

CoBank Investor Presentation

March 31, 2021

Proud Member of the
Farm Credit System 



Summary Financial Results

(\$ in millions)	For the Year Ended December 31,		For the Three Months Ended March 31,		
	2019	2020	2020	2021	B(W) %
Interest income	\$ 4,468	\$ 3,312	\$ 1,029	\$ 744	-28%
Interest expense	3,069	1,745	646	301	53%
<i>Net interest income</i>	<u>1,399</u>	<u>1,567</u>	<u>383</u>	<u>443</u>	16%
Provision for loan losses	57	21	26	55	-112%
<i>Net interest income after provision for loan losses</i>	<u>1,342</u>	<u>1,546</u>	<u>357</u>	<u>388</u>	9%
Noninterest income	221	282	72	83	15%
Operating expenses	404	435	100	113	-13%
<i>Income before income taxes</i>	<u>1,159</u>	<u>1,393</u>	<u>329</u>	<u>358</u>	9%
Provision for income taxes	68	130	35	34	3%
<i>Net income</i>	<u>\$ 1,091</u>	<u>\$ 1,263</u>	<u>\$ 294</u>	<u>\$ 324</u>	10%
Return on average common equity	11.63 %	11.86 %	11.64 % *	11.85 % *	2%
Net interest margin	1.02 %	1.07 %	1.08 % *	1.13 % *	5%
Return on average assets	0.79 %	0.84 %	0.81 % *	0.81 % *	0%
Operating expense ratio**	23.27 %	21.96 %	21.07 %	17.52 %	17%
Average Total Loans	\$ 104,351	\$ 112,634	\$ 110,130	\$ 125,892	14%
Average Total Assets	138,436	150,817	145,725	161,422	11%

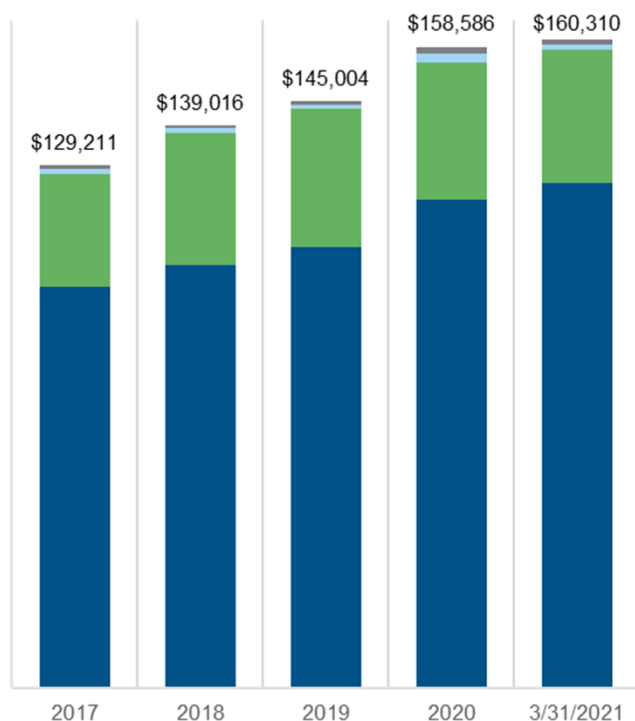
* Annualized

** Excludes Insurance Fund premiums



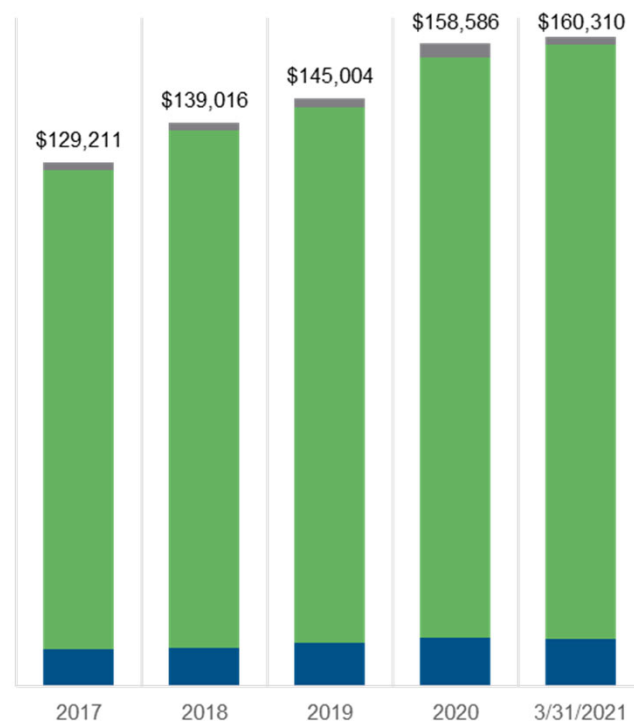
Balance Sheet Trends

Assets (\$ in Millions)



