

**Conference Title: Fiscal Year 2026 Second Quarter Investor Conference Call**

**Date: Friday, 30th January 2026**

Operator: Good day, and welcome to the National Rural Utilities Cooperative Finance Corporation's Fiscal Year 2026 Second Quarter Investor Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Heesun Choi, vice president, capital markets relations. Please go ahead.

Heesun Choi: Thanks, operator. Good afternoon, and welcome to our investor conference call for the second fiscal quarter of 2026. We appreciate your time and interest in our company. Joining me today are our CEO, Andrew Don, and our CFO, Ling Wang. Andrew and Ling will provide an update on our second 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, [nrucfc.coop](http://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 slide two and slide 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 January 13, 2026, as well as in the appendix of the presentation slides.

At the end of the presentation, we will open the call for questions. Andrew and Ling will take your questions, which you can ask over the phone or submit via online. With that, I will now turn this call over to Andrew.

Andrew Don: Thank you, Heesun. Good afternoon. Thank you for joining our call today to review our business and operating results for the three months ended November 30, 2025, which is the second quarter of our 2026 fiscal year. Before we begin, I'd like to mention that we rebranded our logo during the quarter, which you'll see in the slide presentation. This update of our logo reflects the evolution of our organization while remaining fully aligned with our mission, our corporate identity and our commitment to serving our members.

Now moving to slide five to discuss highlights from the second fiscal quarter. We experienced modest loan demand from our members during the quarter, with loans to members reaching \$37.8 billion, an increase of approximately \$762 million, or 2%, from the prior fiscal year end of May 31, 2025. Of the \$762 million loan growth, 76%, or \$582 million, was a net increase in long term loans, and 24%, or \$180 million, was a net increase in line of credit loans. As is typical, the majority of loan increases have been in our two primary business lines, with increases in CFC distribution loans of \$428 million and CFC power supply loans of \$237 million.

An area which has decreased in activity is in loan advances to our electric distribution cooperative members related to broadband projects, which increased by approximately \$64 million to an estimated \$3.5 billion as of November 30, 2025. Although we expect our member electric cooperatives to continue in their efforts to expand broadband access to unserved and underserved communities, their investment in broadband projects has slowed down in recent years and expect to increase at a slower rate going forward.

Our financial position remains strong with an adjusted TIER of 1.16 times during the three months ended November 30, 2025, exceeding our goal of 1.1 times. Our members' equity remained at \$2.6

billion at the fiscal quarter end. We continue to maintain a diversified range of liquidity sources at the fiscal quarter end, including operating cash, investments, committed bank lines, committed loan facilities under the guaranteed underwriter program and a revolving note purchase agreement with Farmer Mac.

During the quarter, we increased our committed bank lines by \$200 million to \$3.5 billion, enhancing our liquidity position. In addition, subsequent to quarter end, we closed an additional \$450 million loan facility under the guaranteed underwriter program yesterday, further strengthening our available liquidity. As a well-established and seasoned issuer, we consistently have strong access to long-term debt capital markets, both public and private. This access allows us to proactively manage maturities, diversify funding sources and support our loan growth.

During the quarter, we issued \$500 million of dealer medium-term notes, followed by an additional \$1.3 billion in long-term debt in December. We also accessed the private placement market and successfully priced a \$600 million private placement of subordinated notes due 2056. Ling will further discuss our activities in the debt capital markets during her presentation.

Our loan portfolio continued to maintain its pristine quality with no charge-offs during the second fiscal quarter. Only one loan, representing 0.06% of total loans outstanding, was classified as non-performing at the quarter end. We remain committed to maintaining strong investment-grade credit ratings from Fitch, Moody's and S&P. In November 2025, S&P affirmed CFC's credit ratings with a stable outlook. Our current issuer credit ratings are A, A2 and A minus, all with a stable outlook.

