

**Conference Title: Fiscal Year 2026 Third Quarter Investor Conference Call**

**Date: Wednesday, 22nd April 2026**

Operator: Please stand by. Good day and welcome to the National Rural Utilities Cooperative Finance Corporation Fiscal Year 2026, Third Quarter Investor Conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Heesun Choi. Please go ahead.

Heesun Choi: Thank you. Good afternoon, and welcome to our investor conference call for the third fiscal quarter of 2026. We appreciate your time and interest in our company. Joining me today, our CEO, Andrew Don and our CFO, Ling Wang. Andrew and Ling will provide an update on our third fiscal quarter and answer your questions. Before we get started, I would like to remind you that today's presentation slides and financial reports filed with the SEC can be found on our website [nrucfc.coop](http://nrucfc.coop) under Investor Relations. This call is being recorded, and a replay and transcript will be available on our website as well. Our presentation today will include forward-looking statements and certain non-GAAP financial measures. Please review the disclosures on slide two and three regarding these statements and measures. Any forward-looking statements made during today's call are subject to risks and uncertainties. Factors that may cause actual results to differ materially from expectations are described on slide two and in our annual and quarterly reports filed with the SEC. Information about any non-GAAP financial measures referenced during the presentation, including reconciliations to GAAP measures, can also be found in our form 10-Q filed with the SEC on April 10, 2026, as well as in the appendix of the presentation slides. At the end of the presentation, we will open the call for questions. Andrew and Ling will take your questions, which you can ask over the phone or submit online. With that, I will turn this call over to Andrew.

Andrew Don: Thank you, Heesun. Good afternoon. Thank you for joining our call today to review our business and operating results for the three months ended February 28, 2026, which is the third quarter of our fiscal 2026 year. I'll start on slide five to discuss highlights from the third fiscal quarter. We continued to experience solid loan demand from our members during the quarter, albeit with

moderation from prior periods. While investment in broadband projects by our members remains important, the pace of these investments has slowed, as expected, to grow at a more moderate rate going forward. In contrast, we continue to see robust demand for capital expenditures related to system resiliency and reliability. Overall, CFC's loans to members totaled \$38.7 billion, an increase of approximately \$1.7 billion, or 5%, from the prior fiscal year end of May 31, 2025. Of the \$1.7 billion loan growth, 64%, or \$1.1 billion was a net increase in long-term loans and 36%, or \$594 million, was a net increase in line of credit loans. As is typical, the majority of loan increases have been in our electric loan portfolio, with increases in CFC distribution loans of \$1.1 billion and CFC power supply loans of \$0.4 billion. Our financial position, our operating results remain strong, with an adjusted TIER at 1.19 times during the three months ended February 28, 2026, exceeding our goal of 1.1 times. Our members' equity was at \$2.7 billion at the fiscal quarter end. We continue to maintain a diversified range of liquidity sources, including operating cash investments, committed bank lines, committed loan facilities under the guaranteed underwriter program, in addition to the revolving note purchase agreement we have with Farmer Mac.

During the quarter, we closed a \$450 million committed loan facility with the U.S. Treasury Department's Federal Financing Bank under the guaranteed underwriter program, increasing our total borrowing capacity under the guaranteed underwriter program to \$1.8 billion. As a result, our available liquidity sources totaled \$8.1 billion at the fiscal quarter end. As a well-established and seasoned issuer, we consistently have strong access to the debt capital markets, both public and private. This access allows us to proactively manage maturities, diversify funding sources and support our loan growth. During the quarter, our primary wholesale funding activities totaled \$2.65 billion, consisting of \$2.25 billion of dealer medium-term notes, a \$150 million funding from the \$600 million private placement subordinated notes that we priced in November 2025, and a \$250 million borrowing under the Farmer Mac note purchase agreement. We also raised funding through our senior and subordinated retail program. Ling will further discuss our funding activities during her presentation. CFC continues to maintain a pristine loan portfolio. We recorded an immaterial charge off of \$0.3 million during the third fiscal quarter related to a CFC electric power supply loan,

our only non-performing and non-accrual loan. This loan was previously classified as a non-performing loan in 2020. We expect to receive additional payments on this loan throughout calendar year 2026, which will further reduce the principal balance. At the fiscal quarter end, this loan had an outstanding balance of \$13 million, representing 0.03% of total loans.

