

# **Investor Conference Call – FY2022 First Quarter Ended August 31, 2021**

**October 13, 2021 at 10 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.



# Non-GAAP Financial Measures

**During our discussion, we review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the first quarter ended August 31, 2021, of our fiscal year 2022, 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.**



# J. Andrew Don, Chief Executive Officer



# 1QFY22 Highlights

## Lending

\$456 million  
Loan Growth

## Portfolio Quality

99% to Rural  
Utility Systems

## Operating Performance

Adj. NI: \$54 million  
Adj. TIER: 1.27x

## Funding/ Liquidity

Members: 18%  
Non-capital Markets: 35%  
Capital Markets: 47%

## Credit Ratings

Secured: A+/A1/A-  
Unsecured: A/A2/A-  
Short-Term: F1/P-1/A-2  
Outlook: Stable

## ESG

Inaugural  
Sustainability Bond  
Report

# Financial Performance

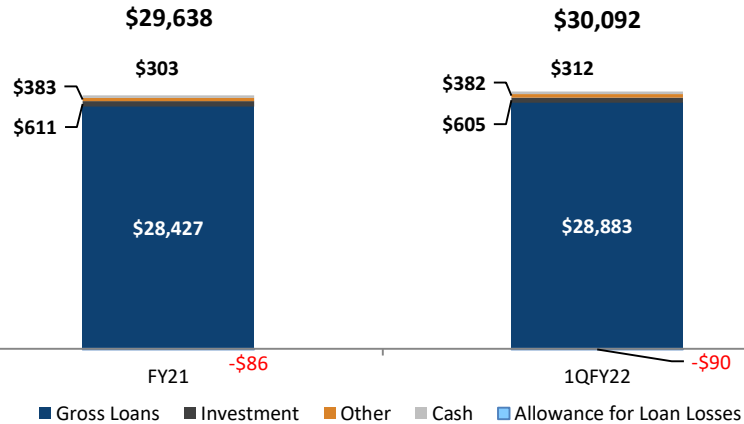
Ling Wang, Chief Financial Officer



# 1QFY22 Financial Results – Balance Sheet

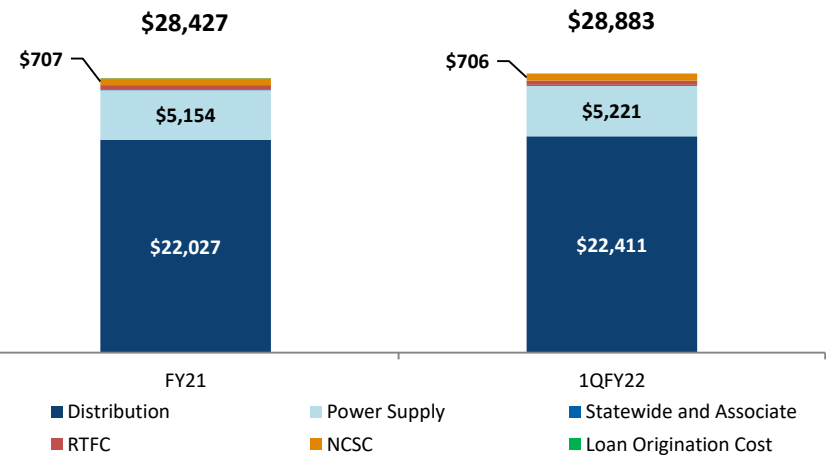
## Total Assets (\$ in Mils)

\$454 MM, or 2%, Increase in Total Assets



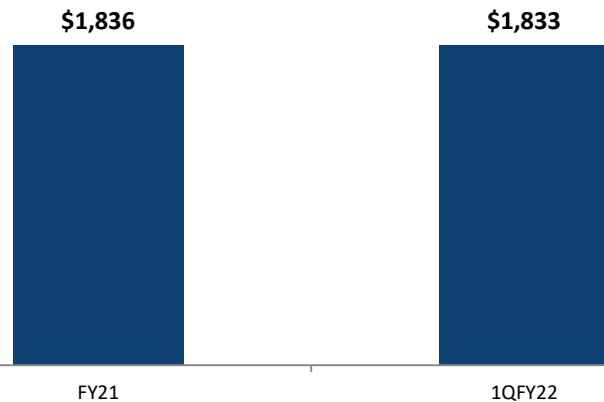
## Loans to Members (\$ in Mils)

