

**Investor Conference Call –  
FY2023 Second Quarter Ended  
November 30, 2022**

**January 18, 2023 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.



# Non-GAAP Financial Measures

During our discussion, we review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the second quarter ended November 30, 2022, of our fiscal year 2023, 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



# Financial Highlights

(as of November 30, 2022, unless otherwise noted)



## Continued Balance Sheet Expansion

- Loans to members totaled \$31.6 billion
- Largest private lender in the sector with 28% market share at 12/31/2021

## High Quality Loan Portfolio



- Historically limited levels of charge-offs, loan defaults, nonperforming loans, and delinquencies
- Geographically diverse borrower base with 98% loans to electric utilities



## Strong Financial Metrics

- Adjusted TIER of 1.20x for the quarter, and 1.23x for the six months ended November 30, 2022
- Members' equity exceeded \$2 billion

## Diverse Funding Source & Healthy Liquidity



- Diversified liquidity sources supported by cash, investments, committed bank lines, Guaranteed Underwriter Program (GUP), Farmer Mac, and repo facilities



# Financial Performance

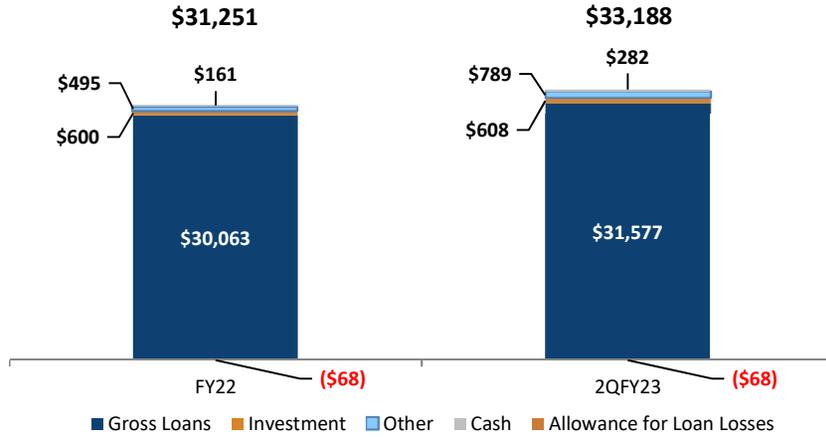
Ling Wang, Chief Financial Officer



# 2QFY23 Financial Results – Balance Sheet

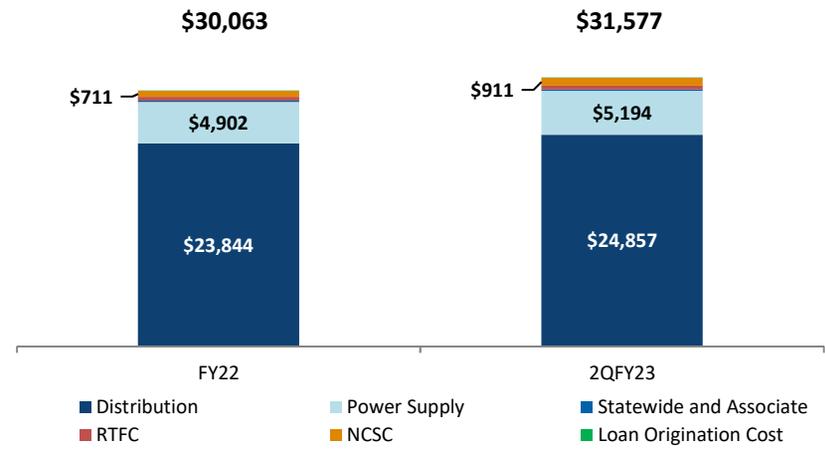
