National Rural Utilities Cooperative Finance Corporation
FY20 Third-Quarter Investor Call
April 17, 2020
11:00 AM EST

Operator: Good day and welcome to the National Rural Utilities Cooperative Financial Corporation Third Quarter Fiscal Year 2020 Investor Call. Today's conference is being recorded and at this time, I would like to turn the conference over to Ling Wang. Please go ahead.

Ling Wang: Good morning. This is Ling Wang, Vice President of Capital Markets at National Rural Utilities Cooperative Financial Corporation. Thank you for joining us today to review our third quarter fiscal year financial results. Andrew Don, our Senior Vice President, and Chief Financial Officer, will focus on discussions on our financial results for our third quarter of fiscal year 2020 ended February 29, 2020.

During today's call, we will make forward-looking statements within the Securities Act of 1933 as amended and the Exchange Act of 1934 as amended. The forward-looking statements are based on certain assumptions and describe our future plans, strategies, and expectations and 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 our reasonable assumptions, actual results and performance may differ materially from our forward-looking statements.

Factors that could cause future results to vary from forward-looking statements about our current expectations are included in our annual and quarterly periodic reports previously 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.

We will have a Q&A session at the end of this presentation. You can ask questions via phone or send me questions online if you are participating in this event via webcast. We encourage you to take this opportunity to ask any questions you may have. In addition, all of the materials for this event, including the presentation slides and the financial reports are available on our website at nrucfc.coop. A replay and a call transcript will be made available on our website after the event. With that, I'll turn the call over to Andrew.

Andrew Don: Thank you, Ling, and again, good morning, and thank you for joining us today for National Rural Utilities Cooperative Financial Corporation's call to review our financial performance for our third quarter fiscal 2020 for the period ended February 29, 2020. Before we start reviewing our third quarter fiscal year 2020 financial results, I would like to point out that we have added a risk factor related to the COVID-19 pandemic in our most recent 10-Q, which should be read in conjunction with the risk factors included in our 2019 Form 10-K.

From a business perspective, CFC has taken a number of precautionary steps to safeguard our business and our employees from the effect of COVID-19, including but not limited to limiting employee travel and instituting telecommuting arrangements. The health and safety of our employees and uninterrupted service to our electric cooperative members remain our top priorities.

We have implemented our business continuity management program, which has resulted in, among other things, a significant portion of our workforce working remotely with only operationally critical employees working on-site at our headquarters. Although we've had to make certain operational changes due to COVID-19, we continue to be able to serve our members to meet their financing needs. We remain committed to being the most trusted financial resource for our members during these challenging times.

We report our results based on generally accepted accounting principles, or GAAP, in our Form 10-Q, which we filed on April 10, 2020. In addition to our GAAP results, during parts of this discussion, I will refer to certain financial measures that are calculated based on amounts that include adjustments to amounts determined under GAAP and are therefore referred to as "adjusted".

The primary non-GAAP adjusted metrics include adjusted net income, adjusted net interest income, adjusted net interest yield, adjusted times interest earned ratio or TIER, and adjusted debt to equity ratio. We provide a reconciliation of our adjusted measures to the most comparable GAAP measures in our recently filed Form 10-Q. It is important to note that we use our adjusted measures to manage our business and evaluate our financial performance.

Additionally, the financial covenants in our revolving credit agreements and debt indentures are based on our adjusted measures rather than the comparable GAAP measures. We, therefore, believe these adjusted measures are also useful to investors in evaluating our performance.

Our total assets at quarter-end February 29, 2020, were approximately $27.9 billion, an increase of $379 million from the prior quarter-end, and an increase of $822 million or 3% from May 31, 2019. The increase in our total assets was primarily driven by an increase in loans to members, largely due to loan advances during the first and third quarters of this fiscal year. During the third fiscal quarter, loans to members increased by $385 million compared with a $138 million increase in the second quarter and $383 million increase in the first quarter.

Loans to distribution members increased by $314 million and loans to power supply members increased by $80 million. There were slight decreases of $2 million and $16 million in RTFC and NCSC loans respectively. During the nine-month period ended February 29, 2020, loans to members increased by $906 million. The increase in loans was primarily driven by a net increase in long-term loans of $858 million.

We had notable increases in CFC distribution loans of $842 million and power supply loans of $103 million. The RTFC loan portfolio had a slight increase of $8 million while the NCSC loan portfolio had a decrease of $57 million. We continue to experience strong loan demand from our members. Our long-term loan advances during the current fiscal quarter totaled $563 million with approximately $532 million or 95% of those advances made for capital expenditure purposes.

