

# **Investor Conference Call – FY2020 Third Quarter Ended February 29, 2020**

**April 17, 2020 at 11 a.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.



# Financial Performance

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



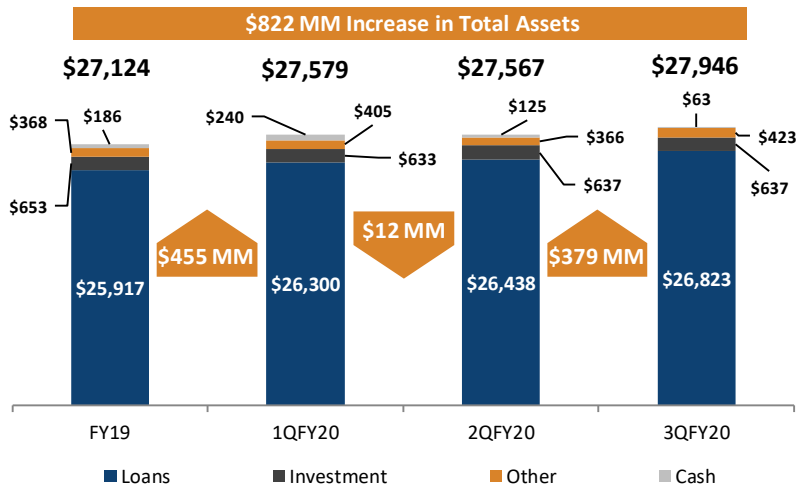
# Non-GAAP Financial Measures

**During our discussion, we may review certain non-GAAP adjusted financial measures. Please refer to our Form 10-Q for the third quarter ended February 29, 2020, of our fiscal year 2020, 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.**

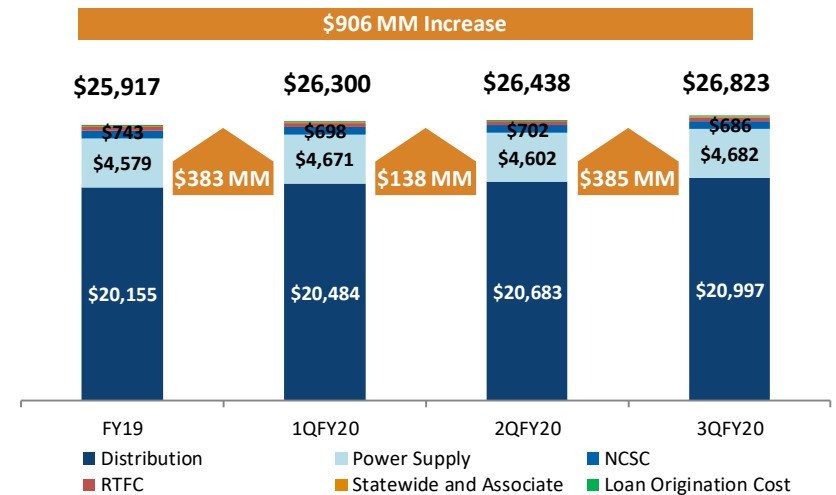


# 3QFY20 Financial Results – Balance Sheet

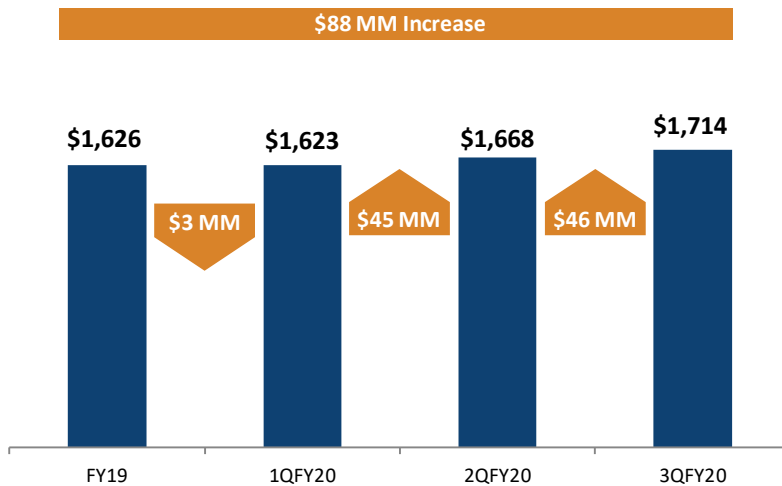
## Total Assets (\$ in Mils)



