

CoBank Investor Presentation

December 31, 2020

Proud Member of the
Farm Credit System 



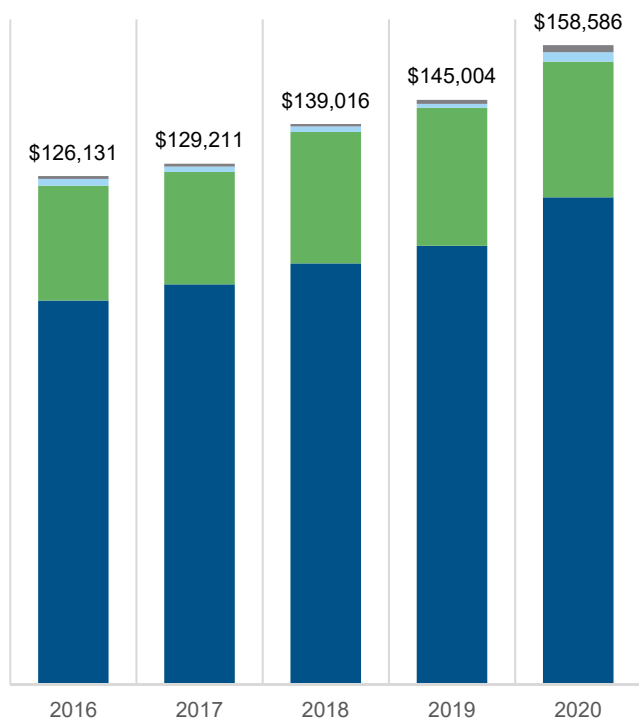
Summary Financial Results

(\$ in millions)	For the Year Ended December 31,		
	2019	2020	YoY%
Interest income	\$ 4,468	\$ 3,312	-26%
Interest expense	3,069	1,745	43%
<i>Net interest income</i>	<u>1,399</u>	<u>1,567</u>	12%
Provision for loan losses	57	21	63%
<i>Net interest income after provision for loan losses</i>	<u>1,342</u>	<u>1,546</u>	15%
Noninterest income	221	282	28%
Operating expenses	404	435	-8%
<i>Income before income taxes</i>	<u>1,159</u>	<u>1,393</u>	20%
Provision for income taxes	68	130	-91%
<i>Net income</i>	<u>\$ 1,091</u>	<u>\$ 1,263</u>	16%
Return on average common equity	11.63 %	11.86 %	2%
Net interest margin	1.02 %	1.07 %	5%
Return on average assets	0.79 %	0.84 %	6%
Operating expense ratio*	23.27 %	21.96 %	6%

* Excludes Insurance Fund premiums

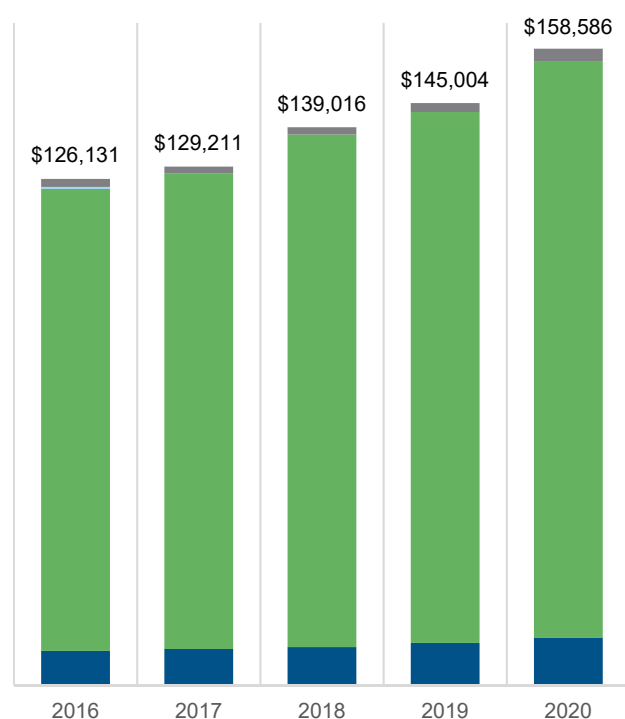
Balance Sheet Trends

Assets (\$ in Millions)



