

INNOVATION. PASSION. EXCELLENCE. OPPORTUNITY.

FARMER  MAC

ANNUAL REPORT

2014

“Farmer Mac’s high-quality assets, strong industry fundamentals, and significant operational efficiencies represent a unique opportunity for investors to experience the strength of agriculture and rural America.”

R. DALE LYNCH

EXECUTIVE VICE PRESIDENT—CHIEF FINANCIAL OFFICER AND TREASURER
FARMER MAC

ABOUT US

*Delivering the
capital and
commitment rural
America deserves.*

Farmer Mac is the stockholder-owned company created to deliver capital and increase lender competition for the benefit of American agriculture and rural communities. For more than a quarter-century, Farmer Mac has been a vital partner helping America’s rural lenders meet the evolving needs of their customers, bringing the financial strength of the nation’s premier secondary market for agriculture right to their customers’ farms.

Lenders of all sizes use Farmer Mac’s broad portfolio of loan products to offer more financial choices to their rural customers, helping them keep pace with today’s capital-intensive agricultural industry.

FARMER MAC HAS NEVER EXPERIENCED
ANY CREDIT LOSSES IN ITS RURAL
UTILITIES, USDA GUARANTEES, OR
INSTITUTIONAL CREDIT LINES OF BUSINESS

AND IN ITS ENTIRE HISTORY HAS
EXPERIENCED CUMULATIVE LOSSES OF ONLY

0.15%

ON ITS

\$19.9B

OF CUMULATIVE FARM & RANCH LOANS

INVESTMENT HIGHLIGHTS

2014 Key Metrics

By successfully adding new customers and developing innovative products, Farmer Mac had a very successful year. We achieved record outstanding business volume of \$14.6 billion, while maintaining a strong credit profile and operational efficiency.

