National Rural Utilities
Cooperative Finance Corporation

Created and Owned by America's Electric Cooperative Network

Investor Conference Call

Fiscal Year 2018 Second Quarter

– November 30, 2017

January 16, 2018, at 10 a.m. EST

Forward-Looking Statements

This presentation contains 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 forward-looking statements about our current expectations are included in our annual and quarterly periodic reports previously 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 today, we will review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the fiscal quarter ended November 30, 2017, as filed with the SEC and as 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.

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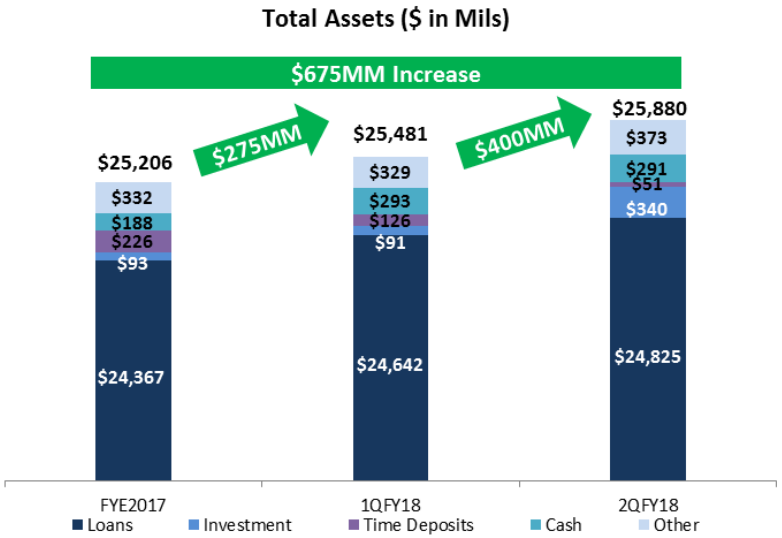
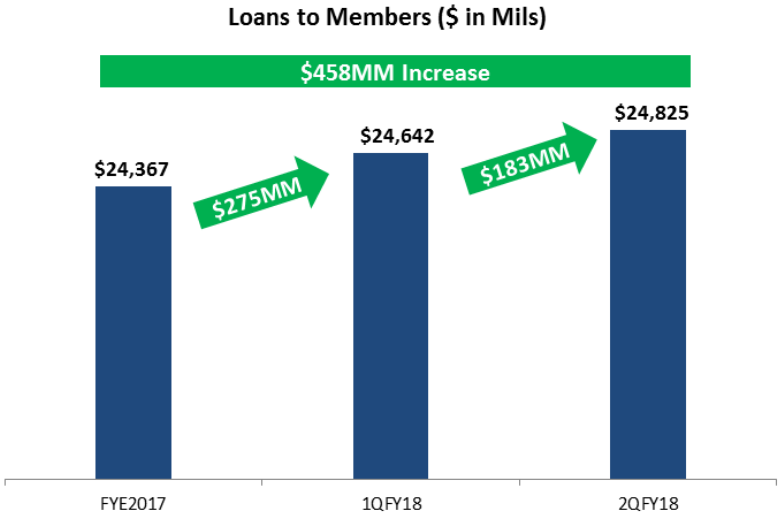
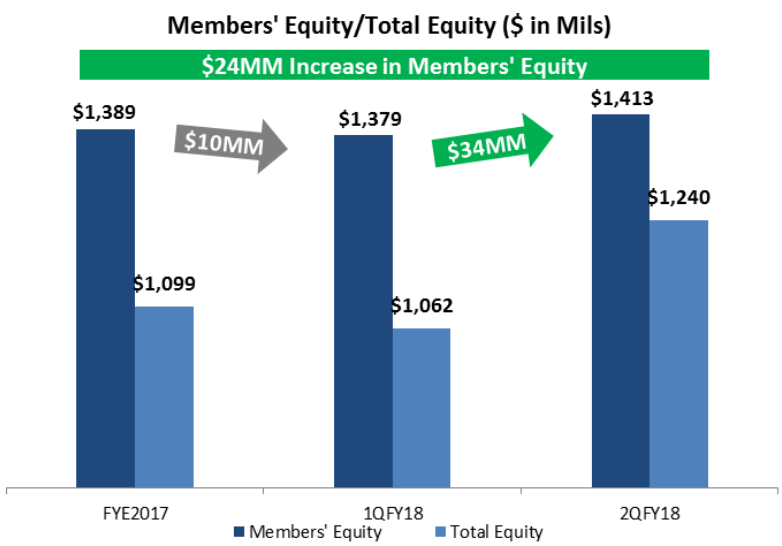
Financial Performance

