

# **Investor Conference Call FY2024 Third Quarter Ended February 29, 2024**

**April 17, 2024 at 10 am 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. A reconciliation is provided at the end of the slides. Please refer to our Form 10-Q for the third quarter ended February 29, 2024, of our fiscal year 2024, 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 to total due to rounding.



# Executive Summary

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



# Financial Highlights: Delivered Solid Results

Loans to Members  
totalled \$34.4B

\$2.3B Members' Equity

0.25% NPL  
No Charge-Offs, \$1MM  
in Recoveries YTD  
FY2024

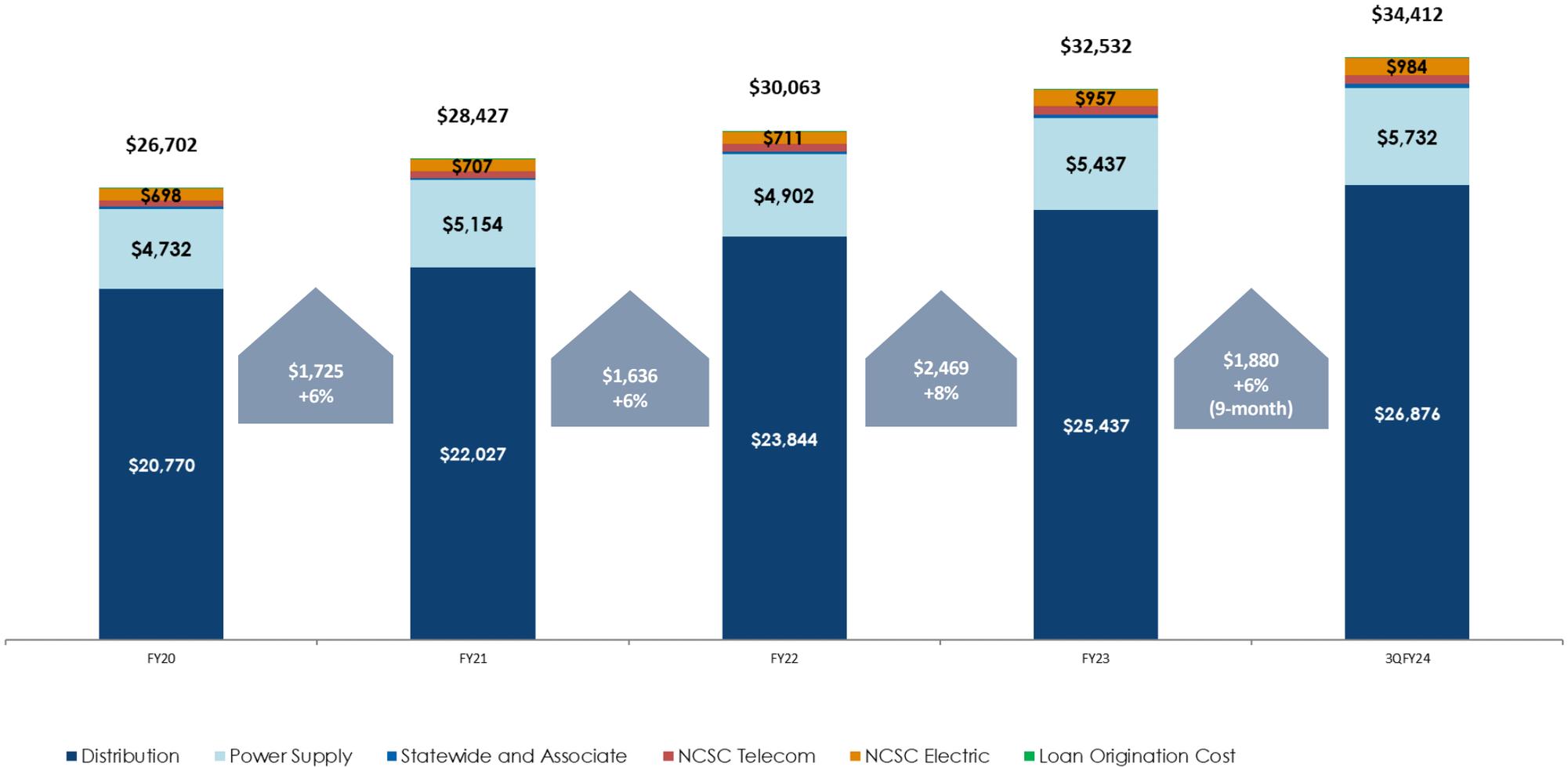
A+/A1/A-  
F1/P-1/A-2  
Stable Outlook

- **Continue to manage our financial performance diligently**
  - Gross Loans to members increased to \$34.4B at the end of 3QFY24, an increase of \$1,880 million or 6% from FYE23
  - Maintained a high quality loan portfolio: historically limited levels of charge-offs, loan defaults, nonperforming loans, and delinquencies
  - Superior financial metrics: an adjusted TIER of 1.29x during 3QFY24 and 1.25x YTD FY2024
  - Strategic equity build-up: \$2.3B of members' equity at the end of 3QFY24
  - Diverse funding sources and resilient liquidity: cash, committed bank lines, investments, Guaranteed Underwriter Program (GUP), Farmer Mac, and access to repo facilities
- **Committed to maintain high grade credit ratings**
  - S&P and Moody's affirmed CFC's credit ratings with a stable outlook during the quarter
  - Executive team's incentive is tied to CFC credit ratings



# Loans To Members: Continued Loan Growth

(\$ In Millions)