	2016	2017	2018	2019	2020
Other	\$ 697	\$ 726	\$ 562	\$ 965	\$ 1,735
Cash*	\$ 1,661	\$ 1,314	\$ 1,368	\$ 949	\$ 2,335
Investments **	\$ 28,515	\$ 27,905	\$ 32,592	\$ 34,236	\$ 33,660
Gross Loans	\$ 95,258	\$ 99,266	\$ 104,494	\$ 108,854	\$ 120,856

Liabilities & Shareholders' Equity (\$ in Millions)



	2016	2017	2018	2019	2020
Other	\$ 1,972	\$ 1,745	\$ 1,849	\$ 2,207	\$ 3,292
Subordinated Debt	\$ 499	\$ -	\$ -	\$ -	\$ -
Bonds & Notes	\$ 115,086	\$ 118,406	\$ 127,632	\$ 132,230	\$ 143,384
Shareholders' Equity	\$ 8,574	\$ 9,060	\$ 9,535	\$ 10,567	\$ 11,910

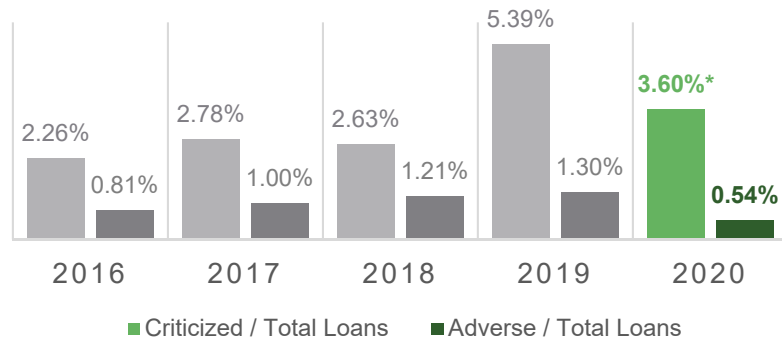
*Represents Cash and Cash Equivalents

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



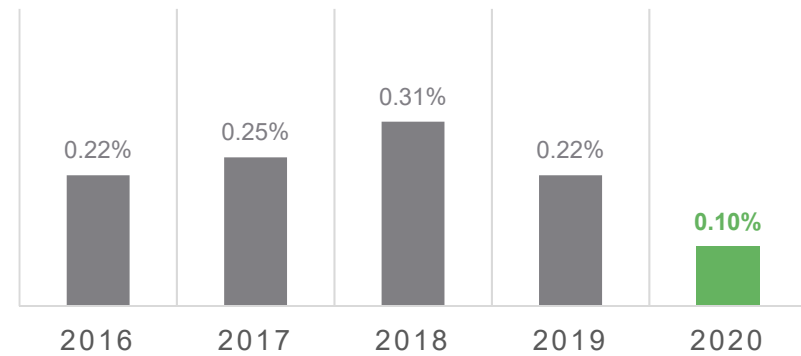
Loan Quality

Criticized / Total Loans & Adverse / Total Loans

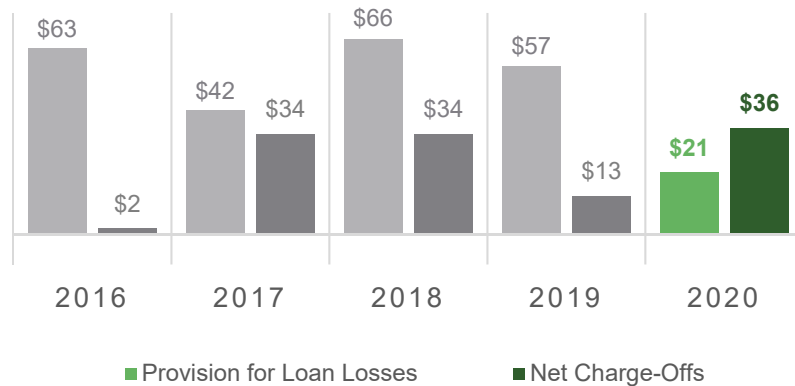


* Includes upgrades to Acceptable classification of wholesale loans to one affiliated Association and one nonaffiliated Association in 2020.