Other	\$ 726	\$ 562	\$ 965	\$ 1,735	\$ 1,111
Cash*	\$ 1,314	\$ 1,368	\$ 949	\$ 2,335	\$ 1,230
Investments **	\$ 27,905	\$ 32,592	\$ 34,236	\$ 33,660	\$ 33,238
Gross Loans	\$ 99,266	\$ 104,494	\$ 108,854	\$ 120,856	\$ 124,731

Liabilities & Shareholders' Equity (\$ in Millions)



Other	\$ 1,745	\$ 1,849	\$ 2,207	\$ 3,292	\$ 2,091
Bonds & Notes	\$ 118,406	\$ 127,632	\$ 132,230	\$ 143,384	\$ 146,534
Shareholders' Equity	\$ 9,060	\$ 9,535	\$ 10,567	\$ 11,910	\$ 11,685

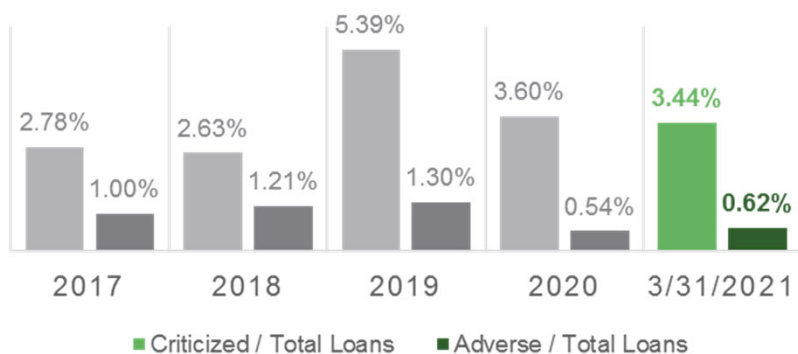
*Represents Cash and Cash Equivalents

**Includes Investment Securities, Federal Funds Sold and Other Overnight Funds

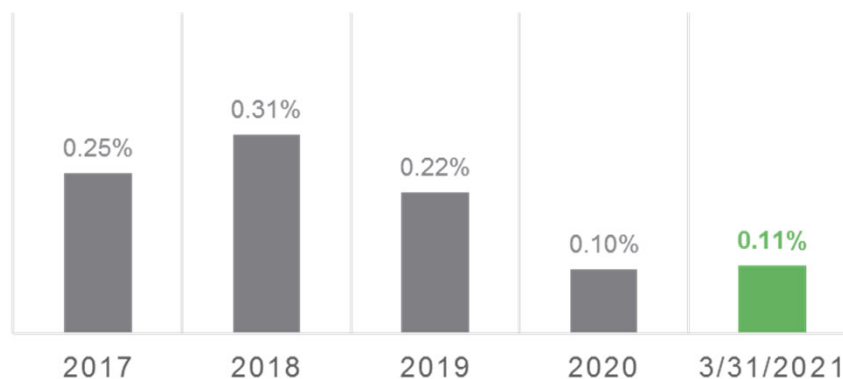


Loan Quality

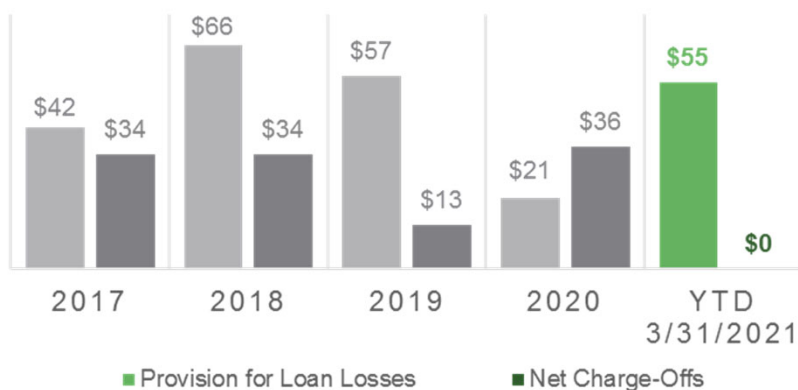
Criticized / Total Loans & Adverse / Total Loans



