



Farmer Mac Refresh

Portfolio Product Review

May 19, 2016

Solutions Ag Bankers Trust

- Transactions types available to Farmer Mac approved Sellers:
 - Loan purchases
 - Transfer of credit and ALM risk from lender to Farmer Mac through purchase of new or existing mortgages
 - Loan funding
 - Access “agency pricing” via a covered bond structure, with Farmer Mac counterparty as obligor (AgVantage)
 - Credit enhancements
 - Transfer of credit risk from lender to Farmer Mac through a Purchase Commitment (LTSPC)



2015 Results

BUSINESS OVERVIEW

PRODUCT TYPE	CUSTOMERS	LINES OF BUSINESS					
		F&R	USDA	RU	IC	TOTAL	
LOAN PURCHASES	<ul style="list-style-type: none"> Ag Banks Insurance Companies Rural Utilities Cooperatives 	\$3.0	\$1.9	\$1.0	—	\$5.9	
		19%	12%	6%	—	37%	
WHOLESALE FINANCING	<ul style="list-style-type: none"> Ag Banks Insurance Companies Ag Investment Funds Production and Agri-business Companies Rural Utilities Cooperatives 	—	—	—	\$6.7	\$6.7	
		—	—	—	43%	43%	
CREDIT PROTECTION	<ul style="list-style-type: none"> FCS Institutions Ag Banks Insurance Companies Ag Investment Funds Rural Utilities Cooperatives 	\$2.8	—	\$0.5	—	\$3.3	
		17%	—	3%	—	20%	
<small>□ Allowances and provisions recorded on these assets</small>		TOTAL	\$5.8	\$1.9	\$1.5	\$6.7	\$15.9

CREDIT QUALITY



OUTSTANDING VOLUME



CONTACT INFORMATION

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www.farmermac.com

STOCK INFORMATION

	CLASS A COMMON	CLASS C COMMON	SERIES A PREFERRED	SERIES B PREFERRED	SERIES C PREFERRED
NYSE Ticker:	AGM.A	AGM	AGM pr A	AGM pr B	AGM pr C
Price (12/31/15):	\$27.04	\$31.57	\$25.40	\$27.00	\$26.15
Dividend Yield:	2.37%*	2.03%*	5.875%**	6.875%**	6.000%**
Transfer Agent:	CST	CST	CST	CST	CST

*Q4 2015 dividend annualized divided by quarter end closing price.

**Par value annual dividend yield.

'15Q4

AGM LISTED NYSE
AGM.A LISTED NYSE

Eligible Borrowers and Properties (F&R)

- Types of loans
 - Must be first mortgage farm or ranch real estate loans
 - Revolving lines of credit are available if first mortgage secured
- Properties
 - Parcels of land capable of producing ag commodities or products
 - May be improved by buildings, fixtures and equipment permanently attached
 - No minimum or maximum acreage requirement
- Borrowers
 - U.S. citizens, nationals or aliens lawfully admitted for permanent U.S. residence
 - Corporations or partnerships where members, stockholders or partners holding a majority interest in the entity are U.S. citizens (or nationals) or aliens lawfully admitted for permanent U.S. residence. Co-borrowers or a personal guarantee is expected.
 - Trusts are eligible for Farmer Mac financing if there is a personal guarantee

Underwriting Grid

	Full UW Standard	Fast Track
Max Loan Size	\$12.6/\$50m	\$1,000k
LTV Ratio	70%	55%
Debt to Asset Ratio	50%	40%
Current Ratio	1.25:1	1:1
Debt Service	1.25:1	1:1
Credit Scores	680	720
Tax Return	3-Yrs	2-Yrs

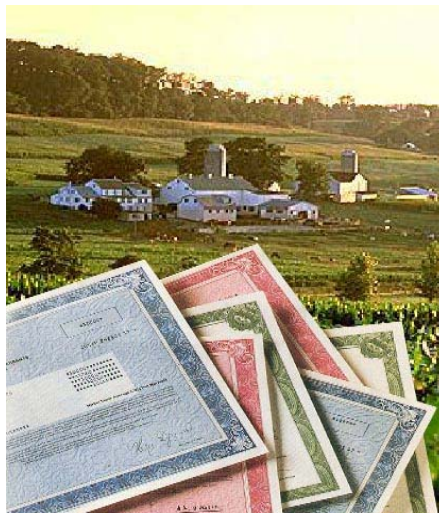
(More detail: <http://www.efarmermac.com/Resource/Index.aspx>)



