

Investor Conference Call

March 8, 2021 at 10 a.m ET



Confidential Material

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 Measure

During our discussion, we review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the second quarter ended November 30, 2020, of our fiscal year 2021, 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.



Summary

- **The situation in Texas is evolving with many stakeholders involved**
- **The weather impact to the majority of Texas electric cooperatives is manageable**
- **CFC has the capacity to absorb, in the worst case scenario, increases in allowance for credit losses that may arise from a very limited number of G&Ts, namely Brazos and Rayburn Country**
- **There are no fundamental changes in CFC's business model, CFC's loan portfolio remains pristine with very little defaults and losses, and CFC's liquidity position remains strong**
- **The overall credit quality and financial position of electric cooperatives are strong and sound**



Electric Cooperatives and the Current Weather Event Issues

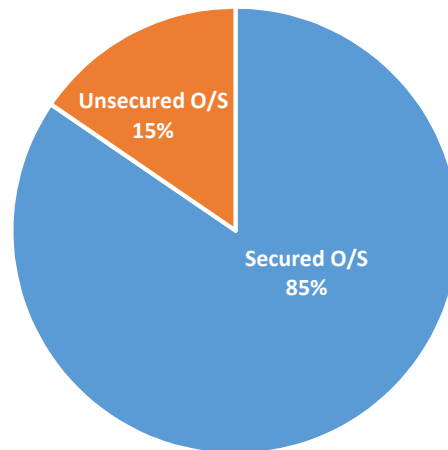
- **Weather impact is mostly at the G&T cooperatives**
- **Diverse generation mix / Exposure to the market**
- **Access to natural gas during periods of elevated demand**
- **Ability to pivot to other fuel sources**
- **High cost of natural gas (Gas bills up to 100x normal levels)**
- **Extremely elevated energy prices (Texas hit cap of \$9,000/MWh for prolonged periods)**
- **Collateral requirements**
- **Effects of weather on system and ability to restore quickly (crisis management)**



CFC's Exposure

- CFC's total loans outstanding at 2/28/2021⁽¹⁾: \$28.3 billion, an increase of \$1.3 billion from 11/30/2020
- CFC's Texas exposure at 2/28/2021⁽¹⁾:
 - \$4.6 billion total
 - \$3.3 billion to distribution cooperatives
 - \$1.2 billion to G&T cooperatives
 - \$38 million to others

CFC's Texas Loan Portfolio at 2/28/2021



⁽¹⁾ Preliminary

Texas Electric Cooperatives

- There are 8 G&Ts and 60 distribution cooperatives in Texas
- The 8 G&Ts in Texas are (in alphabetical order):
 1. Brazos Electric Power Cooperative
 2. Brazos Sandy Creek Electric Cooperative, a wholly owned subsidiary of Brazos Electric Power Cooperative
 3. East Texas Electric Cooperative
 4. Golden Spread Electric Cooperative
 5. Northeast Texas Electric Cooperative
 6. Rayburn Country Electric Cooperative
 7. San Miguel Electric Cooperative
 8. South Texas Electric Cooperative
- G&Ts which were most impacted by the weather and elevated prices: Brazos and Rayburn Country
- CFC’s exposure to Brazos and Rayburn Country at 2/28/2021⁽¹⁾:

	Secured Loans O/S	Unsecured Loans O/S including LCs
Brazos Electric Power Cooperative, Inc.	\$0	\$85,000,000
Brazos Sandy Creek Electric Cooperative, Inc.	\$29,611,111	\$0
Rayburn Country Electric Cooperative, Inc.	\$170,604,611	\$212,344,935
Total	\$200,215,722	\$297,344,935



⁽¹⁾ Preliminary

Texas Electric Cooperatives Financial Strength

Key Ratios for Texas G&T Coops ¹	2015	2016	2017	2018	2019
TIER	1.77	1.34	1.61	1.78	1.61
Debt Service Coverage (DSC)	1.39	1.35	1.48	1.56	1.51
Modified DSC (MDSC)	1.34	1.34	1.45	1.51	1.47
Margin for Interest (MFI) ²	2.00	1.74	1.57	1.94	1.75
Equity as a % of Assets	27.03	27.68	28.53	30.60	29.96
Revenue Derived from Members (%)	97.53	97.25	96.38	95.18	95.89
kWh Sales to Members (%)	94.29	92.85	92.15	93.72	92.55
Current Ratio	1.72	1.85	1.78	1.70	1.78
G&T Equity as a % of Total G&T Capitalization	28.64	29.38	30.46	31.55	31.83
Member Equity as a % of Member Capitalization	53.11	53.54	53.56	54.32	55.24

¹ Ratios shown are the average ratios of Brazos Electric Power Cooperative, South Texas Electric Cooperative, San Miguel Electric Cooperative, Northeast Texas Electric Cooperative, Golden Spread Electric Cooperative, Rayburn Country Electric Cooperative, and East Texas Electric Cooperative.

² MFI not available for Northeast Texas Electric Cooperative, East Texas Electric Cooperative, and 2015-2017 for Rayburn Country Electric Cooperative.