AVERAGED

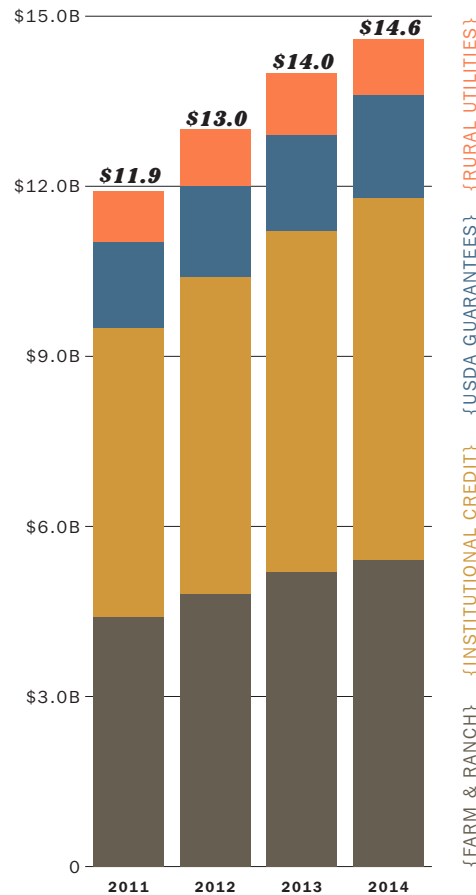
\$900M

IN

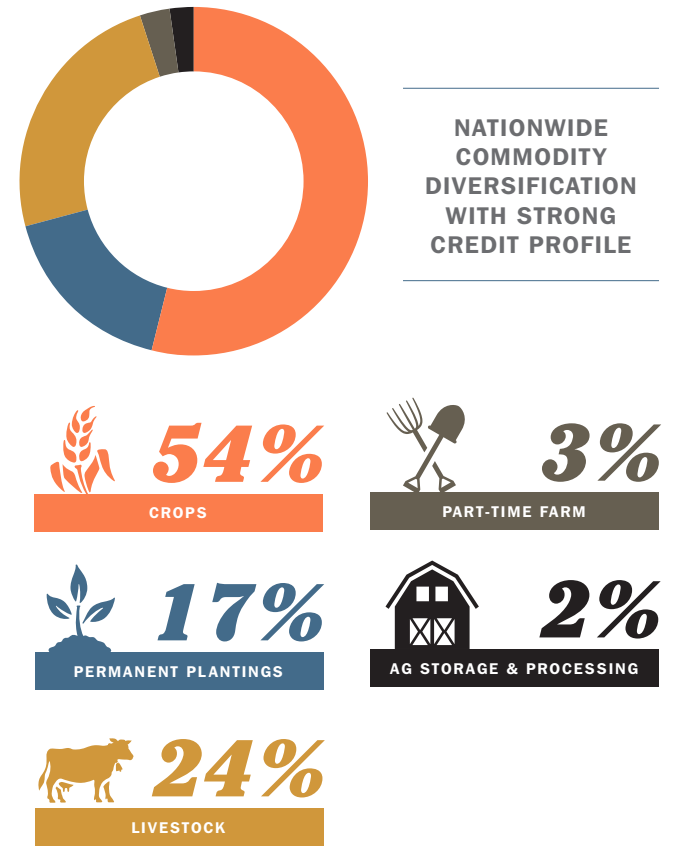
ANNUAL NET OUTSTANDING BUSINESS VOLUME GROWTH IN LAST THREE YEARS

Millions (M), Billions (B)

