



Farmer Mac Reports Second Quarter 2024 Results

- Outstanding Business Volume of \$28.8 Billion -

WASHINGTON, D.C., August 5, 2024 — The Federal Agricultural Mortgage Corporation (Farmer Mac; NYSE: AGM and AGM.A), the nation's secondary market provider that increases the accessibility of financing for American agriculture and rural infrastructure, today announced its results for the fiscal quarter ended June 30, 2024.

“We are pleased to deliver another strong earnings quarter, driven by our successful efforts over the last few years to grow and diversify our revenue streams, while maintaining disciplined asset liability management and a strong capital base,” said President and Chief Executive Officer, Brad Nordholm. “Our second quarter results highlight continued growth in net effective spread, an operating efficiency ratio better than our long-term strategic target, and a double digit return on equity. While we continue to operate against an uncertain economic, credit and interest rate backdrop, we believe our resilient business model positions us well to not only make progress on our strategic growth objectives but also to continue to fulfill our mission to serve America’s rural and agricultural communities and create more opportunities to enhance shareholder value in changing credit markets.”

Second Quarter 2024 Highlights

- Provided \$1.5 billion in liquidity and lending capacity to lenders serving rural America
- Net interest income grew 11% year-over-year to \$87.3 million
- Net effective spread¹ increased 2% from the prior-year period to \$83.6 million
- Net income attributable to common stockholders declined \$0.1 million year-over-year to \$40.3 million
- Core earnings¹ was \$39.8 million, or \$3.63 per diluted common share
- Maintained strong capital position with total core capital of \$1.5 billion, exceeding statutory requirement by 71% and a Tier 1 Capital Ratio of 15.3% as of June 30, 2024
- As of June 30, 2024, Farmer Mac had 283 days of liquidity
- Closed the fourth structured securitization transaction involving approximately \$300 million of agricultural mortgage loans

<i>\$ in thousands, except per share amounts</i>	Quarter Ended				
	June 30, 2024	March 31, 2024	June 30, 2023	Sequential % Change	YOY % Change
Net Change in Business Volume	\$(88,891)	\$376,206	\$252,934	N/A	N/A
Net Interest Income (GAAP)	\$87,340	\$86,368	\$78,677	1%	11%
Net Effective Spread (Non-GAAP)	\$83,596	\$83,044	\$81,832	1%	2%
Diluted EPS (GAAP)	\$3.68	\$4.28	\$3.70	(14)%	(1)%
Core EPS (Non-GAAP)	\$3.63	\$3.96	\$3.86	(8)%	(6)%

¹ Non-GAAP Measure

Earnings Conference Call Information

The conference call to discuss Farmer Mac's second quarter 2024 financial results will be held beginning at 4:30 p.m. eastern time on Monday, August 5, 2024, and can be accessed by telephone or live webcast as follows:

Telephone (Domestic): (800) 836-8184

Telephone (International): (646) 357-8785

Webcast: <https://www.farmermac.com/investors/events-presentations/>

When dialing in to the call, please ask for the "Farmer Mac Earnings Conference Call." The call can be heard live and will also be available for replay on Farmer Mac's website for two weeks following the conclusion of the call.

More complete information about Farmer Mac's performance for second quarter 2024 is in Farmer Mac's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, filed today with the SEC.

Use of Non-GAAP Measures

In the accompanying analysis of its financial information, Farmer Mac uses "non-GAAP measures," which are measures of financial performance that are not presented in accordance with GAAP. Specifically, Farmer Mac uses the following non-GAAP 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 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

The main difference between core earnings and core earnings per share (non-GAAP measures) and net income attributable to common stockholders and earnings per common share (GAAP measures) is that those non-GAAP measures exclude 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. Another difference is that these two non-GAAP measures exclude specified infrequent or unusual transactions that we believe are not indicative of future operating results and that may not reflect the trends and economic financial performance of Farmer Mac's core business. For example, in prior periods, we excluded any losses on retirement of preferred stock from core earnings and core earnings per share. Farmer Mac redeemed all outstanding shares of its Series C Preferred Stock on July 18, 2024 and plans to exclude any losses on retirement of preferred stock from core earnings and core earnings per share in the presentation of its financial results for third quarter 2024. For a reconciliation of Farmer Mac's net income attributable to common stockholders to core earnings and of earnings per common share to core earnings per share, see "Management's Discussion and Analysis of Financial Condition and Results of Operations

—Results of Operations" in Farmer Mac's Annual Report on Form 10-Q for the quarter ended June 30, 2024, filed August 5, 2024 with the SEC.

Net Effective Spread

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. As further explained below, net effective spread differs from net interest income and net interest yield by excluding certain items from net interest income and net interest yield and including certain other items that net interest income and net interest yield do not contain.