Moving to slide six. The composition of our loan portfolio remains stable and has not changed materially during recent years. Our loan portfolio consists mainly of long-term fixed-rate secured loans to rural electric cooperatives. Our long-term fixed-rate loans were \$31.8 billion, or 84%, of total loans outstanding at the current fiscal quarter end, compared to \$31.4 billion, or a slight 1% decrease from 85%, in the prior fiscal year end.

Our long-term loans are typically secured by substantially all assets of the borrowers. We generally offer long-term amortized loans to our members for up to 35 years. The average remaining maturity of our long-term loans, which accounted for 87% of total loans outstanding in the current fiscal quarter end, was 19 years. Lines of credit loans were \$4.7 billion, or 13%, of total loans outstanding at the current fiscal quarter end, compared to \$4.6 billion, or 12%, of total loans outstanding at the prior fiscal year end.

We typically lend to our members on a senior secured basis, with 89% of our loans being senior secured at the current quarter end, unchanged from the prior fiscal year end. At the current fiscal quarter end, \$37.2 billion, or 98%, of our loans consisted of loans to rural electric systems and \$595 million, or 2%, to the telecommunications sector. Long-term loan advances totaled \$1.4 billion during year-to-date fiscal year 2026, of which approximately 97% was provided to members for capital expenditures, 1% was provided for bridge financing, 1% was provided for the refinancing of loans made by other lenders and 1% was for other purposes.

In comparison, long-term loan advances totaled \$1.3 billion during the same prior fiscal year period, of which approximately 95% was for capital expenditures, 4% was for the refinancing of loans made by other lenders and 1% was for other purposes. Of the \$1.4 billion total long-term loans advanced during the year-to-date fiscal year 2026, \$1.2 billion were fixed-rate loan advances, with a weighted average fixed-rate term of seven years.

In comparison, of the \$1.3 billion total long-term loans advanced during the same prior fiscal year period, \$1.2 billion were fixed-rate loan advances, with a weighted average fixed-rate term of eight years. The current higher long-term rate environment has led our members to continue favoring shorter rate-lock periods on their long-term loan advances.

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 afternoon, everyone. I am going to move to slide eight to discuss our financial results for the three months ended November 30, 2025, our second quarter of fiscal year 2026, to which I will refer to as the current fiscal quarter end. Our total assets at the current fiscal quarter end were approximately \$39.1 billion, an increase of \$782 million, or 2%, from the prior fiscal year-end level, primarily driven by loan growth. As Andrew mentioned, our loans to members increased by \$762 million, or 2%, to \$37.8 billion at the current fiscal quarter end.

Loans to CFC distribution and power supply borrowers accounted for 94% of total loans to members at the current fiscal quarter end. In addition to the increase in CFC distribution and power supply loans, we experienced increases in CFC statewide and associate loans of \$9 million, NCSC electric loans of \$68 million and NCSC telecom loans of \$19 million since May 31, 2025. Our members' equity was at \$2.6 billion, an increase of \$59 million from prior fiscal year end.

As we have consistently stated, our members' equity calculation excludes cumulative derivative forward value gains and accumulated other comprehensive loss. The adjusted debt-to-equity ratio increased slightly since the prior fiscal year end, due to an increasing adjusted total debt outstanding to fund loan growth.

Slide nine presents historical 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. We had only one non-performing loan at the current fiscal quarter end, totaling \$24 million, or 0.06% of total loans outstanding. This loan was made to an electric power supply borrower and was designated as non-performing during fiscal year 2020.

During the first quarter of this fiscal year, we received a \$2 million payment on this non-performing loan, which reduced its outstanding balance from \$26 million to \$24 million. In December 2025, we

received an additional \$11 million payment on this non-performing loan, which reduced its outstanding balance to \$13 million.

Our allowance for credit losses increased slightly to \$43 million at the current fiscal quarter end, compared to \$41 million at the prior fiscal year end. The allowance coverage ratio remained unchanged at 11 basis points at the current fiscal quarter end compared to the prior fiscal year end. The increase in the allowance for credit losses reflected an increase in the collective allowance, primarily due to the loan growth. We had no loan charge-offs during the current fiscal quarter.