Our allowance coverage ratio declined to 9 basis points from 11 basis points at fiscal year end, reflecting the exceptionally high quality of our loan portfolio and the stable credit metrics of our borrowers. Our 56-year history of minimal defaults continues to underscore the essential nature of the services our members provide. We remain committed to maintaining strong investment grade ratings from Fitch, Moody's and S&P. During the fiscal quarter, Moody's affirmed all of CFC's credit ratings with a stable outlook. Our current issuer credit ratings are A, A2, A minus, all with stable outlook. Moving to slide six, the composition of our loan portfolio is consistent, has not changed materially over the past few years. Our loan portfolio consists mainly of long-term, fixed-rate secured loans to rural electric cooperatives. Our long-term fixed-rate loans were \$32.1 billion, or 83%, of total loans outstanding at the current fiscal quarter end, compared to 31.4 billion or 85% of the prior fiscal year end. Our long-term loans are typically secured by substantially all assets of our borrowers. We generally offer long-term amortizing loans to our members with maturities of up to 35 years, with rate-term options within the loan final maturity. At the end of the current fiscal quarter, these long-term loans represented 87% of total loans outstanding and an average remaining contractual maturity of 19 years. Lines of credit loans were \$5.1 billion, or 13%, of total loans outstanding at the current fiscal quarter end, compared to \$4.6 billion, or 12%, of total loans outstanding at the prior fiscal year end.

We typically loan our members on a senior secured basis, with 88% of our loans being senior secured at the current quarter end, down slightly from 89% at the prior fiscal year end. At the current fiscal quarter end, \$38.1 billion, or 98%, of our loans consist of loans to rural electric systems and \$619 million, or 2%, to the telecommunications sector. Long-term loan advances totaled \$2.4 billion during year-to-date fiscal year 2026, of which approximately 97% was provided to members for

capital expenditures and the remainder was split across bridge financing, refinancing loans made by other lenders and other purposes. This compares to \$2.1 billion in the prior-year period with a similar mix, that being 97% for capital expenditures and the balance primarily for refinancing and other purposes. Of the \$2.4 billion total long-term advanced during the current fiscal year, \$2 billion were fixed-rate loan advances with a weighted average fixed-rate interest period of seven years. In comparison, of the \$2.1 billion total long-term loans advanced during the same prior fiscal-year period, \$1.9 billion were fixed-rate loans with a weighted average fixed-rate interest period of eight years. Our members continue to favor shorter-rate lock periods on their long-term loans. With that, I'll now turn the call over to Ling, who will review our financial results in greater detail. Thank you.

Ling Wang: Thank you, Andrew, and good afternoon, everyone. I'm going to move to slide eight to discuss our financial results for the three months ended February 28, 2026, our third quarter of fiscal year 2026, to which I will refer to as the current fiscal quarter end. Our total assets at the current fiscal quarter end were approximately \$39.9 billion, an increase of \$1.6 billion, or 4%, from prior fiscal year-end level, primarily driven by loan growth. Our loans to members increased by \$1.7 billion, or 5%, to \$38.7 billion, at the current fiscal quarter end. Loans to CFC distribution and power supply borrowers accounted for 94% of total loans to members at the current fiscal quarter end. In addition to the increases in CFC distribution and power supply loans, we experienced increases in CFC statewide and associated loans of \$22 million and CFC electric loans of \$84 million and CFC telecom loans of \$44 million since the last fiscal year end. Our members' equity, which excludes cumulative derivative forward value gains and AOCI, increased by \$127 million to \$2.7 billion, or 5%, from the prior fiscal year end. Our adjusted debt to equity increased to 7.76-to-1. The increase was primarily driven by an increase in adjusted total debt outstanding to fund loan growth. Despite the increase, the adjusted debt-to-equity ratio remained well within our internally established threshold of 8.5-to-1. Looking forward, we expect the adjusted debt-to-equity ratio to decrease over the next 12 months from the current level.

