Conference Title: Fiscal Year 2027 First Quarter Investor Conference Call

Date: Wednesday, 14 October 2026

Operator: Please stand by. Good day and welcome to the National Rural Utilities Cooperative Finance Corporation Fiscal Year 2027 First-Quarter Investor Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Heesun Choi. Please go ahead.

Heesun Choi: Thank you, Operator. Good morning, everyone, and welcome to our Investor Conference Call for our First Fiscal Quarter of 2027. 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 first 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 at 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 slides 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 October 13, 2026, as well as in the appendix of the presentation slides. At the end of the presentation, we'll open the call for questions, and Andrew and Ling will take your questions, which you can ask over the phone or submit online. With that, I will now turn the call over to Andrew.

Andrew Don: Thank you, Heesun. Good morning. Thank you for joining our call today to review our business and operating results for the three months ended August 31, 2026, which is the first quarter of our 2027 fiscal year. I'll begin on slide five with a few highlights from the first fiscal quarter. Overall, we delivered another solid quarter supported by stable long-term loan demand, strong credit performance and a resilient financial position. Loans to members totaled $38.3 billion at August 31, 2026, a slight decrease of $85 million, or less than 1%, from the prior fiscal year end of May 31, 2026. The modest net decline was driven by a $320 million net decrease in line of credit loans, partially offset by a $235 million net increase in long-term loans.

During the fiscal quarter, our members' long-term loan advances were slightly over $1 billion, a $311 million, or 44%, increase from the $702 million level in the same prior-year period. Nearly all of these long-term loan advances supported capital expenditures by our members, reflecting continued investment in the electric infrastructure needed to serve their communities. Our financial position remains strong, with adjusted TIER of 1.15 times for the three months ended August 31, 2026, exceeding our goal of 1.1 times. Our members' equity was $2.8 billion at the fiscal quarter end.

We continue to maintain a stable and diversified liquidity position. At August 31, we had $8.2 billion of available liquidity across cash investments, committed bank lines, facilities under the guaranteed underwriting program and our revolving note purchase agreement with Farmer Mac. We have also continued to enhance that liquidity position. In September, we executed a commitment letter for an additional $455 million facility under the guaranteed underwriting program. We expect to close that loan facility in the next few months.

Credit quality of our loan portfolio remains pristine. We had no charge-offs during the quarter, and we only had one non-accrual loan with an outstanding balance of $5 million, or 0.01% of total loans outstanding in the fiscal quarter end. In September 2026, we received an additional $2 million payment on this loan, which further reduced its outstanding balance to $3 million. Our 57-year

history of minimal defaults continues to demonstrate the quality and resilience of our loan portfolio, underscoring the essential nature of the services our members provide. Our strong credit profile is also reflected in our investment-grade credit ratings. In August, Fitch affirmed CFC's ratings with a stable outlook. We currently maintain long-term issuer ratings of A from Fitch, A2 from Moody's and A minus from S&P, all with stable outlooks.

Turning to slide six, I'd like to spend a moment on the composition underlying strength of our loan portfolio. Our loan portfolio consists mainly of long-term, fixed-rate, secured loans to rural electric cooperatives. Of the $38.3 billion in total loans outstanding at August 31, 2026, our long-term fixed-rate loans were $32.6 billion, or 85%, of total loans outstanding, compared with $32.4 billion, or 84%, at the prior fiscal year-end. Our long-term loans are typically secured by substantially all assets of our borrowers. We generally offer amortizing loans with maturities of up to 35 years. At the current fiscal quarter end, long-term loans, including fixed-rate and variable-rate loans, represented 89% of total loans outstanding and had an average remaining contractual maturity of 19 years.

As I mentioned earlier, line of credit loans declined by $320 million to $4.3 billion, or 11%, of total loans outstanding at the current fiscal quarter end, compared with $4.6 billion, or 12%, at the prior fiscal year end. But the line of credit decreased 38% reflected repayments of emergency lines of credit as certain members received reimbursements from the Federal Emergency Management Agency for storm damage restoration costs. The remaining decrease was primarily due to the repayments of line of credit loans by members, mostly power supply members, using proceeds from long-term debt borrowings, including long-term loans from CFC. By member class, CFC's distribution loans increased $142 million, while CFC power supply loans decreased $274 million. The decrease in the power supply loans was primarily due to members repaying line of credit balances, as I just mentioned.

CFC's broadband loans totaled $3.5 billion, a modest increase of $38.4 million from the prior quarter. Broadband lending activity has largely stabilized, with future advances expected to remain limited and primarily to support growth within or adjacent to the member's existing service territories. At the current fiscal quarter end, 90% of our loans were secured, compared with 89% in the prior fiscal year end. $37.7 billion, or 98% of our loans, were to rural electric systems and $586 million, or 2%, to the telecommunications sector.

