

# **Investor Conference Call – FY2022 Fiscal Year Ended May 31, 2022**

**August 9, 2022 at 3 p.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 may review certain non-GAAP adjusted financial measures. Please refer to our Form 10-K for the fiscal year ended May 31, 2022 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 May 31, 2022, unless otherwise noted)



## Continued Balance Sheet Expansion

- Loans to members surpassed \$30 billion
- Largest private lender in the sector with 28% market share at 12/31/2021



## Strong Financial Metrics

- Adjusted TIER of 1.3x
- Members' equity surpassed \$2 billion

## High Quality Loan Portfolio



- No charge-off during fiscal year 2022
- Geographically diverse borrower base with 98% loans to electric utilities

## Diverse Funding Source & Healthy Liquidity



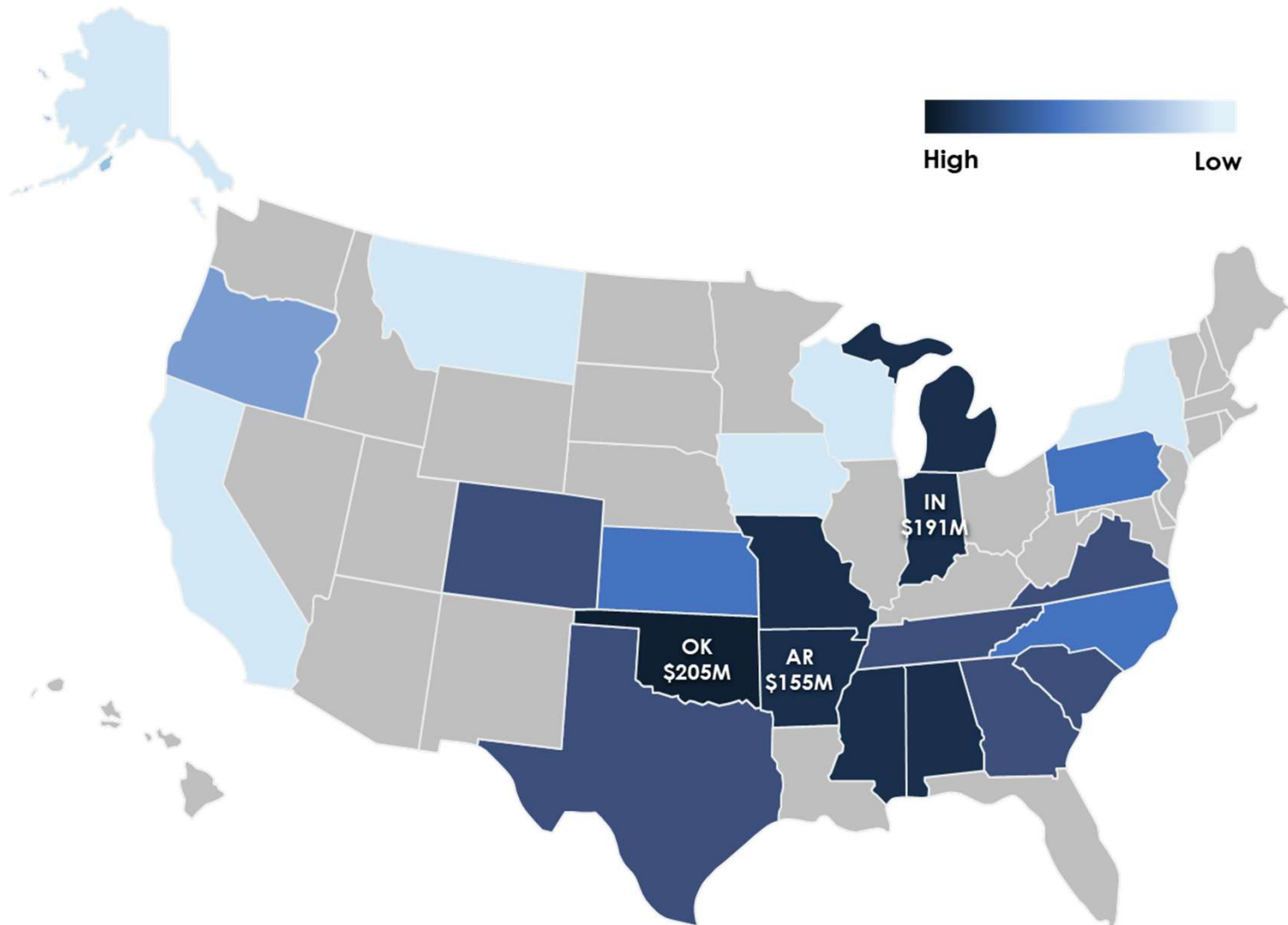
- Diversified liquidity sources supported by cash, investments, committed bank lines, Guaranteed Underwriter Program (GUP), Farmer Mac, and repo facilities\*



\* Pledged collateral for repo facilities includes investment-grade corporate debt securities from our investment portfolio.