# Financial Performance

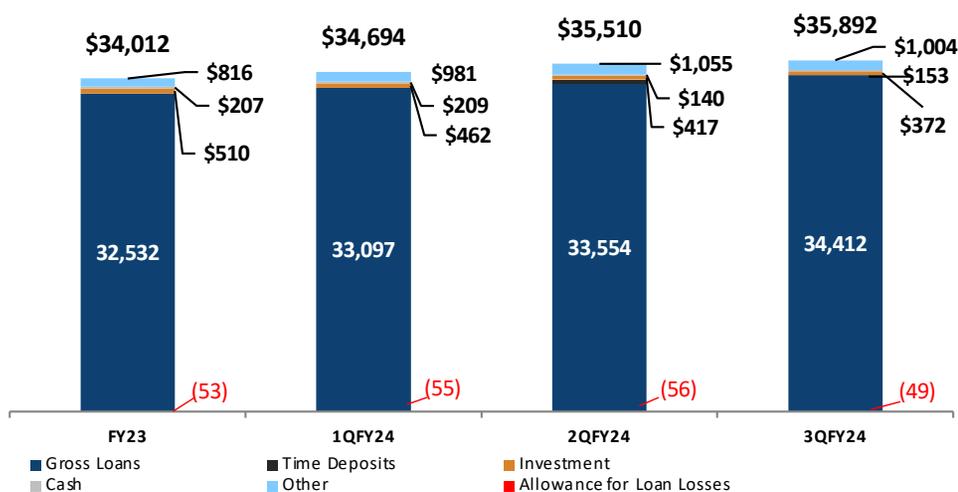
Ling Wang, Chief Financial Officer



# Balance Sheet: Strong, Sound Capital Structure

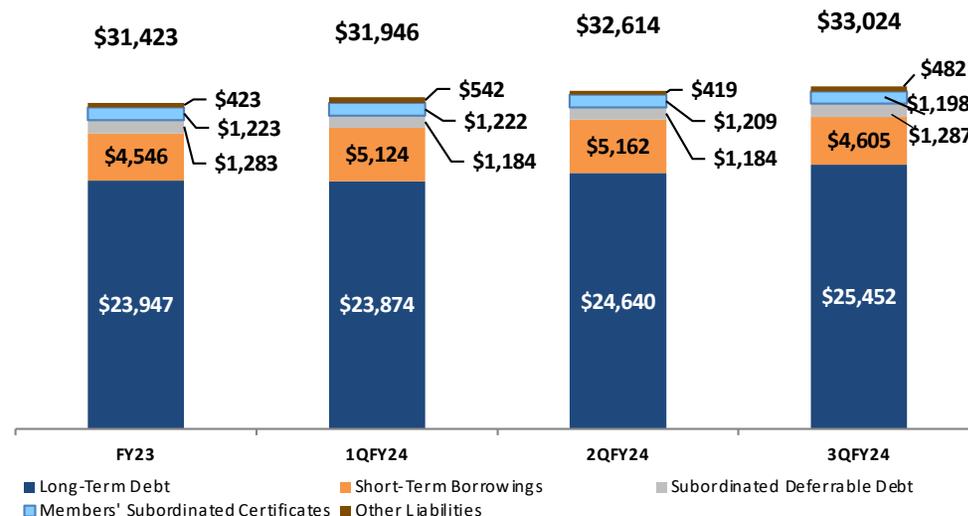
## Total Assets (\$ in Millions)

\$1,880 million, or 6%, Increase in Total Assets YTD FY2024



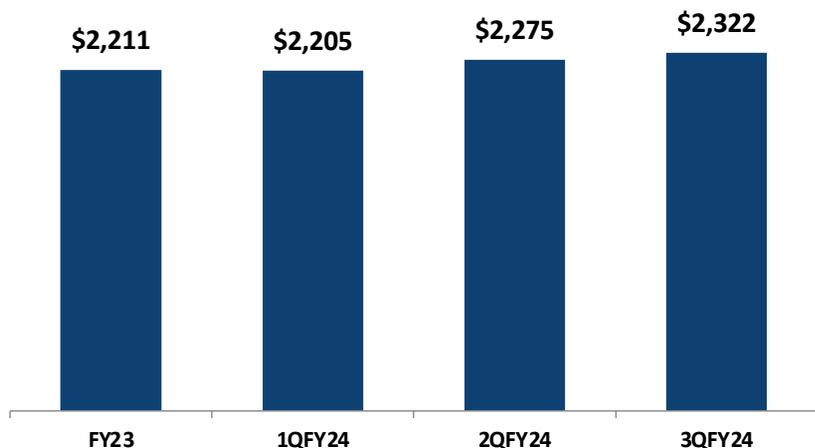
## Total Liabilities (\$ in Millions)

\$1,601 million, or 5%, Increase in Total Liabilities YTD FY2024



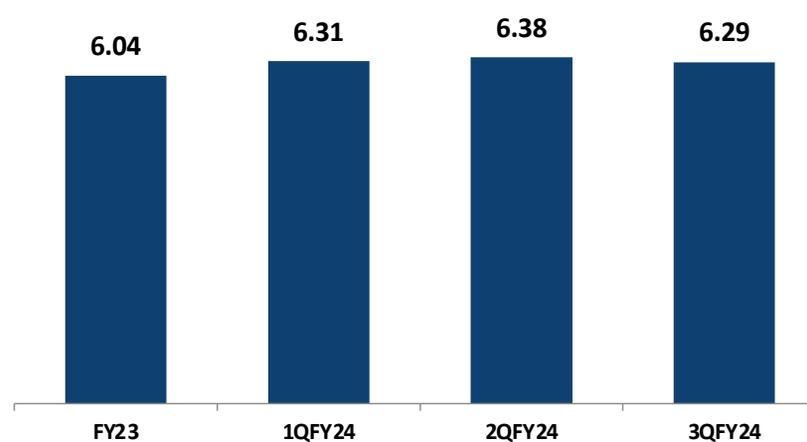
## Members' Equity (\$ in Millions) <sup>1</sup>

