COBANK DISTRICT

2020 FINANCIAL INFORMATION

COBANK

District Financial Information

CoBank, ACB and Affiliated Associations

Introduction and District Overview

CoBank, ACB (CoBank, the Bank, we, our, or us) is one of the four banks in the Farm Credit System (System) and provides loans, leases and other financial services to support agriculture, rural infrastructure and rural communities across the United States. The System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. The System was established in 1916 by the U.S. Congress, and is a Government Sponsored Enterprise. CoBank is federally chartered under the Farm Credit Act of 1971, as amended (the Farm Credit Act), and is subject to supervision, examination, and safety and soundness regulation by an independent federal agency, the Farm Credit Administration (FCA).

We are cooperatively owned by our eligible U.S. customers. Our customers consist of agricultural cooperatives; other food and agribusiness companies; rural power, communications and water cooperatives and companies; rural community facilities; Agricultural Credit Associations (Associations), which are regulated, farmer-owned financial institutions and members of the System; and other businesses that serve agriculture and rural communities. The Associations originate and service long-term real estate mortgage loans as well as short- and intermediate-term loans for agricultural and other purposes to full and part-time farmers. Associations may also make loans to, among others, processing and marketing entities, farm-related businesses, and rural residents for home purchase and improvements. The Associations may also purchase eligible loan participations from System entities and other lending institutions. Additionally, the Associations may serve as an intermediary in offering multi-peril crop insurance and credit life insurance, and providing additional financial services to borrowers.

We are chartered by the FCA to serve the Associations that provide credit and related financial services to or for the benefit of eligible borrowers/shareholders for qualified purposes in specific geographic areas in the United States. We collectively refer to these entities as our affiliated Associations. The Associations are not authorized by the Farm Credit Act to participate directly in the issuance of Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities). Therefore, we are the primary funding source for our affiliated Associations. As of January 1, 2021, we have 20 affiliated Associations serving customers in 23 states across the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

Our affiliated Associations are considered customers and thus operate independently and maintain an arms-length relationship with us, except to the extent that the Farm Credit Act requires us, as the funding bank, to monitor and approve certain activities of these Associations.

As authorized by the FCA, the financial information of affiliated Associations is not included in the consolidated financial statements presented in CoBank's 2020 Annual Report to Shareholders (the Annual Report). However, the FCA authorizes CoBank to present combined Bank and Association financial information in a separate District Report. CoBank does not have the corporate or direct regulatory authority to compel its affiliated Associations to disclose information or to establish and maintain their disclosure controls and procedures or internal controls over financial reporting. Accordingly, CoBank's preparation of this District Report and the establishment of adequate controls relating to this District Report are dependent on our affiliated Associations themselves satisfying their regulatory obligations and complying with agreed upon disclosure policies and procedures. Failure by an affiliated Association to provide accurate or timely information for District financial reporting or to have adequate disclosure controls or procedures or internal controls over financial reporting, as required by regulation or as agreed to under the disclosure policies and procedures, could jeopardize the accuracy of certain information in this District Report or CoBank's ability to timely issue this District Report.

CoBank and its affiliated Associations operate under a debtor-creditor relationship evidenced by a General Financing Agreement (GFA) entered into separately with each Association. The GFA sets forth the business relationship between us and each Association and also references certain requirements contained in the Farm Credit Act and FCA regulations. The Associations' respective boards of directors are expected to establish and monitor the necessary policies and procedures to comply with all FCA regulations. In all other respects, the lending relationship with the Associations is substantially similar to that with our other borrowers.

We make loans to the Associations, which, in turn, make loans to their eligible borrowers. We have senior secured interests in substantially all of the Associations' assets, which extend to the underlying collateral of the Associations' loans to their customers. Loans outstanding to our affiliated Associations totaled $55.5 billion at December 31, 2020. During 2020, $164.8 billion of advances on loans were made to our affiliated Associations and repayments totaled $158.9 billion.

We have no direct access to Association capital. Our bylaws permit our Board of Directors to set the required level of Association investment in the Bank within a range of 4 to 6 percent of the one-year historical average of Association borrowings. In 2020, the required investment level was 4 percent. There are no capital sharing agreements between us and our affiliated Associations.

The Financial Highlights, Management's Discussion and Analysis and the Condensed Combined Balance Sheets and

District Financial Information

CoBank, ACB and Affiliated Associations

Statements of Income included on the following pages present unaudited combined financial information and related analysis of CoBank and its affiliated Associations, which are collectively referred to as the “District.” As part of the combining process, all significant transactions between CoBank and the Associations, including loans made by the Bank to the affiliated Associations and the interest income/interest expense related thereto, and investments of the affiliated Associations in the Bank and the earnings related thereto, have been eliminated.

District Financial Information
CoBank, ACB and Affiliated Associations

Financial Highlights

($ in Thousands)

As of December 31,	2020	2019	2018
Total Loans	**$ 132,243,322**	$ 119,995,001	$ 115,149,430
Less: Allowance for Loan Losses	**970,007**	985,645	930,771
Net Loans	**131,273,315**	119,009,356	114,218,659
Total Assets	**171,550,082**	157,191,842	150,603,941
Total Shareholders' Equity	**22,810,253**	20,998,810	19,512,722

Year Ended December 31,	2020	2019	2018
Net Interest Income	**$ 3,364,071**	$ 3,088,557	$ 2,998,945
Provision for Loan Losses	**53,786**	92,580	83,165
Net Fee Income	**207,667**	143,606	142,912
Net Income	**2,331,085**	2,105,254	2,147,012
Net Interest Margin	**2.12 %**	2.08 %	2.12 %
Net Charge-offs / Average Loans	**0.04**	0.02	0.05
Return on Average Assets	**1.43**	1.40	1.50
Return on Average Total Shareholders' Equity	**10.38**	10.18	11.29
Operating Expense / Net Interest Income and Noninterest Income	**34.22**	34.60	32.21
Average Loans	**$ 123,956,080**	$ 115,482,843	$ 111,212,068
Average Earning Assets	**158,585,371**	148,271,053	141,390,337
Average Assets	**163,467,824**	150,456,985	143,153,285

Management's Discussion and Analysis of District Results of Operations and Financial Condition

District average loan volume increased 7 percent to $124.0 billion in 2020 compared to $115.5 billion in 2019. The increase in average loan volume primarily reflected growth in real estate mortgage, rural power, production and intermediate-term, agribusiness processing and marketing and communication loans.

District net income increased to $2.331 billion in 2020, as compared to $2.105 billion in 2019. The increase in District earnings primarily resulted from an increase in net interest income, noninterest income and a lower provision for loan losses. These items were somewhat offset by an increase in operating expenses and a higher provision for income taxes in 2020.

District net interest income increased 9 percent to $3.364 billion in 2020 from $3.089 billion in 2019. The increase in net interest income was primarily driven by growth in average loan volume across the District and higher earnings on balance sheet positioning at the Bank. The District's overall net interest margin improved to 2.12 percent in 2020, compared to 2.08 percent in 2019. The increase in net interest margin in 2020 included higher earnings on balance sheet positioning at CoBank and improved lending spreads across certain portions of the District loan portfolio as well as the favorable impact of interest income recognized on several agribusiness nonaccrual loan repayments across the District.

The District recorded a provision for loan losses of $53.8 million in 2020, compared to $92.6 million in 2019. CoBank recorded a provision for loan losses of $21.0 million in 2020 compared to $57.0 million in 2019. The 2020 provision at CoBank primarily relates to increased agribusiness lending and leasing activity partially offset by a decrease in specific reserves for a small number of agribusiness customers. The Bank's provision for loan losses in the 2020 period also included an additional level of reserves to reflect inherent losses in its loan portfolio resulting from deterioration in the macroeconomic environment and business disruptions related to COVID-19. These increases in CoBank's provision for loan losses were partially offset by a loan loss reversal related to rural infrastructure lending due to an improvement in credit quality as well as a decrease in specific reserves for a small number of rural infrastructure customers. The 2019 provision for loan losses at CoBank largely reflected deterioration in credit quality in agribusiness lending in addition to growth in average loan volume. The Associations recorded a net combined provision for loan losses of $32.8 million in 2020, compared to a net combined provision of $35.6 million in 2019. The net combined 2020 provision for loan losses at the Associations was primarily due to provisions at several Associations resulting from a higher level of lending activity and concerns causing stress to specific industries as well as the impacts of COVID-19. The net combined 2019 provisions for loan losses at the Associations were primarily due to provisions recorded at several Associations resulting from deterioration in credit quality and concerns causing stress to specific industries.

