



---

# ***Funding Corporation Activities***



# Recent High Finance Headlines

---

**“U.S. Cases Above 100,000  
for Seventh Day in a Row”**





# Recent High Finance Headlines

---

**“Malls File for Bankruptcy or Shut Their Doors as Pandemic Pain Spreads”**





# Recent High Finance Headlines

---

**“Corporate Tenants Dump  
Excess Office Space,  
Sending Shivers Through the  
Market ”**





# Recent High Finance Headlines

---

**“Fed Says Virus Poses Considerable Risks, Maintains Low-Rate Pledge”**





# Recent High Finance Headlines

---

**“Europe Aims to Emerge Smarter From Latest Lockdowns”**





# Recent High Finance Headlines

---

**“The Economy’s Struggles  
Will Shape Joe Biden’s  
Presidency”**





# Funding Update Topics

---



- Global Market
- Agency Debt Market
- Yields & Spreads on FCS Debt
- Funding Corporation Activity
- FCS Liquidity
- Selling Group - LEAD Dealer Group
- LIBOR/SOFR Transition
- 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 – \$ 384.9 billion (+ 5.4%)
- Loans – \$ 301.6 billion (+ 5.1%)
- A.L.L. – \$ 1.8 billion (+ 1.2%)
- Cash & Invt. – \$ 71.7 billion (+ 5.0%)
- Capital – \$ 66.0 billion (+ 6.9%)
- Net Income – \$ 4.4 billion (+ 9.6%)



# Agency Debt Outstanding



Billions of Dollars	2017	2018	2019	4/2020	9/2020
F.H.L.B.	\$ 1,034	\$1,032	\$ 1,026	\$ 1,169	\$852
<b>FCS</b>	<b>265</b>	<b>282</b>	<b>294</b>	<b>314</b>	<b>309</b>
Freddie Mac	317	255	283	282	286
Fannie Mae	278	233	182	242	275
Tenn.V.A.	25	23	22	22	22*
Farmer Mac	16	16	19	21	21
<b>Total</b>	<b>\$1,935</b>	<b>\$1,841</b>	<b>\$1,826</b>	<b>\$2,050</b>	<b>\$1,765</b>