OUTSTANDING BUSINESS VOLUME BY LINES OF BUSINESS



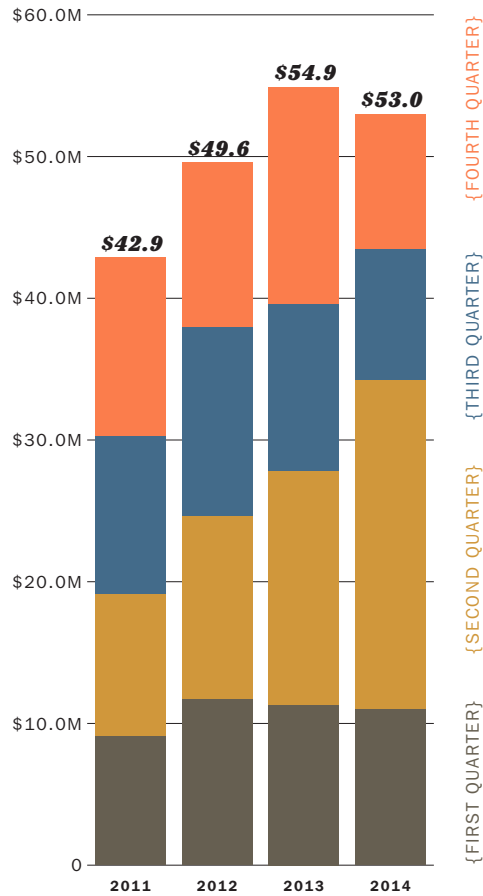
OUTSTANDING FARM & RANCH BUSINESS VOLUME BY COMMODITY TYPE DECEMBER 31, 2014



INVESTMENT HIGHLIGHTS

2014 Key Metrics

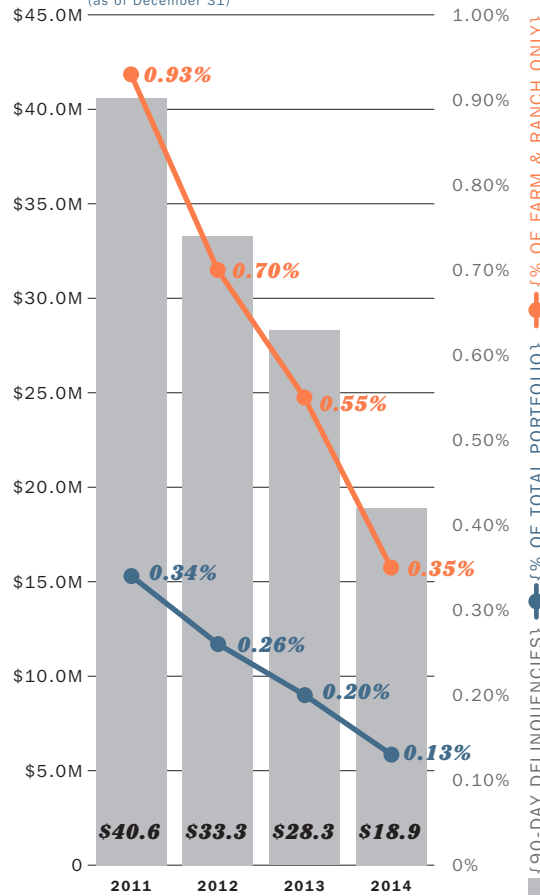
CORE EARNINGS*



CORE EARNINGS HAS MORE THAN DOUBLED SINCE 2010, INCREASING FROM \$25.4 MILLION TO \$53.0 MILLION

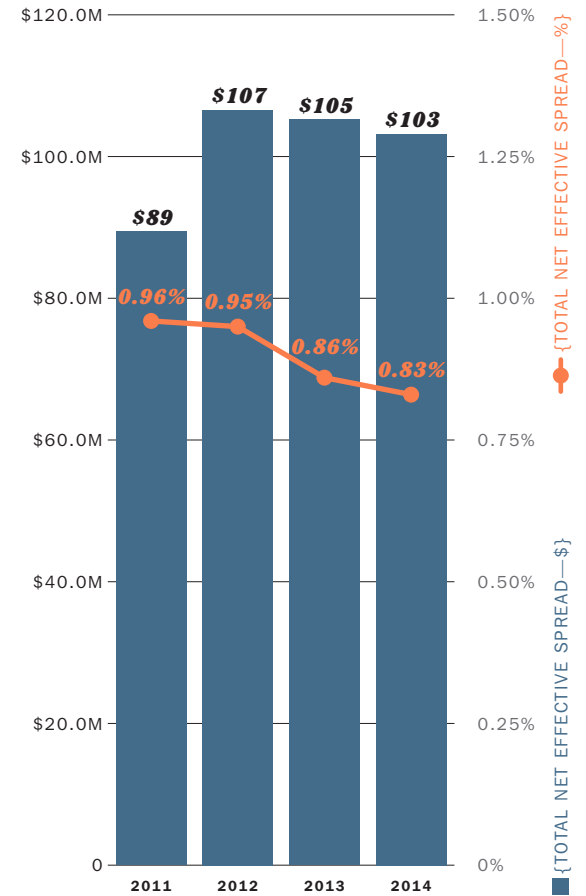
90-DAY DELINQUENCIES

(as of December 31)



DELINQUENCY RATES AT HISTORIC LOWS FOR FARMER MAC

NET EFFECTIVE SPREAD



NET EFFECTIVE SPREAD TRENDED HIGHER IN ALL LINES OF BUSINESS THROUGHOUT THE QUARTERS OF 2014

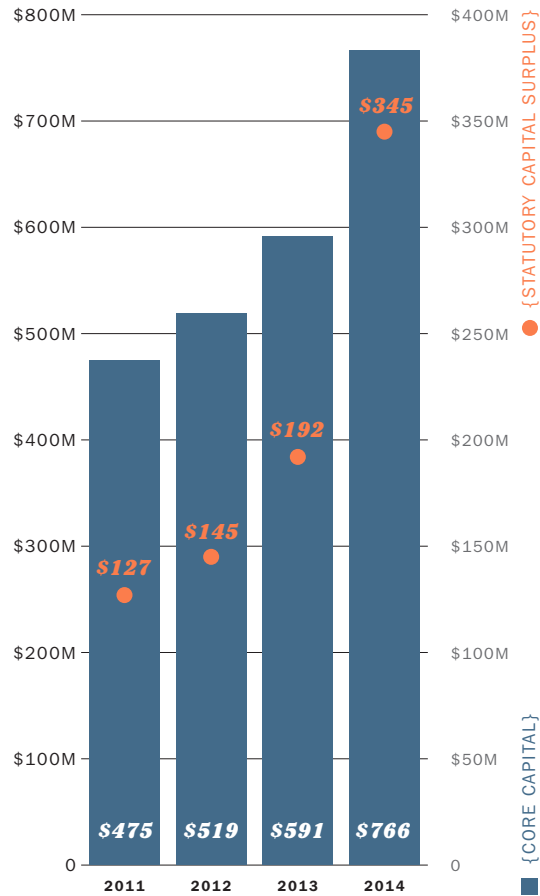
*Core Earnings is a non-GAAP measure. For a reconciliation of core earnings to GAAP net income attributable to common stockholders, see "Non-GAAP Performance Measures" section in this Annual Report.