# Loans Outstanding for Broadband Projects

(as of May 31, 2022)



# Current Topics for Electric Cooperatives



**Inflation**



**Supply Chain**

# Financial Performance

Ling Wang, Chief Financial Officer

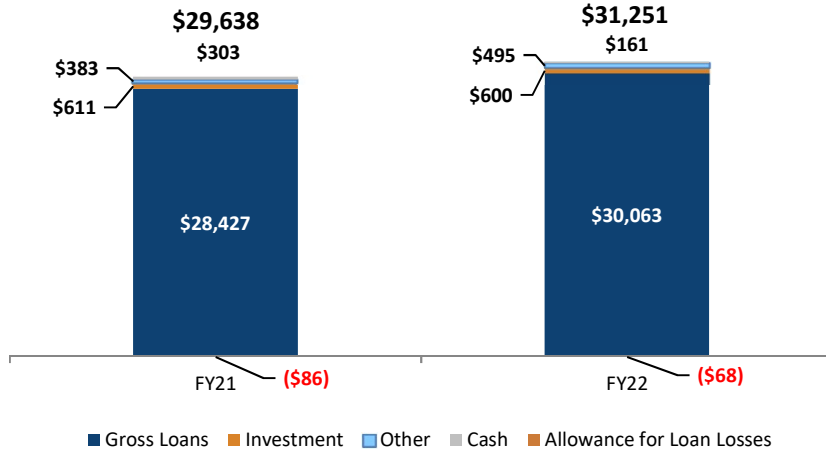




# FY22 Financial Results – Balance Sheet

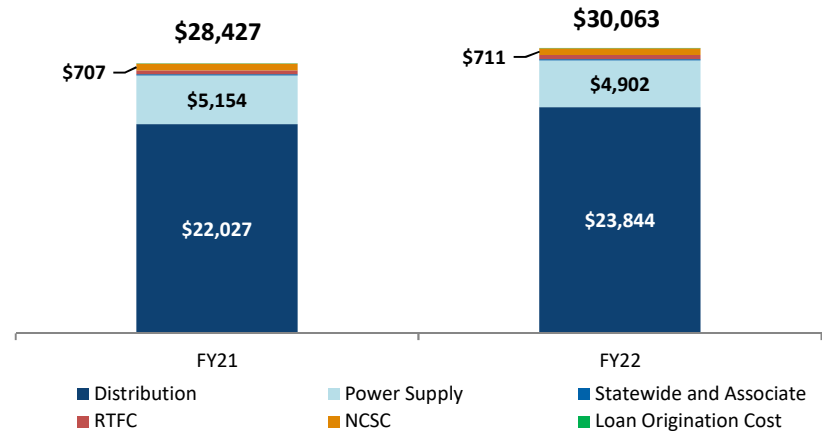
## Total Assets (\$ in Mills)

\$1.6 B, or 5%, Increase in Total Assets



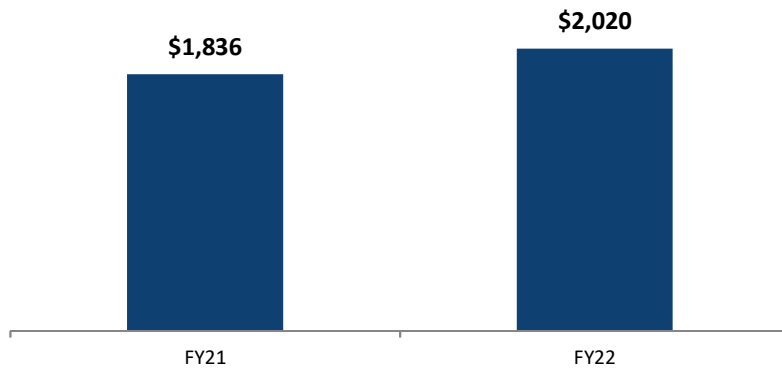
## Loans to Members (\$ in Mills)

