Semiannual Report to Congress
on
Farmer Mac

(Federal Agricultural Mortgage Corporation)

by the

Office of Secondary Market Oversight
Farm Credit Administration

as of

December 31, 2002

Contents

Preface

This report to Congress summarizes Farmer Mac's business performance for 2002 and financial condition as of December 31, 2002.

The Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture requested[1] that the Farm Credit Administration (FCA or agency), in a cooperative effort with the Department of the Treasury, monitor, review, and report semiannually on the operations and financial condition of the Federal Agricultural Mortgage Corporation (Farmer Mac or Corporation). The U. S. Department of the Treasury was provided a draft of this report for review and comment.

The committees requested that the semiannual reports be provided during the capital deferral period (defined below) and beyond, if necessary. At the time of the congressional request, Farmer Mac's capital had been steadily eroding, and efforts to build loan volume had met only limited success.

On February 10, 1996, the President signed into law the Farm Credit System Reform Act of 1996 (1996 Act), which contained significant revisions to Farmer Mac's statutory charter. These revisions included new program-related authorities, the mandate that Farmer Mac recapitalize to a core capital[2] level of at least $25 million within no longer than 2 years from enactment of the 1996 Act. The 1996 Act also required the agency to delay the implementation of a Farmer Mac Risk-Based Capital Rule for at least 3 years, to be effective not before February 10, 1999 (the capital deferral period).

The FCA Board approved a final Farmer Mac Risk-Based Capital Rule on February 21, 2001. The final rule became effective on May 23, 2001. Due to a 1-year trial implementation period, Farmer Mac was not required to comply with the Risk-Based Capital Rule until May 23, 2002. At June 30, 2002, Farmer Mac made its first application of the Risk-Based Capital Stress Test subsequent to the compliance date of May 23, 2002, and is in compliance with the test's regulatory capital[3] requirement (see Table 3 and the Net Worth Analysis section).

Farmer Mac has grown substantially as new business strategies were implemented subsequent to the 1996 legislative changes. On-balance sheet and off-balance sheet program assets as illustrated in several places throughout this report now exceed $5.5 billion. Nonprogram investments, which include investment securities, cash and cash equivalents, remained near $1.5 billion, resulting in Farmer Mac managing or guaranteeing assets of over $7 billion at yearend 2002. Changing business strategies and significant growth of program assets has resulted in the Corporation's risk profile evolving rapidly over the past 5 years.

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[1] The request was by letter to FCA dated December 22, 1995, from the Chairmen of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture.

[2] Core capital is defined as the sum of the following, as determined in accordance with Generally Accepted Accounting Principles (GAAP), (1) the par value of outstanding common stock, (2) the par value of outstanding preferred stock, (3) paid-in capital, and (4) retained earnings.

[3] Regulatory capital is defined as core capital plus the allowance for losses, as determined in accordance with GAAP.

Corporate Profile

Farmer Mac is a federally chartered instrumentality of the United States created in 1988 to establish a secondary market for agricultural real estate and rural housing mortgage loans.

The Corporation conducts its business through two programs, Farmer Mac I and Farmer Mac II. In the Farmer Mac I program, Farmer Mac purchases or commits to purchase qualified loans or securities backed by qualified loans. Under the Farmer Mac II Program, Farmer Mac purchases the guaranteed portions of loans backed by the United States Department of Agriculture.

Farmer Mac is a publicly traded corporation, whose stock is traded on the New York Stock Exchange under the symbols “AGM” (NYSE:AGM) for Class A and “AGMa” for Class C shares (detailed below). Farmer Mac has three classes of common stock:

1. Class A Voting Common Stock may only be held by banks, insurance companies, and other financial institutions that are not institutions of the Farm Credit System. No owner of Class A stock may hold more than 33 percent of the outstanding shares of Class A stock.
2. Class B Voting Common Stock may only be held by institutions of the Farm Credit System and are not exchange-traded. There are no restrictions on the maximum purchase or holdings of Class B stock.
3. Class C Non-Voting Common Stock has no ownership restrictions.

The Farmer Mac board of directors (board) is comprised of 15 members. Five are elected by Class A common stock shareholders. Five are elected by holders of Class B common stock. The President of the United States appoints the remaining five, and one of these is appointed by the President as chairperson.

Farmer Mac is regulated by the FCA through the Office of Secondary Market Oversight (OSMO), which was established in 1992 as required by Public Law 102-237. OSMO provides for the examination and general supervision of Farmer Mac's safe and sound performance of its powers, functions, and duties. Farmer Mac also is subject to certain disclosure and reporting requirements of the Securities and Exchange Commission (SEC). The Corporation regularly files 10K, 10Q, and 8K reports with the SEC and forwards copies to the FCA.

Highlights of Operations

Farmer Mac's financial condition as of December 31, 2002, and performance for 2002 is reflected by the following:

Financial Condition

- Net worth increased 36.6 percent to $183.6 million from $134.4 million a year earlier.