\$456 MM, or 2%, Increase in Loans to Members



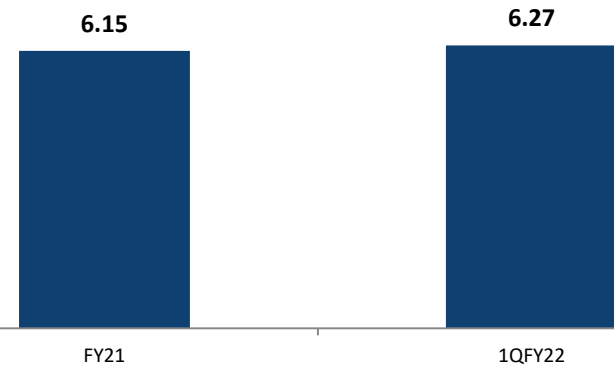
## Members' Equity (\$ in Mils)

\$3 MM, or 0.2%, Decrease in Members' Equity



## Adjusted Debt to Equity Ratio

0.12, or 2%, Increase in Debt to Equity Ratio



# 1QFY22 Financial Results – Income Statement

## Adjusted TIER

0.01, or 0.8%, Decrease in Adjusted TIER

1.28



1QFY21 (3 mos)

1.27



1QFY22 (3 mos)

## Adjusted Net Income (\$ in Mils)

\$3 MM, or 5%, Decrease in Adjusted Net Income

\$57



1QFY21 (3 mos)

\$54



1QFY22 (3 mos)

## Adjusted Net Interest Income (\$ in Mils)

\$8 MM, or 11%, Increase in Net Interest Income

\$73



1QFY21 (3 mos)

\$81



1QFY22 (3 mos)

## Adjusted Net Interest Yield

5 bps, or 5%, Increase in Adjusted Net Interest Yield

1.04%



1QFY21 (3 mos)

1.09%



1QFY22 (3 mos)