AgVantage Program


Today's Discussion

- AgVantage Program
 - Farmer Mac approved Sellers are eligible
 - Must be a Farmer Mac Seller in Good Standing
 - Submit AgVantage Certified Facility Application
 - Farmer Mac reviews Seller's performance and rating
 - KROLL rating must be B- or better
 - Master Mortgage-Backed Bond and Security Agreement
 - Governs the issuance and repayment of, and the security for the bonds



Certified Facility Application

- Includes:
 - Most recent audited financial statements
 - Copy of ag mortgage underwriting, appraisal, administration and loan servicing procedures and standards
 - Attest that it is authorized to sell mortgage-backed bonds

FARMER  AC
AgVantage[®]
CERTIFIED FACILITY APPLICATION

1. Institution Name: _____ (the "Applicant")

2. Mailing Address: _____

3. The undersigned represents, warrants, and agrees, on behalf of the Applicant as an authorized officer thereof, that:

(A) It has provided (or otherwise made available) to Farmer Mac with a copy of its most recent audited financial statements and any unaudited financial statements issued after the audited statements;

(B) It has provided (or otherwise made available) to Farmer Mac with a copy of the agricultural mortgage underwriting, appraisal, administration (including applicable loan disclosures), and servicing standards and procedures it uses in making and servicing agricultural mortgage loans; and

(C) It is authorized to sell to Farmer Mac, an affiliate of Farmer Mac, or other Investors Mortgage-Backed Bonds as described in the documents relating to Farmer Mac's AgVantage[®] program.

(D) It shall allow officers, employees or other agents of Farmer Mac to have access to all books, accounts, financial records, reports, files, and all other papers, things, or property, of any type whatsoever, belonging to or used by Farmer Mac that are necessary to facilitate an examination of the operations of the Applicant in connection with AgVantage[®] securities, and the pools of loans that back AgVantage[®] securities.

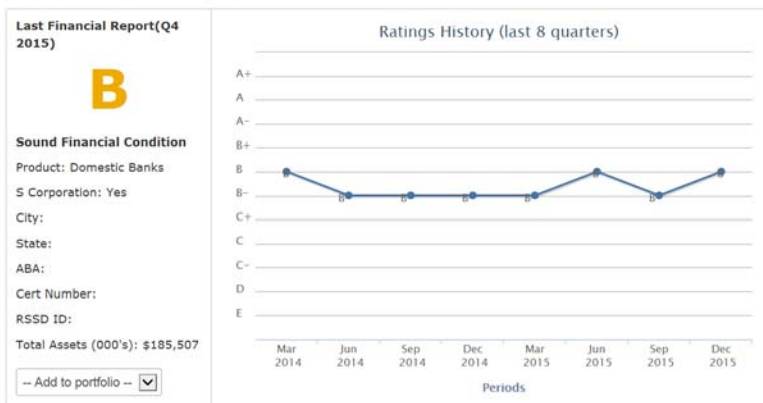
By: _____ Date: _____
Name: _____
Title: _____
(an authorized officer of Applicant)



Bank Ratings

- Kroll Bond Rating Agency (KBRA)
- Minimum acceptable rating is B-

FIRST NATIONAL BANK



AgVantage Credit Line Calculation

- Farmer Mac establishes maximum amount of AgVantage bonds that an Issuer may place:
 - 5x Issuer's capital, or
 - 20% of assets
 - \$50 million max exposure

AgVantage Issuer Approval - Calculation of Credit Limit

Applicant: First National Bank

	Applicant Information	Calculations based on Farmer Mac Guidelines (in 000's)
Equity Capital	\$ 20,000	\$100,000
Total Assets	\$ 195,000	\$39,000
Max Limit		\$50,000
>5 yr Limit		\$25,000
Credit Line		\$39,000
>5 yr limit		\$25,000

As of 12/31/15 Asset & Equity Capital Data (LACE)