District noninterest income increased $80.4 million to $461.1 million in 2020 from $380.7 million in 2019. Noninterest income is primarily composed of fee income, patronage income, loan prepayment income and miscellaneous gains and losses, offset by losses on early extinguishments of debt. The increase in noninterest income resulted largely from a $64.1 million increase in net fee income at CoBank and certain Associations due to a higher level of transaction-related lending fees in 2020 compared to 2019. Gains on interest rate swaps and other derivatives increased $27.0 million in 2020 compared to 2019 resulting from the impact of market interest rate changes in the 2020 period and higher customer derivative activity and related income at the Bank. Patronage income received from other System institutions on loan participations sold by CoBank and certain Associations increased by $24.9 million in 2020 compared to 2019. These increases in noninterest income were partially offset by a $46.5 million increase in losses on early extinguishment of debt, net of prepayment income in 2020 compared to 2019.

Total District operating expenses increased 9 percent to $1.309 billion in 2020 from $1.201 billion in 2019. Higher operating expenses included an increase in employee compensation expense of $84.2 million to $754.9 million during 2020 compared to $670.7 million in 2019. The increase in employee compensation expense was driven by merit increases, higher incentive compensation and an increase in the number of employees to support increased investments in operating and technology platforms and other new business initiatives as well as to maintain high levels of customer service. Information services expense increased $13.4 million in 2020 compared to 2019 primarily due to greater expenditures at CoBank and certain Associations to enhance service offerings, technology platforms and digital banking capabilities. Insurance Fund premium expense increased $13.0 million in 2020 compared to 2019 due to an increase in debt funding growth in loan volume. Insurance Fund premium rates are set by the Insurance Corporation and were 8 basis points of adjusted insured debt obligations in the first half of 2020 and 11 basis points for the second half of 2020 compared to 9 basis points throughout 2019. The Insurance Corporation announced a premium rate of 16 basis points of average outstanding adjusted insured debt obligations for the first half of 2021. These increases in operating expenses were partially offset by decreases in other operating expenses of $10.2 million and general and administrative expense of $2.2 million in 2020 compared to 2019. The decrease in other operating expenses primarily related to a lower level of expenditures for business travel and meeting related expenses due to COVID-19 restrictions. The decrease in general and administrative expense is primarily due to a reduction in training and other miscellaneous expenses.

District income tax expense increased $60.4 million to $131.3 million in 2020 from $70.9 million in 2019. The income tax expense at the District predominantly relates to CoBank as a substantial majority of the business activities at Associations are exempt from federal income tax. The increase in income tax expense was primarily due to an increase in earnings attributable to taxable business activities in 2020 and favorable adjustments recorded in 2019. The 2019 provision for income taxes included a $30.2 million favorable adjustment reflecting amendments to CoBank's 2015 through 2017 federal and state tax returns to realize the benefit of certain equipment leasing transactions. The 2019 provision for income taxes also contained a net benefit of $6.2 million primarily resulting from a change in methodology related to state income tax rates.

Loan Portfolio

The following table presents the District's outstanding loans classified in accordance with the FCA's loan types.

($ in Thousands)

District Loans by Loan Type

December 31,	2020	2019	2018
Real Estate Mortgage	$ **40,274,080**	$ 35,996,091	$ 34,116,612
Nonaffiliated Associations	**4,976,863**	4,936,794	4,932,121
Production and Intermediate-term	**18,761,282**	17,918,614	16,242,017
Agribusiness:			
Loans to Cooperatives	**17,089,262**	15,382,653	15,379,249
Processing and Marketing	**11,103,261**	9,823,770	8,873,455
Farm Related Businesses	**2,014,134**	2,055,529	1,840,623
Communications	**5,528,730**	4,462,820	3,948,778
Rural Power	**18,776,719**	16,457,334	16,991,058
Water/Wastewater	**2,244,513**	1,956,484	2,033,851
Agricultural Export Finance	**6,320,432**	6,208,574	6,138,278
Rural Residential Real Estate	**579,813**	680,001	767,197
Lease Receivables	**4,466,223**	3,984,289	3,742,895
Other	**108,010**	132,048	143,296
Total	$ **132,243,322**	$ 119,995,001	$ 115,149,430

District loan volume increased $12.2 billion to $132.2 billion at December 31, 2020, compared to $120.0 billion at December 31, 2019. The increase was primarily driven by increases in real estate mortgage, rural power, agribusiness loans to cooperatives, processing and marketing and communications loans.

Portfolio Diversification

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, or within close proximity, which could cause them to be similarly impacted by economic or other conditions. Credit risk in the District's loan portfolio is spread broadly among customers, industries and geographic territory. The District serves a diversified spectrum of borrowers up and down the agricultural value chain. Association retail loans in the District loan portfolio are concentrated in the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. CoBank's retail loan portfolio extends across the United States, with moderate levels of concentration in the Midwest region of the country and in the grain marketing, farm supply, dairy, and electric distribution sectors.

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The following tables present the District's combined loan portfolio by primary business/commodity and geographic distribution, as a percent of total loans for the periods presented.

Distribution by Primary Business / Commodity

December 31,	2020	2019	2018
Fruits, Nuts and Vegetables	**16 %**	16 %	15 %
Farm Supply, Grain and Marketing	**13**	13	14
Dairy	**9**	9	9
Electric Distribution	**6**	6	7
Cattle	**6**	6	6
Forest Products	**5**	6	6
Agricultural Export Finance	**5**	5	5
Field Crops Except Grains	**4**	4	4
Nonaffiliated Associations	**4**	4	4
Livestock, Fish and Poultry	**4**	4	4
Farm Related Business Services	**4**	4	4
Generation and Transmission	**3**	3	3
Leasing	**3**	3	3
Regulated Utilities	**3**	2	2
Rural Home	**2**	2	2
Independent Power Producers	**2**	2	2
Other	**11**	11	10
Total	**100 %**	100 %	100 %

Geographic Distribution

December 31,	2020	2019	2018
California	**23 %**	22 %	22 %
Kansas	**6**	6	6
Texas	**6**	6	6
New York	**5**	5	5
Washington	**4**	4	4
Colorado	**4**	3	3
Idaho	**3**	3	3
Iowa	**3**	2	2
Illinois	**3**	3	3
Oklahoma	**3**	3	3
Oregon	**2**	3	3
Minnesota	**2**	2	2
Ohio	**2**	1	1
Nebraska	**2**	1	2
Florida	**2**	2	2
Other (less than 2 percent each for the current year)	**25**	29	28
Total States	**95 %**	95 %	95 %
Latin America	**2**	2	2
Asia	**2**	2	2
Europe, Middle East and Africa	**1**	1	1
Total International	**5 %**	5 %	5 %
Total	**100 %**	100 %	100 %

Loan Quality

One credit quality indicator utilized by the Bank and Associations is the FCA Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality,
- Special Mention – assets are currently collectible but exhibit some potential weakness,
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan,
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- Loss – assets are considered uncollectible.

The following table presents loans, classified by management at the various District entities pursuant to the FCA's Uniform Loan Classification System, as a percent of total loans and accrued interest.

District Loan Quality

December 31,	2020	2019	2018
Acceptable	**94.89 %**	93.59 %	94.22 %
Special Mention	**3.29**	3.52	2.97
Substandard	**1.80**	2.87	2.80
Doubtful	**0.02**	0.02	0.01
Loss	**-**	-	-
Total	**100.00 %**	100.00 %	100.00 %

Our overall loan quality within the District remains strong at December 31, 2020 and improved across most key credit quality measures compared to December 31, 2019. Special Mention loans and accrued interest improved to 3.29 percent of total loans and accrued interest at December 31, 2020 from 3.52 percent at December 31, 2019. These improvements were primarily due to an upgrade from Special Mention to Acceptable of a participation in a wholesale loan made by Farm Credit Bank of Texas to one of its affiliated Associations. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans and accrued interest improved to 1.82 percent at December 31, 2020, compared to 2.89 percent at December 31, 2019. The improvement was primarily driven by customer credit quality upgrades in agribusiness, production and intermediate-term and rural power loans.

Although overall credit quality of the District loan portfolio remained strong during 2020, economic conditions in the broader economy deteriorated rapidly beginning in March 2020. The introduction and spread of COVID-19 around the world has caused significant volatility and unfavorable conditions in the U.S. and international markets. There is significant uncertainty around the magnitude and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies. As such, it is uncertain the level of impact COVID-19 business disruptions will have on credit quality at District institutions. Since the onset of COVID-19, CoBank and certain Associations elected to modify a number of loans and leases to provide short-term relief to borrowers in need of temporary assistance. As of December 31, 2020, loan and lease modifications at CoBank and the Associations in the District involving short-term principal and/or interest deferrals related to COVID-19 business disruptions were approximately four percent of total loans. At this time, the credit quality impacts within the District's loan portfolio resulting from COVID-19 business disruptions are expected to be mixed with certain industries negatively impacted. District institutions have identified the biofuels, dairy, protein, forest products, and fruits/nuts and vegetables industries as the most likely to be negatively impacted due to lower demand and supply chain disruptions in the current environment. However, there is uncertainty as to the magnitude and severity of the credit quality impacts to their loans in these sectors based on the information available in the marketplace at this time. Unfavorable changes to other industries from COVID-19 business disruptions may also negatively impact District credit quality in future periods.