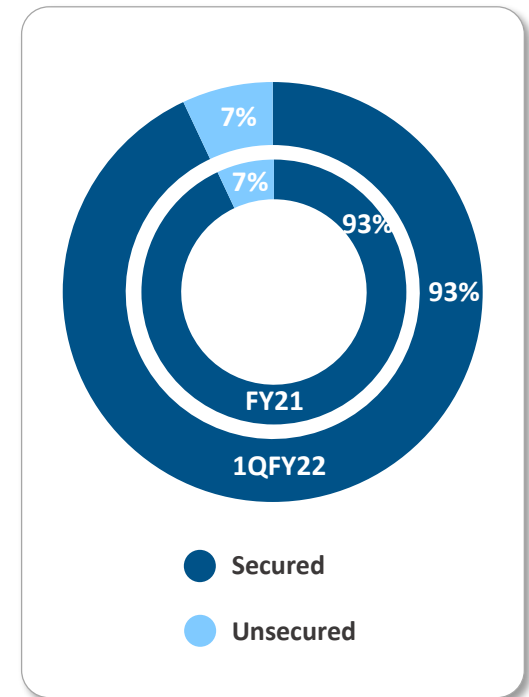
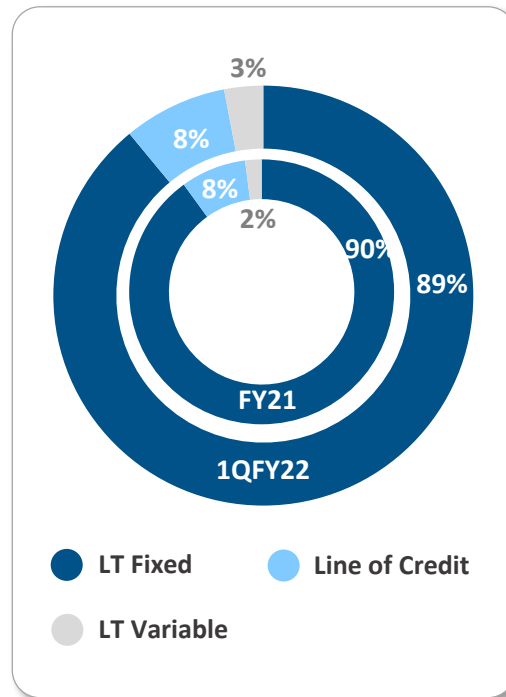
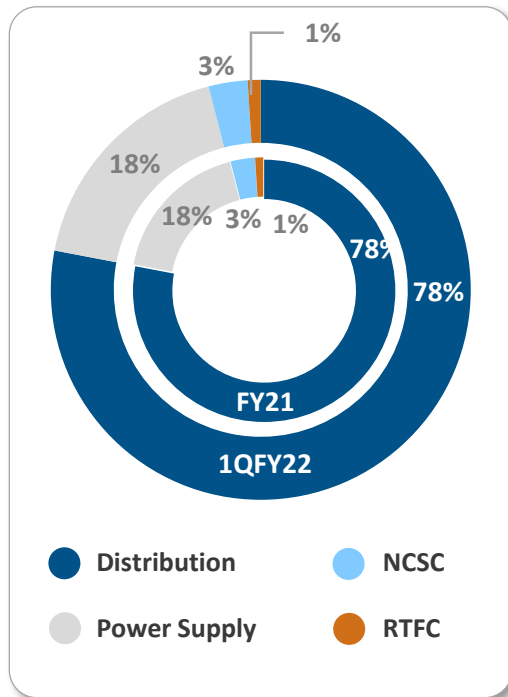




# Loan Portfolio Overview

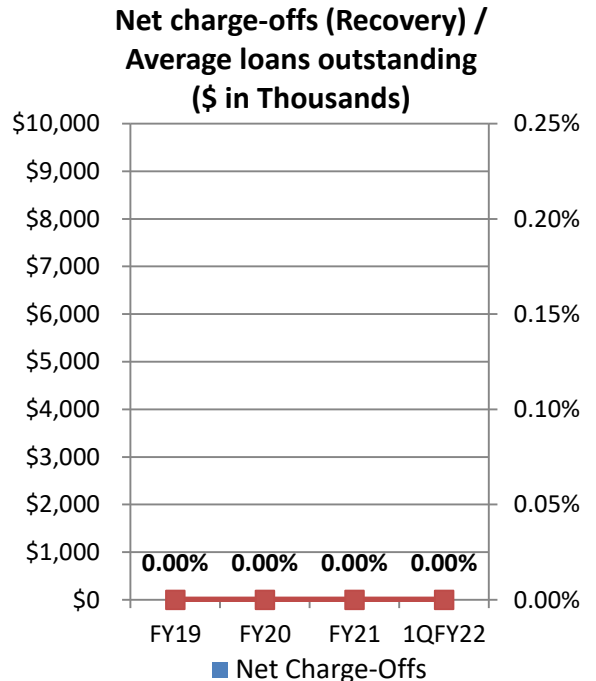
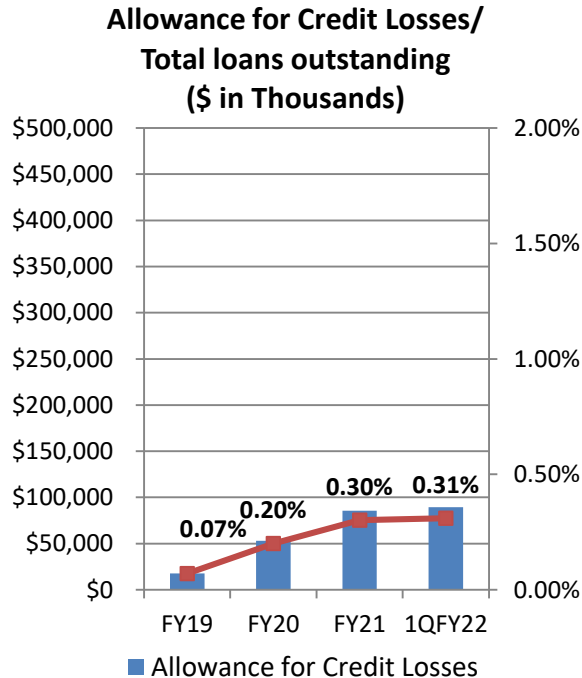
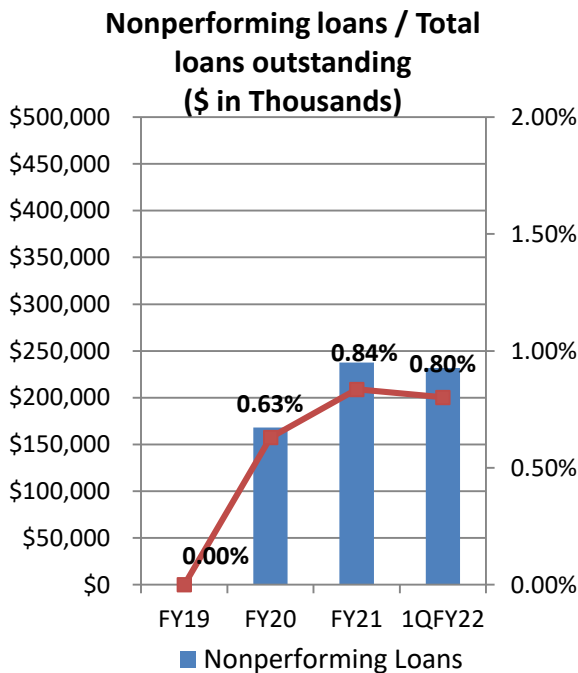
## CFC's Electric Cooperative Borrowers/Members:

- 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



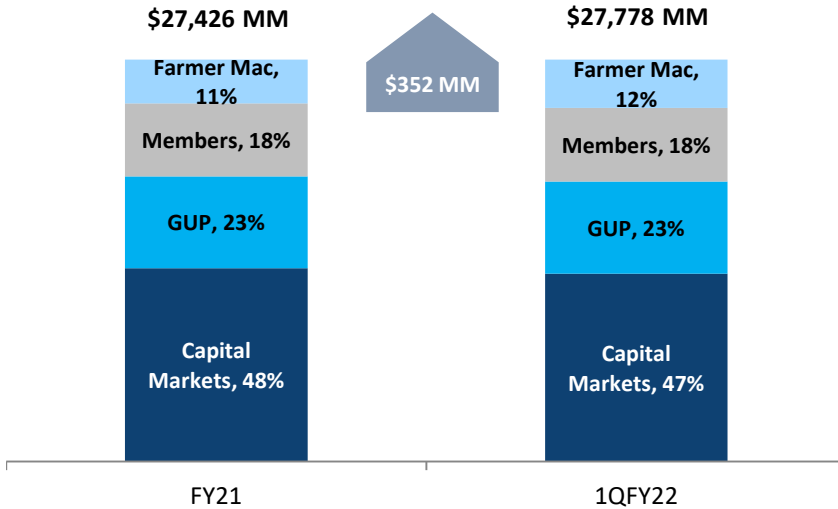
# Credit Performance

- During CFC's 52-year history, in the electric utility portfolio, there have only been 17 defaults including Brazos Electric. Of the 16 defaults prior to the Brazos default, only six resulted in losses which totaled \$86 million in net write-offs.
- CFC had no charge-offs during the three months ended August 31, 2021. Historically, CFC has had low levels of charge-offs, loan defaults, nonperforming loans, and delinquencies.