INVESTMENT HIGHLIGHTS

2014 Key Metrics

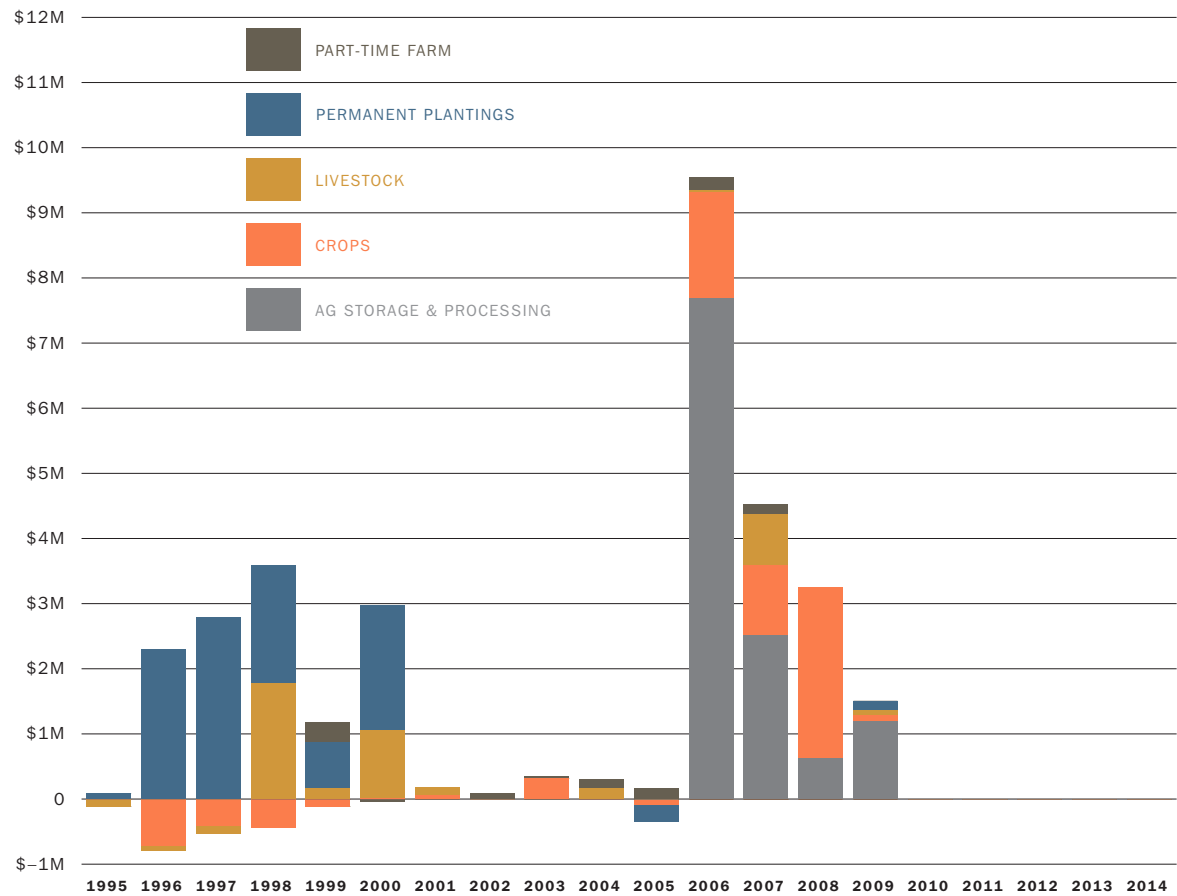
CAPITAL

(as of December 31)



