

## NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

As discussed above in the section “Non-GAAP Financial Measures,” in addition to financial measures determined in accordance with U.S. GAAP, management evaluates performance based on certain non-GAAP financial measures, which we refer to as “adjusted” financial measures. Below we provide a reconciliation of our adjusted financial measures presented in this Report to the most comparable U.S. GAAP financial measures. See “Item 7. MD&A—Non-GAAP Financial Measures and Reconciliations” in our 2025 Form 10-K for a discussion of each of these non-GAAP financial measures and an explanation of the adjustments to derive these measures.

### Net Income and Adjusted Net Income

Table 28 provides a reconciliation of adjusted interest expense, adjusted net interest income, and adjusted net income to the comparable U.S. GAAP financial measures. These adjusted financial measures are used in the calculation of our adjusted net interest yield and adjusted TIER.

**Table 28: Adjusted Net Income**

(Dollars in thousands)	Q1 FY2026	Q1 FY2025
<b>Adjusted net interest income:</b>		
Interest income .....	\$ 447,446	\$ 418,119
Interest expense .....	(376,469)	(356,460)
Include: Derivative cash settlements interest income <sup>(1)</sup> .....	20,267	32,061
Adjusted interest expense .....	(356,202)	(324,399)
Adjusted net interest income .....	<u>\$ 91,244</u>	<u>\$ 93,720</u>
<b>Adjusted net income:</b>		
Net income (loss) .....	\$ 4,682	\$ (164,326)
Exclude: Derivative forward value losses <sup>(2)</sup> .....	(52,471)	(230,386)
Adjusted net income .....	<u>\$ 57,153</u>	<u>\$ 66,060</u>

<sup>(1)</sup>Represents the net periodic contractual interest income amount on our interest rate swaps during the reporting period.

<sup>(2)</sup>Represents the change in fair value of our interest rate swaps during the reporting period due to changes in expected future interest rates over the remaining life of our derivative contracts.

We primarily fund our loan portfolio through the issuance of debt. However, we use derivatives as economic hedges as part of our strategy to manage the interest rate risk associated with funding our loan portfolio. We therefore consider the interest income and expense incurred on our derivatives to be part of our funding cost in addition to the interest expense on our debt. As such, we add net periodic derivative cash settlements interest income and expense amounts to our reported interest expense to derive our adjusted interest expense and adjusted net interest income. We exclude unrealized derivative forward value gains (losses) from our adjusted net income.

### TIER and Adjusted TIER

Table 29 displays the calculation of our TIER and adjusted TIER.

**Table 29: TIER and Adjusted TIER**

	Q1 FY2026	Q1 FY2025
TIER <sup>(1)</sup> .....	1.01	0.54
Adjusted TIER <sup>(2)</sup> .....	1.16	1.20

<sup>(1)</sup>TIER is calculated based on our net income (loss) plus interest expense for the period divided by interest expense for the period.

<sup>(2)</sup>Adjusted TIER is calculated based on adjusted net income (loss) plus adjusted interest expense for the period divided by adjusted interest expense for the period.

## Debt Outstanding and Equity and Adjusted Debt Outstanding and Equity

Table 30 provides a reconciliation between our total debt outstanding and equity and the adjusted amounts used in the calculation of our adjusted debt-to-equity ratio as of August 31, 2025 and May 31, 2025.