Nonperforming assets (which consist of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due and other property owned) totaled $558.6 million as of December 31, 2020 compared to $728.8 million at December 31, 2019. Nonaccrual loans at CoBank improved by $123.3 million primarily due to payment activity and charge-offs on several nonaccrual loans to agribusiness and rural infrastructure customers. Nonaccrual loans at Associations improved by $51.1 million primarily due to payment activity and charge-offs during 2020. Accruing restructured loans decreased by $10.4 million to $26.1 million in 2020 primarily due to the movement of a real estate mortgage loan to nonaccrual status. Total accruing loans 90 days or more past due increased to $37.6 million at December 31, 2020, compared to $19.3 million at December 31, 2019. Nonperforming assets represented 0.42 percent of total District loan volume and other property owned at December 31, 2020, compared to 0.61 percent at December 31, 2019. Nonaccrual loan volume, the largest component of nonperforming assets, represented 0.37 percent of total loans at December 31, 2020 compared to 0.55 percent of total loans at December 31, 2019.

The following table displays the District's nonperforming assets for the periods presented.

($ in Thousands)

Nonperforming Assets			
December 31,	**2020**	**2019**	**2018**
Nonaccrual Loans:			
Real Estate Mortgage	**$ 225,668**	$ 230,581	$ 187,334
Production and Intermediate-term	**124,090**	151,335	129,866
Agribusiness	**93,135**	224,854	314,010
Communications	**-**	-	9,507
Rural Power	**18,188**	19,368	28,656
Rural Residential Real Estate	**4,122**	3,545	4,226
Lease Receivables	**21,363**	31,067	37,216
Other	**1,637**	1,838	-
Total Nonaccrual Loans	**488,203**	662,588	710,815
Accruing Restructured Loans:			
Real Estate Mortgage	**16,206**	24,482	19,568
Production and Intermediate-term	**8,861**	10,806	10,832
Agribusiness	**-**	-	489
Rural Residential Real Estate	**1,008**	1,190	2,056
Total Accruing Restructured Loans	**26,075**	36,478	32,945
Accruing Loans 90 Days or More Past Due:			
Real Estate Mortgage	**31,573**	8,685	8,857
Production and Intermediate-term	**2,585**	4,410	2,983
Agribusiness	**-**	3,643	771
Rural Power	**-**	1,377	-
Rural Residential Real Estate	**40**	-	-
Lease Receivables	**3,372**	1,138	914
Total Accruing Loans 90 Days or More Past Due	**37,570**	19,253	13,525
Total Nonperforming Loans	**551,848**	718,319	757,285
Other Property Owned	**6,785**	10,470	4,534
Total Nonperforming Assets	**$ 558,633**	$ 728,789	$ 761,819
Nonaccrual Loans as a Percentage of Total Loans	**0.37 %**	0.55 %	0.62 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned	**0.42**	0.61	0.66
Nonperforming Assets as a Percentage of Capital	**2.45**	3.47	3.90

The following tables present an aging of past due loans in the District for the periods presented.

($ in Thousands)

Aging of Past Due Loans

	December 31, 2020					
	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans and Accrued Interest	Recorded Investment >90 Days and Accruing
Real Estate Mortgage	$ 88,208	$ 106,639	$ 194,847	$ 40,507,938	$ 40,702,785	$ 31,573
Nonaffiliated Associations	-	-	-	4,979,986	4,979,986	-
Production and		-				
Intermediate-term	83,341	51,972	135,313	18,738,247	18,873,560	2,585
Agribusiness	11,766	27,408	39,174	30,248,295	30,287,469	-
Communications	8,382	-	8,382	5,526,655	5,535,037	-
Rural Power	3,309	5,102	8,411	18,835,400	18,843,811	-
Water/Waste Water	-	-	-	2,254,237	2,254,237	-
Agricultural Export Finance	-	-	-	6,334,639	6,334,639	-
Rural Residential Real Estate	2,938	1,298	4,236	577,421	581,657	40
Lease Receivables	13,210	9,706	22,916	4,444,302	4,467,218	3,372
Other	-	-	-	108,175	108,175	-
Total	$ 211,154	$ 202,125	$ 413,279	$ 132,555,295	$ 132,968,574	$ 37,570

($ in Thousands)

Aging of Past Due Loans

	December 31, 2019					
	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans and Accrued Interest	Recorded Investment >90 Days and Accruing
Real Estate Mortgage	$ 77,397	$ 70,921	$ 148,318	$ 36,301,625	$ 36,449,943	$ 8,685
Nonaffiliated Associations	2	-	2	4,946,229	4,946,231	-
Production and Intermediate-term	94,186	48,591	142,777	17,919,755	18,062,532	4,410
Agribusiness	6,742	40,515	47,257	27,319,144	27,366,401	3,643
Communications	30,086	-	30,086	4,440,806	4,470,892	-
Rural Power	-	14,944	14,944	16,506,579	16,521,523	1,377
Water/Waste Water	1,272	-	1,272	1,964,563	1,965,835	-
Agricultural Export Finance	-	-	-	6,232,305	6,232,305	-
Rural Residential Real Estate	3,317	1,381	4,698	677,409	682,107	-
Lease Receivables	16,150	8,218	24,368	3,960,912	3,985,280	1,138
Other	-	-	-	132,364	132,364	-
Total	$ 229,152	$ 184,570	$ 413,722	$ 120,401,691	$ 120,815,413	$ 19,253

($ in Thousands)

Aging of Past Due Loans

	December 31, 2018					
	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans and Accrued Interest	Recorded Investment >90 Days and Accruing
Real Estate Mortgage	$ 111,912	$ 92,524	$ 204,436	$ 34,334,133	$ 34,538,569	$ 8,857
Nonaffiliated Associations	1	-	1	4,944,254	4,944,255	-
Production and Intermediate-term	74,252	62,167	136,419	16,239,422	16,375,841	2,983
Agribusiness	12,518	8,030	20,548	26,185,768	26,206,316	771
Communications	-	-	-	3,957,618	3,957,618	-
Rural Power	1,024	21,522	22,546	17,036,355	17,058,901	-
Water/Waste Water	1	-	1	2,043,552	2,043,553	-
Agricultural Export Finance	-	-	-	6,164,788	6,164,788	-
Rural Residential Real Estate	4,616	1,993	6,609	762,959	769,568	-
Lease Receivables	14,787	7,592	22,379	3,721,380	3,743,759	914
Other	-	-	-	143,711	143,711	-
Total	$ 219,111	$ 193,828	$ 412,939	$ 115,533,940	$ 115,946,879	$ 13,525

District entities maintain an allowance for loan losses at a level consistent with the probable losses identified by management of each institution, considering such factors as current agricultural and economic conditions, loan loss experience, portfolio quality, and loan portfolio composition and concentrations. CoBank and certain Associations also maintain a reserve for unfunded commitments, which totaled $155.5 million at December 31, 2020.

Although aggregated in the District's combined financial statements, the allowance for loan losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities. The allowance for loan losses at December 31, 2020 totaled $970.0 million compared to $985.6 million at December 31, 2019. Changes in the allowance included an overall provision for loan losses of $53.8 million, which is described on page 4, net charge-offs of $45.4 million, and a $24.0 million net transfer to the reserve for unfunded commitments.

District Financial Information

CoBank, ACB and Affiliated Associations

The following presents detailed changes in the allowance for loan losses in the District for the periods presented.

($ in Thousands)