AgVantage Bond Program

- AgVantage Bond Characteristics:
 - Non-amortizing
 - Monthly pay
 - Interest only payments
 - Payments due on 1st day of each month
 - Principal payable at maturity
 - Make whole fee for early prepayment



AgVantage Pricing

- 30-Day: 0.84%
- 90-Day: 1.04%
- 1-Year: 1.12%
- 3-Year: 1.68%
- 5-Year: 2.25%
- 10-Year: 3.26%

FARMER  AC	
AgVantage Program	
Maturity	Indicative Rate
30-Day	0.84%
90-Day	1.04%
1-Year	1.12%
3-Year	1.68%
5-Year	2.25%
10-Year	3.26%
Term	Description
Pay Date	First annual payment
Interest Accrual Calculation	30/360 day count convention
Pricing	Every Thursday
Pricing	First Tuesday after pricing
Prepayment Fee	None
30th-Ordinary Fee	None

* Rates are based on current market conditions. Actual rates are determined at time of pricing and may differ from these indications.
 † For transactions greater than \$12 million, other terms may apply. Call for pricing.
 ‡ Bonds are secured by Farmer's qualified mortgages. Some restrictions may be in place as required.
 § Farmer's may provide standard documents.
 ¶ Call 800-879-3268 for further information.

Position: 3/15/2018 10:04 AM Page 4 of 4



AgVantage Bond Commitment

AgVantage.

MORTGAGE-BACKED BOND ISSUANCE/PURCHASE COMMITMENT

AGREEMENT TO ISSUE/PURCHASE MORTGAGE-BACKED BONDS

Execute in duplicate and submit either copy to Farmer Mac

Subject to Farmer Mac's AgVantage Terms and Conditions ("T&C"), the Federal Agricultural Mortgage Corporation ("Farmer Mac") hereby accepts the offer of the Issuer named below on the terms stated below to sell to Farmer Mac AgVantage Mortgage-Backed Bonds in accordance with the Master Mortgage-Backed Bond and Security Agreement between the Seller and Farmer Mac and the T&C, each of which is fully incorporated herein by reference.

Offer Accepted by Farmer Mac

Date of Commitment (Trade Date)	5/9/2016	Principal Amount	\$5,000,000
Settlement Date	5/10/2016	Issue Price	100.00%
Maturity date	5/10/2017	Default Interest Rate	5.03%
Interest Rate	1.03%	AgVantage	
Day Count Convention	Actual / 365	Commitment/Bond Number	160501

PAYMENT SCHEDULE: See Attached

Federal Agricultural Mortgage Corporation

By _____
Name:
Title:

Receipt of Contract Hereby Acknowledged by Issuer

Issuer: _____ Wire Transfer Instructions



AgVantage Bond

FEDERAL AGRICULTURAL MORTGAGE CORPORATION
Washington, DC 20006

MORTGAGE-BACKED BOND NO. 160501
Non-Amortizing

For purposes of this Mortgage-Backed Bond the:

Issue Date shall be: 5/10/2016
Maturity Date shall be: 5/10/2017
Principal Sum shall be: \$5,000,000
Interest Rate shall be: 1.03%
Day Count Convention: Actual/365
Default Interest Rate: 5.03%

For value received, the undersigned maker (the "Issuer") promises to pay to the order of FARMER MAC MORTGAGE SECURITIES CORPORATION ("FMSC"), the assignee of the Federal Agricultural Mortgage Corporation, and FMSC's successors and assigns, the Principal Sum set forth above, with interest payable monthly from the Issue Date at the Interest Rate on the unpaid principal. Interest is payable at FMSC's office on the first day of each month that is a business day for FMSC. The final interest payment and the Principal Sum are payable at FMSC's office on the Maturity Date.

This Mortgage-Backed Bond is governed by, and subject to the agreements, terms and conditions contained or incorporated by reference in, the instrument entitled "Master Mortgage-Backed Bond and Security Agreement" between the Issuer and the Federal Agricultural Mortgage Corporation, the provisions of which are incorporated herein by reference.

This Mortgage-Backed Bond may be prepaid in whole or in part. FMSC will charge a prepayment fee which will be calculated by Farmer Mac to be an amount equal to the difference between (a) the present value of the amount prepaid discounted at the interest rate on this Mortgage-Backed Bond and (b) the present value of the amount prepaid discounted at the current yield on an obligation of the United States having a maturity similar to that of this Mortgage-Backed Bond. If (b) is equal to or greater than (a) there will be no prepayment fee.