Moving to slide 10. During the current fiscal quarter, we generated an adjusted net income of \$56 million compared to \$62 million in the same prior-year period. The \$6 million, or 10%, decrease in our adjusted net income was primarily driven by a swing from gains to losses on our investment securities of \$3 million, a decrease in adjusted net interest income of \$2 million, an increase in operating and other expenses of approximately \$2 million and a slight increase in the provision of credit losses, all partially offset by an increase in fee and other income of approximately \$1 million. While adjusted net income declined year-over-year, the pace of decline moderated compared to the first quarter of fiscal 2026, when adjusted net income decreased \$9 million, or 14%, from the prior-year period.

During the current fiscal quarter, our adjusted net interest income was \$90 million, down \$2 million, or 2%, from the same prior-year period, primarily due to a decrease in the adjusted net interest yield of 8 basis points to 95 basis points, partially offset by an increase in average interest earning assets of \$2.1 billion, or 6%, driven by loan growth. The decrease in adjusted net interest yield of 8 basis points was primarily attributable to an increase in our adjusted average cost borrowing of 11 basis points to 4.07%, reflecting lower average yield earned on interest rate swap cash settlements. This increase was partially offset by modest improvements in asset yield and a higher benefit from non-interest-bearing funding.

For the six months of fiscal year 2026, CFC's adjusted net income was \$113 million, a \$15 million, or 12%, decrease compared to the prior-year period. Our adjusted net interest income was \$181 million, or \$5 million decrease from the same prior-year period, driven by the same underlying dynamics mentioned earlier. Adjusted net interest yield declined 8 basis points to 96 basis points, as adjusted cost of borrowing increased 12 basis points to 4.05%, largely due to lower yield on interest rate swap cash settlements. This impact was partially offset by continued growth in average interest-earning assets of 6%, again driven by loan growth, along with modest increases in asset yield and non-interest-bearing funding benefits.

Being a member-owned financial cooperative association, CFC's primary financial goal focuses on earning a minimum adjusted time interest earned ratio, or a TIER, of 1.1 times. For the current fiscal quarter, our adjusted TIER decreased three ticks to 1.16 times compared to the same prior-year period. Adjusted TIER for the current fiscal quarter exceeded our target of 1.1 times. Our total debt outstanding was \$35.6 billion at the current fiscal quarter end, an increase of \$827 million, or 2%, from the prior fiscal year, primarily to fund the growth in our portfolio.

We continue to maintain diverse funding sources, including funding from our members as well as capital markets and non-capital markets funding. At the current fiscal quarter end, \$4.9 billion of CFC's funding came from our members in the form of short-term and long-term investments, an increase of \$384 million from the prior fiscal year end. Our member investments represented 14% of our total debt outstanding at the current fiscal quarter end, compared to 13% at the prior fiscal year end.

At the current fiscal quarter end, our funding under the guaranteed underwriter program and notes payable with Farmer Mac totaled \$10 billion, representing 28% of our total debt outstanding, a \$219 million, or 2%, decrease from the prior fiscal year end, due to net decreases of approximately \$60 million in borrowing under Farmer Mac note purchase program and \$159 million under the guaranteed underwriter program.

Subsequent to the quarter end, November 30, 2025, we borrowed \$250 million in long-term notes payable under our revolving note purchase agreement with Farmer Mac. Our capital markets-related funding sources totaled \$20.7 billion at the current fiscal quarter end, a \$662 million, or 3%, increase from the prior fiscal year end. The increase was primarily due to net increases of \$833 million in dealer medium-term notes and \$251 million in dealer commercial paper, partially offset by net decreases of \$399 million in collateral trust bond and \$23 million in subordinated deferrable debt.

During the current fiscal quarter, we issued \$500 million of floating-rate 12-month dealer medium-term notes. We also redeemed \$50 million in principal amount of our \$300 million fixed-to-floating rate subordinated deferral notes due 2043 during the current fiscal quarter. Subsequently, in December 2025, we redeemed the remaining \$250 million in principal amount of the 2043 subordinated deferrable notes.