Changes in Allowance for Loan Losses

	Real Estate Mortgage	Non-affiliated Associations	Production and Intermediate-term	Agri-business	Communi-cations	Rural Power	Water/ Wastewater	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
December 31, 2020											
Allowance for Loan Losses:											
Beginning Balance	**$ 127,072**	**$ -**	**$ 203,524**	**$ 388,248**	**$ 40,244**	**$ 135,323**	**$ 15,168**	**$ 21,236**	**$ 2,438**	**$ 52,392**	**$ 985,645**
Charge-offs	**(1,736)**	**-**	**(10,410)**	**(8,624)**	**(17,162)**	**(15,067)**	**-**	**-**	**(56)**	**(1,760)**	**(54,815)**
Recoveries	**2,560**	**-**	**3,587**	**945**	**238**	**345**	**-**	**802**	**3**	**959**	**9,439**
Provision for Loan Losses/										**-**	
(Loan Loss Reversal)	**9,448**	**-**	**4,591**	**30,613**	**26,307**	**(25,015)**	**(3,235)**	**4,380**	**73**	**6,624**	**53,786**
Transfers (to) from Reserve for										**-**	
Unfunded Commitments	**(3,705)**	**-**	**(7,211)**	**(11,469)**	**(1,771)**	**124**	**57**	**(46)**	**(30)**	**3**	**(24,048)**
Ending Balance	**$ 133,639**	**$ -**	**$ 194,080**	**$ 399,713**	**$ 47,856**	**$ 95,710**	**$ 11,990**	**$ 26,373**	**$ 2,428**	**$ 58,218**	**$ 970,007**
Allowance for Credit Losses											
Ending Balance, Allowance for Credit Losses Related to Loans and Unfunded Commitments:											
Individually Evaluated for Impairment	**$ 7,928**	**$ -**	**$ 8,372**	**$ 20,996**	**$ -**	**$ 2,700**	**$ -**	**$ -**	**$ -**	**$ 4,431**	**$ 44,427**
Collectively Evaluated for Impairment	**125,711**	**-**	**185,708**	**378,717**	**47,856**	**93,010**	**11,990**	**26,373**	**2,428**	**53,787**	**925,580**
Total	**$ 133,639**	**$ -**	**$ 194,080**	**$ 399,713**	**$ 47,856**	**$ 95,710**	**$ 11,990**	**$ 26,373**	**$ 2,428**	**$ 58,218**	**$ 970,007**
Loans											
Ending Balance for Loans and Related Accrued Interest:											
Individually Evaluated for Impairment	**$ 295,463**	**$ 4,979,986**	**$ 143,252**	**$ 98,136**	**$ 238**	**$ 18,376**	**$ 9**	**$ 93**	**$ 5,244**	**$ 105,987**	**$ 5,646,784**
Collectively Evaluated for Impairment	**40,407,322**	**-**	**18,730,308**	**30,189,333**	**5,534,799**	**18,825,435**	**2,254,228**	**6,334,546**	**576,413**	**4,469,406**	**127,321,790**
Total	**$ 40,702,785**	**$ 4,979,986**	**$ 18,873,560**	**$ 30,287,469**	**$ 5,535,037**	**$ 18,843,811**	**$ 2,254,237**	**$ 6,334,639**	**$ 581,657**	**$ 4,575,393**	**$ 132,968,574**

($ in Thousands)

Changes in Allowance for Loan Losses

	Real Estate Mortgage	Non-affiliated Associations	Production and Intermediate-term	Agri-business	Communi-cations	Rural Power	Water/ Wastewater	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
December 31, 2019											
Allowance for Loan Losses:											
Beginning Balance	$ 126,347	$ -	$ 174,805	$ 369,193	$ 55,768	$ 119,415	$ 13,657	$ 18,441	$ 3,032	$ 50,113	$ 930,771
Charge-offs	(743)	-	(13,399)	(4,974)	-	(7,500)	-	-	(1)	(4,031)	(30,648)
Recoveries	1,047	-	2,152	1,486	315	300	-	102	17	1,123	6,542
Provision for Loan Losses/ (Loan Loss Reversal)	4,340	-	42,229	33,440	(16,131)	20,331	1,214	2,575	(610)	5,192	92,580
Transfers (to) from Reserve for Unfunded Commitments	(3,000)	-	(1,782)	(10,897)	292	2,777	297	118	-	(5)	(12,200)
Association Merger Impact	(919)	-	(481)	-	-	-	-	-	-	-	(1,400)
Ending Balance	$ 127,072	$ -	$ 203,524	$ 388,248	$ 40,244	$ 135,323	$ 15,168	$ 21,236	$ 2,438	$ 52,392	$ 985,645
Allowance for Credit Losses											
Ending Balance, Allowance for Credit Losses Related to Loans and Unfunded Commitments:											
Individually Evaluated for Impairment	$ 1,120	$ -	$ 13,031	$ 56,783	$ -	$ 14,497	$ -	$ -	$ -	$ 3,899	$ 89,330
Collectively Evaluated for Impairment	125,952	-	190,493	331,465	40,244	120,826	15,168	21,236	2,438	48,493	896,315
Total	$ 127,072	$ -	$ 203,524	$ 388,248	$ 40,244	$ 135,323	$ 15,168	$ 21,236	$ 2,438	$ 52,392	$ 985,645
Loans											
Ending Balance for Loans and Related Accrued Interest:											
Individually Evaluated for Impairment	$ 294,727	$ 4,946,231	$ 176,472	$ 231,450	$ 313	$ 19,615	$ 12	$ 124	$ 4,885	$ 136,548	$ 5,810,377
Collectively Evaluated for								-			
Impairment	36,155,216	-	17,886,060	27,134,951	4,470,579	16,501,908	1,965,823	6,232,181	677,222	3,981,096	115,005,036
Total	$ 36,449,943	$ 4,946,231	$ 18,062,532	$ 27,366,401	$ 4,470,892	$ 16,521,523	$ 1,965,835	$ 6,232,305	$ 682,107	$ 4,117,644	$ 120,815,413

($ in Thousands)

Changes in Allowance for Loan Losses

	Real Estate Mortgage	Non-affiliated Associations	Production and Intermediate-term	Agri-business	Communi-cations	Rural Power	Water/ Wastewater	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
December 31, 2018											
Allowance for Loan Losses:											
Beginning Balance	$ 127,851	$ -	$ 170,997	$ 343,003	$ 50,189	$ 112,042	$ 11,606	$ 16,403	$ 3,673	$ 48,263	$ 884,027
Charge-offs	(6,109)	-	(14,218)	(28,046)	-	(2,135)	-	-	(50)	(7,431)	(57,989)
Recoveries	1,955	-	3,391	1,598	52	201	-	117	136	368	7,818
Provision for Loan Losses/ (Loan Loss Reversal)	601	-	14,011	48,400	4,966	3,663	1,416	1,924	(727)	8,911	83,165
Transfers from (to) Reserve for Unfunded Commitments	2,049	-	624	4,238	561	5,644	635	(3)	-	2	13,750
Association Merger Impact	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	$ 126,347	$ -	$ 174,805	$ 369,193	$ 55,768	$ 119,415	$ 13,657	$ 18,441	$ 3,032	$ 50,113	$ 930,771
Allowance for Credit Losses											
Ending Balance, Allowance for Credit Losses Related to Loans and Unfunded Commitments:											
Individually Evaluated for Impairment	$ 1,866	$ -	$ 18,240	$ 67,399	$ 4,700	$ 18,097	$ -	$ -	$ 11	$ 3,484	$ 113,797
Collectively Evaluated for Impairment	124,481	-	156,565	301,794	51,068	101,318	13,657	18,441	3,021	46,629	816,974
Total	$ 126,347	$ -	$ 174,805	$ 369,193	$ 55,768	$ 119,415	$ 13,657	$ 18,441	$ 3,032	$ 50,113	$ 930,771
Loans											
Ending Balance for Loans and Related Accrued Interest:											
Individually Evaluated for Impairment	$ 259,998	$ 4,944,255	$ 158,061	$ 323,143	$ 9,917	$ 28,981	$ 15	$ 162	$ 6,479	$ 146,703	$ 5,877,714
Collectively Evaluated for Impairment	34,278,571	-	16,217,780	25,883,173	3,947,701	17,029,920	2,043,538	6,164,626	763,089	3,740,767	110,069,165
Total	$ 34,538,569	$ 4,944,255	$ 16,375,841	$ 26,206,316	$ 3,957,618	$ 17,058,901	$ 2,043,553	$ 6,164,788	$ 769,568	$ 3,887,470	$ 115,946,879

Investment Portfolio

As the funding bank for the District, CoBank is responsible for meeting the District's funding and liquidity needs. While access to the unsecured debt capital markets remains the District's primary source of liquidity, the District also maintains a secondary source of liquidity through a high credit quality investment portfolio and other short-term liquid assets which are primarily held at the Bank. All of CoBank's investment securities are classified as "available for sale". Refer to the Annual Report for additional description of the types of investments held by the Bank and related yield information and maturities.

Associations have regulatory authority to enter into certain investments that carry an explicit government guarantee and certain other securities. As of December 31, 2020 and 2019, Association investments primarily included U.S. Treasury debt securities classified as "available-for-sale" and to a lesser extent mortgage-backed securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac) classified as "held to maturity". As of December 31, 2018, Association investments included Farmer Mac mortgage-backed securities only and were classified as "held to maturity".

($ in Millions)

Investment Information

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank Investments	**$ 31,915**	**$ 935**	**$ (25)**	**$ 32,825**
Association Investments	**659**	**1**	**-**	**660**
Total	**$ 32,574**	**$ 936**	**$ (25)**	**$ 33,485**
December 31, 2019				
CoBank Investments	$ 32,159	$ 318	$ (51)	$ 32,426
Association Investments	25	-	-	25
Total	$ 32,184	$ 318	$ (51)	$ 32,451
December 31, 2018				
CoBank Investments	$ 31,594	$ 35	$ (337)	$ 31,292
Association Investments	14	-	-	14
Total	$ 31,608	$ 35	$ (337)	$ 31,306

Derivatives and Hedging Activities

CoBank, and to a much lesser extent certain Associations in the District, use derivatives as part of their market risk management activities. Derivatives (primarily interest rate swaps) are used by the Bank and Associations to manage liquidity and the market risk arising from maturity and repricing mismatches between assets and liabilities. Derivatives (interest rate caps and floors) are also used by the Bank to hedge cap and floor risk embedded within its floating-rate investments and loans. The Bank also enters into derivatives with its retail customers and Associations in the District as a service to enable them to transfer, modify or reduce their interest rate risk. Derivative transactions between CoBank and the Associations in the District and the assets/liabilities and income/expense related thereto, are eliminated in the District's condensed combined balance sheets and statements of income. Refer to the CoBank Annual Report for additional description and disclosure of the Bank's derivatives.

