FCS Funding Conditions Update and Analysis

Recent High Finance Headlines

"Stocks Suffer Biggest Weekly Losses Since 2008"

Recent High Finance Headlines

"The Week That Wiped $3.6 Trillion Off the Stock Market"

Recent High Finance Headlines

"Federal Reserve Cuts Rates by Half Percentage Point to Combat Virus Fear"

Recent High Finance Headlines

"Central Bank Lowers Federal-Funds Rate Range to 1% to 1.25% in its First Between-Meeting Move Since the Financial Crisis"

Recent High Finance Headlines

"Yield on 10-Year Treasury Dips Below 1% for First Time in Sign of Anxiety"

Recent High Finance Headlines

"Congress Reaches $8 Billion Deal to Combat Coronavirus"

Recent High Finance Headlines

"Riyadh Prepares Emergency Budget for Oil at $12 to $20 a Barrel; 'It's all about egos now'"

Recent High Finance Headlines




"U.S. Treasury Likely to Push Back April 15 Tax Filing Deadline, Sources Say"




Funding Update Topics

- Global Market
- Agency Debt Market
- Yields & Spreads on FCS Debt
- Funding Corporation Activity
- FCS Liquidity
- LIBOR/SOFR
- Coronavirus

Global Market

- Federal Reserve
- E.C.B., Bank of England, Bank of Japan
- U.S. Treasury
- China

Credit Rating Agencies - Outlook for the United States

- Standard & Poors – AA+
  Outlook – Stable

- Moody’s – Aaa
  Outlook – Stable

- Fitch – AAA
  Outlook – Stable

System High Level Financials

- Assets – $ 365.5 billion (+ 4.7%)
- Loans – $ 286.9 billion (+ 4.9%)
- A.L.L. – $ 1.8 billion (+ 5.4%)
- Cash & Invts. – $ 68.3 billion (+ 2.7%)
- Capital – $ 61.7 billion (+ 5.6%)
- Net Income – $ 5.4 billion (+ 2.1%)




Agency Debt Issuance

Billions of Dollars	2015	2016	2017	2018	2019
F.H.L.B.	$3,858	$4,389	$6,797	$7,855	$7,256
Fannie Mae	247	655	710	556	509
Freddie Mac	604	597	480	413	515
FCS	**298**	**334**	**278**	**308**	**364**
Total	**$5,007**	**$5,641**	**$8,265**	**$9,132**	**$8,644**

Source: Agency Websites

Agency Debt Outstanding

Billions of Dollars	2015	2016	2017	2018	2019
F.H.L.B.	$ 905	$ 989	$1,034	$ 1,032	$1,026
FCS	**242**	**258**	**265**	**282**	**294**
Freddie Mac	418	356	317	255	283
Fannie Mae	390	329	278	233	182
Tenn.V.A.	25	25	25	23	22
Farmer Mac	14	15	16	16	19
Total	**$1,994**	**$1,972**	**$1,935**	**$1,841**	**$1,826**

Source: Agency Websites

Funding Corp.'s Dealer Group




BNY Mellon Capital Mkts, LLC
Barclays Capital Inc.
BofA Securities, Inc.
Cantor Fitzgerald & Co
Citigroup Global Mkts.
Daiwa Capital Mkts. America Inc.
Deutsche Bank Securities Inc.
First Horizon Bank
Goldman, Sachs & Co.
HSBC Securities (USA) Inc.
INTL FCStone Fin. Inc. - BD Rates Div.
Incapital LLC
J.P. Morgan Securities LLC
Jefferies LLC
Loop Capital Mkts LLC

Mizuho Securities USA Inc.
Morgan Stanley & Co. LLC
Multi-Bank Securities, Inc.
NatWest Market Securities Inc.
Nomura Securities Inter. Inc.
Piper Sandler & Co.
RBC Capital Markets, LLC
Raymond James & Associates
Robert W. Baird & Co. Inc.
Stifel, Nicolaus & Company Inc.
SunTrust Robinson Humphrey Inc.
TD Securities (USA) LLC
UBS Securities LLC
Vining-Sparks IBG, Ltd. Partnership
Wells Fargo Securities, LLC