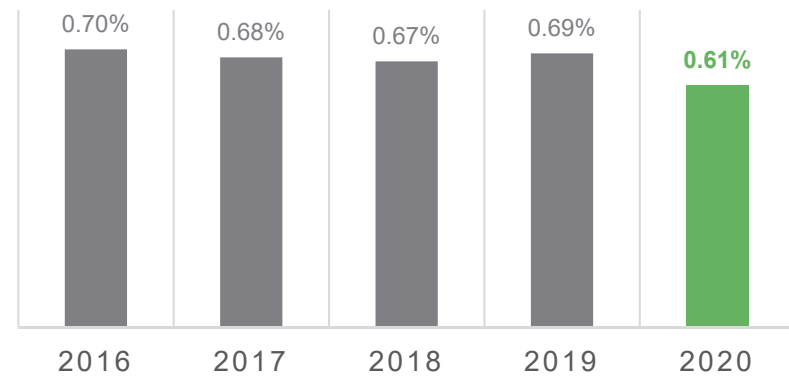
Nonaccrual Loans / Total Loans



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

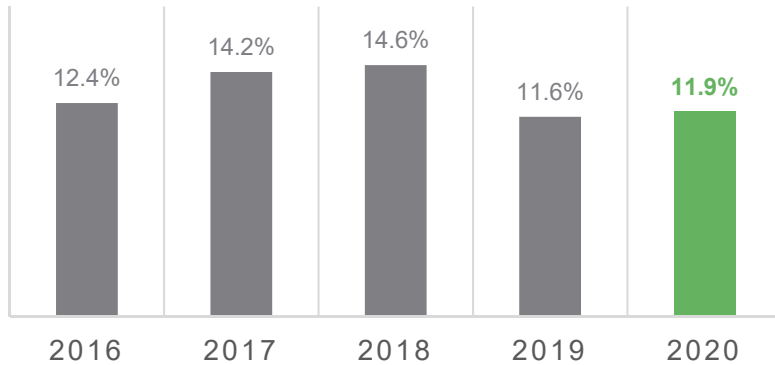


Allowance for Credit Losses / Total Loans

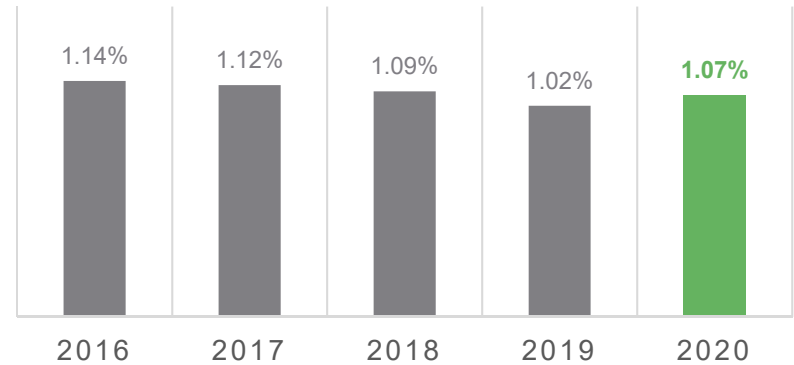


Profitability and Efficiency

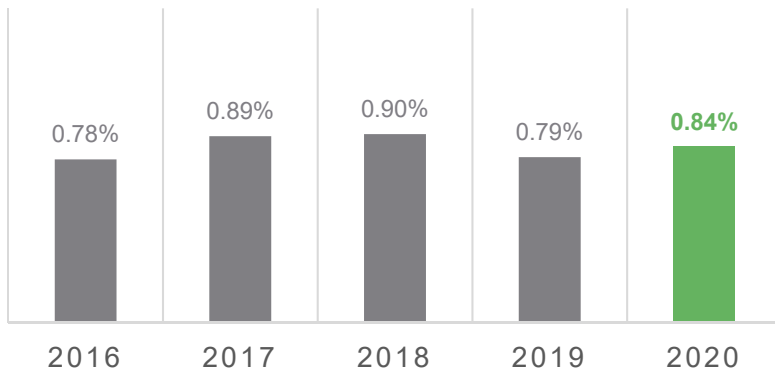
Return on Average Common Equity



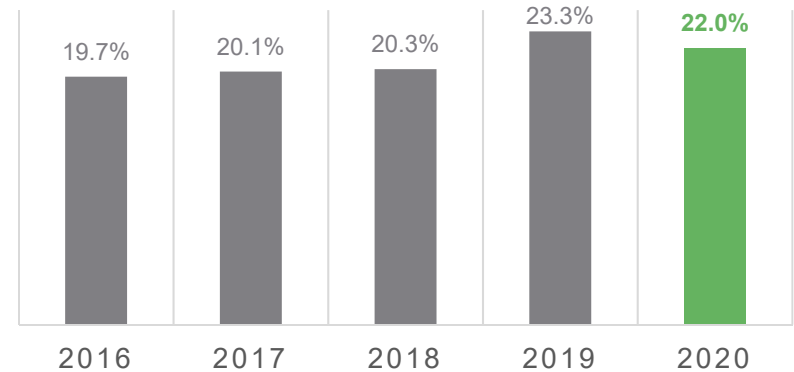
Net Interest Margin



Return on Average Assets