Key Ratios for Texas Distribution Coops ³	2015	2016	2017	2018	2019
TIER	3.00	2.75	2.66	3.14	3.36
Modified DSC (MDSC)	1.95	2.00	2.01	2.18	2.17
Debt Service Coverage (DSC)	2.39	2.18	2.15	2.35	2.56
Equity as a % of Assets	50.32	49.36	50.80	50.77	51.75
Equity as a % of Total Capitalization	56.67	56.27	57.92	58.76	60.32
Long Term Debt as a % of Total Assets	37.20	39.62	38.21	36.50	35.21
Rate of Return on Equity (%)	5.60	5.88	5.93	7.19	7.35
Current Ratio	0.91	0.85	0.86	0.81	0.77
A/R Over 60 Days as a % of Operating Revenue	0.16	0.12	0.14	0.09	0.09
Amount Written off as a % of Operating Revenue	0.11	0.11	0.09	0.08	0.07
Annual Growth in Number of Consumers (%)	1.33	1.28	1.06	1.34	1.26

³ All ratios shown are median ratios.



Ratios obtained from CFC KPI and KRTA data for years 2015-2019

CFC's 12-month Liquidity Position at 2/28/2021⁽¹⁾

Liquidity at 2/28/2021

(\$ in millions)

Liquidity Sources		
Cash & Investments		\$771
Revolving LOC - Banks		\$2,722
GUP		\$1,275
Revolving NPA - Farmer Mac		\$2,824
Total Liquidity		\$7,592
Debt Maturities (3/1/21-2/28/22)		
Non-Member Debt Maturities		
Dealer CP		\$735
Non-Member Debt Maturities		\$1,795
Total Non-Member Debt Maturities		\$2,530
Member Debt Maturities		
Daily Liquidity Fund		\$657
Member CP		\$1,407
Member Select Notes		\$1,404
Member MTNs		\$441
Membership Certificates, Loan and Guarantee Certificates and Member Capital Securities		\$5
Total Member Debt Maturities		\$3,914
Total Available Liquidity Excluding Member Debt Maturities		\$5,062
Total Available Liquidity		\$1,148

Upcoming Major Maturities

MATURITY DATE	SECURITY TYPE	AMOUNT (\$MILLIONS)	CUSIP	MATURITY DATE	SECURITY TYPE	AMOUNT (\$MILLIONS)	CUSIP
3/15/2021	Dealer MTN	\$450.00	63743HER9	12/23/2021	Farmer Mac	\$80.00	NA
5/14/2021	Farmer Mac	\$50.00	NA	1/21/2022	Dealer MTN	\$500.00	63743HET5
6/7/2021	Farmer Mac	\$95.00	NA	1/21/2022	Farmer Mac	\$65.00	NA
6/30/2021	Dealer MTN	\$300.00	63743HES7	2/4/2022	Farmer Mac	\$105.00	NA
10/29/2021	Farmer Mac	\$165.00	NA	2/15/2022	CTB	\$400.00	637432MQ5



⁽¹⁾ Preliminary

CFC's Financial Results as of November 30, 2020

- Selected Balance Sheet Data

(dollar amounts in thousands)	05/31/20	11/30/20	Change	% Change
Gross Loans to Members	26,702,380	27,062,969	360,589	1%
Less: Allowance for Credit Losses	(53,125)	(58,989)	(5,864)	11%
Loans to Members, Net	26,649,255	27,003,980	354,725	1%
Members' Equity ¹	\$1,707,770	\$1,750,671	\$42,901	3%
Adjusted Debt-to-Equity Ratio	5.85	5.90	0.05	1%

¹Members' Equity = GAAP equity - AOCI - Noncontrolling interests - Cumulative derivative forward value losses

- Selected Income Statement Data

(dollar amounts in thousands)	Six Months Ended November 30, 2020			
	2019	2020	\$ Change	% Change
Interest Income	\$577,052	\$556,083	(\$20,969)	-4%
Interest Expense	(421,142)	(354,398)	66,744	-16%
Derivative Cash Settlements	(25,193)	(56,772)	(31,579)	125%
Adjusted Net Interest Income	130,717	144,913	14,196	11%
Adjusted Net Income	104,603	106,773	2,170	2%
Adjusted TIER ¹	1.23	1.26	0.03	2%

¹Adjusted TIER = (Adjusted Interest Expense + Adjusted Net Income) / Adjusted Interest Expense



Financial Covenant Compliance

- **CFC is and is expected to be in compliance with all the debt agreements**
 - **Committed Bank Revolving Credit Facility**
 - Minimum average adjusted TIER of 1.025 over the most recent 6 fiscal quarters: 1.20 at 11/30/2020
 - Maximum leverage ratio of 10 times: 5.68 at 11/30/2020
 - **CTB and MTN Indentures**
 - Maximum senior indebtedness of 20 times of the sum of Members' Equity, Members' subordinate certificate and subordinated deferrable debt: 8.11 at 11/30/2020



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National Rural Utilities Cooperative Finance Corporation

Created and Owned by America's Electric Cooperative Network