- On May 6, 2002, Farmer Mac issued 700,000 shares of preferred stock for an aggregate offering price of $35.0 million. This added $34.7 million to core capital net of underwriting costs.

- Farmer Mac's statutory minimum core capital requirement was $137.2 million. The Corporation's core capital available to meet this requirement was $184.0 million,[4] 34 percent above the statutory requirement.

- Farmer Mac's risk-based regulatory capital requirement was $73.4 million. The Corporation's regulatory capital available to meet this requirement was $204.0 million. The Net Worth Analysis section contains additional information on statutory minimum core capital and the risk-based regulatory capital requirements.

- Farmer Mac remains in Enforcement Level I with core capital and regulatory capital exceeding statutory minimum and regulatory risk-based capital requirements, respectively. The Net Worth Analysis section and Table 3 contain additional information.

Financial and Program Performance

- Net income for the period ended December 31, 2002, was $21.3 million, a 30.8 percent increase over 2001 results.

- Nonprogram investments remained relatively stable and were $1.554 billion at yearend 2002.

- Both on- and off-balance sheet program-related activity grew and reached $5.528 billion from $4.187 billion a year earlier, representing a 32-percent increase.

- Long-Term Standby Purchase Commitment (LTSPC or Standby) volume outstanding totaled $2.681 billion, up significantly from $1.884 billion, or an increase of 42 percent from a year earlier. LTSPC volume representing 48 percent of Farmer Mac's total program activities now dominates the Corporation's off-balance sheet guarantees.

- Outstanding AgVantage bonds totaled $28.6 million, up a modest $4.1 million.

- Post-1996 Act Farmer Mac I loan volume purchased or guaranteed that was 90 days or more past due, in foreclosure, in bankruptcy, or real estate owned (REO) was 1.56 percent of all post-1996 Act Farmer Mac I loan volume outstanding. This compares to 1.70 percent at December 31, 2001. See the Delinquencies section for a further discussion of seriously delinquent loans.

[4] The difference between core capital ($184 million) and net worth ($183.6 million) is attributable to a negative $407,000 in other comprehensive income (OCI), which is added back to calculate core capital. OCI represents unrealized net income/losses on certain available for sale securities and financial derivatives in accordance with Financial Accounting Standards Board statement (FASB) 115 and FASB 133.

- The allowance for losses increased to $20.0 million at yearend 2002, compared to $15.8 million at December 31, 2001. Chargeoffs on loans net of recoveries for 2002 were $4.6 million, double net chargeoffs of $2.2 million taken in 2001. Farmer Mac incurred no chargeoffs in 2000. See the Allowance for Losses and Chargeoffs section for further analysis and discussion of trends.

Overview of Financial Performance for 2002

On- and Off-Balance Sheet Business Activity

Farmer Mac's on- and off-balance sheet program-related activity continued an upward trend reaching $5.528 billion at December 31, 2002, an increase of $1.341 million, or 32 percent, from December 31, 2001. On-balance sheet activities increased 33.5 percent, while off-balance sheet program activities increased by 30.8 percent.

On-balance sheet program assets include agricultural mortgage-backed securities (AMBS),[5] loans, REO, and AgVantage bonds. During 2002, the principal amount of on-balance sheet program assets increased $623 million to $2.480 billion from $1.857 billion at yearend 2001. Components of the change include a $134.9 million decrease in AMBS, a $753.3 million increase in loans and REO, and a modest $4.1 million increase in AgVantage bonds. The shift in volume from AMBS to loans is driven by two events. First, the increase in loan volume was driven up sharply by a single bulk purchase of loans of $486 million from an insurance company. Such bulk transactions, while sporadic, are not unusual in secondary markets. The balance of the increase in loans is attributable to smaller transactions with Farmer Mac's 79 approved sellers. The top ten of these sellers generated 90 percent of 2002 loan purchase volume.

The decrease in AMBS was due to a change in accounting rules. Under Statement of Financial Accounting Standards (SFAS) 140, loans that are securitized and held in portfolio must be accounted for as loans in the financial statements. AMBS originated prior to SFAS 140 were not required to be re-designated as loans. Therefore, we will continue to see a steady decline in AMBS, while loans will increase as they are bought, securitized, and held in portfolio. SFAS 140 states that if an institution owns a security, it must be accounted for as though the institution owns the underlying collateral (the loan), instead of the security. Therefore, AMBS balances are expected to decline further in upcoming financial statements.

Farmer Mac continues to hold more AMBS in portfolio than is held by investors. This is the result of Farmer Mac adopting a retained portfolio strategy in the third quarter of 1998 due to economic considerations. That is, Farmer Mac generally retains rather than sells AMBS when the estimated present value of the net interest income to be generated over the life of the AMBS is greater than the potential one-time gain on the sale of AMBS.