\$1.6 B, or 6%, Increase in Loans to Members



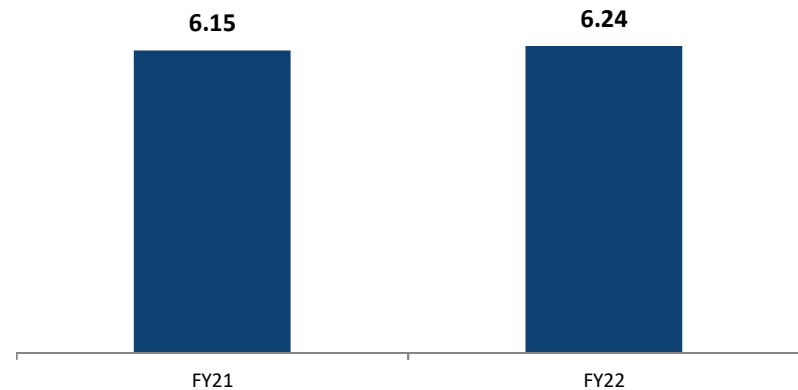
## Members' Equity (\$ in Mills)

\$184 MM, or 10%, Increase in Members' Equity



## Adjusted Debt to Equity Ratio

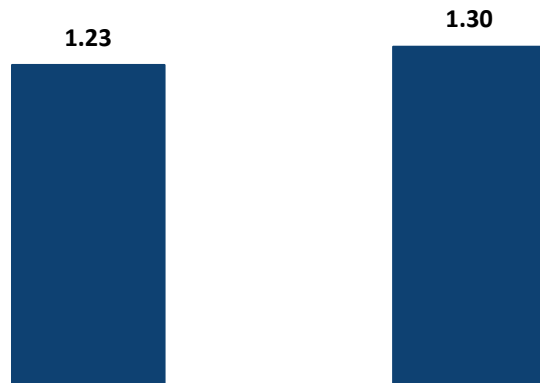
0.09, or 1%, Increase in Debt to Equity Ratio