WELL-POSITIONED WITH SIGNIFICANT NEW CAPITAL TO SUCCESSFULLY COMPLETE OUR CAPITAL RESTRUCTURING PLAN IN MARCH 2015

HISTORICAL CREDIT LOSSES



ONLY \$31 MILLION OF CUMULATIVE LOSSES ON OUR \$19.9 BILLION OF CUMULATIVE FARM & RANCH LOANS, OR LESS THAN 0.01% PER YEAR

LETTER FROM

the Chairman and the President

TO THE STOCKHOLDERS OF FARMER MAC:

Ever since Farmer Mac was chartered by Congress in 1987, we have been steadfast in our mission of helping to increase access to capital and reducing the cost of credit for the benefit of American agricultural and rural communities. Over a quarter-century later, our commitment to serving rural America has only grown stronger, guiding our efforts to expand our customer base and the breadth of our innovative solutions.



2014 FINANCIAL PERFORMANCE

Two thousand fourteen proved to be another strong year for agriculture despite continuing signs of an expected decline in farm income in the near term. Agricultural producers continued to reap the rewards of healthy demand for their products in the global economy, although declining commodity prices for grains has reduced profitability in the Corn Belt region. Despite this normalization in grain prices and drought in the Southwest, the agricultural economy in the U.S. remains healthy and incomes remain above long-term averages.

Thanks to the outstanding efforts of our employees and valued partners, Farmer Mac had a very successful 2014. We ended the year with record outstanding business volume

of approximately \$14.6 billion, reflecting annual net growth of nearly \$650 million despite 2014 being a year with a significant number of maturing loans. Our core earnings for 2014 were \$53 million, and net effective spread generally improved throughout the year in all four of our lines of business—Farm & Ranch, Rural Utilities, USDA Guarantees, and Institutional Credit. Credit quality continues to be very favorable, with 90-day delinquencies near historic lows. In addition to healthy growth in our outstanding business volume, strong credit quality, and improving spreads, we also announced the fourth consecutive annual dividend increase on our common stock. This reflects our continued confidence in the strength of our business and our commitment to delivering consistent returns for our investors.

“We are proud of our ability to help rural Americans while, at the same time, delivering strong profits for our stockholders.”



FOR MORE THAN A QUARTER-CENTURY, FARMER MAC HAS BEEN HELPING AMERICA'S RURAL LENDERS MEET THE EVOLVING NEEDS OF THEIR CUSTOMERS

TODAY'S INITIATIVES AND TOMORROW'S REWARDS

In 2014, Farmer Mac was able to capitalize on two strategic opportunities that we believe better position us for the future. The first was a cash management and liquidity initiative implemented in second quarter 2014. This successful initiative enabled Farmer Mac to become eligible to apply for and later be approved as a counterparty for the Federal Reserve Bank of New York's reverse repurchase (repo) facility. This effort will help improve liquidity and diversify our short term investment strategy to include large repo investments with the highest credit quality counterparty. In a second noteworthy initiative, we took advantage of favorable market conditions to issue preferred stock on two separate occasions during 2014 in advance of the planned redemption of more expensive preferred stock at the end of March 2015. In the short term, these initiatives complicated our financial statements for 2014. Taking the longer view, these initiatives position us very well. We now have access to invest directly with the Federal Reserve and the capital restructuring will have a positive effect in core earnings available for our common stockholders. Going forward, our financial results will benefit from the completion of these initiatives and should more clearly highlight our fundamental business of providing financing to rural America.

INVESTING IN OUR RESOURCES

At Farmer Mac, we have always understood that our continued success requires investment in our most valuable resource—our people. The energy, talent, knowledge, and commitment of our team members keep us at the forefront of innovation and at the same time bolsters our own sense of mission. In return, we are committed to helping our team members enhance their skills and expand their professional success. As we seek to grow our customer base in 2015 and



BUILDING A STRONG AND VITAL RURAL AMERICA THROUGH INNOVATION, COLLABORATION, AND EXCELLENCE

beyond, we understand the need to attract and retain the best and the brightest candidates that the workforce can offer. As an example, last year we implemented a diversity and inclusion strategy to ensure that Farmer Mac continues to harness the power of our employees' diverse backgrounds by fostering an inclusive work environment that encourages collaboration, vision, and the highest standards of excellence.