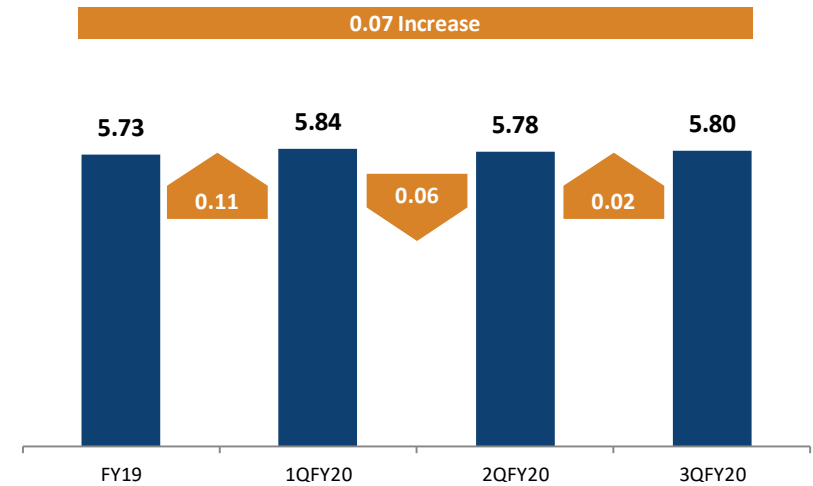
## Loans to Members (\$ in Mils)