**Total Assets (\$ in Mils)**

\$1,937 MM, or 6%, Increase in Total Assets



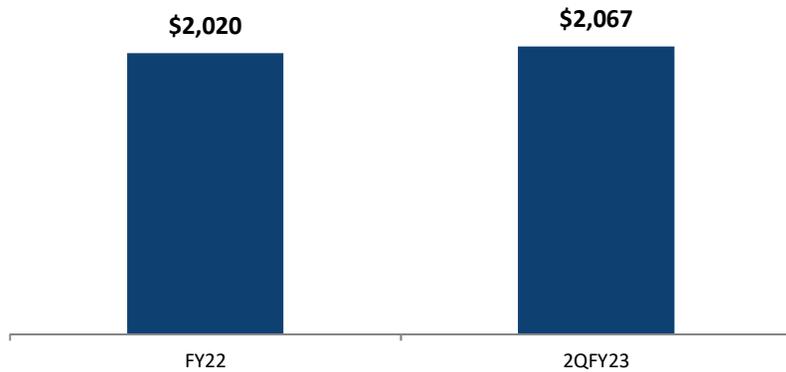
**Loans to Members (\$ in Mils)**

\$1,514 MM, or 5%, Increase in Loans to Members



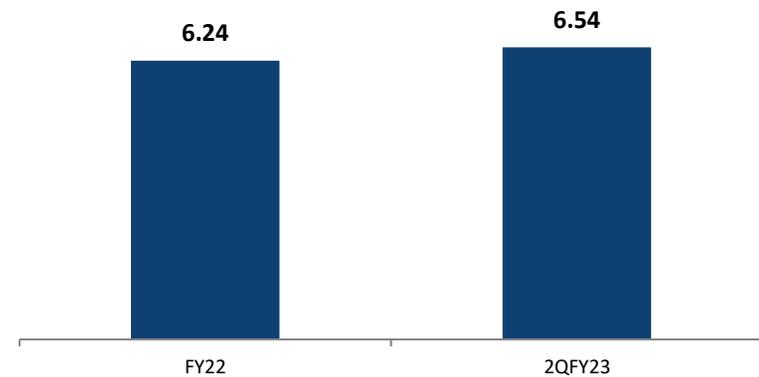
**Members' Equity (\$ in Mils)**

\$47 MM, or 2%, Increase in Members' Equity



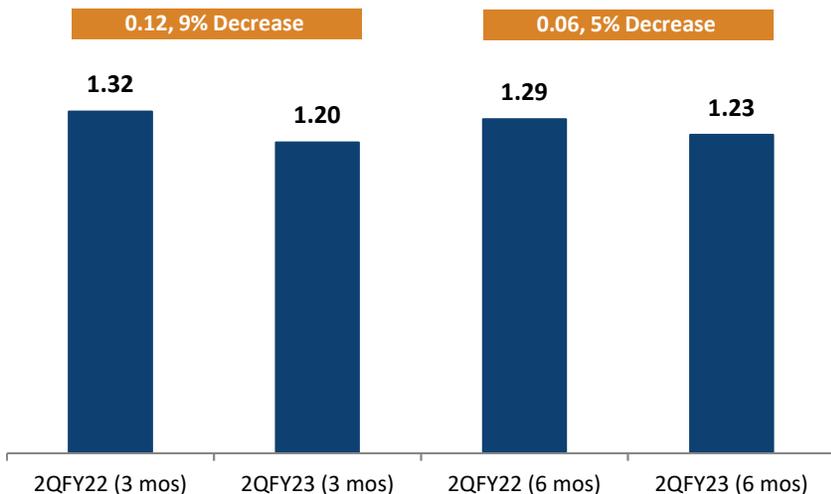
**Adjusted Debt to Equity Ratio**

0.30, or 5%, Increase in Debt to Equity Ratio

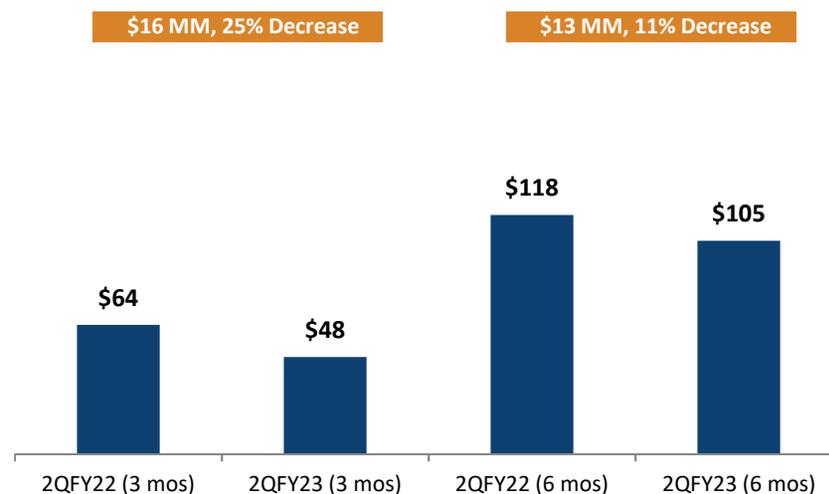


# 2QFY23 Financial Results – Income Statement

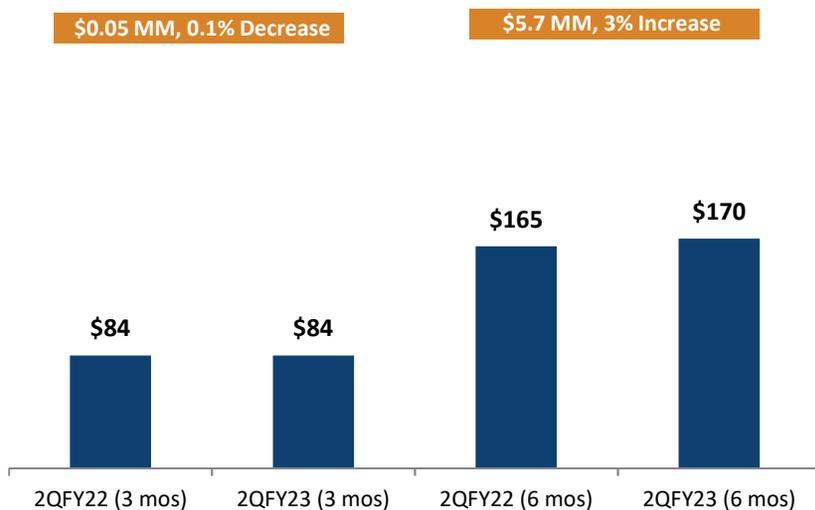
Adjusted TIER



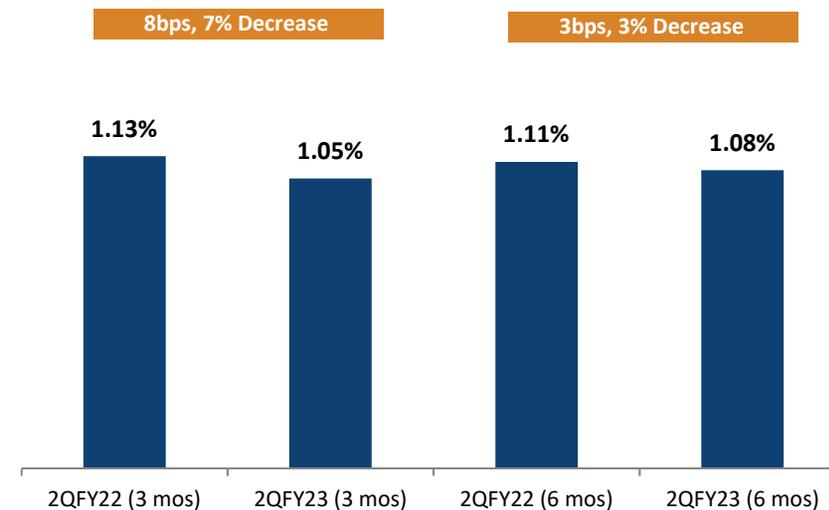
Adjusted Net Income (\$ in Mils)



Adjusted Net Interest Income (\$ in Mils)