With the help of this outstanding team, Farmer Mac's focus remains on innovating for our customers and helping them problem solve, expanding our seller network, and launching new products, all in service of our consistent goal of improving access to capital and delivering lower borrowing costs to customers in rural America. For example, in the last quarter of 2014, we customized an existing product to launch "Farm Equity AgVantage" so that we could offer a more efficient wholesale financing vehicle for investors in agricultural assets. This product is still in the early stages of development, and we look forward to helping bring more investment capital to rural America through this and other types of financing structures.

OPPORTUNITIES

"Opportunity." This word came to mind frequently as we reflected upon the past year. As we look toward our future, the word remains fitting. We believe that the agricultural and rural economies present a tremendous opportunity for us. No matter how you look at Farmer Mac's market share, it is small. That means there are still many potential customers who can benefit from our products and services—it's up to us to find them. And we plan to do just that, with an energetic and passionate approach to delivering on our mission. All four lines of our business remain healthy and strong and we are very optimistic about the opportunities for growth.



SUCCESSFULLY COMPLETED A CAPITAL RESTRUCTURING PLAN FOR THE BENEFIT OF OUR STOCKHOLDERS

Ultimately, we are proud of our ability to help rural Americans while, at the same time, delivering strong profits for our stockholders.

STRENGTH AND AGILITY

If there is one certainty, it is that there are no certainties in American agriculture. But be assured that we are prepared for whatever the future may bring so that we can be there for our customers when they need us the most. Should credit become a bit tighter and cash less plentiful, access to credit or capital from Farmer Mac will be of even greater importance. With a combination of sound underwriting, effective risk management, rigorous stress tests, and a diverse commodity portfolio, Farmer Mac is built to last. But more than that, our forward-thinking approach ensures that we can also be innovative and agile in seeking solutions for tomorrow's problems today.

LOWELL L. JUNKINS
CHAIRMAN OF THE BOARD

TIMOTHY L. BUZBY
PRESIDENT AND CHIEF EXECUTIVE OFFICER

INNOVATION. PASSION. EXCELLENCE. OPPORTUNITY.

the Significance

*We look back on the past years with pride,
and forward to the next years of success.*

1988

FARMER MAC
Financing Rural America

FARMER MAC WAS CHARTERED BY CONGRESS UNDER THE AGRICULTURAL CREDIT ACT OF 1987, ENACTED IN 1988, IN RESPONSE TO THE NATIONAL FARM CRISIS OF THE 1980s

1991

FARMER MAC LAUNCHES USDA GUARANTEES LINE OF BUSINESS AFTER CHARTER REVISION AND EXPANSION OF AUTHORITY BY CONGRESS IN 1990

1996

CONGRESS CONTINUES TO SHOW CONFIDENCE IN THE BUSINESS BY EXPANDING FARMER MAC'S AUTHORITY TO INCLUDE PURCHASING LOANS

1999

AGM.A LISTED NYSE **AGM LISTED NYSE**

FARMER MAC IS LISTED ON NYSE



THROUGH LOW COST FINANCING, FARMER MAC CONTINUES TO HELP REDUCE POWER COSTS FOR TENS OF MILLIONS OF AMERICANS IN RURAL COMMUNITIES ACROSS THE COUNTRY

2008

CONGRESS EXPANDS FARMER MAC'S AUTHORIZED SECONDARY MARKET ACTIVITIES TO INCLUDE RURAL UTILITIES LOANS

2011

TOTAL ASSETS SURPASS \$10 BILLION

2013

FARMER MAC CELEBRATES ITS 25TH ANNIVERSARY

2014

FARMER  AC

FINANCING RURAL AMERICA

FARMER MAC REMAINS STEADFAST IN ITS COMMITMENT TO RURAL AMERICA BY DEEPENING RELATIONSHIPS, BROADENING ITS CUSTOMERS BASE, AND DEVELOPING INNOVATIVE SOLUTIONS TO INJECT NEEDED CAPITAL INTO AGRICULTURAL AND RURAL COMMUNITIES ACROSS THE COUNTRY



APPROVED AS A COUNTERPARTY TO THE FRBNY'S REVERSE REPO FACILITY



RURAL AMERICA HAS COME A LONG WAY SINCE 1988...SO HAVE WE

INNOVATIVE THINKING—We encourage strategic thinking, ask questions, seek answers, embrace new technologies, value new ideas, and acquire knowledge that displays thought leadership within the industries we proudly serve.

innovation.