Total off-balance sheet program activity was $3.048 billion at yearend 2002, up from $2.330 billion a year earlier. LTSPC program activities accounted for the overall off-balance

[5] AMBS are of two types based on different kinds of agricultural mortgages. Farmer Mac I is comprised of mortgages secured by the first liens on agricultural real estate or rural housing loans purchased from lenders and represents the primary source of Farmer Mac business activity. Farmer Mac II consists of the portion of certain types of loans guaranteed by the U.S. Department of Agriculture.

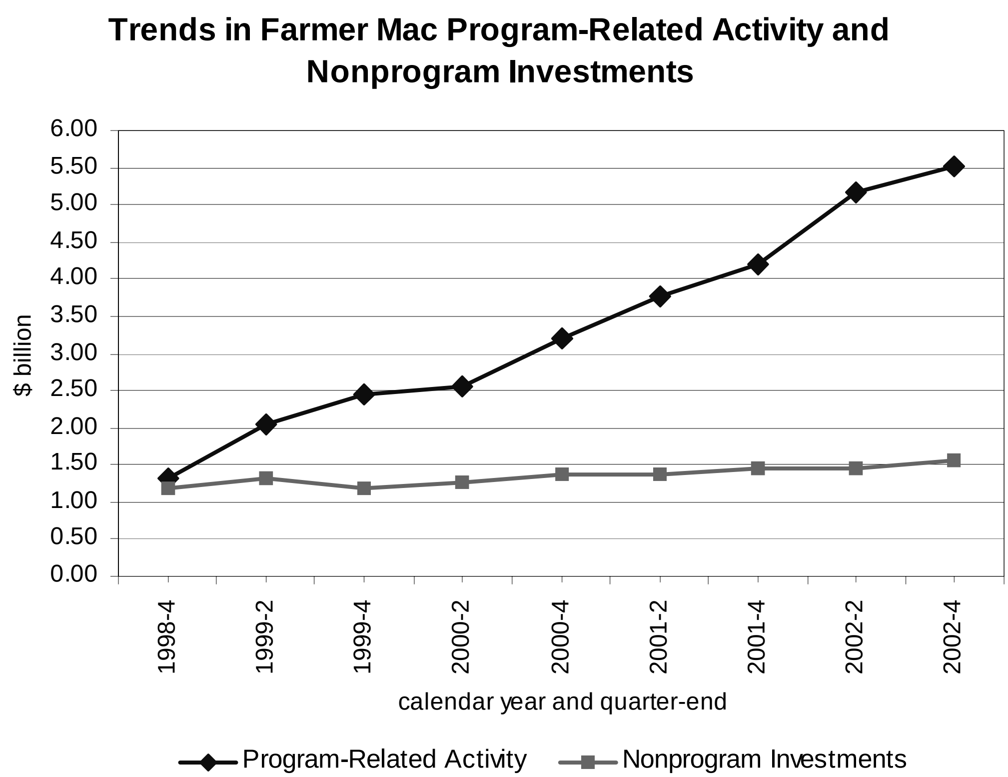
sheet increase of nearly 31 percent. While off-balance sheet AMBS decreased $78.6 million to $367.1 million at December 31, 2001, Farmer Mac's LTSPC program increased by $797.0 million, or 42 percent, during 2002. Under the LTSPC program, a financial institution acquires a Farmer Mac guarantee on a defined pool of loans for an annual fee paid to Farmer Mac. The institution retains the loans in-portfolio. Farmer Mac's guarantee is to purchase a loan(s) from the pool under certain specified conditions at the request of the institution. While the LTSPC program is available to agricultural lenders generally, all program volume at yearend 2002 was attributable to 17 institutions of the Farm Credit System.

The LTSPC program has grown significantly since its inception in 1999. Since yearend 2000, LTSPC growth exceeded 210 percent. By the end of 2002, LTSPC outstanding balances of $2.681 billion represented 88 percent of all off-balance sheet program volume and almost half (48 percent) of all program-related activities. See Table 5 for line items of both on- and off-balance sheet program activity and Chart 2 for a summary of total program-related activity.

<u>Trend Charts Reflecting On- and Off-Balance Sheet Business Activity</u>

Chart 1 shows trends in program-related activity and nonprogram investment levels. At December 31, 2002, total program-related activity continued an upward trend to $5.528 billion, while nonprogram investments trended upward only slightly to a total of $1.554 billion.

Chart 1



The following chart reflects the trend in program-related activity separated into four components:

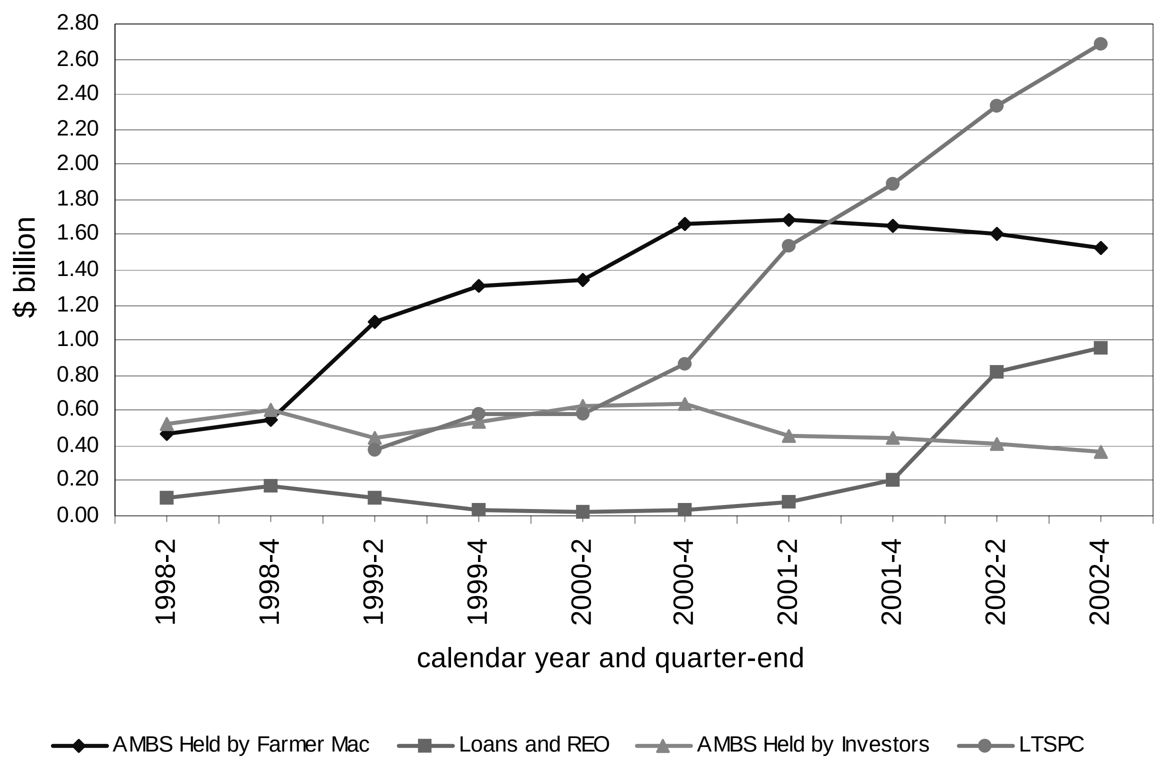
1. AMBS Held by Farmer Mac* -- $1.525 billion (28%);
2. Loans and REO -- $0.955 billion (17%);
3. AMBS Held by Investors -- $0.367 billion (7%); and,
4. LTSPC** -- $2.681 billion (48%).

Total $5.528 billion (100%)

* This includes $28.6 million of AgVantage bonds.

** The LTSPC program was initiated in January 1999.

Chart 2
Composition of Farmer Mac's Program-Related Activity



Funding of Program and Nonprogram Investments

By statute, Farmer Mac is authorized to "…sell any…obligations, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to the business of the Corporation." Coincident with this, Farmer Mac board policy authorizes the issuance of debt obligations, principally discount notes (DNs) and medium-term notes (MTNs), to fund Farmer Mac I and II programs, and to conduct other activities of the Corporation, such as maintaining investments in nonprogram assets for liquidity purposes. The liquidity portfolio is available to meet maturing debt obligations in the event of a short-term disruption in the capital markets that prevents Farmer Mac from issuing new debt. The liquidity portfolio consists of nonprogram investments, which are defined as investment securities, cash, and cash equivalents.

The board has policy limits on the maximum amount of MTNs and DNs that may be outstanding at any one time for the purpose of funding Farmer Mac I and II and the liquidity portfolio, and on the maximum amount of nonprogram investments that may be held in the liquidity portfolio. Farmer Mac's board also has set limits on the aggregate amount of credit exposure to any one issuer of investment instruments.

Farmer Mac's significant program-related growth compared to a relatively stable level of nonprogram investments continued to show a lessening dependence on nonprogram investments over the last several years. At December 31, 2002, nonprogram-related investments amounted to 28 percent of program-related assets (on- and off-balance sheet assets). This compares to 48 percent at December 31, 1999, and 90 percent at yearend 1998. The improving relationship is depicted in Chart 1. Also, the reliance on net interest income (NII) from nonprogram investments to support net income before taxes (NIBT) continued its downward trend. For example, prior to 2000, NII from nonprogram investments constituted half or more of NIBT. From 2000 forward, NII from nonprogram investments has represented less than 30 percent of NIBT.

FCA examines and monitors Farmer Mac's nonprogram investments on an ongoing basis to ensure that nonprogram investments primarily serve the Corporation's achievement of its statutory mission and are not used solely for income generation. The FCA Board plans to address nonprogram investments and liquidity through a Notice of Proposed Rulemaking during 2003; see the Regulatory Activities section for further details.

Net Worth Analysis

Farmer Mac's net worth, or capital as reported in compliance with Generally Accepted Accounting Principles (GAAP), at December 31, 2002, was $183.6 million. Capital increased $49.2 million, or 36.6 percent, from December 31, 2001. The increase was predominantly due to the issuance of preferred stock during 2002 that added $34.7 million, net of underwriting costs. Net income of $21.3 million for 2002 also contributed to the increase in capital.