Operating Expense Ratio Excluding Insurance Fund Premiums

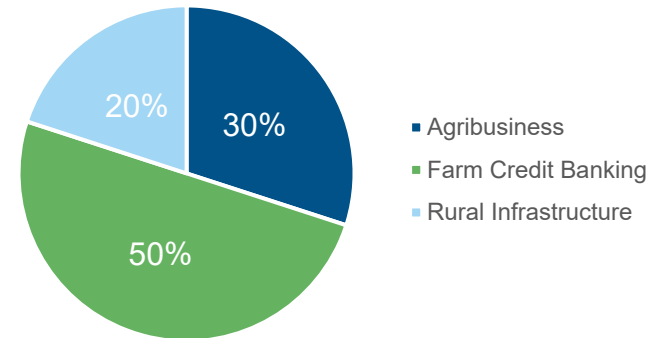


Operating Segments

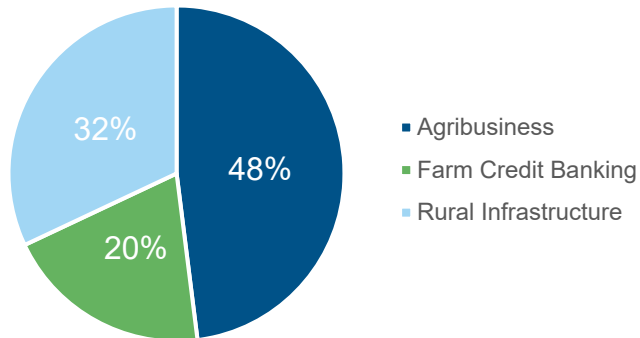
Summary

- Three operating segments (Agribusiness, Farm Credit Banking and Rural Infrastructure)
- Approximately \$121 billion in total loan volume
- Lower net income in Farm Credit Banking operating segment reflects narrower margins and lower risk profile from wholesale loans