## Members' Equity (\$ in Mils)

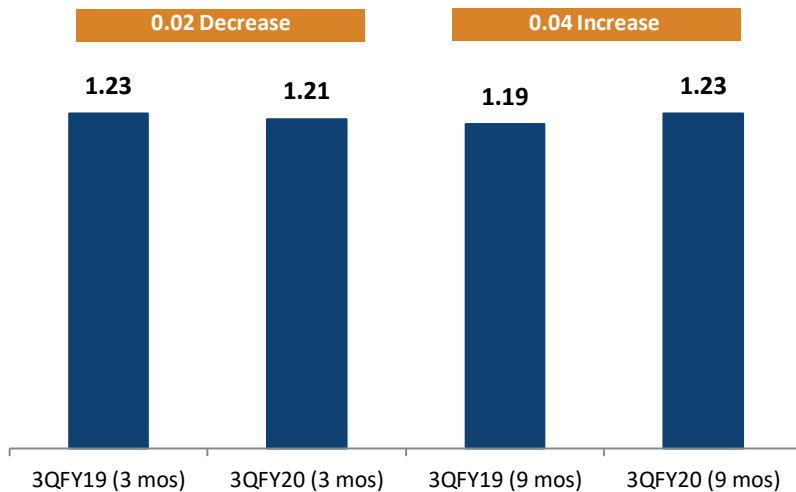


## Adjusted Debt to Equity Ratio

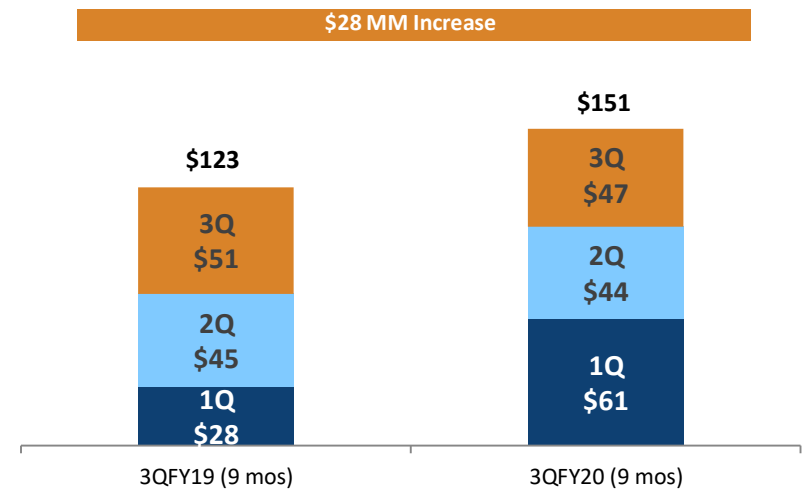


# 3QFY20 Financial Results – Income Statement

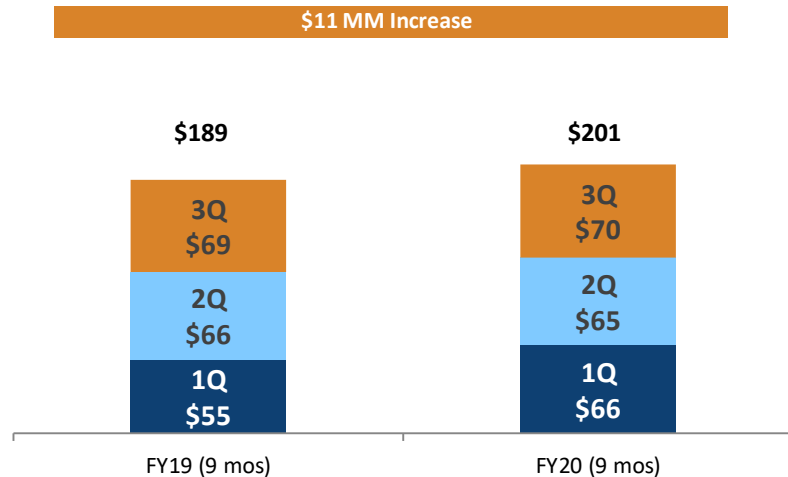
### Adjusted TIER



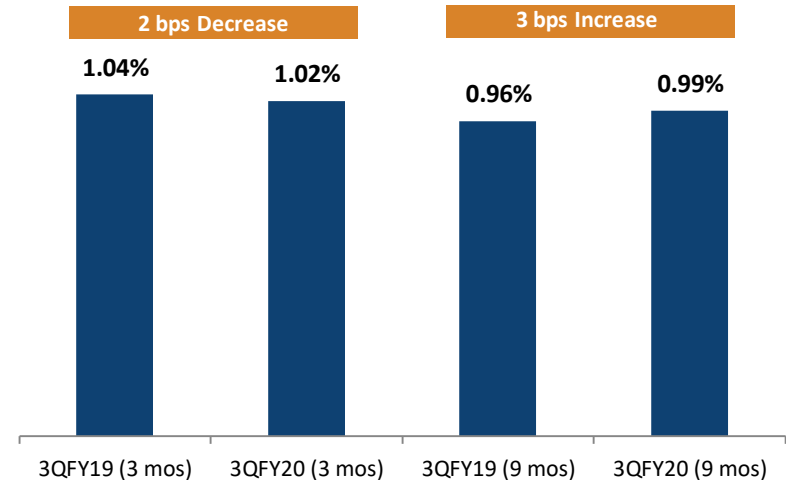
### Adjusted Net Income (\$ in Mils)



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



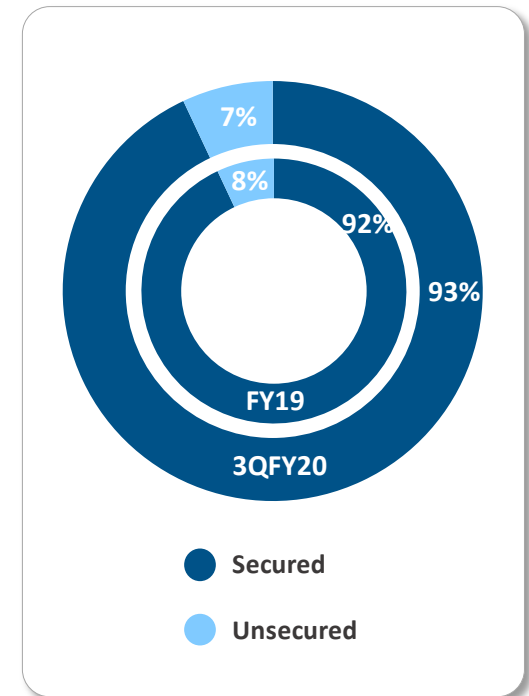
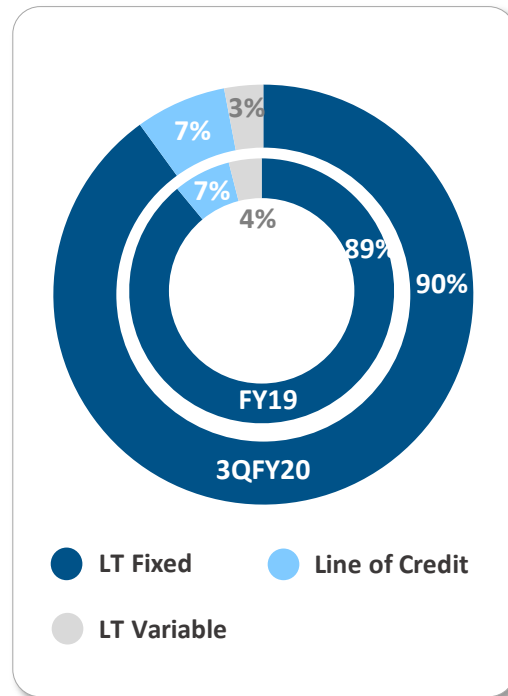
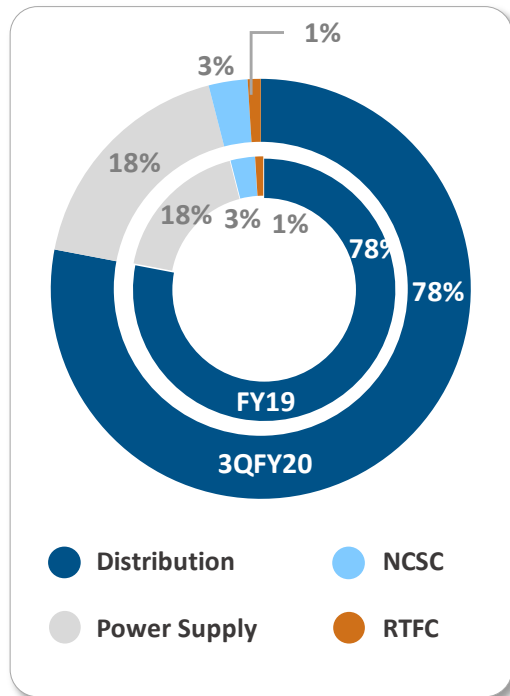
### Adjusted Net Interest Yield