Overall, we believe the combination of essential service borrowers predominantly secured lending, long-term contractual maturities and a historically strong credit performance continues to provide a very resilient foundation for CFC's financial position. With that, I will 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 morning, everyone. I'm going to move to slide eight to discuss our financial results for the three months ended August 31, 2026, our first quarter of fiscal year 2027, to which I will refer to as the current fiscal quarter end. Our total assets at the current fiscal quarter end were approximately $39.6 billion, a decrease of $136 million, or less than 1%, from the prior fiscal year end. Mainly because loans to members fell.

Loans to CFC distribution and power supply borrowers accounted for 95% of total loans to members at the current fiscal quarter end, 79% distribution and 16% power supply. Of the $1 billion long-term loans advanced during the current quarter, $795 million were fixed-rate advances with weighted average fixed-rate terms of six years versus $523 million at six years in the prior-year quarter. The rate terms our members selected on long-term fixed-rate loans remain shorter than the historical levels due to the elevated interest rate environment. As a result, the volume of long-term fixed-rate loans coming up for repricing has increased, totaling approximately $334 million during the current quarter, compared with $201 million in the prior-year quarter, and we expect this amount to increase further over the next 12 months.

Our members' equity, which excludes cumulative derivative forward value gains and accumulated other comprehensive loss, was $2.8 billion at the current fiscal quarter end, a decrease of $10 million from the prior fiscal year end. The decrease primarily reflected the $62 million patronage capital retirement authorized by CFC's board of directors in July 2026 and returned to members in September 2026, which exceeded quarterly adjusted net income of $53 million.

Our adjusted debt-to-equity ratio improved modestly to 7.42 at August 31, 2026, from 7.46 at May 31, 2026. As the decline in adjusted total debt reflects, reflecting reduced funding needs for our loan portfolio, outweighs the decreasing adjusted total equity. The ratio remains well within our internally established threshold of 8.5-to-1.

Slide nine presents the historical credit 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 August 31, 2026, we had only one nonaccrual loan with a balance of $5 million, or 0.01% percent of total loans outstanding, down from $8 million at the prior fiscal year end following a $3 million payment received from the borrower. This single power supply loan was put on nonaccrual in 2020 and we have steadily received payments since.

Subsequent to the current fiscal quarter end, in September 2026, we received an additional $2 million, which further reduced its outstanding balance to $3 million. Our allowance for credit losses increased by $4 million to $34 million at the current fiscal quarter end, and our allowance coverage ratio increased to 9 basis points from 8 basis points at the prior fiscal year end. Two things drove the increase. First, our loan mix shifted two or more term loans and fewer line of credit balances, which lengthened the average life of the portfolio. Second, a small number of borrowers had modest risk rating downgrades. Overall credit quality across the portfolio actually improved, which partly offset these increases. We had no delinquent loans and no charge-offs during the current fiscal quarter.

Moving to slide 10. As in prior periods, our discussion focuses on our adjusted results, which excludes the unrealized non-cash changes in the fair value of our interest rate swaps. A reconciliation of adjusted results to the comparable GAAP measures is provided in our Form 10-Q and in the appendix of this slide deck. During the current fiscal quarter, we generated adjusted net income of $53 million, compared with $57 million in the same prior-year period. The $4 million, or 8%, decrease was primarily driven by an increase in provision for credit losses of $2 million, a decrease in adjusted net interest income of $1 million and an increase in operating and other expenses of approximately $2 million, partially offset by an increase in fee and other income of approximately $1 million. Our adjusted net interest income for the quarter was $90 million, a decrease of $1 million, or 1%, from the same prior-year period.

While average interest-earning assets increased by $1 billion, or 3%, driven by loan growth, the adjusted net interest yield decreased 3 basis points to 93 basis points. The average yield on our assets fell 5 basis points to 4.67%. We lowered the rate on our variable rate loans and lines of credit when market rates come down, so those yields were lower. Funding that does not carry interest cost added back 2 basis points, bringing its benefit to 0.30%. Our adjusted average cost of borrowing was flat at 4.04%. Our adjusted borrowing costs came down, but that was offset by lower swap income. We have a larger portfolio of pay-fixed swaps, so when SOFR is lower, we receive less on the floating-rate side. Swap income was $14 million during this quarter, down from $20 million during the prior-year quarter.

Being a member-owned financial cooperative, our primary finance goal focuses on earning and annual minimum, adjusted each time, interest-earned ratio, or TIER, of 1.1 times. For the current fiscal quarter, our adjusted TIER was 1. 5 times, compared with 1.16 times for the same prior-year period, exceeding our target of 1.1 times. Our total debt outstanding was $35.7 billion at the current fiscal quarter end, a decrease of $256 million, or 1%, from the prior fiscal year end, reflecting reduced funding needs for our loan portfolio.

At the current fiscal quarter end, $4.6 billion of CFC's funding came from our members in the form of short-term and long-term investments, an increase of $307 million, or 7%, from the prior fiscal year end, driven by higher member investments across nearly all of our member investment products. Member investments represented 13% of our total debt outstanding at the current fiscal quarter end, compared with 12% at the prior fiscal year end. Our funding under the guarantee underwriter program and notes payable with Farmer Mac totaled $9.2 billion, representing 26% of our total debt outstanding, a decrease of approximately $100 million, or 1%, from prior fiscal year end due to scheduled repayments.