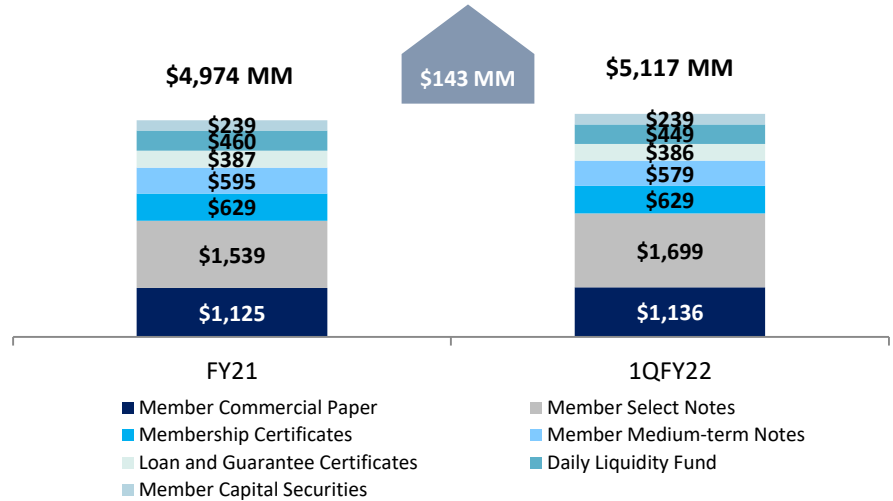


# Debt Funding Sources

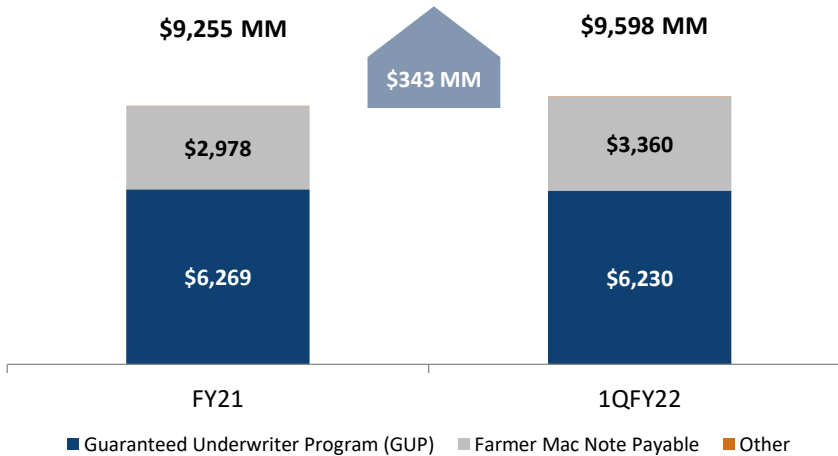
Total Debt Outstanding (\$ in Mills)



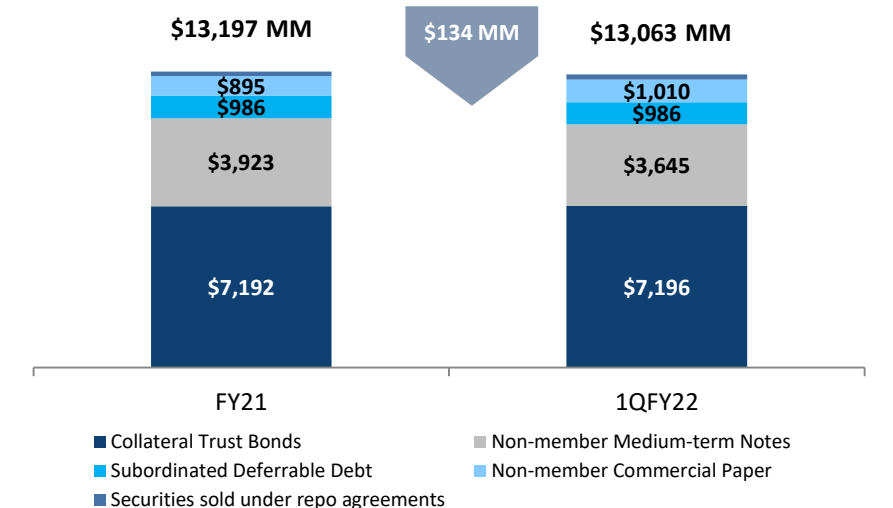
Member Investment (\$ in Mills)