\$111 million, or 5%, Increase in Members' Equity YTD FY2024



## Adjusted Debt to Equity Ratio <sup>2</sup>

0.25, or 4%, Increase in Adjusted Debt to Equity Ratio YTD FY2024

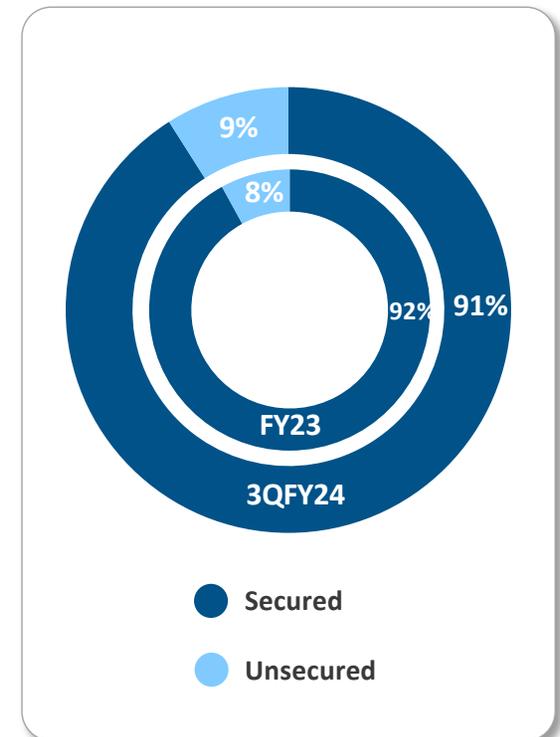
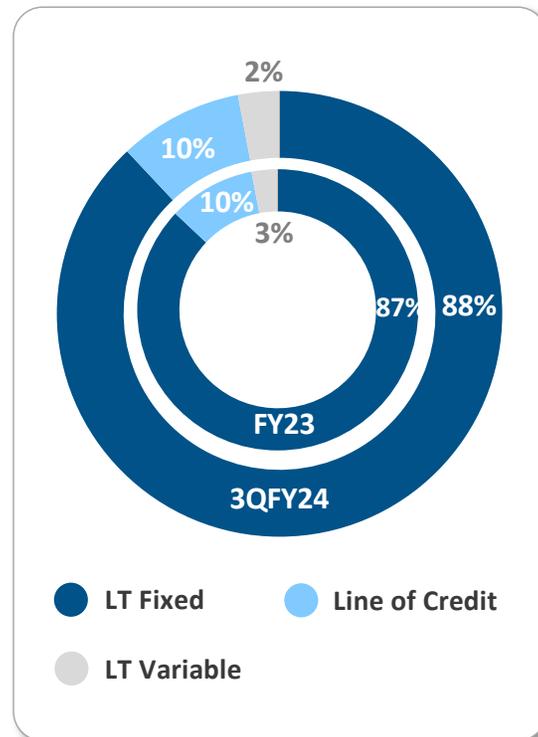
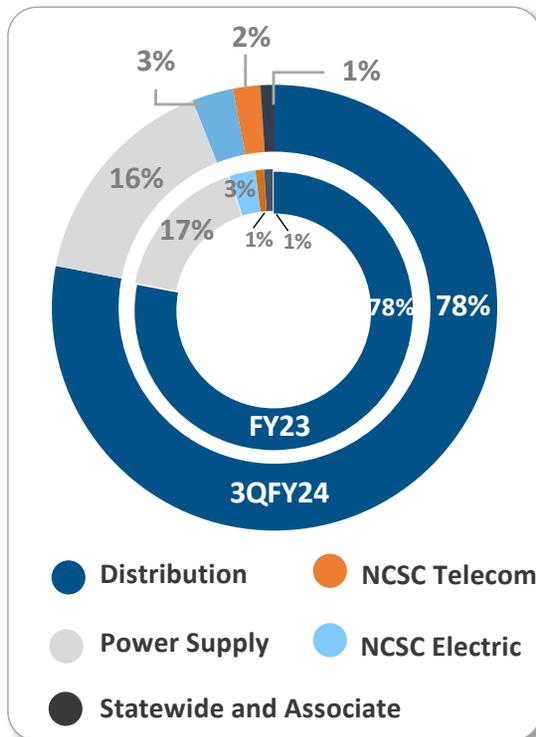


1) Refer to Appendix for non-GAAP reconciliations  
 2) Adjusted total liabilities divided by adjusted total equity. Refer to Appendix for non-GAAP reconciliations