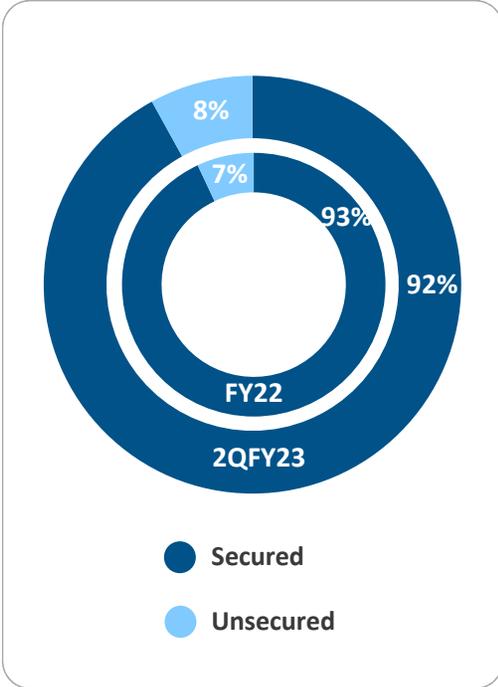
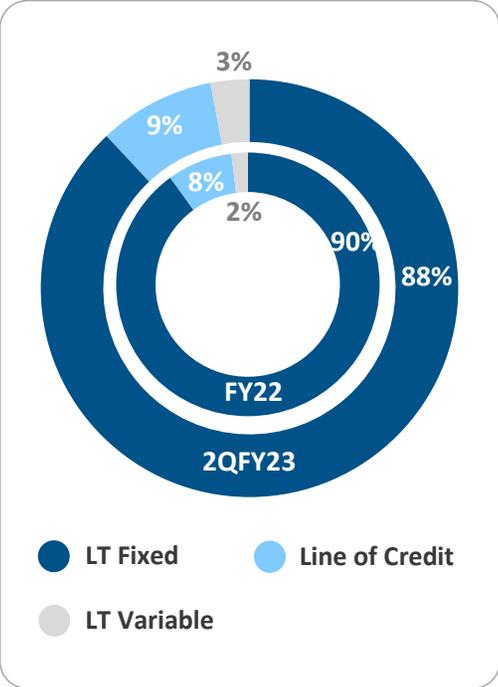
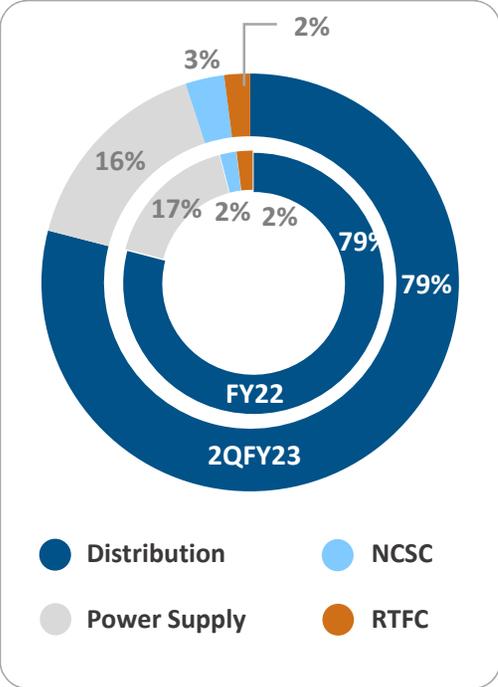
Adjusted Net Interest Yield