For the nine-month period, our long term loan advances totaled nearly $2 billion with approximately 1.5% or 77% of those advances made for capital expenditure purposes and $358 million, or 18% for the refinancing of loans made by other lenders. In comparison, our long term loan advances during the same prior-year nine-month period totaled $1.4 billion with approximately $1.2 billion or 85% of those advances for capital expenditures and $182 million or 13% for refinancing other lenders' loans.

Our members' equity increased by $88 million for May 31, 2019, as a result of an adjusted net income of $151 million for the nine months ended February 29, 2020, partially offset by the retirement of k patronage capital in the first quarter of $63 million that was authorized by CFC's Board of Directors.

Our adjusted debt to equity ratio was at 5.8 to 1 at February 29, 2020, a slight increase from 5.78 to 1 at November 30, 2019, and an increase from 5.73 to 1 at May 31, 2019. The increase in the ratio from the prior fiscal year-end was primarily due to an increase in debt outstanding to fund loan growth. Subsequent to our third quarter-end and during mid-to-late March, we experienced an elevated demand for line of credit advances, primarily from a few power supply borrowers to refinance their commercial paper issuances and to increase liquidity.

The volatility in the financial markets caused disruption of the commercial paper market, especially for TIER 2 issuers. This disruption caused certain CFC borrowers with A2, P2, F2 short-term ratings to draw on their committed lines of credit facilities to refinance their maturing commercial paper. As a reference point, on February 29, 2020, our line of credit loans outstanding were $1.8 billion.

During the mid-to-late March timeframe, our line of credit loans outstanding balances increased to a range of between $2 billion to $2.2 billion. As an A1, P1, F1 commercial paper issuer, CFC's access to the commercial paper market was not interrupted between mid to late March or early April. We continue to be able to issue commercial paper on a daily basis, albeit at a higher cost during mid-March.

Because of the uncertainty created by the COVID-19 pandemic, we made a decision during March to enhance our liquidity resources by increasing our cash position. During the month of March, we accessed our non-capital markets funding sources and raised a total of $875 million. Specifically, we advanced a total of $625 million under the Guaranteed Underwriter Program at very attractive rates and $250 million under the Farmer Mac note purchase agreement. We also liquidated a portion of the debt securities in our investment portfolio.

Due to our decision in March 2020 to revise our objective for the use of our held to maturity investment portfolio from previously serving as a supplemental source of liquidity, we transferred the designation of securities in this portfolio to trading. As such, we are now including this portfolio of debt securities as part of our available liquidity.

As of March 31, 2020, excluding retired cash, we had approximately $857 million of cash on hand compared with $56 million at February 29, 2020. For the 9 months ended February 29, 2020, CFC generated adjusted net income of $151 million and an adjusted TIER of 1.23 times compared with adjusted net income of $123 million and adjusted TIER of 1.19 times for the same prior-year period.

The increase in adjusted net income of $28 million for the nine-month period was attributable to four primary factors. Number one, an increase in adjusted net interest income of $11 million. Two, an increase in fee income of $7 million. Three, a gain of $8 million from the sale of a parcel of land that had been purchased as a potential headquarters site but never developed. And four, the absence of a loss of a $7 million expense related to an early redemption of debt in the prior-year period.

Our adjusted net interest income for the nine-month period was $201 million, an increase of $11 million, or 6% from the comparable prior-year period. This increase was driven by an increase in the adjusted net interest yield of 3 basis points or 3% to 99 basis points, coupled with a 3% increase in average interest-earning assets. The increase in the adjusted and net interest yield was primarily driven by the favorable impact from a reduction on our adjusted average cost of funds of 7 basis points to3.47%, partially offset by a decrease in the average yield on our interest-earning assets of 6 basis points to 4.25%.

The reduction in our funding costs was largely due to the interest savings from the repayment of the 10.375% cloud trust bonds in fiscal year 2019 and the replacement of this debt with lower-cost funding combined with a decrease in the average cost of our short-term and variable-rate funding due to a decrease in short-term interest rates during the nine-month period.

In April 2020, subsequent to the February 29, 2020 end of our fiscal year third quarter, we made a decision that we would not complete an ongoing project to develop a new internal use loan origination and servicing platform with the current vendor, resulting in the write-off of the entire amount of capitalized costs incurred to date related to the project. As a result, we will recognize a non-cash impairment charge of $31 million in the fourth quarter of fiscal year 2020.