Funding Activity by FCS

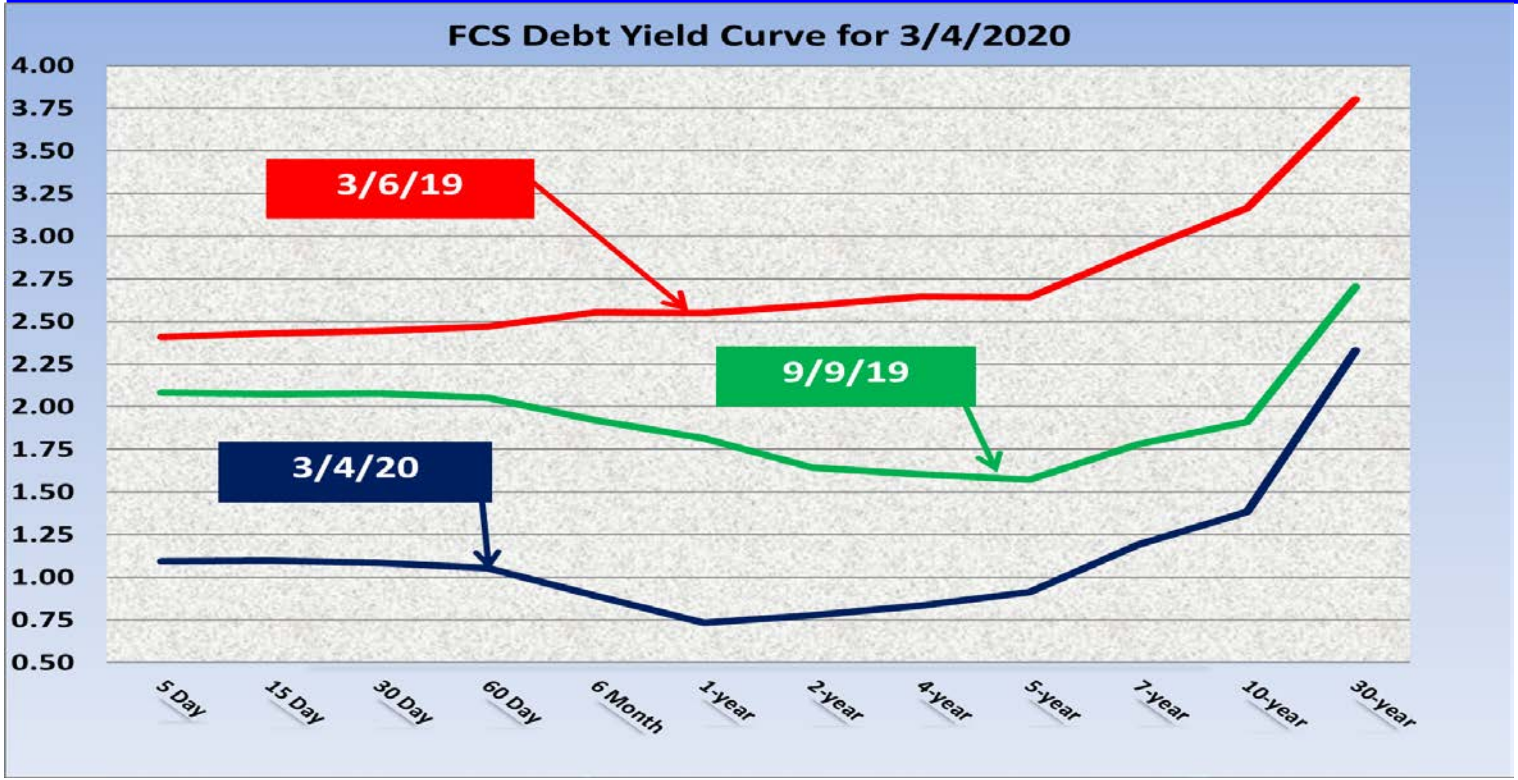



($ millions)	Discount Notes	Designated Bonds	Fixed Rate Bonds		Floating Rate Bonds			Retail Bonds	Other[1]	Total
			Callable	Non-Callable	LIBOR	SOFR	Prime, FF, 91-day,			
12/31/2019	19,098	0	77,903	79,068	80,613	7,957	28,657	122	159	293,577
12/31/2018	22,774	0	78,971	71,099	82,216	0	26,401	201	119	281,780
12/31/2017	25,632	1,000	72,228	67,144	79,425	0	19,775	210	19	265,434
12/31/2016	29,603	4,500	59,964	68,003	81,324	0	14,520	252	22	257,918
12/31/2015	31,371	5,000	58,789	60,424	71,355	0	14,900	383	24	242,245