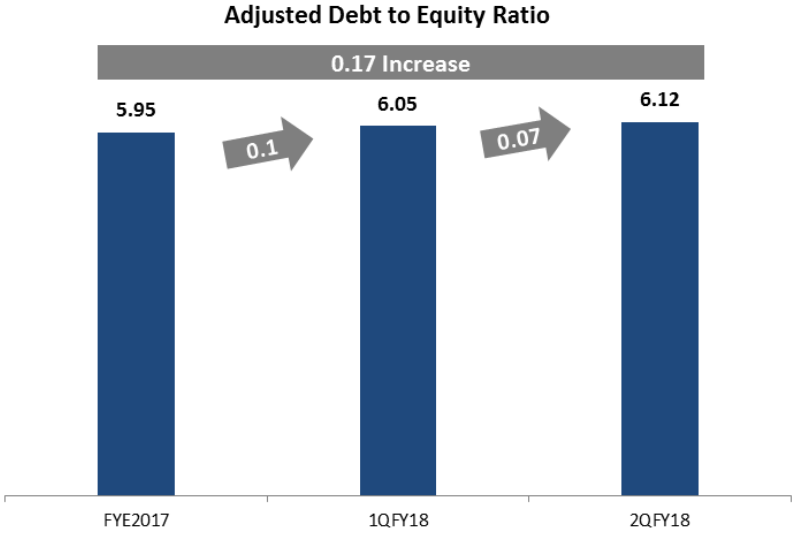
J. Andrew Don, SVP and Chief Financial Officer