Derivatives are recorded at fair value as assets or liabilities in the District condensed combined balance sheets. Derivative assets totaled $877.8 million at December 31, 2020 compared to $379.8 million at December 31, 2019. Derivative liabilities totaled $580.9 million at December 31, 2020 compared to $247.0 million at December 31, 2019. The increases in derivative assets and derivative liabilities at December 31, 2020 are primarily the result of a higher level of customer derivative and liquidity management hedging activity at the Bank, as well as lower interest rates compared to December 31, 2019.

Changes in the fair value of District derivatives are accounted for as gains or losses through current period earnings or as a component of accumulated other comprehensive income (loss), depending on the use of the derivatives and whether they qualify for hedge accounting treatment. Net changes in the fair value of derivatives recorded in noninterest income in the accompanying condensed combined statements of income included gains of $52.8 million and $25.8 million for the year ended December 31, 2020 and 2019, respectively. Changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled net gains of $20.1 million for the year ended December 31, 2020 compared to net losses of $37.8 million for 2019.

District Capital Resources

Combined District shareholders' equity at December 31, 2020 totaled $22.8 billion, a net increase of $1.8 billion as compared to $21.0 billion at December 31, 2019. The increase primarily resulted from District net income of $2.3 billion, an increase in accumulated other comprehensive income of $611.9 million and an increase in common stock of $61.0 million. These factors were partially offset by accrued patronage of $1.1 billion and preferred stock dividends of $89.6 million.

The components of the District's accumulated other comprehensive income (loss) are detailed in the following table.

($ in Thousands)

Accumulated Other Comprehensive Income (Loss)

December 31,	2020	2019	2018
Unrealized Gains (Losses) on Investment Securities	**$ 800,715**	$ 232,924	$ (271,242)
Net Pension Adjustment	**(399,053)**	(423,024)	(348,563)
Unrealized Losses on Interest Rate Swaps and Other Derivatives	**(43,353)**	(63,443)	(25,614)
Accumulated Other Comprehensive Income (Loss)	**$ 358,309**	$ (253,543)	$ (645,419)

The increase in the District's total accumulated other comprehensive income in 2020 is largely due to an increase in unrealized gains on investment securities at CoBank primarily driven by market interest rate changes on the fair value of fixed rate securities.

The following table presents regulatory capital and leverage ratios for CoBank and the range of ratios at the affiliated Associations.

Regulatory Capital Requirements and Ratios

December 31,				2020		2019		2018	
Ratio	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer*	CoBank	District Associations	CoBank	District Associations	Bank	District Associations
Risk Adjusted:									
Common equity tier 1 (CET1) capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)(1)	4.5%	7.0%	**12.33%**	**11.55 - 24.09%**	12.70%	13.40 - 25.89%	12.38%	14.00 - 28.58%
Tier 1 capital ratio	CET1 Capital, non-cumulative perpetual preferred stock	6.0%	8.5%	**14.25%**	**11.55 - 24.09%**	14.83%	13.40 - 25.89%	14.57%	14.00 - 28.58%
Total capital ratio	Tier 1 Capital, allowance for loan losses(2), common cooperative equities(3) and term preferred stock and subordinated debt(4)	8.0%	10.5%	**15.22%**	**11.79 - 24.59%**	15.86%	13.60 - 26.42%	15.58%	14.38 - 29.84%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	**14.36%**	**12.83 - 24.19%**	14.95%	13.91 - 26.06%	14.69%	14.14 - 32.30%
Non-risk adjusted:									
Tier 1 leverage ratio**	Tier 1 Capital	4.0%	5.0%	**7.30%**	**13.16 - 23.48%**	7.51%	14.49 - 24.57%	7.53%	14.51 - 27.47%
UREE leverage ratio	URE and URE Equivalents	1.5%	1.5%	**3.23%**	**13.94 - 24.57%**	3.24%	15.67 - 26.40%	3.19%	16.64 - 27.09%

* The capital conservation buffer was phased in over three years, and reached its full value of 2.5 percent at December 31, 2019.
** Must include the 1.5 percent regulatory minimum requirement for the URE and UREE Leverage ratio.
(1) Equities outstanding 7 or more years
(2) Capped at 1.25% of risk-adjusted assets
(3) Equities outstanding 5 or more years, but less than 7 years
(4) Debt and equities outstanding 5 or more years

As depicted in the table above, at December 31, 2020, 2019, and 2018, CoBank and all affiliated Associations exceeded the FCA's regulatory minimum capital ratios and any required buffers. Although aggregated in the District's condensed financial statements, capital for each District entity is particular to that institution. In addition, the provisions of joint and several liability for Systemwide Debt Securities are applicable only to System banks and do not include Associations. CoBank has no direct access to Association capital beyond their required investment in the Bank. There are no capital sharing agreements between CoBank and its affiliated Associations.

Employee Benefit Plans

CoBank and each of its affiliated Associations have employer-funded qualified defined benefit pension plans all of which are closed to new participants.

CoBank, Farm Credit East, ACA and Yankee Farm Credit, ACA have a noncontributory plan which covers CoBank and Farm Credit East, ACA employees hired prior to January 1, 2007 and Yankee Farm Credit, ACA employees hired prior to October 1, 1997. This multiemployer plan is referred to as the CoBank Defined Benefit Pension Plan. Depending on the date of hire, benefits are determined either by a formula based on years of service and final average pay, or by the accumulation of a cash balance with interest credits and contribution credits based on years of service and eligible compensation.

CoBank also has noncontributory, unfunded nonqualified supplemental executive retirement plans (SERPs) covering certain senior officers and specified other senior managers. In addition, CoBank has a noncontributory, unfunded nonqualified executive retirement plan (ERP) covering certain former senior officers. CoBank holds assets in trust accounts related to the SERPs and ERP; however, such funds remain Bank assets and are not included as plan assets in the accompanying disclosures.

CoBank, Farm Credit East, ACA and Yankee Farm Credit, ACA also provide eligible retirees with other postretirement benefits (OPEB), which primarily include access to health care benefits. This multiemployer plan is collectively referred to as the CoBank OPEB. Most participants pay the full premiums associated with these postretirement health care benefits. Premiums are adjusted annually.

Certain of CoBank's affiliated Associations participate in defined benefit pension plans of former districts of U.S. AgBank, FCB (AgBank). The Ninth Farm Credit District Pension Plan (Ninth Retirement Plan) is a defined benefit pension plan covering eligible employees of the former AgBank, AgVantis, Inc. and Associations in the former Ninth Farm Credit District (Ninth District Associations). The Ninth Retirement Plan is classified as a single-employer plan from a legal and tax perspective. It is noncontributory and is based on compensation and years of service. It was closed to new employees on January 1, 2007. All participants are subject to the same benefits under the same determinations and there are no carve-outs for any individual/Association employer. The Ninth District Associations also participate in an unfunded OPEB Plan where all the employers are jointly and severally liable. Certain Ninth District Associations participate in a Pension Restoration Plan (non-qualified pension plan) with unfunded liabilities that are legally attributed and unique to a specific entity.

The Eleventh Farm Credit District Employees' Retirement Plan (Eleventh Retirement Plan) is a defined benefit pension plan covering eligible employees of the former Western Farm Credit Bank and the Production Credit Associations, Federal Land Credit Associations, and Associations of the former Eleventh Farm Credit District (Eleventh District Associations). The Eleventh Retirement Plan is also classified as a single-employer plan from a legal and tax perspective. It is noncontributory and is based on compensation and years of service. It was closed to new employees on December 31, 1997. Similar to the Ninth Retirement Plan, all participants are subject to the same benefits under the same determinations and there are no carve outs for any individual/Association employer. There is also an OPEB Plan for the Eleventh District Associations where all employers are jointly and severally liable. Certain Eleventh District Associations participate in a Pension Restoration Plan (non-qualified pension plan) with unfunded liabilities that are legally attributed and unique to a specific entity.

The Northwest Farm Credit Foundations Retirement Plan (Northwest Retirement Plan) is a noncontributory defined benefit pension plan covering eligible employees of the former Farm Credit Bank of Spokane and Northwest Farm Credit Services, ACA. Employees eligible to participate in the Northwest Retirement Plan are those employees who had completed five years of service or attained age 45 as of January 1, 1995, and who elected not to participate in the money purchase component of the AgAmerica District Savings Plan. The Northwest Retirement Plan was closed to new employees on January 1, 1995. Certain Northwest Farm Credit Services, ACA employees participate in a Pension Restoration Plan (non-qualified pension plan) with unfunded liabilities.