The projected improvement is expected because an anticipated increase in total adjusted equity, driven by the recent funding of the private placement subordinated debt priced in November, is projected to outweigh the increase in debt required to fund anticipated loan growth. Slide nine presents historical performance of our loan portfolio for the past four fiscal years and the current fiscal quarter. The quality of our loan portfolio remains strong with stable credit metrics. As of February 28, 2026, nonperforming loans totaled just \$13 million, or 0.03%, of total loans outstanding. The balance reflects a single power supply loan that has steadily declined through borrower payments, including an \$11 million payment in December 2025. Subsequent to February 28, 2026, we received an additional \$5 million in payments on this loan, which reduced its outstanding balance to \$8 million. Our allowance for credit losses decreased by \$5 million to \$36 million at the current fiscal quarter end. The allowance coverage ratio decreased to 9 basis points at the current fiscal quarter end compared to 11 basis points at the prior fiscal year end. The decline in the allowance for credit losses was driven by a \$9 million decrease in the asset specific allowance, following higher than expected payments received on the nonperforming loan, partially offset by a \$4 million increase in the collective allowance, primarily due to loan growth. CFC continues to maintain a near zero charge-off rate, recording only an immaterial \$0.3 million charge-off for the current quarter.

Moving to slide 10. During the current fiscal quarter, we generated an adjusted net income of \$67.7 million, compared to \$66.3 million in the prior fiscal year end. The \$1.4 million, or 2%, increase in our adjusted net income was primarily driven by an increase in adjusted net interest income of \$4.9 million, resulting from \$1.8 billion, or 5%, growth in our average interest-earning assets. We also saw modest additions from an increased benefit for credit losses due to improved performance on a nonperforming loan mentioned earlier and higher fee income. These income increases were partially offset by a rise in operating and other expenses of \$4.8 million and a \$0.8 million shift from gains to losses on our investment portfolio. The year-over-year increase in adjusted net income for the current fiscal quarter is a positive transition from the year-over-year decreases we experienced in the prior two fiscal quarters. The adjusted net interest yield was unchanged compared to the

same prior-year period at 97 basis points. For the first nine months of fiscal year 2026, CFC's adjusted net income was \$180.6 million, a \$13.9 million, or 7%, decrease compared to the prior-year period, primarily attributable to an increase in operating and other expenses of \$11.3 million and a decrease in gains on our investment securities of \$6.6 million, partially offset by an increase in fee and other income of \$3.5 million, the benefit for credit losses of \$0.3 million and an increase in adjusted net interest income of \$0.2 million.

Our adjusted net interest income for the nine months totaled \$273 million, remaining essentially unchanged from the same prior-year period. While we experienced \$2.1 billion, or 6%, increase in average interest-earning assets, this volume increase was almost entirely offset by a 6-basis-point contraction in adjusted net interest yield to 96 basis points. The yield compression was driven by a 7-basis-points increase in adjusted average cost of borrowing, which rose to 4.05%. The higher borrowing cost was largely the result of lower yields earned on interest rate swap cash settlement, which decreased to \$50 million for the year-to-date period, compared to \$79 million in the prior year. Being a member owned financial cooperative association, our primary finance goal is to focus on earning an annual minimum adjusted time interest earned ratio, or TIER, of 1.1 times. For the current fiscal quarter, our adjusted TIER was unchanged compared to the same prior-year period at 1.19 times. Year to date for fiscal year 2026, adjusted TIER is 1.17 times, compared to 1.2 times for the same prior-year period. Adjusted TIER for the current fiscal quarter and fiscal year to date through February 28, 2026, each exceeded our target of 1.1 times.

Slide 11. Our total debt outstanding was \$36.3 billion at the current fiscal quarter end, an increase of \$1.6 billion, or 5%, from prior fiscal year end, primarily to fund growth in our loan portfolio. We continue to maintain diverse funding sources, including funding from our members as well as capital markets and noncapital markets funding. At the current fiscal quarter end, \$4.4 billion of CFC's funding came from our members in the form of short-term and long-term investments, a slight decline of \$87 million from the prior fiscal year end. Our member investments represented 12% of our total debt outstanding at the current fiscal quarter end, compared to 13% at the prior fiscal year

end. At the current fiscal quarter, our funding under the guaranteed underwriter program and notes payable with Farmer Mac totaled \$9.7 billion, representing 27% of our total debt outstanding, a \$565 million, or 6%, decrease from the prior fiscal year end, due to net decreases of \$713 million in borrowing under the guaranteed underwriter program, partially offset by net increase of \$149 million in borrowings under Farmer Mac note purchase program. During the current fiscal quarter, we borrowed \$250 million in long-term notes payable under our revolving note purchase agreement with Farmer Mac. Our capital markets-related funding sources totaled \$22.3 billion at the current fiscal quarter end, a \$2.2 billion, or 11%, increase from the prior fiscal year end. The increase was primarily due to a net increase of \$2.8 billion in dealer medium-term notes, partially offset by net decreases of \$13 million in dealer commercial paper, \$399 million in collateral trust bond and \$120 million in subordinated deferral debt.

