

FEDERAL AGRICULTURAL MORTGAGE CORP
Form 10-Q
August 12, 2008

As filed with the Securities and Exchange Commission on
August 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

Commission File Number 001-14951

FEDERAL AGRICULTURAL MORTGAGE CORPORATION
(Exact name of registrant as specified in its charter)

Federally chartered instrumentality
of the United States
(State or other jurisdiction of incorporation or
organization)

52-1578738
(I.R.S. employer identification number)

1133 Twenty-First Street, N.W., Suite 600
Washington, D.C.
(Address of principal executive offices)

20036
(Zip code)

(202) 872-7700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 1, 2008, the registrant had 1,030,780 shares of Class A Voting Common Stock, 500,301 shares of Class B Voting Common Stock and 8,499,698 shares of Class C Non-Voting Common Stock outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

The following interim unaudited condensed consolidated financial statements of the Federal Agricultural Mortgage Corporation (“Farmer Mac” or the “Corporation”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). These interim unaudited condensed consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present a fair statement of the financial condition and the results of operations and cash flows of Farmer Mac for the interim periods presented. Certain information and footnote disclosures normally included in annual consolidated financial statements have been condensed or omitted as permitted by SEC rules and regulations. The December 31, 2007 consolidated balance sheet presented in this report has been derived from the Corporation’s audited 2007 consolidated financial statements. Management believes that the disclosures are adequate to present fairly the condensed consolidated financial position, condensed consolidated results of operations and condensed consolidated cash flows as of the dates and for the periods presented. These interim unaudited condensed consolidated financial statements should be read in conjunction with the audited 2007 consolidated financial statements of Farmer Mac included in the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2007. Results for interim periods are not necessarily indicative of those that may be expected for the fiscal year.

The following information concerning Farmer Mac’s interim unaudited condensed consolidated financial statements is included in this report beginning on the pages listed below:

Condensed Consolidated Balance Sheets as of June 30, 2008 and December 31, 2007	3
Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2008 and 2007	4
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FEDERAL AGRICULTURAL MORTGAGE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2008	December 31, 2007
	(in thousands)	
Assets:		
Cash and cash equivalents	\$ 712,374	\$ 101,445
Investment securities:		
Available-for-sale, at fair value (includes securities pledged to counterparties of \$3.7 million and \$7.2 million, respectively, as of June 30, 2008 and December 31, 2007)	1,503,473	2,616,187
Trading, at fair value	186,514	8,179
Total investment securities	1,689,987	2,624,366
Farmer Mac Guaranteed Securities:		
Held-to-maturity, at amortized cost	518,792	959,865
Available-for-sale, at fair value	1,293,543	338,958
Trading, at fair value	892,247	-
Total Farmer Mac Guaranteed Securities	2,704,582	1,298,823
Loans:		
Loans held for sale, at lower of cost or fair value	142,695	118,629
Loans held for investment, at amortized cost	640,864	649,280
Allowance for loan losses	(1,592)	(1,690)
Total loans, net of allowance	781,967	766,219
Real estate owned, at lower of cost or fair value	590	590
Financial derivatives, at fair value	3,184	2,288
Interest receivable	76,436	91,939
Guarantee and commitment fees receivable	55,623	57,804
Deferred tax asset, net	34,477	30,239
Prepaid expenses and other assets	5,170	3,900
Total Assets	\$ 6,064,390	\$ 4,977,613
Liabilities and Stockholders' Equity:		
Liabilities:		
Notes payable:		
Due within one year	\$ 5,006,317	\$ 3,829,698
Due after one year	651,267	744,649
Total notes payable	5,657,584	4,574,347
Financial derivatives, at fair value	56,420	55,273
Accrued interest payable	47,933	50,004
Guarantee and commitment obligation	50,631	52,130
Accounts payable and accrued expenses	12,134	20,069
Reserve for losses	2,197	2,197
Total Liabilities	5,826,899	4,754,020
Stockholders' Equity:		
Preferred stock:		

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Series A, stated at redemption/liquidation value, \$50 per share, 700,000 shares authorized, issued and outstanding	35,000	35,000
Common stock:		
Class A Voting, \$1 par value, no maximum authorization, 1,030,780 shares issued and outstanding	1,031	1,031
Class B Voting, \$1 par value, no maximum authorization 500,301 shares issued and outstanding	500	500
Class C Non-Voting, \$1 par value, no maximum authorization, 8,491,482 and 8,363,580 shares issued and outstanding as of June 30, 2008 and December 31, 2007, respectively	8,491	8,364
Additional paid-in capital	92,669	87,134
Accumulated other comprehensive loss	(17,337)	(2,793)
Retained earnings	117,137	94,357
Total Stockholders' Equity	237,491	223,593
Total Liabilities and Stockholders' Equity	\$ 6,064,390	\$ 4,977,613

See accompanying notes to condensed consolidated financial statements.

FEDERAL AGRICULTURAL MORTGAGE CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (unaudited)
 (in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Interest income:				
Investments and cash equivalents	\$ 35,402	\$ 41,530	\$ 76,910	\$ 80,522
Farmer Mac Guaranteed Securities	19,767	18,782	38,537	38,185
Loans				