

# **Investor Conference Call – FY2023 Third Quarter Ended February 28, 2023**

**April 18, 2023 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 third quarter ended February 28, 2023, 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. Certain figures have been rounded for ease of presentation and may not sum due to rounding.**



# Executive Summary

**J. Andrew Don, Chief Executive Officer**



# Financial Highlights



## Growing, High Quality Loan Portfolio

- Gross loans to members totaled \$32.4 billion
- 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 1.30x for the quarter, and 1.26x for the nine months ended February 28, 2023
- Members' equity surpassed \$2.1 billion



## Diverse Funding Sources & Healthy Liquidity

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

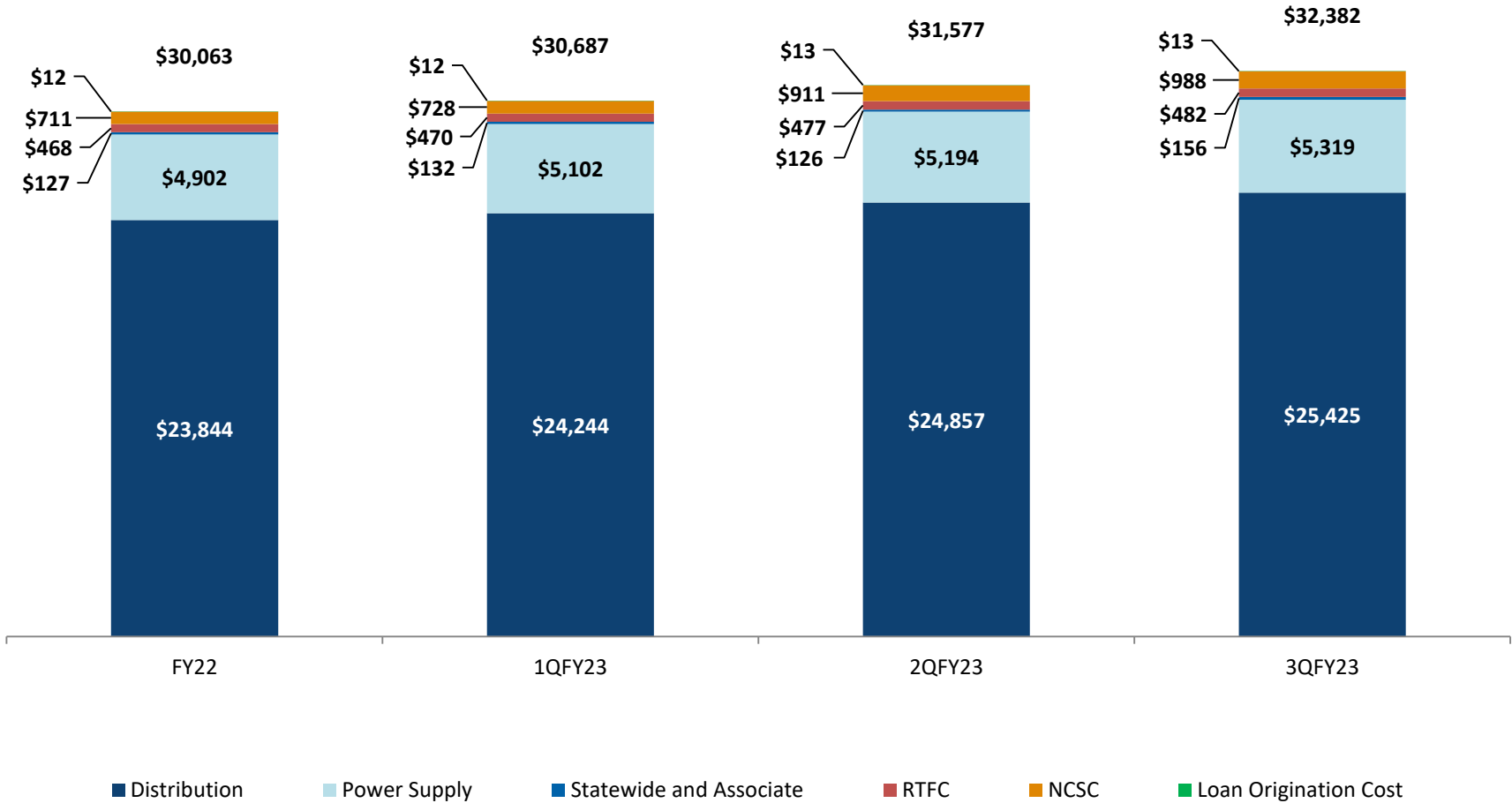
## Robust Credit Ratings



- Fitch: F1 (short-term), A+ (senior secured), A (senior unsecured), stable outlook
- Moody's: P-1 (short term), A1 (senior secured), A2 (senior unsecured), stable outlook
- S&P: A-2 (short-term), A- (senior secured), A- (senior unsecured), stable outlook

# Loans To Members

- \$2,319 million, or 8%, increase in Loans to Members from FY22 to 3QFY23



(\$ in Millions)



# Financial Performance

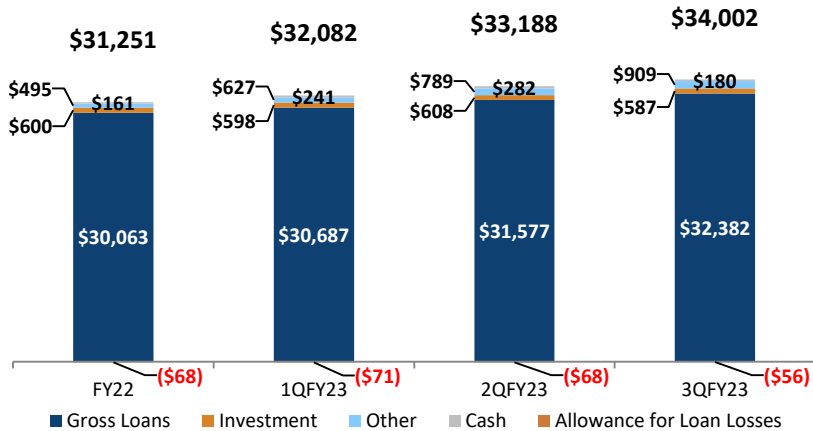
Ling Wang, Chief Financial Officer



# 3QFY23 Financial Results – Balance Sheet

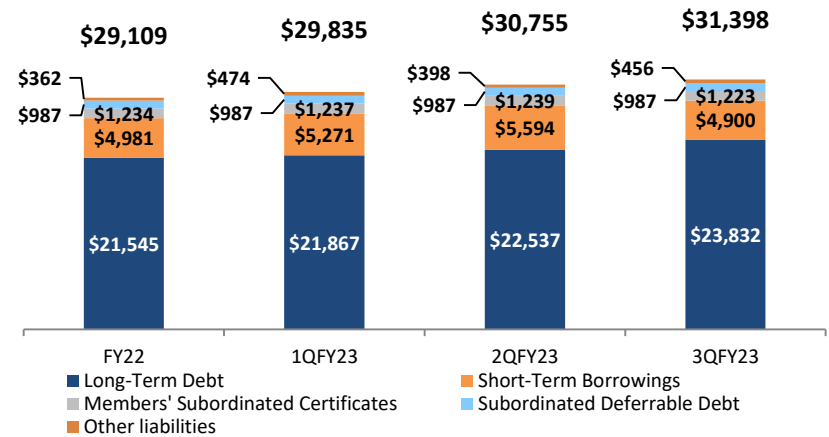
## Total Assets (\$ in Millions)