2QFY18 Financial Results – Balance Sheet

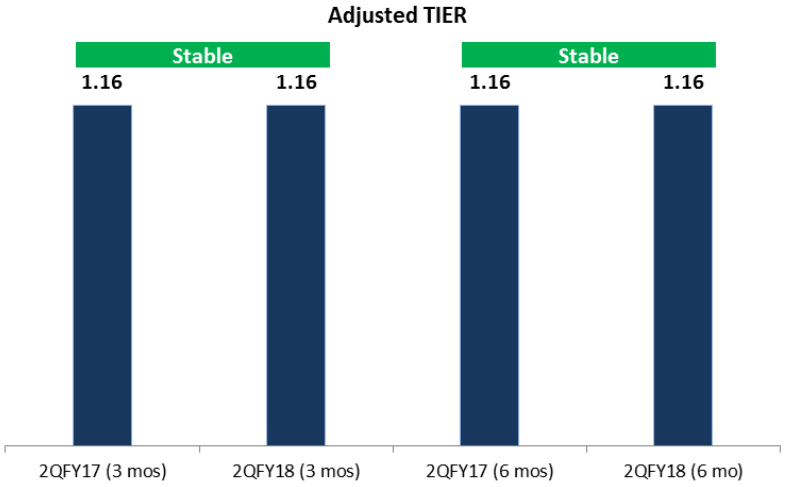


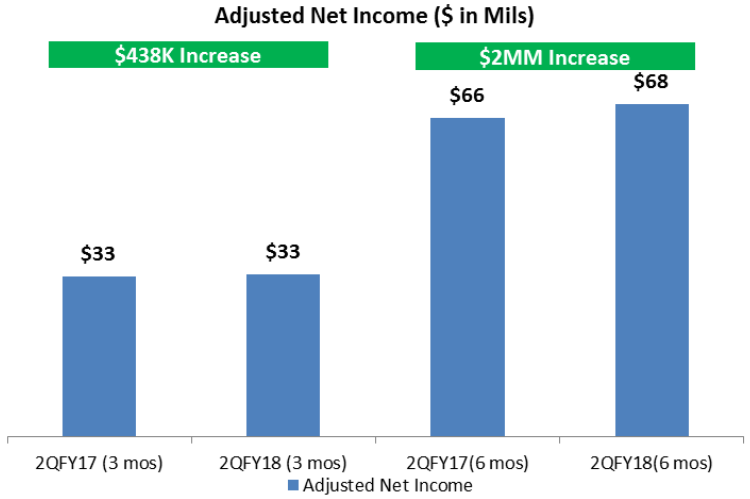


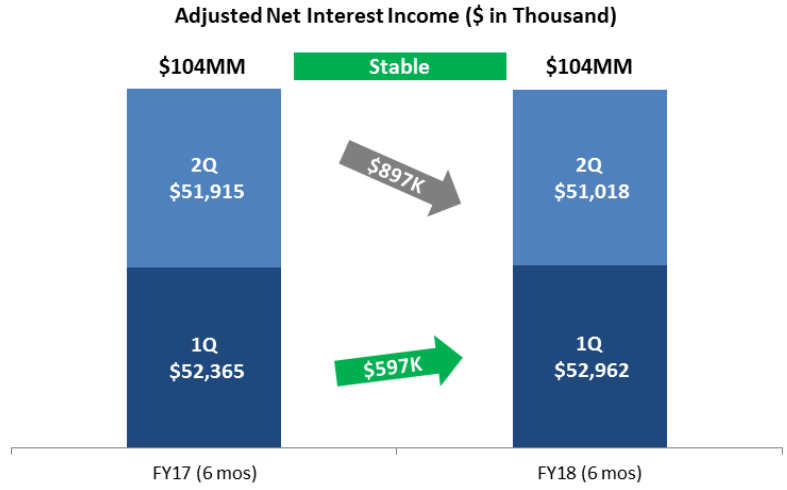


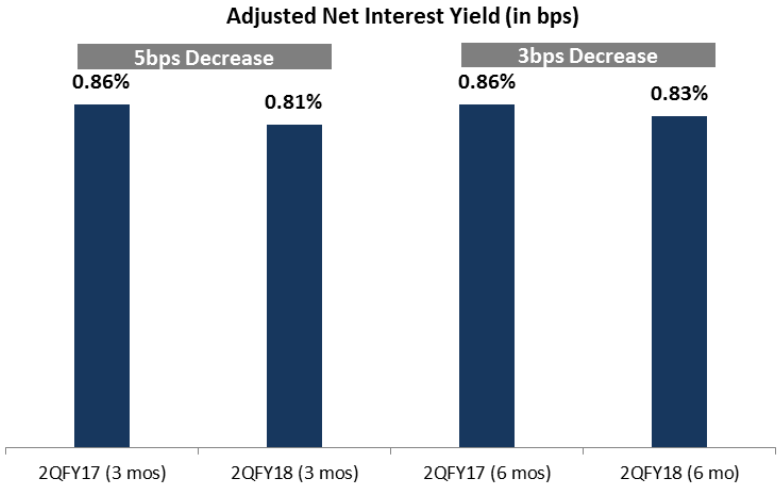


2QFY18 Financial Results – Income Statements