The following table provides a summary of the changes in the plans' benefit obligations and fair values of assets over the three-year period ended December 31, 2020, as well as a statement of funded status as of December 31 of each year.

($ in Thousands)

Retirement Plans

	CoBank[1]	Eleventh[2]	Ninth[2]	Northwest[2]	Total
December 31, 2020					
Projected benefit obligation	**$ 635,274**	**$ 341,219**	**$ 389,759**	**$ 88,423**	**$ 1,454,675**
Fair value of plan assets	**544,330**	**271,729**	**302,486**	**85,395**	**1,203,940**
Unfunded status	**(90,944)**	**(69,490)**	**(87,273)**	**(3,028)**	**(250,735)**
Accumulated benefit obligation	**$ 587,290**	**$ 330,179**	**$ 365,051**	**$ 87,969**	**$ 1,370,489**
Assumptions used to determine benefit obligations:					
Discount rate	**2.59%**	**2.46%**	**2.57%**	**2.31%**	
Rate of compensation increase	**3.40%**	**4.60%**	**5.40%**	**3.50%**	
Assumption used to determine net periodic benefit cost:					
Expected long-term rate of return	**5.81%**	**5.00%**	**5.50%**	**4.75%**	
December 31, 2019					
Projected benefit obligation	$ 589,131	$ 321,203	$ 357,437	$ 87,156	$ 1,354,927
Fair value of plan assets	489,358	228,392	252,510	76,941	1,047,201
Unfunded status	(99,773)	(92,811)	(104,927)	(10,215)	(307,726)
Accumulated benefit obligation	$ 543,751	$ 309,735	$ 327,139	$ 86,408	$ 1,267,033
Assumptions used to determine benefit obligations:					
Discount rate	3.29%	3.21%	3.27%	3.11%	
Rate of compensation increase	3.60%	3.50 - 5.50%	3.50 - 5.50%	3.50%	
Assumption used to determine net periodic benefit cost:					
Expected long-term rate of return	5.94%	6.00%	6.25%	5.25%	
December 31, 2018					
Projected benefit obligation	$ 510,570	$ 275,913	$ 293,898	$ 79,245	$ 1,159,626
Fair value of plan assets	441,294	192,013	204,893	70,297	908,497
Unfunded status	(69,276)	(83,900)	(89,005)	(8,948)	(251,129)
Accumulated benefit obligation	$ 473,732	$ 259,293	$ 260,254	$ 78,344	$ 1,071,623
Assumptions used to determine benefit obligations:					
Discount rate	4.45%	4.35%	4.40%	4.26%	
Rate of compensation increase	3.60%	5.50%	5.00%	4.50%	
Assumption used to determine net periodic benefit cost:					
Expected long-term rate of return	6.00%	6.75%	6.75%	6.75%	

[1] Includes the multiemployer-funded qualified CoBank and Farm Credit Leasing Defined Benefit Pension Plans and unfunded nonqualified CoBank SERPs and ERP.

[2] Includes the respective funded qualified Defined Benefit Pension Plan and corresponding unfunded nonqualified Pension Restoration Plan.

($ in Thousands)

Other Postretirement Benefits

	CoBank	Eleventh	Ninth	Northwest[1]	Total
December 31, 2020					
Projected benefit obligation	**$ 2,560**	**$ 4,160**	**$ 1,374**	**$ -**	**$ 8,094**
Fair value of plan assets	**-**	**-**	**-**	**-**	**-**
Unfunded status	**(2,560)**	**(4,160)**	**(1,374)**	**-**	**(8,094)**
Assumptions used to determine benefit obligations:					
Discount rate	**2.60%**	**2.56%**	**1.82%**	**-**	
December 31, 2019					
Projected benefit obligation	$ 2,702	$ 3,365	$ 1,383	$ -	$ 7,450
Fair value of plan assets	-	-	-	-	-
Unfunded status	(2,702)	(3,365)	(1,383)	-	(7,450)
Assumptions used to determine benefit obligations:					
Discount rate	3.30%	3.31%	2.81%	-	
December 31, 2018					
Projected benefit obligation	$ 3,568	$ 3,239	$ 1,382	$ -	$ 8,189
Fair value of plan assets	-	-	-	-	-
Unfunded status	(3,568)	(3,239)	(1,382)	-	(8,189)
Assumptions used to determine benefit obligations:					
Discount rate	4.45%	4.43%	4.02%	-	

[1] Northwest Farm Credit Services, ACA does not have an OPEB plan.

Association Mergers, Combinations and Other Matters

Impacts of COVID-19

The COVID-19 pandemic remains a global public health crisis although vaccines have been developed and are in various stages of deployment. The American economy continues its recovery and to adapt to the constraints and obstacles of COVID-19. However, numerous impediments to a full recovery remain across many sectors of the economy, unemployment levels remain elevated, and economic output remains challenged. The U.S. presidential and congressional elections are behind us, providing clarity about the direction of federal policy for at least the next two years. The new administration, Congress and Federal Reserve will likely continue to deploy economic stimulus tools to ensure the economy and financial system continues to function. However, it remains to be seen how effective such stimulus measures and policy responses will be given the unique attributes of the pandemic and the current economic environment.

Although agricultural commodity prices have risen markedly in recent months, buoying hopes for recovery in the nation's farm sector, many challenges still exist. Food supply chains continue to adapt from foodservice consumption to a higher share of grocery store food purchases. The power sector is grappling with weakening electricity consumption by the commercial and industrial sectors as well as significant volatility in fuel prices. Demand for water has also shifted from commercial to residential use, altering needs for many water authorities. Broadband providers are keeping up with a massive increase in residential internet usage. Exports could be challenged by logistics, volatility of the U.S. dollar and any changes to trade agreements by the new administration. Risks to protein processors and dairy producers remain uncertain. The U.S. ethanol complex is navigating through an extremely difficult environment. The financial distress that is being experienced by District borrowers due to the impacts of COVID-19 could have an adverse impact on CoBank and Associations in the District in the event that these borrowers are unable to fulfill their obligations.

Litigation

In June 2016, a lawsuit was commenced by the filing of a complaint in the United States District Court Southern District of New York against CoBank by a number of investors (the "Plaintiffs") who had held CoBank's 7.875 percent Subordinated Notes due in 2018 (the "Notes"). The Notes were redeemed at par plus accrued interest by CoBank in April 2016 due to the occurrence of a "Regulatory Event" (as defined under the terms of the Notes). The Plaintiffs have asserted a breach of contract claim and a breach of implied covenant of good faith and fair dealing claim alleging that CoBank impermissibly redeemed the Notes. The Plaintiffs have requested damages in an amount to be determined at trial, reasonable attorneys' fees and any other such relief as the court may deem just and proper. CoBank filed its answer in September 2016 and discovery concluded in January 2018. CoBank and Plaintiffs filed their respective motions for summary judgment in March 2018. There is presently no indication of when the court will rule on the motions for summary judgment. CoBank intends to vigorously defend against these allegations. The likelihood of any outcome of this proceeding cannot be determined at this time.

Association Mergers and Combinations

Effective July 1, 2019, the net assets of Farm Credit Services of Hawaii, ACA were sold to American AgCredit, ACA pursuant to an Agreement and Plan of Combination.

Effective January 1, 2021, two of our affiliated Associations, Farm Credit of Western Oklahoma, ACA and AgPreference, ACA merged and are doing business as Farm Credit of Western Oklahoma, ACA.

Future of LIBOR

In 2017, the United Kingdom's Financial Conduct Authority (UKFCA), which regulates LIBOR, announced its intention to stop persuading or compelling the group of major banks that sustains LIBOR to submit rate quotations after 2021. The UKFCA announced that it intends to make a formal announcement about the timing and manner of LIBOR cessation prior to the end of 2021. The UKFCA has the authority and may announce that LIBOR, as of a future date, will no longer be representative of the underlying funding markets. This announcement by the UKFCA could be a triggering event for the purposes of LIBOR cessation under certain District contracts and may require that the parties, as of such future date, cease use of LIBOR as their reference rate and apply a fallback rate as determined under such contracts.

On November 30, 2020, the Intercontinental Exchange Benchmark Administration (IBA) announced that it would consult on its plan to cease the publication of one-week and two-month USD LIBOR immediately after December 31, 2021 and to cease the publications of the remaining tenors of USD LIBOR (one, three, six and twelve-month) immediately after June 30, 2023. IBA's consultation for feedback was released on December 4, 2020 and closed on January 25, 2021. In addition to the proposal related to USD LIBOR, the IBA also asked for comments on the cession of publication of all GBP, EUR, CHF, and JPY LIBOR tenors after December 31, 2021.

On November 30, 2020, the U.S. Prudential Regulators (Federal Reserve, FDIC, OCC) issued a statement to encourage banks to transition away from LIBOR as soon as practicable. The Prudential Regulators believe entering into new contracts that use LIBOR as a reference rate after

December 31, 2021, would create safety and soundness risks and will examine bank practices accordingly. Therefore, the Prudential Regulators encourage banks to cease entering into new contracts that use LIBOR as a reference rate as soon as practicable and in any event by December 31, 2021. New contracts entered into before December 31, 2021 should either utilize a reference rate other than LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after LIBOR's discontinuation.