\$2,750 million, or 9%, Increase in Total Assets



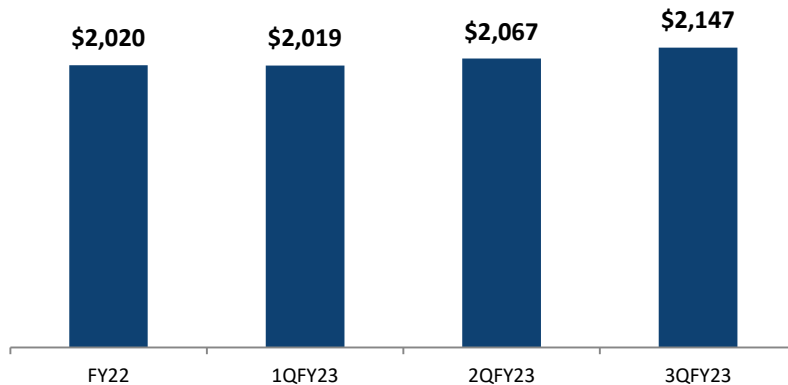
## Total Liabilities (\$ in Millions)

\$2,289 million, or 8%, Increase in Total Liabilities



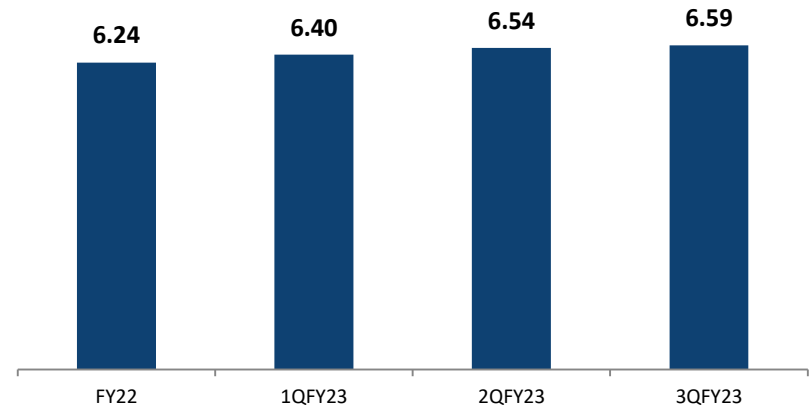
## Members' Equity (\$ in Millions)

\$127 million, or 6%, Increase in Members' Equity



## Adjusted Debt to Equity Ratio

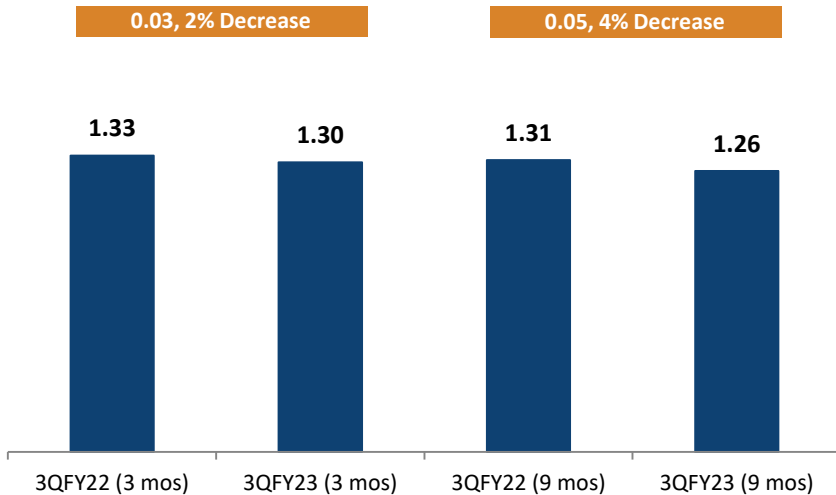
0.35, or 6%, Increase in Debt to Equity Ratio