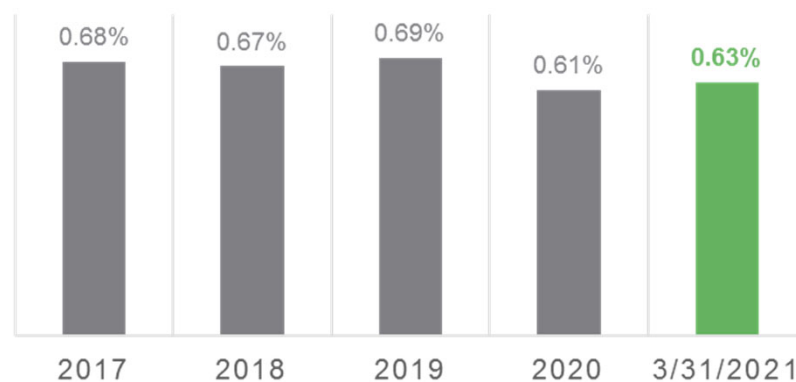
Nonaccrual Loans / Total Loans



Provision for Loan Losses & Net Charge-Offs (\$ in Millions)

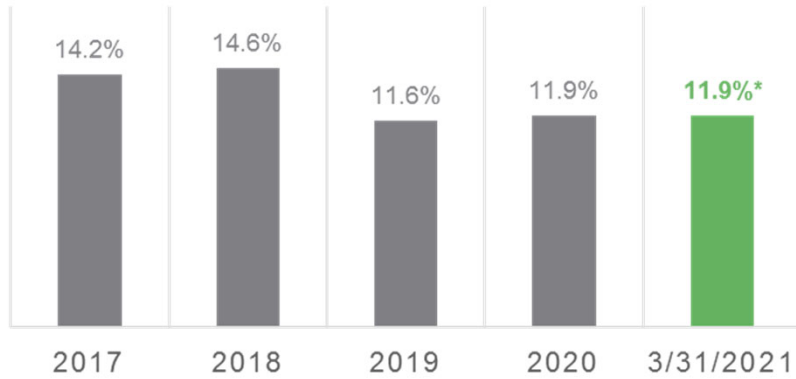


Allowance for Credit Losses / Total Loans

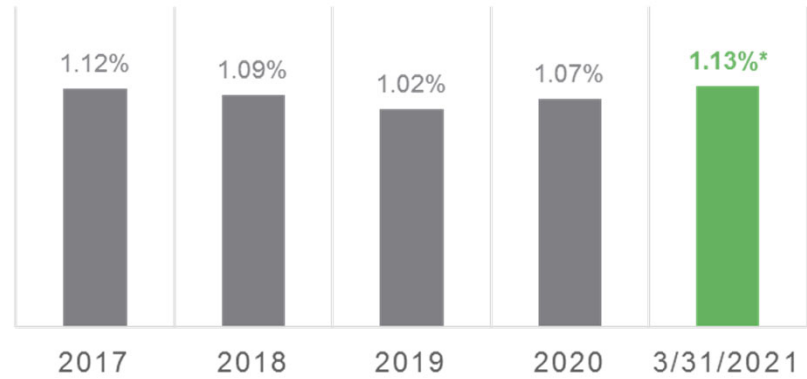


Profitability and Efficiency

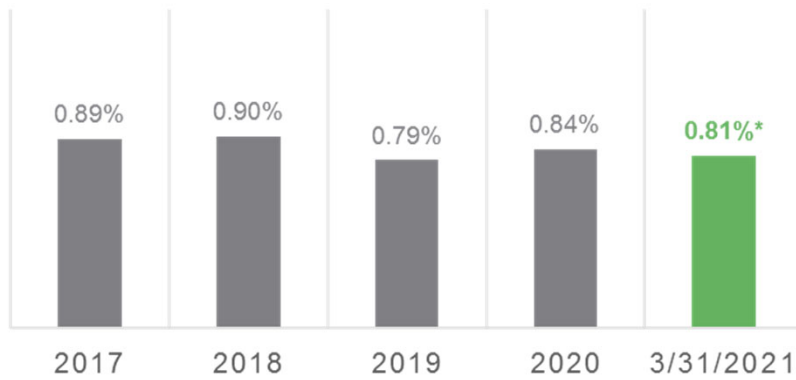
Return on Average Common Equity



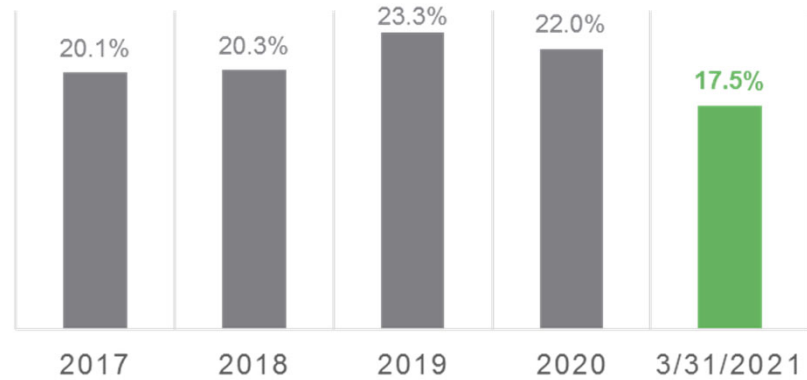
Net Interest Margin



Return on Average Assets



Operating Expense Ratio Excluding Insurance Fund Premiums



* Annualized

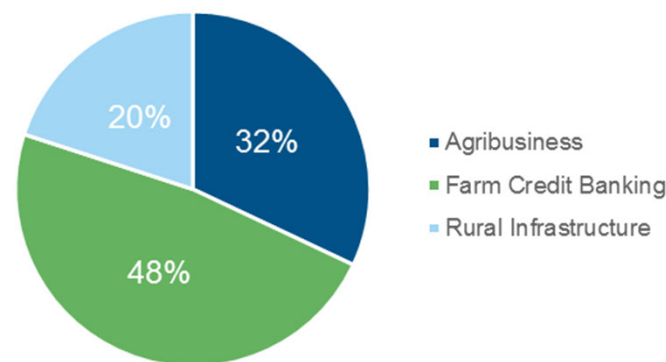


