Federal Agricultural Mortgage Corp (AGM)

Updated August 11th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$178	**5 Year CAGR Estimate:**	11.9%	**Market Cap:**	$1.9 B
Fair Value Price:	$185	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date[1]:**	09/16/2025
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.8%	**Dividend Payment Date[1]:**	09/30/2025
Dividend Yield:	3.4%	**5 Year Price Target:**	$27	**Years of Dividend Growth:**	14
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

Federal Agricultural Mortgage Corp, also known as Farmer Mac, is a shareholder-owned, federally chartered corporation, combining private capital and public sponsorship for the purpose of increasing access to and reducing the cost of capital for American agriculture and rural communities. The corporation provides financial solutions to a variety of agricultural communities, including agricultural lenders, agribusinesses, and other institutions which benefit from access to flexible, low-cost financing and risk management tools. Often, Farmer Mac can provide the lowest cost of borrowing to agricultural and rural borrowers. In the last 30+ years, Farmer Mac has helped fund loans to over 100,000 rural borrowers in all 50 states, resulting in more than $93 billion of investments in rural America. Farmer Mac trades on the NYSE under the ticker symbol AGM and has a market capitalization of $1.9 billion.

On February 21st, 2025, Farmer Mac declared a $1.50 per share quarterly dividend, representing a 7% increase, and marking the company's 14th annual dividend increase.

Farmer Mac reported second quarter 2025 results on August 7th, 2025, for the period ending June 30, 2025. During the quarter, the corporation generated $4.32 of core EPS, which rose 19% compared to $3.63 earned in the same prior year period. Net interest income improved by 11% year-over-year to $96.8 million.

The company maintains a position of strong liquidity, with a quarter-end cash and cash equivalents position of $1,030 million. Additionally, 90-day delinquencies were 0.41% across all its lines of business. Farmer Mac's net effective spread yield was 1.19% in Q2 2025 compared to 1.14% in the same prior year period.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$4.19	$5.97	$6.60	$8.83	$8.69	$8.27	$10.47	$11.42	$15.65	$15.64	***$17.63***	***$25.90***
DPS	$0.64	$1.04	$1.44	$2.32	$2.80	$3.20	$3.52	$3.80	$4.40	$5.60	***$6.00***	***$9.66***
Shares[2]	10.9	10.5	10.6	10.7	10.7	10.7	10.7	10.8	10.8	10.9	***10.9***	***11.0***

The Federal Agricultural Mortgage Corp has grown earnings at an impressive rate, increasing by 15.8% and 12.5% CAGR over the last nine and five years. This earnings growth is coupled with significant dividend growth over the same time periods. Since 2015, Farmer Mac has increased its dividend at an annual rate of 27%. Furthermore, the payout ratio remains well covered, which will allow the company to continue boosting its dividend year after year.

We estimate that Farmer Mac can continue to bolster earnings per share by 8.0% annually and grow the dividend at a 10% annual rate. There is a large global demand for agriculture and AGM expects that agricultural productivity must double to meet it. Farmer Mac possesses less than 10% share of the $345 billion and growing U.S. agricultural mortgage market, so there remains significant market share to capture.

Farmer Mac constantly evaluates new opportunities to broaden its target market and pursue new lines of business and products. In the prior year it expanded its marketing and branding approach to attract new customers. The company

[1] Estimate

[2] In millions

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also intends to solidify its position in the rural and agricultural markets through improvements in processes and operating practices related to customer interaction, transaction processes, and existing loan features and pricing.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	7.0	6.6	9.8	9.1	8.9	8.1	10.9	9.4	10.5	12.1	***10.1***	***10.5***
Avg. Yld.	2.2%	2.6%	2.2%	2.9%	3.6%	4.8%	3.3%	3.3%	2.8%	2.6%	***3.4%***	***3.6%***

The current P/E ratio of 10.1 based on 2025's estimated EPS is below the 5-year average of 10.2. We peg fair value at 10.5 times EPS, which implies the potential for a valuation tailwind. Farmer Mac's current 3.4% yield is in-line with the five-year average yield as the company's share price has kept up with its impressive dividend growth.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	15%	17%	22%	26%	32%	39%	34%	33%	28%	36%	***34%***	***37%***