During the current fiscal quarter, we issued \$2.25 billion of dealer medium-term loans, including \$400 million, 4.3%, five-year notes, and a \$650 million, 3.95%, two-year notes in December 2025 and \$600 million each of 4.05%, three-year notes and 18-month floating-rate notes in February 2026. We also redeemed the remaining \$250 million in principal amount of our \$300 million fixed-to floating-rate subordinated deferral debt 2043 notes during the current fiscal quarter, which resulted in a \$2 million loss on extinguishment of debt recorded during this period. As we previously reported in November 2025, we priced \$600 million private placement of fixed- to fixed-reset subordinated notes due 2056, consisting of two tranches: \$150 million notes that are non-callable for five years and \$450 million notes that are non-callable for 10 years. We funded \$150 million in February 2026 and the remaining \$450 million in April 2026 while redeeming the full \$350 million of our 5.25% subordinated deferrable debt due 2046. At the current fiscal quarter, capital markets related funding sources accounted for about 61% of total debt outstanding, compared to 58% at the prior fiscal year end. In addition, 44% of our total debt was secured and 56% was unsecured, compared to 49% was secured and 51% was unsecured at the prior fiscal year end.

Our short-term borrowings increased by \$9 million, or less than 1%, to \$5.1 billion at the current fiscal quarter end, compared to the prior fiscal year end. At the current fiscal quarter end, short-term borrowings accounted for 14% of our total debt outstanding, down slightly from 15% at the prior fiscal year end. The increase in short-term borrowings was primarily driven by an increase in short-term member investments of \$23 million, partially offset by a decrease in dealer commercial paper of \$14 million. At the current fiscal quarter end, a total of \$2.9 billion of our short-term borrowings came from short-term investments made by our members, representing 57% of our total short-term borrowing in each period. As we have consistently stated, our member investments have historically been a major source of our short-term funding and investments from our members are a very reliable funding source with little reinvestment risk, as our members continue to invest a large portion of their excess funds with us. Our member short-term investments have averaged \$3.2 billion over the last 12 fiscal quarter-end reporting periods. Slide 12 shows the various sources of liquidity CFC has in place in the current fiscal quarter end. Our available liquidity included cash investments, committed bank lines, committed loan facility under the guaranteed underwriter program and Farmer Mac revolving note purchase agreement totaling \$8.1 billion at the current fiscal quarter end.

As indicated in the table on the right-hand side, at the current fiscal quarter end, we had a total of \$10.2 billion in debt maturities over the next 12 months, with \$2.9 billion of these debt maturities representing short-term investment from our members. Based on our experience, we expect our members to roll over a large portion of their short-term investments with us at maturity. The remaining \$7.3 billion in debt maturities include \$2.2 billion commercial paper and \$5.1 billion long-term and subordinated debt obligations maturing over the next 12 months. These obligations are well covered by the \$8.1 billion available liquidity discussed previously. It is also worth noting that the \$8.1 billion available liquidity does not include the \$2.1 billion scheduled repayments and amortization on long-term loans that we expect to receive from our members over the next 12 months. Our available liquidity increased by \$536 million, or 7%, compared with May 31, 2025. The increase was driven by a \$450 million increase in guaranteed underwriter program, a \$200 million

increase resulting from amendments to our committed revolving bank credit facility, a \$35 million net increase in cash and investments, debt securities and partially offset by a \$149 million decrease in available amount under the Farmer Mac revolving note purchase agreement. Despite the increases in total liquidity sources, excess available liquidity declined by \$841 million from the prior fiscal year end.

The decline was primarily driven by a \$1.4 billion increase in long-term and subordinated debt scheduled to mature over the next 12 months, which outweighed the growth in funding sources. Slide 13 summarizes CFC's projected long-term debt issuance needs over the next 18 months, following the current fiscal quarter end. Our cash needs are primarily driven by refinancing existing debt maturities and funding loan advances to our members, partially offset by the expected loan, amortization and repayments, as well as member investment activity. From May 2026 through August 2027, CFC projects \$10.9 billion in long-term sources, including \$7.9 billion in long-term debt issuance in the public markets and other nonpublic markets debt arrangements and \$3 billion in anticipated member loan repayments. CFC's projected long-term uses for the same period totaled \$11.9 billion, including \$7.2 billion to repay maturing long-term and subordinated debt and \$4.7 billion in new long-term loans to members. Thank you once again for joining us today to review our results for the fiscal year 2026, third quarter ended February 28, 2026. We appreciate your interest in CFC and are looking forward to discussing our financial performance and funding plans in the future. I'd like to ask the operator to open the lines for questions and also suggest that you submit your questions via the web service so we may respond to those as well.