Source: Websites  
\* 6/30/2020



# Funding Activity by FCS



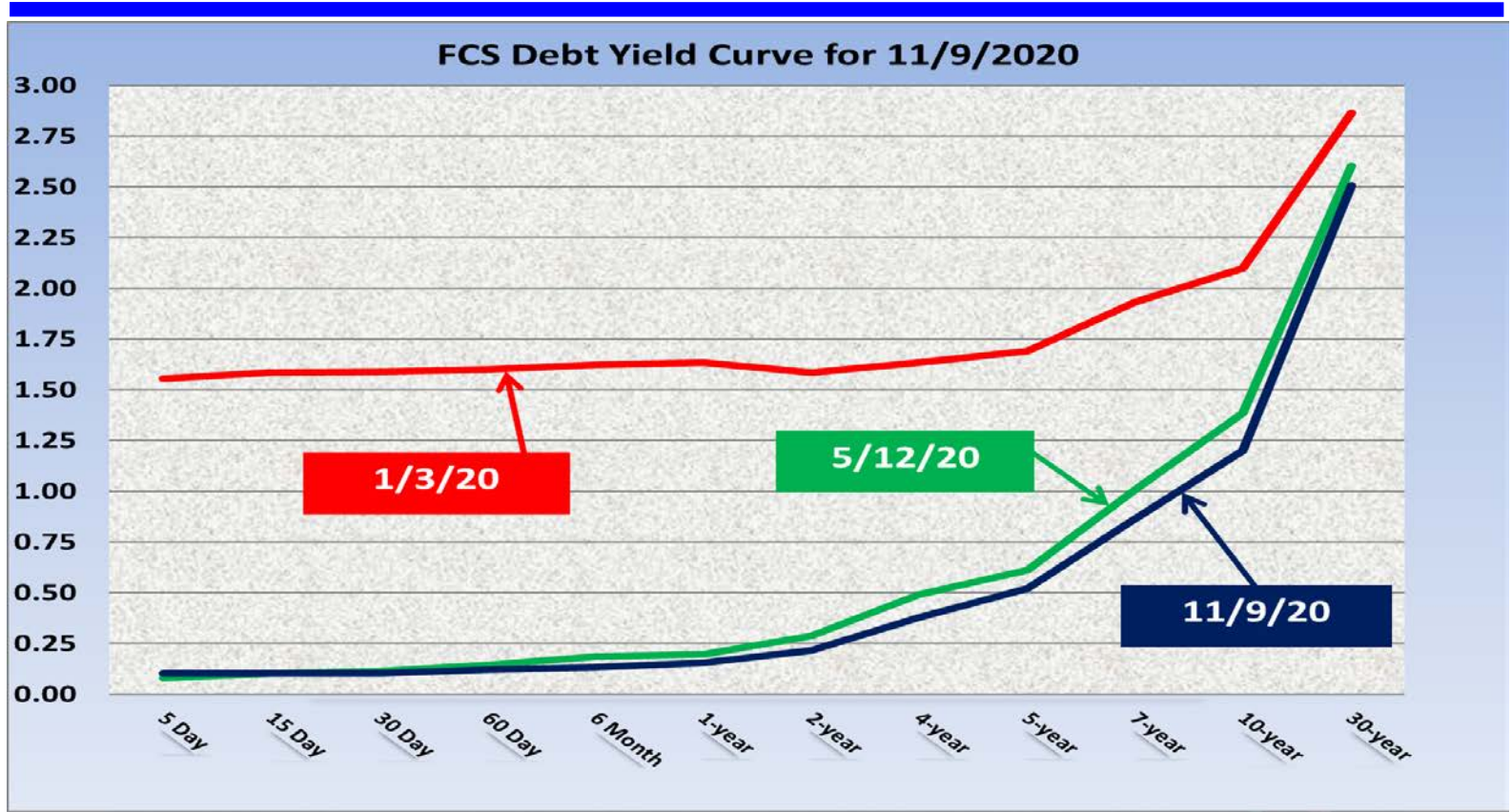
(\$ millions)	Discount Notes	Designated Bonds	Fixed Rate Bonds		Floating Rate Bonds			Retail Bonds	Other <sup>1</sup>	Total
			Callable	Non-Callable	LIBOR	SOFR	Prime, FF, 91-day,			
11/09/2020	21,944	2,100	76,882	90,402	46,228	46,882	29,332	42	148	313,958
4/30/2020	35,083	1,100	72,982	83,167	70,893	23,457	27,937	58	149	313,298
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