# Loan Portfolio Overview

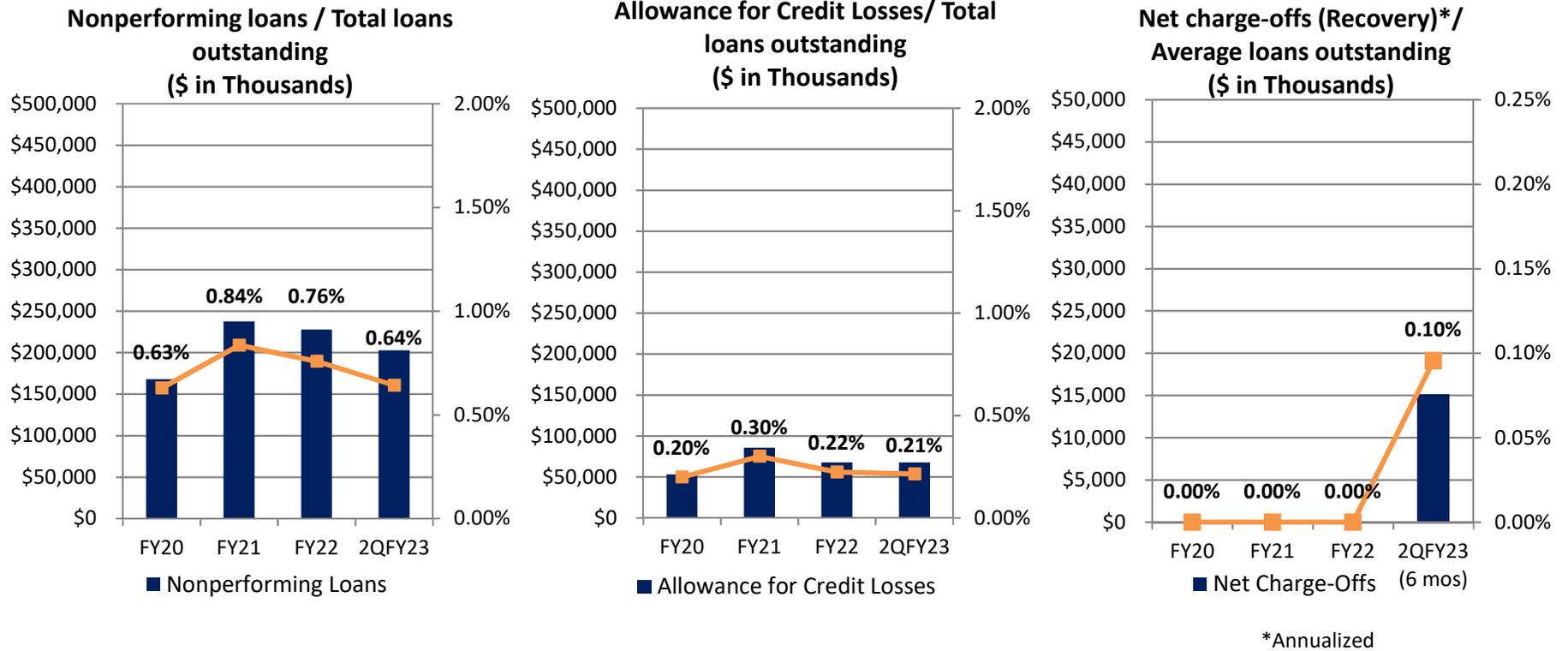
**CFC’s Electric Cooperative Borrowers/Members:**

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



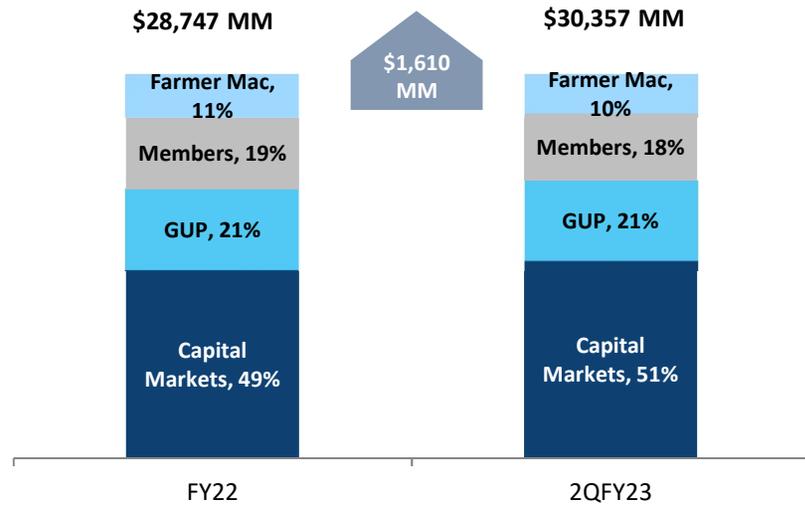
# Credit Performance

- Historically, CFC has had limited levels of charge-offs, loan defaults, nonperforming loans, and delinquencies.