# Loan Portfolio Overview

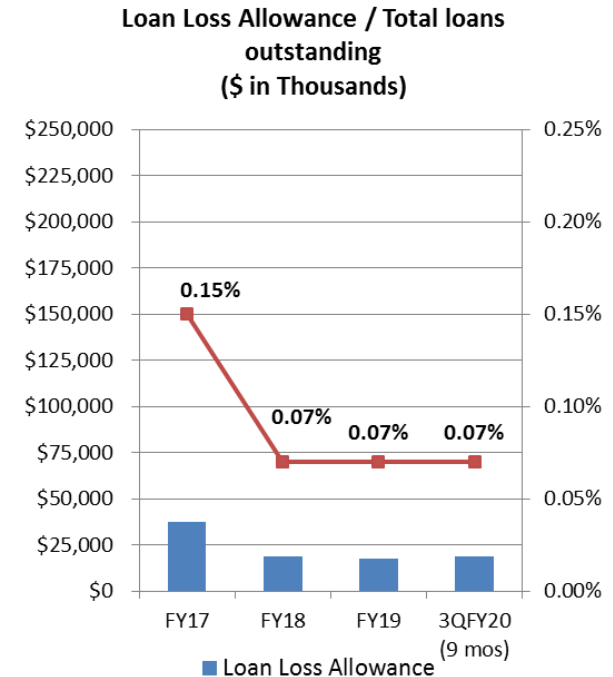
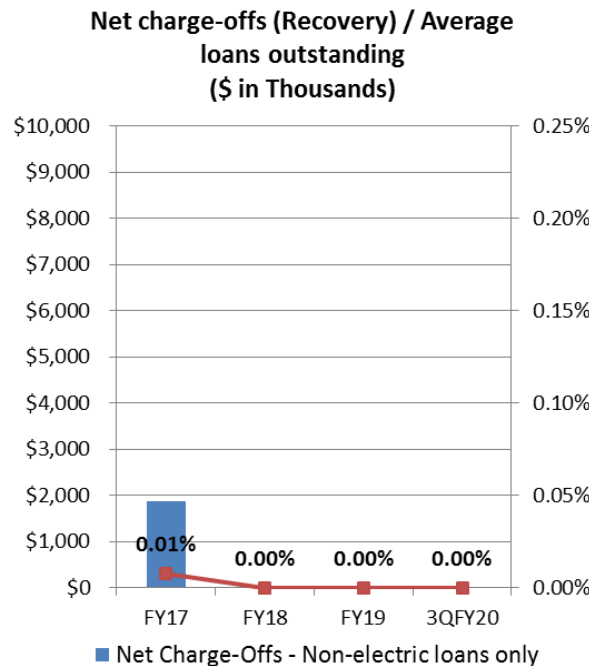
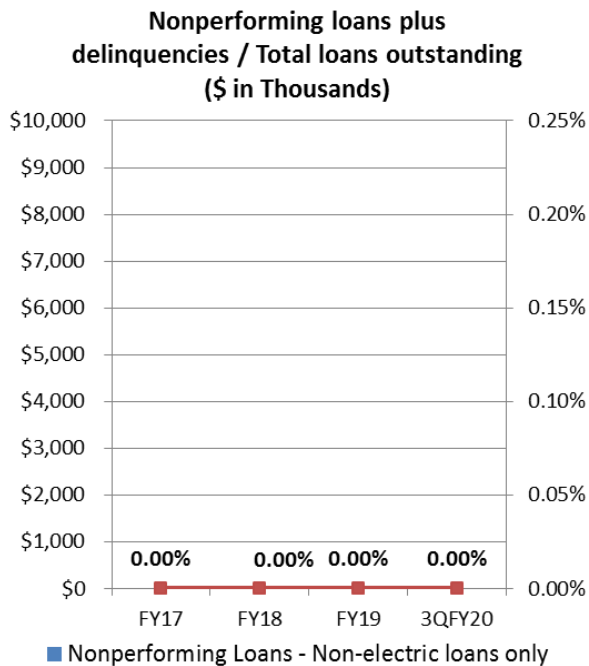
## CFC's Electric Cooperative Borrowers/Members:

- 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

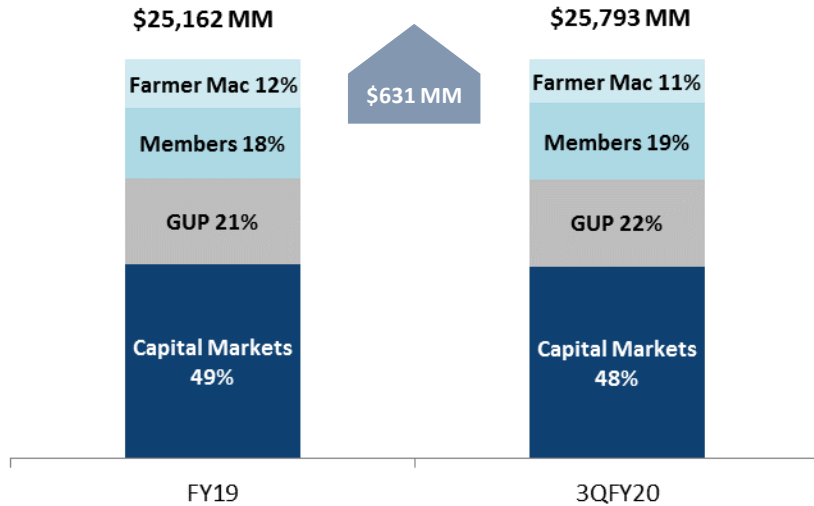
- During CFC's 50-year history, in the electric utility portfolio, there have only been 16 defaults, which resulted in six losses; net write-offs for the electric portfolio totaled \$86 million
- CFC did not have any delinquent or nonperforming loans since June 1, 2016
- CFC had no charge-offs or loan defaults during nine months ended 2/29/2020



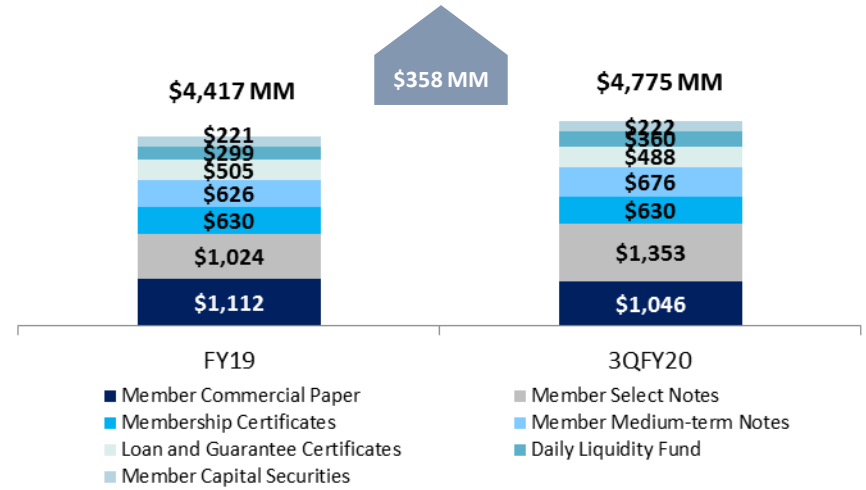


# Debt Funding Sources

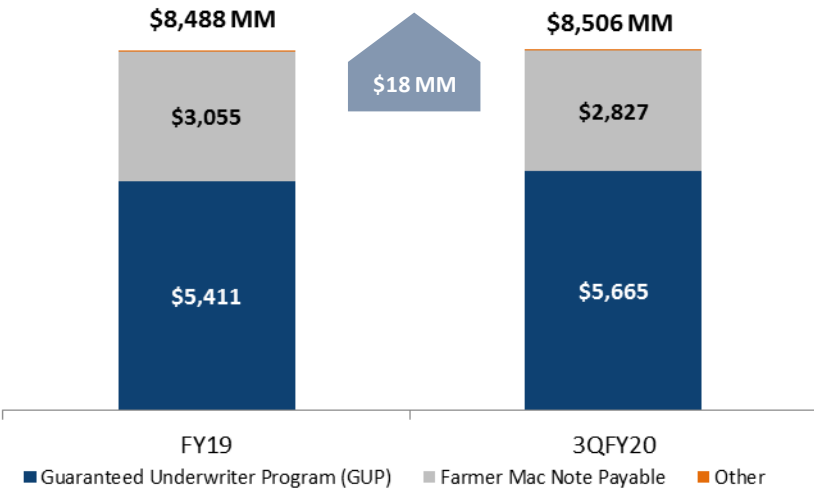
Total Debt Outstanding (\$ in Mils)