Operator: Thank you. If you are dialed in via the telephone and would like to ask a question, please signal by pressing Star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, please press Star one to ask a question. If you are in the event via the web interface and would like to ask a question, simply type your question in the ask-a-question box and click send. We'll pause for just a moment.

Ling Wang: Okay.

Andrew Don: I think we did get a question typed in, which essentially was, any change in outlook? Are we seeing more members borrow more driven by AI? I assume regarding outlook, you're referring to our lending outlook or borrowing from our members in general. But you know, I think the AI kind of the data center build-out is something that's obviously a very hot topic with the whole utility sector and including our members, because a lot of data centers are looking to locate in rural parts of the country. So they're getting a lot of inquiries. Our members, we're hearing it consistently from members primarily in, you know, certainly in places like Texas and Georgia. As you probably well know, Virginia's already got a high concentration. So there's a lot of interest that our members are hearing from data center operators, hyperscalers, that type of thing. But we have not as yet seen that lead to any direct lending activity. We have not seen any new generation being built specifically to serve data centers by any of the G&Ts. We haven't seen necessarily any transmission spending for that purpose. And on the distribution side, the majority of infrastructure spend that's required to serve any data centers has typically been funded upfront by the data center operator. So we've not seen any loan volume driven by AI. In terms of, you know, more broadly, as we said during the call, you know, what has been driving is, you know, basic CAPEX with distribution members, you know, again, that's, you know, maintenance CAPEX, some replacements for improving our reliability and resiliency, including replacing lines that are older and kind of, you know, wearing out. In terms of, you know, new consumer growth or maybe CAPEX related to kind of new build, you know, that's concentrated in the states that are having more consumer growth that tends to be in states like Utah, Texas, Florida and kind of more broadly across the southeast.

But that's where we're seeing, you know, kind of what I'll call electric CAPEX. I think the only other thing that's kind of driven loan growth more broadly is, you know, electrical equipment like a lot of things has gotten more expensive, so things just cost more. I think the second question was details about incentives relating to credit ratings. And have they changed in the past three years? Maybe

it'd be easier just to give you an update of what our incentives that are tied to the credit ratings. They haven't changed materially. The only change has been who has impacted in the current time. Any decrease or if our credit ratings fall below essentially a senior unsecured being an A rating or below then senior management, which is defined as the executive leadership team would have a 50% reduction in their potential incentive payment. Prior to three years ago, the entire company's long-term incentive was, I think, tied to it. But we did change that just purely to the executive leadership team. That might have been more than three years ago. It was probably four to five years ago.

Ling Wang: Yes, I think we changed that structure maybe five years ago.

Operator: As a reminder, if you would like to ask a question over the phone lines, that is Star one.

Heesun Choi: There is one more question on the line here. Can you discuss plans to issue CTBs for the quarter and/or calendar year?

Ling Wang: Sure. I'll take that one. So the way we look at the capital markets issuance secured versus unsecured, CTB is secured. For anything that we issue in the capital markets, I say probably seven years, we have been issuing on an unsecured basis, which is the medium-term notes. So for anything that's, you know, potentially seven years or 10 years, that will be in the form of CTB. We have not issued a CTB for a while. I think as Andrew mentioned in his commentary, what we have seen is our members, although we make 30-year loans, our members have been choosing an interest rate term that's less than, much much less than 30 years. I think on average, the interest rate term that our members are choosing is about seven years. And because of that, we're trying to match our assets and liabilities. So when we go out and issue debt, we tend to issue something that's shorter than seven years and also keep in mind all of our loans are amortizing. So if you look at if it's a seven-year interest rate term, chances are the weighted average rate term for those loans

are probably going to be, say, three and a half to five years, which has been the area that we tend to issue in the last, say, 12 months.

Operator: There are no questions over the phone lines.

Ling Wang: Okay. It doesn't look like we have any more questions online. And I don't think we have any questions on the phone either. Okay. With that, we'll conclude today's call.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.