In November 2025, we priced a \$600 million private placement of fixed-to-fixed reset rate subordinated notes due 2056, consisting of two tranches: \$150 million notes that are non-callable for five years and \$450 million notes that are non-callable for 10 years. We intend to fund the \$150 million in the third quarter and the remaining \$450 million in the fourth quarter of our fiscal year ended May 31, 2026.

In December 2025, we issued two fixed-rate dealer medium-term notes: \$650 million two-year term notes and \$400 million five-year term notes. At the current fiscal quarter end, capital markets-related funding sources accounted for 58% of our total funding, unchanged from prior fiscal year end. At the current fiscal quarter end, 46% of our total debt was secured and 54% was unsecured, compared to 49% for secured and 51% for unsecured at the prior fiscal year end.



Our short-term borrowings increased by \$724 million, or 14%, to \$5.8 billion at the current fiscal quarter end, compared to \$5.1 billion at the prior fiscal year end. At the current fiscal quarter end, short-term borrowings accounted for 16% of our total debt outstanding, up slightly from 15% at the prior fiscal year end. The increase in short-term borrowing was primarily driven by a \$251 million increase in dealer commercial paper and a \$473 million increase in short-term member investment. At the current fiscal quarter end, a total of \$3.4 billion of our short-term borrowings came from short-term investments made by our members, a \$473 million increase from \$2.9 billion at fiscal year-end and representing 58% and 57% of our total short-term borrowings, respectively.

As we have consistently stated, our member investments have historically been our primary source of short-term borrowing, and investment from our members are very reliable funding source with little reinvestment risk, as our members continue to invest a large portion of their excess cash with us. Our member short-term investments have averaged \$3.3 billion over the last 12 fiscal quarter-end reporting period.

Slide 12 shows 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 loan purchase agreements totaling \$8 billion at the current fiscal quarter end. As indicated in the table on the right-hand side, at the current fiscal quarter end, we had a total of \$10.5 billion in debt maturities over the next 12 months, with \$3.4 billion of these debt maturities representing short-term investments 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 \$7.1 billion in debt maturities includes \$2.4 billion dealer commercial paper, \$4.7 billion long-term and subordinated debt obligations. These obligations are well covered by the \$8 billion available liquidity discussed previously.

It is also worth noting that the \$8 billion available liquidity does not include the \$1.8 billion scheduled repayments and amortizations on long-term loans we expect to receive from our members over the next 12 months. Our available liquidity increased by \$363 million, or 5%, compared to May 31, 2025.

The increase was driven by a \$200 million increase resulting from amendments to our committed bank revolving line of credit agreement, \$103 million net increase in cash and investment debt securities and a \$60 million increase in available amount under the Farmer Mac note purchase agreement. As Andrew noted, yesterday we closed a new \$450 million loan facility from the Federal Financing Bank under the guaranteed underwriter program.

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 of existing debt maturities and funding loan advances to our members, partially offset by expected loan amortizations and repayments as well as member investment activity. From December 2025 through May 2027, we have approximately \$7.2 billion of long-term debt maturities and amortization. Over the same period, we expect net loan growth of approximately \$2.2 billion.

Together, these drivers in total long-term funding needs of approximately \$9.4 billion over the 18-month projection period. Of this amount, we have already issued \$1.3 billion of long-term debt in December 2025 and priced \$600 million of subordinated deferrable debt in the private placement market in November 2025. These issuances reduced our remaining long-term debt issuance needs over the projection period to approximately \$7.5 billion, which we expect to access opportunistically through various funding sources including the capital markets, consistent with our historical funding strategy and market conditions.

Thank you again for joining us today to review our results for our fiscal year 2026 second quarter ended November 30, 2025. 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 may submit your questions via the web service so we can respond to those as well.

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.

Andrew Don: It looks like we got a couple of questions typed in. Heesun, do you want to just read those out for the benefit of everyone?

Heesun Choi: Yes. So we have two questions on the webcast. So first question is, this is about the color about the non-performing loans. The question is whether we expect more payments on the \$30 million balance.