The overall composition of our loan portfolio at quarter-end February 29, 2020, remains largely unchanged from the prior fiscal year-end with $26 billion or 99% of our portfolio consisting of loans to rural electric systems, and $354 million, or 1%, to the telecommunications sector. The percentage of CFC's long-term fixed-rate loans was at 90% as of February 29, 2020, compared with 89% at May 31, 2019. We typically lend to our members on a senior secured basis with 93% of our loans being senior secured on February 29, 2020, compared with 92% at May 31, 2019.

We did not have any payment defaults or charge-offs during the current quarter or the nine months ended February 29, 2020, nor during the last two fiscal years. We have not had any delinquent or nonperforming loans in our portfolio since June 1, 2016. The credit quality of our loan portfolio remains stable and strong with our members continuing to demonstrate solid financial and operational performance. This is especially true of our electric utility portfolio borrowers, as we now have a sustained period of six consecutive fiscal years and 27 consecutive fiscal quarters for which we have had no credit losses in our electric utility portfolio.

At February 29, 2020, our allowance for loan losses was only $19 million for a $27 billion loan portfolio, which translates to a 7 basis points allowance coverage ratio. Currently, we have not seen a material impact to our members' credit profile resulting from COVID-19. As mentioned earlier, 99% of our loans are to utility companies that provide an essential service to their customers. As providers of essential services, our members are generally required to maintain operations and continue to provide services to their customers regardless of the potential inability of customers affected by COVID-19 to make timely payments for such services.

In addition, certain of our members that service commercial and industrial sectors may experience load reductions due to a decrease in demand resulting from closures of nonessential businesses. The potential inability of our members' customers to make timely payments and reductions in electricity demand from their industrial and commercial customers could reduce our members' cash flows and net margins, and impair our members' ability to satisfy their obligations to us.

Our total debt outstanding increased by $631 million or 3% during the nine-month period ended February 29, 2020, due to an increase in borrowings to fund loan growth. We continue to see increases in our member investments, largely due to the marketing effort we initiated during the first quarter of this fiscal year to raise awareness of the investment options we offer to our members for their excess cash.

At February 29, 2020, our member investments stood at $4.8 billion and accounted for 19% of our total debt outstanding, compared with $4.4 billion, or 18% of total debt outstanding at May 31, 2019. Over the last three fiscal years, our member investments at the end of each quarter have averaged approximately $4.6 billion. At February 29, 2020, our funding under the Guaranteed Underwriter Program, notes payable with Farmer Mac, and other notes payable increased slightly by $18 million from the prior fiscal year-end.

Our capital markets related funding sources, which accounted for 48% of our funding at February 29, 2020, increased by $255 million from the prior fiscal year-end. The $255 million increase was mainly due to a $300 million increase in dealer commercial paper outstanding and a $154 million increase in dealer medium-term notes outstanding, offset by an approximately $200 million decrease in collateral trust bonds outstanding.

We closed several long-term funding transactions in February and March 2020 via various funding programs that we have established. In early February, we accessed the capital markets and issued $500 million of ten-year collateral trust bonds at 2.4% and $500 million of two-year unsecured medium-term notes at 1.75%. In addition, we borrowed a total of $325 million under our

Guaranteed Underwriter Program during January and February 2020. The proceeds of these issuances were used to pay down short-term debt, primarily dealer commercial paper outstanding.

We began seeing the impact of COVID-19 on the financial markets during late February and the volatility in the financial markets peaked during mid-March. Although we continue to have access to the dealer commercial paper market, in March we made a decision to enhance our liquidity position by increasing the amount of cash on hand. Specifically, we accessed funding totaling $625 million under the Guaranteed Underwriter Program between late February and March and advanced a total of $250 million under the note purchase agreement with Farmer Mac.

All of this funding was at attractive spreads compared to what we believe we would have realized by accessing funding in the capital markets. Overall, from January 1 to March 31, we completed a total of $2.2 billion of long-term funding transactions; 46% of the funding came from the capital markets during the period when market conditions were favorable; 43% from the Guaranteed Underwriter Program; and 11% from Farmer Mac.