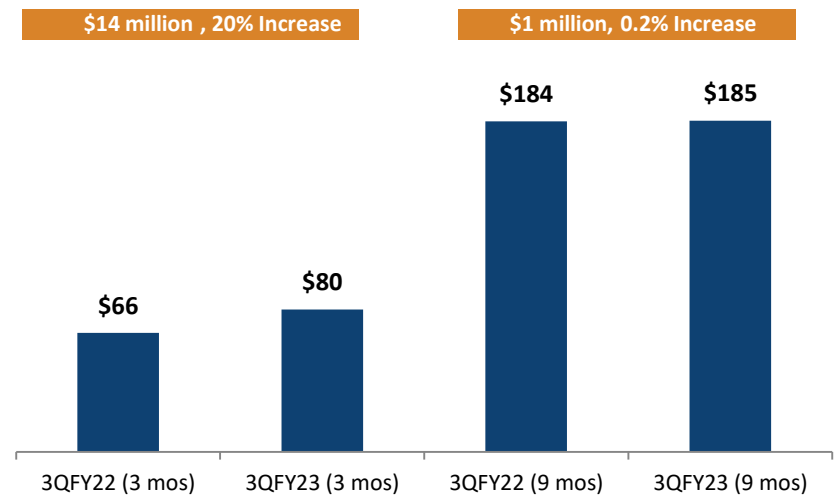


# 3QFY23 Financial Results – Income Statement

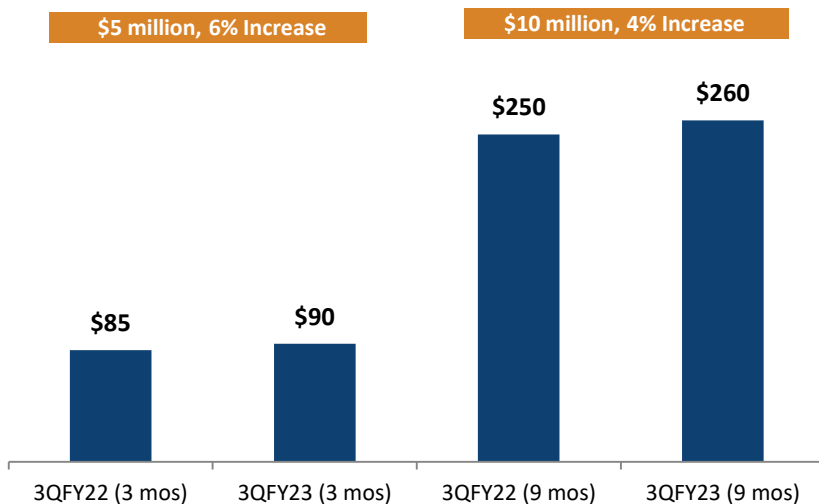
### Adjusted TIER



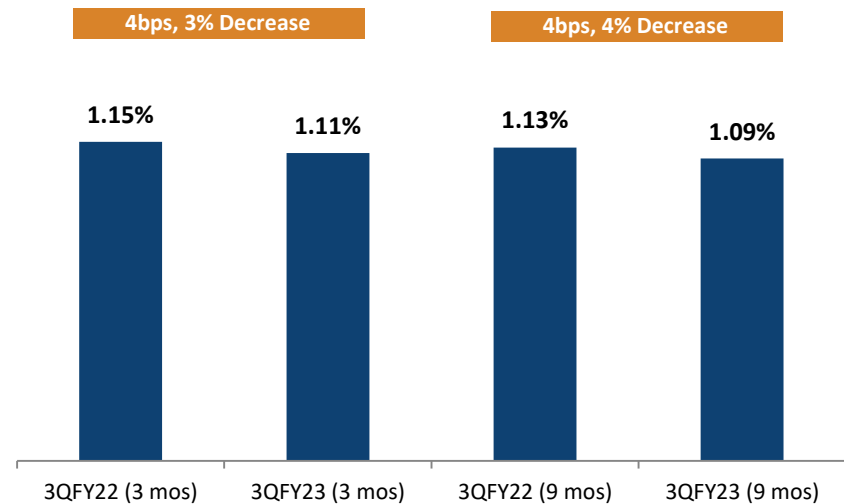
### Adjusted Net Income (\$ in Millions)