# FY22 Financial Results – Income Statement

## Adjusted TIER

0.07, or 6%, Increase in Adjusted TIER

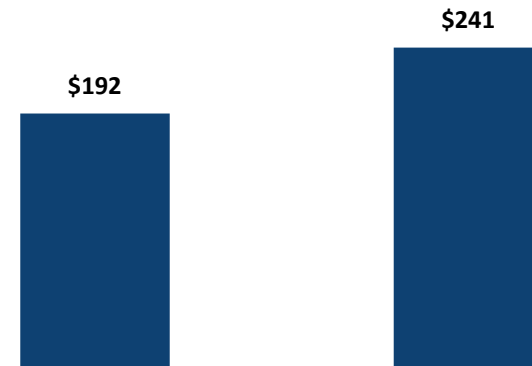


FY21

FY22

## Adjusted Net Income (\$ in Mils)

\$49 MM, or 25%, Increase in Adjusted Net Income

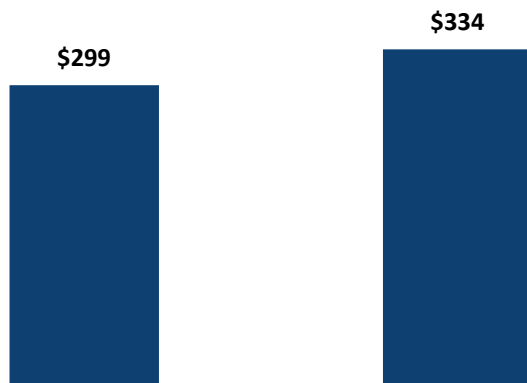


FY21

FY22

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

\$35 MM, or 12%, Increase in Net Interest Income

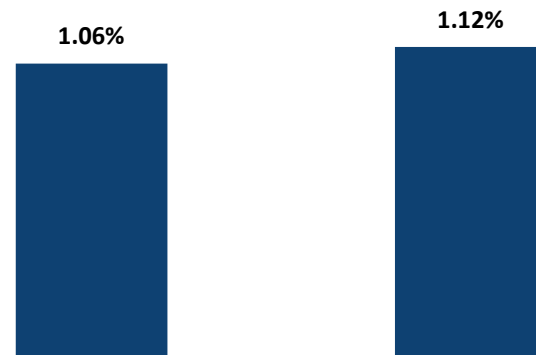


FY21

FY22

## Adjusted Net Interest Yield

6 bps, or 6%, Increase in Adjusted Net Interest Yield



FY21

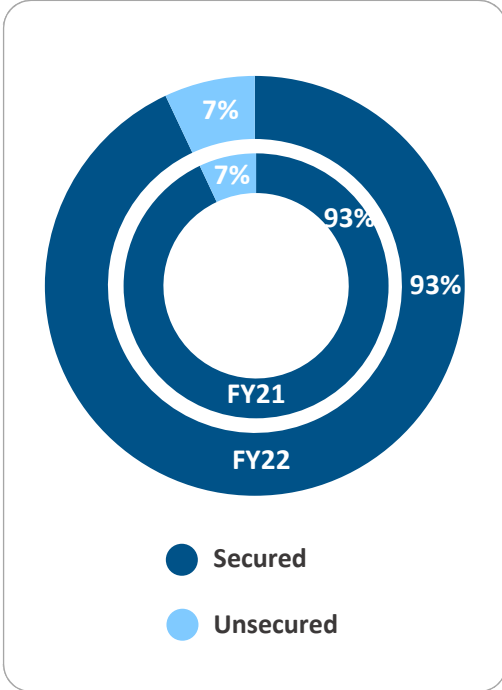
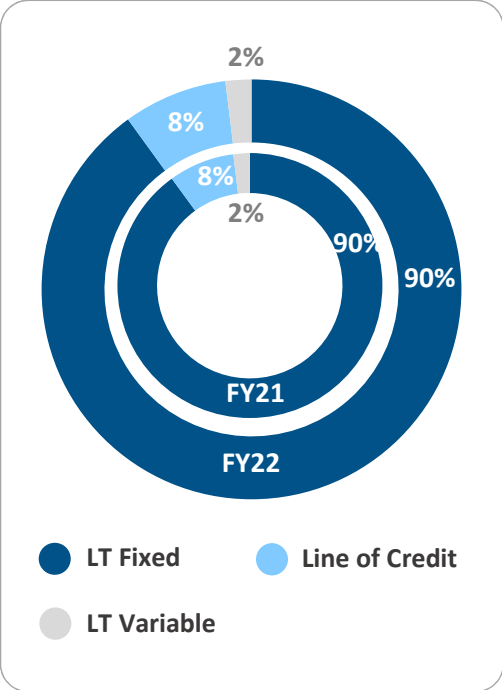
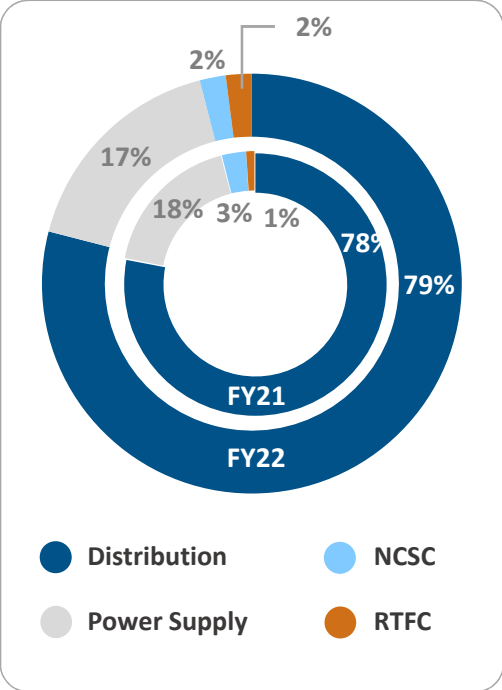
FY22



# Loan Portfolio Overview

## CFC's Electric Cooperative Borrowers/Members:

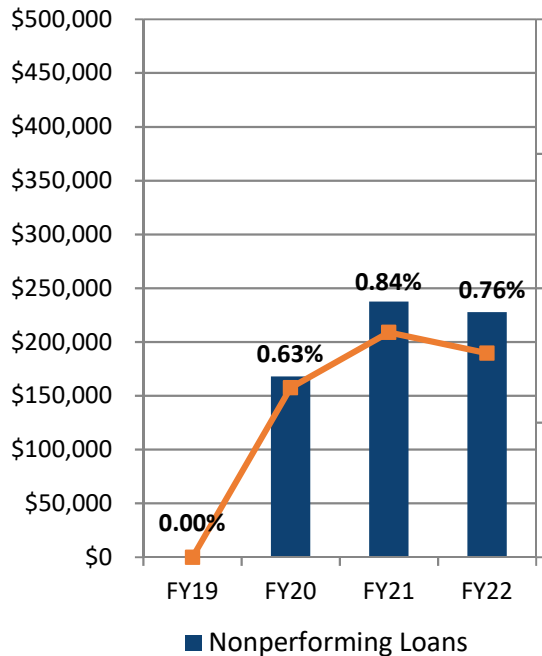
- Provide an essential service to their customers/owners
- Experience limited competition
- Generally serve exclusive territories with majority number of customers being residential
- Demonstrate stable operating and strong financial performance
- Are not rate regulated in the majority of states