# Loans: Long-Term, Fixed-Rate, Secured Electric Utility Loans

## CFC's Electric Cooperative Borrowers/Members:

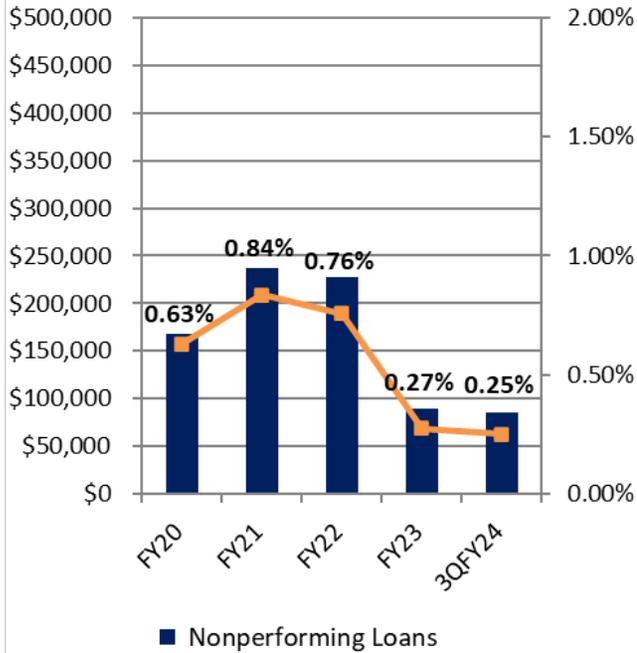
- Provide an essential service to their customers/owners
- Experience limited competition
- Generally serve exclusive territories with the majority of customers being classified as residential
- Demonstrate stable operating and strong financial performance
- Are not rate regulated in the majority of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



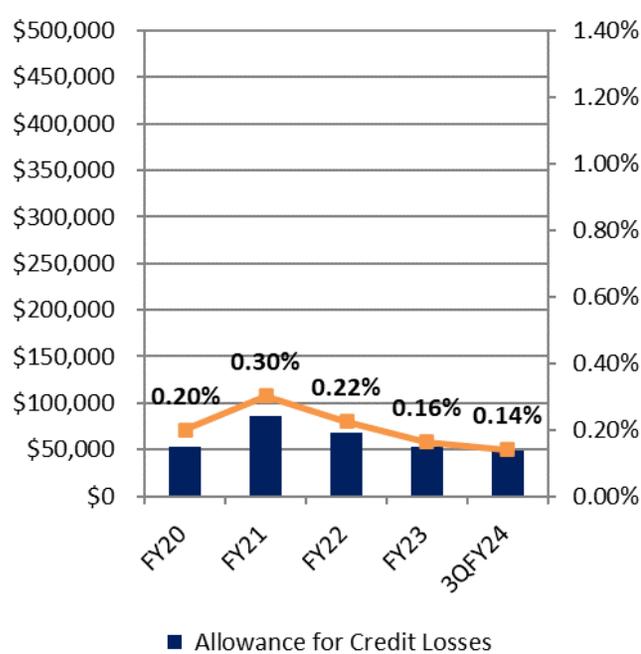
# Credit Performance: Pristine Loan Portfolio

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

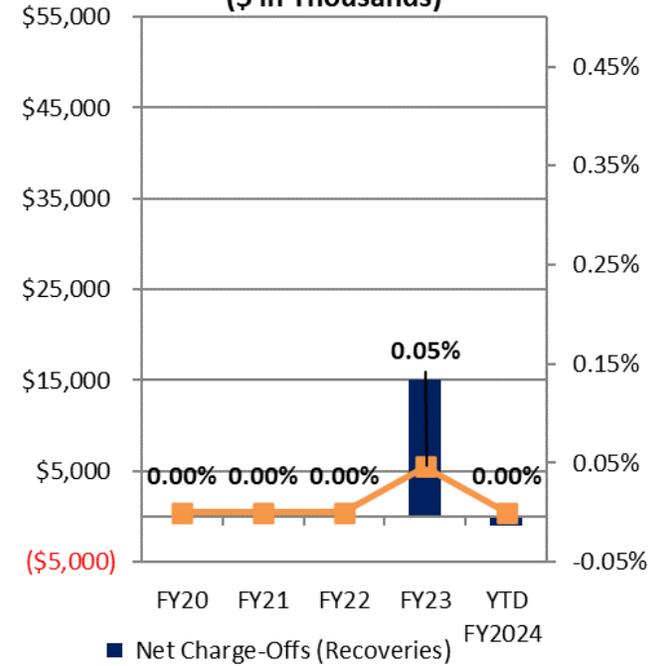
**Nonperforming Loans / Total Loans Outstanding**  
(\$ in Thousands)



