Investor Conference Call – FY2019 First Quarter Ended August 31, 2018

October 16, 2018 at 11 a.m. ET
Forward-Looking Statements

This presentation contains certain statements that are considered forward-looking statements within the Securities Act of 1933, as amended, and the Exchange Act of 1934, as amended. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identified by our use of words such as “intend,” “plan,” “may,” “should,” “will,” “project,” “estimate,” “anticipate,” “believe,” “expect,” “continue,” “potential,” “opportunity” and similar expressions, whether in the negative or affirmative. All statements about future expectations or projections are forward-looking statements. Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, actual results and performance may differ materially from our forward-looking statements. Factors that could cause future results to vary from our forward-looking statements about our current expectations are included in our annual and quarterly periodic reports filed with the U.S. Securities and Exchange Commission. Except as required by law, we undertake no obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date on which the statement is made.
Financial Performance

J. Andrew Don, Chief Financial Officer
Non-GAAP Financial Measures

During our discussion, we may review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the fiscal quarter ended August 31, 2018, as filed with the SEC and posted on the CFC website, for a discussion of why we believe our adjusted measures provide useful information in analyzing CFC’s financial performance and the reconciliation to the most comparable GAAP measures.
1QFY19 Financial Results – Balance Sheet

Total Assets ($ in Mils)
- **FY18**: $26,690
- **1QFY19**: $26,676
  - **Loans**: $25,179
  - **Investment**: $1,497
  - **Other**: $1,486
  - **Cash**: $786
  - **Time Deposits**: $19,552
  - **Total Assets**: $26,676

Loans to Members ($ in Mils)
- **FY18**: $25,179
- **1QFY19**: $25,183
  - **Distribution**: $786
  - **Power Supply**: $4,397
  - **NCSC**: $4,321
  - **RTFC**: $781
  - **Statewide and Associate**: $19,638
  - **Loan Origination Cost**: $19,552
  - **Total Loans**: $25,183

Members’ Equity/Total Equity ($ in Mils)
- **FY18**: $1,497
- **1QFY19**: $1,506

Adjusted Debt to Equity Ratio
- **FY18**: 6.18
- **1QFY19**: 6.21

**$14 MM Decrease in Total Assets**

**$4 MM Increase**

**$11 MM Decrease in Members’ Equity**

**0.03 Increase**
1QFY19 Financial Results – Income Statement

### Adjusted TIER
- **1QFY18 (3 mos):** 1.16
- **1QFY19 (3 mos):** 1.13
- **Change:** 0.03 Decrease

### Adjusted Net Income ($ in Mils)
- **1QFY18 (3 mos):** $35
- **1QFY19 (3 mos):** $28
- **Change:** $7 MM Decrease

### Adjusted Net Interest Income ($ in Mils)
- **1QFY18 (3 mos):** $53
- **1QFY19 (3 mos):** $55
- **Change:** $2 MM Increase

### Adjusted Net Interest Yield
- **1QFY18 (3 mos):** 0.84%
- **1QFY19 (3 mos):** 0.85%
- **Change:** 1 bps Increase
CFC’s Electric Cooperative Borrowers/Members:

- Provide an essential service to their customers/owners
- Experience limited competition
- Generally serve exclusive territories with majority number of customers being residential
- Demonstrate stable operating and strong financial performance
- Are not rate regulated in the majority of states
Credit Performance

- During CFC’s 49-year history, there have only been 16 defaults and six losses in the electric utility portfolio; net write-offs for the electric portfolio totaled $86 million.
- At 1QFY19, CFC did not have any delinquent or nonperforming loans.
- CFC had no charge-offs or loan defaults during 1QFY19.
Debt Funding Sources

**Total Debt Outstanding ($ in Mil$s)**
- FY18: $24,633 MM
  - Capital Markets, 50%: $12,449 MM
  - GUP, 20%: $4,856 MM
  - Farmers Mac, 12%: $3,003 MM
  - Members, 18%: $2,891 MM
- 1QFY19: $24,589 MM
  - Capital Markets, 50%: $12,310 MM
  - GUP, 20%: $4,841 MM
  - Farmers Mac, 11%: $3,294 MM
  - Members, 19%: $2,778 MM

**Member Investment ($ in Mil$s)**
- FY18: $4,407 MM
  - Guaranteed Underwriter Program (GUP): $221 MM
  - Farmer Mac Note Payable: $528 MM
  - Other: $1,202 MM
- 1QFY19: $4,631 MM
  - Guaranteed Underwriter Program (GUP): $224 MM
  - Farmer Mac Note Payable: $535 MM
  - Other: $1,286 MM

**Capital Markets Funding ($ in Mil$s)**
- FY18: $12,449 MM
  - Collateral Trust Bonds: $7,639 MM
  - Non-member Medium-term Notes: $3,003 MM
  - Subordinated Deferrable Debt: $742 MM
- 1QFY19: $12,310 MM
  - Collateral Trust Bonds: $7,344 MM
  - Non-member Medium-term Notes: $3,294 MM
  - Subordinated Deferrable Debt: $743 MM

**GUP, Farmer Mac & Other ($ in Mil$s)**
- FY18: $7,777 MM
  - Guaranteed Underwriter Program (GUP): $2,891 MM
  - Farmer Mac Note Payable: $1,065 MM
  - Other: $2,891 MM
- 1QFY19: $7,649 MM
  - Guaranteed Underwriter Program (GUP): $2,778 MM
  - Farmer Mac Note Payable: $1,065 MM
  - Other: $2,778 MM
Monthly Debt Maturity Schedule