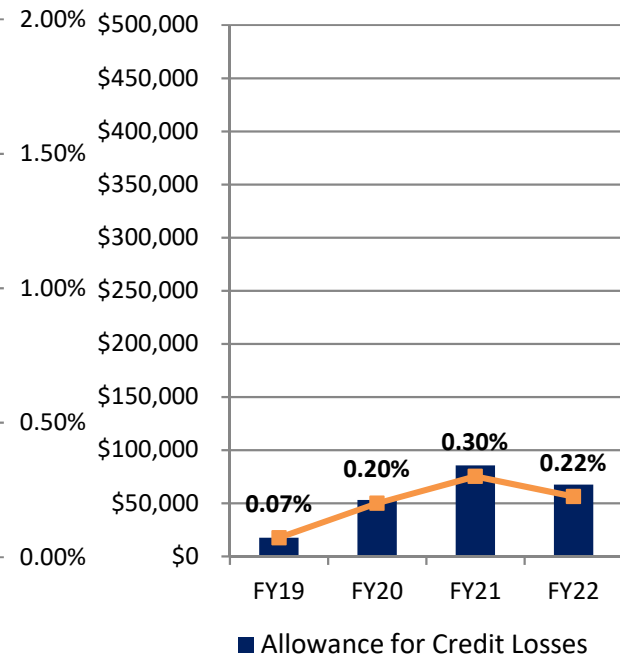
# Credit Performance

- During CFC’s 53-year history, in the electric utility portfolio, there have only been 18 defaults including Brazos Electric and Brazos Sandy Creek. Of the 16 defaults prior to the Brazos and Brazos Sandy Creek defaults, only six resulted in losses which totaled \$86 million in net write-offs.
- CFC had no charge-offs during the fiscal year ended May 31, 2022. Historically, CFC has had low levels of charge-offs, loan defaults, nonperforming loans, and delinquencies.

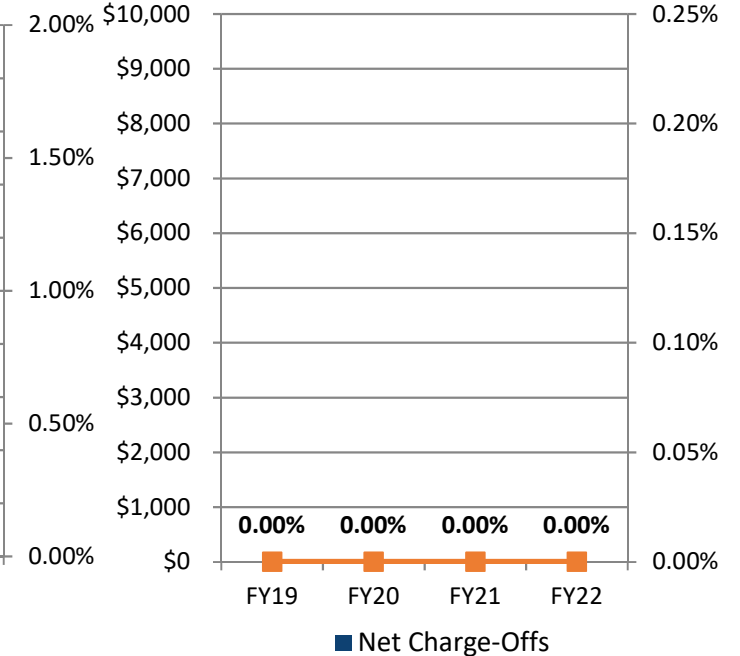
Nonperforming loans / Total loans outstanding  
(\$ in Thousands)



Allowance for Credit Losses/ Total loans outstanding  
(\$ in Thousands)