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



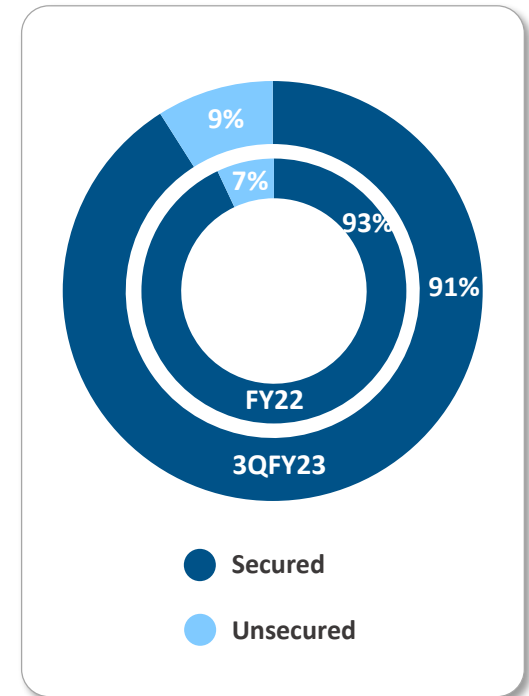
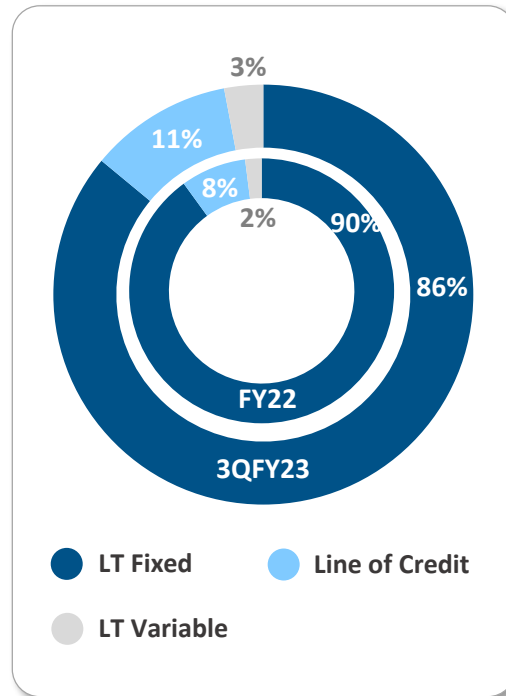
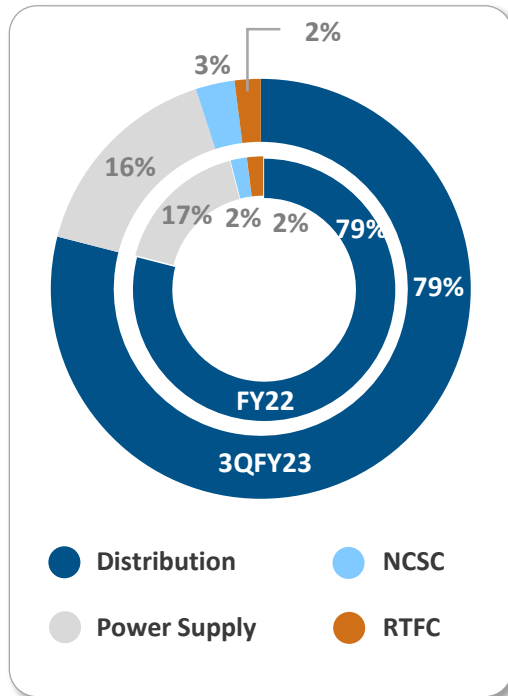
### Adjusted Net Interest Yield