Operating Segments

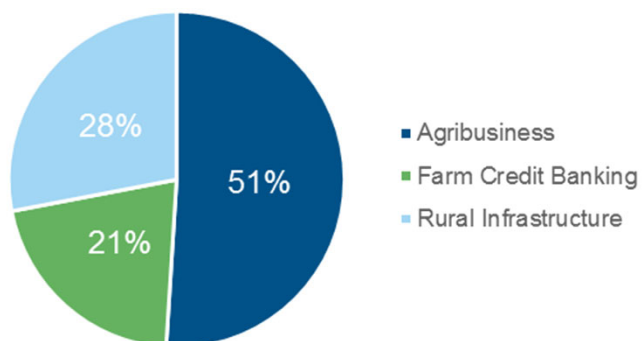
Summary

- Three operating segments (Agribusiness, Farm Credit Banking and Rural Infrastructure)
- Approximately \$125 billion in total loan volume
- Lower net income in Farm Credit Banking operating segment relative to its share of the bank's loan volume reflects narrower margins and lower risk profile from wholesale loans

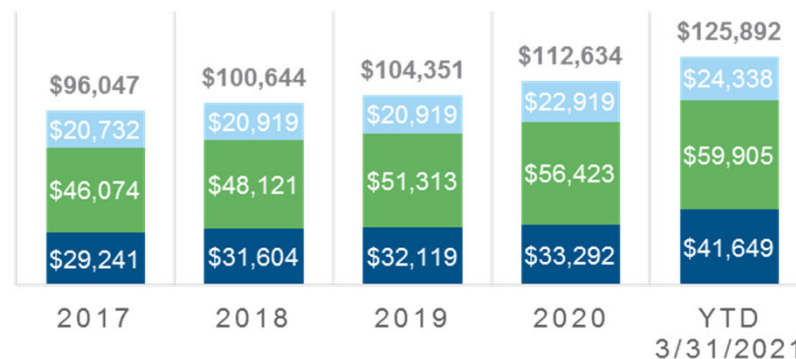
Loan Volume – \$124.7 Billion at March 31, 2021



Net Income – \$324.0 Million



Average Loan Volume (\$ in Millions)