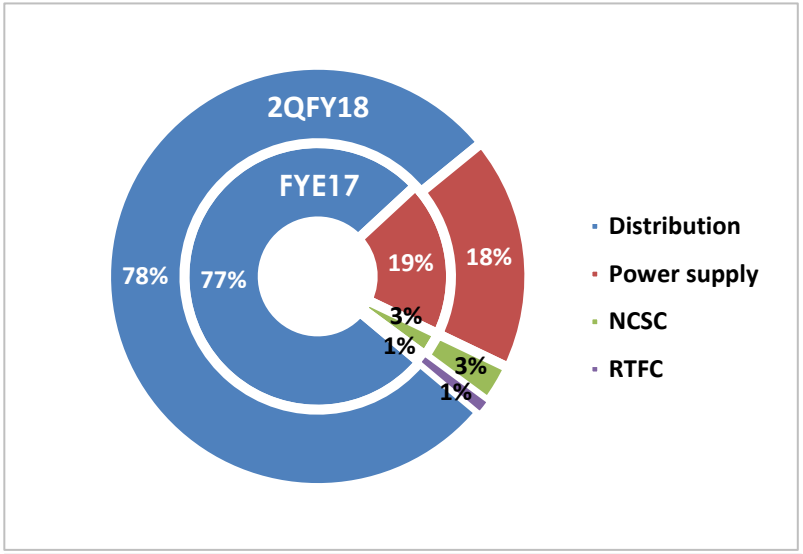


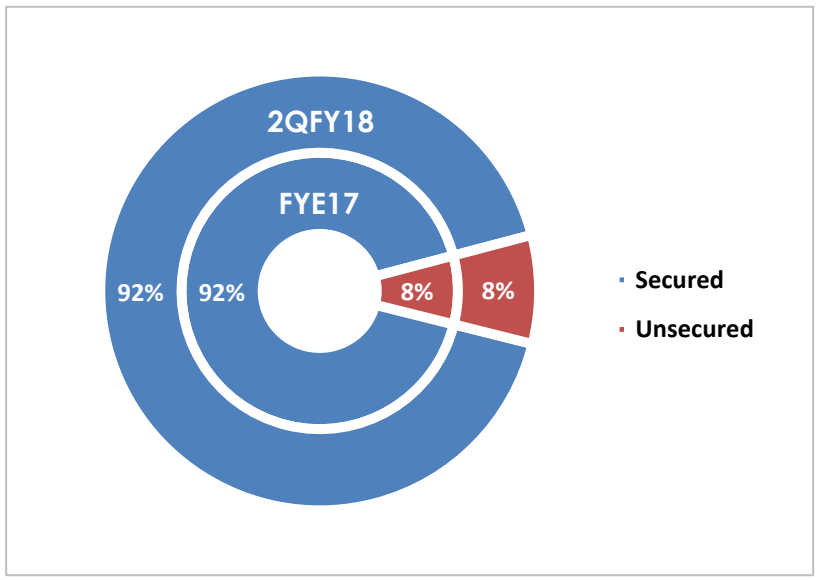


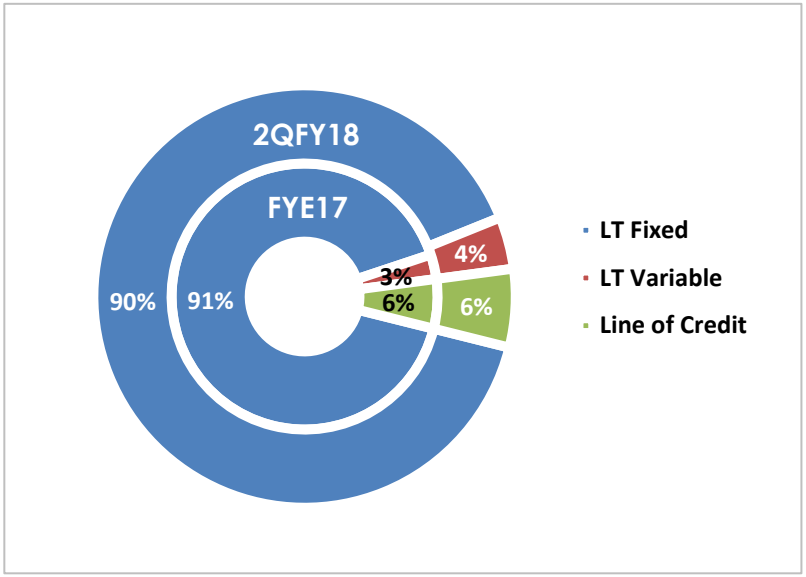
Loan Portfolio Overview

CFC's Electric Cooperative Borrowers/Members:

- Provide an essential service
- 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