Data as of 9/30/2018

Note: Our members traditionally roll over their MTN investments at maturity.
Liquidity Management

- **CFC is a well-known seasoned issuer and believes it has adequate access to both long-term and short-term funding options**

Liquidity Coverage/Excess Liquidity

<table>
<thead>
<tr>
<th></th>
<th>5/31/18</th>
<th>8/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage/Excess</td>
<td>1.4x/$2,684</td>
<td>1.5x/$2,880</td>
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</table>

Liquidity Coverage/Excess Liquidity (excluding short-term member debt)

<table>
<thead>
<tr>
<th></th>
<th>5/31/18</th>
<th>8/31/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage/Excess</td>
<td>2.5x/$5,518</td>
<td>2.8x/$5,955</td>
</tr>
</tbody>
</table>

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(1) $554 million of investments are classified as held-to-maturity and it is our intention to hold these securities to maturity
(2) Revolving NPA - Farmer Mac is subject to market conditions
(3) Scheduled LT loan amortization and other repayments over the next 12 months
(4) Short-term debt maturities include long-term debt maturities over the next 12 months
# Liquidity Position as of 8/31/2018

<table>
<thead>
<tr>
<th></th>
<th>Projected Sources of Liquidity</th>
<th>Projected Uses of Liquidity</th>
<th>Other Sources/ (Uses) of Liquidity</th>
<th>Net LT Loan Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LT Debt Issuance</td>
<td>Anticipated LT Loan Repayments¹</td>
<td>Other Loan Repayments²</td>
<td>Total Projected Sources of Liquidity</td>
</tr>
<tr>
<td>11/30/18</td>
<td>$1,000</td>
<td>$340</td>
<td></td>
<td>$1,340</td>
</tr>
<tr>
<td>2/28/19</td>
<td>1,050</td>
<td>300</td>
<td>55</td>
<td>$1,405</td>
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<tr>
<td>5/31/19</td>
<td>650</td>
<td>284</td>
<td></td>
<td>$934</td>
</tr>
<tr>
<td>8/31/19</td>
<td>270</td>
<td>328</td>
<td></td>
<td>$598</td>
</tr>
<tr>
<td>11/30/19</td>
<td>670</td>
<td>340</td>
<td></td>
<td>$1,010</td>
</tr>
<tr>
<td>2/28/20</td>
<td>620</td>
<td>308</td>
<td></td>
<td>$928</td>
</tr>
<tr>
<td>Totals</td>
<td><strong>$4,260</strong></td>
<td><strong>$1,900</strong></td>
<td><strong>55</strong></td>
<td><strong>$6,215</strong></td>
</tr>
</tbody>
</table>

(1) Anticipated long-term loan repayments include scheduled long-term loan amortizations, anticipated cash repayments at repricing date and sales.

(2) Other loan repayments include anticipated short-term loan repayments.

(3) Long-term debt maturities includes medium-term notes with an original maturity of one year or less and expected early redemptions of debt.

(4) Includes net increase or decrease to dealer commercial paper, and purchases and maturity of investments.

(5) Cumulative LT Loan Advances minus Anticipated Loan Repayments including scheduled loan amortizations, repricings and sales.
Year To Date FY19 Major Financing Activities

CTBs
- July 2018 – Redeemed early $300 million of the $1 billion 10.375% CTB with an original maturity of November 1, 2018

MTNs
- July 2018 – Issued $300 million 3-year floating-rate notes @ 3ML + 37.5 bps

GUP
- July 2018 – Repriced $125 million @ 3.50% with a 15-year final maturity
- August 2018 – Received an approval for an additional $750 million funding under the GUP

Farmer Mac
- July 2018 – Extended the draw period for the $300 million Farmer Mac revolving note purchase agreement to December 2023
- September 2018 – Entered into a pricing agreement with Farmer Mac to advance $250 million in November 2018 under the note purchase agreement
## Key Takeaways

### Robust Credit Ratings

- **Fitch:** F1 (Short-Term); A+ (Senior Secured); A (Senior Unsecured); **Stable** Outlook (Last commented on 10/1/18)
- **Moody's:** P-1 (Short-Term); A1 (Senior Secured); A2 (Senior Unsecured); **Stable** Outlook (Last commented on 11/30/17)
- **S&P:** A-1 (Short-Term); A (Senior Secured); A (Senior Unsecured); **Stable** Outlook (Last commented on 5/29/18)
- Management’s long-term incentives are tied to CFC credit ratings

### High Quality Loan Portfolios

- 99% of loans are to rural electric systems
- 93% of loans are on a senior secured basis
- 0.07% loan loss allowance coverage ratio
- No loan defaults, no nonperforming loans, no charge-offs & no delinquent loans

### Strong Member Support

- 19% of funding is from member-owners
- Historically low reinvestment risk on member investments
- Total members’ equity at $1.5 billion as of 8/31/2018, a 49% increase from $998 million as of 5/31/2013

### Healthy Funding & Liquidity Profile

- Maintain dealer commercial paper balance at the $1 billion – $1.25 billion level
- Diversified funding sources (Cash, investments, bank lines, GUP & Farmer Mac)
- 1.5 times liquidity coverage ratio over the next 12 months
- 2.8 times liquidity coverage ratio over the next 12 months, excluding short-term debt maturities related to member investments

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Maintain dealer commercial paper balance at the $1 billion – $1.25 billion level
Diversified funding sources (Cash, investments, bank lines, GUP & Farmer Mac)
1.5 times liquidity coverage ratio over the next 12 months
2.8 times liquidity coverage ratio over the next 12 months, excluding short-term debt maturities related to member investments
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