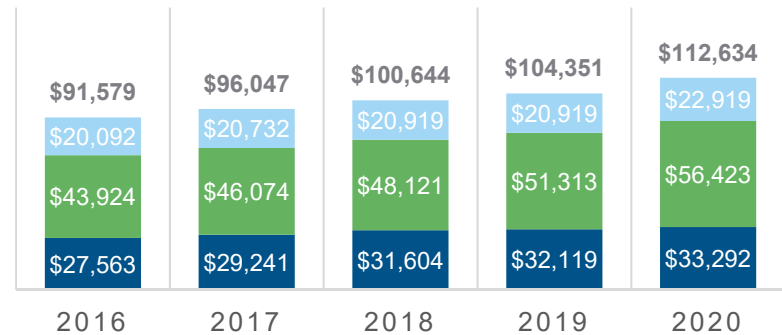
Loan Volume – \$120.9 Billion at December 31, 2020



Net Income – \$1.263 Billion



Average Loan Volume (\$ in Millions)



Agribusiness Portfolio

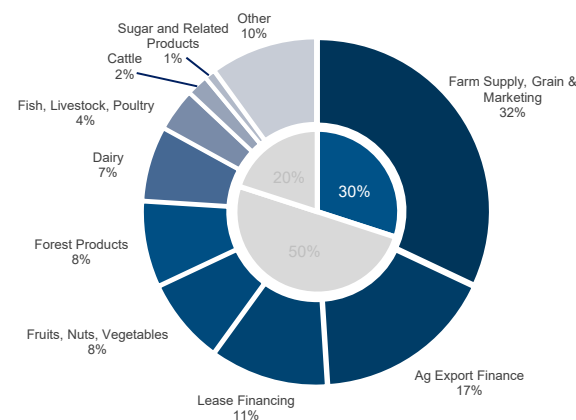
Portfolio Highlights

- \$36.1 billion retail loan portfolio at December 31, 2020
- 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 \$6.0 billion in agricultural export loans; 22% are U.S. government-guaranteed
- Includes \$4.1 billion leasing portfolio

Financial Summary

(\$ in millions)	2020	2019	2018
Period-End Loans	\$ 36,103	\$ 33,168	\$ 32,432
Average Loans	\$ 33,292	\$ 32,119	\$ 31,604
Net Income	\$ 608	\$ 537	\$ 575
Nonaccrual Loans	\$ 98	\$ 220	\$ 288

Portfolio Sectors



Loan Quality

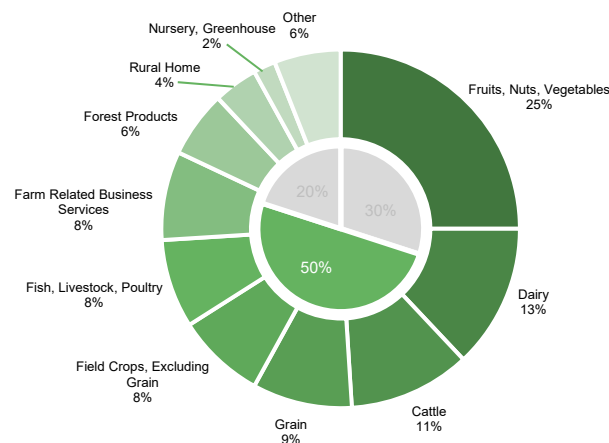
	2020	2019	2018
Acceptable	93.61%	92.85%	94.40%
Special Mention	4.81	3.90	2.69
Substandard	1.56	3.23	2.89
Doubtful	0.02	0.02	0.02
Loss	-	-	-

Farm Credit Banking Portfolio

Portfolio Highlights

- \$60.5 billion wholesale loan portfolio at December 31, 2020
- Lending to 20 affiliated Farm Credit associations (as of January 1, 2021) 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)	2020	2019	2018
Period-End Loans	\$ 60,516	\$ 54,459	\$ 50,695
Average Loans	\$ 56,423	\$ 51,313	\$ 48,121
Net Income	\$ 257	\$ 223	\$ 269
Nonaccrual Loans	\$ -	\$ -	\$ -

Loan Quality

	2020	2019	2018
Acceptable	97.08%	94.50%	98.95%
Special Mention	2.92	5.50	0.93
Substandard	-	-	0.12
Doubtful	-	-	-
Loss	-	-	-