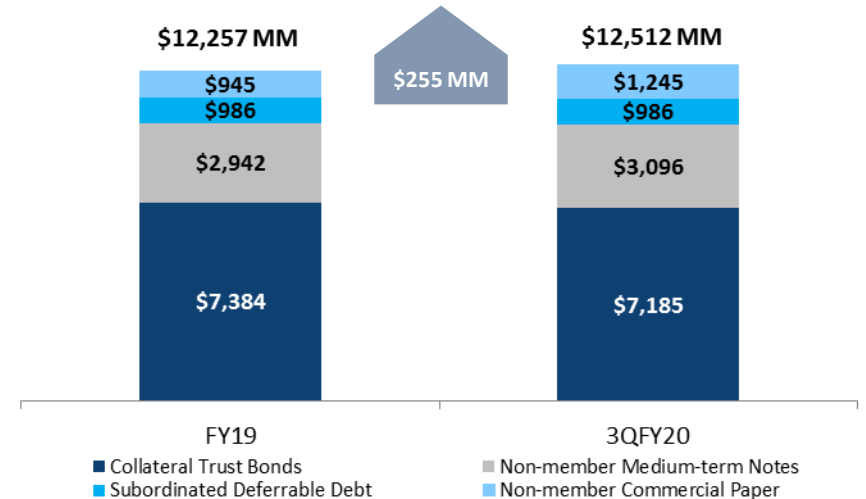
Member Investment (\$ in Mils)



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



Capital Markets Funding (\$ in Mils)



# FY20 (Q1, Q2, Q3, Q4) Major Financing Activities

## Revolvers

- November 2019 – Amended and extended the maturity date of three-year facility by one year to November 2022 and reduced the total commitment amount under three-year and five-year facilities by \$250 million from \$2.975 billion to \$2.725 billion

## CTBs

- February 2020 – Issued a \$500 million 10-year CTB @ 2.40%

## MTNs

- February 2020 – Issued a \$500 million 2-year MTN @ 1.75%

## GUP

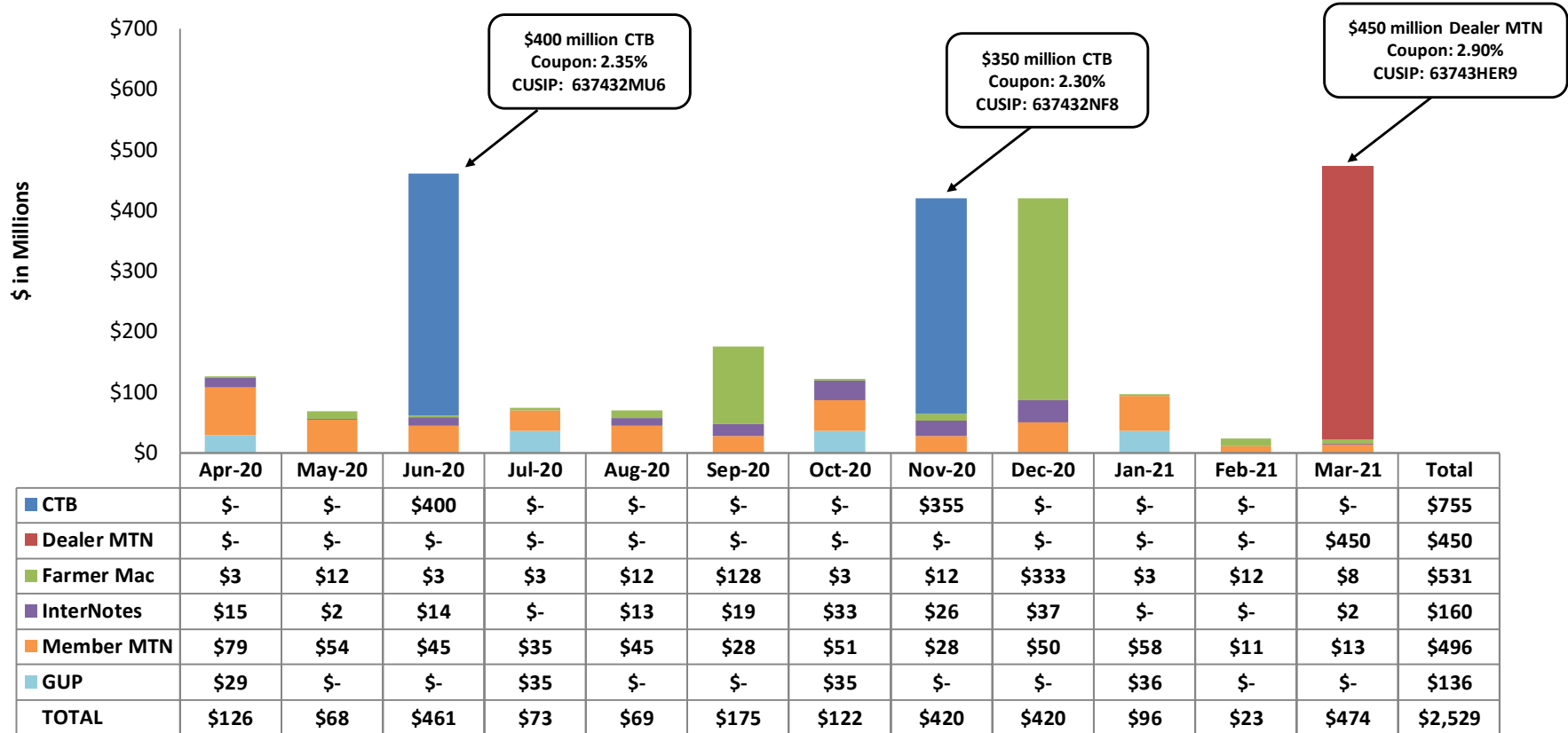
- January 2020 – Advanced \$25 million @ 3-month T-bill + 42.5 bps, or 1.992% all-in rate with a 20-year final maturity
- February 2020 – Closed a \$500 million committed loan facility
- February 2020 – Advanced \$150 million @ 3-month T-bill + 42.5 bps, or 1.963% all-in rate with a 20-year final maturity
- February 2020 – Advanced \$150 million @ 2.101% fixed rate with a 20-year final maturity
- March 2020 – Advanced \$125 million @ 1.702% fixed rate with a 20-year final maturity
- March 2020 – Advanced \$250 million @ 1.840% fixed rate with a 20-year final maturity
- March 2020 – Advanced \$250 million @ 3-month T-bill + 42.5 bps, or 0.466% all-in rate with a 20-year final maturity