On December 18, 2020, the FCA issued an informational memorandum with similar LIBOR transition guidance as the Prudential Regulators, but applicable to Farm Credit System institutions. In accordance with the informational memorandum, System institutions should adopt 2021 transition plans with steps and timeframes to accomplish the following: reduce LIBOR exposures; stop the inflow of new LIBOR volume; develop and implement loan products with alternative reference rates; assess, and if necessary, revise fallback language on legacy LIBOR indexed loans and contracts; adjust operational processes, including accounting and management information systems, to handle alternative reference rates; and communicate pending or imminent changes to customers as appropriate.

The System institutions that comprise the District have exposure to various LIBOR-indexed financial instruments that mature after 2021. This exposure includes loans that are made to customers, investment securities that are purchased, Systemwide Debt Securities that are issued by the Federal Farm Credit Banks Funding Corporation (Funding Corporation) on CoBank's behalf, preferred stock that is issued and derivative transactions. Alternative reference rates that replace LIBOR may not yield the same or similar economic results over the terms of the financial instruments, which could adversely affect the value of, and return on, instruments held. The transition from LIBOR could result in System institutions in the District paying higher interest rates on current LIBOR-indexed Systemwide Debt Securities, adversely affect the yield on, and fair value of, the instruments District institutions hold that reference LIBOR, and increase the costs of or affect the ability to effectively use derivative instruments to manage interest rate risk. In addition, to the extent that the District cannot successfully transition the LIBOR-indexed financial instruments to an alternative rate-based index that is endorsed or supported by regulators and generally accepted by the market as a replacement to LIBOR, there could be other ramifications including those that may arise as a result of the need to redeem or terminate such instruments. Disputes and litigation with counterparties, investors and borrowers relating to the transition are also possible. Due to the uncertainty regarding the transition from LIBOR-indexed financial instruments, including when it will happen, the manner in which an alternative reference rate will apply, and the mechanisms for transitioning LIBOR-indexed instruments to instruments with an alternative rate, the District cannot yet reasonably estimate the expected financial impact of the LIBOR transition.

The following table presents the District LIBOR-indexed financial instruments by contractual maturity.

LIBOR-Indexed Financial Instruments at December 31, 2020 ($ in Millions)

	Due in 2021	Due in 2022 and After	Total
Commercial Loans [(1)]	$ 15,970	$ 31,064	$ 47,034
Investment Securities	4	6,291	6,295
Debt	24,695	1,831	26,526
Derivatives (Notional Amounts)	6,719	33,978	40,697
Preferred Stock [(2)]	-	1,300	1,300

(1) Represents District combined loans after elimination of the direct note between CoBank and its Affiliated associations.

(2) Represents CoBank's non-cumulative perpetual preferred stock with a fixed-to-floating rate dividend feature indexed to 3-month USD LIBOR, and does not have a contractual maturity date. Includes $225 million of CoBank preferred stock that pays a dividend currently indexed to 3-month USD LIBOR plus a spread as of December 31, 2020. Dividends on an additional $400 million, $300 million and $375 million of CoBank preferred stock convert from a fixed rate to 3-month USD LIBOR plus a spread in 2022, 2025, and 2026, respectively. There is no Association preferred stock indexed to LIBOR.

In the United States, efforts to identify a set of alternative U.S. dollar reference interest rates include proposals by the Alternative Reference Rates Committee (ARRC) of the Federal Reserve Board and the Federal Reserve Bank of New York. Specifically, the ARRC has proposed the Secured Overnight Financing Rate (SOFR) as the recommended alternative to LIBOR and the Federal Reserve Bank of New York began publishing SOFR on April 3, 2018.

On September 11, 2018 the FCA issued guidance for System institutions to follow as they prepare for the expected phase-out of LIBOR. Pursuant to the guidance, System institutions have developed a LIBOR transition plan. The FCA identified the following as important considerations in the development of transition plans.

- a governance structure to manage the transition,
- an assessment of exposures to LIBOR,
- an assessment of the fallback provisions in contracts and the impact of a LIBOR phase-out under those provisions,
- the establishment of strategies for reducing each type of LIBOR exposure,
- assessment of operational processes that need to be changed,
- communication strategies with customers and stakeholders,
- the establishment of a process to stay abreast of industry developments and best practices,
- the establishment of a process to ensure a coordinated approach, to the extent possible, across the System, and
- a timeframe and action steps for completing key objectives.

In October 2020, the Bank completed both the mandatory transition of its LIBOR-indexed cleared derivative transactions with its clearinghouse (CCP) to SOFR discounting as well as a debt exchange of a significant portion of its LIBOR-indexed floating rate debt maturing beyond December 31, 2021 to insert ARRC reference rate contractual fallback language in the event LIBOR is discontinued or no longer remains a representative rate index. System institutions in the District continue to analyze potential risks associated with the LIBOR transition, including financial, market, accounting, operational, legal, tax, reputational and compliance risks. At this time, System institutions are unable to precisely predict whether or when LIBOR will cease to be available or become unrepresentative, or if SOFR or any other alternative reference rate will become the benchmark to replace LIBOR. Because System institutions in the District routinely engage in transactions involving financial instruments that reference LIBOR, these developments could have a material impact on those institutions, their borrowers, investors, customers and counterparties.

Other Regulatory Matters

On September 10, 2020, the FCA approved a final rule on criteria to reinstate nonaccrual loans that clarifies the factors that System institutions should consider when categorizing high-risk loans and placing them in nonaccrual status. The rule also revised the criteria by which loans are reinstated to accrual status, and it revised the application of the criteria to certain loans in nonaccrual status to distinguish between the types of risk that cause loans to be placed in nonaccrual status. The application of this rule did not impact the classification of District recorded nonaccrual balances at December 31, 2020.

On September 10, 2020, the FCA approved a proposed rule that would amend certain sections of FCA's regulations to provide technical corrections, amendments, and clarification to certain provisions in FCA's Tier 1/Tier 2 capital framework for the Farm Credit System. The proposed rule incorporates guidance previously provided by the FCA related to its Tier 1/Tier 2 capital framework as well as ensures that the FCA's capital requirements continue to be comparable to the standardized approach that the other federal banking regulatory agencies have adopted. The public comment period ends on November 9, 2020.

On April 1, 2020, the FCA issued an informational memorandum for reporting troubled debt restructurings (TDR) for customers affected by the COVID-19 pandemic. Pursuant to this guidance, borrowers experiencing short-term economic difficulties arising from the COVID-19 pandemic and who receive loan modifications including payment deferrals, fee waivers or other extensions of repayment terms are not required to be accounted for and reported as TDRs. This guidance covered the period beginning March 1, 2020, and ended on December 31, 2020. As discussed on page 7, loan and lease modifications involving short-term principal and/or interest deferrals related to COVID-19 business disruptions were approximately four percent of total loans. None of these COVID-19 payment deferrals were treated as TDRs.

On September 23, 2019, the FCA issued a proposed rule to address changes to its capital regulations and certain other regulations in response to the Current Expected Credit Losses (CECL) accounting standard. The proposed rule identifies which credit loss allowances under CECL are eligible for inclusion in a System institution's regulatory capital. Credit loss allowances related to loans, lessor's net investments in leases, and held-to-maturity debt securities would be included in a System institution's Tier 2 capital up to 1.25% of the System institution's total risk-weighted assets. Credit loss allowances for available-for-sale debt securities and purchased credit impaired assets would not be eligible for inclusion in a System institution's Tier 2 capital. In addition, the proposed regulation does not include a transition phase-in period for the CECL day 1 cumulative effect adjustment to retained earnings on a System institution's regulatory capital ratios. The public comment period ended on November 22, 2019.