PASSION FOR RURAL AMERICA—We share a passion for serving the people who help America set the global standard in agriculture and rural utilities while advancing the livelihood of rural communities.

passion.

UNRELENTING EXCELLENCE—We never underestimate the importance of accuracy or the significance of every action and interaction that contributes to our reputation for excellence in the marketplace.

excellence.



Farmer Mac: Solving Problems for Bankers Across Rural America

FARMER MAC
HAS HELPED FUND LOANS TO MORE THAN

62,000

RURAL BORROWERS IN ALL 50 STATES

RESULTING IN OVER

\$36B

OF INVESTMENT IN RURAL AMERICA

opportunity.

TESTIMONIALS

Dakota Mac



“Twenty years ago First Dakota made a decision to have a division that we call Dakota Mac. We felt so passionate about Farmer Mac and offering long-term fixed rates to our customers, the ag customer out there, that we created a separate division just for that.”

JEFF WOLFGRAM

SENIOR VICE PRESIDENT, DAKOTA MAC, A DIVISION OF FIRST DAKOTA NATIONAL BANK
YANKTON, SD

TESTIMONIALS

Ruby Valley National Bank



“This program is a ‘win-win.’ Our customers win by gaining access to loan terms; the bank wins with a new source of liquidity and ability to serve a full array of customers, including those with large borrowing needs.”

KEN WALSH

PRESIDENT, RUBY VALLEY NATIONAL BANK
TWIN BRIDGES, MT

TESTIMONIALS

Pioneer Bank

“Farmer Mac has a number of fixed-rate products that we can offer to the customer, not just 1, 2, or 3. I mean you have a multitude of products you can offer. So from that standpoint, it makes us more competitive having more products and fixed-rate financing. Which is very important in the ag sector.”

MARVIN KIMM
PRESIDENT, PIONEER BANK
MAPLETON, MN

TESTIMONIALS

*Carrollton Bank***CARROLLTON
BANK**

“Farmer Mac always knows the answer to the question before you ask it.”

ALAN KARCHER
REGIONAL PRESIDENT, CARROLLTON BANK
JERSEYVILLE, IL

Board of Directors

LOWELL L. JUNKINS, CHAIRMAN¹

Political Affairs Consultant
Lowell Junkins & Associates
Donnellson, Iowa

MYLES J. WATTS, VICE CHAIRMAN¹

Professor, Agricultural Economics
Montana State University
Bozeman, Montana

DENNIS L. BRACK²

Director
Bath State Bank and
Bath State Bancorp
Bath, Indiana

CHESTER J. CULVER¹

Founder
Chet Culver Group
Des Moines, Iowa

RICHARD H. DAVIDSON³

Director
AgriBank, FCB
St. Paul, Minnesota

JAMES R. ENGBRETSEN²

Retired Professor, Finance
Marriott School of Management
Brigham Young University
Provo, Utah

DENNIS A. EVERSON²

Director
First Dakota National Bank
Yankton, South Dakota

SARA L. FAIVRE-DAVIS¹

Co-Owner and Managing Partner
Wild Type Ranch
Cameron, Texas

DOUGLAS L. FLORY³

Former Farm Credit Administration
Board Member
Former Farm Credit System Insurance
Corporation Board Chairman
McLean, Virginia

THOMAS W. HILL³

Former Chief Financial
and Operations Officer
Farm Credit Bank of Texas
Austin, Texas