<sup>1</sup> Includes Linked Deposits

Source: FFCBFC Website



# FCS Debt Yields Remain Low

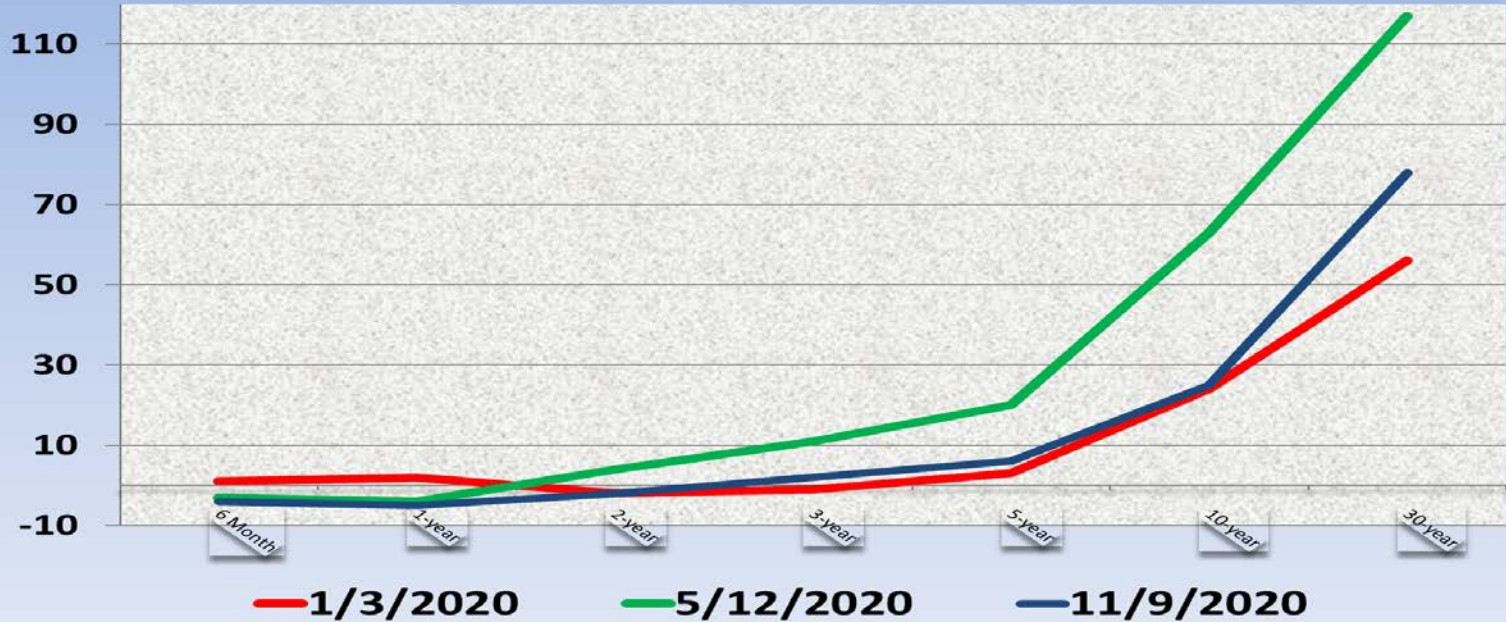




# Risk Premiums Favorable



## FCS Basis Points Spread over Treasuries





# Very Heavy Call Activity

- **Calls in '20 – \$107 billion and counting**
- Calls in '19 – \$ 54 billion
- Calls in '18 – \$ 29 million
- Calls in '17 – \$ 5 billion
- Calls in '16 – \$ 58 billion
- Net Interest Spreads
  - **2.22% for '20**, 2.04 % for '19, 2.12% for '18, 2.25% for '17, 2.31% for '16.
- Net Interest Margins
  - **2.45 % for '20**, 2.42 % for '19, 2.46% for '18, 2.48% for '17, 2.49% for '16.







# Debt Maturity

---

- Weighted average maturity of FCS Debt
  - ❖ **Sept./2020 – 2.87 years**
  - ❖ Mar./2020 – 2.73 years
  - ❖ Dec./2019 – 2.82 years
  - ❖ Dec./2018 – 2.86 years
  - ❖ Dec./2017 – 2.88 years





# Debt Maturity

---

- Percentage of FCS debt maturing within 1 year.
  - ❖ **Sept./2020 – 39.9 percent**
  - ❖ Mar./2020 – 41.9 percent
  - ❖ Dec./2019 – 38.8 percent
  - ❖ Dec./2018 – 38.8 percent
  - ❖ Dec./2017 – 39.1 percent





# Days of Liquidity

---

- As of 9/30/20 System = 172(165) days:
  - AgFirst = 218(197) days, AgriBank = 168(148) days, FCB of TX = 176(169) days, CoBank = 179(172) days
- As of 3/31/20 System = 197 (188) days:
  - AgFirst = 208(190) days, AgriBank = 163(145) days, FCB of TX = 240(225) days, CoBank = 215(209) days





# 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.**

**TD Securities (USA) LLC**

**Truist Securities Inc.\***

**UBS Securities LLC**

**Vining-Sparks IBG, Ltd. Partnership**

**Wells Fargo Securities, LLC**





# LEAD Dealer Group Additions

---

**Academy Securities, Inc**

**Blaylock Van, LLC**

**CastleOak Securities, L.P.**

**MFR Securities, Inc**

**R. Seelaus & Co., LLC**

**Samuel A. Ramirez & Co., Inc.**

**Siebert Williams Shank & Co., LLC**

**Tribal Capital Markets, LLC**





# LIBOR/SOFR TRANSITION

---

- Secured Overnight Financing Rate use progressing.
- Global U.S. LIBOR referenced instruments still dominate.
- System's J & S LIBOR directly based debt totals \$46.2 billion. (Indirect \$47.8 billion)
- Funding Corp. has \$46.9 billion in SOFR indexed bonds.
- LIBOR Debt Exchange for post 12/31/2021 maturities





# Coronavirus

---

- Ongoing Global Issue
- Economic Disruptions
- Second Wave
- Expanded Debt Issuance
- Credit Concerns





# Summary

---

- Solid Demand for FCS Debt
- FCS Debt Yields Remain Low
- Risk Premiums Favorable
- Interest Rate Spreads and Margin Widened
- Bottom Line Benefitted More
- Ample Liquidity
- SOFR's Increasing
- Coronavirus Continuing Substantial Impact