**Table 30: Adjusted Total Debt Outstanding and Equity**

<b>(Dollars in thousands)</b>	<b>August 31, 2025</b>	<b>May 31, 2025</b>
<b>Adjusted total debt outstanding:</b>		
Total debt outstanding <sup>(1)</sup>	\$ 35,281,415	\$ 34,769,316
Exclude:		
50% of Subordinated deferrable debt	666,370	664,743
Members' subordinated certificates	1,182,478	1,184,714
Adjusted total debt outstanding	<u>\$ 33,432,567</u>	<u>\$ 32,919,859</u>
<b>Adjusted total equity:</b>		
Total equity	\$ 3,054,736	\$ 3,103,466
Exclude:		
Prior fiscal year-end cumulative derivative forward value gains <sup>(2)</sup>	502,899	607,969
Year-to-date derivative forward value losses <sup>(2)</sup>	(52,471)	(105,070)
Period-end cumulative derivative forward value gains <sup>(2)</sup>	450,428	502,899
Accumulated other comprehensive loss	(2,235)	(2,236)
Subtotal	<u>448,193</u>	<u>500,663</u>
Include:		
50% of Subordinated deferrable debt	666,370	664,743
Members' subordinated certificates	1,182,478	1,184,714
Subtotal	<u>1,848,848</u>	<u>1,849,457</u>
Adjusted total equity	<u>\$ 4,455,391</u>	<u>\$ 4,452,260</u>

<sup>(1)</sup>Total debt outstanding includes our interest-bearing debt and excludes non-interest bearing liabilities, such as derivative liabilities.

<sup>(2)</sup>Represents consolidated total derivative forward value gains (losses).

## Debt-to-Equity and Adjusted Debt-to-Equity Ratios

Table 31 displays the calculations of our debt-to-equity and adjusted debt-to-equity ratios as of August 31, 2025 and May 31, 2025.

**Table 31: Debt-to-Equity Ratio and Adjusted Debt-to-Equity Ratio**

(Dollars in thousands)	August 31, 2025	May 31, 2025
<b>Debt-to equity ratio:</b>		
Total debt outstanding .....	\$ 35,281,415	\$ 34,769,316
Total equity .....	3,054,736	3,103,466
Debt-to-equity ratio <sup>(1)</sup> .....	11.55	11.20
<b>Adjusted debt-to-equity ratio:</b>		
Adjusted total debt outstanding <sup>(2)</sup> .....	\$ 33,432,567	\$ 32,919,859
Adjusted total equity <sup>(2)</sup> .....	4,455,391	4,452,260
Adjusted debt-to-equity ratio <sup>(3)</sup> .....	7.50	7.39

<sup>(1)</sup>Calculated based on total debt outstanding at period end divided by total equity at period end.

<sup>(2)</sup>See Table 30 above for details on the calculation of these non-GAAP financial measures and the reconciliation to the most comparable U.S. GAAP financial measures.

<sup>(3)</sup>Calculated based on adjusted total debt outstanding at period end divided by adjusted total equity at period end.

### Total CFC Equity and Members' Equity

Members' equity excludes the noncash impact of derivative forward value gains (losses) and foreign currency adjustments recorded in net income and amounts recorded in AOCI. Because these amounts generally have not been realized, they are not available to members and are excluded by the CFC Board of Directors in determining the annual allocation of adjusted net income to patronage capital, to the members' capital reserve and to other member funds. Table 32 provides a reconciliation of members' equity to total CFC equity as of August 31, 2025 and May 31, 2025. We present the components of AOCI in "Note 10—Equity."

**Table 32: Members' Equity**

(Dollars in thousands)	August 31, 2025	May 31, 2025
<b>Members' equity:</b>		
Total CFC equity .....	\$ 3,033,833	\$ 3,082,477
Exclude:		
Accumulated other comprehensive loss .....	(2,235)	(2,236)
Period-end cumulative derivative forward value gains attributable to CFC <sup>(1)</sup> .....	449,387	501,663
Subtotal .....	447,152	499,427
Members' equity .....	\$ 2,586,681	\$ 2,583,050

<sup>(1)</sup>Represents period-end cumulative derivative forward value gains for CFC only, as total CFC equity does not include the noncontrolling interest of the variable interest entity, which we are required to consolidate. We report the separate results of operations for CFC in "Note 14—Business Segments." The period-end cumulative derivative forward value total gain amounts as of August 31, 2025 and May 31, 2025 are presented above in Table 30.