## Farmer Mac

- December 2019 – Terminated \$300 million revolving note purchase agreement and increased the note purchase agreement by \$300 million from \$5.2 billion to \$5.5 billion
- March 2020 – Advanced \$125 million 6-month note @ L+85 bps and \$125 million 9-month note @ L+90 bps

# Monthly Debt Maturity Schedule

Data as of 3/31/2020

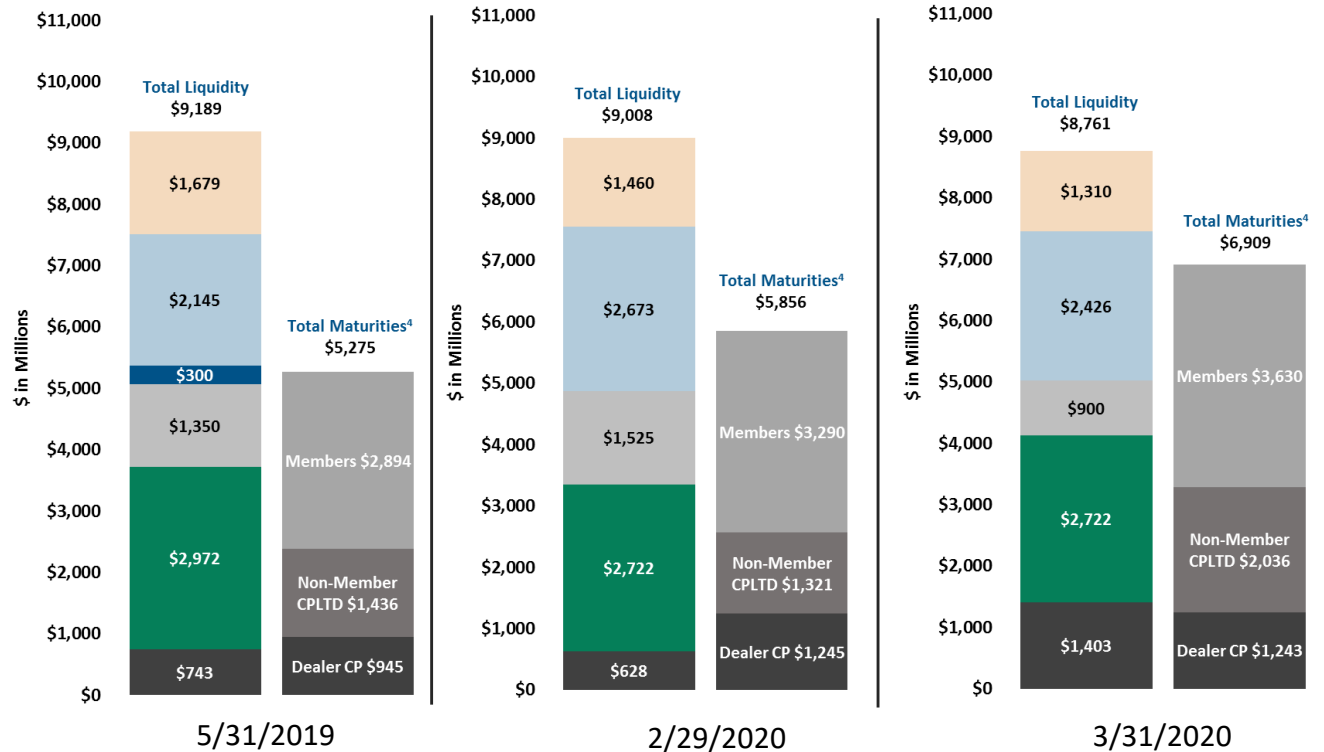
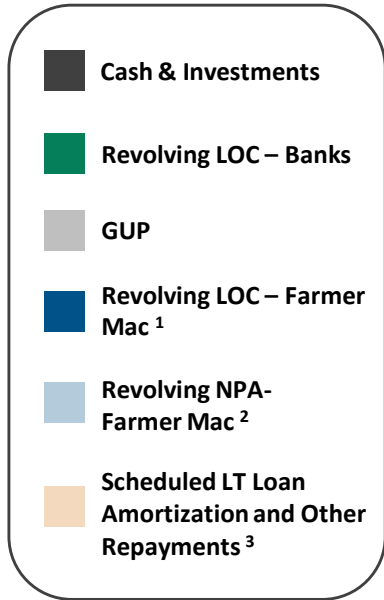