Farmer Mac excludes from net effective spread the interest income and interest expense associated with the consolidated trusts and the average balance of the loans underlying these trusts to reflect management's view that the net interest income Farmer Mac earns on the related Farmer Mac Guaranteed Securities owned by third parties is effectively a guarantee fee. Accordingly, the excluded interest income and interest expense associated with consolidated trusts is reclassified to guarantee and commitment fees in determining Farmer Mac's core earnings. Farmer Mac also excludes from net effective spread the fair value changes of financial derivatives and the corresponding assets or liabilities designated in fair value hedge accounting relationships because they are not expected to have an economic effect on Farmer Mac's financial performance, as we expect to hold the financial derivatives and corresponding hedged items to maturity.

Net effective spread also differs from net interest income and net interest yield because it includes the accrual of income and expense related to the contractual amounts due on financial derivatives that are not designated in hedge accounting relationships ("undesignated financial derivatives"). Farmer Mac uses interest rate swaps to manage its interest rate risk exposure by synthetically modifying the interest rate reset or maturity characteristics of certain assets and liabilities. The accrual of the contractual amounts due on interest rate swaps designated in hedge accounting relationships is included as an adjustment to the yield or cost of the hedged item and is included in net interest income. For undesignated financial derivatives, Farmer Mac records the income or expense related to the accrual of the contractual amounts due in "(Losses)/gains on financial derivatives" on the consolidated statements of operations. However, the accrual of the contractual amounts due for undesignated financial derivatives are included in Farmer Mac's calculation of net effective spread.

Net effective spread also differs from net interest income and net interest yield because it includes the net effects of terminations or net settlements on financial derivatives, which consist of: (1) the net effects of cash settlements on agency forward contracts on the debt of other GSEs and U.S. Treasury security futures that we use as short-term economic hedges on the issuance of debt; and (2) the net effects of initial cash payments that Farmer Mac receives upon the inception of certain swaps. The inclusion of these items in net effective spread is intended to reflect our view of the complete net spread between an asset and all of its related funding, including any associated derivatives, whether or not they are designated in a hedge accounting relationship.

More information about Farmer Mac's use of non-GAAP measures is available in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations" in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2023, filed February 23, 2024 with the SEC. For a reconciliation of Farmer Mac's net income attributable to common stockholders to core earnings and of earnings per common share to core earnings per share, and net interest income and net interest yield to net effective spread, see "Reconciliations" below.

Forward-Looking Statements

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 in this release, including uncertainties about:

- the availability to Farmer Mac of debt and equity financing and, if available, the reasonableness of rates and terms;
- legislative or regulatory developments that could affect Farmer Mac, its sources of business, or agricultural or rural infrastructure industries;
- fluctuations in the fair value of assets held by Farmer Mac and its subsidiaries;
- the level of lender interest in Farmer Mac's products and the secondary market provided by Farmer Mac;
- the general rate of growth in agricultural mortgage and rural infrastructure indebtedness;
- the effect of economic conditions stemming from disruptive global events or otherwise on agricultural mortgage or rural infrastructure lending, borrower repayment capacity, or collateral values, including inflation, fluctuations in interest rates, changes in U.S. trade policies, fluctuations in export demand for U.S. agricultural products and foreign currency exchange rates, supply chain disruptions, increases in input costs, labor availability, and volatility in commodity prices;
- the degree to which Farmer Mac is exposed to interest rate risk resulting from fluctuations in Farmer Mac's borrowing costs relative to market indexes;
- developments in the financial markets, including possible investor, analyst, and rating agency reactions to events involving government-sponsored enterprises, including Farmer Mac;
- the effects of the Federal Reserve's efforts to achieve monetary policy normalization to respond to inflation and employment levels; and
- other factors that could hinder agricultural mortgage lending or borrower repayment capacity, including the effects of severe weather, flooding and drought, climate change, or fluctuations in agricultural real estate values.

Other risk factors are discussed in "Risk Factors" in Part I, Item 1A in Farmer Mac's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 23, 2024. Considering these potential risks and uncertainties, no undue reliance should be placed on any forward-looking statements expressed in this release. The forward-looking statements contained in this release represent management's expectations as of the date of this release. Farmer Mac undertakes no obligation to release publicly the results of revisions to any forward-looking statements included in this release to reflect new information or any future events or circumstances, except as otherwise required by applicable law. The information in this release is not necessarily indicative of future results.

About Farmer Mac

Farmer Mac is driven by its mission to increase the accessibility of financing for American agriculture and rural infrastructure. As the nation's premier secondary market for agricultural credit, we provide financial solutions to a broad spectrum of customers supporting rural America, including agricultural lenders, agribusinesses, and rural electric cooperatives. We are uniquely positioned to facilitate competitive access to financing that fuels growth, innovation, and prosperity in America's rural and agricultural communities. Additional information about Farmer Mac (including the Annual Report on Form 10-K referenced above) is available on our website at www.farmermac.com.