Agribusiness Portfolio

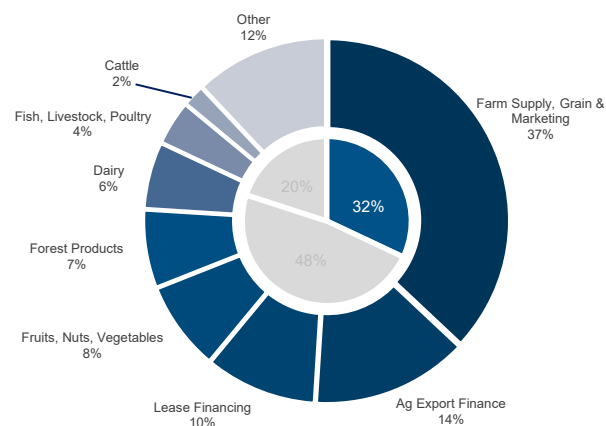
Portfolio Highlights

- \$40.2 billion retail loan portfolio at March 31, 2021
- Grain handling and marketing, farm supply, fruits, nuts, vegetables, forest products, dairy, livestock, biofuels and food processing
- Integrated production agriculture in forest products, fruits, nuts, vegetables and dairy
- Portfolio diversification enhanced by loan participations and syndications
- Includes \$5.5 billion in agricultural export loans; 21% are U.S. government-guaranteed
- Includes \$4.0 billion leasing portfolio

Financial Summary

(\$ in millions)	3/31/2021	2020	2019	2018
Period-End Loans	\$ 40,237	\$ 36,103	\$ 33,168	\$ 32,432
Average Loans	\$ 41,649	\$ 33,292	\$ 32,119	\$ 31,604
Net Income	\$ 165	\$ 608	\$ 537	\$ 575
Nonaccrual Loans	\$ 100	\$ 98	\$ 220	\$ 288

Portfolio Sectors



Loan Quality

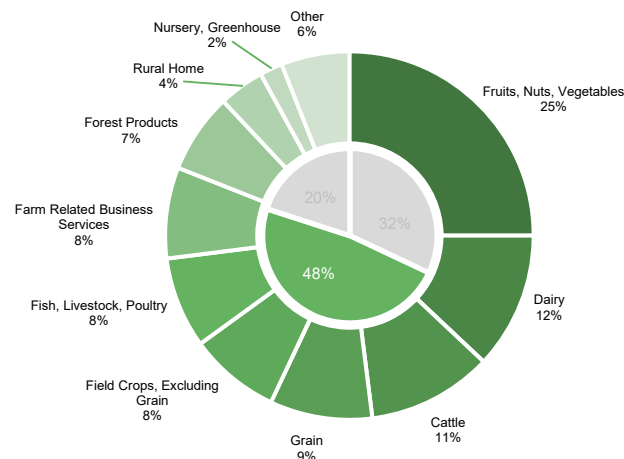
	3/31/2021	2020	2019	2018
Acceptable	93.86%	93.61%	92.85%	94.40%
Special Mention	4.47	4.81	3.90	2.69
Substandard	1.65	1.56	3.23	2.89
Doubtful	0.02	0.02	0.02	0.02
Loss	-	-	-	-

Farm Credit Banking Portfolio

Portfolio Highlights

- \$59.9 billion wholesale loan portfolio at March 31, 2021
- Lending to 20 affiliated Farm Credit associations serving a diversified agricultural customer base in the Northwest, West, Southwest, Rocky Mountain, Mid-Plains, and Northeast regions of the United States
- Affiliates serve over 75,000 farmers, ranchers and other rural borrowers
- Includes \$5.0 billion of participations in other Farm Credit Banks' wholesale loans to their affiliated associations, primarily with Farm Credit Bank of Texas

Portfolio Sectors



Financial Summary

(\$ in millions)	3/31/2021	2020	2019	2018
Period-End Loans	\$ 59,918	\$ 60,516	\$ 54,459	\$ 50,695
Average Loans	\$ 59,905	\$ 56,423	\$ 51,313	\$ 48,121
Net Income	\$ 69	\$ 257	\$ 223	\$ 269
Nonaccrual Loans	\$ -	\$ -	\$ -	\$ -

Loan Quality

	3/31/2021	2020	2019	2018
Acceptable	97.49%	97.08%	94.50%	98.95%
Special Mention	2.51	2.92	5.50	0.93
Substandard	-	-	-	0.12
Doubtful	-	-	-	-
Loss	-	-	-	-