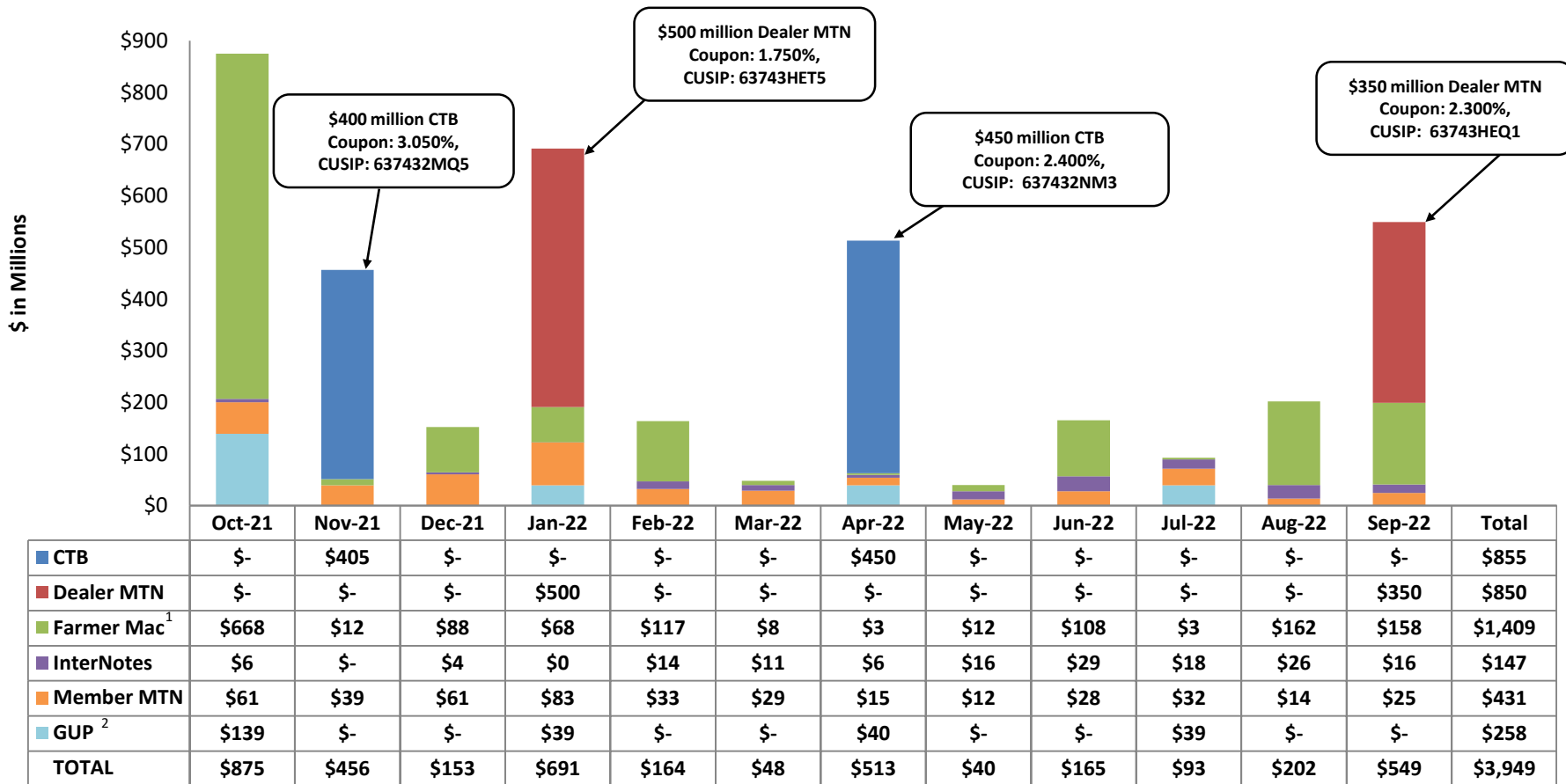
GUP & Farmer Mac (\$ in Mills)