**Allowance for Credit Losses/ Total Loans Outstanding**  
(\$ in Thousands)



**Net Charge-Offs (Recoveries) / Average Loans Outstanding**  
(\$ in Thousands)

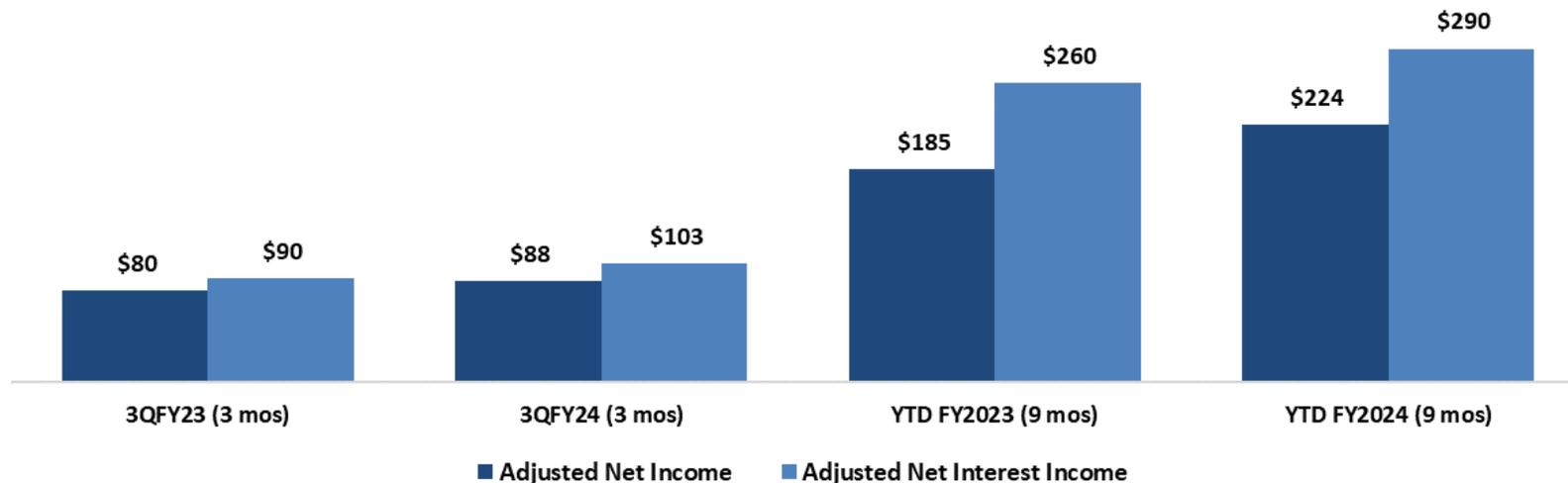


# Income Statement: Solid Financial Performance

Adjusted Net Income (3mos) \$8 Million, 11% Increase; (9mos) \$39 Million, 21% Increase

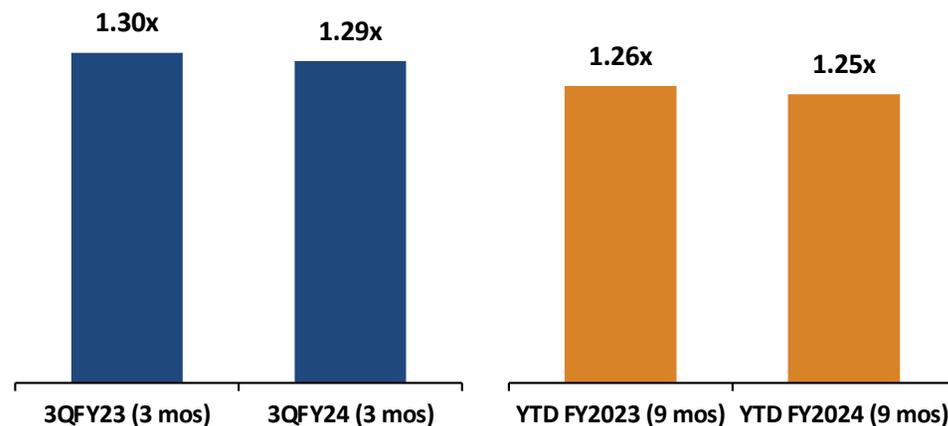
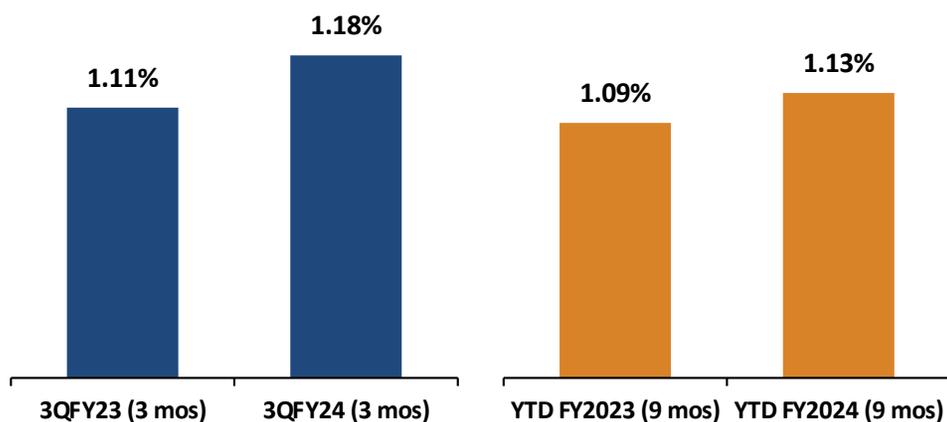
Adjusted Net Interest Income (3mos) \$13 million, 14% Increase; (9mos) \$29 Million, 11% Increase

(\$ in Millions)



Adjusted Net Interest Yield<sup>2)</sup> (3mos) 7bps, 6% Increase; (9mos) 4bps, 4% Increase

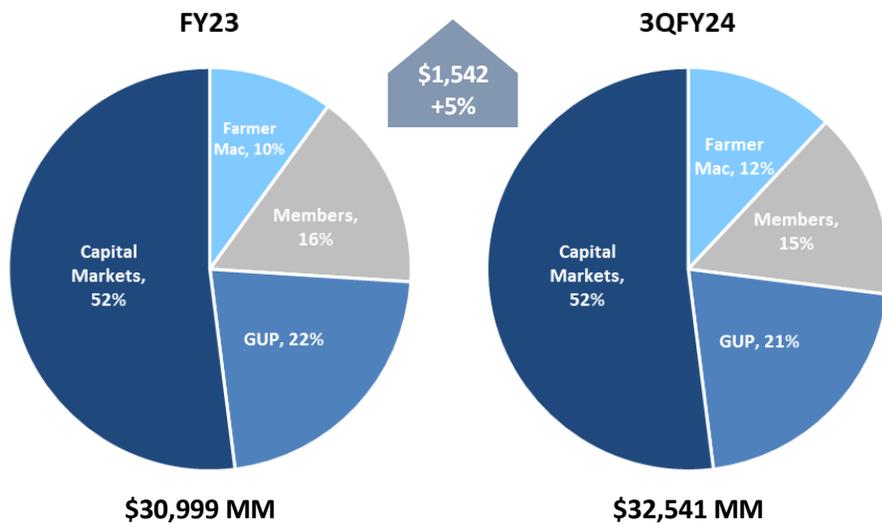
Adjusted TIER<sup>1)</sup> (3mos) 0.01, 1% Decrease; (9mos) 0.01, 1% Decrease