It is also worth noting that during March, our short-term member investments, which include daily liquidity funds, member commercial paper, and select notes, have actually increased. Our members continue to roll over their maturing short-term investments and invest their excess cash with us. Our short-term member investment level has consistently remained at a level of approximately $3 billion during this period and we expect this level to be continued.

At February 29, 2020, these short-term member investments totaled $2.8 billion. On March 31, 2020, the amount was $3.1 billion. This slide presents CFC's long-term debt maturities and amortization over the next 12 months from March 31, 2020. Of the $2.5 billion total long-term debt maturities during this period, only $1.2 billion are what we view as capital market debt maturities.

Specifically, we have $400 million of collateral trust bonds maturing in June 2020, $355 million of collateral trust bonds maturing in November 2020, and $450 million dealer medium-term notes due in March 2021. In addition to these capital market debt maturities, our other significant debt maturities during this period include a $125 million Farmer Mac bullet note due in February 2020 and two Famer Mac bullet notes totaling $325 million due in December 2020. We believe we have ample sources of liquidity to meet each of these maturities as will be highlighted in the next slide.

This slide depicts the various non-capital market sources of liquidity that CFC had in place at February 29, 2020, and March 31, 2020, compared with the prior fiscal year-end. As demonstrated in the chart, our liquidity position remains strong. At March 31, 2020, we had access to a total of $8.8 billion of liquidity, including $857 million cash on hand, $546 million of liquid investment debt securities, $900 million borrowing capacity fixed contractual spread under the Guaranteed Underwriter Program; $2.7 billion committed revolving credit facility from our relationship banks, $2.4 billion availability under the Farmer Mac note purchase agreement, and $1.3 billion scheduled long-term loan amortization repayments from our members over the next 12 months.

Compared to February 29, 2020, we had a significantly higher cash position at March 31, 2020. As mentioned earlier, we accessed the Guaranteed Underwriter Program and Farmer Mac note purchase program in March to raise the additional cash. We also liquidated a portion of debt securities in our investment portfolio. As mentioned previously, we view this investment portfolio as a supplemental source of liquidity and classified these investments as held to maturity investments. In March 2020, we decided that we would utilize this investment portfolio as a readily available source of liquidity, rather than as a supplemental source.

As a result, unrealized changes in mark to market value of these securities each period will be recognized in earnings. As of March 31, 2020, the market value of this investment portfolio of debt securities was $546 million. From a debt maturity perspective, at March 31, 2020, we had an aggregate of approximately $6.9 billion of member and nonmember debt maturities over the next 12 months, including $3.6 billion of outstanding member short-term debt and member medium-term notes, $1.2 billion in dealer commercial paper outstanding, and $2.1 billion of nonmember long-term debt.

For the $1.2 billion dealer commercial paper outstanding, as an A1, P1, F1 issuer, our access to the market has never been interrupted during the period of market volatility, as we continue to be able to issue commercial paper on a daily basis, albeit at a higher cost during the mid to late March timeframe. We also have $2.7 billion of committed bank revolving credit facilities in place to backstop our commercial paper programs. We are not drawn on these revolving line of credit facilities to date.

With respect to the $2.1 billion of nonmember long-term debt scheduled to mature over the next 12 months, we believe that our long-term debt maturity schedule is very manageable since one, only $1.2 billion are institutional capital market debt maturities. And two, we do not have any long-term debt maturities that is in excess of $500 million in any given month during this period. At March 31, 2020, we had access to $8.8 billion of liquidity, which is 1.3 times combined member and nonmember debt maturities of $1.9 billion greater than combined member and non-member debt maturities.

Of the $6.9 billion debt maturities over the next 12 months, $3.6 billion or 52% represent short-term and medium-term note investments that our members have with CFC. We consider our member investments to be a very stable and reliable source of funding for CFC. If we excluded the $3.6 billion of member investment maturities, we would have total liquidity equal to 2.7 times or $5.5 billion of liquidity in excess of dealer commercial paper and the current portion of nonmember long-term debt maturities during the next 12 months subsequent to March 31, 2020.

This slide presents CFC's projected long-term debt issuance needs over the next 18 months subsequent to February 29, 2020. Our cash needs are derived from two primary areas -- refinancing the existing debt maturities and funding loan growth, partially offset by the amortization and repayments of loans from our members as well as investments by our members.

For our fourth quarter fiscal year 2020 ending May 31, 2020, we are projecting $965 million in long-term debt issuances. As mentioned earlier, we already have issued a total of $875 million in term debt under the Guaranteed Underwriter program and Farmer Mac note purchase agreement during March 2020.