The Corporation's core capital *(core capital is defined in footnote 2 on page 1)* remained above the statutory minimum prescribed by section 8.33 of the Farm Credit Act of 1971, as amended (Act). At January 1, 1999, statutory minimum core capital requirements became fully phased in at 2.75 percent of on-balance sheet assets and 0.75 percent of off-balance sheet guarantees. Farmer Mac's statutory minimum core capital requirement was $137.2 million at December 31, 2002. Core capital of $184.0 million was available to meet this requirement.

Farmer Mac's application of the risk-based capital stress test as of December 31, 2002, produced a regulatory capital requirement *(regulatory capital is defined in footnote 3 on page 1)* of $73.4 million. Farmer Mac's regulatory capital to meet this requirement was $204.0 million.

Farmer Mac remains in Enforcement Level I as defined in section 8.35 of the Act. That is, Farmer Mac's core capital equaled or exceeded the minimum core capital requirement set forth in section 8.33 of the Act and its regulatory capital equaled or exceeded the risk-based capital requirement. Enforcement Levels II – IV require that FCA place certain supervisory restrictions on Farmer Mac.

See Chart 3 for trend of net worth and Table 1 for more details.

<u>Net Income Analysis</u>

Farmer Mac's net income for 2002 increased $5.0 million to $21.3 million, a 30.8 percent increase over the same period in 2001. The increase in net income primarily resulted from:

- Net interest income increasing 30 percent to $35.0 million, and
- Other income increasing 26 percent to $20.6 million.

The increase was partially constrained by:

- A 13-percent increase in operating expenses to $18.8 million,
- The provision for losses increasing 22.3 percent to $8.2 million, and
- The provision for income taxes increasing 11 percent to $9.3 million.

Income trends in relation to return on average total assets (ROA)[6] and return on equity (ROE) are set forth below:

	1998	1999	2000	2001	2002
ROA	0.35%	0.31%	.036%	0.49%	0.60%
ROE	7.36%	8.24%	9.50%	12.19%	15.04%

The trends of ROA and ROE over the 5-year period have been favorable, revealing a doubling of ROE to 15 percent in 2002, while ROA increased 71 percent during the same period.

See Chart 4 and Table 2 for additional information on net income trends.

[6] ROA is measured against on-balance sheet assets only.

Trends in Net Worth and Net Income

Charts 3 and 4 below reflect recent years' trends in Farmer Mac's net worth and net income, respectively.

Chart 3

Trend in Farmer Mac Net Worth

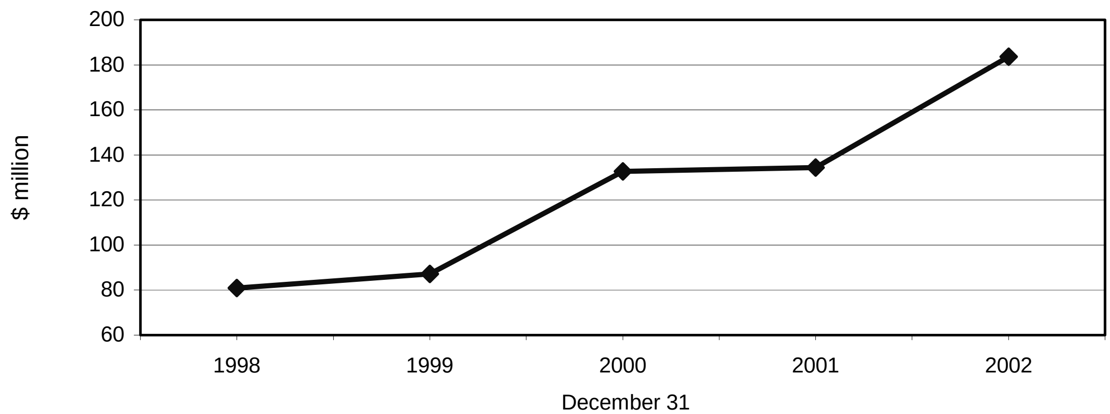
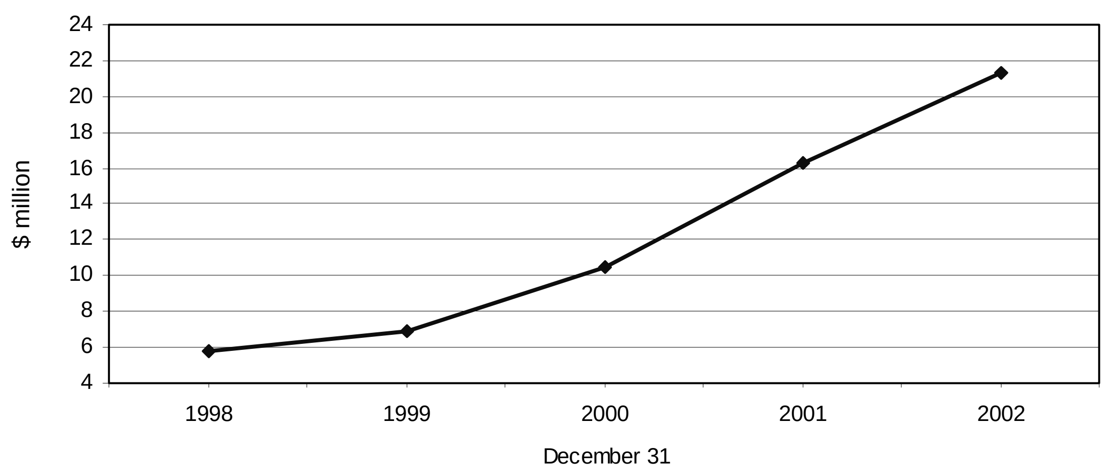