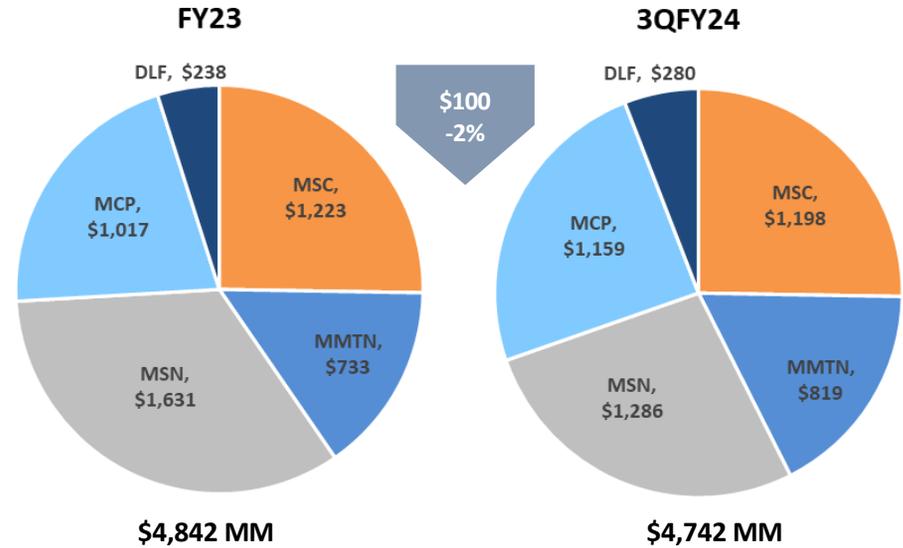
- Adjusted TIER is calculated based on adjusted net income (loss) plus adjusted interest expense for the period divided by adjusted interest expense for the period. Refer to Appendix for non-GAAP reconciliations
- Adjusted Net Interest Yield is calculated based on adjusted net interest income for the period divided by average interest-earning assets for the period. Refer to Appendix for non-GAAP reconciliations.

# Debt Funding Sources: Well-Diversified Funding Mix

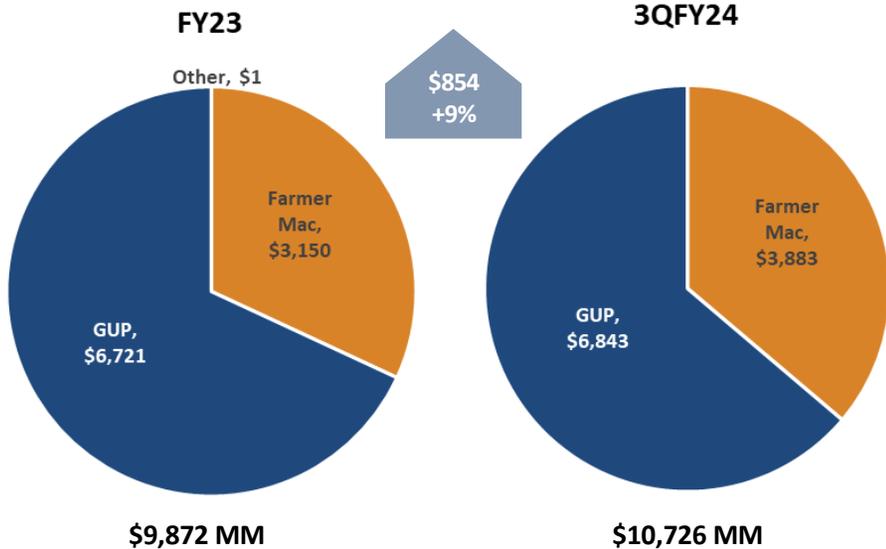
Total Debt Outstanding (\$ in Millions)



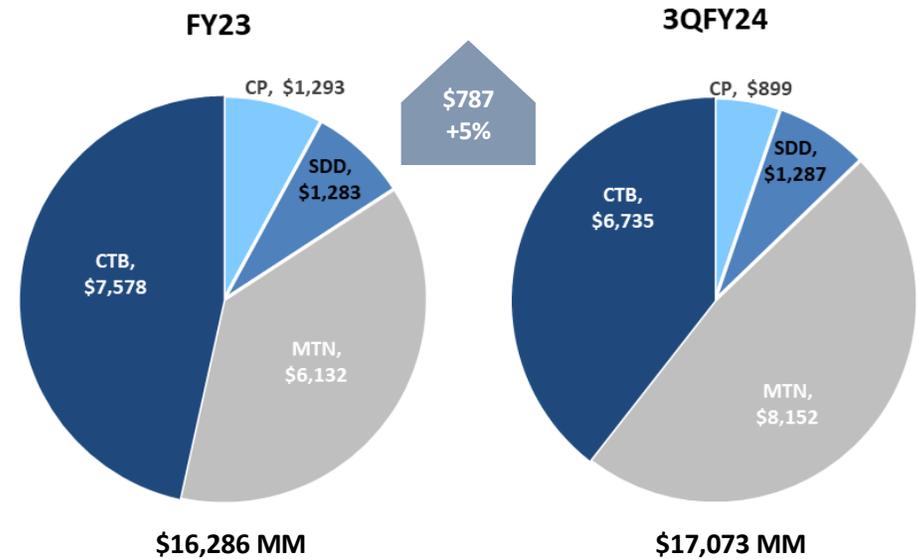
Member Investment<sup>1</sup> (\$ in Millions)