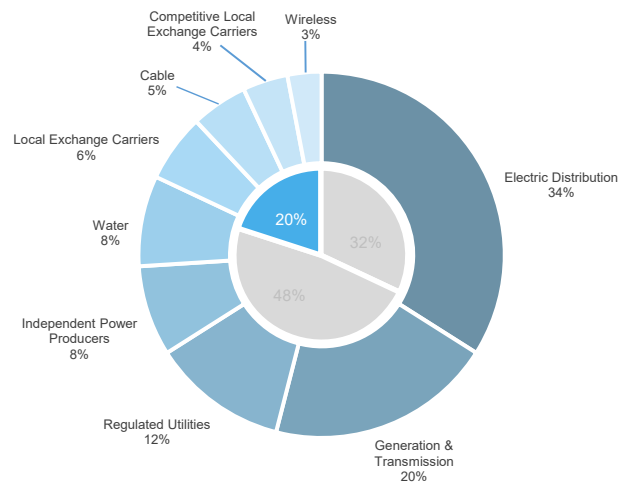


Rural Infrastructure Portfolio

Portfolio Highlights

- \$24.6 billion retail loan portfolio at March 31, 2021
- Broad geographic dispersion of rural infrastructure customers
- Customers provide vital rural services and include: electric distribution cooperatives, electric generation and transmission cooperatives, power supply companies, midstream energy and gas pipeline providers, project finance companies, communications companies, water companies and community facilities

Portfolio Sectors



Financial Summary

(\$ in millions)	3/31/2021	2020	2019	2018
Period-End Loans	\$ 24,576	\$ 24,237	\$ 21,227	\$ 21,367
Average Loans	\$ 24,338	\$ 22,919	\$ 20,919	\$ 20,919
Net Income	\$ 90	\$ 398	\$ 332	\$ 347
Nonaccrual Loans	\$ 32	\$ 19	\$ 20	\$ 38

Loan Quality

	3/31/2021	2020	2019	2018
Acceptable	98.71%	98.89%	97.66%	98.08%
Special Mention	0.85	0.79	0.75	0.65
Substandard	0.42	0.30	1.53	1.27
Doubtful	0.02	0.02	0.06	-
Loss	-	-	-	-



Capital Position

Summary

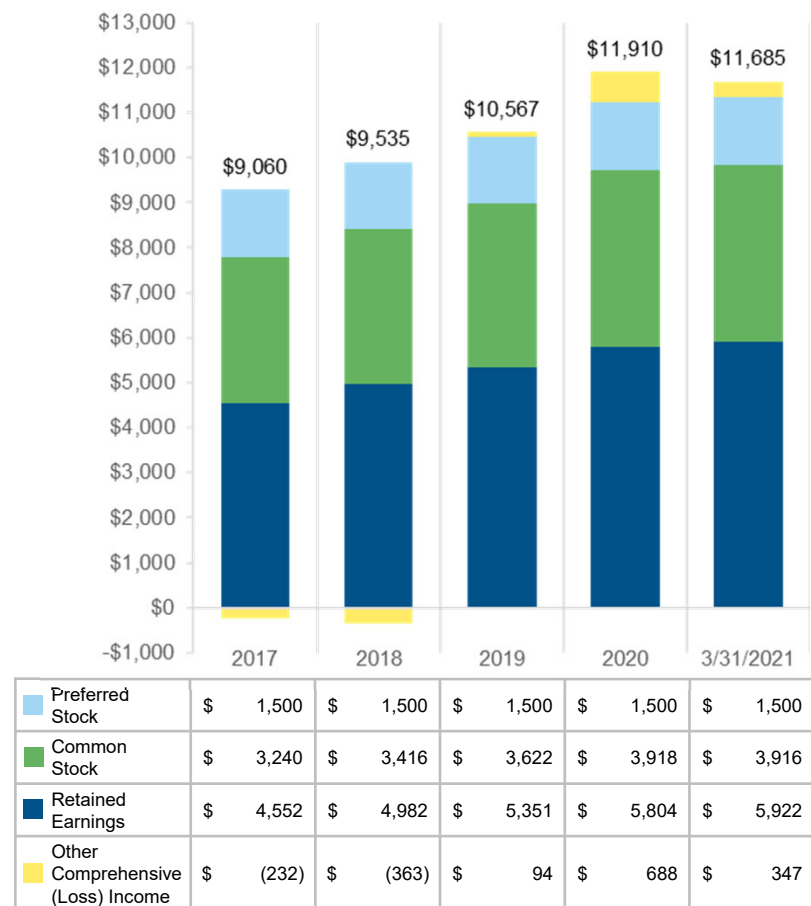
- Capital ratios exceed required regulatory minimums
- Assures continued viability and capacity to meet our customers' borrowing needs
- Preferred stock provides additional layer of risk-bearing capacity

Capital Ratios

	March 31, 2021			
	Regulatory Minimum	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 (CET1) Capital Ratio	4.5 %	11.46 %	6.96 %	2.5 %
Tier 1 Capital Ratio	6.0	13.22	7.22	2.5
Total Capital Ratio	8.0	14.09	6.09	2.5
Tier 1 Leverage Ratio ⁽¹⁾	4.0	7.02	3.02	1.0
Permanent Capital Ratio	7.0	13.31	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.5	2.98	n/a	n/a

⁽¹⁾ At least 1.5 percent must be URE and URE equivalents.