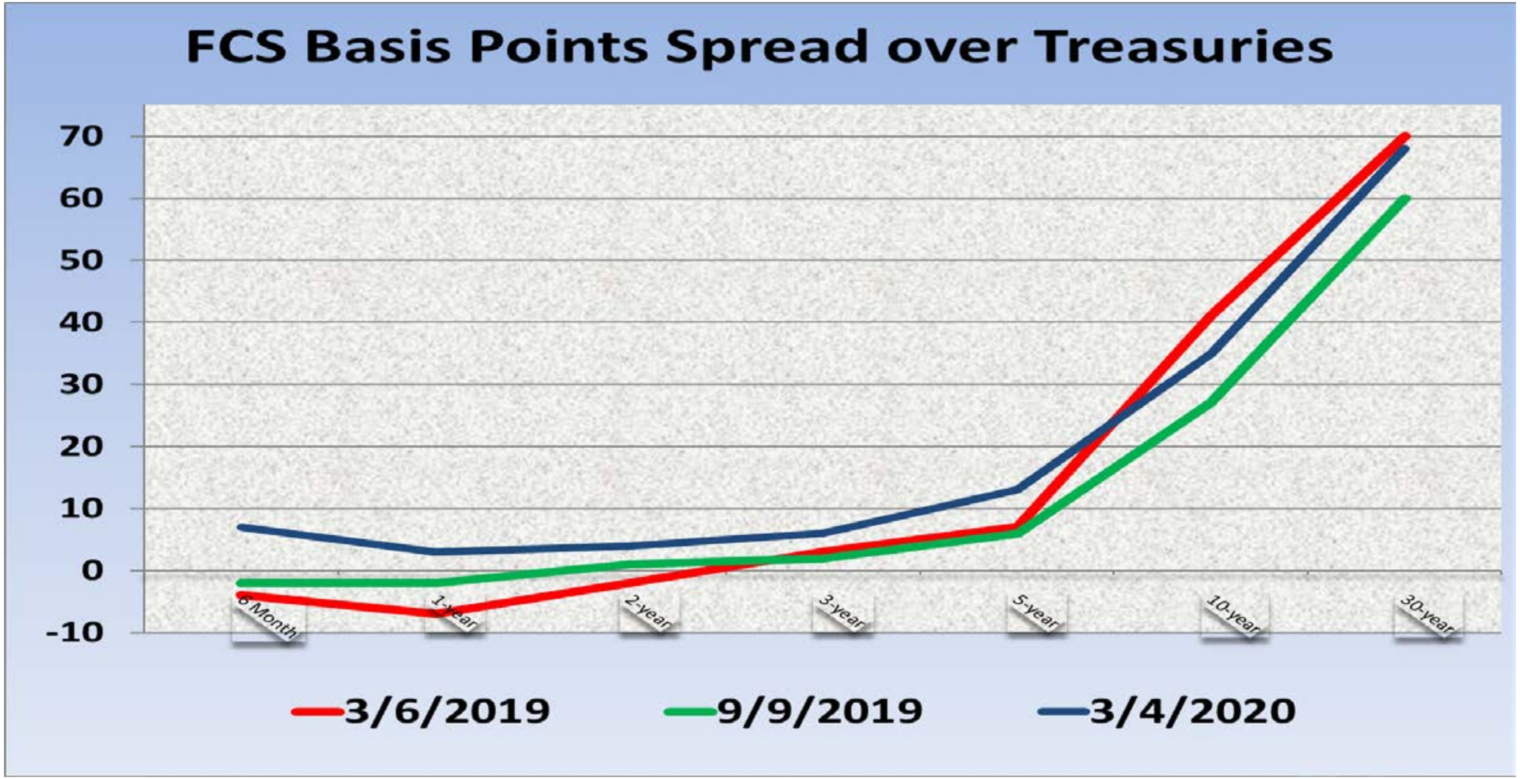
[1] Includes Linked Deposits

Source: FFCBFC Website

FCS Debt Yields Pushed Lower



Thin Risk Premiums



Heavy Call Activity




- **Calls in ‘19 – $ 54 billion**
- Calls in ‘18 – $ 29 million
- Calls in ‘17 – $ 5 billion
- Calls in ‘16 – $ 58 billion
- Calls in ‘15 – $ 34 billion
- Net Interest Spreads
  - **2.04 % for ’19,** 2.12% for ’18, 2.25% for ’17, 2.31% for ‘16, 2.40% for ‘15 .
- Net Interest Margins
  - **2.42 % for ’19,** 2.46% for ’18, 2.48% for ’17, 2.49% for ‘16, 2.55% for ‘15

Debt Maturity

- Weighted average maturity of FCS Debt
  - **Dec./2019 – 2.82 years**
  - Dec./2018 – 2.86 years
  - Dec./2017 – 2.88 years
  - Dec./2016 – 2.72 years
  - Dec./2015 – 2.81 years