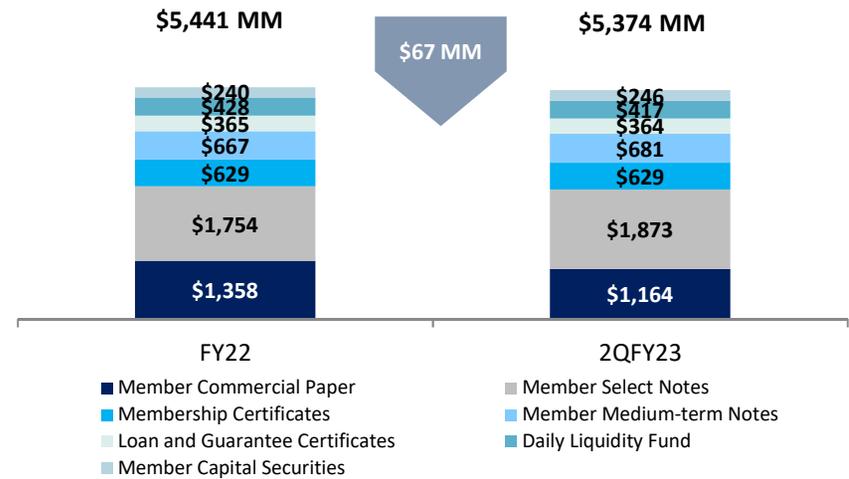


# Debt Funding Sources

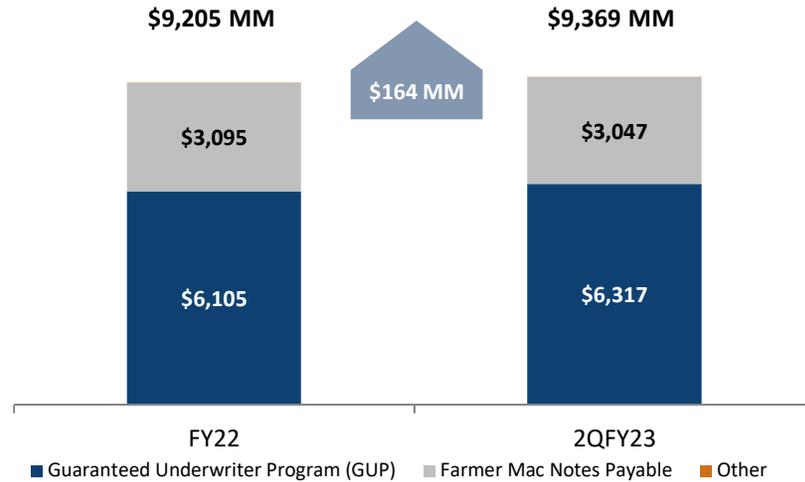
Total Debt Outstanding (\$ in Mils)



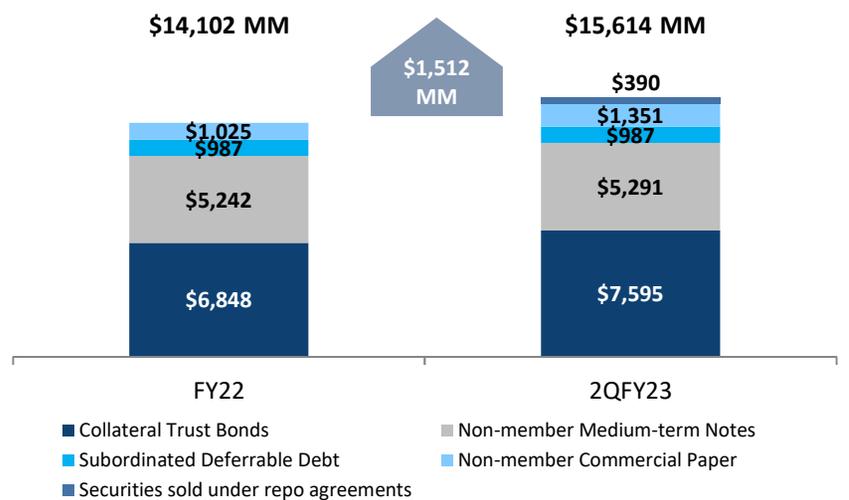
Member Investment (\$ in Mils)