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FEDERAL AGRICULTURAL MORTGAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

	As of	
	June 30, 2024	December 31, 2023
<i>(in thousands)</i>		
Assets:		
Cash and cash equivalents	\$ 922,961	\$ 888,707
Investment securities:		
Available-for-sale, at fair value (amortized cost of \$5,410,032 and \$5,060,135, respectively)	5,248,715	4,918,931
Held-to-maturity, at amortized cost	9,270	53,756
Other investments	7,398	6,817
Total Investment Securities	5,265,383	4,979,504
Farmer Mac Guaranteed Securities:		
Available-for-sale, at fair value (amortized cost of \$5,755,298 and \$5,825,433, respectively)	5,399,151	5,532,479
Held-to-maturity, at amortized cost	3,929,068	4,213,069
Total Farmer Mac Guaranteed Securities	9,328,219	9,745,548
USDA Securities:		
Trading, at fair value	1,026	1,241
Held-to-maturity, at amortized cost	2,330,535	2,354,171
Total USDA Securities	2,331,561	2,355,412
Loans:		
Loans held for investment, at amortized cost	10,041,653	9,623,119
Loans held for investment in consolidated trusts, at amortized cost	1,761,355	1,432,261
Allowance for losses	(16,500)	(16,031)
Total loans, net of allowance	11,786,508	11,039,349
Financial derivatives, at fair value	53,686	37,478
Accrued interest receivable (includes \$21,711 and \$16,764, respectively, related to consolidated trusts)	285,774	287,128
Guarantee and commitment fees receivable	46,754	49,832
Deferred tax asset, net	—	8,470
Prepaid expenses and other assets	173,468	132,954
Total Assets	\$ 30,194,314	\$ 29,524,382
Liabilities and Equity:		
Liabilities:		
Notes payable	\$ 26,542,671	\$ 26,336,542
Debt securities of consolidated trusts held by third parties	1,662,549	1,351,069
Financial derivatives, at fair value	118,421	117,131
Accrued interest payable (includes \$10,275 and \$9,407, respectively, related to consolidated trusts)	194,171	181,841
Guarantee and commitment obligation	44,758	47,563
Accounts payable and accrued expenses	125,267	76,662
Deferred tax liability, net	3,804	—
Reserve for losses	1,694	1,711
Total Liabilities	28,693,335	28,112,519
Commitments and Contingencies		
Equity:		
Preferred stock:		
Series C, par value \$25 per share, 3,000,000 shares authorized, issued and outstanding	73,382	73,382
Series D, par value \$25 per share, 4,000,000 shares authorized, issued and outstanding	96,659	96,659
Series E, par value \$25 per share, 3,180,000 shares authorized, issued and outstanding	77,003	77,003
Series F, par value \$25 per share, 4,800,000 shares authorized, issued and outstanding	116,160	116,160
Series G, par value \$25 per share, 5,000,000 shares authorized, issued and outstanding	121,327	121,327
Common stock:		
Class A Voting, \$1 par value, no maximum authorization, 1,030,780 shares outstanding	1,031	1,031
Class B Voting, \$1 par value, no maximum authorization, 500,301 shares outstanding	500	500
Class C Non-Voting, \$1 par value, no maximum authorization, 9,350,240 shares and 9,310,872 shares outstanding, respectively	9,350	9,311
Additional paid-in capital	134,143	132,919
Accumulated other comprehensive loss, net of tax	(9,141)	(40,145)
Retained earnings	880,565	823,716
Total Equity	1,500,979	1,411,863
Total Liabilities and Equity	\$ 30,194,314	\$ 29,524,382