AgVantage Bond Collateral

- Bond is secured by Farmer Mac Qualified Loans
 - Farm & Ranch mortgage loans
 - USDA guaranteed portions
- Relationship between bonds and collateral
 - No interest rate, cash flow, maturity, duration or other relationship between the terms of the Bond issued and the collateral



Bond Collateral

- How much collateral is required?
 - Specific Pledge – 120% “overcollateralization”
 - 83% advance rate **New: 90% Advance Rate**
 - General Pledge – 150% “overcollateralization”
 - 66% advance rate
- Mark-to market valuation
 - Completed by Farmer Mac monthly
- Substitution of collateral
 - Can freely substitute with other Qualified Loans



Pledge Agreement

FEDERAL AGRICULTURAL MORTGAGE CORPORATION

AgVantage

Master Mortgage-Backed Bond and Security Agreement

Specific Pledge

This Master Mortgage-Backed Bond and Security Agreement ("Agreement"), effective as of the _____ day of _____, is entered into between _____ (the "Issuer"), with its principal offices at _____

and the Federal Agricultural Mortgage Corporation ("Farmer Mac"), an instrumentality of the United States with its principal offices at 1133 Twenty-first Street, N.W., Suite 600, Washington, D.C. 20036.

WHEREAS, Farmer Mac has created "AgVantage" as a way of enabling certified agricultural mortgage marketing facilities ("Certified Facilities") to access its cash window program by selling obligations ("Mortgage-Backed Bonds" or "Bonds") to Farmer Mac from time to time and pledging eligible collateral to support those obligations;

WHEREAS, Farmer Mac has developed terms and conditions under which Certified Facilities may participate in AgVantage (the "Terms and Conditions") and has prepared certain master documentation that such entities may enter into in order to facilitate their participation in AgVantage;

WHEREAS, certain Certified Facilities that meet Farmer Mac's credit rating criteria may make a "specific pledge" of eligible collateral to Farmer Mac to secure its outstanding obligation(s) to Farmer Mac under which they are to specifically identify eligible collateral securing their obligation(s) without delivering such collateral to Farmer Mac, which collateral will be marked-to-market by Farmer Mac on a periodic basis; and



Monthly Collateral Report

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Assignment of Mortgages or Deeds of Trust (AgV-03)								Assignment of Mortgages or Deeds of Trust (AgV-03)							
2	Schedule I to the Confirmatory Assignment								Schedule I to the Confirmatory Assignment							
3	Issuer Name :								Issuer Name :							
4																
5	Dated: May 1, 2016								Dated:							
6																
7																
8																
9																
10	Issuer Name	Loan Number	Borrower Name	As of Date	Note Type (see note 1) (F, A or B)	Amortization Type (see note 2)	Loan Origination Date	Maturity Date	Original Term (in months)	Remaining Term (in months)	Last Interest Paid Thru Date	Next Payment Due Date	Payment Frequency (see note 3) (1, 2, 4 or 12)	Current Unpaid Principal Balance	Original Loan Amount	Current Note Rate (in decimal)
12		323		05/01/16	A	LP	6/20/2002	7/1/2022	240	75	3/17/2016	5/1/2016	12	\$380,059.89	\$819,000.00	6.000%
13		593		05/01/16	A	LP	8/29/2006	9/1/2026	240	123	4/17/2016	6/1/2016	12	\$64,304.11	\$100,000.00	4.500%
14		852		05/01/16	A	LP	10/7/2011	10/1/2031	240	186	3/17/2016	5/1/2016	12	\$589,339.15	\$1,800,000.00	5.500%
15		866		05/01/16	A	LP	1/3/2012	1/1/2032	240	190	12/17/2015	7/1/2016	2	\$838,825.14	\$974,000.00	5.500%
16		918		05/01/16	A	LP	6/21/2013	7/1/2033	240	207	3/17/2016	5/1/2016	12	\$418,427.03	\$460,980.00	4.500%
17		935		05/01/16	A	LP	11/1/2013	11/1/2033	240	211	3/17/2016	5/1/2016	12	\$1,018,899.34	\$1,100,000.00	5.500%
18		937		05/01/16	A	LP	11/20/2013	12/1/2033	120	91	4/17/2016	6/1/2016	12	\$54,320.38	\$70,000.00	5.500%
19		941		05/01/16	A	LP	12/31/2013	1/1/2034	240	213	3/17/2016	5/1/2016	12	\$469,648.15	\$525,000.00	5.500%
20		944		05/01/16	A	LP	12/31/2014	1/1/2035	240	225	3/17/2016	5/1/2016	12	\$825,075.97	\$817,298.91	5.500%
21		960		05/01/16	A	LP	6/20/2014	7/1/2034	240	218	4/17/2016	6/1/2016	12	\$156,069.33	\$165,000.00	5.500%
22		975		05/01/16	A	LP	12/8/2014	12/1/2034	240	223	4/17/2016	6/1/2016	12	\$328,201.84	\$343,000.00	5.500%
23		1023		05/01/16	A	LP	12/30/2015	1/1/2036	240	237	3/17/2016	5/1/2016	12	\$1,932,626.18	\$1,950,000.00	5.500%
24		1008		05/01/16	A	LP	8/31/2015	9/1/2035	240	233	3/17/2016	5/1/2016	12	\$783,736.88	\$800,000.00	5.000%
25		1009		05/01/16	A	LP	9/17/2015	7/1/2035	240	233	9/17/2015	7/1/2016	1	\$225,000.00	\$225,000.00	5.500%
26		1024		05/01/16	A	LP	1/5/2016	#REF!	240	238	2/17/2016	4/1/2016	12	\$310,000.00	\$310,000.00	5.500%
27		1032		05/01/16	A	LP	3/28/2016	4/1/2036	240	239	4/17/2016	6/1/2016	12	\$363,586.21	\$365,000.00	5.500%
28														\$8,779,119.60		





