ABOUT CFC

Created and owned by America’s electric cooperative network, the National Rural Utilities Cooperative Finance Corporation (CFC)—a nonprofit finance cooperative with more than $25 billion of total assets—provides capital and industry-leading financial products to serve the needs of our member-owners America’s 900-plus, consumer-controlled electric cooperatives.

CFC operates under the seven cooperative principles and our core values of Service, Integrity and Excellence. By delivering unparalleled industry expertise, flexibility and responsiveness, we help our members maintain a sophisticated system of generation, transmission and distribution resources that spans 75 percent of the United States land mass. This infrastructure provides a safe, reliable and affordable flow of power to 42 million consumers each day and plays a critical role in boosting the nation’s economy and rural quality of life.

CFC operates from its corporate headquarters in Dulles, Virginia.

MESSAGE FROM THE CEO & BOARD PRESIDENT

We are pleased to report that CFC delivered another solid financial performance during fiscal year 2017 (FY 2017). Loans outstanding totaled $24.4 billion, an increase of $1.2 billion—or 5 percent—compared with the prior fiscal year-end at May 31, 2016.

Aggregate term loan advances during FY 2017 were $2.3 billion with 54 percent for capital expenditures and 39 percent for refinancing other lenders’ debt.

In addition to a healthy increase in loans outstanding, CFC reported strong key financial metrics for FY 2017, including adjusted net income of $133 million, adjusted times interest earned ratio (TIER) of 1.16 and an adjusted debt-to-equity ratio of 5.95-to-1.

CFC continued to earn an “A” or higher rating on a senior secured basis and “stable” outlooks from the three major credit rating agencies. They recognize that CFC’s financial strength rests with the quality of our loan portfolio and the combined strength of our member-owners, which have long demonstrated stable operating performance and financial ratios.

CFC’s primary mission is to be a cost-based provider of funds to our members, and we work diligently to develop new sources of capital to meet members’ needs, with approximately 99 percent of loans going to rural electric systems.

As the electric cooperative finance organization owned and run by its members, CFC continues its strong focus on serving members and their rural communities. In September 2017, CFC returned margins to members in the form of patronage capital payments, bringing total distributions to $1.64 billion. We also allocated funds to the CFC Cooperative Educational Fund, with $11.7 million contributed to date.

For almost 50 years we have worked to be your most trusted independent finance cooperative. Your success is our success, and the long-term financial health of the rural electric network is our goal. We look forward to working with you in the coming year.

Sheldon C. Petersen
CFC CEO

Mike Campbell
CFC Board President and EVP & General Manager, Central Florida Electric Cooperative
Serving our electric cooperative members for nearly 50 years

Loans Outstanding by CFC District

- **District 1**: $2.5 billion
- **District 2**: $2.9 billion
- **District 3**: $1.8 billion
- **District 4**: $1.4 billion
- **District 5**: $1.7 billion
- **District 6**: $1.8 billion
- **District 7**: $2.7 billion
- **District 8**: $2.9 billion
- **District 9**: $2.8 billion
- **District 10**: $3.9 billion
2017 CFC Board of Directors

FROM ELECTRIC CO-OPS, FOR ELECTRIC CO-OPS

CFC is guided by 23 board members who represent 10 geographically defined districts, an at-large financial expert from a member electric system and two representatives of the cooperative network’s national trade association. Comprised exclusively of electric cooperative directors, trustees and executives, the board sets overall policy, establishes programs and develops strategies for CFC.
At the end of FY2017, CFC’s loans outstanding totaled $24.4 billion.

CFC retired $42 million in patronage capital in September 2016 (FY2017) and an additional $45 million in patronage capital in September 2017 (FY2018).

As the only lender created and owned by America’s electric cooperative network, CFC is committed to our members’ financial success like no other. CFC’s patronage capital retirements play a role in that commitment and represent a key tenet of the cooperative business model.

CFC is proud to have returned $1.64 billion in patronage capital to our members since 1980. The retirement in September 2017 represents the 38th consecutive calendar year CFC has made a cash retirement of patronage capital.
Members had more than $5 billion in investments and equity in CFC at May 31, 2017.

Our Members’ Strength Is Our Strength

MEMBER INVESTMENTS & EQUITY
As of May 31, 2017
Dollars in Millions

- Members’ Subordinated Certificates: $1,419
- Members’ Equity: $1,389
- Medium-Term Notes: $613
- Short-Term Investments (including Commercial paper, Daily Liquidity Fund and Select Notes): $2,153

FUNDING SOURCES
As of May 31, 2017
Dollars in Millions

- Capital Markets: $11,776
- Guaranteed Underwriter Program: $4,985
- Members: $4,185
- Federal Agricultural Mortgage Corporation: $2,513

As of May 31, 2017, CFC’s debt capitalization stood at $23.5 billion, compared with $22.6 billion at the prior fiscal year-end.
ADJUSTED NET INCOME
For the fiscal year ended May 31, 2017

CFC reported adjusted net income of $133 million for fiscal year 2017.* CFC’s FY 2017 year-end results include GAAP and non-GAAP adjusted financial measures. Please refer to CFC’s annual report on Form 10-K for the fiscal year ended May 31, 2017, as filed with the U.S. Securities and Exchange Commission and as posted on the CFC website, for a discussion of why CFC believes the adjusted measures are useful information in analyzing its financial performance and the reconciliation to related GAAP measures.

*CFC reported a GAAP income of $312 million for the fiscal year ended May 31, 2017

CREDIT RATINGS
As of May 31, 2017

CFC’s long- and short-term debt securities are rated by three nationally recognized credit rating agencies registered with the U.S. Securities and Exchange Commission: Fitch Ratings, Moody’s Investors Service and S&P Global.

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The ratings shown here have the meaning defined by each of the rating agencies. They are not recommendations to buy, sell or hold securities and are subject to revision at any time by the rating agencies.
Our dedicated staff strives to exceed our members’ expectations by focusing exclusively on the needs of the electric cooperative network that created us.

We have been our members’ trusted and independent finance cooperative for nearly 50 years. Their long-term financial health is our goal.

We provide our members with reliable access to funding regardless of market conditions, leveraging relationships in the financial community to build a stable, diverse base of funds.