FEDERAL AGRICULTURAL MORTGAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<i>(in thousands, except per share amounts)</i>				
Interest income:				
Investments and cash equivalents	\$ 84,538	\$ 69,779	\$ 169,462	\$ 129,482
Farmer Mac Guaranteed Securities and USDA Securities	166,063	144,761	332,876	281,298
Loans	153,105	129,292	297,685	248,324
Total interest income	403,706	343,832	800,023	659,104
Total interest expense	316,366	265,155	626,315	501,369
Net interest income	87,340	78,677	173,708	157,735
Provision for losses	(6,179)	(1,073)	(4,378)	(1,620)
Net interest income after provision for losses	81,161	77,604	169,330	156,115
Non-interest income/(expense):				
Guarantee and commitment fees	3,797	3,489	7,714	7,422
(Losses)/gains on financial derivatives	(1,799)	1,693	280	2,092
Losses on sale of mortgage loans	(1,147)	—	(1,147)	—
Gains on sale of available-for-sale investment securities	1,052	—	1,052	—
(Provision for)/release of reserve for losses	(51)	(69)	18	(272)
Other income	674	758	1,923	1,984
Non-interest income	2,526	5,871	9,840	11,226
Operating expenses:				
Compensation and employee benefits	14,840	13,937	33,097	29,288
General and administrative	8,904	9,420	17,159	16,947
Regulatory fees	725	831	1,450	1,666
Operating expenses	24,469	24,188	51,706	47,901
Income before income taxes	59,218	59,287	127,464	119,440
Income tax expense	12,113	12,075	26,613	25,193
Net income	47,105	47,212	100,851	94,247
Preferred stock dividends	(6,792)	(6,791)	(13,583)	(13,582)
Net income attributable to common stockholders	\$ 40,313	\$ 40,421	\$ 87,268	\$ 80,665
Earnings per common share:				
Basic earnings per common share	\$ 3.71	\$ 3.73	\$ 8.04	\$ 7.46
Diluted earnings per common share	\$ 3.68	\$ 3.70	\$ 7.96	\$ 7.39

Reconciliations

Reconciliations of Farmer Mac's net income attributable to common stockholders to core earnings and core earnings per share are presented in the following tables along with information about the composition of core earnings for the periods indicated:

Reconciliation of Net Income Attributable to Common Stockholders to Core Earnings

	For the Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
	<i>(in thousands, except per share amounts)</i>		
Net income attributable to common stockholders	\$ 40,313	\$ 46,955	\$ 40,421
Less reconciling items:			
(Losses)/gains on undesignated financial derivatives due to fair value changes	(359)	1,683	2,141
Gains/(losses) on hedging activities due to fair value changes	2,604	3,002	(4,901)
Unrealized losses on trading assets	(87)	(14)	(57)
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	26	31	29
Net effects of terminations or net settlements on financial derivatives	(1,505)	(192)	583
Income tax effect related to reconciling items	(143)	(947)	464
Sub-total	536	3,563	(1,741)
Core earnings	<u>\$ 39,777</u>	<u>\$ 43,392</u>	<u>\$ 42,162</u>
Composition of Core Earnings:			
Revenues:			
Net effective spread ⁽¹⁾	\$ 83,596	\$ 83,044	\$ 81,832
Guarantee and commitment fees ⁽²⁾	5,256	4,982	4,581
Gain on sale of investment securities (GAAP)	1,052	—	—
Loss on sale of mortgage loan (GAAP)	(1,147)	—	—
Other ⁽³⁾	481	1,077	409
Total revenues	89,238	89,103	86,822
Credit related expense (GAAP):			
Provision for/(release of) losses	6,230	(1,870)	1,142
Total credit related expense	6,230	(1,870)	1,142
Operating expenses (GAAP):			
Compensation and employee benefits	14,840	18,257	13,937
General and administrative	8,904	8,255	9,420
Regulatory fees	725	725	831
Total operating expenses	24,469	27,237	24,188
Net earnings	58,539	63,736	61,492
Income tax expense ⁽⁴⁾	11,970	13,553	12,539
Preferred stock dividends (GAAP)	6,792	6,791	6,791
Core earnings	<u>\$ 39,777</u>	<u>\$ 43,392</u>	<u>\$ 42,162</u>
Core earnings per share:			
Basic	\$ 3.66	\$ 4.00	\$ 3.89
Diluted	\$ 3.63	\$ 3.96	\$ 3.86

⁽¹⁾ Net effective spread is a non-GAAP measure. See "Use of Non-GAAP Measures" above for an explanation of net effective spread. See below for a reconciliation of net interest income to net effective spread.

⁽²⁾ Includes interest income and interest expense related to consolidated trusts owned by third parties reclassified from net interest income to guarantee and commitment fees to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee on the consolidated Farmer Mac Guaranteed Securities.

(3) Reflects reconciling adjustments for the reclassification to exclude expenses related to interest rate swaps not designated as hedges and terminations or net settlements on financial derivatives, and reconciling adjustments to exclude fair value adjustments on financial derivatives and trading assets and the recognition of deferred gains over the estimated lives of certain Farmer Mac Guaranteed Securities and USDA Securities.

(4) Includes the tax impact of non-GAAP reconciling items between net income attributable to common stockholders and core earnings.