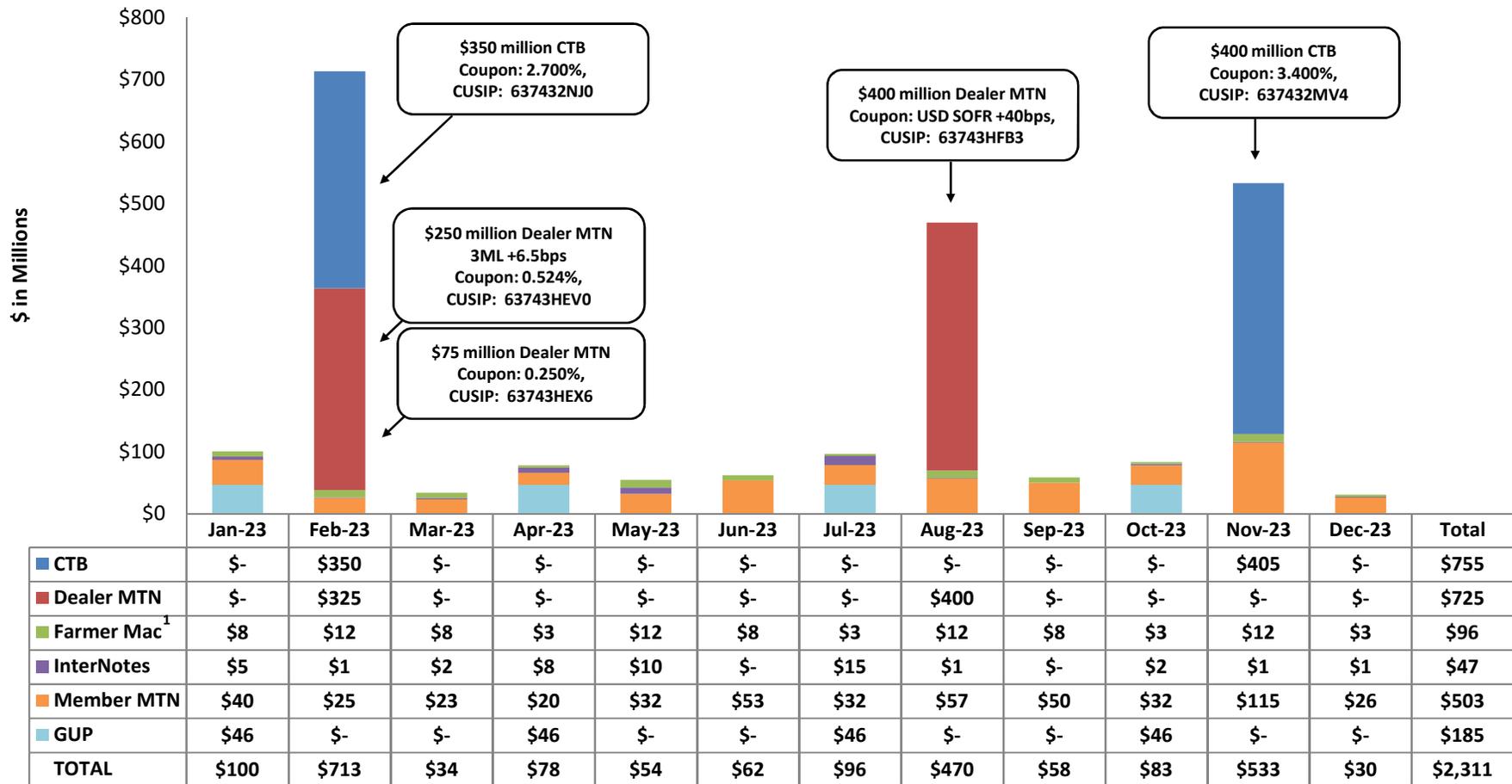
GUP & Farmer Mac (\$ in Mils)



Capital Markets Funding (\$ in Mils)