MITCHELL A. JOHNSON²

Financial Consultant
Washington, DC

CLARK B. MAXWELL²

Chief Operating Officer
Chatham Financial Corp.
Kennett Square, Pennsylvania

JAMES B. MCELROY³

Former Director
AgriBank, FCB
St. Paul, Minnesota

BRUCE J. SHERRICK¹

Professor, Agricultural and
Applied Finance
University of Illinois
Champaign, Illinois

DOUGLAS E. WILHELM³

Former Chief Risk Officer
CoBank, ACB
Denver, Colorado

¹ Director appointed by the President
of the United States

² Director elected by Class A Stockholders

³ Director elected by Class B Stockholders

Executive Officers

TIMOTHY L. BUZBY

President and Chief Executive Officer

R. DALE LYNCH

Executive Vice President –
Chief Financial Officer and Treasurer

TOM D. STENSON

Executive Vice President and
Chief Operating Officer

J. CURTIS COVINGTON

Senior Vice President –
Agricultural Finance

STEPHEN P. MULLERY

Senior Vice President –
General Counsel and Secretary

FARMER MAC

Corporate Information

CORPORATE HEADQUARTERS

1999 K Street, N.W.
Fourth Floor
Washington, DC 20006
Phone: (202) 872-7700 or
(800) 879-3276
Fax: (800) 999-1814
Website: <http://www.farmermac.com>

ANNUAL MEETING OF STOCKHOLDERS

Thursday, June 4, 2015
8:00 a.m.
The Town Hall
1999 K Street, N.W.
First Floor
Washington, DC 20006

Formal notice of the meeting, the proxy statement, and the proxy card are being mailed to each stockholder of record entitled to vote at the meeting simultaneously with the mailing of this Annual Report.

STOCK EXCHANGE

Farmer Mac's Class A voting common stock and Class C non-voting common stock trade on the New York Stock Exchange under the symbols AGM.A and AGM, respectively.



TRANSFER AGENT AND REGISTRAR

Continental Stock Transfer & Trust Company
17 Battery Place
Eighth Floor
New York, NY 10004
Phone: (212) 509-4000
(800) 509-5586
Website: <http://www.continentalstock.com>

CERTIFICATION

Farmer Mac has included as Exhibit 31 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the SEC the certifications of the Chief Executive Officer and Chief Financial Officer certifying the quality of Farmer Mac's financial disclosures.

FORM 10-K

Stockholders may obtain, without charge, a copy of Farmer Mac's 2014 Annual Report on Form 10-K, as filed with the SEC on March 16, 2015, from Farmer Mac's website or by contacting Farmer Mac's Secretary at Farmer Mac's Corporate Headquarters.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDED DECEMBER 31, 2014

PricewaterhouseCoopers LLP
1800 Tysons Boulevard
McLean, VA 22102

NON-GAAP PERFORMANCE MEASURES

Reconciliation of Net Income Attributable to Common Stockholders to Core Earnings

(in thousands)

	2011	2012	2013	2014
Net income attributable to common stockholders	\$ 13,784	\$43,894	\$ 71,833	\$38,251
Less the after-tax effects of:				
Unrealized (losses)/gains on financial derivatives and hedging activities	(30,930)	4,325	29,368	(6,480)
Unrealized gains/(losses) on trading assets	2,246	200	(533)	1,038
Amortization of premiums/discounts and deferred gains on assets consolidated at fair value	(3,692)	(7,266)	(12,467)	(9,457)
Net effects of settlements on agency forwards	(2,523)	856	573	103
Lower of cost or fair value adjustments on loans held for sale	5,776	(3,863)	—	—
Core earnings	\$ 42,907	\$49,642	\$ 54,892	\$53,047

Farmer Mac reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition to GAAP measures, Farmer Mac also presents its "core earnings," a non-GAAP performance measure. Farmer Mac uses core earnings to measure corporate economic performance and develop financial plans because, in management's view, core earnings is a useful alternative measure in understanding Farmer Mac's economic performance, transaction economics, and business trends. This non-GAAP financial measure may not be comparable to similarly labeled non-GAAP financial measures disclosed by other companies. Farmer Mac's disclosure of this non-GAAP measure 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.



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NYSE. NYSE.

Financing Rural America[®]