In addition, we project our net loan growth for the fourth quarter to be $533 million. During the month of March, our loans to members increased by $419 million, which was driven by increases in line of credit loans of $281 million and increases in long-term loans of $138 million. Our projected long-term debt issuances over this 18 month time period are approximately $4.2 billion, primarily to refinance existing long-term debt maturities of $2.9 billion and to fund the projected loan growth of $962 million.

Despite the market volatility, I would like to conclude our call with the same key takeaways that we have regularly communicated when you consider CFC as an investment opportunity. These items are areas that CFC has consistently focused on and represent key credit strengths when viewing CFC as an investment. As indicated, CFC's ratings remain strong and stable. CFC has a long-term incentive compensation plan, which is tied to our credit ratings. The primary corporate goal is to maintain strong long-term credit fundamentals.

The overall quality of our loan portfolios continues to be strong with 99% of our loans to rural electric systems and 93% of our loans being on a senior secured basis. We have not had any delinquent or nonperforming loans in our portfolio for over three years, that is since June 1, 2016. And we have not had any loan charge-offs during the past 14 quarters.

The coverage ratio of our allowance for loan losses, which is an estimate of probable losses inherent in our loan portfolio, was 0.07% or 7 basis points of our total loan portfolio at February 29, 2020. CFC continues to receive strong support from our members, both in terms of new lending business and is a valuable funding source. Our member investments stood at $4.8 billion at February 29, 2020, representing 19% of our total funding, compared with $4.4 billion at May 31, 2019, or 18% of our total funding.

As a member-owned cooperative organization, CFC cannot issue common or preferred equity. However, we are committed to grow our equity through retained earnings. Our members' equity has grown by 47% to $1.7 billion from $1.2 billion since May 31, 2015. We continue to maintain diversified funding sources and demonstrate a strong liquidity profile. Our funding sources are very well established and have remained stable. We believe our diversified funding sources prove to be effective and valuable during the recent capital market distress.

From a liquidity perspective, at March 31, 2020, we had $857 million in cash on hand, $546 million in liquid securities in our investment portfolio, $2.7 billion committed revolving credit facilities from our relationship banks, $900 million committed availability in the Guaranteed Underwriter Program, and $2.4 billion in revolving credit capacity via the Farmer Mac secured note purchase agreements. These sources, together with scheduled loan amortization and other repayments over the next 12 months from our members resulted in CFC having $8.8 billion of liquidity available at March 31, 2020, to meet the $6.9 billion in debt maturities over the next 12 months, a 1.3 times liquidity coverage ratio.

Excluding debt maturities related to our member investments, which historically have had a high investment rate, our liquidity coverage ratio would be 2.7 times. Thank you once again for joining us today to review our results for our fiscal quarter ended February 29, 2020. We appreciate your interest in CFC and look forward to discussing our financial performance on funding plans in the future. I'd like to ask the operator to open the lines for any questions and suggest that if you have any other questions submitted via the web service that we may respond to those as well. Thank you.

Operator: Thank you, sir. And ladies and gentlemen, if you'd like to ask a question over your phone line, please signal as by pressing star 1 on your telephone keypad. And if you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that is star 1 to signal for a question over your phone line. And we'll pause for just a brief moment.

Andrew Don: Operator, we have one question that was submitted via the online service. And the question is, “Are you seeing any increase in requests for new loans from your members as members see payment delays from their customers, and have you changed your underwriting process due to the current environment?”

So as I mentioned, we saw a significant increase in demand in the month of March and again that was primarily in the form of line of credit borrowings, about 65% of the total increase in March was line of credit borrowings. And again, those were primarily from some entities, power supply, what we call generation and transmission cooperatives that had A2/P2 commercial paper programs where they were having either challenges getting extended tenor or a significant increase in costs. So they chose to draw on their backup bank lines to basically repay commercial paper maturities, not dissimilar from what happened with other utilities in the IOU space in a similarly rated tier 2 issuers.

So other than that, we have not seen a significant requirement for capital, as our members are not drawing on lines solely to put cash on the balance sheet, that type of thing. And as we mentioned, through the month of March, we did have a fairly material increase in demand. But since the end of March, and as you've seen from our forecast, we have a relatively limited amount of expected loan advances. And what we're seeing is something considerably much more moderate since April 1 in terms of loan advances.