# Monthly Debt Maturity Schedule



Note: Our members traditionally roll over their MTN investments at maturity. Data as of 12/31/2022

# Liquidity Management

- CFC is a well-known seasoned issuer and believes it has adequate access to both long-term and short-term funding options
- Amended committed bank credit facilities to extend the tenors in October
- Closed an additional \$750 million commitment under the GUP in December

(\$ in millions)

Liquidity Sources		May 31, 2022		November 30, 2022	
		Total	Available	Total	Available
	Cash & Investments	\$720	\$720	\$839	\$839
	Committed Revolving LOC - Banks	\$2,600	\$2,597	\$2,600	\$2,597
	GUP (Non-Revolver)	\$8,723	\$1,075	\$8,723	\$775
	Revolving NPA - Farmer Mac <sup>1</sup>	\$5,500	\$2,405	\$6,000	\$2,953
<b>Total Liquidity</b>		<b>\$17,543</b>	<b>\$6,797</b>	<b>\$18,162</b>	<b>\$7,164</b>
<b>Debt Maturities over the next 12 months</b>					
		<b>May 31, 2022</b>		<b>November 30, 2022</b>	
<b>Non-member Debt and Member LT Debt Maturities</b>					
	Repo Agreements	\$0		\$390	
	Dealer CP	\$1,025		\$1,351	
	Long-term and Subordinated Debt <sup>2</sup>	\$1,913		\$1,944	
<b>Total Non-member Debt and Member LT Debt Maturities</b>		<b>\$2,938</b>		<b>\$3,685</b>	
<b>Total Member Short-Term Investments</b>		<b>\$3,956</b>		<b>\$3,853</b>	
<b>Total Debt Maturities over the next 12 months</b>		<b>\$6,894</b>		<b>\$7,538</b>	
<b>Excess Liquidity (excluding short-term member investments)</b>		<b>\$3,859/2.3x</b>		<b>\$3,479/1.9x</b>	
<b>Scheduled LT Loan Amortization and Repayments over the next 12 months</b>		<b>\$1,479</b>		<b>\$1,491</b>	

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

(2) Includes member LT MTNs and LT certificates maturing within 12 months



## Projected Long-Term Sources and Uses of Funds as of 11/30/2022

(\$ in Mils.)	LT and Subordinated Debt Maturities	Net Loan Growth	Projected Cash Needs	Projected LT Debt Issuance
2/28/2023	\$894	\$437	\$1,331	\$1,636
5/31/2023	\$170	\$317	\$487	\$272
8/31/2023	\$627	\$250	\$877	\$441
11/30/2023	\$673	\$250	\$923	\$518
2/29/2024	\$1,096	\$250	\$1,346	\$1,459
5/31/2024	\$84	\$250	\$334	\$130
<b>Totals</b>	<b>\$3,544</b>	<b>\$1,754</b>	<b>\$5,298</b>	<b>\$4,456</b>

\* Refer to Page 46 of Form 10-Q for more details



# Key Takeaways

## Robust Credit Ratings

Fitch: **F1** (Short-Term); **A+** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 9/7/22)

Moody's: **P-1** (Short-Term); **A1** (Senior Secured); **A2** (Senior Unsecured); **Stable** Outlook (Last commented on 12/16/21)

S&P: **A-2** (Short-Term); **A-** (Senior Secured); **A-** (Senior Unsecured); **Stable** Outlook (Last commented on 12/7/22)

## High Quality Loan Portfolio

79% of loans are to electric distribution borrowers and 16% of loans are to power supply borrowers

92% of loans are on a senior secured basis

0.21% loan loss allowance coverage ratio

Historically limited levels of charge-offs, loan defaults, nonperforming loans, and delinquencies

## Strong Member Support

\$5.4 billion or 18% of funding is from member-owners

Historically low reinvestment risk on member investments

Total members' equity of \$2.1 billion as of 11/30/2022, a 49% increase from \$1.4 billion as of 5/31/2017

## Healthy Funding & Liquidity Profile

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

\$3.5 billion, or 1.9 times, of liquidity, excluding 12-month member short-term investments



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

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