# Loan Portfolio Overview

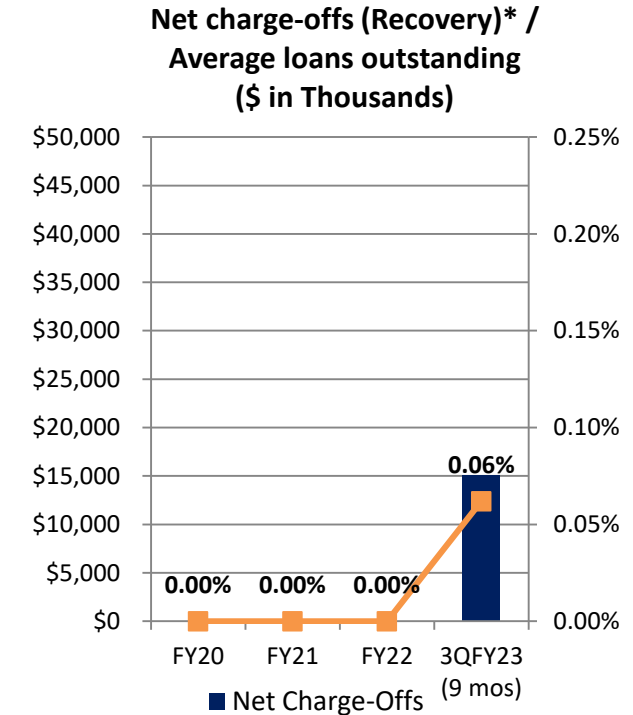
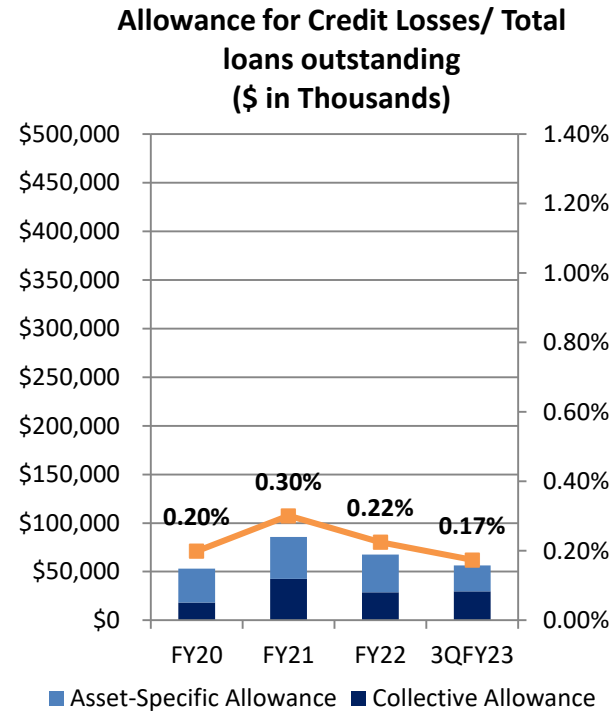
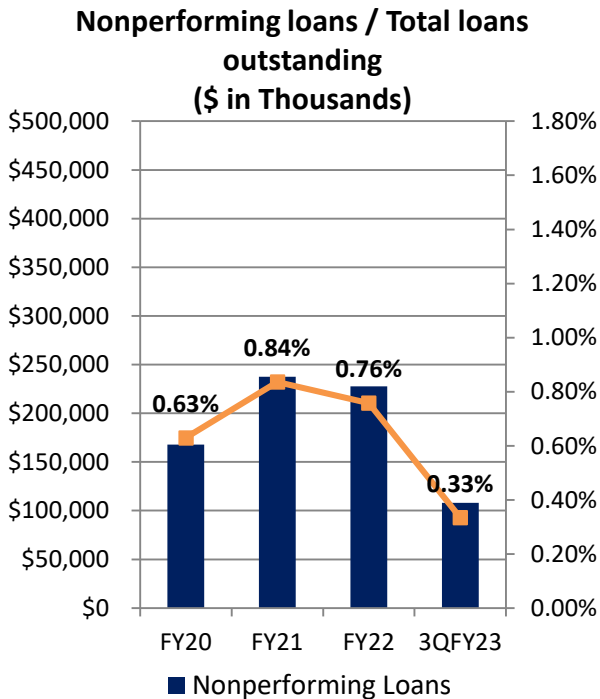
## CFC's Electric Cooperative Borrowers/Members:

- 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.