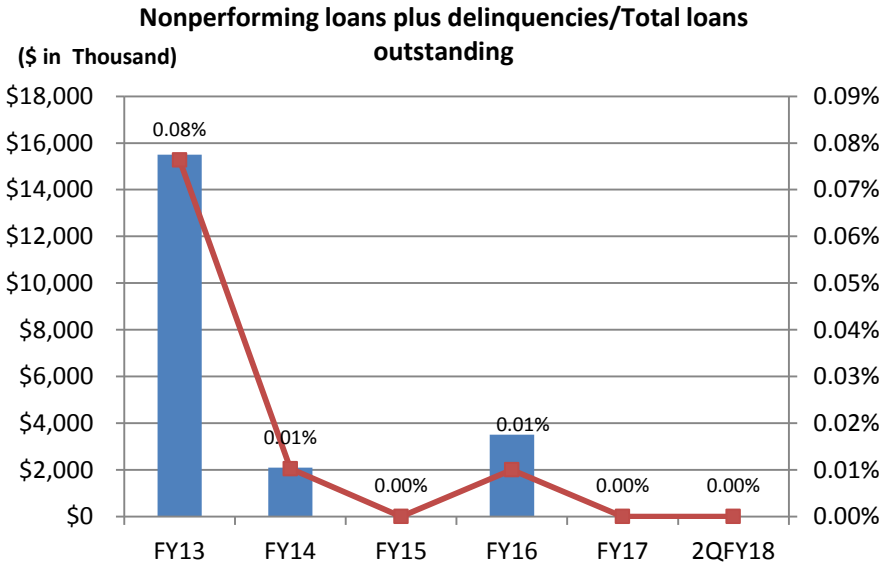


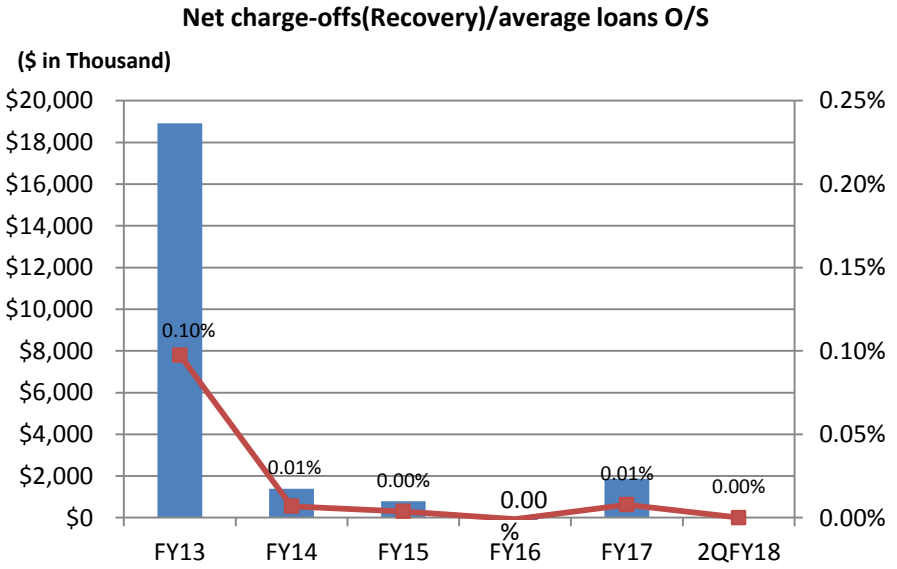




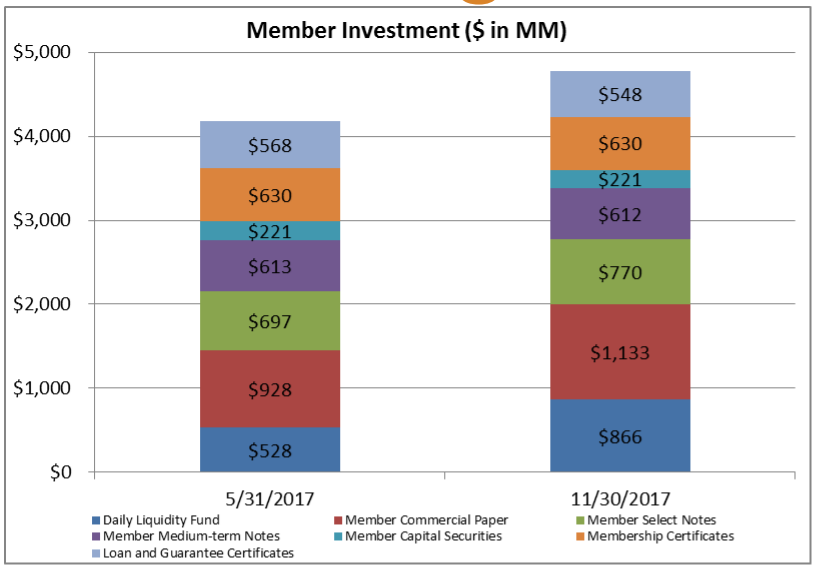
Credit Performance

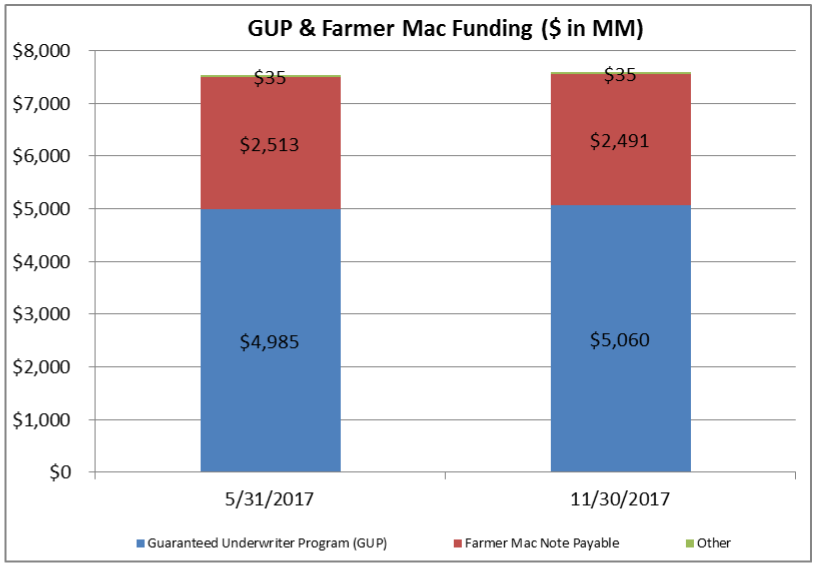
- During CFC's 49-year history, there have only been 16 defaults and six losses in the electric utility portfolio; net write-offs for the electric portfolio totaled $86 million.
- At 2QFY18, CFC did not have any nonperforming loans.
- During 2QFY18, CFC had no charge-offs.