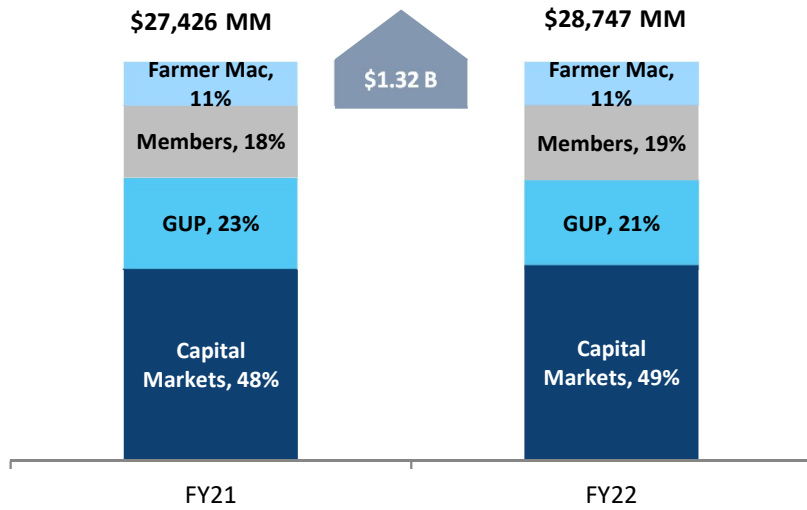


Net charge-offs (Recovery) / Average loans outstanding  
(\$ in Thousands)

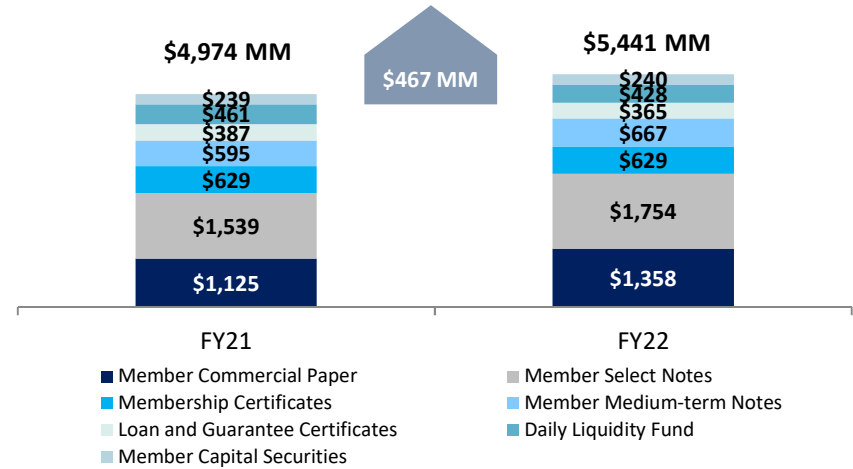


# Debt Funding Sources

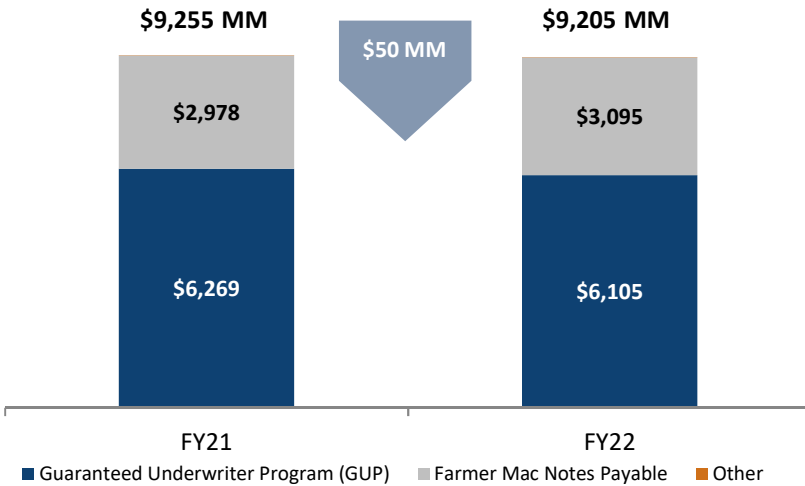
Total Debt Outstanding (\$ in Mils)