Andrew Don: I guess we're not clear as yet. I think the way this transaction or this non-performing loan works is, it's really based on the borrower's cash flows and whether they have excess cash flows is how the arrangement works. So there will be a true-up period, which could take some months for them to kind of sort out. So there is maybe a possibility of some additional payments, but it's unknown at this time, but it's again relatively modest level.

Heesun Choi: Okay. Thank you, Andrew. And the second question is maybe a little bit of color about our issuances in 2026, in terms of the unsecured versus CTD.

Ling Wang: Sure. So historically, what we have done secured versus unsecured is that, generally speaking, anything that five or seven years or in we will issue on an unsecured basis, and anything

that's 10 years or out we will issue on a secure basis. I think, as far as funding plan, if you look at 2026, I think we say \$7.2 billion net issuances over the next 18 months. I think you can probably expect us to issue around a billion every quarter. If you think about 2026, four quarters, maybe \$4 billion. I think that's a nice way to look at it.

Heesun Choi: Okay. Thanks, Ling. So the other question is whether we expect CAPEX to rise significantly in the electric co-op service territories, and therefore that may impact our lending. That's the question that we got.

Andrew Don: I mean, we've had, if you look at what's happened with our balance sheet really over the last four or five years, we've had a very dramatic increase in demand from our distribution members for CAPEX. It's really been related to a couple of things. One has been weather events for sure, where there's been some rebuild due to storm damages, whether it's ice storms or hurricanes. That definitely has led to some CAPEX needs. I think that we've continued to see some buildout, but to be frank, on the residential side, it was really concentrated in really two or three states, primarily Texas and Florida as a practical matter, for CAPEX related to infrastructure spend for, again, providing additional service to residential customers.

In terms of, we get a lot of questions obviously on data centers. So far, that has not led to any direct loan growth to distribution members because, as a practical matter, when hyperscalers or data center operators come into a service territory that's for a distribution cooperative, they've typically gotten any infrastructure needs pre-funded. So that has not really led to any CAPEX needs at the current time.

But again, we continue to see very strong demand for members. We expect that to continue. Certainly, inflation has had an impact on CAPEX numbers. The supplies and the equipment for electric services has gone up materially over the last four or five years. So that's certainly resulted in just larger loan amounts required.

Heesun Choi: Thanks, Andrew. So we have one more question online. So this is about the recent weather events. So the question is whether we have any concerns arising from the recent winter storm, any material line of credit roles that we are seeing and whether we expect an increase in delinquencies and non-performing loans defaults because of the storm.

Andrew Don: We don't expect any increase in non-performing loans or any kind of defaults. There were obviously quite a few states that were impacted of that. Twelve of the states that were affected by Winter Storm Fern, which occurred over the weekend, and there was a lot of damage done, but 12 were declared disaster areas, national disaster areas, where they are eligible for FEMA reimbursement. So that's obviously very positive because any funds related to those storms, the government will reimburse the cooperative up to a certain percent. So that's been a positive in terms of having that quick and early declaration of those areas.

To date, we have seen very nominal requests for emergency lines of credit, been very moderate, I think we've had it from less than five as the total number of requests we've had for emergency lines of credit. As you may have heard over the years, cooperatives have spent a lot of time on reliability and resiliency, and it's possible that those efforts have paid off during the most recent Winter Storm Fern where there was a lot of ice and certainly got a lot of attention in the media. A lot of outages. I think in the aggregate, I think the cooperatives there was about 360,000 outages were reported for all of the service provided by cooperatives. The majority of that has been able to come back online.

Heesun Choi: Yeah, we do not see any more questions online.

Ling Wang: And operator, do you have any questions on the phone?

Operator: At this time, there are no questions.

Heesun Choi: Okay, great.

Ling Wang: Okay. With that, we'll just conclude today's call. And thank you, everybody. And if you have any additional questions, please feel free to contact myself or Heesun Choi. Thank you.

Andrew Don: Thank you.

Operator: This does conclude today's presentation. We thank you for your participation. You may now disconnect.