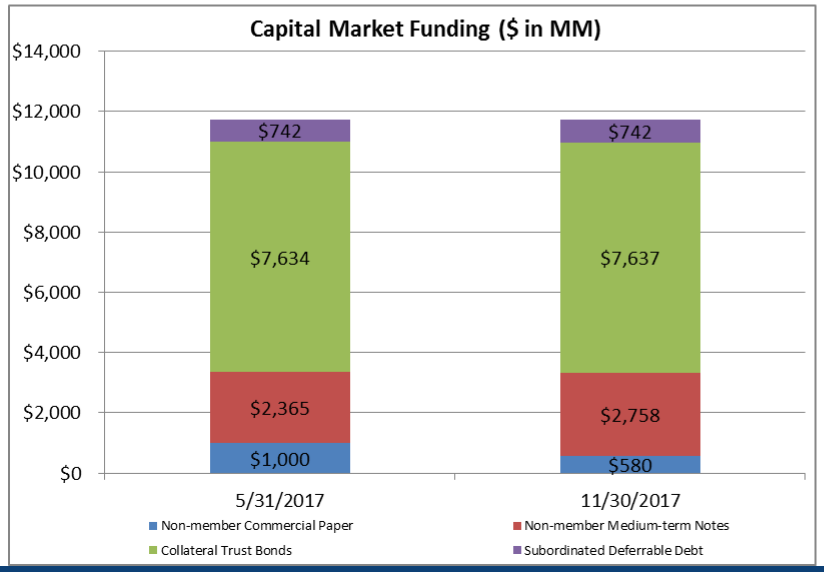


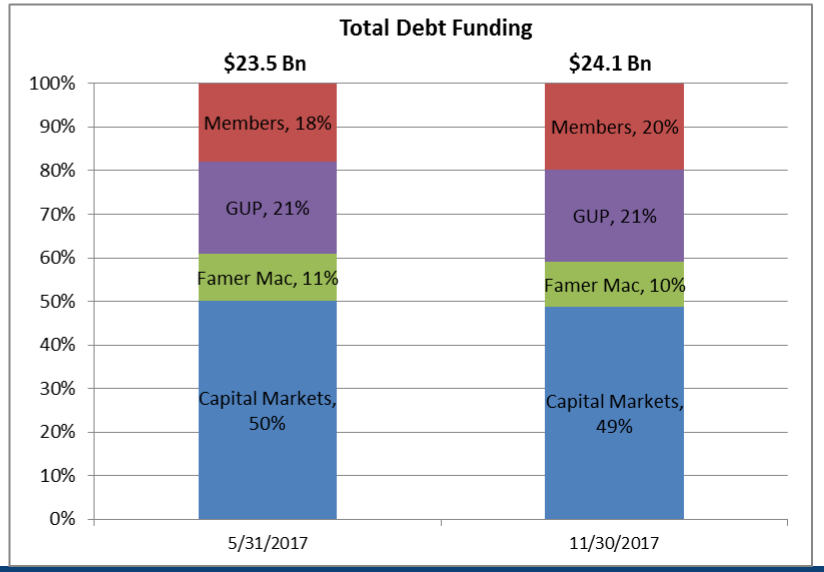


Debt Funding Sources



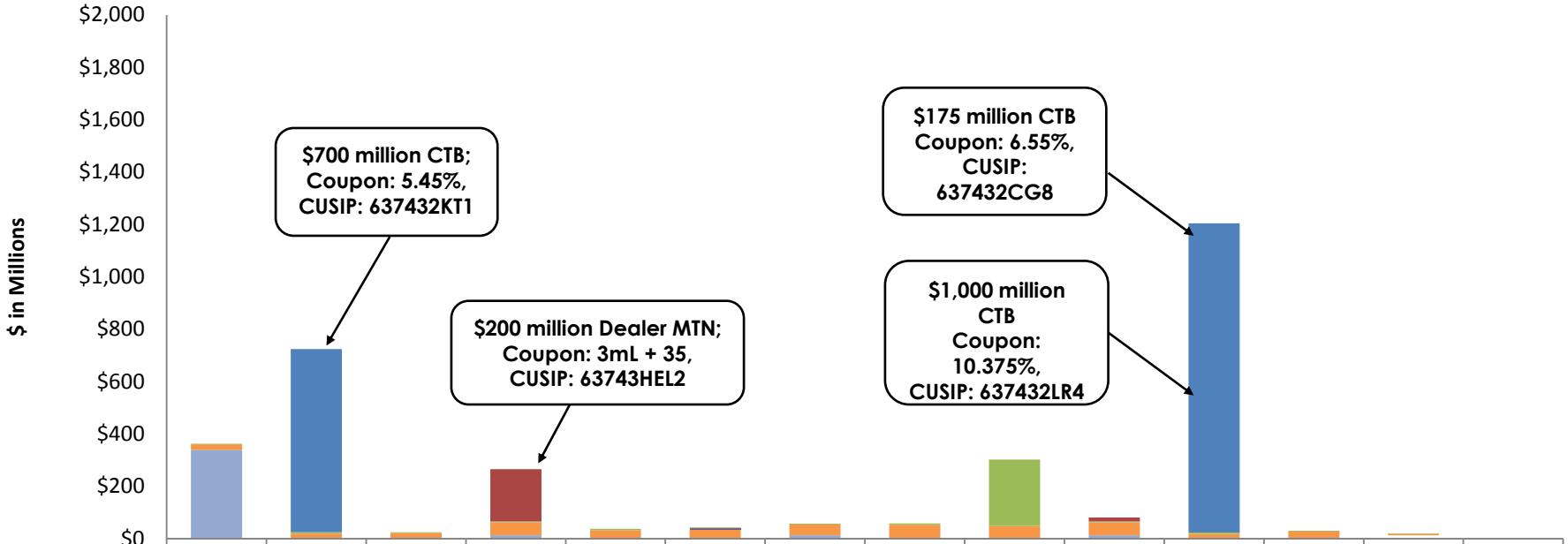






Monthly Debt Maturity Schedule

Data as of 12/31/2017



	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Total
CTB	$0	$700	$0	$0	$0	$0	$0	$0	$0	$0	$1,180	$0	$0	$1,880
Dealer MTN	$0	$0	$0	$200	$0	$0	$0	$0	$0	$15	$0	$0	$0	$215