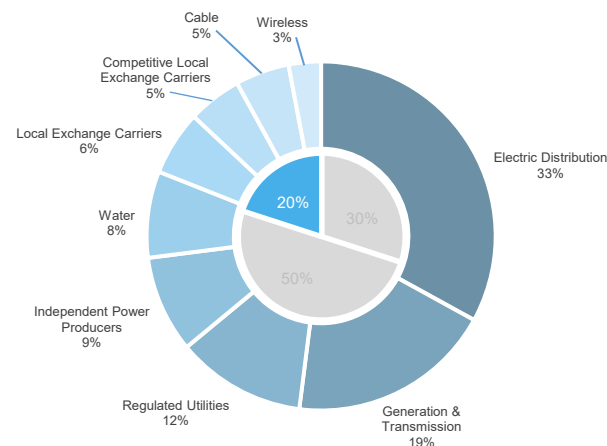


Rural Infrastructure Portfolio

Portfolio Highlights

- \$24.2 billion retail loan portfolio at December 31, 2020
- 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)	2020	2019	2018
Period-End Loans	\$ 24,237	\$ 21,227	\$ 21,367
Average Loans	\$ 22,919	\$ 20,919	\$ 20,919
Net Income	\$ 398	\$ 331	\$ 347
Nonaccrual Loans	\$ 19	\$ 20	\$ 38

Loan Quality

	2020	2019	2018
Acceptable	98.89%	97.66%	98.08%
Special Mention	0.79	0.75	0.65
Substandard	0.30	1.53	1.27
Doubtful	0.02	0.06	-
Loss	-	-	-



Capital Position

Summary

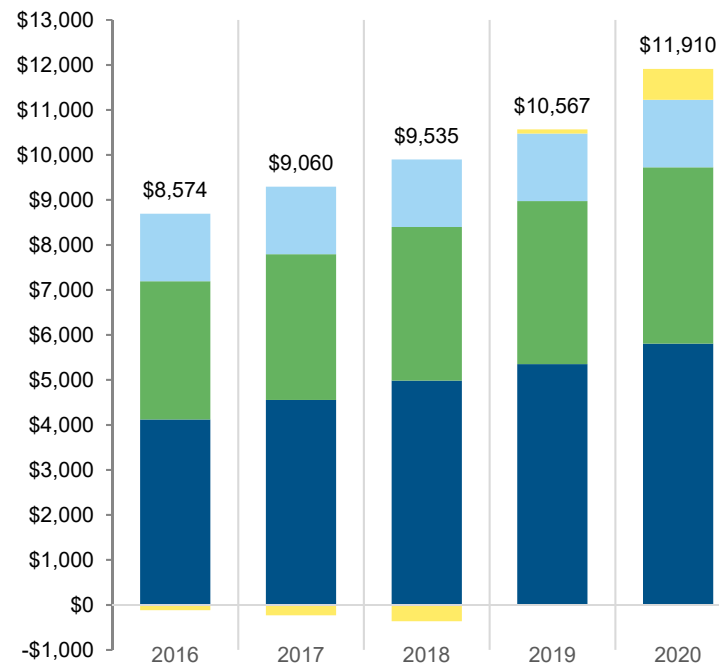
- Capital ratios exceed required regulatory minimums
- Assures continued viability and capacity to meet our customers' borrowing needs
- Preferred stock provides additional layer of risk-bearing capacity

Capital Ratios

	December 31, 2020			
	Regulatory Minimum	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 (CET1) Capital Ratio	4.5 %	12.33 %	7.83 %	2.5 %
Tier 1 Capital Ratio	6.0	14.25	8.25	2.5
Total Capital Ratio	8.0	15.22	7.22	2.5
Tier 1 Leverage Ratio ⁽¹⁾	4.0	7.30	3.30	1.0
Permanent Capital Ratio	7.0	14.36	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.5	3.23	n/a	n/a

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

Shareholders' Equity (\$ in Millions)