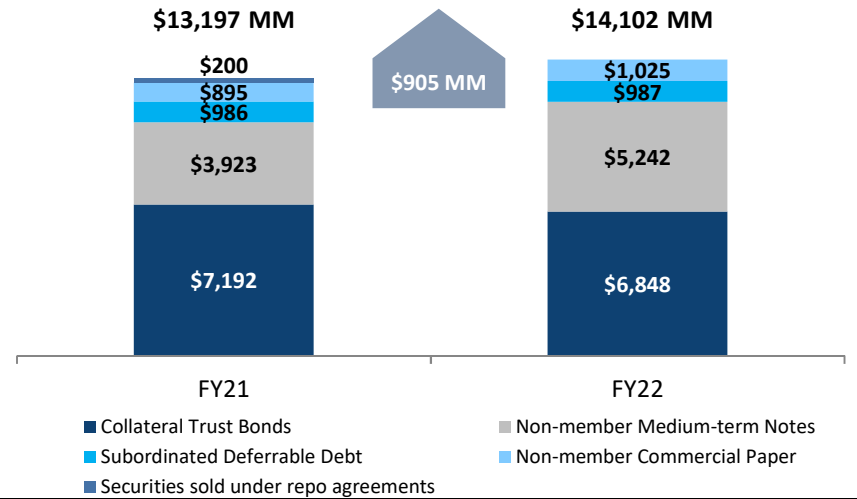
Member Investment (\$ in Mils)



GUP, Farmer Mac & Other (\$ in Mils)

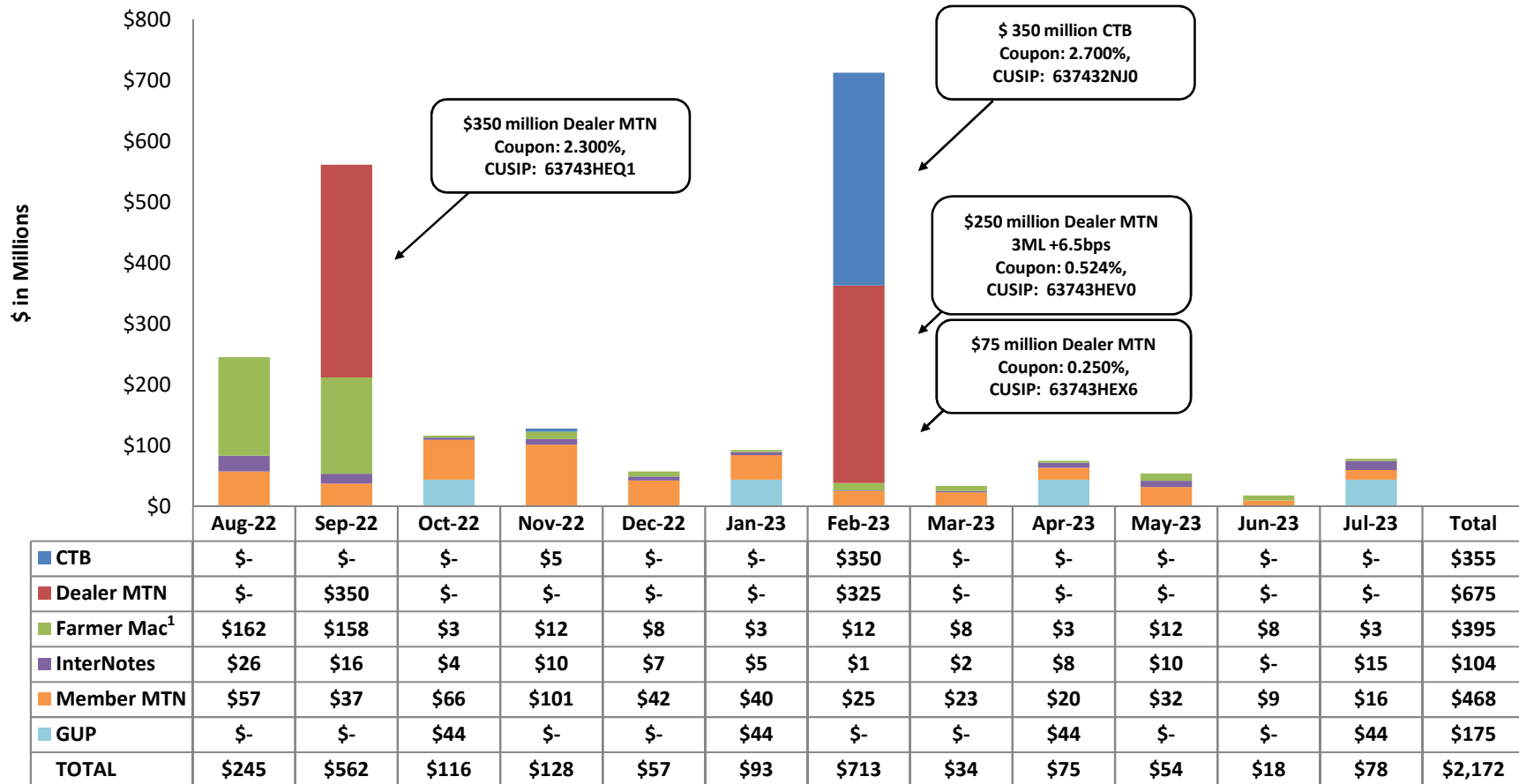


Capital Markets Funding (\$ in Mils)