Shareholders' Equity (\$ in Millions)

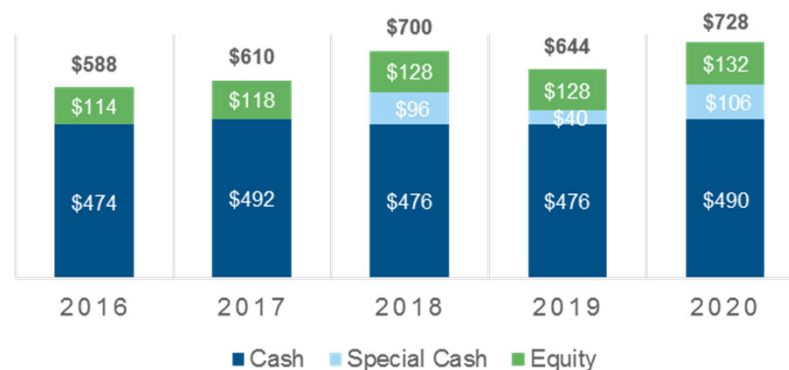


Patronage

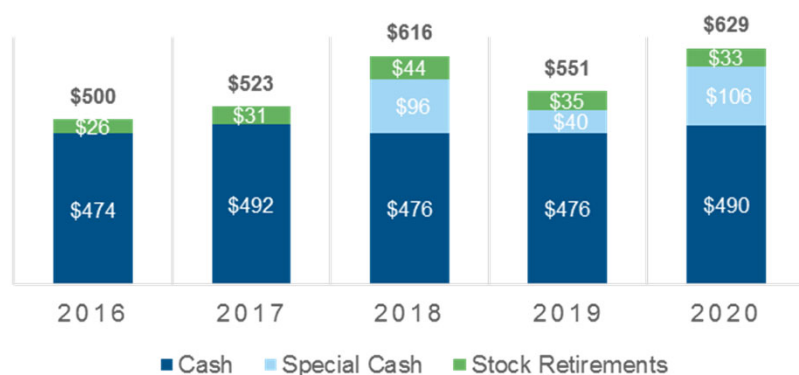
Summary

- Patronage is a key part of the value proposition we provide our eligible customer-owners
- For 2020, 2019, and 2018, we made special cash patronage distributions of \$106.6 million, \$39.8 million and \$96.2 million to customer-owners
- In 2017, we announced changes to our capital plans and patronage programs. These changes began to take effect in 2018 for patronage paid in 2019

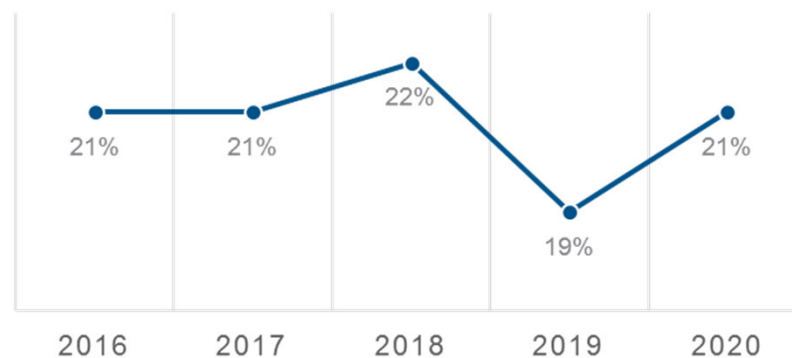
Patronage (\$ in Millions)



Total Cash Payouts (\$ in Millions)



Average Return on Active Patron Investment



Funding

Summary

- CoBank is not authorized to accept deposits and sources its funding largely through senior unsecured Farm Credit System debt securities
- Access to capital markets through business and economic cycles due to Farm Credit's GSE status
 - Rated Aaa/P-1 (Moody's), AAA/F1+ (Fitch) & AA+/A-1+ (S&P)
 - Includes bonds and discount notes
 - Joint and several liability of all System banks
- Favorable spreads relative to U.S. Treasuries