Note: Our members traditionally roll over their MTN investments at maturity.



# Liquidity Management

- CFC is a well-known seasoned issuer and believes it has adequate access to both long-term and short-term funding options



Liquidity Coverage/Excess Liquidity

1.7x/\$3,914

1.5x/\$3,152

1.3x/\$1,852

Liquidity Coverage/Excess Liquidity  
(excluding short-term member debt)

3.9x/\$6,808

3.5x/\$6,442

2.7x/\$5,482

(1) The \$300 million Farmer Mac Revolving Line of Credit was terminated in December 2019

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

(3) Scheduled LT loan amortization and other repayments over the next 12 months

(4) Short-term debt maturities include long-term debt maturities over the next 12 months



# Projected Sources and Uses of Liquidity as of 2/29/2020

| (\$ in Mils.) | LT Debt Maturities | Projected Net Loan Growth | Other Sources/(Uses) of Cash | Projected Cash Needs | Projected LT Debt Issuances |
|---------------|--------------------|---------------------------|------------------------------|----------------------|-----------------------------|
| 5/31/20       | \$237              | \$533                     | \$153                        | \$617                | \$965                       |
| 8/31/20       | 596                | 159                       | (34)                         | 789                  | 550                         |
| 11/30/20      | 585                | 30                        | (21)                         | 636                  | 750                         |
| 2/28/21       | 397                | 149                       | 150                          | 396                  | 850                         |
| 5/31/21       | 580                | 5                         | 94                           | 491                  | 500                         |
| 8/31/21       | 480                | 86                        | 53                           | 513                  | 545                         |
| <b>Totals</b> | <b>\$2,875</b>     | <b>\$962</b>              | <b>\$395</b>                 | <b>\$3,442</b>       | <b>\$4,160</b>              |

\* Refer to Page 47 of 10Q for more details



# Key Takeaways

## Robust Credit Ratings

Fitch: **F1** (Short-Term); **A+** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 9/24/19)

Moody's: **P-1** (Short-Term); **A1** (Senior Secured); **A2** (Senior Unsecured); **Stable** Outlook (Last commented on 11/26/19)

S&P: **A-1** (Short-Term); **A** (Senior Secured); **A** (Senior Unsecured); **Stable** Outlook (Last commented on 11/4/19)

Management's long-term incentives are tied to CFC credit ratings

## High Quality Loan Portfolios

99% of loans are to rural electric systems

93% of loans are on a senior secured basis

0.07% loan loss allowance coverage ratio

No loan defaults, no nonperforming loans, no charge-offs & no delinquent loans

## Strong Member Support

19% of funding is from member-owners

Historically low reinvestment risk on member investments

Total members' equity at \$1.7 billion as of 2/29/2020, a 47% increase from \$1.2 billion as of 5/31/2015

## Healthy Funding & Liquidity Profile

Diversified funding sources (Cash, investments, bank lines, GUP & Farmer Mac)

1.5x times liquidity coverage ratio over the next 12 months

3.5x times liquidity coverage ratio over the next 12 months, excluding short-term debt maturities related to member investments



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

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and Owned  
by America's  
Electric Cooperative  
Network***