Farm & Ranch Purchase Commitment

Purchase Commitment Program Benefits

- Reduce credit risk for loans in the Long-Term Standby Purchase Commitment (LTSPC) pool
 - Manage commodity, geographic and borrower concentrations
- Improve financial results
 - Improve borrower hold limit calculations
 - Repurchase sold participations, improving related profits
 - Reduce reserve requirements for potential loan losses
 - Free up capital through risk-weighting loans in pool at 20% versus 100% for portfolio loans



Improve Financial Results

- Sample LTSPC transaction

Nominated & Accepted Qualified Loans:	\$10,000,000	
Risk-Adjusted Capital	Current	with LTSPC
Percent (%):	100%	20%
Dollars (\$):	\$10,000,000	\$2,000,000
Capital Target @ 10%	\$1,000,000	\$200,000
Freed-up Capital		\$800,000



Improve Financial Results

- Sample LTSPC transaction

Ag Real Estate		Ag Real Estate	
Participation Loan:	\$5,000,000	Purchase Commitment Loan:	\$5,000,000
Loan Spread:	4.00%	Loan Spread:	4.00%
Net Spread to Participant:	3.75%	Farmer Mac Fee	0.50%
Lender's S. Fee:	0.25%	Net Spread to Spread Retained by Lender:	3.50%
Benefits:	<i>Reduce Credit Risk</i>	Benefits:	<i>Reduce Credit Risk</i>
			<i>Increase Profitability</i>
			<i>Work Solely with Borrower</i>



Purchase Commitment by the Numbers

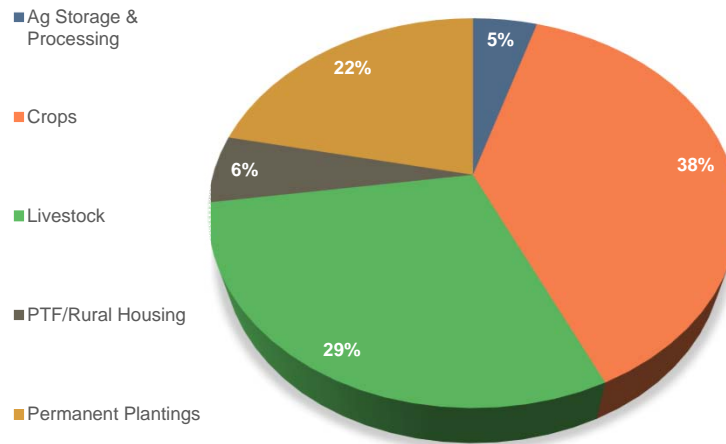
- Over 18 years of program history
- Over \$10.8 billion in cumulative Purchase Commitment volume to date
- Over 31,500 loans under commitment
- Over 120 commodities represented in 49 states



Cumulative Program Volume



Purchase Commitment Portfolio



How Does LTSPC Work?