Reconciliation of Net Income Attributable to Common Stockholders to Core Earnings

	For the Six Months Ended	
	June 30, 2024	June 30, 2023
<i>(in thousands, except per share amounts)</i>		
Net income attributable to common stockholders	\$ 87,268	\$ 80,665
Less reconciling items:		
Gains on undesignated financial derivatives due to fair value changes	1,324	3,057
Gains/(losses) on hedging activities due to fair value changes	5,606	(5,006)
Unrealized (losses)/gains on trading assets	(101)	302
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	57	58
Net effects of terminations or net settlements on financial derivatives	(1,697)	1,106
Income tax effect related to reconciling items	(1,090)	102
Sub-total	4,099	(381)
Core earnings	\$ 83,169	\$ 81,046
Composition of Core Earnings:		
Revenues:		
Net effective spread ⁽¹⁾	\$ 166,640	\$ 159,005
Guarantee and commitment fees ⁽²⁾	10,238	9,235
Gain on sale of investment securities (GAAP)	1,052	—
Loss on sale of mortgage loan (GAAP)	(1,147)	—
Other ⁽³⁾	1,558	1,476
Total revenues	178,341	169,716
Credit related expense (GAAP):		
Provision for losses	4,360	1,892
Total credit related expense	4,360	1,892
Operating expenses (GAAP):		
Compensation and employee benefits	33,097	29,288
General and administrative	17,159	16,947
Regulatory fees	1,450	1,666
Total operating expenses	51,706	47,901
Net earnings	122,275	119,923
Income tax expense ⁽⁴⁾	25,523	25,295
Preferred stock dividends (GAAP)	13,583	13,582
Core earnings	\$ 83,169	\$ 81,046
Core earnings per share:		
Basic	\$ 7.66	\$ 7.49
Diluted	\$ 7.59	\$ 7.42

(1) Net effective spread is a non-GAAP measure. See "Use of Non-GAAP Measures" above for an explanation of net effective spread. See below for a reconciliation of net interest income to net effective spread.

(2) Includes interest income and interest expense related to consolidated trusts owned by third parties reclassified from net interest income to guarantee and commitment fees to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee on the consolidated Farmer Mac Guaranteed Securities.

(3) Reflects reconciling adjustments for the reclassification to exclude expenses related to interest rate swaps not designated as hedges and terminations or net settlements on financial derivatives, and reconciling adjustments to exclude fair value adjustments on financial derivatives and trading assets and the recognition of deferred gains over the estimated lives of certain Farmer Mac Guaranteed Securities and USDA Securities.

(4) Includes the tax impact of non-GAAP reconciling items between net income attributable to common stockholders and core earnings.

Reconciliation of GAAP Basic Earnings Per Share to Core Earnings Basic Earnings Per Share

	For the Three Months Ended			For the Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	<i>(in thousands, except per share amounts)</i>				
GAAP - Basic EPS	\$ 3.71	\$ 4.33	\$ 3.73	\$ 8.04	\$ 7.46
Less reconciling items:					
(Losses)/gains on undesignated financial derivatives due to fair value changes	(0.03)	0.16	0.20	0.12	0.28
Gains/(losses) on hedging activities due to fair value changes	0.24	0.28	(0.45)	0.52	(0.46)
Unrealized (losses)/gains on trading securities	(0.01)	—	—	(0.01)	0.03
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	—	—	—	0.01	0.01
Net effects of terminations or net settlements on financial derivatives	(0.14)	(0.02)	0.05	(0.16)	0.10
Income tax effect related to reconciling items	(0.01)	(0.09)	0.04	(0.10)	0.01
Sub-total	0.05	0.33	(0.16)	0.38	(0.03)
Core Earnings - Basic EPS	\$ 3.66	\$ 4.00	\$ 3.89	\$ 7.66	\$ 7.49
Shares used in per share calculation (GAAP and Core Earnings)	10,879	10,847	10,833	10,863	10,817

Reconciliation of GAAP Diluted Earnings Per Share to Core Earnings Diluted Earnings Per Share

	For the Three Months Ended			For the Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	<i>(in thousands, except per share amounts)</i>				
GAAP - Diluted EPS	\$ 3.68	\$ 4.28	\$ 3.70	\$ 7.96	\$ 7.39
Less reconciling items:					
(Losses)/gains on undesignated financial derivatives due to fair value changes	(0.03)	0.15	0.20	0.12	0.28
Gains/(losses) on hedging activities due to fair value changes	0.24	0.28	(0.45)	0.51	(0.46)
Unrealized (losses)/gains on trading securities	(0.01)	—	—	(0.01)	0.03
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	—	—	—	0.01	0.01
Net effects of terminations or net settlements on financial derivatives	(0.14)	(0.02)	0.05	(0.16)	0.10
Income tax effect related to reconciling items	(0.01)	(0.09)	0.04	(0.10)	0.01
Sub-total	0.05	0.32	(0.16)	0.37	(0.03)
Core Earnings - Diluted EPS	\$ 3.63	\$ 3.96	\$ 3.86	\$ 7.59	\$ 7.42
Shares used in per share calculation (GAAP and Core Earnings)	10,956	10,969	10,916	10,966	10,917