Chart 4

Trend in Farmer Mac Net Income

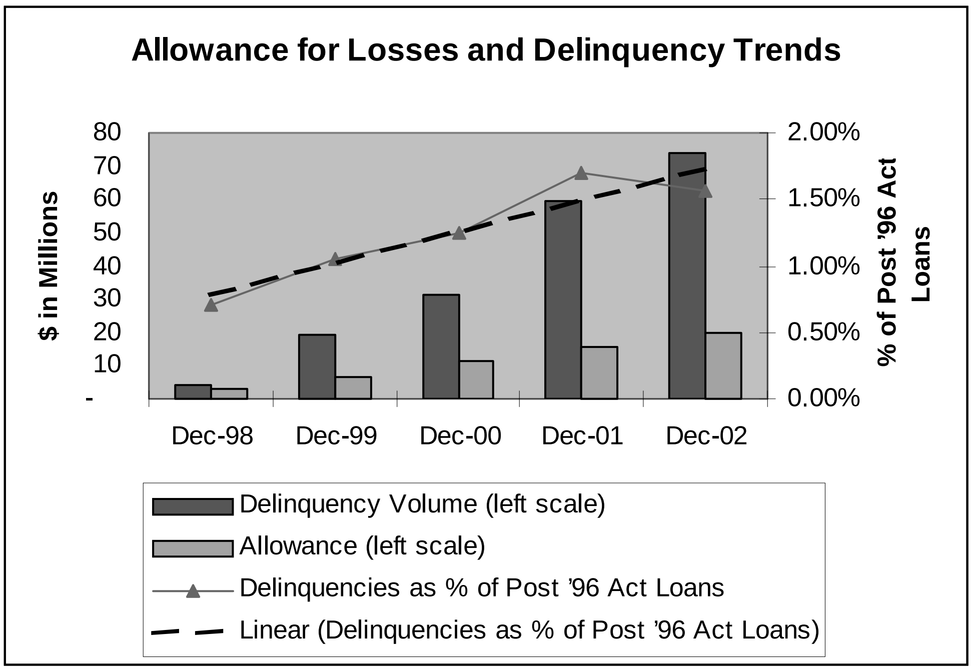


Delinquencies

Farmer Mac assumes 100 percent of the credit risk on post-1996 Act Farmer Mac I loans and LTSPC obligations. Pre-1996 Act Farmer Mac I loans are supported by subordinated interests representing at least 10 percent of the initial balance of the loans underlying the securities. Given the first loss position of the subordinated interest, Farmer Mac does not expect to incur any losses on the pre-1996 securities.

While Farmer Mac has experienced significant growth in program assets since early 1999, seriously delinquent post-1996 Act Farmer Mac I loans have also trended upward as a percent of such assets–see the Linear Trend Line in Chart 5 below. Seriously delinquent post-1996 Act Farmer Mac I loans (90 days or more past due, in foreclosure, in bankruptcy, or REO) were 1.56 percent of the outstanding balance of all post-1996 Act Farmer Mac I loans and LTSPC obligations at December 31, 2002, down from 1.70 percent a year earlier.