# Monthly Debt Maturity Schedule

Data as of 7/31/2022



(1) \$300 million in maturities and \$95 million in scheduled principal amortization

Note: Our members traditionally roll over their MTN investments at maturity.



# 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 June 2022, CFC amended the revolving note purchase agreement with Farmer Mac to increase the maximum borrowing availability from \$5.5 billion to \$6 billion.

(\$ in millions)

Liquidity Sources		May 31, 2021		May 31, 2022	
		Total	Available	Total	Available
	Cash & Investments	\$871	\$871	\$720	\$720
	Committed Revolving LOC - Banks	\$2,725	\$2,722	\$2,600	\$2,597
	GUP (Non-Revolving)	\$8,173	\$975	\$8,723	\$1,075
	Revolving NPA - Farmer Mac <sup>1</sup>	\$5,500	\$2,522	\$5,500	\$2,405
<b>Total Liquidity</b>		<b>\$17,269</b>	<b>\$7,090</b>	<b>\$17,543</b>	<b>\$6,797</b>
Debt Maturities over the next 12 months		May 31, 2021		May 31, 2022	
<b>Non-member Debt and Member LT Debt Maturities</b>					
	Repo Agreements	\$200		\$0	
	Dealer CP	\$895		\$1,025	
	Long-term and Subordinated Debt <sup>2</sup>	\$2,604		\$1,913	
<b>Total Non-member Debt and Member LT Debt Maturities</b>		<b>\$3,699</b>		<b>\$2,938</b>	
<b>Total Member Short-Term Investments</b>		<b>\$3,487</b>		<b>\$3,956</b>	
<b>Total Debt Maturities over the next 12 months</b>		<b>\$7,186</b>		<b>\$6,894</b>	
<b>Excess Liquidity (excluding short-term member investments)</b>		<b>\$3,391/1.9x</b>		<b>\$3,859/2.3x</b>	
<b>Scheduled LT Loan Amortization and Repayments over the next 12 months</b>		<b>\$1,425</b>		<b>\$1,479</b>	

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

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



# Projected Sources and Uses of Funds as of 5/31/2022

(\$ in Mils.)	LT and Subordinated Debt Maturities	Net Loan Growth	Other Sources/ (Uses) of Funds	Projected Cash Needs	Projected LT Debt Issuance
8/31/2022	\$509	\$347	\$307	\$549	\$499
11/30/2022	\$807	\$284	\$230	\$861	\$794
2/28/2023	\$870	\$340	(\$262)	\$1,472	\$1,423
5/31/2023	\$270	\$106	\$229	\$147	\$76
8/31/2023	\$606	\$250	\$370	\$486	\$488
11/30/2023	\$731	\$249	\$266	\$714	\$644
<b>Totals</b>	<b>\$3,793</b>	<b>\$1,576</b>	<b>\$1,140</b>	<b>\$4,229</b>	<b>\$3,924</b>

\* Refer to Page 77 of 10-K for more details





# Key Takeaways

## Robust Credit Ratings

Fitch: **F1** (Short-Term); **A+** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 2/4/22)

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 12/13/21)

## High Quality Loan Portfolio

98% of loans are to rural electric systems

93% of loans are on a senior secured basis

0.22% loan loss allowance coverage ratio

Low levels of charge-offs, loan defaults, nonperforming loans, and delinquencies historically

## Strong Member Support

19% of funding is from member-owners

Historically low reinvestment risk on member investments

Total members' equity at \$2.0 billion as of 5/31/2022, a 45% 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\*)

Capital markets funding accounts for less than 50% of total funding

2.3x times liquidity coverage ratio, excluding 12-month member short-term investments



\* Pledged collateral for repo facilities includes investment-grade corporate debt securities from our investment portfolio.

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

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and Owned  
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Electric Cooperative  
Network***