GUP & Farmer Mac (\$ in Millions)



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



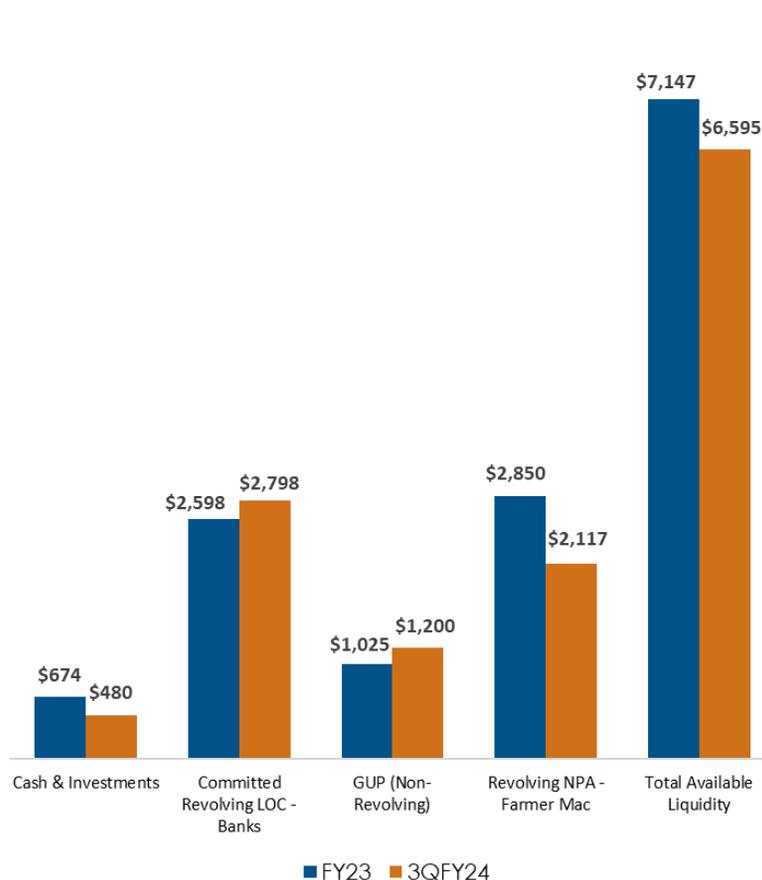
1) Abbreviations For Member Investment: Daily Liquidity Fund (DLF), Member Commercial Paper (MCP), Member Select Notes (MSN), Member Medium Term Notes (MMTN), Member Subordinated Certificates (MSC).

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: Resilient Liquidity Profile

- CFC is a well-known seasoned issuer and believes it has adequate access to both long-term and short-term funding options through two shelf registrations filed with the SEC

Available Liquidity (\$ in Millions)



(\$ in Millions)

Liquidity Sources	FY23		3QFY24	
	Total	Available	Total	Available
Cash & Investments	\$674	\$674	\$480	\$480
Committed Revolving LOC - Banks	\$2,600	\$2,598	\$2,800	\$2,798
GUP (Non-Revolving)	\$9,473	\$1,025	\$9,923	\$1,200
Revolving NPA - Farmer Mac <sup>1</sup>	\$6,000	\$2,850	\$6,000	\$2,117
<b>Total Liquidity</b>	<b>\$18,747</b>	<b>\$7,147</b>	<b>\$19,203</b>	<b>\$6,595</b>

Total Debt Maturities over the next 12 months	FY23	3QFY24
<b>Total Member Short-Term Investments</b>	<b>\$3,253</b>	<b>\$3,206</b>
<b>Non-member Debt and Member LT Debt Maturities</b>		
Farmer Mac Short-Term Notes Payable	\$-	\$500
Dealer CP	\$1,293	\$899
Long-term and Subordinated Debt <sup>2</sup>	\$2,383	\$2,348
<b>Total Non-member Debt and Member LT Debt Maturities</b>	<b>\$3,676</b>	<b>\$3,747</b>
<b>Excess Liquidity (excluding short-term member investments)</b>	<b>\$3,471/1.9x</b>	<b>\$2,848/1.8x</b>

Scheduled LT Loan Amortization and Repayments over the next 12 months	FY23	3QFY24
	<b>\$1,495</b>	<b>\$1,535</b>