Preferred Stock	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
Common Stock	\$ 3,072	\$ 3,240	\$ 3,416	\$ 3,622	\$ 3,918
Retained Earnings	\$ 4,121	\$ 4,552	\$ 4,982	\$ 5,351	\$ 5,804
Other Comprehensive (Loss) Income	\$ (119)	\$ (232)	\$ (363)	\$ 94	\$ 688

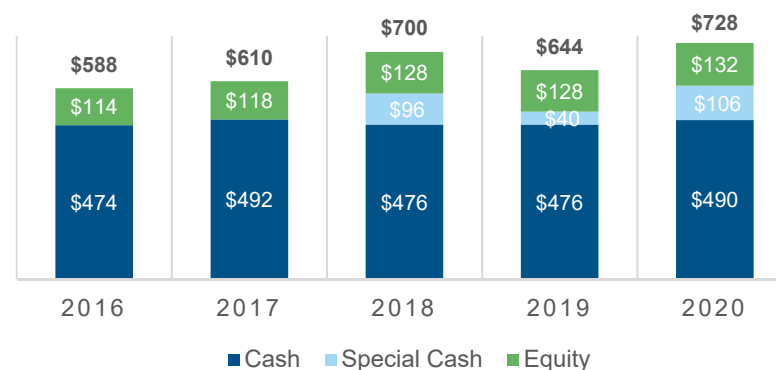


Patronage

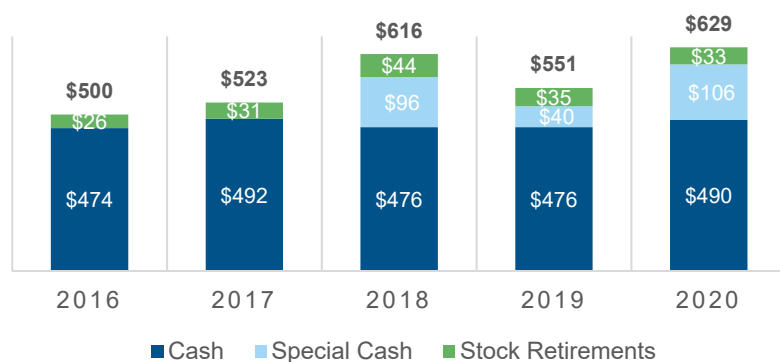
Summary

- Patronage is a key part of the value proposition we provide our eligible customer-owners
- In 2020, we declared a special cash patronage distribution of \$106.6 million to customer-owners to be paid in March 2021
- In 2019 and 2018, we made special cash patronage distributions of \$39.8 million and \$96.2 million, respectively
- In 2017, we announced changes to our capital plans and patronage programs. These changes began to take effect in 2018 for patronage to be paid in 2019

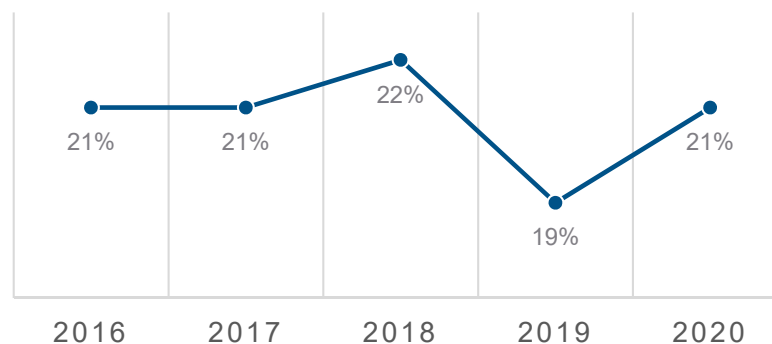
Patronage (\$ in Millions)



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
- Broad, consistent 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
- Some unfavorable funding impacts beginning in March 2020 related to COVID-19 market disruptions; however, funding spreads returned closer to historical levels during the remainder of 2020

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	2.5%
Series I	375	3.1%
Common Stock	3,918	32.9%
Unallocated Retained Earnings	5,804	48.7%
Accumulated Other Comprehensive Income	688	5.8%
	\$11,910	100.0%