The following table presents a reconciliation of net interest income and net yield to net effective spread for the periods indicated:

	Reconciliation of GAAP Net Interest Income/Yield to Net Effective Spread									
	For the Three Months Ended						For the Six Months Ended			
	June 30, 2024		March 31, 2024		June 30, 2023		June 30, 2024		June 30, 2023	
	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield
	<i>(dollars in thousands)</i>									
Net interest income/yield	\$ 87,340	1.15 %	\$ 86,368	1.15 %	\$ 78,677	1.12 %	\$173,708	1.15 %	\$157,735	1.13 %
Net effects of consolidated trusts	(1,371)	0.02 %	(1,052)	0.02 %	(1,044)	0.02 %	(2,423)	0.02 %	(2,099)	0.02 %
Expense related to undesignated financial derivatives	(486)	(0.01)%	(34)	— %	(1,568)	(0.02)%	(521)	— %	(3,193)	(0.02)%
Amortization of premiums/ discounts on assets consolidated at fair value	(21)	— %	(27)	— %	(24)	— %	(48)	— %	(48)	— %
Amortization of losses due to terminations or net settlements on financial derivatives	738	0.01 %	791	0.01 %	890	0.01 %	1,530	0.01 %	1,604	0.01 %
Fair value changes on fair value hedge relationships	(2,604)	(0.03)%	(3,002)	(0.04)%	4,901	0.07 %	(5,606)	(0.04)%	5,006	0.03 %
Net effective spread	<u>\$ 83,596</u>	<u>1.14 %</u>	<u>\$ 83,044</u>	<u>1.14 %</u>	<u>\$ 81,832</u>	<u>1.20 %</u>	<u>\$166,640</u>	<u>1.14 %</u>	<u>\$159,005</u>	<u>1.17 %</u>

The following table presents core earnings for Farmer Mac's reportable operating segments and a reconciliation to consolidated net income for the three months ended June 30, 2024:

Core Earnings by Business Segment
For the Three Months Ended June 30, 2024

	Agricultural Finance		Rural Infrastructure		Treasury			Reconciling Adjustments	Consolidated Net Income
	Farm & Ranch	Corporate AgFinance	Rural Utilities	Renewable Energy	Funding	Investments	Corporate		
	<i>(in thousands)</i>								
Net interest income	\$ 35,522	\$ 7,866	\$ 7,672	\$ 2,999	\$ 32,620	\$ 661	\$ —	\$ —	\$ 87,340
Less: reconciling adjustments ⁽¹⁾⁽²⁾⁽³⁾	(1,366)	—	(26)	—	(2,352)	—	—	3,744	—
Net effective spread	34,156	7,866	7,646	2,999	30,268	661	—	3,744	—
Guarantee and commitment fees	4,612	127	301	216	—	—	—	(1,459)	3,797
Gain on sale of investment securities	—	—	—	—	—	1,052	—	—	1,052
Loss on sale of mortgage loans	—	(1,147)	—	—	—	—	—	—	(1,147)
Other income/(expense) ⁽³⁾	517	(5)	—	—	—	7	(38)	(1,606)	(1,125)
Total revenues	39,285	6,841	7,947	3,215	30,268	1,720	(38)	679	89,917
(Provision for)/release of losses	(211)	(5,354)	502	(1,117)	—	1	—	—	(6,179)
Release of reserve for losses	(36)	—	(15)	—	—	—	—	—	(51)
Operating expenses	—	—	—	—	—	—	(24,469)	—	(24,469)
Total non-interest expense	(36)	—	(15)	—	—	—	(24,469)	—	(24,520)
Core earnings before income taxes	39,038	1,487	8,434	2,098	30,268	1,721	(24,507)	679 ⁽⁴⁾	59,218
Income tax (expense)/benefit	(8,198)	(312)	(1,771)	(441)	(6,355)	(362)	5,469	(143)	(12,113)
Core earnings before preferred stock dividends	30,840	1,175	6,663	1,657	23,913	1,359	(19,038)	536 ⁽⁴⁾	47,105
Preferred stock dividends	—	—	—	—	—	—	(6,792)	—	(6,792)
Segment core earnings/(losses)	\$ 30,840	\$ 1,175	\$ 6,663	\$ 1,657	\$ 23,913	\$ 1,359	\$ (25,830)	\$ 536 ⁽⁴⁾	\$ 40,313
Total Assets	\$14,962,357	\$1,660,154	\$7,135,581	\$ 736,936	\$ —	\$ 5,560,800	\$ 138,486	\$ —	\$ 30,194,314
Total on- and off-balance sheet program assets at principal balance	\$18,504,501	\$1,816,893	\$7,561,473	\$ 875,472	\$ —	\$ —	\$ —	\$ —	\$ 28,758,339