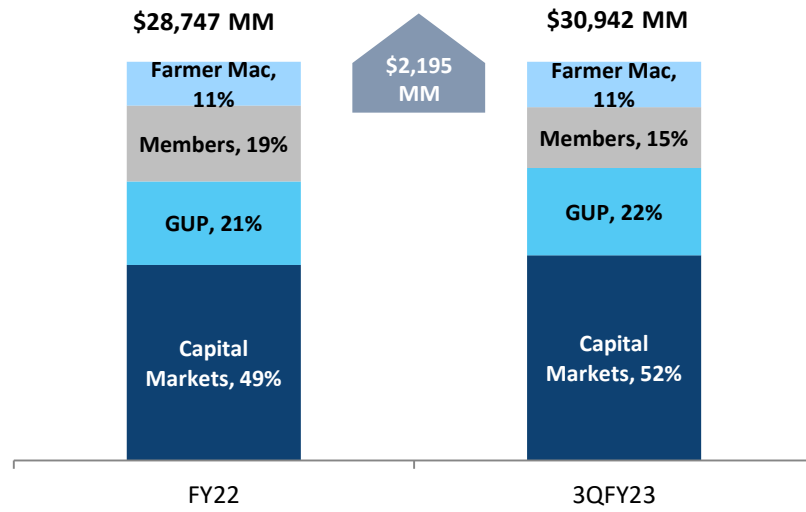


\*Annualized

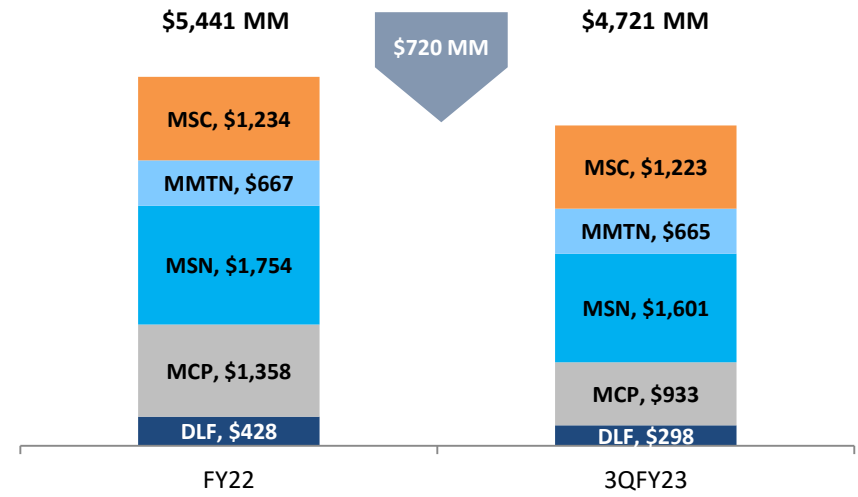


# Debt Funding Sources

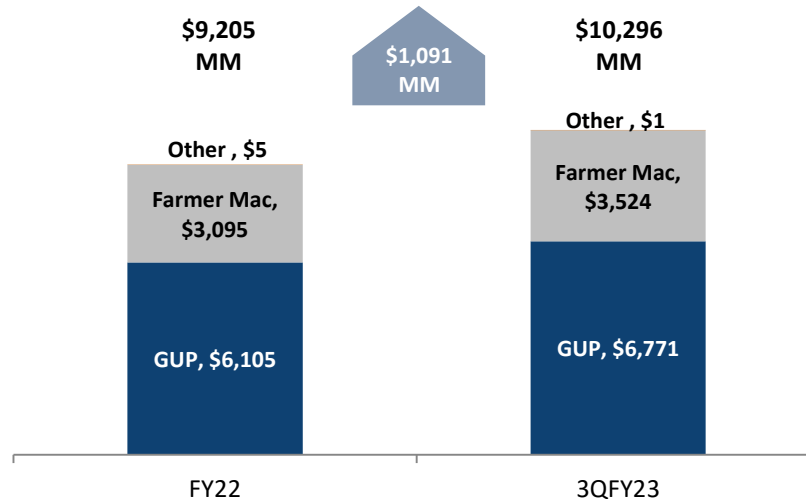
Total Debt Outstanding (\$ in Millions)