- Two legal documents support the LTSPC
 - LTSPC Agreement
 - Covers loans in the initial pool and subsequent loans
 - Farmer Mac commits to purchase loans in pool if they become 90 days delinquent
 - Lender pays annual fee on a monthly basis
 - Master Servicing Agreement
 - Agreement is dormant until such time as Farmer Mac buys a loan from the LTSPC and the lender begins servicing the loan for Farmer Mac



How Does LTSPC Work?

- Lender offers initial commitment pool
 - Loan data is submitted to Farmer Mac
 - Farmer Mac reviews the loans represented by the lender
 - Loan-level commitment fee is assigned and a Qualified Loan Schedule (QLS) is created
 - QLS is signed by both parties and becomes effective for the pool



How Does LTSPC Work?

- Adding loans to the pool on a flow basis
 - Loans may be added on a flow basis and may be added on a pre or post-review basis
 - Participations in loans, pari passu, may be included
 - Loans are submitted for credit review via Farmer Mac's online electronic portal
 - Farmer Mac reviews the loans and a loan level commitment fee is assigned and a QLS is created
 - QLS is signed by both parties and becomes effective for the pool



Transaction Types

- LTSPC - Traditional
 - Lender owns the loan until it becomes 90 days delinquent
 - Loans risk weighted at 20%
 - Loans can be nominated on an individual basis
- LTSPC - Tranched
 - Lender owns the loan until it becomes 90 days delinquent
 - Lender retains 3% first loss position and Farmer Mac retains the next 97% of risk
 - Minimum initial pool size is \$50 million
 - Farmer Mac commitment fee reduced



Farm & Ranch Loan Qualifiers

- First mortgage on real estate used in agricultural production
- \$12.6 million maximum per loan over 1,000 acres; \$50 million if 1,000 acres or less
- 70% LTV up to \$5 million and 60% thereafter
 - Higher LTVs for some livestock operations (e.g. swine, poultry)
- Higher LTVs for certain intensive livestock operations (e.g. swine, poultry)
- Ag facility underwriting guidelines apply if the value of the property improvements exceed 60% of the total appraised value
 - Refer to Chapter 205 of the Farmer Mac Seller Guide



LTSPC – Traditional Pricing

- Commitment fee is 50 bps for most ag real estate loans
- Processing, storage & marketing loans have negotiated pricing based on risk profile



If Loans Become Delinquent

- Lender works with the borrower to resolve the delinquency
- Restructured loan may result
- Farmer Mac can purchase when the loan is 90 days past due
- Lender begins to act in its capacity as Central Servicer on Farmer Mac's behalf



Servicing LTSPC Loans

- Use typical industry practices
- Apply typical least-cost analysis to borrower rights process
- Farmer Mac's approval of proposed actions is needed:
 - Principal amortization is changed from what it was when the loan was first included under LTSPC
 - Collateral or obligors/guarantors supporting the loan is changed
- Actions not fitting these general categories do not need Farmer Mac approval (e.g. re-pricing)



Application of Liquidation Proceeds

1. To the Seller, accrued interest through six months following the first delinquency
2. To the Seller, protective advances and collection expenses
3. To Farmer Mac, interest from the purchase date
4. To Farmer Mac, the outstanding principal
5. To the Seller, other accrued interest
6. To the Servicer, unpaid servicing fees accrued during the period Farmer Mac owned the loan
7. To the Seller, default interest
8. To the Seller, prepayment penalties, if any
9. To Farmer Mac, the remainder, if any




Conclusion

- Farmer Mac is a dependable partner for your institution
- One on one training is available and recommended for all lenders
- Visit our Resource Library at www.efarmermac.com
- For more information, contact:
 - Patrick Kerrigan, Director of Business Development
 - PKerrigan@farmermac.com



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