Debt Maturity

- Percentage of FCS debt maturing within 1 year.
  - **Dec./2019 – 38.8 percent**
  - Dec./2018 – 38.8 percent
  - Dec./2017 – 39.1 percent
  - Dec./2016 – 40.3 percent
  - Dec./2015 – 37.6 percent

Days of Liquidity

- As of 12/31/19 System = 177 (166) days:
  - AgFirst = 222(197) days, AgriBank = 166(135) days, FCB of TX = 211(196) days, CoBank = 176(168) days
- As of 12/31/18 System = 182(169) days:
  - AgFirst = 217(192) days, AgriBank = 160(135) days, FCB of TX = 241(226) days, CoBank = 177(169)days

SOFR

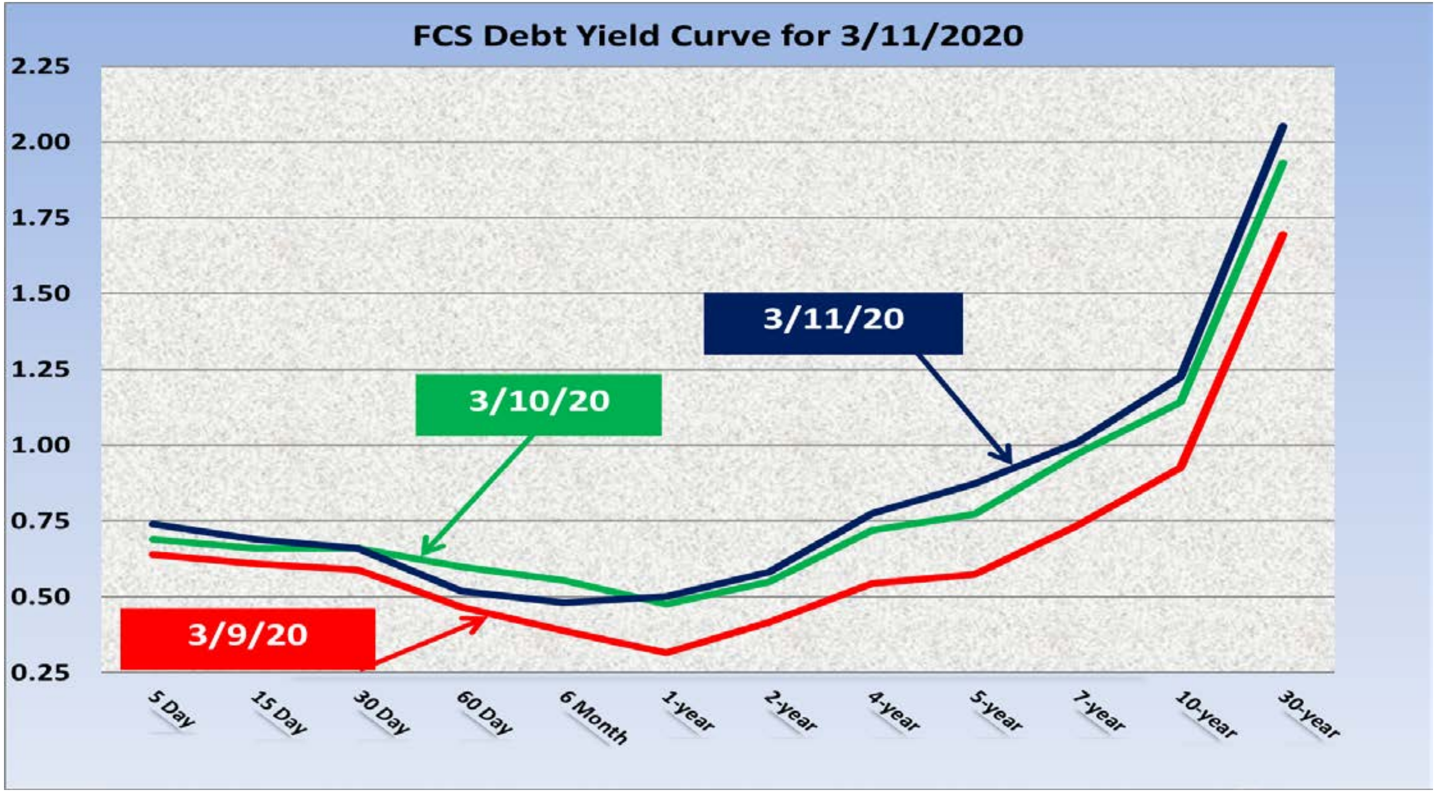



- Secured Overnight Financing Rate use growing slowly.
- Under 2 years until LIBOR’s official R.I.P. date.
- Global U.S. LIBOR referenced instruments still dominate.
- System’s J & S LIBOR directly based debt totals $77 billion.
- Funding Corp. issued just under $8 billion in SOFR indexed bonds in 2019.