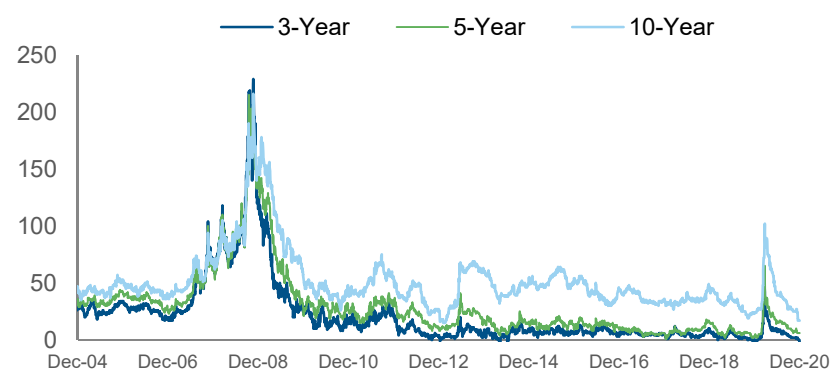
(1) As of December 31, 2020

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

Debt (\$ in Millions)⁽¹⁾

Type	Amount	% of Debt	Avg. Maturity (in years)	Weighted Avg. Rate ⁽²⁾
Discount Notes	\$ 9,856	6.9%	0.3	0.15%
Bonds – Noncallable	118,255	82.5%	2.6	0.90%
Bonds – Callable, Other	14,239	9.9%	4.9	0.84%
S/T Customer Investments and Other	1,034	0.7%	0.1	0.29%
	\$143,384	100.0%	2.6	0.83%

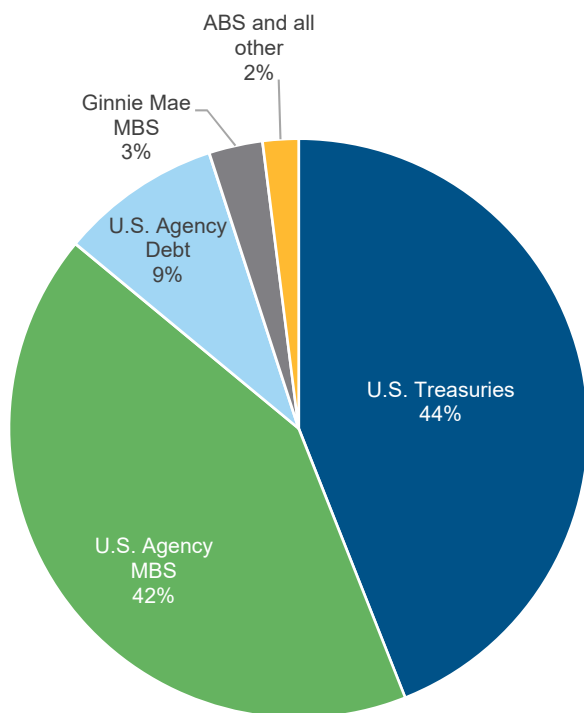
Farm Credit System Spreads to U.S. Treasuries (Basis Points)



Investment Portfolio

Total Investment Securities of \$32.8 Billion

(as of December 31, 2020)



Summary

- \$32.8 billion market-diversified portfolio plus \$2.3 billion of cash and cash equivalents and \$0.8 billion in Federal Funds Sold and Other Overnight Funds as of December 31, 2020
- Largely composed of securities issued or guaranteed by GSEs or U.S. government
- Cash flow average life of 3.9 years and duration of 2.5 years
- Earns average spread of approximately 12 basis points
- 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 174 days at December 31, 2020
 - CoBank's long-term debt to loans was approximately 66% as of December 31, 2020

(\$ in Millions)

Type	Fair Value
U.S. Treasuries	\$14,362
U.S. Agency MBS	13,919
U.S. Agency Debt	2,960
Ginnie Mae MBS	886
ABS and all other	698
Total	\$32,825