As far as our underwriting process, we continue to -- again, a lot of the funding that has occurred has been in the forms of lines of credit, which were previously approved. So we're not getting a lot of new loan requests per se. It's primarily the loan advances that have been from existing facilities that have already been put in place. As a practical matter, I think most of our members recognize that borrowing costs are actually elevated to the current time, even though obviously, treasuries are down.

Credit spreads have gone up and as a cost-based lender, we have to pass on what we would anticipate to be the increased cost of borrowing in the capital markets or just borrowing in general. So we are seeing that actually, members are delaying some of their long-term debt advance requests due to the elevated credit spreads that are in the market right now. So we're not seeing a significant request for increases in loan capital fund CapEx as a practical matter.

Operator: And sir, we did receive a question over the phone line if you'd like to take that now.

Andrew Don: Sure, go ahead.

Operator: Thank you. This question comes from Trent Black with Nationwide Insurance. Please go ahead.

Trent Black: Good morning and thanks for the call. Just a couple of quick questions. In your 10-Q, you have a borrower risk rating pass special mention, so standard doubtful. Given that we're sort of a month and a half, two months into this, have you seen any kind of movement downward within those risk rating buckets?

Andrew Don: No, again, those risk ratings are based on year-end financials and we go through an annual updating of the risk rating process. So what you're seeing reflected is primarily financial data prior to obviously, any of the impacts of COVID-19. So we are getting -- obviously, borrowers are completing their audits. We are getting their more current financials but again, that will be reflecting 12/31 financials as a practical matter. So when we update our ratings for all our borrowers, it will be based on their 2019.

Having said that, we do have a quarterly watch meeting and we are likely to potentially do that more frequently if we become aware of any financial stresses or situations with specific borrowers where we're hearing that they've lost a significant load. We are doing a lot of analysis around the combination of distribution co-ops that have a large percentage of their load that is related to commercial/industrial customers. And looking at whether those types of load are what I would call essential or are they kind of being shut down and therefore potentially a degradation in their revenue base.

So we have focused on the breakout between, again, the distribution members that have any specific concentration in C&I and communicating with them. And so we're well aware who those borrowers are. But in the risk rating per se, just because of the way the process works from a timing perspective, that would not necessarily show up as a practical matter. Having said that, as I said, we do have kind of a watch list process as most financial institutions do in terms of monitoring changes that are brought to our attention and any, again, degradation in any borrowers' financial performance as a result of load loss or if they're noticing a significant deferral of receivables due to some of the regulations and laws that have been passed.

Trent Black: Okay. And then just a quick second question. On Page 12, kind of going through that liquidity management sheet, just trying to understand the coverage. The big chunk of that, of course, is the member maturities. I guess I'm trying to understand the member maturities if it was to be extended at certain levels, or is that something where you would have to go to the market for those? Or is that just an internal type thing?

Andrew Don: The member maturities?

Trent Black: Yes.

Andrew Don: The member maturities, again, that's a compilation of the various investment products that we offer. So that's broken down. We have what I'll call kind of short-term investments that basically have a maturity of one year or less and we do have what we call the daily liquidity fund, which as the name implies is essentially an overnight investment. So obviously, that matures every day. That amount is typically in the $500 million to $600 million range.

We have a program called Member Commercial Paper, which is typically a month to 30-day type of investment, and then we have another investment product called Select Notes, which are typically from one-month out to nine-months. So essentially, they're similar to CDs as a practical matter with the exception of the daily liquidity fund. Also, in that member investment grouping is what's called medium-term notes, which is something obviously, where there would typically be a maturity greater than nine months.

The weighted life of that is usually around 1.5 to 2 years. So it's, again, very comparable to what I'll call a bank deposit. We are obviously not a depository institution but we have provided investment products similar to that, from again, overnight out to kind of what I'll call the CD type structure. But those are contractual obligations and again, they typically roll those over as a practical matter. So that's really how that works.

Trent Black: That's what I was trying to get at.

Trent Black: Thank you.

Andrew Don: Sure. Okay, operator. It looks like certainly we don't see any other questions either electronically submitted or in queue for asking. So with that, we'll conclude the call today. I just wanted to take the opportunity to thank you all again for joining us. We look forward to talking with you in the future. If you have any other questions, please feel free to call me or Ling Wang at any time and we hope you all stay safe and healthy. With that, have a good day. Thank you.

Operator: Thank you. Once again, that concludes today's call. We thank you for your participation. You may now disconnect.