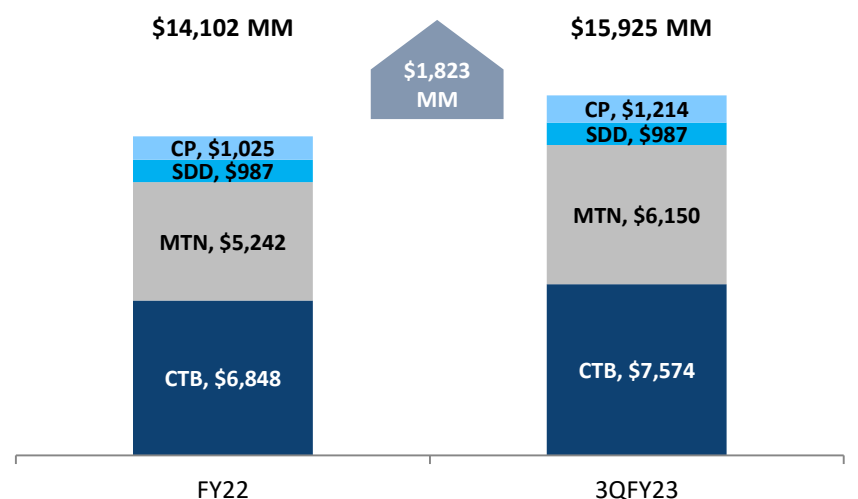
Member Investment<sup>1</sup> (\$ in Millions)



GUP & Farmer Mac (\$ in Millions)



Capital Markets Funding<sup>2</sup> (\$ in Millions)



(1) Abbreviations For Member Investment: Daily Liquidity Fund (DLF), Member Commercial Paper (MCP), Member Select Notes (MSN), Member Medium Term Notes (MMTN), Member Subordinated Certificates (MSC).  
 (2) Abbreviations for Capital Markets Funding: Collateral Trust Bond (CTB), Non-Member Medium-Term Notes (MTN), Subordinated Deferrable Debt (SDD), Non-Member Commercial Paper (CP).

# 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		May 31, 2022		February 28, 2023	
		Total	Available	Total	Available
Cash & Investments		\$720	\$720	\$722	\$722
Committed Revolving LOC - Banks		\$2,600	\$2,597	\$2,600	\$2,593
GUP (Non-Revolving)		\$8,723	\$1,075	\$9,473	\$1,025
Revolving NPA - Farmer Mac <sup>1</sup>		\$5,500	\$2,405	\$6,000	\$2,476
<b>Total Liquidity</b>		<b>\$17,543</b>	<b>\$6,797</b>	<b>\$18,795</b>	<b>\$6,816</b>
<b>Scheduled LT Loan Amortization and Repayments over the next 12 months</b>		<b>\$1,479</b>		<b>\$1,494</b>	
<b>Total Debt Maturities over the next 12 months</b>		<b>\$6,894</b>		<b>\$7,155</b>	
<b>Total Member Short-Term Investments</b>		<b>\$3,956</b>		<b>\$3,186</b>	
<b>Non-member Debt and Member LT Debt Maturities</b>					
Farmer Mac Notes Payable		\$0		\$500	
Dealer CP		\$1,025		\$1,214	
Long-term and Subordinated Debt <sup>2</sup>		\$1,913		\$2,255	
<b>Total Non-member Debt and Member LT Debt Maturities</b>		<b>\$2,938</b>		<b>\$3,969</b>	
<b>Excess Liquidity (excluding short-term member investments)</b>		<b>\$3,859/2.3x</b>		<b>\$2,847/1.7x</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 2/28/2023

(\$ in Millions)	LT and Subordinated Debt Maturities	Net Loan Growth	Projected Cash Needs	Projected LT Debt Issuance
5/31/2023	\$151	\$491	\$642	\$684
8/31/2023	\$633	\$354	\$987	\$617
11/30/2023	\$697	\$255	\$952	\$709
2/29/2024	\$1,141	\$278	\$1,419	\$1,456
5/31/2024	\$396	\$258	\$654	\$395
8/31/2024	\$103	\$250	\$353	\$0
<b>Totals</b>	<b>\$3,121</b>	<b>\$1,886</b>	<b>\$5,007</b>	<b>\$3,861</b>

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



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

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Electric Cooperative  
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