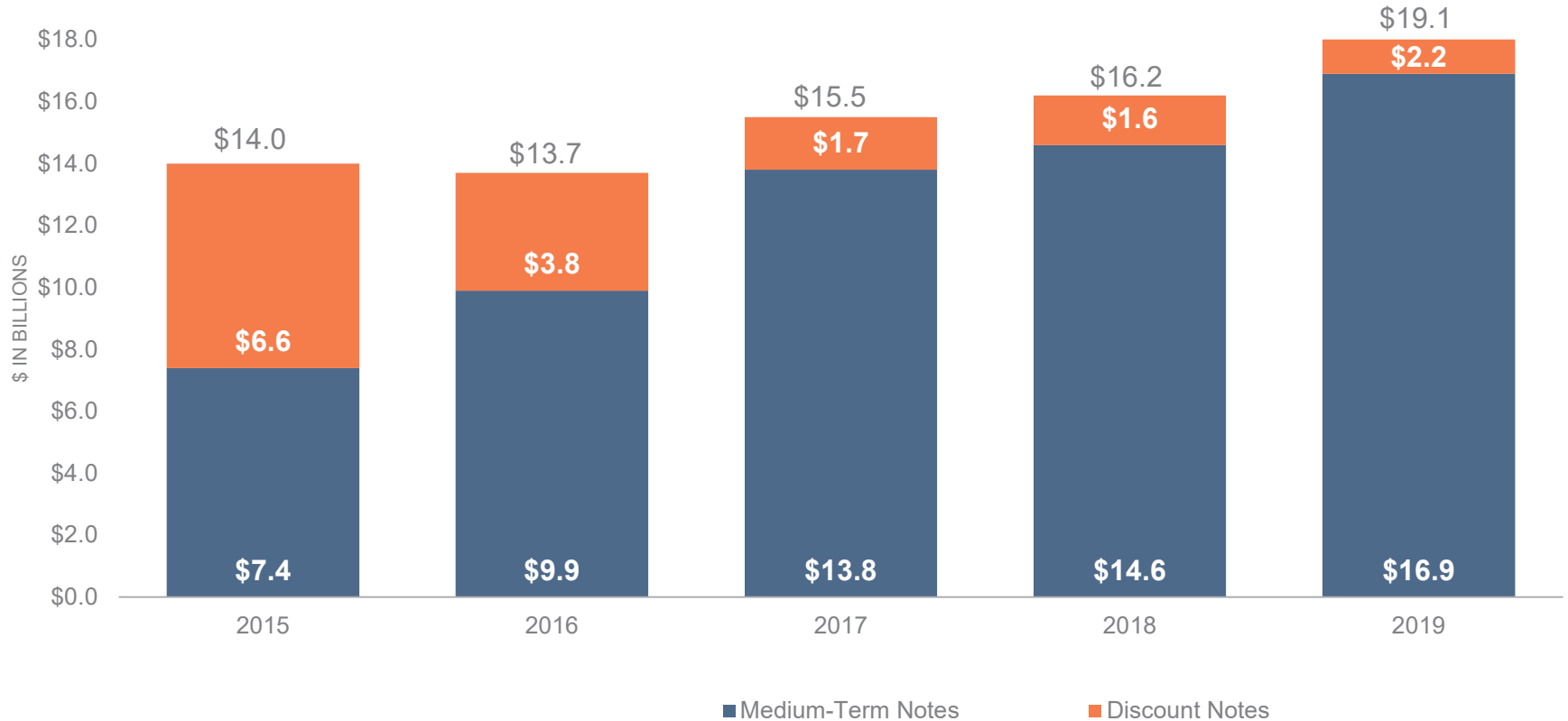
	<i>Auction</i>	<i>Reverse Inquiry</i>	<i>Syndicated</i>
<i>Description:</i>	Auction time, structures, and sizes sent to dealer group; lowest UST spread wins bonds.	Dealer/investor requests structure and sizes; Farmer Mac strives to fulfill each request.	Order book is generated, deal is priced, and allocated to investors.
<i>Typical Structures:</i>	<ul style="list-style-type: none"> • Fixed Rate Bullets and Callables up to 15 years • Call features are Bermudan and European 	<ul style="list-style-type: none"> • Floating (SOFR, Fed Funds, LIBOR, T-bill, Prime) and Fixed Rate Bullets with maturities up to 30 years • Callables (Fixed and Step Up/Down Rate) with flexible lockout and call features, with maturities of up to 30 years 	3-10 year Fixed Rate Bullets
<i>Typical Sizes:</i>	\$5 – 50 million	\$15 – 200 million	\$250 million and greater
<i>Settlement:</i>	5 – 10 business days	5 – 20 business days	3 business days
<i>Issuance Frequency:</i>	Weekly	As requested	Rarely



Farmer Mac Notes Program

	<i>Bullet</i>	<i>Callable</i>
<i>Description:</i>	Coupon set on Monday, offering period closes following Monday.	Coupon set on Monday, offering period closes following Monday.
<i>Typical Structures:</i>	Fixed Rate with maturities up to 30 years	Fixed and Step Up Rate with flexible lockout and call features, with maturities up to 30 years
<i>Typical Sizes:</i>	Best Efforts	Best Efforts
<i>Settlement:</i>	3 business days	3 business days
<i>Survivor's Option:</i>	Yes	No
<i>Denominations</i>	\$1,000 x \$1,000	\$1,000 x \$1,000
<i>Settlement</i>	DTC Book Entry	DTC Book Entry
<i>Fiscal Agent</i>	U.S. Bank National Association	U.S. Bank National Association

Farmer Mac Debt Outstanding



Resources

Footnote 1: 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 2: USDA, Economic Research Service forecast for remaining non-bank lenders for year-end 2018 on a prorated basis.

Footnote 3: USDA, National Agricultural Statistics Service (as of August 2015). Historic values are not necessarily predictive of future results or outcomes.

Footnote 4: 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 2019).

Footnote 5: 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 6: Board of Governors of the Federal Reserve System charge-off rates - <https://www.federalreserve.gov/releases/chargeoff/>

Footnote 7: Banks' charge-off rate is a percentage of agricultural loan assets.

Footnote 8: Farm Credit Banks Funding Corporation Annual Information Statements; Farm Credit System's charge-off rate is the percentage of total loans and guarantees

Footnote 9: Farmer Mac's charge-off rate is the percentage of total loans and guarantees.

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