Our capital markets-related funding sources totaled $21.9 billion at the current fiscal quarter end, down $463 million, or 2%, from the prior fiscal year end, primarily due to a $643 million decrease in dealer commercial paper, partially offset by a net increase of $180 million in dealer medium-term notes. During the quarter, we issued $800 million of dealer medium-term notes. Subsequent to the fiscal quarter end, in September 2026, we advanced $300 million under an existing facility within the guarantee underwriter program. And on October 13, we redeemed all $400 million of our 5.6% medium-term notes due November 2026.

Capital markets-related funding source accounted for 61% of our total funding, compared with 62% at the prior fiscal year end. 44% of our total debt was secured and 56% was unsecured, unchanged from the prior fiscal year end. Our short-term borrowings decreased by $371 million to $4.8 billion at the current fiscal quarter end and accounted for 13% of total debt outstanding, versus 14% at the prior fiscal year end. The decline came mainly from lower dealer commercial paper, which I mentioned earlier, and was partly offset by higher short-term member investment.

At the current fiscal quarter end, $3.1 billion, or 65%, of our short-term borrowings came from short-term investments made by our members, compared with $2.8 billion, or 55%, at the prior fiscal year end. As we have consistently stated, our member investments have historically been a major source of short-term funding and 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 that CFC had in place at the current fiscal quarter end. Our available liquidity included cash, investments, committed bank lines, committed loan facilities under the guaranteed underwriter program and Farmer Mac revolving note purchase agreement totaling $8.2 billion at the current fiscal quarter end, essentially unchanged from the prior fiscal year end. As indicated in the table on the right-hand side, at the current fiscal quarter end, we had a total of approximately $9.9 billion in debt maturities over the next 12 months, with $3.1 billion of these 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 $6.8 billion in debt maturities included $1.7 billion of dealer commercial paper and $5.1 billion mainly long-term debt obligations scheduled to mature within the next 12 months. These obligations are well covered by the $8.2 billion of available liquidity discussed previously. Excluding member short-term investments, our liquidity coverage ratio was 1.2 times, compared with 1.18 times at the prior fiscal year end.

It is also worth noting that the $8.2 billion of available liquidity does not include the $2.1 billion of scheduled repayments and amortization on long-term loans that we expect to receive from our members over the next 12 months. As Andrew mentioned earlier, in September 2026, we executed a commitment letter for an additional $455 million loan facility under the guaranteed underwriter program, which we expect to close in the coming months.

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, partly offset by expected loan amortization and repayments, as well as member investment activity. From September 2026 through February 2028, CFC projects $12.9 billion in long-term sources, including $9.7 billion in

long-term debt issuances via various funding sources mentioned earlier, and $3.2 billion in anticipated member loan repayments.

CFC's projected long-term uses for the same period totaled approximately $13.8 billion, including $8.4 billion to repay primarily maturing long-term debt and $5.5 billion in new long-term loan advances to members. In addition to these long-term sources, we have access to short-term funding sources, including short-term member investments and dealer commercial paper with our committed bank, revolving lines of credit serving primarily as a backstop source of liquidity.

Thank you once again for joining us today to review our results for the first quarter of fiscal year 2027 and August 31, 2026. We appreciate your interest in CFC and look forward to discussing our financial performance and funding plans in the future. I would like to ask the operator to open the line for questions and also suggest that you submit your questions via the web service, so we may respond to those as well. Thank you.

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 are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, 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. And we'll pause for just a moment as you signal. At this time, there are no phone questions, but once again, it is star one if you would like to signal with telephone questions. Again, that is star one if you would like to ask telephone questions. 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. And we'll pause for a moment. At this time, there are no audio questions.

Ling Wang: Okay. It doesn't look like we have any web questions either. So, thank you, everybody. And if you have any questions that you would like to follow up, please feel free to contact myself or

Heesun Choi. Actually, hold on a second. We do have a question on the web. The question is, any collateral trust bond issuance expected this fiscal year? I think the way we look at our funding secured versus unsecured, generally speaking in the capital markets, if we issue anything that's less than 10 years of tenure, we will issue unsecured. If it's 10 years or above will issue secured, i.e., in the form of CTP. And the way we decide on our choice of tenure is primarily based on our members' behavior, to the extent that if our members extend their loan-rate terms over a longer period of time, they will consider issuing collateral trust bonds. Like we mentioned earlier, I think the weighted average of rate terms our members have been selecting is around six years currently.

I think that's all we have on the web. Again, please feel free to contact myself or Heesun Choi if you have any additional questions. I think we will also be at the EEI in November. So, if you guys want to meet, please feel free to reach out to Heesun Choi, and she can arrange a one-on-one meeting or a small group meeting with any of you. Thank you so much and have a good day.

Operator: Thank you. That does conclude today's conference. We do thank you for your participation. Have an excellent day.