- (1) Includes the amortization of premiums and discounts on assets consolidated at fair value, originally included in interest income, to reflect core earnings amounts.
- (2) Includes the reclassification of interest income and interest expense from consolidated trusts owned by third parties to guarantee and commitment fees, to reflect management's view that the net interest income Farmer Mac earns is effectively a guarantee fee.
- (3) Includes the reclassification of interest expense related to interest rate swaps not designated as hedges, which are included in "(Losses)/gains on financial derivatives" on the consolidated financial statements, to determine the effective funding cost for each operating segment.
- (4) Net adjustments to reconcile to the corresponding income measures: core earnings before income taxes reconciled to income before income taxes; core earnings before preferred stock dividends reconciled to net income; and segment core earnings reconciled to net income attributable to common stockholders.

Supplemental Information

The following table sets forth information about outstanding volume in each of Farmer Mac's lines of business as of the dates indicated:

Outstanding Business Volume			
	On or Off Balance Sheet	As of June 30, 2024	As of December 31, 2023
<i>(in thousands)</i>			
Agricultural Finance:			
Farm & Ranch:			
Loans	On-balance sheet	\$ 5,138,819	\$ 5,133,450
Loans held in consolidated trusts:			
Beneficial interests owned by third-party investors (single-class) ⁽¹⁾	On-balance sheet	908,600	870,912
Beneficial interests owned by third-party investors (structured) ⁽¹⁾	On-balance sheet	852,755	561,349
IO-FMGS ⁽²⁾	On-balance sheet	9,062	9,409
USDA Securities	On-balance sheet	2,359,450	2,368,872
AgVantage Securities ⁽¹⁾	On-balance sheet	5,435,000	5,835,000
LTSPCs and unfunded loan commitments	Off-balance sheet	2,807,324	2,999,943
Other Farmer Mac Guaranteed Securities ⁽³⁾	Off-balance sheet	436,822	452,602
Loans serviced for others	Off-balance sheet	556,669	577,264
Total Farm & Ranch		\$ 18,504,501	\$ 18,808,801
Corporate AgFinance:			
Loans	On-balance sheet	\$ 1,286,167	\$ 1,259,723
AgVantage Securities ⁽¹⁾	On-balance sheet	359,627	288,879
Unfunded loan commitments	Off-balance sheet	171,099	145,377
Total Corporate AgFinance		\$ 1,816,893	\$ 1,693,979
Total Agricultural Finance		\$ 20,321,394	\$ 20,502,780
Rural Infrastructure Finance:			
Rural Utilities:			
Loans	On-balance sheet	\$ 3,240,660	\$ 3,094,477
AgVantage Securities ⁽¹⁾	On-balance sheet	3,860,014	3,898,468
LTSPCs and unfunded loan commitments	Off-balance sheet	460,799	487,778
Total Rural Utilities		\$ 7,561,473	\$ 7,480,723
Renewable Energy:			
Loans	On-balance sheet	\$ 738,578	\$ 440,286
Unfunded loan commitments	Off-balance sheet	136,894	47,235
Total Renewable Energy		\$ 875,472	\$ 487,521
Total Rural Infrastructure Finance		\$ 8,436,945	\$ 7,968,244
Total		\$ 28,758,339	\$ 28,471,024

⁽¹⁾ A type of Farmer Mac Guaranteed Security.

⁽²⁾ An interest-only Farmer Mac Guaranteed Security retained as part of a structured securitization.

⁽³⁾ Other categories of Farmer Mac Guaranteed Securities that were sold by Farmer Mac to third parties

The following table presents the quarterly net effective spread (a non-GAAP measure) by segment:

Net Effective Spread ⁽¹⁾														
Agricultural Finance				Rural Infrastructure Finance				Treasury				Net Effective Spread		
Farm & Ranch		Corporate AgFinance		Rural Utilities		Renewable Energy		Funding		Investments		Net Effective Spread		
Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	Dollars	Yield	
<i>(dollars in thousands)</i>														
For the quarter ended:														
June 30, 2024 ⁽²⁾	\$34,156	0.98 %	\$ 7,866	1.91 %	\$ 7,646	0.44 %	\$ 2,999	1.86 %	\$30,268	0.41 %	\$ 661	0.04 %	\$83,596	1.14 %
March 31, 2024	32,843	0.95 %	7,971	2.05 %	7,232	0.42 %	2,049	1.75 %	32,474	0.45 %	475	0.03 %	83,044	1.14 %
December 31, 2023	33,329	0.98 %	8,382	2.06 %	7,342	0.43 %	1,540	1.69 %	33,361	0.47 %	597	0.04 %	84,551	1.19 %
September 30, 2023	32,718	0.97 %	8,250	2.05 %	6,362	0.39 %	1,150	1.46 %	34,412	0.49 %	532	0.04 %	83,424	1.20 %
June 30, 2023	34,388	1.03 %	7,444	1.92 %	5,808	0.38 %	1,100	1.47 %	32,498	0.48 %	594	0.04 %	81,832	1.20 %
March 31, 2023	32,465	0.97 %	7,148	1.94 %	5,507	0.36 %	858	1.53 %	31,738	0.47 %	(543)	(0.04)%	77,173	1.15 %
December 31, 2022	32,770	0.98 %	7,471	1.94 %	4,960	0.34 %	935	1.76 %	27,656	0.42 %	(2,689)	(0.19)%	71,103	1.07 %
September 30, 2022	33,343	1.04 %	7,600	1.99 %	4,220	0.30 %	705	1.97 %	22,564	0.36 %	(2,791)	(0.21)%	65,641	1.03 %
June 30, 2022	32,590	1.05 %	6,929	1.87 %	3,733	0.27 %	468	1.78 %	18,508	0.30 %	(1,282)	(0.10)%	60,946	0.99 %