Capital Markets Funding (\$ in Mills)



# Monthly Debt Maturity/Amortization Schedule



Note: Our members traditionally roll over their MTN investments at maturity. Data as of 9/30/2021



(1) \$1.32 billion in maturities and \$94 million in scheduled principal amortization  
 (2) Amounts represent scheduled principal amortization

# Liquidity Management

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

(\$ in millions)

Liquidity Sources		August 31, 2021	
		Total	Available
Cash & Investments		\$873	\$873
Committed Revolving LOC - Banks		\$2,600	\$2,597
GUP (Non-Revolving)		\$8,173	\$975
Revolving NPA - Farmer Mac <sup>1</sup>		\$5,500	\$2,140
<b>Total Liquidity</b>		<b>\$17,146</b>	<b>\$6,585</b>
<b>Debt Maturities over 12 months</b>		<b>August 31, 2021</b>	
<b>Non-member Debt Maturities</b>			
Repo Agreements		\$225	
Farmer Mac		\$500	
Dealer CP		\$1,010	
Long-term and Subordinated Debt		\$2,514	
<b>Total Non-member Debt Maturities</b>		<b>\$4,249</b>	
<b>Total Member Short-Term Investments</b>		<b>\$3,643</b>	
<b>Total Debt Maturity</b>		<b>\$7,892</b>	
<b>Excess Liquidity (exclusive of member short-term investments)</b>		<b>\$2,336/1.5x</b>	
<b>Scheduled LT Loan Amortization and Other Repayments over 12 months</b>		<b>\$1,653</b>	
<b>Excess Liquidity (inclusive of scheduled LT loan repayments and exclusive of member short-term investments)</b>		<b>\$3,989/1.9x</b>	

(1) Revolving NPA - Farmer Mac is subject to market conditions



# Projected Sources and Uses of Liquidity as of 8/31/2021

(\$ in Mils.)	LT Debt Maturities	Net Loan Growth	Other Sources/ (Uses) of Liquidity	Projected Cash Needs	Projected LT Debt Issuance
11/30/2021	\$503	\$100	(\$832)	\$1,435	\$1,252
2/28/2022	\$1,762	\$185	\$8	\$1,939	\$1,899
5/31/2022	\$602	\$125	\$100	\$627	\$568
8/31/2022	\$452	\$188	\$304	\$336	\$336
11/30/2022	\$740	\$187	\$274	\$653	\$593
2/28/2023	\$942	\$186	(\$218)	\$1,346	\$1,308
<b>Totals</b>	<b>\$5,001</b>	<b>\$971</b>	<b>(\$364)</b>	<b>\$6,336</b>	<b>\$5,956</b>

\* Refer to Page 39 of 10-Q for more details



# Key Takeaways

## Strong Credit Ratings

Fitch: **F1** (Short-Term); **A+** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 9/13/21)

Moody's: **P-1** (Short-Term); **A1** (Senior Secured); **A2** (Senior Unsecured); **Stable** Outlook (Last commented on 11/20/20)

S&P: **A-2** (Short-Term); **A-** (Senior Secured); **A-** (Senior Unsecured); **Stable** Outlook (Last commented on 8/6/21)

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

0.31% loan loss allowance coverage ratio

Low levels of charge-offs, loan defaults, nonperforming loans, and delinquencies historically

## Strong Member Support

18% of funding is from member-owners

Historically low reinvestment risk on member investments

Total members' equity at \$1.8 billion as of 8/31/2021, a 42% increase from \$1.3 billion as of 5/31/2016

## Healthy Funding & Liquidity Profile

Diversified funding sources (Cash, investments, bank lines, GUP, Farmer Mac and Repo Agreements)

1.9x times liquidity coverage ratio over the next 12 months, excluding short-term debt maturities related to member investments and including scheduled long-term loan principal amortization and repayment



An outline map of the United States, including Alaska and Hawaii, serving as a background for the text.

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