Debt (\$ in Millions) ⁽¹⁾

Type	Amount	% of Debt	Avg. Maturity (in years)	Weighted Avg. Rate ⁽²⁾
Discount Notes	\$ 9,594	6.5%	0.3	0.10%
Bonds – Noncallable	121,361	82.8%	2.5	0.82%
Bonds – Callable, Other	14,937	10.3%	5.0	0.71%
S/T Customer Investments and Other	642	0.4%	0.1	0.07%
	\$146,534	100.0%	2.6	0.75%

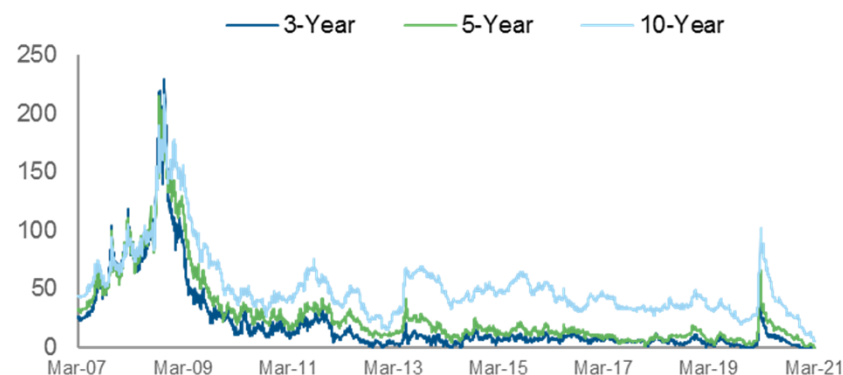
Equity (\$ in Millions)⁽¹⁾

Type	Amount	% of Equity
Preferred Stock:		
Series E	\$225	1.9%
Series F	400	3.4%
Series G	200	1.7%
Series H	300	2.6%
Series I	375	3.2%
Common Stock	3,916	33.5%
Unallocated Retained Earnings	5,922	50.7%
Accumulated Other Comprehensive Income	347	3.0%
	\$11,685	100.0%

(1) As of March 31, 2021

(2) Weighted average interest rates include the effect of related derivatives.

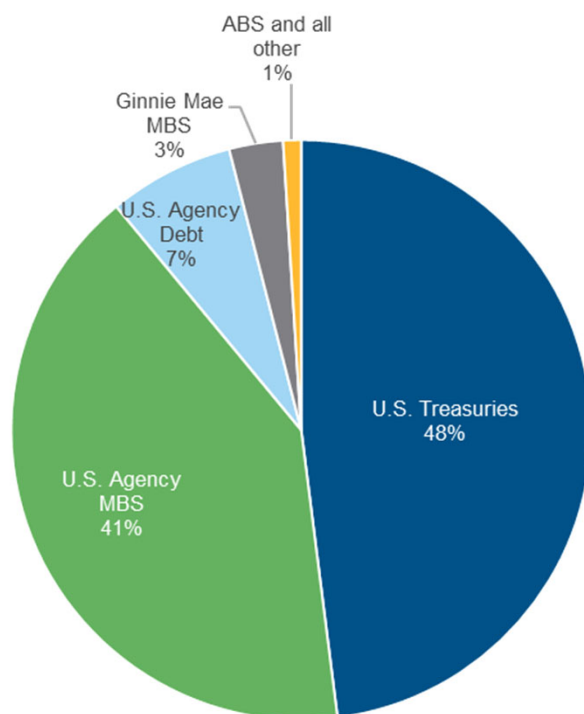
Farm Credit System Spreads to U.S. Treasuries (Basis Points)



Investment Portfolio

Total Investment Securities of \$32.5 Billion

(as of March 31, 2021)



Summary

- > \$32.5 billion market-diversified portfolio plus \$1.2 billion of cash and cash equivalents and \$0.7 billion in Federal Funds Sold and Other Overnight Funds as of March 31, 2021
- > Largely composed of securities issued or guaranteed by GSEs or U.S. government
- > Cash flow average life of 4.2 years and duration of 2.6 years
- > Liquidity position = days into the future we could meet maturing debt obligations by using cash and eligible investments
 - Bank-established minimum is 150 days
 - Actual liquidity was 176 days at March 31, 2021
 - CoBank's long-term debt to loans was approximately 68% as of March 31, 2021

(\$ in Millions)

Type	Fair Value
U.S. Treasuries	\$15,644
U.S. Agency MBS	13,186
U.S. Agency Debt	2,365
Ginnie Mae MBS	822
ABS and all other	521
Total	\$32,538