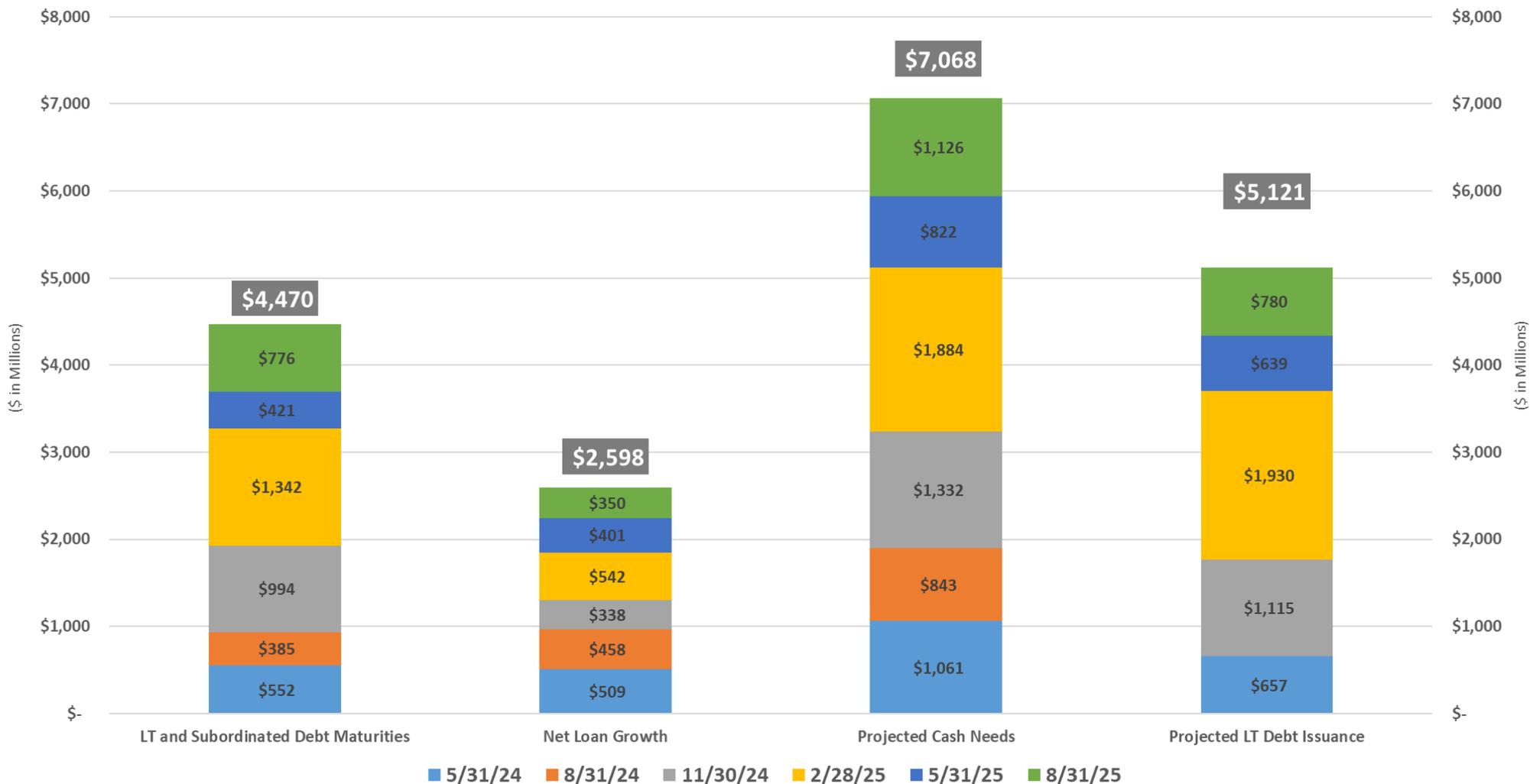
- 1) Revolving NPA - Farmer Mac is subject to market conditions
- 2) Includes member LT MTNs and LT certificates maturing within 12 months



# Projected Long-Term Sources and Uses of Funds

(as of 2/29/2024)

## 18-month Projection for Sources and Uses of Funds\*



\* Refer to Page 38 of Form 10-Q for more detail

# Appendix



# Non-GAAP Reconciliations

## Adjusted Total Liabilities and Adjusted Total Equity Details

(\$ in millions)	FY23	3QFY24
Total liabilities	\$ 31,423	\$ 33,024
Exclude:		
Derivative liabilities	115	88
Debt used to fund loans guaranteed by RUS	123	116
Subordinated deferrable debt	1,284	1,287
Subordinated certificates	1,223	1,198
<b>Adjusted total liabilities</b>	<b>\$ 28,678</b>	<b>\$ 30,335</b>
Total equity	\$ 2,589	\$ 2,868
Exclude:		
Period-end cumulative derivative forward value gains	343	526
Accumulated other comprehensive income attributable to derivatives	1	1
Include:		
Subordinated deferrable debt	1,284	1,287
Subordinated certificates	1,223	1,198
<b>Adjusted total equity</b>	<b>\$ 4,752</b>	<b>\$ 4,826</b>



# Non-GAAP Reconciliations

## Adjusted Net Interest Income and Adjusted Net Income Details

(\$ in millions)	3QFY23	3QFY24	YTD FY2023	YTD FY2024
Interest income	\$ 353	\$ 412	\$ 984	\$ 1,182
Interest expense	(282)	(347)	(737)	(987)
Include: Derivative cash settlements Interest income	19	38	13	95
Adjusted interest expense	(263)	(309)	(724)	(892)
<b>Adjusted net interest income</b>	<b>\$ 90</b>	<b>\$ 103</b>	<b>\$ 260</b>	<b>\$ 290</b>
Net income	\$ 163	\$ 31	\$ 515	\$ 407
Exclude: Derivative forward value gains (losses)	83	(57)	330	183
<b>Adjusted Net income</b>	<b>\$ 80</b>	<b>\$ 88</b>	<b>\$ 185</b>	<b>\$ 224</b>
<b>Average Interest-Earning Assets</b>	<b>\$ 32,901</b>	<b>\$ 35,167</b>	<b>\$ 31,947</b>	<b>\$ 34,190</b>

## Members' Equity

(\$ in millions)	FY23	3QFY24
<b>Members' Equity:</b>		
Total CFC Equity	\$ 2,562	\$ 2,848
Exclude:		
Accumulated other comprehensive income	8	1
Period-end cumulative derivative forward value gains attributable to CFC	343	525
Subtotal	<b>351</b>	<b>526</b>
Members' Equity	<b>\$ 2,211</b>	<b>\$ 2,322</b>



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

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