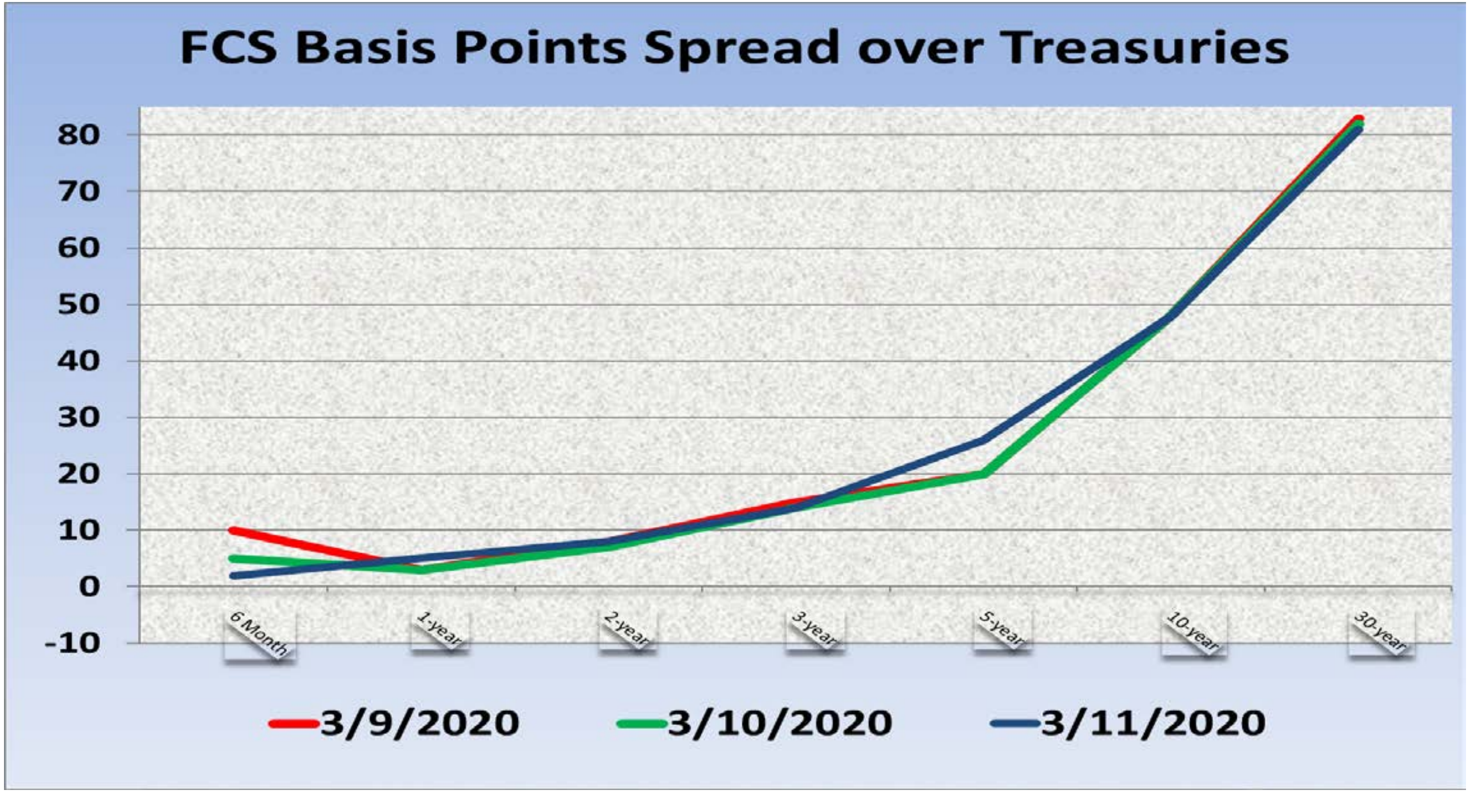
Coronavirus

- ➢Global Issue
- ➢Major Economic Shock
- ➢Still Evolving

FCS Debt Yields Move Upward



Risk Premiums Steady



Summary

- Strong Demand for FCS Debt
- FCS Debt Yields Falling
- Risk Premiums Remain Favorable
- Interest Rate Spreads Continued to Narrow
- Bottom Line Benefitted Less
- Substantial Liquidity
- SOFR’s Slow Acceptance
- Coronavirus Wildcard