⁽¹⁾ Farmer Mac excludes the Corporate segment in the presentation above because the segment does not have any interest-earning assets.

⁽²⁾ See above for a reconciliation of GAAP net interest income by line of business to net effective spread by line of business for the three months ended June 30, 2024.

The following table presents quarterly core earnings reconciled to net income attributable to common stockholders:

Core Earnings by Quarter Ended									
	June 2024	March 2024	December 2023	September 2023	June 2023	March 2023	December 2022	September 2022	June 2022
<i>(in thousands)</i>									
Revenues:									
Net effective spread	\$ 83,596	\$ 83,044	\$ 84,551	\$ 83,424	\$ 81,832	\$ 77,173	\$ 71,103	\$ 65,641	\$ 60,946
Guarantee and commitment fees	5,256	4,982	4,865	4,828	4,581	4,654	4,677	4,201	4,709
Gain on sale of investment securities	1,052	—	—	—	—	—	—	—	—
Loss on sale of mortgage loan	(1,147)	—	—	—	—	—	—	—	—
Other	481	1,077	767	1,056	409	1,067	390	473	307
Total revenues	89,238	89,103	90,183	89,308	86,822	82,894	76,170	70,315	65,962
Credit related expense/(income):									
Provision for/(release of) losses	6,230	(1,870)	(575)	(181)	1,142	750	1,945	450	(1,535)
REO operating expenses	—	—	—	—	—	—	819	—	—
Total credit related expense/(income)	6,230	(1,870)	(575)	(181)	1,142	750	2,764	450	(1,535)
Operating expenses:									
Compensation and employee benefits	14,840	18,257	15,523	14,103	13,937	15,351	12,105	11,648	11,715
General and administrative	8,904	8,255	8,916	9,100	9,420	7,527	8,055	6,919	7,520
Regulatory fees	725	725	725	831	831	835	832	812	813
Total operating expenses	24,469	27,237	25,164	24,034	24,188	23,713	20,992	19,379	20,048
Net earnings	58,539	63,736	65,594	65,455	61,492	58,431	52,414	50,486	47,449
Income tax expense	11,970	13,553	13,881	13,475	12,539	12,756	11,210	10,303	9,909
Preferred stock dividends	6,792	6,791	6,791	6,792	6,791	6,791	6,791	6,791	6,792
Core earnings	\$ 39,777	\$ 43,392	\$ 44,922	\$ 45,188	\$ 42,162	\$ 38,884	\$ 34,413	\$ 33,392	\$ 30,748
Reconciling items:									
(Losses)/gains on undesignated financial derivatives due to fair value changes	\$ (359)	\$ 1,683	\$ (836)	\$ 2,921	\$ 2,141	\$ 916	\$ 1,596	\$ 6,441	\$ 2,846
Gains/(losses) on hedging activities due to fair value changes	2,604	3,002	(3,598)	3,210	(4,901)	(105)	(148)	(624)	428
Unrealized (losses)/gains on trading assets	(87)	(14)	(37)	1,714	(57)	359	31	(757)	(285)
Net effects of amortization of premiums/discounts and deferred gains on assets consolidated at fair value	26	31	88	29	29	29	57	24	(62)
Net effects of terminations or net settlements on financial derivatives	(1,505)	(192)	(800)	(79)	583	523	1,268	(3,522)	2,536
Income tax effect related to reconciling items	(143)	(947)	1,089	(1,638)	464	(362)	(590)	(327)	(1,148)
Net income attributable to common stockholders	\$ 40,313	\$ 46,955	\$ 40,828	\$ 51,345	\$ 40,421	\$ 40,244	\$ 36,627	\$ 34,627	\$ 35,063