Chart 5



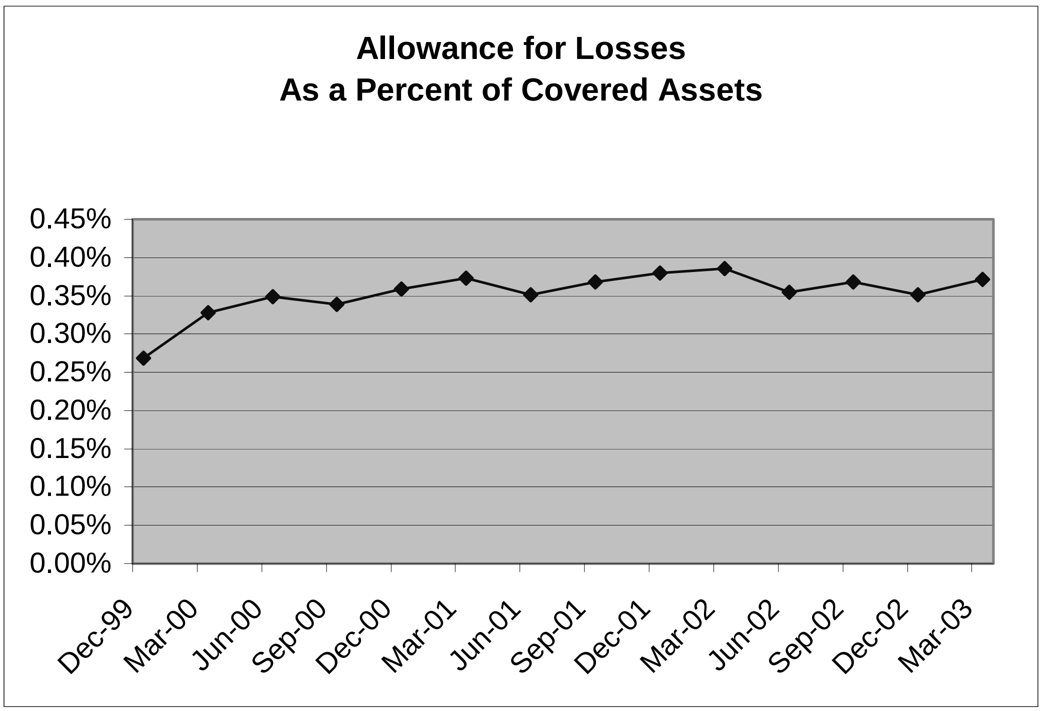
The dollar volume of delinquencies (red bars in Chart 5) since 1998 has risen faster than the overall delinquency rate of post-1996 Act loans. Growth of seriously delinquent loans has been overshadowed by the more rapid growth of program assets, led by the LTSPC program. Also, the dollar amount of the allowance for loan losses (blue bars) available to absorb losses on nonperforming assets has lagged delinquency volume levels (red bars).

Farmer Mac attributes the upward trend in the amount of seriously delinquent post-1996 Act Farmer Mac I loans to a sizeable segment of its portfolio reaching peak default years (3-5 years from origination). There is also some indication that portions of this segment of the portfolio may be aging beyond its peak default years and slowing the rate of delinquency.

Allowance for Losses and Chargeoffs

The Corporation's allowance for losses at December 31, 2002, increased to $20.0 million, from $15.8 million at December 31, 2001. The provision for losses for the period ended December 31, 2002, was $8.2 million, compared to $6.7 million for the same period in 2001. Chart 6 below illustrates that Farmer Mac's allowance for losses have been stable at between 35 and 40 basis points of covered assets. While the allowance has kept pace with the Corporation's overall growth as depicted in Chart 6, comparison with the increasing delinquency levels in Chart 5 is less favorable.

Chart 6



Chargeoffs on loans net of recoveries for 2002 totaled $4.6 million, over double net charge-offs of $2.2 million taken in 2001. There were no chargeoffs in 2000.

Regulatory Activities

FCA regulates, examines, and supervises Farmer Mac through authorities granted by Title VIII of the Act. The agency is authorized to promulgate regulations, examine all books and records of Farmer Mac, and ensure safe and sound operations of Farmer Mac through enforcement supervisory actions that are comparable with those of other financial regulators, such as the Comptroller of the Currency. For example, the statute provides the FCA Board with enforcement powers for cease and desist orders, civil money penalties, and the suspension or removal of directors or officers. The FCA Board has in the past not hesitated to use all available authorities when and if necessary.

By statute, FCA must examine Farmer Mac's operations once each year. The most recent examination was conducted as of June 30, 2002. The examination was comprehensive, risk based, and focused on what is commonly referred to by Federal financial regulators as a CAMELS assessment. A CAMELS assessment includes analyses of the institution's Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity to interest rate risk. The 2002 examination also included a more in-depth review of board governance, the director nomination process, and board and executive management compensation.

The Report of Examination (Report), which was presented to Farmer Mac's board during its December 2002 meeting, provided recommendations to assist the board and management in strengthening overall operations of Farmer Mac. The board formally responded to the agency after its meeting on February 6, 2003, with a plan to address the Report's findings and recommendations. Through the agency's Office of Secondary Market Oversight, several follow-up meetings have occurred with Farmer Mac's board and management regarding recommendations contained in the Report.

In concert with delivery of the June 30, 2002, Semiannual Report to Congress, FCA representatives briefed congressional staff of the House and Senate Agricultural Committees on March 10, 2003, on the report and Farmer Mac.

In October 2002, the FCA Board initiated preliminary rulemaking activities regarding Farmer Mac. The Board ended its review in February 2003 by adopting a revised Unified Agenda and Regulatory Performance Plan, which include two regulatory projects related to Farmer Mac. The first will propose regulatory standards for Nonprogram Investments and Liquidity requirements for Farmer Mac and is targeted for FCA Board consideration in the fall of 2003. The second project involves technical adjustments and other enhancements to the Risk-Based Capital Stress Test, and is targeted for consideration by the FCA Board in the spring of 2004.