Farmer Mac	$3	$5	$3	$3	$5	$3	$3	$5	$253	$3	$6	$3	$3	$298
InterNotes	$0	$0	$0	$0	$0	$4	$0	$0	$0	$0	$0	$0	$0	$4
Member MTN	$22	$19	$22	$49	$32	$36	$41	$53	$49	$50	$19	$27	$4	$422
GUP	$338	$0	$0	$14	$0	$0	$14	$0	$0	$14	$0	$0	$14	$393
TOTAL	$363	$725	$25	$266	$38	$43	$57	$59	$302	$81	$1,204	$30	$21	$3,212

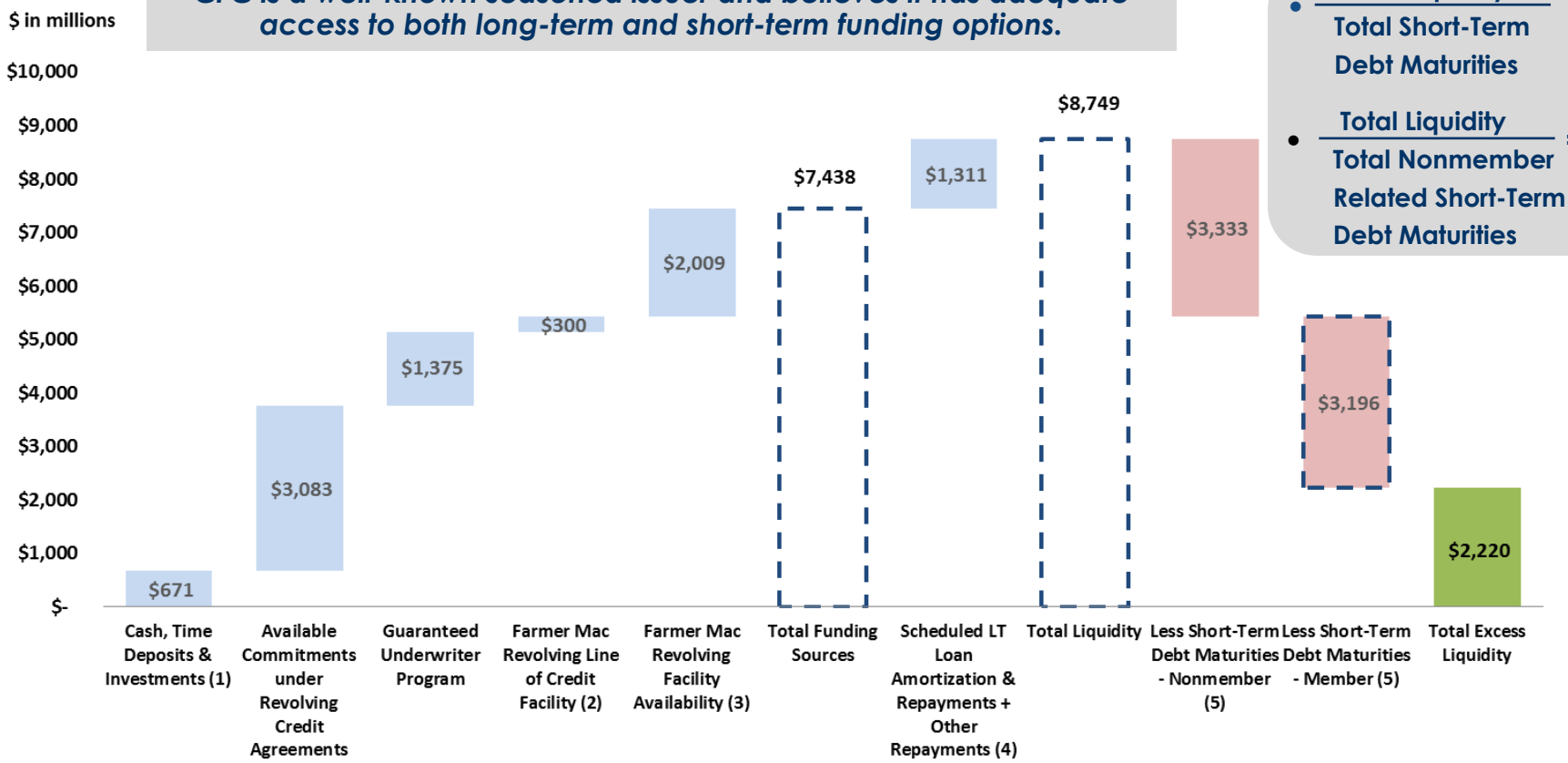
Note: Our members traditionally roll over their MTN investments at maturity.