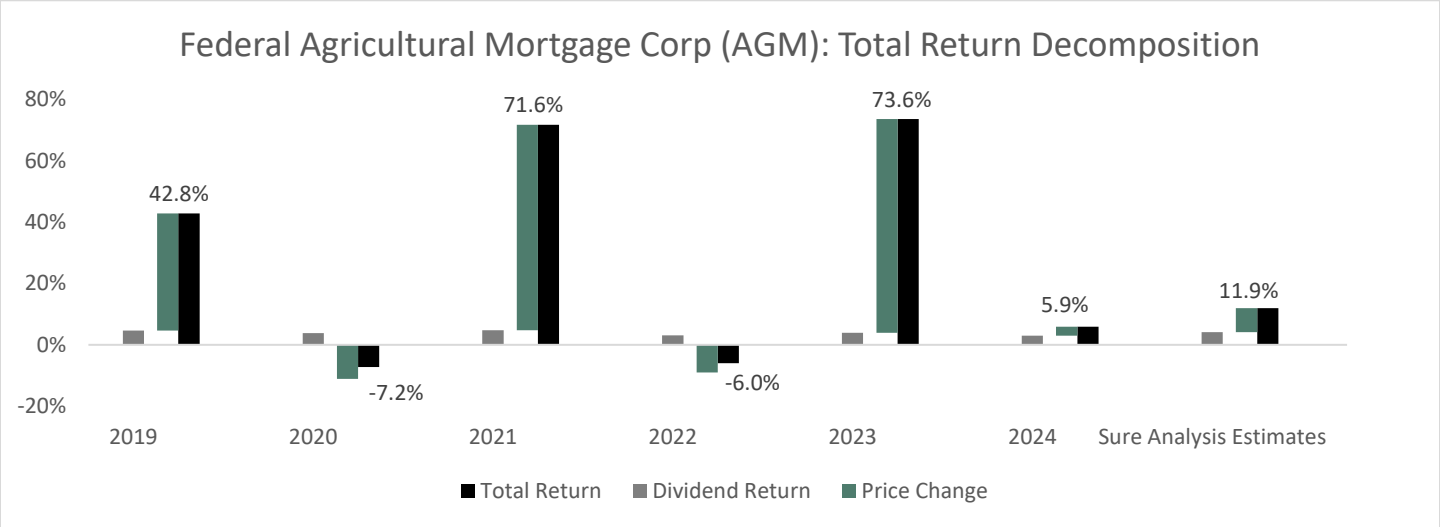
Farmer Mac has a target payout ratio of roughly 35% of earnings, which is in-line with our 2025 earnings and dividends estimate. As AGM grows EPS and the dividend near congruently, the payout ratio should remain around this target. It's also possible AGM will grow the target payout ratio as this target was 30% in 2016 and rose to 35% in 2019. There is a significant underlying safety to AGM's earnings and that is because more than 90% of total revenues is recurring net effective spread and fees. Federal Agricultural Mortgage Corp has a great advantage in funding, as it can issue at narrow, government-sponsored enterprise (GSE) spreads to U.S. Treasuries (in Q2 this was the 10-year U.S. Treasury +0.32%).

The great financial crisis brutalized Farmer Mac's earnings per share in 2008, when the corporation reported a massive loss and cut the dividend in half from $0.40 to $0.20 annually. Farmer Mac's dividend recovered in 2012 and has since heavily eclipsed its previous record. Earnings also grew strongly off the back of the financial crisis and the company has done well since; however, the company is not recession resistant.

Final Thoughts & Recommendation

Federal Agricultural Mortgage Corp has an impressive dividend growth history; its dividend has risen tenfold since 2014. We anticipate AGM will generate annualized total returns of 11.9%, driven by 8.0% earnings-per-share growth, a 3.4% yield, and 0.8% P/E multiple expansion. AGM trades at 96% of our fair value estimate, and forecast annualized total returns of 11.9% has us upgrading AGM to a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	146	161	175	186	194	207	239	309	351	375
SG&A Expense	38	40	43	50	52	61	73	79	94	102
Net Income	69	77	84	108	110	109	132	178	200	207
Net Margin	47.1%	48.1%	48.2%	58.1%	56.4%	52.5%	55.4%	57.6%	56.8%	55.2%
Free Cash Flow	185	213	175	200	(20)	(95)	436	809	376	607
Provision For Tax	34	42	46	28	29	29	35	48	53	51

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	15,540	15,606	17,792	18,694	21,709	24,356	25,145	27333	29520	31320
Cash & Equivalents	1,210	265	302	425	604	1,034	909	861	889	1008
Goodwill & Int.	113	123	155	180	199	186	177	229		
Total Liabilities	14,987	14,962	17,084	17,942	20,910	23,363	23,941	26061	28110	29840
Accounts Payable	77	59	89	109	129	122	163	187	259	408
Long-Term Debt	14,792	14,806	16,928	17,773	20,715	23,173	23,698	26182	27940	29300
Total Equity	349	439	503	548	571	629	720	787	927	1078
LTD/E Ratio	26.72	23.01	23.90	23.62	25.92	23.35	19.68	20.58	19.79	19.68

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%
Return on Equity	19.9%	19.6%	17.9%	20.6%	19.6%	18.1%	19.6%	23.5%	14.9%	14.3%
ROIC	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%
Shares Out.	10.9	10.5	10.6	10.7	10.7	10.7	10.7	10.88	10.94	10.98
Revenue/Share	12.91	14.96	16.21	17.33	18.01	19.18	22.02	28.40	32.12	34.18
FCF/Share	16.35	19.79	16.20	18.61	(1.83)	(8.77)	40.24	74.36	34.36	55.34

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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