Historical Data

Table 1

FARMER MAC BALANCE SHEET
($000,000)

Date	Assets	Liabilities	Net Worth
12-31-98	1,936.0	1,855.1	80.9
12-31-99	2,590.4	2,503.3	87.1
12-31-00	3,160.9	3,028.2	132.7
12-31-01	3,417.2	3,282.8	134.4
12-31-02	4,222.6	4,039.0	183.6

Table 2

FARMER MAC STATEMENT OF OPERATIONS
($000,000)

Date	Net Interest Income	Total Other Income	Gains/ (Losses)[7]	Total Expenses	Tax Provision	Adjust-ments[8]	Net Income to Share-holders[9]
12-31-98	10.569	5.269	---	9.323	0.772	---	5.743
12-31-99	14.958	7.616	---	11.983	3.670	---	6.921
12-31-00	17.698	12.076	---	13.588	5.749	---	10.437
12-31-01	26.939	16.367	(0.726)	17.155	8.419	(0.726)	16.280
12-31-02	33.686	20.609	(4.359)	18.744	9.330	(0.567)	21.295

[7] Gains and losses reflect value changes on financial derivatives and trading assets under the disclosure requirements of SFAS 115 and SFAS 133.

[8] Adjustments include the cumulative effect of changes in accounting principles, extraordinary gains/losses, and preferred stock dividends.

[9] Net Income to Shareholders reflects income available to holders of common stock, the equivalent of Net Income less preferred stock dividends.

Table 3

FARMER MAC COMPLIANCE WITH CAPITAL REQUIREMENT AND ENFORCEMENT LEVEL

($000,000)

Date	Core Capital	Required Core Capital	Excess Core Capital	Regulatory Capital	Required Regulatory Capital	Excess Regulatory Capital	Enforcement Level[10]
12-31-98	80.7	50.2	30.5	N/A	N/A	N/A	I
12-31-99	88.8	79.6	9.2	N/A	N/A	N/A	I
12-31-00	101.2	96.9	4.3	N/A	N/A	N/A	I
12-31-01	126.0	110.5	15.5	N/A	N/A	N/A	I
12-31-02	184.0	137.2	46.9	204.0	73.4	130.6	I

Table 4

FARMER MAC LOAN SECURITIZATION

($000,000)

Date	Farmer Mac I **	Farmer Mac II	Total
12-31-98	796.0	336.9	1,132.9
12-31-99	1,384.7	383.2	1,767.9
12-31-00	1,750.2	517.8	2,268.0
12-31-01	1,481.6	595.1	2,076.7
12-31-02	1,139.6	646.9	1,786.5

** Does not include AgVantage bonds, loans, REO, or LTSPC volume. See Table 5 for the volume of business in these program assets.

[10] Section 8.35 of the Act provides for four levels of classification relative to Farmer Mac's capital adequacy, with Level I indicating that Farmer Mac meets both the risk-based and minimum capital requirements. Since Farmer Mac was not required to be in compliance with the risk-based capital regulation until May 23, 2002, the fact that Farmer Mac's core capital is above the statutory minimum core capital requirement warrants an Enforcement Level I classification prior to that date.

Table 5

Outstanding Farmer Mac Loans and Guarantees

	December 31 ($000,000)			Change 2001-2002	Change 2000-2002
	2000	2001	2002	Percent	Percent
1. On-Balance Sheet					
a. Farmer Mac I (Post-1996 Act)*	$1,123.9	$1,065.9	$ 885.5	-16.9%	-21.2%
b. Farmer Mac I (Pre-1996 Act)*	81.2	48.5	32.0	-34.0%	-60.6%
c. Farmer Mac II	427.5	516.7	578.7	12.0%	35.4%
d. Loans Held for Investment	---	163.1	850.5**	421.5%	N/A
e. Loans Held for Sale	30.3	38.5	35.5	-7.8%	17.2%
f. Loans Purchased from AMBS Pools	--	--	63.3	N/A	N/A
g. Real Estate Owned	--	--	5.6	N/A	N/A
h. AgVantage Bonds	28.0	24.5	28.6	16.7%	2.1%
i. Subtotal	1,690.9	1,857.2	2,479.7	33.5%	46.7%
2. Off-Balance Sheet					
a. Farmer Mac I (Post-1996 Act)	542.7	366.7	299.9	-18.2%	-44.7%
b. Farmer Mac I (Pre-1996 Act)	2.3	0.5	--	N/A	N/A
c. Farmer Mac II	90.2	78.4	67.1	-14.4%	-25.6%
d. Long-Term Standby Purchase Commitments	862.8	1,884.3	2,681.2	42.3%	210.7%
e. Subtotal	1,498.0	2,329.9	3,048.3	30.8%	103.5%
TOTAL (1.i. + 2.e.)	$3,188.9	$4,187.1	$5,527.9	32.0%	73.3%

*Principal amount versus book value.

** Includes a bulk purchase of loans in the second quarter 2002 totaling $486 million.