Liquidity Management

- **At November 30, 2017, CFC had the following projected liquidity sources available:**

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

- $\frac{\text{Total Liquidity}}{\text{Total Short-Term Debt Maturities}} = 1.3x$
- $\frac{\text{Total Liquidity}}{\text{Total Nonmember Related Short-Term Debt Maturities}} = 2.6x$



(1) Certain investments are classified as held-to-maturity and it is our intention to hold these securities to maturity.
(2) The maturity date is July 31, 2018.
(3) Subject to market conditions for debt issued by Farmer Mac.
(4) Scheduled LT loan amortization and other repayments over the next 12 months
(5) Short-term debt maturities include long-term debt maturities over the next 12 months

Liquidity Position at 11/30/2017

	Projected Sources of Liquidity				Projected Uses of Liquidity					
($ in Mils.)	LT Debt Issuance	Anticipated LT Loan Repayments (1)	Other Loan Repayments (2)	Total Projected Sources of Liquidity	LT Debt Maturities (3)	LT Loan Advances	Other Loan Advances (4)	Total Projected Uses of Liquidity	Other Sources/ (Uses) of Liquidity (5)	Net LT Loan Growth (6)
2/28/18	$1,070	$309	$36	**$1,415**	$1,141	$741	$62	**$1,944**	$463	$432
5/31/18	490	286		**$776**	333	307		**$640**	(141)	$21
8/31/18	385	305	52	**$742**	162	313		**$475**	(262)	$8
11/30/18	1,335	323		**$1,658**	1,569	290	13	**$1,872**	227	($33)
2/28/19	845	291		**$1,136**	696	493		**$1,189**	28	$202
5/31/19	585	272		**$857**	398	485		**$883**	40	$213
Totals	**$4,710**	**$1,786**	**$88**	$6,584	**$4,299**	**$2,629**	**$75**	$7,003	**$355**	**$843**

(1) Anticipated long-term loan repayments include scheduled long-term loan amortizations, repricings 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) Other loan advances include anticipated short=term loan advances.

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

(6) Cumulative LT Loan Advances minus Anticipated Loan Repayments including scheduled loan amortizations, repricings and sales.

FY18 Major Financing Activities

Revolvers	• November 2017 – Amended and extended maturities of the credit facilities by one year to November 2020 and November 2022.
MTNs	• August 2017 – Issued $350 million 5-year fixed-rate notes @ 2.30%.
GUP	• August 2017 – Advanced $100 million @ 2.83% with a 20-year final maturity. • November 2017 – Closed $750 million committed facility under the GUP with a 5-year draw period.

Key Takeaways

Robust Credit Ratings

- Fitch: **F1** (Short-Term); **A+** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 9/8/17)
- 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 10/20/17)
- Management's long-term incentives are tied to CFC credit ratings

High-Quality Loan Portfolio

- 99% of loans are to rural electric systems
- 92% of loans are on a senior secured basis
- 0.15% loan loss allowance coverage ratio
- No loans in the portfolio are classified as nonperforming

Strong Member Support

- 20% of funding is from member-owners
- Historically low reinvestment risk on member investments
- Total members' equity at $1.4 billion as of 11/30/2017, a 73% increase from $815 million as of 5/31/2012

Healthy Funding & Liquidity Profile

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

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