District Financial Information

CoBank, ACB and Affiliated Associations

Condensed Combined Balance Sheets

(unaudited)

($ in Thousands)

As of December 31,	2020	2019	2018
Assets			
Total Loans	**$ 132,243,322**	$ 119,995,001	$ 115,149,430
Less: Allowance for Loan Losses	**970,007**	985,645	930,771
Net Loans	**131,273,315**	119,009,356	114,218,659
Cash and Cash Equivalents	**2,543,938**	1,217,737	1,654,814
Federal Funds Sold and Other Overnight Funds	**835,000**	1,810,000	1,300,000
Investment Securities	**33,484,797**	32,451,412	31,305,903
Interest Rate Swaps and Other Derivatives	**877,822**	379,833	243,233
Accrued Interest Receivable and Other Assets	**2,535,210**	2,323,504	1,881,332
Total Assets	**$ 171,550,082**	$ 157,191,842	$ 150,603,941
Liabilities			
Bonds and Notes	**$ 144,606,732**	$ 133,101,632	$ 128,504,636
Interest Rate Swaps and Other Derivatives	**580,943**	247,003	152,206
Reserve for Unfunded Commitments	**155,485**	131,437	120,837
Patronage Payable	**925,973**	873,861	761,601
Accrued Interest Payable and Other Liabilities	**2,470,696**	1,839,099	1,551,939
Total Liabilities	**148,739,829**	136,193,032	131,091,219
Shareholders' Equity			
Preferred Stock Issued by Bank	**1,500,000**	1,500,000	1,500,000
Preferred Stock Issued by Associations	**534,962**	501,587	511,747
Common Stock	**1,762,650**	1,701,655	1,627,379
Paid In Capital	**1,346,166**	1,346,166	1,319,232
Unallocated Retained Earnings	**17,308,166**	16,202,945	15,199,783
Accumulated Other Comprehensive Income (Loss)	**358,309**	(253,543)	(645,419)
Total Shareholders' Equity	**22,810,253**	20,998,810	19,512,722
Total Liabilities and Shareholders' Equity	**$ 171,550,082**	$ 157,191,842	$ 150,603,941

District Financial Information
CoBank, ACB and Affiliated Associations

Condensed Combined Statements of Income
(unaudited)

($ in Thousands)

Year Ended December 31,	2020	2019	2018
Interest Income			
Loans	**$ 4,537,510**	$ 5,387,718	$ 4,921,954
Investment Securities, Federal Funds Sold and Other Overnight Funds	**578,853**	781,427	687,141
Total Interest Income	**5,116,363**	6,169,145	5,609,095
Interest Expense	**1,752,292**	3,080,588	2,610,150
Net Interest Income	**3,364,071**	3,088,557	2,998,945
Provision for Loan Losses	**53,786**	92,580	83,165
Net Interest Income After Provision for Loan Losses	**3,310,285**	2,995,977	2,915,780
Noninterest Income			
Net Fee Income	**207,667**	143,606	142,912
Patronage Income	**123,469**	98,543	76,685
Prepayment Income	**31,455**	15,942	17,201
Losses on Early Extinguishment of Debt	**(78,653)**	(16,619)	(15,021)
Gains (Losses) on Interest Rate Swaps and Other Derivatives	**52,815**	25,848	(2,144)
Return of Excess Insurance Funds	**25,570**	27,004	69,504
Other, Net	**98,818**	86,343	154,301
Total Noninterest Income	**461,141**	380,667	443,438
Operating Expenses			
Employee Compensation	**754,909**	670,703	623,745
General and Administrative	**82,164**	84,413	79,715
Information Services	**104,456**	91,009	81,053
Insurance Fund Premium	**105,207**	92,169	88,673
Farm Credit System Related	**32,360**	32,915	31,182
Occupancy and Equipment	**81,340**	75,615	73,884
Purchased Services	**92,143**	87,003	67,984
Other	**56,486**	66,691	62,465
Total Operating Expenses	**1,309,065**	1,200,518	1,108,701
Income Before Income Taxes	**2,462,361**	2,176,126	2,250,517
Provision for Income Taxes	**131,276**	70,872	103,505
Net Income	**$ 2,331,085**	$ 2,105,254	$ 2,147,012

District Financial Information

CoBank, ACB and Affiliated Associations

Select Information on District Associations

($ in Thousands)

As of December 31, 2020	Wholesale Loans	% of Wholesale Loans	Total Assets	Total Regulatory Capital	Total Regulatory Capital Ratio	Non-performing Loans as a % of Total Loans	Return on Average Assets
American AgCredit, ACA	$ 12,257,973	22.11 %	$ 15,094,140	$ 1,751,647	11.79 %	0.47 %	1.82 %
Northwest Farm Credit Services, ACA	10,319,985	18.62	13,723,625	2,461,887	18.24	0.52	2.39
Farm Credit West, ACA	9,569,317	17.27	12,603,160	1,741,960	14.46	0.91	2.57
Farm Credit East, ACA	6,736,879	12.16	8,569,016	1,515,440	18.17	0.48	2.39
Yosemite Farm Credit, ACA	2,906,964	5.25	3,615,363	491,490	14.01	0.60	1.75
Frontier Farm Credit, ACA	1,854,847	3.35	2,383,102	426,440	17.79	0.52	2.04
Farm Credit of New Mexico, ACA	1,562,760	2.82	2,044,358	393,724	21.72	1.52	1.68
Golden State Farm Credit, ACA	1,506,096	2.72	1,882,909	289,893	14.82	1.51	1.95
Oklahoma AgCredit, ACA	1,375,087	2.48	1,702,585	259,311	16.12	0.56	1.55
High Plains Farm Credit, ACA	1,151,579	2.08	1,462,607	216,635	15.83	0.17	1.95
Fresno-Madera Farm Credit, ACA	1,009,150	1.82	1,363,512	256,656	17.36	0.39	1.85
Farm Credit of Southern Colorado, ACA	958,763	1.73	1,253,308	233,034	19.20	0.68	1.15
Western AgCredit, ACA	942,834	1.70	1,217,929	211,602	16.77	2.77	2.11
Farm Credit Western Oklahoma, ACA	804,606	1.45	1,001,599	148,389	16.85	0.08	1.15
Premier Farm Credit, ACA	607,807	1.10	815,286	158,826	18.92	0.04	1.77
Yankee Farm Credit, ACA	485,086	0.88	620,100	102,989	19.75	1.80	2.21
Farm Credit Services of Colusa-Glenn, ACA	412,367	0.74	565,502	109,365	18.40	-	2.07
Farm Credit of Western Kansas, ACA	293,656	0.53	405,261	89,223	23.81	0.12	1.66
Idaho AgCredit, ACA	256,468	0.46	332,756	53,615	17.63	0.27	1.81
Farm Credit of Enid, ACA	196,727	0.36	263,792	57,946	24.59	1.01	0.75
AgPreference, ACA	206,687	0.37	263,081	45,442	21.64	0.63	0.47

Association Information (as of January 1, 2021)

American AgCredit, ACA
400 Aviation Boulevard, Suite 100
Santa Rosa, CA 95403
707-545-1200
www.agloan.com

Farm Credit East, ACA
240 South Road
Enfield, CT 06082
860-741-4380
www.farmcrediteast.com

Farm Credit of Enid, ACA
1605 W. Owen K. Garriott Road
Enid, OK 73703
580-233-3489
www.fcenid.com

Farm Credit of New Mexico, ACA
5651 Balloon Fiesta Parkway NE
Albuquerque, NM 87113
505-884-1048
www.farmcreditnm.com

Farm Credit of Southern Colorado, ACA
5110 Edison Avenue
Colorado Springs, CO 80915
719-570-1087
www.aglending.com

Farm Credit of Western Kansas, ACA
1190 South Range Avenue
Colby, KS 67701-3503
785-462-6714
www.fcwk.com

Farm Credit of Western Oklahoma, ACA
3302 Williams Avenue
Woodward, OK 73801
580-256-3465
www.fcwestok.com

Farm Credit Services of Colusa-Glenn, ACA
2970 Davison Court
Colusa, CA 95932
530-458-2163
www.fcscolusaglenn.com

Farm Credit West, ACA
3755 Atherton Road
Rocklin, CA 95765
916-780-1166
www.farmcreditwest.com

Fresno-Madera Farm Credit, ACA
4635 West Spruce Avenue
Fresno, CA 93794
559-277-7000
www.fmfarmcredit.com

Frontier Farm Credit, ACA
5015 South 118th Street
Omaha, NE 68137
785-776-7144
www.frontierfarmcredit.com

Golden State Farm Credit, ACA
1359 East Lassen Avenue
Chico, CA 95973
530-571-4160
www.goldenstatefarmcredit.com

High Plains Farm Credit, ACA
605 Main
Larned, KS 67550-0067
620-285-6978
www.highplainsfarmcredit.com

Idaho AgCredit, ACA
188 West Judicial Street
Blackfoot, ID 83221-0985
208-785-1510
www.idahoagcredit.com

Northwest Farm Credit Services, ACA
2001 South Flint Road
Spokane, WA 99224
509-340-5300
www.northwestfcs.com

Oklahoma AgCredit, ACA
3033 Progressive Drive
Edmond, OK 73034
918-251-8596
www.okagcredit.com

Premier Farm Credit, ACA
202 Poplar Street
Sterling, CO 80751-1785
970-522-2330
www.premieraca.com

Western AgCredit, ACA
10980 South Jordan Gateway
South Jordan, UT 84095-0850
801-571-9200
www.westernagcredit.com

Yankee Farm Credit, ACA
289 Hurricane Lane, Suite 202
Williston, VT 05495-0467
802-879-4700
www.yankeefarmcredit.com

Yosemite Farm Credit, ACA
806 West Monte Vista Avenue
Turlock, CA 95382
209-667-2366
www.yosemitefarmcredit.com

6340 South Fiddlers Green Circle
Greenwood Village, Colorado 80111
800.542.8072